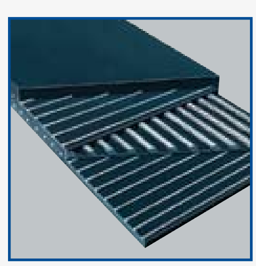
SEMPERIT AG Holding

ANNUAL REPORT

2010

SEMPERIT



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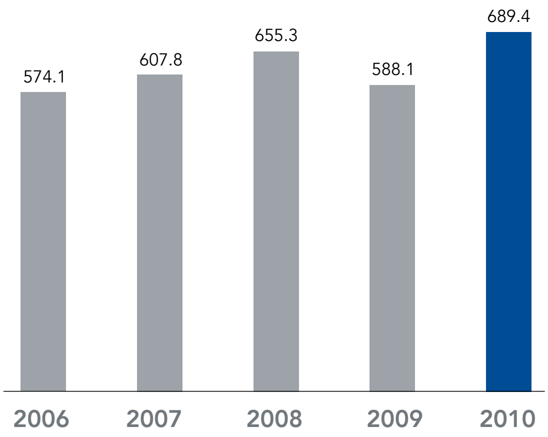
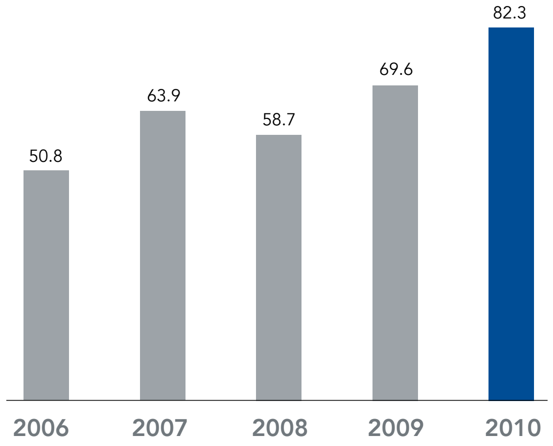
Revenue in EUR million

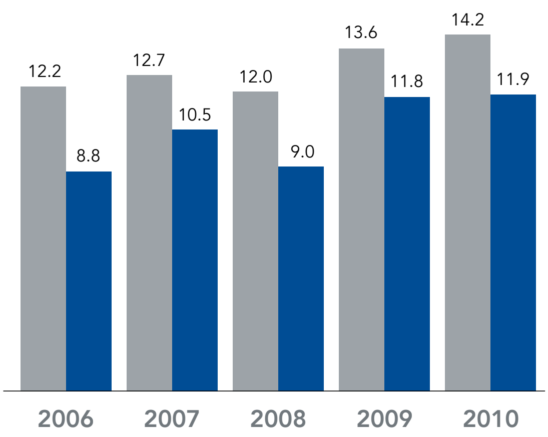


Operating profit (EBIT) in EUR million

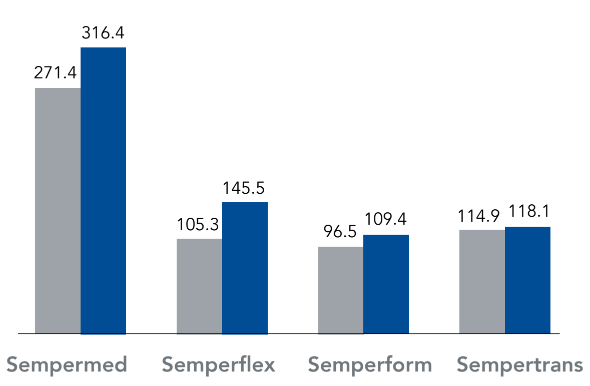


Gross cash flow in EUR million

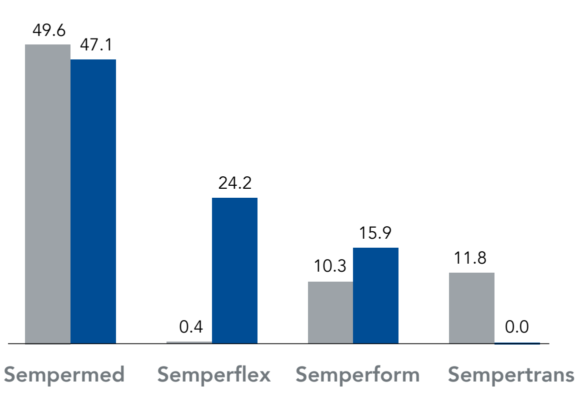
Return on assets before tax in %
EBIT margin in %



Revenue by division in EUR million
2009 2010



Earnings before interest and tax (EBIT) in EUR million
2009 2010



KEY FIGURES FOR THE SEMPERIT GROUP

		2010	2009	2008	2007	2006	Changes 2009/2010 in %
Summary balance sheet							
Assets							
Fixed assets	in EUR million	219.8	166.4	167.7	200.3	218.6	32.1
Inventories	in EUR million	113.7	74.6	96.4	90.0	84.5	52.4
Trade receivables	in EUR million	85.5	79.5	86.8	91.7	81.9	7.6
Other current assets	in EUR million	163.6	197.9	124.7	85.8	62.5	–17.3
Equity and labilities							
Capital and reserves	in EUR million	351.1	310.6	291.9	280.0	252.0	13.0
Liabilities from redeemable non-controlling shares [1]	in EUR million	83.4	61.0	58.5	51.6	51.1	36.7
Provisions including social capital	in EUR million	91.5	89.6	74.7	75.0	72.1	2.1
Liabilities	in EUR million	63.3	65.7	57.9	67.9	77.7	–3.7
Balance sheet total	in EUR million	593.5	531.5	485.5	476.8	455.7	11.7
Key performance indicators							
Production	in 1,000 t	171	150	171	170	162	14.1
Revenue	in EUR million	689.4	588.1	655.3	607.8	574.1	17.2
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	in EUR million	112.3	102.8	87.9	95.7	76.8	9.2
Earnings before interest and tax (EBIT)	in EUR million	82.3	69.6	58.7	63.9	50.8	18.3
Earnings after tax [2]	in EUR million	45.4	38.8	37.6	44.6	40.0	16.9
Gross cash flow	in EUR million	91.0	92.6	78.0	82.9	68.5	–1.7
Investments in tangible and intangible assets	in EUR million	60.0	22.7	27.6	25.0	50.8	164.0
Investments in financial assets	in EUR million	4.2	5.5	0.8	1.9	14.2	–24.0
Number of employees (on average)	in EUR million	7,008	6,649	7,064	7,118	6,689	5.4
Profitability indicators							
EBITDA margin	in %	16.3	17.5	13.4	15.7	13.4	–
EBIT margin	in %	11.9	11.8	9.0	10.5	8.8	–
Return on assets before tax	in %	14.2	13.6	12.0	12.7	12.2	–
Return on equity	in %	12.9	12.5	12.9	15.9	15.9	–
Stock exchange data							
Share price high	in EUR	39.67	28.30	31.00	34.57	28.37	40.2
Share price low	in EUR	25.94	13.83	11.80	24.48	19.60	87.6
Share price at year-end	in EUR	39.59	26.97	11.80	25.00	28.12	46.8
Price change at year-end	in %	46.8	128.6	–52.8	–11.1	34.4	–
Shares outstanding	in 1,000 shares	20,573	20,573	20,573	20,573	20,573	–
Market capitalisation at year-end	in EUR million	814.5	554.9	242.8	514.3	578.5	46.8
Earnings per share	in EUR	2.21	1.89	1.83	2.17	1.95	16.9
Dividend payout per share	in EUR	1.25 [3]	1.15	1.09	0.95	0.84	8.7
Capital and reserves per share	in EUR	17.06	15.10	14.19	13.61	12.25	13.0
P/E ratio at year-end	X	17.9	14.3	6.5	11.5	14.4	25.5

[1] Formerly minority interests
[2] Formerly Group net profit
[3] Proposal to the Annual General Meeting

- Ongoing growth: revenue increased by 17.2% to EUR 689.4 million
- EBIT up 18.3% to the record level of EUR 82.3 million
- Earnings after tax of EUR 45.4 million and earnings per share of EUR 2.21
- Considerable strengthen of the Group based on the expanded market position in several segments
- Construction of a new examination gloves plant in Thailand
- Startup of the Chinese conveyor belt factory
- Dividend proposal to the Annual General Meeting: EUR 1.25 per share

Success is in the details:
Handrails by Semperit

Company profile

Semperit is one of the world's leading rubber and plastics companies, and with close to 190 years of experience can also look back at one of the longest traditions in the industry. The business activities of the Group are split into four divisions:

- Sempermed
- Semperflex
- Semperform
- Sempertrans

The company currently operates 20 production facilities and a large number of sales offices on three continents – Europe, Asia and the Americas.

Milestones in the history of Semperit

1824
Johann Nepomuk Reithoffer is officially granted a concession to produce waterproof clothing from woollen fabrics

1852
Construction of a factory in Wimpassing

1890
Initial listing on the Vienna Stock Exchange

1900
The company name Semperit is used for the first time

1912
The Semperit Group is established following the merger of different manufacturing plants

1920
Start of latex gloves production

1985
Tire production sold to Continental

Restructuring of the company with a focus on four clearly-defined strategic business segments

1989
Founding of the first glove factory in Thailand in cooperation with the joint venture partner Sri Trang Agro

Acquisition of a 100% shareholding in the French conveyor belt company SFBT

Origin of the name Semperit

The name Semperit is a combination of two Latin words, "semper" and "it" and more or less means "things will always move ahead" in the sense that "there is always a way". The name first appeared at the beginning of the 20th century, referring to the durability of rubber products.

1996
Start of hydraulic hose production in Thailand

First Semperit factory in China (handrails) commences operations

1998
Acquisition of Europe's largest hose factory, located in the Czech Republic

1999
Opening of a handrail plant in New Jersey, USA

2000
Acquisition of a conveyor belt factory in Poland

2001
Acquisition of a majority stake in an Indian conveyor belt facility

Purchase of an Italian hose factory

2002
Takeover of a factory for vinyl (PVC) gloves in China

2007
Opening of a new hose factory in China and transfer of handrail production to the new facilities in Shanghai

2008
Acquisition of a Brazilian sales and distribution company for medical gloves

2009
Signing of a joint venture agreement for a conveyor belt plant in China

2010
Construction of a new examination glove plant in Thailand

Founding of distribution company for hydraulic hoses in Brazil

Strategy

Semperit's strategic objective is to attain a leading position for its products on the international markets. A key consideration in all activities is to ensure long-term value creation and enhancement in the interests of the company's customers, shareholders and employees. In order to achieve its strategic objective, Semperit has defined three main priorities:

Concentration

The focus on four divisions enables the company to effectively align its business activities to prevailing market conditions. The bundling of resources designed to support a strategically selected product portfolio enhances the company's dynamic innovative strength and the ongoing optimisation of all value creation processes.

Internationalisation

The ongoing expansion on existing markets and penetration of new markets serve as the basis for determinedly promoting the globalisation of the Group and the leveraging of comparative competitive advantages. Foreign business now accounts for about 95% of total revenue. The increased flexibility in procurement, production and sales flows opens up new growth potential and provides new growth impulses.

Cost leadership

Consistent cost management combined with the ongoing increase in productivity at all levels make a major contribution to the successful growth of the Semperit Group. This has enabled the Group companies to attain international cost leadership in most business segments. Only a sustainably competitive cost position can ensure the long-term growth and profitability of the Semperit Group.





The Semperit Group – global presence

The Semperit Group is represented by numerous subsidiaries throughout the entire world, and has gained a leading position on its core international markets in all business areas. The global business operations of the operational units are coordinated by Semperit's headquarters in Wimpassing, which is also home to the Group's research and development centre. The local distribution companies ensure optimal cooperation with customers and comprehensive service.

Semperit Group companies

Semperit AG Holding

Production companies

Sempermed	Semperflex	Semperform	Sempertrans
Semperit Technische Produkte GmbH, Vienna, Austria	Semperit Technische Produkte GmbH, Vienna, Austria	Semperit Technische Produkte GmbH, Vienna, Austria	Sempertrans France Belting Technology S.A.S., Argenteuil, France
Siam Sempermed Corp. Ltd., Hatyai, Thailand	Semperflex Asia Corp. Ltd., Hatyai, Thailand	Semperit Gummiwerk Deggendorf GmbH, Deggendorf, Germany	Sempertrans Belchatow Sp. z o.o., Belchatow, Poland
Shanghai Sempermed Gloves Co. Ltd., Shanghai, China	Semperflex Roiter S.r.l., Rovigo, Italy	Semperform Kft., Sopron, Hungary	Sempertrans Nirlon (P) Ltd., Roha, India
Sempermed Kft., Sopron, Hungary	Semperflex Rivalit GmbH, Waldböckelheim, Germany	Shanghai Semperit Rubber & Plastic Products Co. Ltd., Shanghai, China	Fabryka Lin "Stolin" Sp. z o.o., Belchatow, Poland
	Semperflex Optimit s.r.o., Odry, Czech Republic	Semperit Industrial Products Inc., Fair Lawn, USA	Sempertrans Maintenance France Nord E.U.R.L., Argenteuil, France
	Semperflex Shanghai Ltd., Shanghai, China		Sempertrans Best (Shandong) Belting Co. Ltd., Shandong, China
	Semperflex A.H. s.r.o., Odry, Czech Republic		

Distribution companies

Sempermed	Semperflex	Semperform	Sempertrans
Semperit Technische Produkte GmbH, Gevelsberg, Germany	Semperit Technische Produkte GmbH, Gevelsberg, Germany	Semperit (France) S.A.R.L., Argenteuil, France	Semperit Technische Produkte GmbH, Gevelsberg, Germany
Semperit (France) S.A.R.L., Argenteuil, France	Semperit (France) S.A.R.L., Argenteuil, France	Semperit Industrial Products Inc., Fair Lawn, USA	Semperit Industrial Products Inc., Fair Lawn, USA
Semperit Industrial Products Ltd., Daventry, Great Britain	Semperit Industrial Products Inc., Fair Lawn, USA	Semperit Industrial Products Ltd., Daventry, Great Britain	Semperit Industrial Products Singapore Pte Ltd., Singapore
Sempermed Magyarország Kft., Budapest, Hungary	Semperit Industrial Products Ltd., Daventry, Great Britain		
Sempermed USA Inc., Clearwater, USA	Semperit Tekniska Produkter AB, Skärholmen, Sweden		
Sempermed Brazil Comèrico Exterior Ltda., Piracicaba, Brazil	Sempermed Magyarország Kft., Budapest, Hungary		
	Semperit Ibérica S.A., Barcelona, Spain		
	Semperit Industrial Products Singapore Pte Ltd., Singapore		
	Semperit Brasil Produtos Tècnicos Ltda., Sao Paulo, Brazil		

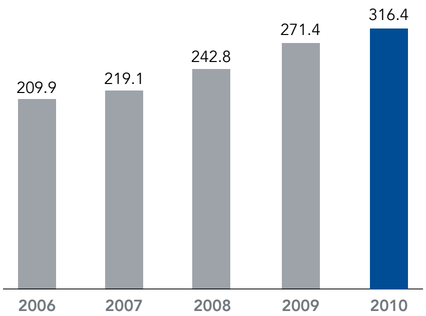
Four strong divisions

Sempermed

The Sempermed division is one of the world's leading suppliers of surgical and examination gloves. Whereas rubber protective gloves were originally only used for medical purposes, Semperit now manufactures products for a broad range of customers, including the chemical and food industries. The product portfolio consists of two main groups. The non-sterile examination gloves make up the largest share of glove sales, and are also used for industrial applications. The second product group is sterile surgical gloves that are solely targeted at medical customers. The product range also includes protective gloves for industry and special gloves.
Production facilities: Austria, Hungary, Thailand, China

Key business indicators		2010	2009
Revenue	in EUR million	316.4	271.4
EBIT	in EUR million	47.1	49.6
EBIT margin	in %	14.9	18.3
Investments	in EUR million	26.8	10.2
Employees	annual average	4,244	4,141

Revenue in EUR million

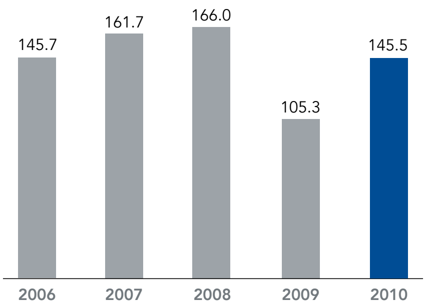


Semperflex

The Semperflex division develops, manufactures and sells hydraulic hoses, industrial hoses, elastomer sheeting and wear protection products. Hydraulic hoses produced by Semperit are specially designed to meet the demands of international customers in machine construction, mining and the manufacture of agricultural and construction machinery. They not only fulfil all generally accepted standards, but also the specific additional requirements, which are unique to the division's various market segments. Industrial hoses are popular among commercial, industrial and municipal customers for the safe and reliable transport of solid, liquid and gaseous materials. Nearly all leading European manufacturers use elastomer sheeting from Semperit as a key raw material for the production of gaskets and stamped parts. Sheeting is also a key product for many technical dealers.
Production facilities: Austria, Czech Republic, Germany, Italy, Thailand, China

Key business indicators		2010	2009
Revenue	in EUR million	145.5	105.3
EBIT	in EUR million	24.2	0.4
EBIT margin	in %	16.7	0.4
Investments	in EUR million	13.9	4.4
Employees	annual average	1,161	1,058

Revenue in EUR million

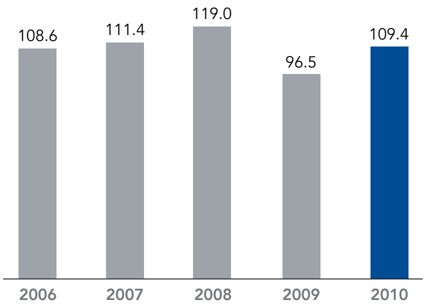


Semperform

As one of Europe's leading manufacturers of moulded and extruded rubber as well as plastic products, the Semperform division supplies customers in a wide range of industries. Special products in the railway superstructure segment ensure that passenger and metro trains weighing many tonnes travel safely and quietly. Semperit develops elastic damping elements to reduce strain and wear on key components in cooperation with the world's largest cable car manufacturers. Semperit is also a virtually exclusive supplier in the niche market for vibration-damping films for all major manufacturers of skis and snowboards. As international market leader, Semperit produces handrails on three continents for all of the world's major producers of escalators and moving sidewalks. Semperit is not only market leader in the German window and door profile segment, but has a significant share in the growth markets of Eastern Europe.
Production facilities: Austria, Germany, Hungary, USA, China

Key business indicators		2010	2009
Revenue	in EUR million	109.4	96.5
EBIT	in EUR million	15.9	10.3
EBIT margin	in %	14.5	10.7
Investments	in EUR million	6.3	2.5
Employees	annual average	650	666

Revenue in EUR million

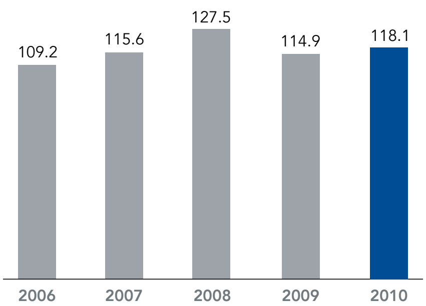


Sempertrans

The Sempertrans division ranks among the world's largest manufacturers of conveyor belts. With its range of textile carcass and steel carcass transport and conveyor belts and its heavy steel cable belts in all standard dimensions, Sempertrans covers a wide range of market segments, including industry, transport, commercial, mining and harbours. State-of-the-art development and manufacturing technologies ensure optimal performance and application flexibility. Continuous optimisation at all stages of the manufacturing process guarantee maximum operating safety and long service lives. Sempertrans also offers its customers conveyor belt installation and maintenance services, as well as consulting and development services for the preparation of belt specifications.
Production facilities: Poland, France, India, China

Key business indicators		2010	2009
Revenue	in EUR million	118.1	114.9
EBIT	in EUR million	0.0	11.8
EBIT margin	in %	0.0	10.3
Investments	in EUR million	13.0	5.5
Employees	annual average	927	759

Revenue in EUR million



Dear shareholders,

New earnings and revenue record

The Semperit Group achieved record results in the 2010 financial year with respect to revenue as well as the key earnings indicators. This success is based on a clear international market recovery as well as internal efforts to reduce costs, a diverse range of measures to strengthen our market position and the quick reaction to the massive increase in raw material costs.

Improved order situation

The order intake increased in almost all business areas of the Semperit Group in 2010. The recovery in demand in the cyclically-dependent divisions became particularly evident starting in the second quarter. Capacities which were temporarily decommissioned during the economic crisis were fully put on stream again in the course of the 2010 financial year.

Satisfactory business development

Based on a considerably improved order situation, the related higher sales volumes as well as necessary selling price rises, total revenue of the Semperit Group climbed 17.2% in the 2010 financial year, to EUR 689.4 million. At the same time, we succeeded in increasing the operating profit (EBIT) by 18.3%, to EUR 82.3 million. On balance, earnings after tax of the Semperit Group was up 16.9%, to EUR 45.4 million.

Strengthened corporate group

The results achieved in 2010 clearly demonstrate that we not only mastered the economic crisis quite well, but implemented the right measures to be able to fully take advantage of the economic recovery to achieve further growth and strengthen the Group. The most severe monsoon rains in Thailand over the last 20 years, which led to large-scale flooding of our Hatyai production site, could not stop the company from continuing its growth path. The immense efforts undertaken by employees in the entire Group enabled us to remove the damage in the shortest possible time and resume full production.

Sempermed

Significant revenue growth

In 2010 the Sempermed division continued the positive business development of the past year, increasing revenue by 16.6%, to EUR 316.4 million. Despite the rapid rise in latex prices, the operating profit margin of 14.9% was at an excellent level. This is only due to the quick adjustment of selling prices, accompanied by internal efforts to improve productivity and reduce costs. Against this backdrop, we succeeded in considerably expanding our market shares for examination gloves in Europe and in many other countries.

Semperflex

Benefitting from the upswing

Demand in the Semperflex division, which was most severely impacted by the economic crisis, markedly recovered in 2010. The order situation developed positively in all segments, so that annual revenue rose 38.1%, to EUR 145.5 million. The massive increases in raw material prices could be fully cushioned by the necessary selling price increases and the measures initiated in 2009 to cut fixed operating costs as reflected by the division's EBIT, which was once again gratifying at EUR 24.2 million in 2010. In particular, the coming on stream of previously decommissioned production capacities proceeded quite successfully. Semperflex very quickly reached full turnout utilization at all sites without any quality problems or excess scraps and rejects.

Semperform

Expanded market position

Revenue generated by the Semperform division climbed 13.4%, to EUR 109.4 million. Against the backdrop of a significant market recovery, our moulded goods segment clearly consolidated its market position, particularly for profiles and handrails. In addition, we posted further growth on the basis of new products. In a year-on-year comparison, sales only remained at a stable level in the railway superstructure segment, which can be attributed to the extremely difficult order situation in both England and France.

Sempertrans

Increased competition

The Sempertrans division reported a slight revenue improvement of 2.8%, to EUR 118.1 million. The market situation only improved very slowly in Europe, contrary to Asia. Moreover, competition among the various market players increased in all countries. Only close to a break-even EBIT could be generated, which is due to this intensified competitive pressure combined with the extraordinarily strong rise in raw material prices and the long throughput times of orders placed in 2009.

Investments

Higher investments

We intensified our investment activity in the 2010 financial year as a consequence of the considerable upswing in demand. On balance, the Semperit Group invested EUR 60.0 million to expand capacity and modernise its production facilities. Thus we laid the industrial foundation for further growth of the Group.

Capacity expansion and modernisation

The Sempermed division moved ahead with its expansion programme in Thailand, putting four new state-of-the-art production lines in Hatyai into operation accompanied by construction work on a new factory for examination gloves in Surat Thani. Moreover new production lines for surgical gloves were installed in Wimpassing and Sopron.

The investment focus of the Semperflex division was on quality and productivity improvements. In addition, the Shanghai plant increased capacity by adding two new braiding machines.

Rationalisation and modernisation were the top priorities in the Semperform division. The purchase of new machinery to replace outdated equipment or previously manually implemented work processes led to productivity improvements and thus to cost savings.

Investments made by the Sempertrans division involved the acquisition of the machinery and equipment of the Chinese conveyor belt production as well as the related modification and improvement measures. Furthermore, an extra-wide extruder combined with a modern roller head plant was installed at the Polish factory.

Research

Flexible production

The focus of research and development (R&D) within the Semperit Group is the ongoing achievement of further advances with regards to the development of materials, manufacturing processes and products. Particularly in times of extremely volatile raw material prices and in part the limited availability of components for mixtures, it is important for Semperit to have flexible production and raw material concepts at its disposal. For this reason, we have been able to avoid production interruptions for the most part and to some extent cushion rises in raw material costs. For example, we are now in a position to convert production lines for examination gloves from latex to nitrile extremely quickly in accordance with current demand trends without having to compromise on quality. It is also important to continually optimise production processes, in order to achieve efficiency improvements and also continuously improve unit costs by reducing waste and rejects. This enabled us to realise cost savings in all divisions in 2010, and thus make a vital contribution to maintaining our cost leadership.

The Semperit share

Dividend increase to EUR 1.25 per share

The earnings of EUR 2.21 per share in the 2010 financial year also represented an all-time high. This satisfactory profit has led us to propose to the upcoming Annual General Meeting on April 14, 2011 that the dividend be increased to EUR 1.25 per share. This corresponds to a dividend yield of 3.2% as measured by the share price at the end of December 2010 or 4.2% based on the average share price for 2010.

Stable corporate policy

Unchanged strategy

The success of Semperit can be attributed to strong market positions in four selected business areas, rigorous cost management and ongoing internationalisation efforts. The year 2010 demonstrated that we managed to continue on our growth path based on our business strategy despite intensified competitive conditions and extremely volatile raw material markets. Our objective was to emerge strengthened from the economic crisis, and the figures clearly show that we have achieved this goal. For this reason, Semperit will continue this policy in the years to come in order to further develop the four divisions, grow profitably and further improve the Group’s cost structure.

Outlook

On the basis of the positive economic forecasts and our strong competitive position we also anticipate a satisfactory business development for 2011 driven by all divisions, in spite of continuing volatile raw material markets. Due to the further increases in raw material prices, the quick adjustment of selling prices and other measures designed to reduce costs will be decisive success factors in 2011.

Thanks to employees, customers and shareholders

After more than 20 years as the Chairman of the Management Board of the Semperit Group, I will be leaving the Management Board at the end of the Annual General Meeting on April 14, 2011. I will turn over this responsibility to my successor Thomas Fahnemann, who has gained a sufficient insight into the company since December 2010 in his role as Deputy Chairman of the Management Board.

I am very happy to conclude my work here as CEO with new record results. The market value of the Semperit stock has also been developing very gratifyingly. Market capitalization has risen more than thirtyfold over the last 20 years. Hardly any other publicly listed company has been able to match this increase during this period.

Knowing that this success is ultimately due to the efforts of all employees, executives, my colleagues on the Management Board as well as our joint venture partners, I would like to express my thanks to all those involved and encourage you to continue the good work performed in the past with the same level of enthusiasm and commitment. I am convinced that the longstanding success story of Semperit over a period of many years will continue to be written in the future.

Finally, I would like to thank our customers for their loyalty to us and our products and the successful cooperation. I also thank our shareholders for the confidence they place in the company, and hope they will continue to accompany the company on its path.

Zellner

Rainer Zellner
Chairman of the Management Board

Corporate Governance Report

Austrian Corporate Governance Code

Voluntary commitment to the Austrian Corporate Governance Code

The Austrian Corporate Governance Code establishes a regulatory framework for the management and monitoring of Austrian joint stock companies. This code contains internationally adopted standards, as well as significant related regulations stipulated in the Austrian Stock Corporation, Stock Exchange and Capital Markets Acts and the basic principles encompassed in the OECD Guidelines for Corporate Governance. The rules are aimed at ensuring the responsible management and supervision of companies and corporations with the goal of achieving a sustainable and long-term creation of value. The code helps to create a high level of transparency for all of the company's stakeholders. It creates guidelines for the equal treatment of all stakeholders, for transparency, open communication between the Management and Supervisory Boards, the avoidance of conflicts of interest between bodies and efficient checks by the Supervisory Board and auditors. Companies voluntarily undertake to comply with the guidelines contained in the Austrian Corporate Governance Code in the current and binding version. The Austrian Corporate Governance Code was last amended in January 2010. The Austrian Corporate Governance Code can be viewed at the website www.corporate-governance.at.

Statement on corporate governance

Compliance with the code

The Semperit Group hereby declares that it will voluntarily observe the Austrian Corporate Governance Code, and also intends to observe the code in the future or justify any deviations from it. The Supervisory Board also reached a corresponding unanimous decision. Semperit Holding AG complies with all legally binding L-rules (Legal Requirement). Unless otherwise declared, the C-rules (Comply-or-Explain) will be observed by the relevant bodies and companies.

Cooperation between Management Board and Supervisory Board

Responsible corporate management

The Management Board of the Semperit Group consists of four members (see page 21). It has full responsibility to manage the company, taking account of the interests of shareholders and employees as well as the public interest. The strategic direction of the company is determined in close cooperation with the Supervisory Board and discussed in meetings held at regular intervals. The Management Board itself carries out essential communications tasks. The basis for corporate management is the legally binding regulations, the Articles of Association and the internal rules of procedure applying to the Supervisory Board. In addition, behavioural guidelines are also contained in the Austrian Corporate Governance Code.

The Supervisory Board determines the division of responsibilities in the Management Board, as well as those transactions requiring its authorisation. Furthermore, the Supervisory Board supports the Management Board in managing the company, particularly in the decisions of primary importance. The Supervisory Board resolved to establish committees consisting of its own members to carry out specific functions: Executive Committee, Remuneration Committee, Audit Committee and Nominating Committee (see page 22). The authority to make decisions and pass resolutions rests in the hands of the entire Supervisory Board.

Remuneration of Management Board and Supervisory Board

Fixed and variable remuneration

The remuneration of the Management Board encompasses fixed and variable, performance-based salary components, as well as remuneration in kind. The assessment base for the variable salary component of the Management Board are the earnings after tax and the dividend amount that is distributed. In line with the stipulations contained in the Austrian Corporate Governance Code, a third salary component was integrated in the remuneration for the new Management Board member Thomas Fahnemann which is linked to the achievement of sustainable, long-term and multi-annual performance criteria. Based on the achievement of the targeted objectives, the bonus is subsequently determined for the past financial year and paid in three equal installments over a period of three years. If the pre-defined goals are not attained, no bonus is assigned to the variable remuneration category, or else the still unpaid share of the bonus is either reduced or completely cancelled. The variable remuneration components (the performance-based share and the third salary component) may not exceed more than 111% of the annual fixed remuneration.

In the 2010 financial year, the remuneration paid to the Management Board totalled TEUR 2,716 (previous year: TEUR 2,276), of which TEUR 1,540 (previous year: TEUR 1,231) consisted of variable salary components. A contractual agreement stipulating direct retirement benefits for the Chairman of the Management Board was concluded on his initial appointment to this position. For the other members of the Management Board, the Articles of Association prescribes pension plan reinsurance in the form of a defined contribution. In the case of termination of an employment contract, the respective member of the Management Board is entitled to severance payments in accordance with the Salaried Employees Act. No share options have been granted. A Directors and Officers (D&O) insurance has been taken out for the members of the Management Board and senior executives.

Statutory remuneration of the Supervisory Board

Remuneration of the Supervisory Board is governed in Section 15 of the Articles of Association. Accordingly, each member of the Supervisory Board receives an attendance fee for each session totalling EUR 120 as compensation for expenses, as well as a fixed annual fee amounting to EUR 4,360. Both fees are linked to the consumer price index (basis: CPI 2000, annual average 2004 = 108.1), therefore the fees for 2010 are slightly higher than the aforementioned amounts. The fixed annual fee is increased by 100% for the Chairman of the Supervisory Board and 50% for the Deputy Chairman. In addition to the fixed and attendance fees, the members of the Supervisory Board as a whole (excluding employee representatives) receive 0.15% of the earnings after tax as a performance-based profit-sharing bonus, after the consolidated financial statements have been granted an unqualified opinion by the auditors. This profit-sharing bonus is divided among the Supervisory Board members so that each member receives an equal share, the Chairman an additional 100% of this share and the Deputy Chairman an additional 50%. Moreover, the performance-based component may not exceed 2.5 times the annual fixed fee (excluding attendance fees) for each Supervisory Board member.

The remuneration paid to the Management and Supervisory Boards is not disclosed separately for each member but for the board as a whole (pursuant to Rules 31 and 51). Publication of the individual remuneration is the personal decision of each member of the Management and Supervisory Boards and is therefore not disclosed.

Meetings of the Supervisory Board and its committees

The Supervisory Board convened for five sessions during the 2010 financial year. The Audit Committee led by Veit Sorger intensified its activities within the context of two meetings in accordance with prevailing legal regulations, and in particular dealt with the company's Internal Control System (ICS). The Nominating Committee, also with Veit Sorger as its Chairman, met once to carry out the preparatory work in relation to finding a successor for CEO Rainer Zellner. The functions assigned to the Remuneration Committee as well as urgent decisions were carried out by the entire Supervisory Board in the 2010 financial year, due to the composition of the Supervisory Board consisting of six members. An explicit and formal self-evaluation (in accordance with Rule 36) did not take place in the 2010 financial year. However, the Supervisory Board regularly focused on its own work and its consequences for the company, and is working on its own further development. It is planned to install a structured self-evaluation process in the 2011 financial year. Information on the composition of the Supervisory Board and its committees, further mandates and the declarations of independence on the part of Supervisory Board members can be found on page 22. Criteria for the independence of Supervisory Board members correspond to the guidelines contained in Appendix 1 of the January 2010 version of the Corporate Governance Code, and are described on page 23 following the listing of Supervisory Board members.

Compliance Directive

Own compliance officer

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

Advancement of women

Increased proportion of women

The Semperit Group attaches considerable importance to ensuring the strict equal treatment of men and women. In recent years, the number of women employed in qualified positions within the Semperit Group has continually increased. In Austria women already comprise one-third of the employees participating in junior management development programmes. Moreover, if the respective job position allows for it, Semperit promotes the compatibility of family and career on the basis of flexible working time models and teleworking.

Director's dealings

Disclosure of Director's Dealings

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

Internal auditing and risk management

Internal control system

The Internal Auditing unit reports directly to the Management Board, and prepares an audit plan and annual activity reports for the previous financial year. The Management Board discusses these documents with the members of the Supervisory Board. The effectiveness of the company's risk management system is evaluated by the auditor on the basis of the prepared documents. This auditor's report is presented to the Management Board as well as to the Supervisory Board. The Audit Committee of Semperit contracted an external evaluation to examine the effectiveness of the company's risk management system. The results were reported to the Supervisory Board. The internal control system (ICS) established in the Semperit Group serves to ensure the effectiveness and profitability of business operations, the integrity and reliability of financial reporting and adherence to important laws and regulations. It is being continually updated and expanded by the internal auditing unit and the related departments in the company as a means of supporting the early identification and ongoing monitoring of risk. In the 2010 financial year, the ICS was subject to an external evaluation, the results of which were reported to the Supervisory Board.

External evaluation

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

Vienna, March 1, 2011

The Management Board

Rainer Zellner
Chairman

Thomas Fahnemann
Deputy Chairman

Richard Ehrenfeldner

Richard Stralz

Management Board

Richard Ehrenfeldner, Rainer Zellner, Thomas Fahnemann, Richard Stralz (from left to right)

Management Board

	Year of birth	First appointed	End of current term of office	Responsibilities	Supervisory Board positions in other companies
Rainer Zellner [1)] Chairman	1947	March 1, 1983 (Chairman since October 1, 1989)	May 31, 2013	Finance, Law, PR and IR, Technical Engineering	—
Thomas Fahnemann [2)] Deputy Chairman	1961	December 1, 2010	November 30, 2013	Strategy, M&A, Purchasing, Human Resources	—
Richard Ehrenfeldner	1954	October 1, 2001	May 31, 2012	Production, Quality Control, R&D	—
Richard Stralz	1963	June 1, 2004	May 31, 2013	Marketing and Sales	—

1) Retirement from the Management Board at April 14, 2011.
2) Appointment as Chairman of the Management Board planned for April 14, 2011.

Supervisory Board

	Year of birth	First appointed	End of current term of office[1]	Supervisory Board positions in other listed companies
Shareholder representatives				
Veit Sorger[2) 3) 4) 5) 6) 7)] Chairman	1942	May 26, 2004	Until the Annual General Meeting (AGM) resolving upon the 2011 financial year	Lenzing AG
Michael Junghans[2) 3) 4) 5) 6)] Deputy Chairman (until April 28, 2010)	1967	April 28, 2010	Until the AGM resolving upon the 2012 financial year	Lenzing AG Allgemeine Baugesellschaft – A. Porr AG
Winfried Braumann[2) 3) 4) 5) 6)] Deputy Chairman (until April 28, 2010)	1956	May 20, 2008	Until April 28, 2010	
Walter Lederer[2)]	1961	June 7, 2002	Until the AGM resolving upon the 2010 financial year	Lenzing AG Allgemeine Baugesellschaft – A. Porr AG UBM Realitätenentwicklung AG Imperial Hotels Austria AG
Martin Payer[2) 7)]	1978	May 24, 2007	Until the AGM resolving upon the 2011 financial year	Lenzing AG
Andreas Schmidradner[2)]	1961	May 20, 2008	Until the AGM resolving upon the 2012 financial year	Lenzing AG
Anton Schneider[2) 7)]	1951	April 30, 2009	Until the AGM resolving upon the 2011 financial year	Linz Textil AG
Employee representatives				
Alexander Hollerer[5) 6)]	1954	July 1, 1998	—	—
Andreas Slama	1966	January 31, 2009	—	—
Matthias Unkrig[8)]	1968	April 5, 2005	—	—

1) One fifth of the members of the Supervisory Board automatically leave their positions every year at the end of the Annual General Meeting, pursuant to the Articles of Association.
2) Have declared their independence vis-à-vis the Supervisory Board in accordance with Rule 53 of the Austrian Corporate Governance Code.
3) Executive Committee
4) Remuneration Committee
5) Audit Committee
6) Nominating Committee
7) No representation by a shareholder over 10% (Rule 54 of the Austrian Corporate Governance Code).
8) Attended less than half of the Supervisory Board meetings.

Guidelines for the independence of Supervisory Board members

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

In evaluating the independence of a Supervisory Board member, the Supervisory Board orients itself to the following guidelines:

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

Report of the Supervisory Board

The Supervisory Board held five meetings during the 2010 financial year, and carried out its legally stipulated duties imposed upon it by law and the company's statutes. Two meetings of the Audit Committee took place, whereas the Nominating Committee convened once. The Management Board also reported regularly between Supervisory Board meetings to the Executive Committee on the progress of the business and the situation of the company. The Supervisory Board and Management Board worked closely together in the 2010 financial year in accordance with the principles of good corporate governance.

The annual financial statements of Semperit AG Holding including the management report were audited on the basis of the accounts kept by the auditor, Deloitte Audit Wirtschaftsprüfungs GmbH, Vienna. The auditor confirmed that the annual financial statements comply with legal requirements and present a fair and accurate picture of the assets and financial position of the company as at December 31, 2010, and the earnings of the company for the financial year starting on January 1, 2010 and ending on December 31, 2010, in accordance with Austrian Generally Accepted Accounting Principles, and that the management report is in agreement with the annual financial statements. Furthermore, the auditor confirmed that a Corporate Governance Report had been prepared. The auditor awarded an unqualified audit opinion to the annual financial statements for 2010.

Deloitte Audit Wirtschaftsprüfungs GmbH, Vienna, audited and issued an unqualified audit opinion on the consolidated annual financial statements that were prepared in compliance with the International Financial Reporting Standards (IFRS), as they are applied in the EU, and the consolidated management report prepared in accordance with the Austrian Commercial Code (UGB). The auditors confirmed that the consolidated annual financial statements present a fair and accurate picture of the asset and financial situation of the Semperit Group at December 31, 2010, as well as the earnings position and cash flows of the company for the financial year starting on January 1, 2010 and ending on December 31, 2010, and that the Group management report is consistent with the consolidated annual financial statements.

The Audit Committee of the Supervisory Board closely reviewed the annual financial statements as well as the Corporate Governance Report, the consolidated financial statements and the auditor's reports in its meeting held on March 15, 2011, and discussed the results of the audit in detail with the auditor. The Audit Committee recommended that the Supervisory Board propose to the Annual General Meeting that Deloitte Audit Wirtschaftsprüfungs GmbH, Vienna, be appointed again as the auditor for the 2011 financial year. The Supervisory Board agreed with this proposal.

The Supervisory Board examined the annual financial statements and the consolidated annual financial statements as well as the management report and Group management report, and concurs with the conclusions of the auditor. The Supervisory Board formally approves the annual financial statements for the 2010 financial year, which are consequently adopted in accordance with Sect. 96 (4) of the Austrian Stock Corporation Act. The management report, consolidated financial statements and the Group management report for the 2010 financial year were also approved by the Supervisory Board. The Supervisory Board accepts the Management Board's proposal on the distribution of profits, according to which a dividend of EUR 1.25 per eligible share is to be paid from the reported net profit for the year amounting to TEUR 26,843.

In October 2010, the Supervisory Board acted in a foresighted manner to name a successor to the longstanding Chairman of the Management Board and Chief Executive Officer Rainer Zellner. Thomas Fahnemann was appointed to the position of Deputy Chairman effective December 1, 2010, and will succeed Rainer Zellner as CEO following an appropriate transitional period which will last until April 14, 2011, after the next Annual General Meeting resolving upon the 2010 financial year.

In the 1980s, the current CEO Rainer Zellner led the longstanding traditional company Semperit out of the crisis and helped turn it into a successful internationally operating group. Now Semperit has entered a phase of its corporate growth in which the size of the company and the development of international markets has enabled new strategic directions to be set, not least because of the development work done by Rainer Zellner.

For the Supervisory Board, the appointment of Thomas Fahnemann lays the foundation for continuing the success story written by Mr. Zellner.

The Supervisory Board would like to take this opportunity to sincerely thank CEO Rainer Zellner for his many years of outstanding achievements on behalf of the company, and wish him all the best for the future.

Vienna, March 15, 2011

Veit Sorger m.p.
Chairman of the Supervisory Board

Development of capital markets

Uneven development on international stock markets

Following a general upward trend on international stock markets in 2009, share price performance in 2010 was characterised by a very uneven development of the individual markets and industries. The surprisingly marked economic recovery, the continuation of low interest policies on the part of central banks as well as the improved earnings reported by companies which significantly surpassed the corresponding expectations of analysts were all factors which positively impacted market sentiment. The main stumbling block to stock market development was the debt crisis in several eurozone countries, which in particular led to share price declines in the directly affected nations as well as for international financial stocks. Moreover, investors acted very cautiously due to the steady rise in raw material prices and the bleak economic forecasts in several countries related to the fact that economic growth had not yet been consolidated in these markets.

The EuroStoxx 50®, a representative index for Europe, closed the year with an index value of 2,792.82 points, a decrease of 5.8% from the comparable level at year-end 2009. This was a consequence of the weak performance of financial stocks included in the EuroStoxx 50®. The Japanese share index Nikkei 225 also fell by 3.0%. In contrast, the Dow Jones Industrial registered a rise in value of 11.0%. The Vienna benchmark index ATX clearly outperformed the index development of most international stock exchanges, ending trading in 2010 with 2,904.47 points, a rise of 16.4% from the preceding year.

Performance of the Semperit share

All-time high

In line with the ATX index, the share price development of the Semperit share featured high volatility in the first three quarters of the year under review. A constant upward trend first became evident in the month of September, which eventually led to an all-time high of EUR 39.67. The Semperit share posted a gain of 46.8%, clearly surpassing the performance of the ATX. Accordingly, market capitalization rose from EUR 554.9 million to EUR 814.5 million.

Dividend proposal

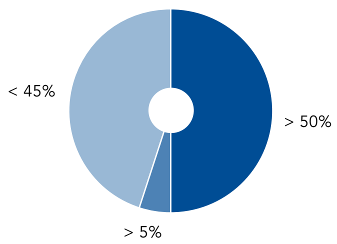
Dividend proposal: EUR 1.25 per share

The dividend policy of the Semperit Group is oriented to ensuring the sustainable development of the company and enabling its shareholders to appropriately participate in the company's success. The Management Board will propose the distribution of a dividend of EUR 1.25 per share for the 2010 financial year to the upcoming Annual General Meeting. This corresponds to a dividend payout ratio of 56.6% of earnings after tax and a dividend yield of 3.2% as measured by the share price at year end of EUR 39.59 or 4.2% as measured by the average share price for 2010.

Shareholder structure

Semperit AG Holding is listed on the prime market of the Vienna Stock Exchange with 20,573,434 no-par-value shares. B&C Semperit Holding GmbH, Vienna, is the stable core shareholder of the Semperit Group, with a stake of over 50%. As from November 2010, slightly more than 5% of the shares are held by the second core share holder Legg Mason Inc., Baltimore, USA. The remaining shares are in free float.

Shareholder structure



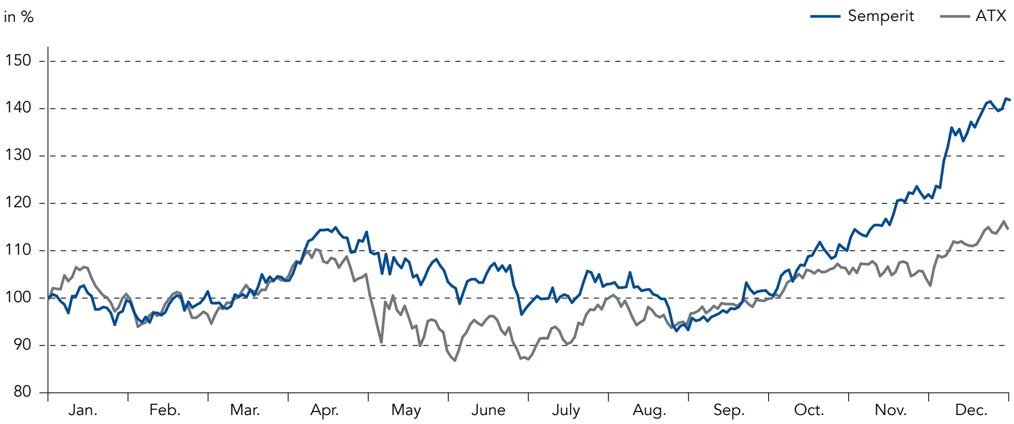
■ B&C Semperit Holding GmbH
■ Legg Mason Inc.
■ Free float

Investor Relations

Comprehensive information for investors

Communications of the Semperit Group with shareholders and the general public is based on long-term trust. Semperit is one of the oldest shares listed on the Vienna Stock Exchange, featuring an initial listing dating back to the year 1890. All important up-to-date information and news for shareholders and analysts is distributed via an electronic system and simultaneously published on the website at www.semperit.at as the basis for transparency, service and timeliness. The objective of Semperit's communications policy is to provide shareholders and the international financial community with a true and accurate picture of the Semperit Group and its business performance. This approach is designed to enable a correct evaluation of the Semperit share on the stock exchanges. The investor relations activities are coordinated by a separate staff unit in the finance department. The primary instruments used in Semperit's investor relations work include the annual report, quarterly reports, regular press releases and discussions held with domestic and foreign investors, also within the context of road shows. In the 2010 financial year, several investment banks published analyses of Semperit i.e. Cheuvreux, Deutsche Bank, Erste Group, Raiffeisen Centrobank and UniCredit.

Performance comparison Semperit/ATX 2010



Stock exchange data		2010	2009	2008	2007	2006
Share price high	in EUR	39.67	28.30	31.00	34.57	28.37
Share price low	in EUR	25.94	13.83	11.80	24.48	19.60
Share price at year-end	in EUR	39.59	26.97	11.80	25.00	28.12
Price change at year-end	in %	46.8	128.6	–52.8	–11.1	34.4
Shares outstanding	in 1,000 shares	20,573	20,573	20,573	20,573	20,573
Market capitalisation at year-end	in EUR million	814.5	554.9	242.8	514.3	578.5
Earnings per share	in EUR	2.21	1.89	1.83	2.17	1.95
Dividend per share	in EUR	1.25 [1)]	1.15	1.09	0.95	0.84
Dividend yield	in %	3.2	4.3	9.2	3.8	3.0
Dividend payout ratio	in %	56.6	61.0	59.6	43.8	43.2
Capital and reserves per share	in EUR	17.06	15.10	14.19	13.61	12.25
P/E ratio at year-end	X	17.9	14.3	6.5	11.5	14.4

[1)] Proposal to the Annual General Meeting

GROUP MANAGEMENT REPORT

Success is in the details:
Hydraulic hose by Semperit

Economic environment

Economic upswing

A perceptible upturn in the global economy took place in the 2010 financial year, but the positive trend markedly weakened in the course of the year. Economic development varied considerably in the individual regions and countries. Whereas the particularly strong expansion in the emerging markets levelled off slightly starting at the beginning of the year under review, economic momentum in the industrialized nations slowed down in the second half of 2010.

Emerging markets tried to curtail growth

China and other emerging markets tried to dampen economic growth and thus prevent their economies from overheating by implementing restrictive monetary and fiscal measures. In contrast, the macroeconomic development in the industrialized countries was below the pre-crisis level, which can be attributed to structural problems in the financial and real estate sectors as well as high private and public debt. Nevertheless, growth was especially strong in Germany, from which neighbouring countries in particular profited.

Development of raw material markets

Massive price increases for raw materials

The price rise for raw materials which became evident in the last months of 2009 continued in the past financial year of 2010, but with significantly greater intensity. The recovery of the global economy and especially the extremely strong demand from the automobile industry combined with a lower supply led to a massive increase in costs for the primary materials required by Semperit and in some cases problems with raw material availability already in the first half-year. The upward trend intensified further in the second half of 2010 so that record prices had to be paid for many raw materials at the end of the year.

All-time high for latex and natural rubber

The price for latex and natural rubber virtually doubled in the course of 2010. The upward trend levelled off somewhat in the third quarter, but this was only short-lived. In the fourth quarter latex and natural rubber prices once again climbed steeply before reaching an all-time high.

Problem of synthetic rubber availability

The price development for synthetic rubber varied depending on the particular type, but the price rises were generally less dramatic than for natural rubber. However, the markets for some types of synthetic rubber such as EPDM, CR and NBR featured extreme shortages. Due to the poor availability, there were delays in some cases in ensuring a sufficient supply for mixed operations.

Carbon black, an important filling material used in the production of rubber mixtures, was similarly subject to price hikes and in addition was not readily available at the end of the year. Prices for steel wires and packaging materials as well as textiles also climbed significantly due to the surge in raw material costs.

Analysis of results

Condensed consolidated income statement for the 2010 financial year starting January 1, 2010 and ending December 31, 2010

in EUR million	2010	2009	Change in %
Revenue	**689.4**	**588.1**	**+17.2**
Changes in inventories	13.6	–9.8	–238.5
Own work capitalised	0.8	0.9	–9.8
Operating revenue	**703.8**	**579.1**	**+21.5**
Other operating income	38.0	22.5	+68.4
Cost of materials	–410.2	–297.0	+38.1
Personnel expenses	–109.9	–99.7	+10.2
Other operating expenses	–109.5	–102.2	7.1
Earnings before interest, tax, depreciation and amortisation (EBITDA)	**112.3**	**102.8**	**+9.2**
Depreciation and amortisation of tangible and intangible assets	–29.9	–33.2	–9.8
Earnings before interest and tax (EBIT)	**82.3**	**69.6**	**+18.3**
Financial results	**–19.2**	**–13.1**	**+47.4**
Earnings before tax (EBT)	**63.1**	**56.5**	**+11.6**
Income taxes	–17.7	–17.7	–0.1
Earnings after tax	**45.4**	**38.8**	**+16.9**

Revenue

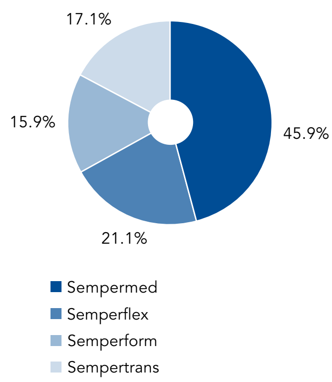
The improvement in the overall global economic environment in 2010 resulted in an increased order volume for the Semperit Group. Not only Sempermed once again proved to be the growth driver, but the cyclically-dependent divisions also made an important earnings and revenue contribution in the past financial year. Based on the significantly higher demand, the Semperit Group succeeded in increasing its total revenue by 17.2%, to an all-time high of EUR 689.4 million.

The Sempermed division managed to increase revenue by 16.6%, to EUR 316.4 million, which is related to continuing good demand for high quality gloves. The particularly cyclically-dependent Semperflex division considerably benefitted from the global economic upswing, posting revenue growth of 38.1%, to EUR 145.5 million. Semperform succeeded in improving revenue by 13.4%, to EUR 109.4 million. The Sempertrans division generated a slight rise in revenue, which was up 2.8%, to EUR 118.1 million.

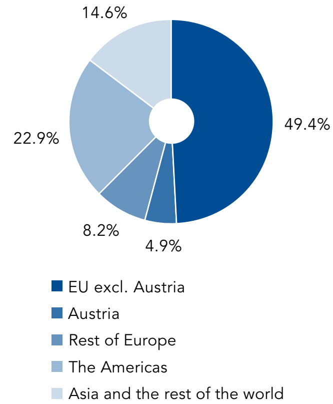
With a 45.9% share of total revenue, business of the Sempermed division continued to make the biggest contribution to revenue of the Semperit Group. The share of revenue generated by Semperflex rose to 21.1%. Semperform accounted for 15.9% of total revenue in the reporting period, and Sempertrans contributed 17.1% of Group revenue.

Revenue growth was posted in all regions. The increase was particularly high in Asia and in European countries outside of the EU. Accordingly, revenue generated in Asia and the rest of the world rose to 14.6% in the 2010 financial year (previous year: 13.5%), and the rest of Europe accounted for 8.2% (previous year: 6.7%). The Americas generated 22.9% of total revenue, similar to the prior-year level. The share of revenue attributed to the EU including Austria fell slightly from 56.6% to 54.3%.

Revenue by division



Revenue by region

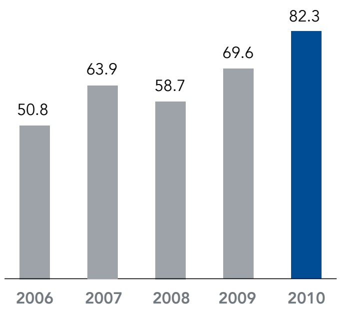


Earnings

New earnings record

Despite massive price increases for crucial raw materials, Semperit succeeded in increasing its earnings before interest, tax, depreciation and amortisation (EBITDA) by 9.2%, to EUR 112.3 million. The EBITDA margin fell from 17.5% to 16.3%. The operating profit (EBIT) could be improved by 18.3% year-on-year, rising to a record level of EUR 82.3 million. The EBIT margin related to total revenue was 11.9%, compared to 11.8% in the previous year. The earnings after tax of the Semperit Group were up 16.9%, to EUR 45.4 million. Based on these results, the company achieved a return on equity of 12.9% (previous year: 12.5%), and a return on assets before tax of 14.2% (previous year: 13.6%).

Operating profit (EBIT) in EUR million



The earnings situation varied in the individual divisions. The Sempermed division achieved an EBIT margin of 14.9% based on earnings before interest and tax of EUR 47.1 million. Semperflex improved its EBIT from the prior-year level to EUR 24.2 million (previous year: EUR 0.4 million). Semperform increased its earnings to EUR 15.9 million (previous year: EUR 10.3 million). Due to the cost increases and intensive price competition among market players, earnings fell to EUR 0.0 million (previous year: EUR 11.8 million).

Material cost ratio up to 58.3%

The cost of materials rose in the 2010 financial year by 38.1%, to EUR 410.2 million. This development was related to higher sales volumes as well as massive raw material price hikes. As a result, the ratio of the cost of materials to operating revenues rose by 7.0 percentage points, to 58.3%.

Lower personnel expense ratio

Due to the positive order situation, the total staff of the Semperit Group climbed by 359 employees on average to 7,008 people. Personnel expenses also rose by 10.2%, to EUR 109.9 million. However, personnel expenses as a share of operating revenue fell to 15.6% from 17.2% in the previous year.

Increase in minority interests reduces financial results

Depreciation and amortisation fell by EUR 3.3 million, to EUR 29.9 million, as no impairment of assets was necessary in 2010. The increase in other operating income and expenses primarily resulted from revenue growth. Other operating income also includes the insurance compensation in connection with the flooding in Thailand. Due to the reclassification of minority interests to liabilities, the share of the net profit for the year assigned to non-controlling shareholders was transferred to the financial results. The financial results for 2010 amount to minus EUR 19.2 million (previous year: minus EUR 13.1 million). Both figures were adjusted to reflect the new reporting. This decline in the overall financial results is due to the increased earnings of the joint venture companies, resulting in a higher share of non-controlling shareholders in subsidiaries. However, neither the economic reality nor the satisfactory situation of the joint venture companies for both sides has changed.

Effective tax burden declined to 21.1%

The earnings before tax of the Semperit Group amounted to EUR 63.1 million, a rise of 11.6% from the previous year. The effective tax burden decreased from 24.6% to 21.1%.

The share capital of Semperit AG Holding amounts to EUR 21.4 million and is divided into 20,573,434 non-par-value bearer shares. Earnings per share climbed from EUR 1.89 to a record level of EUR 2.21.

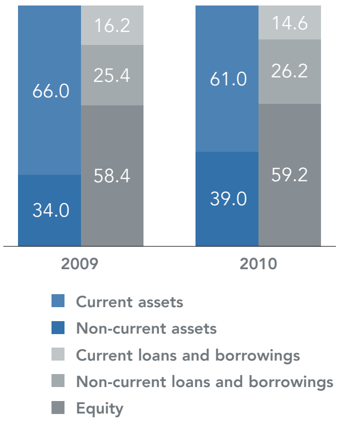
Dividend proposal to the Annual General Meeting: EUR 1.25

The Management Board will propose a dividend of EUR 1.25 per share. As a consequence, the dividend payout ratio for 2010 will amount to 56.6%, subject to the approval of the Annual General Meeting. The dividend yield is 3.2% based on a share price of EUR 39.59 at the end of December 2010, or 4.2% in relation to the average share price for the year 2010.

Asset and financial position

During the year under review, the balance sheet total of the Semperit Group rose by 11.7% to EUR 593.5 million. Tangible assets, which include prepayments and assets under construction to the amount of EUR 28.8 million, rose by 31.8% to EUR 199.8 million due to the extensive investment activity. Financial assets increased from EUR 8.9 million to EUR 13.4 million. Newly received securities primarily involve German federal bonds. Current assets climbed by 3.2%, to EUR 362.1 million. Working capital, which consists of inventories plus accounts receivable less trade payables, totalled EUR 158.3 million, an increase of 27.5% from the previous year. Higher sales as well as the massive increase in raw material prices led to a 52.4% rise in inventories, to EUR 113.7 million. The improved sales situation also resulted in a higher level of trade receivables, which rose 7.6% to EUR 85.5 million. Information pertaining to the allocated emission certificates can be found in the notes to the consolidated financial statements on page 66. Cash and cash equivalents at EUR 139.2 million were lower than the prior-year figure of EUR 185.8 million due to the increase in working capital and the intensified investment activity. The Semperit Group thus continues to have a good liquidity basis for further investments and acquisition projects.

Balance sheet structure in %



Capital and reserves totalling EUR 351.1 million (+ 13.0%) includes inflows of capital from the consolidated earnings after tax of EUR 45.4 million, outflows for dividend payments to shareholders of EUR 23.7 million and currency translation differences of EUR 18.8 million. The equity ratio as an indication of the company's financial autonomy amounted to 59.2% (previous year: 58.4%). Equity capital covers Semperit Group's tangible assets by 159.7% (previous year: 186.7%). Liabilities at EUR 146.7 million represent a rise of 15.7% from 2009, whereby this increase can be attributed to the higher level of liabilities to non-controlling shareholders (formerly: minority interests).

Significant events after the balance sheet date

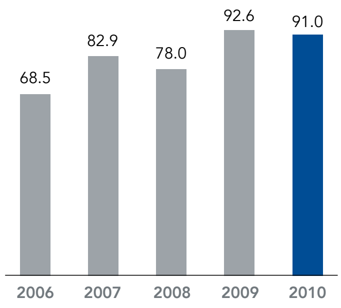
There were no significant events requiring disclosure after the balance sheet date.

Condensed consolidated balance sheet as at December 31, 2010

in EUR million	31.12.2010	31.12.2009	Change in %
Assets			
Tangible assets	219.8	166.4	+32.1
Inventories	113.7	74.6	+52.4
Trade receivables	85.5	79.5	+7.6
Other current assets including deferred taxes	174.4	211.0	–17.1
Total assets	**593.5**	**531.5**	**+11.7**
Equity and liabilities			
Capital and reserves	351.1	310.6	**+13.0**
Liabilities from terminable, non-controlling interests	83.4	71.6 [1)]	+16.5
Provisions including social capital	91.5	89.6	+2.1
Liabilities including deferred taxes	67.5	59.8	+12.9
Total equity and liabilities	**593.5**	**531.5**	**+11.7**

1) Includes a dividend of EUR 10.5 million first effective as a cash-based transaction in 2010.

Gross cash flow
in EUR million



Cash flow

Gross cash flow decreased by 1.7% in 2010, to EUR 91.0 million. Cash flow from operating activities decreased to EUR 50.4 million (previous year: EUR 134.9 million), which is related to the increased working capital. Cash flow from investing activities totalled minus EUR 66.4 million in the 2010 financial year. Replacement, expansion and rationalisation investments in tangible and intangible assets totalled EUR 60.0 million.

The cash flow from financing activities amounting to minus EUR 46.6 million includes the dividend payment of EUR 23.7 million for the 2009 financial year as well as the dividend share of non-controlling shareholders of subsidiaries of EUR 22.4 million. Cash and cash equivalents at the balance sheet date of December 31, 2010, which takes exchange rate changes into consideration, totalled EUR 139.2 million, or EUR 46.6 million below the comparable figure of 2009.

As an indicator of the company's ability to finance investments and thus further corporate growth from its own income, the cash flow ratio is calculated as the proportion of the gross cash flow to revenue. The Semperit Group achieved a cash flow ratio of 13.2% in 2010 (previous year: 15.7%).

Condensed consolidated cash flow statement for the 2010 financial year starting January 1, 2010 and ending December 31, 2010

in EUR million	2010	2009	Change in %
Gross cash flow	91.0	92.6	–1.7
Cash flow from operating activities	50.4	134.9	–62.6
Cash flow from investing activities	–66.4	–26.4	+152.0
Cash flow from financing activities	–46.6	–30.1	+55.0
Change in cash and cash equivalents	–62.7	78.4	–180.0
Cash and cash equivalents at the end of the period	139.2	185.8	–25.1

Investments

Increased investments

In 2010, the Semperit Group invested a total of EUR 60.0 million in tangible and intangible assets. The investments were predominantly for capacity expansion at Sempermed and Sempertrans. The other divisions mainly focused on carrying out rationalisation and modernization projects. Of the total investments, EUR 26.8 million can be attributed to Sempermed, EUR 13.9 million to Semperflex, EUR 6.3 million to Semperform and EUR 13.0 million to the Sempertrans division.

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

The share capital of Semperit AG Holding amounted to EUR 21,358,996.53 as at December 31, 2010, and consisted of 20,573,434 no-par-value ordinary bearer shares, each carrying equal rights in every respect. There are no restrictions with regard to voting rights except for provisions contained in the Austrian Stock Corporation Act.

B&C Semperit Holding GmbH owned more than 50% of the shares in Semperit AG Holding as at December 31, 2010. More than 5% of the ordinary shares have been held by Legg Mason Inc., USA since November 23, 2010. The remaining shares are in free float. No shares were issued entitling the owners to special control rights. Employees who own shares are entitle to exercise their right to vote at the Annual General Meeting.

The age limit for members of the Management Board is 65. The duration of their last possible term of office on the Management Board ends with the Annual General Meeting following their 65th birthday. Otherwise there are no other regulations extending beyond legal requirements that relate to the appointment and revocation of members of the Management Board. The age limit for members of the Supervisory Board is 70. They are only permitted to carry out their mandate until the Annual General Meeting following their 70th birthday.

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

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

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

Each member of the Supervisory Board can resign from it by submitting written notification of such. This does not have to include the detailing of important reasons. Should this cause the number of members of the Supervisory Board to decline to below the minimum specified number, the observation of a four-week period of time is required.

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

The authorisation granted to the Management Board by the 120th Annual General Meeting held on April 30, 2009 pursuant to Section 65 Para. 1 (8) of the Austrian Stock Corporation Act to repurchase shares comprising up to 5% of the share capital applies for a maximum period of 30 months from the date the resolution was approved, and is limited to a price range of EUR 10 – 25 per share. The Management Board has not resolved to implement a buyback programme to date. In addition, the Managing Board has no powers within the meaning of Section 243a (7), Austrian Commercial Code (UGB). The company has not concluded any agreements in respect to a potential change of controlling interest in the case of takeovers. No compensation agreements pursuant to Section 243a (9) of the Austrian Commercial Code (UGB) exists.

Performance of the divisions

Sempermed

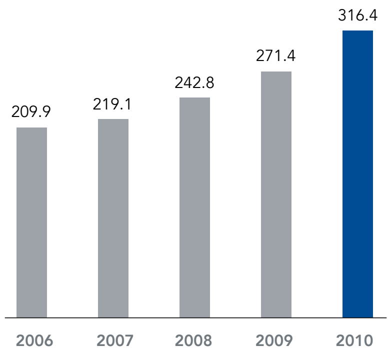
Further increase in revenue

The Sempermed division continued its uninterrupted growth path, as demand remained strong for high quality gloves used in the medical sector. Accordingly, revenue climbed by 16.6% compared to the previous year to EUR 316.4 million in the 2010 financial year. A major part of the revenue increase is due to the necessary price hikes related to the rapid increase in latex prices in 2010, which followed a short-term recovery on raw material markets in the year 2009.

Satisfactory EBIT

Despite the cost explosion for natural rubber, this division posted earnings before interest and tax of EUR 47.1 million, corresponding to a operating profit margin of 14.9%. On the one hand, this excellent margin situation for a commodity business is due to the flexible price policy adapted to developments on raw material markets. On the other hand, it is related to the ongoing productivity improvements and cost savings for materials.

Revenue development in EUR million



Business development in the segments

Boom for examination gloves

The positive development in the business with examination gloves continued unabatedly in the course of the year. Whereas the first quarter even featured delivery bottlenecks in some cases due to the full order books, the coming on stream of new production lines at the Hatyai plant enabled the division to quickly process customer orders on time starting in the middle of the year. The sales increase in the 2010 financial year is primarily due to the good development of demand in Europe. A significant rise in sales volume was also achieved in Brazil, where Sempermed increased its market share to 15%. In contrast, sales in the USA were at about the same level as in the previous year.

Flooding led to a temporary production break

The development of sales for examination gloves was slightly affected by an approximately two-week production interruption at the Hatyai facility in Thailand. This situation resulted from large-scale flooding in the southern part of Thailand, resulting as a consequence of the most severe monsoon rains over the last 20 years. Therefore, only a third of the usual monthly production output could be reached in November. The speedy resumption of full-scale operations can be attributed to the immense efforts of the entire local team. All damages including the loss of income are covered by the existing insurance programme and thus did not negatively impact earnings.

Nitrile less expensive than latex

The extraordinarily strong price increase for latex strengthened the market trend towards high quality gloves made of synthetic nitrile. Whereas nitrile was a very expensive raw material for a long time in comparison to latex, the situation has reversed due to the price hikes for latex. Thus it has become even more attractive for many customers to switch over to the more favourably priced nitrile gloves. This trend has accelerated the planned conversion of several production lines to the manufacturing of nitrile gloves. Further production lines at the Hatyai facility will be used for nitrile glove manufacturing in 2011 following the coming on stream of the new plant in Surat Thani.

Market saturation for surgical gloves

There was a widespread saturation of the market for surgical gloves to be observed in 2010. Against this backdrop, sales were down slightly from the previous year. Sempermed succeeded in maintaining its market position, but new customer acquisition was hampered by increased raw material costs and the related margin pressure.

Investments

New production lines in Thailand

Sempermed successively put four new state-of-the-art production lines in Hatyai into operation in 2010. Construction work at the new manufacturing facility proceeded on schedule up until November and in line with budgetary projects. The flooding in November did lead to some slight delays. Nevertheless, the first three new production lines will already be put into operation in the second quarter of 2011. It is planned to successively complete the installation and coming on stream of all 12 production lines spread over the entire year.

New plants in Wimpassing and Sopron

A new chain dipping plant was put into operation at the Wimpassing manufacturing facility for surgical gloves during the year under review. A new packaging line came on stream at the related finishing plant in Sopron, and the existing machinery was modernised.

Semperflex

Significant revenue increase

Following a very difficult 2009 financial year, the demand situation considerably improved for the Semperflex division in the reporting year 2010. Revenue climbed by 38.1% to EUR 145.5 million. All temporarily decommissioned production facilities have been successively put back into operation since the first quarter. Semperflex quickly regained maximum capacity utilisation in all business sites without any loss of quality.

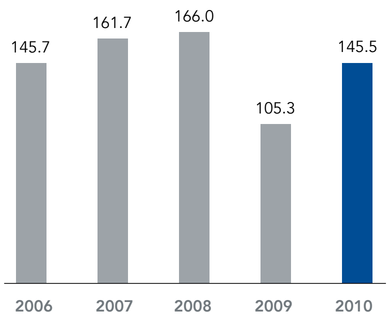
Satisfactory earnings increase

The sharp rise in orders was also responsible for the particularly gratifying development of earnings before interest and tax, which amounted to EUR 24.2 million (previous year: EUR 0.4 million). The high level of demand coincided with the full impact of the measures initiated in 2009 to cut fixed costs. For this reason, the marked increase in sales volume helped compensate for higher raw material prices.

High costs and raw material shortage negatively affected business

Nevertheless, not only the rising raw material costs but also the lack of availability of some raw materials also burdened the business operations of the Semperflex division. For one thing, selling prices for hoses and sheeting could only be adjusted to the cost situation with a corresponding time lag. On the other hand, the division had to resort to more expensive materials in several cases due to supply shortfalls as a means of avoiding any longer production interruptions.

Revenue development in EUR million



Business development in the segments

Considerable upswing for Semperflex Hydraulics

The hydraulic hose segment was subject to a significant rise in incoming orders in all its sales markets during the period under review. In the course of the 2010 financial year, Semperflex Hydraulics not only observed that customers were replenishing their stocks, but that the products ordered actually met the demand of the consumer markets.

On the basis of a good demand situation, the hydraulic hose segment achieved market share gains in the USA, Russia and India. In addition, it made further progress in developing the Chinese market. Against this backdrop, capacities were expanded at the Shanghai plant. On balance, Semperflex Hydraulics quickly exploited the opportunities arising after the crisis, and accordingly sees its market position strengthened.

Production was suspended for about a period of two weeks at the Thai plant for hydraulic hoses due to heavy flooding in November. All necessary clean-up work and repairs were quickly implemented. However, output for the month of November declined to a third of its normal level. Damage was covered by an existing insurance programme, so that there was no related burden on earnings.

Flooding temporarily halts production in Hatyai

The 2010 financial year also featured the ongoing improvement in the order situation for the industrial hose segment. There was a significant upturn in demand from customers in all industries. With the exception of Spain and Italy, revenue noticeably rose in all countries in comparison to 2009.

Improved order situation at Semperflex Industrial

The volume of incoming orders in the elastomer sheeting segment was so high that production could not keep pace with demand. Accordingly, customers were sometimes confronted with longer delivery times. Moreover, selling prices had to be raised several times due to the massive increase in raw material costs.

Rising demand for elastomer sheeting

Investments

The division focused on investments designed to improve product quality during the 2010 financial year. Semperflex Industrial put a new bore extruder into operation at its factory in Wimpassing, enabling to operate the production process more precisely and thus reduce scraps and rejects. Semperflex Hydraulics built up a global Hydraulic Hose Testing Center in the Czech Republic. At the plant in Shanghai two new plainting machines were put on stream for reasons of capacity increase. The elastomer sheeting is now being produced on a modernised press.

Focus on quality improvement

Semperform

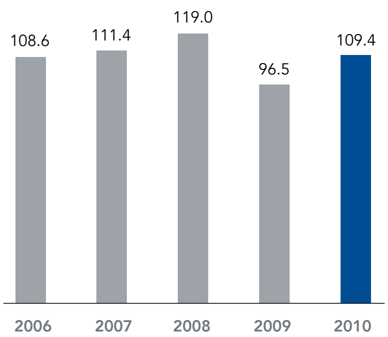
Increased revenue

The Semperform division concluded the 2010 financial year with a 13.4% rise in revenue to EUR 109.4 million. An improvement in the order situation for the cyclically-dependent segments became evident during the course of the second quarter, so that revenue in all business areas ultimately reached or even surpassed the prior-year level.

Significant earnings improvement

The tense raw material cost situation negatively impacted earnings in this division. However, volume gains and the effects of the comprehensive cost reduction programme initiated in 2009 succeeded in significantly cushioning margin losses. Against this backdrop, EBIT rose by 54.2% to EUR 15.9 million.

Revenue development in EUR million



Business development in the segments

Profile business benefits from the economic rebound

The upward trend in the seal profile segment for windows and doors which was already manifested at the end of 2009 continued, both on the domestic market of Germany as well as in other European core markets. Whereas the West European markets in particular showed an improved order volume in the first months of 2010, business in Eastern Europe also considerably picked up in the second half of the year. The months of November and December were somewhat weaker, primarily for seasonally-related reasons. On balance, sales exceeded the comparable level achieved in the outstanding 2008 financial year. High raw material costs burdened product margins, but this negative effect could be largely offset by a comprehensive rationalization programme and clearly higher sales volumes.

Stable handrail business

The handrail segment registered a slight rise in sales in Europe, which is mainly related to increased demand for spare parts. However, growth in the OEM (Original Equipment Manufacturer) segment took place in Asia, where Semperform profited from the ongoing dynamic upswing of the Chinese economy during the past financial year. Moreover, further progress was made in building up the Asian market for spare parts, which is still in its initial phase of development. In the USA Semperform further expanded its market position on the basis of rising sales.

In order to strengthen its role as the world's largest producer of handrails, Semperform acquired the technology and machinery required for the production of plastic handrails from the German company CompriseTec in 2010. Both product design and machinery transferred to the Wimpassing site are currently being adapted to conform to Semperit standards.

Following the business downturn experienced by the ski industry in 2009, an upward trend set in again during the course of 2010. Sales of ski membranes correspondingly increased in line with the overall market situation. The division managed to maintain its very high market shares in this segment.

Clear recovery for ski membranes

The cable car ring segment increasingly focused its efforts in 2010 on expanding business with spare parts, due to the fact that only a small number of new cable cars were actually built again in the past financial year. Semperform was able to expand its very good market position in this segment as a consequence of its close cooperation with original equipment manufacturers as well as the implementation of comprehensive sales measures.

Focus on spare parts for cable car rings

Demand in the sponge rubber segment, which is highly dependent on the construction industry, rose in line with the beginning of the economic recovery. Accordingly, sales developed gratifyingly in the past financial year.

Sponge rubber business profited from the construction recovery

Revenue in the railway superstructure segment remained stable in a year-on-year comparison. The French market, which had developed particularly positively in 2009, came to a complete standstill in 2010. The order situation was also problematic in England, which hardly made any infrastructure investments. Against this backdrop revenue could only be maintained at the previous year's level despite the improved order situation in other markets.

Stable revenue in the railway superstructure segment

The pipe construction segment of the Semperform division achieved good success on the market due to the launch of new products. It even won contracts from the highly competitive Chinese market based on its specialty products. Since the shutdown of moulded goods production in Thailand, the Chinese market has been supplied by the production plant in Sopron. The order intake for filter membranes as well as moulded parts for industry and the construction sector remained constant in 2010, but at a lower level than before the onset of the economic crisis.

Pipe construction: Growth from new products

Investments

Rationalisation measures targeting materials and the production process comprised the focal point of investments at the profile plant in Deggendorf. In the 2010 financial year technicians installed a new salt sprinkler plant for more complex products in the aluminium window segment. Moreover, a fully automatic cable drum gluing machine and several automatic coiling machines were purchased in order to automate manual tasks in the packaging process and thus further increase productivity.

Rationalisation investments in Deggendorf

A new press was installed at the factory in Shanghai in order to fulfil increasing demand for handrails in China. Thus the expansion of handrail manufacturing for the Chinese market proceeded on schedule.

New press for handrail production in China

As parts of its drive to modernise the equipment at the Sopron manufacturing plant, five new injection moulding machines were put into operation as a replacement for outdated devices.

Replacement investments in Sopron

Sempertrans

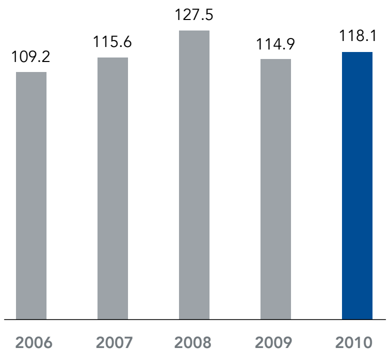
Slight revenue improvement

In the 2010 financial year the Sempertrans division reported a slight increase in revenue of 2.8% to EUR 118.1 million. Whereas the market environment was still very difficult in the first half-year, the order intake continuously improved starting in the middle of 2010. Demand rose steadily, especially in Asia, South America and North Africa, whereas only a slow upward trend was perceptible in the European countries. Nevertheless, capacity utilisation was good at all production sites as of the second half of the year. Following a difficult start, the new factory in China, Sempertrans Best, achieved a satisfactory level of quality and output in the fourth quarter.

Earnings decline

Earnings before interest and tax (EBIT) were only close to reaching the break-even point in 2010. The underlying reason was the strong rise in raw material costs. Due to longer throughput times, particularly in the project business, orders had to be processed on the basis of higher procurement costs than originally planned. Moreover, the price war perceptibly intensified among the market players in all countries. This was accompanied by the increasing trend in Europe towards purchasing standard conveyor belts imported from Asia. In addition to the difficult market environment, one-off effects relating to customer complaints in Poland and France as well as start-up losses for Sempertrans Best in China negatively affected earnings of the conveyor belt division.

Revenue development in EUR million



Business development in the segments

Weak upturn in European demand

In the first half of the 2010 financial year, Sempertrans suffered from the weak level of incoming orders in Europe. The situation improved over the following months, but the struggle over the existing order volume simultaneously intensified. The Polish factory was operating at high capacity due to a satisfactory order intake from Central Europe, South America, North Africa and Asia. The French production facility concentrated on manufacturing high quality metal and special conveyor belts due to particularly tough competition and the low demand for standard textile conveyor belts.

Good order intake in India

Similar to the previous year, the Asian market developed significantly better than its European counterpart. Production facilities in India were being utilised to capacity. However, competition also increased on the Indian market, so that the margin situation increasingly deteriorated.

The main focus at the newly acquired Chinese conveyor belt factory Sempertrans Best was initially on consolidation measures designed to upgrade production to Semperit standards with respect to quality and product design. Finally the first conveyor belts manufactured there were marketed in the second half of the year. Due to the fact that the expansion of Semperit's business on the Chinese market is only in its initial phase, the manufactured goods were primarily exported to Europe in 2010.

Integration of the Chinese conveyor belt factory

Investments

In addition to acquiring the machinery at the Chinese plant accompanied by modification and improvement measures, the investments of Sempertrans in 2010 primarily aimed at achieving productivity and quality improvements for existing facilities. The priority here was on upgrading the Polish Sempertrans Belchatow factory, which installed an extra-wide extruder combined with a modern roller head plant.

Productivity and quality improvements

Risk report

Risk management

Identification and analysis

The basis for the risk management policy of Semperit is the early identification and evaluation of risks and opportunities. The company only takes risks if the perceived benefits clearly outweigh risks. This is made possible in particular by focusing on the core business activities of the Semperit Group, long-term experience in the field and the significant market position achieved by Semperit in its markets.

Management of risks

Risk policy comprises a core component of Semperit's corporate management. Accordingly, the management of earnings and risks in all business areas is closely interrelated to each other. The Management Board decides on the process to be applied in order to monitor risks. The implementation of risk management is coordinated by the responsible managers, who report directly to the Management Board. Based on this information, the management evaluates the current risk situation, taking into consideration the risk-bearing capacity and the corresponding risk limits.

Evaluation by auditors

The top priority of Semperit's risk management is to prevent dangers from occurring and to cushion against their impact while simultaneously exploiting the company's earnings potential. If economically feasible, suitable hedging instruments are implemented or Group-wide insurance policies concluded to cover risks. The effectiveness of the risk management system in respect to the consolidated financial statements was evaluated by the auditor on the basis of the prepared documents and was reported to the Management Board as well as to the Supervisory Board.

Risk management at Semperit is subject to guidelines, which stipulate goals, underlying principles, responsibilities and competencies. In accordance with these binding guidelines, the operational risk management is delegated to each organisational unit to which the respective risk is assigned.

Main features of the internal control and risk management system with regard to the financial reporting process

Internal control system

In line with the internationally recognised COSO framework to structure a risk management system, the internal control system is to be considered as an integral part of a company-wide risk management system. The Semperit Group orients its operations to this COSO framework.

Responsibility for the implementation and monitoring of the internal control and risk management system for the respective business process lies with the management in charge of this process. Valid cross-divisional, Group-wide framework conditions and regulations are centrally defined by the Management Board. Line management is responsible for implementing these guidelines in the respective business processes.

Control measures are integrated into business processes. This means that no separate or isolated system exists. The following principles comprise the foundation of the internal control system:

- Risk-oriented approach
- Clearly-structured organisation and clearly-defined responsibilities
- Standardised procedures to prepare financial reporting (documental, control, approval)
- Separation of duties (four-eyes principle)
- Analyses and plausibility checks
- IT process controls
- Integration of divisions and departments
- IT General Controls

The implemented controls are also evaluated by internal and external inspections at regular intervals in order to monitor the effectiveness of the internal control system. Comprehensive reporting ensures the Group-wide dissemination of information.

The suitability of the internal control system at Semperit AG was confirmed by the Audit Committee. Nevertheless, the company is continually working to increase the effectiveness, efficiency and accuracy of the entire system.

Existing risks

Semperit is subject to a broad variety of risks. In addition to economic risks, the company is affected by external factors such as political conditions and natural events. Naturally the risk potential is higher as a result of the internationalisation of Semperit's business operations. The primary risks faced by the company are identified and evaluated once a year within the context of normal planning processes.

Cyclical risk

Global economic risks always exist. However, the Group's differentiated business structure based on four divisions significantly reduces this risk, especially in times of weak economic activity. The business areas of Semperit are dependent on overall global economic developments to varying degrees. However, the favourable cost structure and a solid equity base also serve to ensure competitiveness.

Market risk

In addition to the risks arising from the development of the global economy, demand fluctuations in important customer industries as well as changed competitive conditions comprise further risks. As a result of the diversification of the company in four divisions as well as a broad geographical distribution of business operations featuring production facilities on three continents, specific market and production risks never threaten the entire Group, but at the most only parts of it. This enables Semperit to naturally balance the various risks. Active portfolio management, the ongoing development of innovative products and the penetration of new markets also contributes to reducing market risk. Semperit counteracts the risk of production overcapacity by continuously evaluating market and order data and taking medium-term measures if required, such as temporary plant shutdowns and adjustments to shift schedules.

Procurement risk

Availability and price volatility comprise a risk for Semperit within the context of its procurement activities. As a production company, Semperit is dependent on the availability of required raw materials at the right time and in the desired quality. Otherwise, the consequence would be production interruptions. Semperit purchases large quantities of natural and synthetic rubber, fillers, chemicals and reinforcing materials made of textiles and steel. The company boasts a broad spectrum of suppliers due to its longstanding experience in the rubber industry. In addition to reliability and quality, price is the most important criteria in selecting suppliers. Semperit counteracts the opportunities and risks arising from raw material price volatilities by the ongoing monitoring of the market situation, global purchasing activities and a further diversification of its supplier base. Semperit is also striving to reduce the risk related to the insufficient supply of several raw materials by working to develop cost-effective alternatives within the context of its research and development work.

Credit risk

Semperit has a diversified and geographically spread customer base, which excludes concentration risk with individual customers. No customer accounts for more than 2% of total Group sales. Default risk in which the counterparty to a transaction is unable to meet its contractually stipulated payment obligations is minimised by ongoing evaluations of a customer's creditworthiness, setting credit limits as well as taking out credit insurance on trade receivables. Bank guarantees are required in some cases.

Liquidity risk

Although the liquidity risk at Semperit is quite limited due to the high level of cash and cash equivalents, the ongoing improvement of treasury guidelines and information systems helps Semperit to quickly identify financial risks. The monitoring of the liquidity situation is based on the regular analysis of payment flows and planning of future income and expenditures.

Currency risk

Semperit is subject to currency risks as a result of its internationally-oriented business operations. Currency risks are continually evaluated and hedged by appropriate financial instruments, particularly in the form of forward foreign exchange transactions, within the framework of a centralised foreign exchange risk management. The most important currencies requiring hedging against currency fluctuations are the US dollar, Thai baht, British pound sterling, the Polish zloty, Czech koruna and the Hungarian forint. The company's financial management is committed to avoiding foreign currency risks as much as possible by coordinating payment flows. Semperit does not make use of any derivative financial instruments for speculative purposes.

Research and development

The focus of research and development (R&D) within the Semperit Group is the ongoing achievement of further advances with regards to the development of materials, manufacturing processes and product quality to the benefit of customers, the environment and the company. The business areas are thereby supported in achieving their operational targets and implementing high quality standards.

Another focus of all R&D activities is the ongoing and sustainable reduction of production costs as a means of achieving the strategic objective of cost leadership. Not only research into new processes and materials but also the optimisation of existing manufacturing processes and the composition of tried and tested rubber mixtures result in savings for the Group. In addition, the development of innovative solutions to fulfil specific market and customer requirements ranks among the top priorities of Semperit's R&D work.

Cost reduction as a primary objective

The worldwide R&D centre of the Semperit Group located at the Wimpassing site serves as the hub of all Group companies, and coordinates the ongoing exchange of know-how and experiences among the individual production plants. During the period under review, Semperit launched or already successfully concluded numerous research projects in all segments.

Sempermed: New process for the online production of powder-free natural rubber and synthetic latex gloves

The development of an immersion process to enable the online production of powder-free natural rubber and synthetic latex gloves was completed in 2010. This new type of process could already be successfully put into practice as part of the expansion programme for the glove factory in Thailand. The main economic benefit of this technology is that all processing and finishing steps are integrated in the facility, and that the product can be taken ready packed from the moulds.

Production of gloves in an online process

Sempermed pressed ahead with the research of a surgical glove with UV cross-linked latex i.e. the newly developed type of latex manufactured without containing any sensitizing or allergenic chemicals. In the past financial year the first tests were carried out using UV cross-linked latex in the immersion facility.

Gloves with UV cross-linked latex

Successful results were also reported by Sempermed in 2010 with respect to the ongoing WOM (Waste of Material) and WOP (Waste of Properties) initiatives.

Semperflex: Savings based on product and process optimisation

Several projects designed to reduce material consumption were effectively implemented by Semperflex Hydraulics. In addition, activities aiming to harmonise the materials and processes used at different manufacturing facilities for the production of hydraulic hoses were concluded. The new ribbon lap machine for industrial hose production which came on stream in 2010 enabled the division to improve and optimize existing products. Furthermore, the product line for industrial hoses was expanded to include a range of new products. New cost saving opportunities could be identified and realised in the field of elastomer sheeting based on continuing cost monitoring.

Cost reduction projects

Semperform: Expansion of the product portfolio

Cost optimisation for current production

On the one hand, the Semperform division worked during the past financial year on achieving cost savings in the production of existing products by exploiting the potential uncovered as a result of the WOM and WOP initiatives. On the other hand, the focus was also on defining new products within the framework of the existing business segments. At the Deggendorf plant fundamental work is being done on redesigning profiles. New products could be successfully launched on the marketplace in the industrial moulded parts and pipe construction segments. Semperform also fulfilled the changed requirements of customers by developing a new type of handrail.

Sempertrans: New product developments

Fulfilling customer and standard stipulations

The Sempertrans division increased the capacity of its facilities at the Belchatow plant by optimising cycle times. Research designed to meet specific customer requirements and standards stipulations in the underground mining and above ground mining sectors was concluded.

Measures were revised at all production sites aiming to improve process control and product specifications, taking into account the respective market requirements. This enabled savings to be achieved in materials as well as in the production process.

Basic research projects

Cooperation with external institutions

Semperit collaborates with national and international research institutions, particularly in the field of basic research. In addition to the cooperation with universities, the Kplus centres also play a major role. Kplus centres are research facilities operated jointly by business and scientific experts for a limited period of time. For example, within the framework of this model, the adhesion of elastomers to reinforcing materials was analysed. A new examination of ageing processes in elastomer materials was initiated. Moreover, Semperit and the Vienna University of Technology are jointly conducting research to predict the life span of dynamically stressed products.

Employees

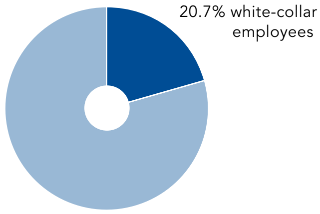
In the 2010 financial year, the Semperit Group employed an average of 7,008 employees worldwide (previous year: 6,649), of which 5,566 were blue-collar and 1,452 white-collar employees. Semperit was able to hire new staff in all divisions thanks to the satisfactory development of its business.

The workforce was considerably increased in Asia. The need for additional employees can be attributed to the expansion investments for glove manufacturing in Thailand, the expansion of hydraulic hose production in Shanghai and the acquisition of the Chinese conveyor belt factory. New employees were also hired in Europe in order to effectively fulfil the good level of demand.

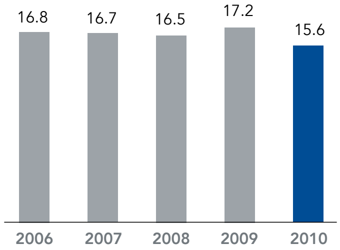
The ratio of personnel expenses to operating revenues developed gratifyingly in 2010, declining to 15.6% compared to 17.2% in the previous year. This decrease is primarily related to the fact that the latest expansion investments largely took place in the Far East, where the wage levels are relatively low. Whereas an increasing share of simple standardized operations are carried out in countries with low wage costs, the Austrian business location has emerged as an international competence centre.

Semperit has strongly focused its efforts on building up a highly qualified workforce in Austria in recent years. As a result, the share of employees with academic degrees as a percentage of the total white-collar employees in Austria has risen close to 50%.

Split blue-collar/ white-collar employees



Personnel expenses as a % of operating revenues



New concept for training production staff

Clearly arranged training materials

The education of employees involved in production is to be improved by a new concept for the entire training process. The basis for this are newly developed training manuals which are designed to quickly convey the main contents to employees in an eye-catching manner with the help of illustrative pictorial materials. Clearly arranged and understandable instructions not only compactly present and elaborate on workplace-specific knowledge and skills, but also on upstream and downstream activities. Furthermore, the materials contain precise guidelines on what to do in case process parameters do not comply with specifications. In 2010 this new approach was initially carried out in Austria, Czech Republic, Poland and Germany, and is planned to be rolled out for the entire Group in 2011. The implementation of trainings will take into consideration the varying demands placed upon new, experienced and internally transferred employees. Semperit plans to successively implement the new training methods throughout the entire Group.

Employees as a success factor

Customised training and continuing education

Competent and motivated employees are essential factors in the successful business development of all business areas. Their expertise, commitment and hard work serve as the basis for the sustainable success of the company. Against this backdrop, Semperit focuses on promoting its own human resources. As a consequence, a broad offering of training and continuing education courses are made available to employees, which not only provide specialised training but also promote social competencies. Individual further education requirements are fulfilled on the basis of appropriate internal and external trainings.

Development programmes for young graduates

International know-how transfer

Semperit launched the "XPERIENCE XCHANGE" programme, an initiative designed to provide opportunities for young graduates to experience international know-how transfer on an informal level. Targeted input from executives and a lively exchange of experience form the basis for promoting networking among young employees. In turn, this will have sustainable and positive effects on the future success of the Semperit Group.

Equal treatment for men and women

Increased number of women with highly-qualified jobs

Senior management at Semperit, an industrial company with a longstanding tradition, primarily consists of men. In order to increase the number of women occupying management positions in the future, the company is attaching particular importance to promoting gender equality. The share of women in highly-qualified positions has significantly risen in recent years. Accordingly, more than 30% of the participants in the "XPERIENCE XCHANGE" programme were women in 2010.

Cooperation and international exchange of experience

Early contact to high potentials

The Semperit Group cooperates with universities of applied sciences and colleges in Austria and other countries in order to get in touch with graduates at an early stage. The aim is to arouse interest in Semperit as a potential employer, and attract highly qualified and promising people to the company. Semperit establishes contact early on with executives of the future on the basis of plant tours organised for professors and students, assistance provided to students with their dissertations, and presentations at universities.

International exchange of know-how and experience

Development of best practices

The internationalisation of its business operations has made it immensely important for Semperit to promote the worldwide exchange of know-how and experience throughout the Group. International projects, training and communications measures continued to promote more extensive central networking within the Group in 2010. For example, the extremely demanding cooperation among Polish technicians, Indian production engineers, Austrian chemists and engineering specialists involved in the integration of Sempertrans Best was successively coordinated by an experienced manager. The annual International Technical Meeting of Semperflex Hydraulics in 2010 also impressively showed which efficiency improvements could be achieved on the basis of exchanging best practices.

Environment

Efficient use of resources

The production of Semperit products automatically entails waste emissions in air and water and waste materials to an extent that is customary in the sector. Semperit attaches particular importance to the economical and prudent use of natural resources in all aspects of its business operations in the light of the company's corporate social responsibility to people and the environment. The company generally promotes technologies to reduce resource consumption, and continuously invests in the modernisation and automation of its facilities. Measures designed to minimise the environmental impact are locally managed by the respective production plants. In recent years, the Semperit Group has succeeded in exploiting cost savings potential, for example based on the reduction of specific raw material and energy consumption.

Comprehensive energy management programme

Semperit successfully continued with the implementation of its energy management programme during the 2010 financial year. Energy consumption is continually evaluated in order to more effectively use natural resources and to correspondingly generate a positive effect on waste emissions. Organisational and technical improvements are subsequently carried out. Semperit was able to reduce its energy consumption compared to previous years in the course of carrying out these measures. The energy management programme encompasses existing production plants and facilities as well as the construction of new ones. Accordingly, the new factory for examination gloves in Surat Thani was built in line with the latest environmental standards. Moreover, in the course of integrating Sempertrans Best, Semperit took specific measures to ensure greater energy efficiency at the existing facilities in Shandong.

Responsible environmental behaviour

Within the framework of its environmental policies, Semperit has set up a comprehensive management system supporting the achievement of the company's environmental objectives. In the 2010 financial year, the Shanghai Semperit Rubber & Plastic Products Co. Ltd. plant became the first site in the Group to undergo an external evaluation of its environmental performance, and was certified according to ISO 14001:2004 at the beginning of 2011. In order to minimise the burden on the environment, Semperit places great importance on the proper selection of raw materials and supplies. No forbidden materials are used in any part of the production process. The Semperit Group supports the REACH guidelines (Registration, Evaluation and Authorisation of Chemicals) which took effect in 2007, and which are designed to promote the responsible use of chemical substances.

Reduction of waste and rejects

Semperit not only attaches considerable importance to the environmentally-compatible disposal of waste but preventing or reducing waste as much as possible.

WOM

The multi-year WOM (Waste of Material) project led to impressive successes again in 2010. Taking account of customer specifications, market demands and standards requirements, product specifications are scrutinised as the basis for achieving optimal results along with the highest efficiency of resource utilisation. In particular due to fluctuations in order volume over the last two years, special attention was paid to increasing and safeguarding manufacturing process capabilities. Higher process security automatically leads to a volume reduction in waste and rejects.

Wastewater disposal in line with legal regulations

All the wastewater arising from Semperit's production processes is disposed of in accordance with prevailing local regulations. If necessary, the company has installed its own wastewater plants, which operate in line with valid regulatory requirements. Any dirt residues are subject to professional waste disposal.

Outlook 2011

Upswing expected to continue

The economic upturn of the global economy is expected to continue in 2011 according to the Austrian Institute of Economic Research (WIFO), even if at a lower level. Economic experts predict that world trade flows and economic growth in Asia, Latin America and the USA will lose momentum in the first half of the year. The planned budgetary consolidation measures in the eurozone as well as the reduced competitiveness of the countries in South East Europe will likely dampen demand. In the second half of the year, the ongoing restrained economic activity in the eurozone will be in contrast to the expansion of the global economy as a whole. WIFO expects Asia and Latin America to lend a strong impetus to growth in 2011 as well.

Further massive rise in raw material prices

A renewed surge in prices was registered for raw materials at the beginning of 2011. Therefore the Semperit Group anticipates prices for natural and synthetic rubber to remain high or to further rise in the current financial year. The company also expects an increase in the prices for reinforcing materials such as textiles and wire as well as packaging materials and transport costs. In addition to further cost increases for raw materials, the difficult availability of individual raw materials which are important to Semperit's business operations could mean a tense situation for the company's procurement efforts.

Positive business development expected for 2011

On the basis of the ongoing economic growth and the current order situation, Semperit expects a positive business development for 2011. The most important risks and uncertainties faced by the company relate to the volatility of raw materials and currencies as well as the further cyclical development. The speedy reaction to rising raw material prices in a highly competitive market environment will comprise the main factor underlying Semperit's success in once again generating satisfactory earnings in 2011.

Investments in 2011

Capacity expansion

The Semperit Group will once again focus its efforts on expanding production capacities in 2011. Existing facilities will be expanded and modernised, whereas potential acquisitions will be evaluated. On the basis of its outstanding liquidity situation, the company is in a position of laying the industrial groundwork for further and stronger growth in the future.

A total of 12 new, state-of-the-art production lines will successively come on stream in the new production plant for examination gloves in Surat Thani, Thailand starting in the second quarter until the end of the year. The continuing modernisation of existing capacities and ongoing adjustments to a production line in line with market requirements will comprise the focal point of investments in the Sempermed division.

In the current financial year the Semperflex division plans to expand hydraulic hose manufacturing at its Shanghai and Hatyai plants in order to fulfil the good level of demand. Semperit will move ahead with the already initiated construction of a mixing plant in Thailand in order to be able to use the first rubber mixtures from Semperit's own production by the end of the year. Capacity will be expanded at the Austrian plant in Wimpassing in order to expand the spiral hose product portfolio.

The Semperform division intends to purchase an additional press for handrail production in Shanghai due to the fact that the expansion investments which came on stream in 2010 are already operating at full capacity. Five modern injection moulding machines will be installed at the Sopron site to replace older equipment.

The focus of investments made by the Sempertrans division in 2011 will be on its facility in India, where a new press line is being planned. Small-scale upgrading investments will enable the division's manufacturing in China to exploit further improvement potential.

Outlook for divisions

Positive outlook in all divisions

For 2011 Sempermed plans to further increase sales and revenue for surgical and examination gloves. The new glove factory in Surat Thani, Thailand, will come on stream in the second quarter of 2011. It will support the growth of the Sempermed division with an output of somewhat more than one billion gloves in its first year of operation.

The Semperflex division began the new financial year with a full order book. All the production facilities of the Semperflex division were operating at full capacity due to the current demand situation. For this reason, Semperflex plans to further boost capacities at all its sites. For one thing, new employees will be hired as the basis for expanding shift work. On the other hand, new machinery will be purchased to increase output even more. A sales subsidiary was established in Brazil in the fourth quarter of 2010 in order to also establish a foothold on the South American market for hydraulic hoses.

Semperform expects the ongoing positive development of its window and door profile business. The focal point of its sales activities in 2011 will be on the aluminium window segment, as the division sees good growth opportunities here. Although competition in the handrail market is intensifying in China, further revenue growth is planned in the current financial year. The division also expects to expand its market position for spare parts in the niche segment of cable car rings. Semperform also anticipates higher revenue from its railway superstructure activities, whereas business in all other segments is expected to remain at a constant level.

Against the backdrop of a satisfactory order situation at the beginning of 2011, Sempertrans expects total revenue to increase for the entire year. The Chinese conveyor belt factory is working to build its customer base on the domestic Chinese market. Capacity expansion should serve as the basis for further growth in India. The French production facility will focus on manufacturing high quality metal conveyor belts.

Further revenue and earnings increase expected

On the basis of the positive economic forecasts, the management of the Semperit Group anticipates a satisfactory revenue and earnings development for the entire year 2011 despite continuing volatile raw material markets.

Vienna, March 1, 2011

The Management Board

Rainer Zellner Chairman	Thomas Fahnemann Debuty Chairman	Richard Ehrenfeldner	Richard Stralz

Success is in the details:
Conveyor belt by Semperit

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated balance sheet

as at December 31, 2010

Assets

in TEUR	Note	31.12.2010	31.12.2009	1.1.2009
Non-current assets				
Intangible assets	(4.1)	6,031	5,451	5,004
Tangible assets	(4.1)	199,843	151,632	157,931
Financial assets	(4.1)	13,397	8,906	4,352
Investments in associated companies	(3.2)	560	398	384
Other receivables and assets	(4.3)	767	1,030	1,317
		220,599	**167,416**	**168,988**
Deferred taxes	(4.5)	**10,761**	**13,114**	**9,902**
Current assets				
Inventories	(4.2)	113,704	74,616	96,421
Trade receivables	(4.3)	85,531	79,494	86,829
Other receivables and assets	(4.3)	23,695	11,136	16,055
Cash and cash equivalents	(4.4)	139,186	185,756	107,331
		362,116	**351,002**	**306,636**
Assets		**593,476**	**531,532**	**485,526**

Equity and liabilities

in TEUR	Note	31.12.2010	31.12.2009	1.1.2009
Capital and reserves	(4.6)			
Share capital		21,359	21,359	21,359
Capital reserves		21,503	21,503	21,503
Revenue reserves		288,613	266,903	250,508
Currency translation adjustments		19,590	793	–1,442
		351,065	**310,558**	**291,928**
Non-current provisions and liabilities				
Liabilities from redeemable non-controlling shares	(4.7)	83,405	61,040	58,544
Provisions for pension and severance payments	(4.8)	41,998	42,822	44,556
Other provisions	(4.8)	18,924	20,386	13,643
Liabilities to banks	(4.9)	5,974	5,540	5,678
Other liabilities		972	515	755
		151,274	**130,303**	**123,175**
Deferred taxes	(4.5)	**4,206**	**4,616**	**2,462**
Current provisions and liabilities				
Liabilities from redeemable non-controlling shares	(4.7)	0	10.536	0
Tax provisions		5,710	7,732	2,101
Other provisions	(4.8)	24,848	18,649	14,409
Liabilities to banks	(4.9)	0	0	1,252
Trade payables	(4.9)	40,969	30,002	30,506
Other liabilities	(4.9)	15,404	19,137	19,693
		86,931	**86,055**	**67,960**
Equity and liabilities		**593,476**	**531,532**	**485,526**

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

Consolidated income statement

for the 2010 financial year starting January 1, and ending December 31, 2010

in TEUR	Note	1.1.–31.12.2010	1.1.–31.12.2009
Revenue	(5.1)	**689,425**	**588,084**
Changes in inventories		13,603	–9,820
Own work capitalised		793	880
Operating revenue		**703,821**	**579,144**
Other operating income	(5.2)	37,961	22,538
Material costs	(5.3)	–410,173	–296,986
Personnel expenses	(5.4)	–109,872	–99,730
Other operating expenses	(5.5)	–109,470	–102,179
Earnings before interest, taxes, depreciation and amortisation (EBITDA)		**112,267**	**102,787**
Depreciation and amortisation of tangible and intangible assets		–29,939	–33,193
Earnings before interest and tax (EBIT)		**82,328**	**69,593**
Share of profit/loss from associated companies		162	122
Interest and other income from financial investments		1,887	2,906
Expenses on financial assets		–89	–77
Interest and other financial expenses		–222	–602
Profit/loss attributable to reedemable non-controlling shares		–20,969	–15,400
Financial results	(5.6)	**–19,231**	**–13,050**
Earnings before tax (EBT)		**63,098**	**56,543**
Income taxes	(5.7)	–17,715	–17,731
Earnings after tax		**45,382**	**38,812**
Earnings per share (undiluted)		2.21	1.89
Average number of outstanding shares		20,573,434	20,573,434

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

Consolidated statement of comprehensive income

for the 2010 financial year starting January 1, and ending December 31, 2010

in TEUR	1.1.–31.12.2010	1.1.–31.12.2009
Earnings after tax	**45,382**	**38,812**
Other comprehensive income		
"Available for sale" financial assets	–21	11
thereof deferred taxes	6	–2
Currency translation difference in the financial year	18,729	2,234
Reclassification in the net profit	68	0
	18,782	**2,243**
Total recognised comprehensive income	**64,164**	**41,055**

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

Consolidated cash flow statement

for the 2010 financial year starting January 1, and ending December 31, 2010

in TEUR	Note	1.1.–31.12.2010	1.1.–31.12.2009
Earnings after tax		45,382	38,812
Depreciation/write-ups of tangible and intangible assets		26,320	33,100
Profit and loss from asset disposal		71	213
Changes in non-current provisions	(4.8)	–2,285	5,009
Share of profit/loss from associated companies		–162	–14
Other non-cash expense/income		674	63
Profit/loss attributable to reedemable non-controlling shares		20,969	15,400
Gross cash flow		**90,969**	**92,583**
Increase/decrease in inventories	(4.2)	–38,704	21,805
Increase/decrease in trade receivables	(4.3)	–6,037	7,340
Increase/decrease in other receivables and assets	(4.3)	–9,965	1,801
Increase/decrease in trade payables	(4.9)	10,970	–563
Increase/decrease in other liablilities, current provisions and deferred taxes	(4.8) (4.9)	3.618	9.495
Changes in working capital resulting from currency translation adjustments		–468	2,403
Cash flow from operating activities		**50,383**	**134,865**
Proceeds from sale of tangible and intangible assets		172	362
Proceeds from sale of current and non-current financial assets		179	1,338
Investments in tangible and intangible assets		–52.462	–20,950
Investments in current and non-current financial assets		–4,722	–5,245
Net cash outflow on acquisition of businesses		–9,615	–1,875
Cash flow from investing activities		**–66,448**	**–26,371**
Redemption of current and non-current financial liablities	(4.9)	0	–1,401
Dividends to shareholders of the parent company Semperit AG		–23,659	–22,425
Dividends to non-controlling shareholders of subsidiaries		–22,410	–6,267
Payments from capital decrease		–565	0
Cash flow from financing activities		**–46,635**	**–30,093**
Net increase/decrease in cash and cash equivalents		**–62,700**	**78,402**
Effects resulting from currency translation		16,130	24
Cash and cash equivalents at the beginning of the year		185,756	107,331
Cash and cash equivalents at the end of the year		**139,186**	**185,756**

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

Consolidated statement of changes in equity

for the 2010 financial year starting January 1, and ending December 31, 2010

in TEUR	Share capital	Capital reserves	Revenue reserves	Revaluation reserves	Currency translation	Total
Balance at 31.12.2008	**21,359**	**21,503**	**250,699**	**–191**	**–1,442**	**291,928**
Total recognised comprehensive income	0	0	38,812	9	2,234	41,055
Dividends	0	0	–22,425	0	0	–22,425
Balance at 31.12.2009	**21,359**	**21,503**	**267,085**	**–182**	**793**	**310,558**
Total recognised comprehensive income	0	0	45,382	–15	18,797	64,164
Dividends	0	0	–23,659	0	0	–23,659
Other	0	0	3	0	0	3
Balance at 31.12.2010	**21,359**	**21,503**	**288,811**	**–197**	**19,590**	**351,065**

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

I. General information

Semperit Aktiengesellschaft Holding, a joint stock company according to Austrian law, is an internationally operating industrial group headquartered at the address Modecenterstrasse 22, 1031 Vienna. B&C Semperit Holding is the direct majority shareholder of Semperit Aktiengesellschaft Holding, and B&C Privatstiftung is the dominant legal entity. The activities of the Group are divided into four strategic business divisions:

- Sempermed
- Semperflex
- Semperform
- Sempertrans

Rounding differences in the totalling of rounded amounts and percents may arise from the automatic processing of data.

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

1.1 General principles

Reporting in accordance with International Financial Reporting Standards (IFRS)

Pursuant to Section 245a of the Austrian Commercial Code, these financial statements as at December 31, 2010 were prepared in accordance with the principles set forth by the International Financial Reporting Standards (IFRS) as adopted by the European Union. The reporting currency is the euro, in which case figures are rounded off to thousands of euros (TEUR) unless specified otherwise.

Newly applied standards and interpretations

The following standards and interpretations influenced on the figures reported in the consolidated financial statements of the Semperit Group in this or in previous financial years:

IFRS 3 Amendments – Business Combinations

The main changes in relation to the previous version of IFRS 3 from 2006 primarily affects the accounting treatment for business combinations achieved in stages and the measurement of minority interests, as well as the accounting treatment for ancillary acquisition costs and contingent consideration relating to the business combination. Shares of non-controlling shareholders can now be recognised within the accounting treatment for business combinations either at fair value or the proportionate share of identifiable net assets.

For business combinations in stages, a revaluation of existing shares in the acquired company with recognition to profit or loss is carried out at date in which a controlling interest is obtained. Goodwill is recognised as the difference between the revalued carrying amount of the shareholding plus purchase price payments for the acquisition of new shares plus minority interests less the acquired net assets. Furthermore, ancillary acquisition costs are to be recognised as an expanse in the periods in which they are incurred. Contingent consideration for the acquisition of a company is measured at fair value at the time of the business combination as part of the total payment for the acquisition and is recognised as a liability. Post-acquisition changes are principally recognised in profit or loss. These changes did not have a material impact on the accounting treatment for business combinations during the reporting period.

Standards and interpretations whose application does not affect the consolidated financial statements

IFRS 2 Amendments – Share-based Payments: Group Cash-settled Share-based Payment Transactions

The changes clarify the accounting for group cash-settled share-based payment transactions, in particular accounting for such payments in the financial statements of subsidiaries. IFRS 2 stipulates that a company receiving goods or services in the context of a share-based payment agreement must account for these goods or services no matter which entity in the group settles the transaction, and no matter whether the transaction is settled in shares or in cash.

IAS 27 Amendments – Consolidated and Separate IFRS Financial Statements

The main changes to IAS 27 compared to the previous version from 2006 can be summarised as follows:
changes to the shareholding in a subsidiary in which control is retained may only be recognised as equity transactions. If the changes result in a loss of a controlling influence in the subsidiary, the consolidated assets and liabilities must be derecognised from the accounts. The residual holding in a previous subsidiary must be initially reported at fair value, and the resulting differences are to be recognised in profit or loss in the period in which the controlling influence is lost. Application of the new version of IAS 27 did not have any effects on the current consolidated financial statements, but may impact accounting treatment for future transactions.

IAS 28 Amendments – Investments in Associates

Residual shares remaining from the loss of a controlling influence are to be recognised at fair value at the point in time in which the controlling influence is lost. The effect of the revaluation is recognised in profit and loss. This change in IAS 28 did not have any effects on the current consolidated financial statements, but may impact accounting treatment for future transactions.

IAS 39 Amendments – Financial Instruments: Recognition and Measurement: Permissible Transactions in Hedging Relationships

The revisions clarified two aspects of the accounting treatment of hedging instruments. For one thing, inflation is identified as a hedged risk or portion. In addition, the accounting treatment of hedging with options is also dealt with.

IFRIC 17 Distributions of Non-cash Assets to Owners

This interpretation regulates the presentation of distributions of non-cash assets to owners or shareholders.

Improvements to IFRS (Changes made in 2009)

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

Standards, revisions and interpretations which are not applied because they are not yet binding or lack EU approval

IFRS 7 Amendments – Financial Instruments: Transfer of Financial Assets

Additional information was included on the accounting treatment of financial assets which were already transferred but not fully derecognised. The change applies to annual periods beginning on or after July 1, 2012. This change is not expected to have an effect on the consolidated financial statements of the Semperit Group.

IFRS 9 Financial Instruments

IFRS 9 regulates the classification and measurement of financial assets. It stipulates a new categorisation of financial instruments in "at amortised cost" and "at fair value". Whether or not a financial instrument can be classified as "at amortised cost" depends on the business model of the company and the contractually related payment flows of the individual financial instruments. The changes must be applied retroactively for annual periods beginning on or after January 1, 2013.

IAS 12 Amendments – Income taxes: Recovery of Underlying Assets

IAS 12 stipulates that the valuation of deferred taxes related to investment property or tangible assets and recognised at fair value or according to the revaluation method is to be carried out on the assumption that recovery of the carrying amount will normally be made through sale. The amendment must be applied for annual periods beginning on or after January 1, 2012 and from today's perspective will not have any effects on the consolidated financial statements of the Semperit Group.

IAS 24 Related Party Disclosures
This standard amended in 2009 simplifies the definition of related parties (companies and individuals), clarifies the intended meaning of this term and eliminates any contradictions. It foresees a partial exemption for government-related entities. The amended version of this standard is applicable for annual periods beginning on or after January 1, 2011. This change is not expected to have any material impact on the consolidated financial statements of the Semperit Group.

IAS 32 Amendments – Financial Instruments: Classification of Subscription Rights
In line with this amendment, rights (e.g. options or subscription rights) to the acquisition of a fixed number of the entity's own equity instruments for a fixed amount of currency are to be classified as equity if offered pro rata to all existing shareholders of the entity. The change is to be applied for annual periods beginning on or after February 1, 2010, and will not have any effect on the consolidated financial statements of the Semperit Group.

IFRIC 14 Amendments – The Limited on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction: Voluntary Prepaid Contributions under a Minimum Funding Requirement
The change to IFRIC 14 allows voluntary prepayments for minimum funding contributions to be recognised as an asset. The change is valid for annual periods beginning on or after January 1, 2011, and will probably not have any effect on the consolidated financial statements of the Semperit Group.

IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments
The interpretation stipulates that an entity's own equity instruments used to extinguish financial liabilities, initially recognised at value fair, represent "consideration paid" in accordance with IAS 39.41. This interpretation applies to annual periods beginning on or after July 1, 2010, and will not have any effect on the consolidated financial statements of the Semperit Group.

Improvements to IFRS (Changes made in 2010)
The adjustments relate to changes in presentation, recognition and measurement as well as new terms or editorial changes. They are generally applicable to annual periods beginning on or after January 1, 2011, and are not expected to have any material impact on the consolidated financial statements of the Semperit Group.

1.2 Consolidation principles and methods, currency translation and business combinations

The consolidated financial statements of the Semperit Group include the financial statements of the parent company and the financial statements of the individual companies (subsidiaries) in which the parent company exercises control on the basis of a dominant influence. Exercising control entails the possibility to determine the financial and business policy of a company in order to benefit from its activities.

The annual financial statements of the individual domestic and international companies included in consolidation were prepared as at December 31, 2010, 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 consolidation involves offsetting the acquisition costs (carrying amount) of the participatory shares against the revalued proportional shareholders' equity of the subsidiaries on the date of acquisition.

Business combinations are accounted for in accordance with the acquisition method. This stipulates that identifiable assets and liabilities which are acquired as well as contingent liabilities at the date of acquisition are to be recognised at fair value at this acquisition date. The exceptions are deferred tax assets or liabilities, the recognition of which are defined in IAS 12 Income Taxes, as well as the accounting treatment for liabilities or provisions for commitments to employees, for which IAS 19 Employee Benefits is applicable. The difference between the sum total of the consideration transferred in the business combination for the acquisition including any liabilities measured at fair value from the redeemable shares of non-controlling shareholders in the acquired company (see below) and equity of non-controlling shareholders in the acquired company which involve equity instruments on the one hand, and the net value of the acquired identifiable assets and the recognised value of the acquired liabilities and contingent liabilities on the acquisition date on the other hand, inasmuch as they are asset items, are to be recognised as goodwill. The goodwill is not subject to scheduled depreciation but to an annual impairment test. If the difference is negative, this is immediately recognised as a profit or loss of the period as other operating income. Ancillary acquisition costs are recognised as a profit or loss in the period in which they arise.

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

In the course of debt consolidation, receivables and liabilities between companies included in full in the consolidated accounts are fully netted off. Inter-company profits from intra-Group deliveries of fixed assets and inventories are eliminated by means of a surcharge method if they are not of immaterial significance.

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

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

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

b) recognised at fair value.

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

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

If the non-controlling shareholder of a subsidiary is entitled to an unconditional right of termination or if the company in which the non-controlling shareholder is involved has a fixed term, there is a liability of the group towards this non-controlling shareholder. For such interests the "anticipated acquisition approach" is assumed, in which the Group is considered to have already acquired these shares and is only obliged to compensate the non-controlling shareholders for its shares. If a liability to a non-controlling shareholder exists, the proportionate share of net assets held by the non-controlling shareholder of the respective subsidiary is not reported in equity as "equity attributable to non-controlling shareholders of subsidiaries". The financial liability relating to such a shareholding is reported as "Liabilities from redeemable shares of non-controlling shareholders" and recognised at fair value on the acquisition date of the respective subsidiary (reference is made in particular to the subsequent measurement as explained in the Notes 2.9).

The individual financial statements of the subsidiaries included in the consolidated financial statements are prepared in the currency of the economic region in which the company primarily operates, thus in its functional currency. For all companies included in consolidation, the functional currency is the currency of the country in which the respective company operates, with the exception of two companies, Sempermed Singapore Pte Ltd. and Sempermed Kft. The currency of the primary business environment in which Sempermed Singapore Pte Ltd. and Sempermed Kft. operate is the US dollar or euro. The individual financial statements included in consolidation which are not reported in euros, the currency used as the basis for the consolidated financial statements of the Semperit Group, must be translated into euros. Assets and liabilities of these companies, including goodwill, and any adjustments made to the fair values originally reported at the acquisition date, are translated at the reference exchange rate on the balance sheet date. Items in the income statement and other results are translated as the average reference rates of the financial year, which correspond to the arithmetic mean of the average reference rates on the Fridays of the financial year in question. These average reference rates led to accumulated amounts in euros, which do not materially differ from the accumulated amounts which would have arisen when translating the transactions at the reference exchange rate at the date of transaction. The accumulated foreign currency translation differences resulting from the conversion of the individual financial statements of subsidiaries for the purpose of consolidation are recognised in the other results, and reclassified at the disposal or other method of deconsolidation of the respective subsidiary in profit or loss.

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

II. Accounting and valuation methods

With the exception of the revaluation of specified financial instruments, the consolidated financial statements are prepared on the basis of the cost of acquisition or production. The historical cost of acquisition or production is generally based on the fair value of the service rendered in exchange for the asset.

2.1 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 return deliveries, discounts, rebates, cash discounts and similar applicable reductions in the income received.

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

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

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

2.2 Tangible and intangible fixed assets

Goodwill is not subject to scheduled depreciation but is subject to an impairment test at least once annually or more frequently if there are indications of a potential impairment. For the purpose of the impairment test, goodwill is assigned to cash generating units or groups of cash generating units which are expected to benefit from the synergies arising from business combinations. Principally speaking, the beneficiary is the acquired subsidiary. Indications of a potential impairment exist when the recoverable amount of the cash generating unit to which the goodwill was assigned is lower than the carry amount of this cash generating unit, including the goodwill. As a rule, the recoverable amount of the cash generating unit is considered to be equal to the present value in use of the projected discounted cash flows generated by the cash generating unit in the future. Taking the results for the current year, the expected discounted cash flows of the cash generating unit is determined on the basis of multi-period calculations using projections of the future development of the business. The expected business development for each of the cash generating units is ascertained on the basis of the market-specific conditions as well as on the basis of the individual cost structure and the development of the relevant raw material prices. The relevant cost of capital underlying the discount rate is on the basis of a risk premium or risk discount to the weighted average cost of capital (WACC) of the Group, inasmuch as the risk situation the deviation of the respective cash generating unit from the risk situation of the Group is taken into account – provided that this deviating risk situation is not taken into consideration in adjusting payment flows.

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

Acquired intangible assets are capitalised at acquisition cost, which are subsequently subject to scheduled depreciation according to their expected useful lives. Scheduled depreciation is done on the basis of the straight line method. The expected useful life is usually considered to be in the range of four to ten years. Moreover, an extraordinary write-down takes place in the case of impairment.
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.

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

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- its intention and possibility 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 probable future economic benefits, for example the existence of a market for the output of the intangible asset or the intangible asset itself, or, if it is to be used internally, the usefulness of the intangible asset, and
- its ability to measure reliably the expenditure attributable to the intangible asset during its development.

Only expenditures arising in connection with the development of the respective intangible asset incurred from the date when all the recognition criteria have been fulfilled are capitalised as costs of construction. This means that expenditures cannot be reinstated and retroactively recognised as costs of construction if the recognition criteria are first met at a later date.

With regard to the scheduled and extraordinary depreciation necessitated as a result of impairment, the same applies analogously as for the aforementioned acquired intangible assets.

Tangible fixed assets with the exception of commercial properties are valued at their cost of acquisition or production starting at the date in which the assets are put into initial operation according to the straight-line method, taking into account their probable useful lives. Any residual values are considered to be negligible, so that the depreciable amount is not reduced by the possible residual value. Costs of production in the case of assets generated by the company itself also include pro rated overhead costs in addition to the direct costs (see 2.10), and also borrowing costs in the case of qualified assets. The following table shows the assumed probable useful lives of an asset by investment category or the range per investment category within the assumed probable useful lives:

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

Tangible and intangible fixed assets are subject to an impairment test where there are indications that an asset is impaired. In this case, assets are assigned to cash generating units, groups of assets on the lowest possible level, independent of other assets or other groups of assets, which generate separately identifiable cash flows. The impairment test is carried out on the basis of a comparison of the recoverable amount for the respective cash generating unit with the carrying amount. The recoverable amount corresponds to the higher of the fair value less cost to sell (net selling price) and the value in use. If the recoverable amount is lower than the carrying amount, an extraordinary write-down amounting to the difference between the two is carried out. In respect to determining the value in use, the same method applies analogously as used to determine impairment on goodwill.

If the reasons for impairment no longer apply, the write-down is reversed, but this reversal may not exceed the amount which would have arisen had the cash generating unit not been subject to an extraordinary write-down.

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

2.3 Investments in associated companies

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

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

2.4 Emission certificates

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

2.5 Inventories

Inventories are valued at their cost of acquisition or manufacture, taking into account the lower of cost or market value. Adequate write-downs are taken into consideration for stock risks resulting from duration of storage or impaired usability. The valuation is generally based on the moving average method.

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

2.6 Financial assets

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

Their natures and purposes are used to categorize newly-acquired financial assets as being:
- financial assets at fair value through profit or loss
- held to maturity financial investments
- available for sale financial assets
- loans and receivables

The financial assets at fair value through profit or loss primarily comprise financial assets held for trading purposes. Derivatives are always defined as belonging to this class of trading assets, with the exception of those depicting a financial guarantee or those designated to be a hedge.
Financial assets at fair value through profit or loss are recognised at their fair value. As is the case for earnings from interest or from dividends stemming from these financial instruments, each expenditure or income resulting from the subsequent measurement of the asset is reported in the income statement compiled for the respective period. Comprised in these are earnings or expenditures from the measurement of such derivative financial instruments as forward exchange transactions, with this reporting occurring as other operating expenses or earnings items, and, additionally, earnings and expenditures resulting from the measurement of available for sale financial assets. This also includes the earnings from interest and dividends stemming from such financial investments, with these being reported in the interest earnings and other earnings from financial investments and the expenditures for financial investments items respectively.

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

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

Financial assets with the exception of those assets recognised at fair value through profit or loss are evaluated as of every balance sheet date for indications of value impairment. Accounts receivable whose value impairments cannot clearly be determined on an individual basis are also to be examined for such impairments on the portfolio level. Value impairment with respect to a financial asset or group of financial assets is assumed and recognised if there is objective evidence of impairment as the result of one or more events which occurred since initial operation of the respective asset or group of assets, and this event or these events impacted or will impact the probable future cash flow of the respective asset or group of assets. With respect to available for sale equity capital instruments, an ongoing reduction in their fair value which is of material importance or covers a longer period of time to a value below the cost of acquisition is considered to constitute objective evidence of impairment. With respect to financial assets stated at amortised cost, the impairment corresponds to the difference between the carrying amount of the respective asset using the effective interest method and the present value of the estimated future cash flows of the asset. Principally speaking, in case of impairment the carrying amount of the respective financial asset is directly reduced with the exception of impairments relating to accounts receivable which are recognised in a valuation adjustment account. Irrecoverable account receivables are deconsolidated based on the previously recognised value adjustments.

In cases in which a financial asset is first recognised as having undergone a value impairment and then experiences an appreciation in value in one of the following reporting periods which is objectively attributable to an event which occurred subsequently to the recognition of value impairment, the value impairment is to be reversed using the income statement compiled for the period in which the appreciation took place with the exception of impairment losses relating to the disposal of available-for-sale equity instruments. With respect to available for sale equity instruments in which impairments were carried out in the past and reported in the income statement, appreciations in value are not reported in the period's income statement but rather in other operating results.
A financial asset is deconsolidated upon expiration of the contractually stipulated entitlement to the cash flow or if the financial asset and more or less all the rights to its related risks and opportunities related to this asset are transferred to a third party.

2.7 Provisions

Provisions are formed to the amount of and/or the maturity of uncertain present obligations on the part of the Group resulting from past obligating events, the settlement of which is expected to lead to the outflow of resources of economic value. These obligations can involve legal or de facto obligations. The provision is allocated to the amount corresponding to 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, the reimbursement is only to be recognised separately only when it is virtually certain that payment will be received if the entity settles the obligation.

A provision for restructuring costs is only recognised if the Group has developed a formal plan for the restructuring, which has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it. The provision only includes direct costs for the restructuring i.e. only those expenses which were caused by the restructuring and are not related to the continuing operations of the Group.

2.8 Retirement benefit costs

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

The costs for defined contribution pension plans are calculated according to the Project-Unit-Credit-Method, in which an actuarial assessment is carried out on each balance sheet date. Actuarial gains and losses are immediately recognised in profit or loss in the period in which they are incurred.
Pension provisions are allocated on the balance sheet in line with the services to be rendered by an employee within the context of a pension plan. They correspond to the present value of the defined benefit obligation as at the balance sheet date i.e. the benefits accrued by the employee reduced by the fair value of the plan assets required to settle the obligation at the balance sheet date.

2.9 Equity and debt capital instruments issued by the Group

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

An equity instrument is a contract giving rise to a residual claim on the assets of a company once all debts have been subtracted. Equity instruments are reported as the sum of revenues of issuance minus directly attributable costs of issuance. These, in turn, are those which would not have been incurred had the equity instrument not been issued.

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

Redeemable or restricted shares of non-controlling shareholders of subsidiaries are considered to comprise financial liabilities and are recognised as "Liabilities from redeemable non-controlling shares". They are recognised as non-current liabilities in the case in which they reach maturity within one year after the balance sheet date or if the Group has no unconditional right to delay payment by at least twelve months after the balance sheet date, otherwise as current liabilities. If the termination right is related to an event which cannot be influenced by the Group, the liability is recognised as a current liability if the occurrence of the adverse event occurs as at the balance sheet date, even if the the termination by the non-controlling shareholder within a twelve month period following the balance sheet date is improbable according to Group estimates. In the case of termination of the company by the non-controlling shareholder or in case of expiration of the stipulated time, the non-controlling shareholder must be compensated on the basis of a pro-rata share of the enterprise value if the Group decides to acquire the shares of the non-controlling shareholder. If the Group decides against acquiring the shares of the non-controlling shareholder, and the company is dissolved, the non-controlling shareholder will receive a pro rata share of the liquidation proceeds. The initial recognition of the liability is at fair value, which principally may not exceed the fair value of the investment of the non-controlling shareholder at the time of the investment. The subsequent valuation of such an obligation is not stipulated in the IFRS, so that a method was determined pursuant to IAS 8 taking account of the information requirements of the users of 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, a true, complete and neutral record of the economic situation free of any distorting influences. Accordingly, within the context of the subsequent valuation, the possibility described in the commentary of the Institute of Public Auditors in Germany on individual issues relating to the accounting treatment for financial instruments pursuant to IFRS (IDW RS HFA 9) means that the initial recognition of amount assigned to the liability increases by the proportionate share of the profit or loss at the valuation date, in which case this share of the profit or loss includes the share of other income. In addition, if the need arises, any amounts reported directly in equity are included in the measurement of the liability. Dividends distributed to non-controlling shareholders reduce the liability. The shares of the non-controlling shareholders in the total profit or loss of subsidiaries recognised in the subsequent valuation and any amounts directly recognised in equity of the subsidiaries are recognised in the income statement through profit and loss and comprise a financial expense of the Group, which is separately disclosed as "Results attributable to redeemable non-controlling interests".

Financial liabilities are categorised as being financial liabilities at fair value through profit or loss or as other financial liabilities.
Financial liabilities are categorised as being those at fair value through profit or loss in cases in which

- they are held for trading purposes. Derivatives are always defined as belonging to this class of trading assets, with the exception of those depicting a financial guarantee or those designated to be a hedge.
- they are designated as being at fair value through profit or loss. This can be important in those cases in which the respective financial liability is part of a contractual agreement featuring an embedded derivative.

Financial liabilities at fair value through profit or loss are recognised at their fair value. As is the case for earnings from interest or dividends stemming from these financial instruments, each expenditure or income resulting from the subsequent measurement of the asset is reported in the income statement compiled for the respective period. Comprised in these are earnings or expenditures from the measurement of such derivative financial instruments as forward exchange transactions, with this reporting occurring in the other operating expenditures or earnings items. Earnings and expenditures resulting from the measurement of liabilities used for financing and expenditures for interest resulting from such liabilities are reported under costs of financing.

Other financial liabilities, with these including loans secured, are initially recognised at fair value minus transaction costs. They are then subsequently measured using the effective interest method at amortised purchase costs.

The effective interest rate is the interest rate applied to the interest on the probable payments required over the term to maturity of the respective financial asset, which leads to a present value corresponding exactly to the carrying amount of the financial liability at the time of initial recognition.
A financial liability is deconsolidated if and when the underlying obligation is considered to be fulfilled, terminated or expired.

2.10 Borrowing costs

Borrowing costs which are directly linked to the purchasing or creation of qualified assets – those whose production takes a considerable length of time and which has been undertaken for utilisation or sale – are to be capitalised as components of procurement or production costs. This is to be performed until the time at which the assets are essentially ready to be used or sold in the intended way. Borrowing costs are to be reported as a financial expense in the income statement compiled for the period in which they are incurred.

2.11 Income taxes

Income taxes are the sum of current and deferred taxation. The latter is the balance of deferred tax liabilities and credits (deferred taxes). Current and deferred taxes are reported as either expenditure or earnings in, as a basic rule, the period's income statement. Tax-related effects of items which are not reported in the period's income statement but rather in the other results item, or directly in the equity, are, however, not reported in the period's income statement but also in the other results item, or directly in equity. Tax effects resulting from the revaluation of assets and liabilities triggered by business combinations are also not to be reported in the income statement, but rather in the merger's accounting.

Expenditure for current taxation is calculated using the tax-liable profits achieved during the applicable period. The tax-liable profit does, however, differ from the pre-tax earnings listed in the consolidated income statement. This difference is caused by expenditures and earnings which will be tax-liable in a period following the one concluding with the balance sheet date, or which will never be the subject of a tax return, or which are tax-deductible.

Deferred taxes are constituted for the temporary differences arising between the valuations contained in the Group's financial statements and between those pertaining to taxation in the amount of the tax expected to be paid or of the amount expected to be returned. An asset ensuing from this deferral is only recognized in those cases in which it is probable that the taxable earnings will be realizable and in which these can be offset against the deductible temporary differences. Also recognized in the area of tax deferrals are advantages arising from tax-related losses carried forward in those cases in which their realization can be expected with an adequate degree of security. Excluded from this kind of tax deferral are, however, those temporary differences arising from the initial recognition of goodwill or of an asset or of a liability ensuing from a transaction, with the exception of a corporate merger, and which at the time of the transaction do not affect either pre-tax earnings or taxable income.
Future tax effects resulting from the tax-liable differences involving shares held in subsidiaries and in associates are also tax-deferred, except in those cases in which the Group is capable of controlling the course of the temporary differences, and in which it is probable that these differences will not disappear in the foreseeable future. The future tax effects of deductible temporary differences involving shares held in subsidiaries and in associates are deferred only in those cases in which it is probable that the tax-liable profits will be available for offsetting against these tax-deductible temporary differences, and in which it is possible to assume that these differences will disappear in the foreseeable future.
The carrying amount of a deferred tax asset as of the balance sheet date is examined on an annual basis, and is reduced in those cases in which it is no longer probable that the tax-liable profits will suffice for the asset's realisation.
The tax deferrals are calculated using the tax laws and rates which are applicable or basically promulgated on the balance sheet date and which will be employed as of the probable date of the liquidation of the differences. The valuation also comprises the tax-impacting consequences resulting from the forecast rendered by the Group as to how the asset or liability upon which the temporary difference is based will be realised or fulfilled.
Deferred tax claims and liabilities resulting from a single object of taxation are offset against each other in cases in which they involve income taxes levied by the same tax authorities, and in which they give rise to a legally-enforceable claim for offsetting current tax debts and claims. A tax group is constituted in accordance with §9 of Austria's Corporate Tax Code.

2.12 Changes in the accounting and valuation methods

During the year under review the accounting treatment of non-controlling shareholders of subsidiaries was changed in line with IFRS requirements, if the respective non-controlling shareholders are entitled to an unconditional right of termination, or the company in which the non-controlling shares are held, is limited to a fixed term. The share assigned to a non-controlling shareholder of a subsidiary in the net assets of the subsidiary was recognised in equity as at December 31, 2009 and previously as "Equity attributable to non-controlling shareholders of subsidiaries". Now it is taken into account that such interests comprise a financial liability towards the non-controlling shareholder, and pursuant to the "anticipated acquisition approach", must be recognised as if the Group had already acquired the non-controlling interests. The proportionate share of the net assets assigned to such a non-controlling shareholder will no longer be recognised in equity under "Equity attributable to non-controlling shareholders of subsidiaries" but as a financial liability reported under "Liabilities from redeemable non-controlling interests". The explanations contained in point 2.9 provide more information on the valuation of this liability.
This retroactive change led to the following adjustments:

Consolidated balance sheet

in TEUR	31.12.2009	1.1.2009
Interests of non-controlling shareholders of subsidiaries	–57,032	–58,544
Equity	**–57,032**	**–58,544**
Liabilities from redeemable interests of non-controlling shareholders	61,040	58,544
Other liabilities	–4,008	0
Non-current provisions and liabilities	**–57,032**	**–58,544**
Current liabilities from redeemable non-controlling shareholders	10,536	0
Other liabilities	–10,536	0
Current provisions and liabilities	**0**	**0**
Equity and liabilities	**0**	**0**

Consolidated income statement

in TEUR	2009
Results attributable to non-controlling interests	–15,400
Earnings before tax	**–15,400**
Earnings after tax	**–15,400**
Thereof attributable to the non-controlling shareholders of subsidiaries	–15,400
Shareholders of the parent company Semperit AG	0

This change has no effect on the consolidated cash flow statement and earnings per share.

2.13 Other

Earnings per share are based on Group profit after minority interest, divided by the weighted number of outstanding shares (less treasury shares). If required, estimations are made for the consolidated annual financial statements that influence the assets and liabilities reported in the balance sheet, the reporting of other obligations on the balance sheet date and the reporting of earnings and expenditures during the period under review. The actual amounts may diverge from these estimations.

III. Consolidation range

3.1 Subsidiaries (fully-consolidated)

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

[1)] Due to the tie-breaking vote exercised by the Chairman designated by the Semperit Group, the Group has a controlling influence over the company.
[2)] The de facto shareholding of Semperit amounts to 50%. Due to the tie-breaking vote exercised by the Chairman designated by the Semperit Group, the Group has a controlling influence over the company.

3.2 Associated companies (equity method)

Foreign	Currency	Authorised share capital in TEUR	Investment in %
Isotron Deutschland GmbH, Allershausen, Germany	EUR	512	37.5

The net book value of Isotron Deutschland GmbH at the balance sheet date of December 31, 2010 amounted to TEUR 560 (2009: TEUR 398).

The company is included in the consolidated financial statements according to the equity method with the following values (100%):

in TEUR	31.03.2010	31.03.2009
Assets		
Non-current assets	4,603	4,600
Current assets	458	426
	5,062	**5,027**
Equity and liabilities		
Equity	1,492	1,348
Non-current provisions	276	271
Non-current liabilities	1,500	1,500
Current provisions	284	183
Current liabilities	1,510	1,724
	5,062	**5,027**
	2009/2010	**2008/2009**
Revenue	2,868	2,794
Earnings after tax	433	325

3.3 Business combinations

The following business combinations were carried out in the year 2010.

- CompriseTec GmbH
- Sempertrans Best (Shandong) Belting Co. Ltd.

The technology, machinery and equipment to produce plastic handrails was acquired in the third quarter of 2010 from the German company CompriseTec GmbH in order to strengthen the position of the Semperit Group as the world's largest manufacturer of handrails. During the first quarter, the joint venture company Sempertrans Best (Shandong) Belting Co. Ltd., which Semperit owns together with the Chinese Wang Chao Coal & Electricity Group, acquired a conveyor belt factory equipped with modern production facilities. Thus the Semperit Group was able to establish a foothold on the conveyor belt market and expand its product portfolio by adding the PVC/PVG conveyor belt segment.
The business combinations did not lead to any changes in the consolidation range, due to the fact that they represent asset deals.
Semperit Brasil Produtos Tècnicos Ltda., a sales company in Brazil, was established in the fourth quarter of 2010 in order to be able to directly offer hydraulic hoses on the South American market.

The assets acquired at fair value within the context of the business combinations are as follows:

in TEUR	CompriseTec GmbH	Sempertrans Best (Shandong) Belting Co. Ltd.	Total
Intangible assets	238	281	518
Tangible assets	277	8,536	8,813
Inventories	27	357	384
	541	**9,174**	**9,715**

IV. Notes to the balance sheet

4.1 Fixed and financial assets

4.1.1 Tangible and intangible assets

Changes in consolidated fixed assets 2010

Acquisition/construction costs

in TEUR	Balance at 1.1.2010	Change in consolidation range	Currency translation differences	Additions	Disposals	Transfers	Balance at 31.12.2010
I. Intangible assets							
Software licenses, industrial property rights and similar rights	12,588	518	547	487	–126	90	14,104
Goodwill	2,884	0	23	0	0	0	2,907
Prepayments	95	0	7	0	0	–3	100
	15,568	**518**	**577**	**487**	**–126**	**87**	**17,111**
II. Tangible assets							
Land and buildings, including buildings on land owned by third parties	127,864	1,585	8,300	4,165	–515	3,066	144,465
Machinery and equipment	307,271	7,227	20,282	9,950	–8,567	8,028	344,191
Fixtures, fittings, tools and equipment	68,683	0	6,770	4,890	–3,016	1,324	78,652
Prepayments and assets under construction	9,098	0	1,771	31,187	0	–12,505	29,551
	512,915	**8,813**	**37,123**	**50,193**	**–12,098**	**–87**	**596,859**
	528,483	**9,331**	**37,700**	**50,681**	**–12,224**	**0**	**613,970**

Changes in consolidated fixed assets 2009

Acquisition/construction costs

in TEUR	Balance at 1.1.2009	Change in consolidation range	Currency translation differences	Additions	Disposals	Transfers	Balance at 31.12.2009
I. Intangible assets							
Software licenses, industrial property rights and similar rights	12,518	0	376	122	–1,043	615	12,588
Goodwill	2,892	0	–7	0	0	0	2,884
Prepayments	114	0	–2	3	0	–19	95
	15,524	**0**	**367**	**125**	**–1,043**	**595**	**15,568**
II. Tangible assets							
Land and buildings, including buildings on land owned by third parties	122,438	4,000	396	2,256	–1,874	648	127,864
Machinery and equipment	296,789	0	1,799	5,105	–4,828	8,406	307,271
Fixtures, fittings, tools and equipment	66,096	0	860	2,897	–2,368	1,197	68,683
Prepayments and assets under construction	7,539	0	75	12,349	–18	–10,846	9,098
	492,862	**4,000**	**3,130**	**22,607**	**–9,088**	**–595**	**512,915**
	508,386	**4,000**	**3,497**	**22,732**	**–10,131**	**0**	**528,483**

Note: Rounding differences may arise from the automatic processing of data.

Depreciation/write-ups **Book value**

Balance at 1.1.2010	Change in consolidation range	Currency translation differences	Depreciation for the year 2010	Disposals	Transfers	Write-ups for the year 2010	**Balance at 31.12.2010**	Carrying amount at 31.12.2010	Carrying amount at 31.12.2009
10,025	0	290	792	–126	0	0	10,980	3,124	2,563
0	0	0	0	0	0	0	0	2,907	2,884
92	0	7	0	0	0	0	100	0	3
10,117	**0**	**297**	**792**	**–126**	**0**	**0**	**11,080**	**6,031**	**5,451**
69,630	0	3,343	3,919	–495	0	0	76,397	68,068	58,234
234,504	0	13,137	19,242	–8,420	0	–3,661	254,803	89,388	72,766
56,952	0	5,624	5,447	–2,951	0	0	65,072	13,579	11,731
198	0	8	539	0	0	0	744	28,807	8,901
361,283	**0**	**22,112**	**29,147**	**–11,865**	**0**	**–3,661**	**397,016**	**199,843**	**151,632**
371,401	**0**	**22,409**	**29,939**	**–11,991**	**0**	**–3,661**	**408,096**	**205,874**	**157,082**

Depreciation/write-ups **Book value**

Balance at 1.1.2009	Change in consolidation range	Currency translation differences	Depreciation for the year 2009	Disposals	Transfers	Write-ups for the year 2009	**Balance at 31.12.2009**	Carrying amount at 31.12.2009	Carrying amount at 31.12.2008
10,425	0	14	629	–1,043	0	0	10,025	2,563	2,093
0	0	0	0	0	0	0	0	2,884	2,892
95	0	–2	0	0	0	0	92	3	19
10,520	**0**	**11**	**629**	**–1,043**	**0**	**0**	**10,117**	**5,451**	**5,004**
66,139	0	211	4,585	–1,305	0	0	69,630	58,234	56,299
215,761	0	1,083	22,192	–4,532	0	0	234,504	72,766	81,028
52,837	0	667	5,779	–2,332	0	0	56,952	11,731	13,259
194	0	–5	8	0	0	0	198	8,901	7,345
334,931	**0**	**1,957**	**32,564**	**–8,169**	**0**	**0**	**361,283**	**151,632**	**157,931**
345,451	**0**	**1,968**	**33,193**	**–9,211**	**0**	**0**	**371,401**	**157,082**	**162,935**

Land with buildings includes real estate assets totalling TEUR 12,892 (previous year: TEUR 10,587).

Scheduled as well as extraordinary depreciation as a result of impairment losses relating to both tangible and intangible assets are recognised in the income statement under the item, "Depreciation on tangible and intangible assets".

in TEUR	2010	2009
Scheduled depreciation and amortisation	29,939	28,914
Impairment losses	0	4,279
thereof property and buildings, including		
buildings on third-party land	0	820
thereof technical equipment and machinery	0	3,460
	29,939	**33,193**

In the financial year under review, a reversal of impairment was carried out on the technical equipment, plants and machinery of Semperflex Shanghai amounting to TEUR 3,661.

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

in TEUR	31.12.2010	31.12.2009
Within 1 year	643	558
2–5 years	526	639
More than 5 years	403	406

The following carrying amounts are recognised for assets from finance leases reported in the balance sheet as at December 31, 2010:

	31.12.2010			31.12.2009		
in TEUR	Cost of purchase	Accumulated depreciation	Carrying amount	Cost of purchase	Accumulated depreciation	Carrying amount
Technical equipment and machinery	484	285	198	246	238	8
Other equipment, office furniture and equipment	496	305	191	405	304	101
	979	**590**	**389**	**650**	**541**	**109**

Existing obligations from finance leases as at December 31, 2010 are comprised of the following:

	31.12.2010			31.12.2009		
in TEUR	Term to maturity within 1 year	Term to maturity of 1–5 years	Term to maturity of over 5 years	Term to maturity within 1 year	Term to maturity of 1–5 years	Term to maturity of over 5 years
Total future minimum leasing payments	124	262	0	38	193	6
Interest expense	–11	–15	0	–5	–17	0
Present value of minimum leasing payments	**113**	**247**	**0**	**33**	**177**	**6**

4.1.2 Financial assets

Financial assets related to:

in TEUR	31.12.2010	31.12.2009	1.1.2009
Available for sale financial assets			
Federal bonds	9,422	5,306	0
Shares in investment funds, securities	3,404	3,592	4,304
	12,826	**8,898**	**4,304**
Loans and receivables recognised at amortised cost			
Loans to associated companies	563	0	0
Other loans and borrowings	8	8	13
	571	**8**	**13**
	13,397	**8,906**	**4,317**
Thereof			
non-current	13,397	8,906	4,317
current	0	0	0

The federal bonds refer to Austrian and German federal bonds at a nominal value of 9,000 TEUR, featuring an interest rate of between 1.25% and 5.25%, and which are due between 2011 and 2014.

The shares in funds refer to 58,000 shares in the PIA-Toprentfonds, a fund administered by UniCredit Bank Austria AG, which in turn invests in bond funds suitable for funding pension provisions. These bond funds primarily invest in fixed and variable interest federal bonds in the eurozone.

The shares held in Atrium Europ. Real. Est. Ltd. at the end of 2009 were completely sold during the course of the 2010 financial year.
Loans to associated companies amounting to TEUR 563 relate to the Isotron Deutschland GmbH, included at equity in the consolidated financial statements. In the previous year these loans were reported as other receivables and assets.

Non-current securities feature the following average effective interest rate:

	2010			2009		
	Carrying amount in TEUR	Market value in TEUR	Effective interest rate in %	Carrying amount in TEUR	Market value in TEUR	Effective interest rate in %
Federald bonds, share in fonds, shares	12,826	12,826	2.6	8,898	8,898	4.8
	12,826	**12,826**		**8,898**	**8,898**	

4.2 Inventories

The balance sheet item "Inventories" is comprised of the following:

in TEUR	31.12.2010	31.12.2009	1.1.2009
Raw materials and supplies	40,993	26,260	31,610
Work in progress	14,881	8,719	10,484
Finished goods and merchandise	57,243	39,602	52,126
Services not yet invoiced	15	7	58
Prepayments	573	27	2,142
	113,704	**74,616**	**96,421**

in TEUR	31.12.2010	31.12.2009
Inventories		
thereof for costs of acquisition or manufacture	100,913	61,843
thereof at fair value less costs to sell	12,792	12,774
	113,704	**74,616**

The valuation adjustments for inventories recognised as an expense totalled TEUR 6,244 in the 2010 financial year (previous year: TEUR 8,240).

4.3 Receivables and other assets

The necessary valuation adjustments are made to all receivables.

Trade receivables and other receivables and assets

	31.12.2010			31.12.2009			1.1.2009		
in TEUR	Total	of which less than 1 year to run	of which more than 1 year to run	Total	of which less than 1 year to run	of which more than 1 year to run	Total	of which less than 1 year to run	of which more than 1 year to run
Trade receivables	85,531	85,531	0	79,494	79,494	0	86,829	86,829	0
Receivables from associated companies (equity method)	6	6	0	563	0	563	577	15	563
Other receivables and assets	24,162	23,394	767	11,406	10,939	467	16,153	15,399	755
Current financial investments	0	0	0	21	21	0	226	226	0
Derivative financial instruments	295	295	0	176	176	0	416	416	0
	109,993	**109,226**	**767**	**91,659**	**90,629**	**1,030**	**104,201**	**102,884**	**1,317**

Other receivables and assets

	31.12.2010			31.12.2009			1.1.2009		
in TEUR	Total	of which less than 1 year to run	of which more than 1 year to run	Total	of which less than 1 year to run	of which more than 1 year to run	Total	of which less than 1 year to run	of which more than 1 year to run
Other receivables	22,032	21,652	379	8,852	8,435	417	13,531	13,233	299
Other assets	2,130	1,742	388	2,554	2,503	51	2,622	2,166	456
	24,162	**23,394**	**767**	**11,406**	**10,939**	**467**	**16,153**	**15,399**	**755**

The above-mentioned other receivables include receivables from tax authorities amounting to TEUR 16,935 (previous year: TEUR 5,840).

The trade receivables which are already due but have not been subject to valuation adjustments are comprised of the following:

in TEUR	2010	2009
Overdue up to 1 month[1)]	6,116	6,646
Overdue 1–3 months	398	319
Overdue 3–6 months	63	173
Overdue 6–12 months	12	34
Overdue more than 12 months	0	11
The carrying amount of the due but not revalued trade receivables	**6,589**	**7,184**

1) Also includes trade receivables which are due immediately.

The above-mentioned trade receivables are assigned to the category "Loans and receivables" and are therefore recognised at amortised cost.
The typically stipulated terms of payment range between 14 and 90 days. In addition to receivables which are classified as non-performing due to an individual assessment of the respective customers, and are thus most likely irrecoverable, valuation adjustments are also carried out on overdue receivables based on country-specific empirical values. These experience adjustments also apply to overdue non-insured receivables or with regard to deductibles on insured receivables.

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

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

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

in TEUR	2010	2009
Net amount on January 1	7,121	6,509
Release	–220	–790
Currency translation difference	128	–10
Written down due to irrecoverability	–810	–1,056
Additions	1,850	2,467
Net amount on December 31	**8,068**	**7,121**

The valuation adjustments at the end of the financial year including specific valuation allowances for receivables based on an individual assessment of the respective customers totaled TEUR 3,241 (previous year: TEUR 3,589). They are primarily allocated on the basis of insolvency proceedings to be opened over the assets of the affected customers. The remaining carrying amounts are likely to be considered recoverable amounts in the insolvency proceedings.

4.4 Cash and cash equivalents

in TEUR	31.12.2010	31.12.2009	1.1.2009
Cash on hand	111	84	124
Checks	1	2	3
Bank balances	123,253	145,488	101,680
Short-term deposits	15,820	40,183	5,524
	139,186	185,756	107,331

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

The cash and cash equivalents contain TEUR 738 (previous year: TEUR 708) in a support fund for retired employees, as well as TEUR 334 (previous year: TEUR 0), which are currently blocked based on a temporary court disposition relating to collateral in China. These cash and cash equivalents cannot be directly used at the present time.

4.5 Deferred taxes

Tax deferments after temporary differences are comprised of the following:

in TEUR	31.12.2010		31.12.2009		1.1.2009	
	Assets	Equity and liabilities	Assets	Equity and liabilities	Assets	Equity and liabilities
Intangible assets	4	–522	0	–607	53	–80
Tangible assets	224	–1,995	301	–1,845	281	–1,816
Financial assets	120	–12	114	–5	140	–46
Inventories	2,890	–45	2,781	–21	1,417	–21
Receivables	1,257	–365	2,093	–179	1,720	–321
Other assets	4	–223	0	–237	4	–158
Untaxed reserves	0	–98	0	–241	0	–141
Provisions for personnel	5,062	0	4,605	0	4,968	0
Other provisions	2,193	0	4,572	–58	2,150	–106
Trade payables	118	–1	138	0	59	–7
Other liabilities	341	–1,775	503	–1,797	749	–1
Usable tax loss carry forwards	2,001	0	692	0	247	0
Total deferred tax assets and liabilities	14,215	–5,037	15,798	–4,988	11,788	–2,697
Valuation allowance for deferred tax assets	–2,624	1	–2,312	1	–1,651	0
Offset of deferred tax assets and liabilities	–830	830	–372	372	–235	235
Net deferred tax assets	**10,761**		**13,114**		**9,902**	
Net deferred tax liabilities		**–4,206**		**–4,616**		**–2,462**

in TEUR	2010	2009
Net deferred taxes at the beginning of the year	8,498	7,440
Deferred taxes in profit or loss of the financial year	–2,182	1,040
Deferred taxes in other results of the financial year	6	–2
Currency translation differences	232	20
Net deferred taxes at the end of the financial year	**6,554**	**8,498**

4.6 Equity

The development of shareholders' equity is presented in detail in the consolidated financial statements.
The share capital of Semperit AG Holding amounted to EUR 21,358,997 and is divided into 20,573,434 ordinary shares, the same as at the previous balance sheet date on December 31, 2009. Each share represents an equal interest in the equity capital, is entitled to one vote and dividends.

Capital reserves are primarily formed by issuing shares above and beyond the proportional amount of share capital (premium). A total of TEUR 21,503 of the capital reserves are appropriated reserves which may only be dissolved to compensate for a net loss for the year as reported in the annual financial statements of the parent company Semperit AG Holding, inasmuch as free reserves are not available to cover the loss.
The revaluation reserve accrues gains and losses from fluctuations in the fair value measurement of available for sale financial assets until the respective assets are disposed of or until an impairment of the respective assets has been determined.
The foreign currency translation reserve is the result of differences from currency translation in the conversion of the annual financial statements of Group subsidiaries from the functional currency into euros until the disposal of the respective subsidiary.
The revenue reserves encompasses the statutory reserves of Semperit AG Holding totalling TEUR 999, the net profit for the period of Semperit AG Holding amounting to TEUR 26,843, the untaxed reserves less the deduction of deferred taxes of the subsidiaries included in the consolidated financial statements, the retained earnings of subsidiaries since the date of acquisition and the effects of adjusting the annual accounts of the companies included in the consolidated financial statements to the valuation and accounting policies of the Group. The shareholders are entitled to a distribution of the net profit for the year of Semperit AG Holding. The statutory reserve of Semperit AG Holding may only be released to compensate for a net loss for the year reported in the annual financial statements. In this case, dissolving the statutory reserve to compensate for the loss is not in contradiction to the fact that free reserves are available to offset the loss.

For the 2010 financial year, the Management Board will propose to distribute a total dividend of TEUR 25,717, or EUR 1.25 per share, which will have to be resolved upon by the Annual General Meeting. For this reason, the dividend has not yet been recognised as a liability in these consolidated financial statements. The payment of the dividend has no consequences on the taxes to be paid by the Semperit Group.

4.7 Liabilities from redeemable non-controlling interests

During the reporting year the accounting treatment for interests held by non-controlling shareholders of subsidiaries, if the respective non-controlling shareholder has an unconditional termination right or if the company in which the non-controlling shareholder owns an interest has a limited life span, was changed to conform to the IFRS. The share of net assets attributable to non-controlling shareholders are considered to comprise financial liabilities and are recognised as "Liabilities from redeemable non-controlling interests" (refer to 2.9 and 2.12).

The amount of TEUR 10,536 recognised under current provisions and liabilities as of December 31, 2009 refers to the dividend to non-controlling shareholders of subsidiaries which first became effective as a cash-based transaction in 2010.

4.8 Provisions

4.8.1 Provisions for pensions and severance payments

Due to the Austrian Corporate Pension Statute of 1997, employees whose tenure at their companies began prior to January 1, 1991 are granted corporate pensions taking the form of a fixed amount determined by the number of years of service by the employee. This statute stipulates that claims for such pensions are now held only by pensioned employees or their surviving dependants. In accordance with the statute, these obligations are not covered by plan assets.

The initial appointing of the Chairman of the Management Board to his position led to his being granted a pension. This commitment was made on an individual contractual basis, and is also not covered by plan assets.

The other members of the Management Board and other senior managers were also granted pensions. These are covered by reinsurance policies in which the pension claim corresponds to the reinsured amount. To secure the pension claims, the reinsurance policies have been pledged to the claim holders.

Provisions for termination of leave payments: with their amounts depending upon length of service, employees are entitled, as mandated by legal stipulations, to a one-time payment due as of the time of receiving a pension for the first time – whether or not the employment was terminated by the employer or by the employee, or through cancellation by another form of employer. Members of the executive board are contractually entitled upon the termination of their service to this body to a one-time payment whose amount accords to the stipulations of the Employees Act. The payments falling due at the time of drawing upon pensions for the first time are considered remuneration due upon the termination of the employment relationship, in accordance with the stipulations of IAS 19. The associated commitments are not covered by plan assets. The payments falling due upon the termination of employment by the employer are payments occasioned by the termination of the employment relationship, in accordance with the stipulations of IAS 19.

Key actuarial assumptions in the valuation of these obligations are based on an assumed interest rate of 4% (December 31, 2009: 4%) and an average annual salary increase of 3.4% (December 31, 2009: 3.4%).

Provisions for the obligations of the Group arising from defined benefit pension plans were as follows:

in TEUR	31.12.2010	31.12.2009	1.1.2009
Present value of funded defined benefit plan obligations	3,204	2,806	2,353
Fair value of the plan assets	3,204	2,806	2,353
	0	**0**	**0**
Present value of the unfunded defined benefit plan obligation	20,639	21,187	21,676
Planned deficit = Provision	**20,639**	**21,187**	**21,676**

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

in TEUR	2010	2009
Pensions		
Present value of the obligations (DBO) on Jan. 1	23,993	24,030
Entitlements acquired in the financial year and actuarial gains	687	885
Imputed interest costs on existing obligations	955	918
Total pension expense	1,641	1,803
Payments	–1,792	–1,840
Present value of the obligation (DBO) on Dec. 31	**23,843**	**23,993**

The pension expense in the chart of TEUR 1,641 (previous year: TEUR 1,803) is recognised under the item "Pension expenses" in the income statement in accordance with the breakdown contained in point 5.4, "Pension expenses".

The plan assets recognised at fair value, which refer to a reinsurance policy, developed as follows:

in TEUR	2010	2009
Fair value of the plan assets on Jan. 1	2,806	2,353
Company contributions	456	426
Return from plan assets less administrative costs	–24	59
Payments	–35	–33
Fair value of the plan assets on Dec. 31	3,204	2,806

The expense for plan assets of TEUR 24 (previous year: income of TEUR 59) contained in this chart is recognised under the item "Pension expenses" in the income statement in accordance with the breakdown contained in point 5.4, "Pension expenses".

in TEUR	2010	2009
Severance payments		
Present value of the obligations (DBO) on Jan. 1	21,635	22,880
Entitlements acquired in the financial year	483	1,527
Imputed interest costs for existing obligations	769	779
Actuarial gains/losses	–10	–38
Total severance expenses	1,242	2,268
Payments	–1,518	–3,513
Present value of the obligations (DBO) on Dec. 31	21,359	21,635

The expense of TEUR 1,242 for severance payments (previous year: TEUR 2,268) is recognised under the item "Severance expenses" in the income statement in accordance with the breakdown contained in point 5.4, "Severance expenses".

The development of the present value of the obligation and the plan assets recognised at fair value along with the actuarial gains and losses from experience adjustments over the last four year is comprised of the following. with "+" referring to gains and "–" referring to losses:

in TEUR	31.12.2010	31.12.2009	31.12.2008	31.12.2007
Pensions				
Present value of the obligation	23,843	23,993	24,030	22,574
Plan assets	3,204	2,806	2,353	1,901
Plan deficit	20,639	21,187	21,676	20,673
Actuarial gains	–269	–450	–1,829	992
thereof experience adjustments	–269	–450	–922	992
thereof effects of changes in actuarial assumptions	0	0	–907	0
Severance payments				
Present value of the obligation	21,359	21,635	22,880	23,148
Actuarial gains	10	38	–370	–1,549
thereof experience adjustments	10	38	–422	–1,549
thereof effects of changes in actuarial assumptions	0	0	–52	0

Employees whose employment contracts are subject to Austrian law and who started working after December 31, 2002 are not entitled to severance payments from the respective employees. For these employees, a total of 1.53% of their wages or salaries is paid into a staff provision fund. Semperit's contributions amounted to TEUR 146 in 2010 (previous year: TEUR 134).

The employees of the Semperit Group are also entitled to country-specific government-managed pension plans, which are usually financed by pay-as-you-go systems. The obligations of the Group are limited to paying contributions when due. There is no legal or de facto obligation with regard to future benefits.

4.8.2 Other provisions

Other provisions are comprised of the following:

in TEUR	1.1.2010	Currency translation difference	Release	Use	Additions	31.12.2010
Restructuring	6,921	0	0	0	24	6,944
Jubilee bonuses	3,276	0	0	–40	19	3,255
Unused vacations	2,589	8	0	–2,126	1,773	2,244
Warranties	12,225	150	–667	–2,249	3,040	12,499
Turnover bonus	1,031	4	–57	–974	1,245	1,249
Other	12,993	262	–1,714	–6,310	12,350	17,581
	39,035	**424**	**–2,438**	**–11,699**	**18,451**	**43,773**

in TEUR	1.1.2009	Currency translation difference	Release	Use	Additions	31.12.2009
Restructuring	4,235	0	0	0	2,686	6,921
Jubilee bonuses	3,750	0	0	–491	17	3,276
Unused vacations	2,950	0	0	–1,855	1,494	2,589
Warranties	7,345	0	–222	–244	5,347	12,225
Turnover bonus	1,434	0	0	–834	431	1,031
Other	8,338	54	–2,288	–4,611	11,501	12,993
	28,051	**54**	**–2,511**	**–8,035**	**21,476**	**39,035**

Other provisions are mainly related to personnel-related provisions. The provision for warranties is largely based 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 past financial year. Claims against the Group resulting from these risks are considered to be likely, in which case the recognised amount corresponds to the best possible estimated value with respect to the amount of the expected claim. Due to the fact that such claims may involve long negotiations as well as legal conflicts, the precise point in time in which claims are to be paid cannot be precisely predicted.

The following chart presents the terms to maturity of provisions.

	31.12.2010			31.12.2009			1.1.2009		
in TEUR	Total	of which less than 1 year to run	of which more than 1 year to run	Total	of which less than 1 year to run	of which more than 1 year to run	Total	of which less than 1 year to run	of which more than 1 year to run
Restructuring	6,944	0	6,944	6,921	0	6,921	4,235	0	4,235
Jubilee bonuses	3,255	0	3,255	3,276	0	3,276	3,750	0	3,750
Unused vacations	2,244	2,244	0	2,589	2,589	0	2,950	2,950	0
Warranties	12,499	5,223	7,276	12,225	3,322	8,904	7,345	2,135	5,210
Turnover bonus	1,249	1,249	0	1,031	1,031	0	1,434	1,434	0
Other	17,581	16,132	1,449	12,993	11,708	1,286	8,338	7,890	448
	43,773	**24,848**	**18,924**	**39,035**	**18,649**	**20,385**	**28,051**	**14,408**	**13,643**

4.9 Liabilities

Liabilities to banks are recognised at amortised cost. The following chart shows the remaining terms to maturity:

		31.12.2010				31.12.2009				1.1.2009			
		Nominal in TEUR	Nominal in TUSD	Carrying amount TEUR	Of which collateralised	Nominal in TEUR	Nominal in TUSD	Carrying amount TEUR	Of which collateralised	Nominal in TEUR	Nominal in TUSD	Carrying amount TEUR	Of which collateralised
Up to 1 year	fixed interest	0	0	0	0	0	0	0	0	713	0	713	713
	variable interest	0	0	0	0	0	0	0	0	28	692	539	0
Longer than 2 years and up to 3 years	fixed interest	0	0	0	0	0		0	0	0	0	0	0
	variable interest	0	8,000	5,974	0	0	0	0	0	0	0	0	0
Longer than 3 years and up to 4 years	fixed interest	0	0	0	0	0		0	0	0	0	0	0
	variable interest	0	0	0	0	0	8,000	5,540	0	0	0	0	0
Longer than 4 years and up to 5 years	fixed interest	0	0	0	0	0	0	0	0	0	0	0	0
	variable interest	0	0	0	0	0	0	0	0	0	8,000	5,678	0
Total		**0**	**8,000**	**5,974**	**0**	**0**	**8,000**	**5,540**	**0**	**741**	**8,692**	**6,930**	**713**

Liabilities to banks are in US dollars and are subject to variable interest rate. The effective interest rate for the year 2010 was 1.4% (previous year: 1.2%). The interest rate is adjusted monthly.

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

The residual terms to maturity of trade payables, other liabilities and derivative financial instruments are as follows:

	31.12.2010			31.12.2009			1.1.2009		
in TEUR	Total	of which less than 1 year to run	of which more than 5 years to run	Total	of which less than 1 year to run	of which more than 5 years to run	Total	of which less than 1 year to run	of which more than 5 years to run
Trade payables	40,969	40,969	0	30,002	30,002	0	30,506	30,506	0
Liabilities in associated companies (equity method)	0	0	0	76	76	0	0	0	0
Other liabilities	16,156	15,184	972	19,393	18,878	515	18,315	17,560	755
Derivative financial instruments	220	220	0	183	183	0	2,133	2,133	0
	57,345	**56,373**	**972**	**49,654**	**49,139**	**515**	**50,954**	**50,199**	**755**

Current trade payables of TEUR 27 (previous year: TEUR 24) include liabilities to affiliated companies.

V. Notes to the income statement

5.1 Revenue

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

5.2 Other operating income

in TEUR	2010	2009
Exchange rate gains	12,131	12,843
Rental income	433	347
Reversal of value adjustments	1,460	1,388
Insurance claims	12,876	1,923
Other operating income	11,060	6,036
	37,961	**22,538**

The increase in insurance claims is primarily related to insurance compensation for property damage and production interruptions related to flooding in Thailand. Other operating income mainly relates to various refunds (energy, taxes), the sale of by-products and waste materials, income from the reversal on impairments for tangible assets, and the release of provisions.

5.3 Cost of materials

in TEUR	2010	2009
Cost of materials	366,573	261,302
Third party services	43,600	35,684
	410,173	**296,986**

5.4 Personnel expenses

Personnel expenses include the following items:

in TEUR	2010	2009
Wages	41,317	37,787
Salaries	46,405	38,363
Severance payments	1,202	2,643
Pension payments	1,503	1,599
Statutory social security contributions and other compulsory wage-related payments	17,985	17,671
Other social security contributions	1,461	1,667
	109,872	**99,730**

The average number of people employed by the Semperit Group in the 2010 financial year was as follows:

in TEUR	2010	2009
Blue-collar employees	5,556	5,269
White-collar employees	1,452	1,380
	7,008	**6,649**

The average number of employees in Austria totalled 662 (previous year: 709).
In the 2010 financial year, the remuneration to the Management Board payable at short notice amounted to TEUR 2,525 (previous year: TEUR 2,193). The post-employement and termination benefits of the Management Board contract was TEUR 3,736 (previous year: TEUR 306). Former Management Board members and their surviving dependents received TEUR 392 during the year under review (previous year: TEUR 392).

5.5 Other operating expenses

Other operating expenses are comprised of the following:

in TEUR	2010	2009
Outgoing freight	22,256	15,512
Maintenance and third-party services	28,427	24,401
Commission and advertising costs	8,025	7,349
Exchange rate losses	14,032	13,033
Travel expenses	5,341	4,687
Insurance premium	3,220	2,573
Costs of rents and leases	2,642	2,472
Other taxes	1,848	5,445
Auditing and consulting fees	2,674	2,976
Fees, subscriptions and donations	928	917
Losses of trade receivables	1,777	2,425
Other	18,301	20,389
	109,470	**102,179**

Thereof costs for the auditors of the consolidated financial statements:

in TEUR	2010	2009
Audit of consolidated financial statements	21	21
Other valuation and certification services	56	56
Tax advisory services	0	2
Other services	3	3
	80	**82**

In the 2010 financial year, the Supervisory Board was granted remuneration totalling TEUR 96 (previous year: TEUR 88).

5.6 Financial results

in TEUR	2010	2009
Income from associates	162	122
Income from participations	**162**	**122**
Income from other securities	402	342
Write-ups of financial assets	86	119
Profit on the disposal of financial assets	8	397
Interest and related income	1,390	2,049
Interest and related income from financial assets	**1,887**	**2,906**
Losses on the disposal of financial assets	–9	–8
Write-downs of financial assets	–80	–25
Other expenses on financial assets	0	–44
Interest and related expenses	–222	–602
Interest and related expenses on financial assets	**–20,969**	**–15,400**
	–19,231	**–13,050**

The income from other securities comprise dividend income from “available for sale” securities of TEUR 131 (previous year: TEUR 145). The interest result of TEUR 1,074 was recognised as cash inflow in 2010. The interest result in the previous financial year amounted to TEUR 1,275.

The following chart shows the classification of interest and related income from financial assets pursuant to IFRS 7.20(a):

in TEUR	2010	2009
Income from financial assets available for sale	497	858
Expenses from financial assets available for sale	–89	–77
Net income from financial assets available for sale	**408**	**781**
Income from loans and receivables	1,390	2,049
Expenses from loans and receivables	0	0
Net income from loans and receivables	**1,390**	**2,049**
Interest and related income from financial assets	1,887	2,906
thereof interest income	1,792	2,391
thereof interest income from financial assets measured at fair value but not through profit or loss	402	342

In addition to the impairment losses included in the category loans and receivables relating to financial assets as listed in the chart above, impairment losses of TEUR 1,777 (previous year: TEUR 2,425) are recognised with respect to trade receivables, which are also assigned to the category loans and receivables and reported under the item "Other operating expenses" (see 5.5).

The net income from the disposal of available-for-sale financial assets in the total results for the year is comprised of the following:

in TEUR	2010	2009
Net income recognised directly in profit or loss	408	781
Net income and expense recognised in other results	–21	11
Net income recognised in the total results for the period	**387**	**792**

The net expense of financial liabilities recognised at amortised costs was TEUR 222 (previous year: TEUR 602).

5.7 Income taxes

Income tax expenses reported for the financial year include income tax for the individual companies calculated on the basis of taxable income and the applicable tax rate in the relevant countries ("current tax"), as well as the changes to tax deferments.

in TEUR	2010	2009
Current tax expense	15,533	18,771
Deferred tax expense	2,182	–1,040
	17,715	**17,731**

The cash outflow for income taxes in 2010 amounted to TEUR 22,291 (previous year: TEUR 6,149).

The effective tax rate in the reporting year, that means in relation to the earnings before tax and before reduction of profit or loss attributable to redeemable non-controlling shares, was 21.1% (previous year: 24.6%). The Group tax ratio is a weighted average of the local income tax rates of all consolidated subsidiaries. The transition of the profit before tax to the current Group tax expenses from income and earnings is as follows:

in TEUR	2010	2009
Earnings before tax	63,098	56,543
Theoretical tax expense/income (–/+) of 25%	–15,774	–14,136
Different tax rates in other countries	–99	–2,066
Share of profit/loss of associates	41	31
Results attributable to redeemable non-controlling interests	–5,242	–3,850
Non-deductible expenses	–642	–777
Non-taxable income and tax exemptions	6,022	7,683
Changes in value adjustments for deferred taxes on tax loss carry forwards and deductible temporary differences	–3,285	270
Withholding taxes	–613	–2,375
Tax arrears from previous periods	–114	–1,188
Tax rate changes	320	–58
Tax effective write-downs of receivables from associated companies	–1,170	0
Other	2,843	–1,266
Effective tax expense according to the income statement	**–17,715**	**–17,731**

in TEUR	2010	2009
Earnings before tax	63,098	56,543
Results attributable to redeemable non-controlling interests	20,969	15,400
	84,067	71,943
Effective tax expense according to the income statement	–17,715	–17,731
Effective tax rate in %	**21.1%**	**24.6%**

VI. Segment reporting

In accordance with the "Management Approach" underlying the stipulations contained in IFRS 8, reporting by the company is required to be in the form of financial information and verbal explanations with respect to its reportable segments based on the internal management of the company. The following primary segments have been identified:

Business areas:
- Sempermed
- Semperflex
- Semperform
- Sempertrans

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

The Semperflex business area offers low-pressure and high-pressure hoses. These hoses are reinforced with textiles (industrial hoses) or steel wires (hydraulic hoses).

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

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

The accounting and valuation methods used in determining segment earnings, segment assets and segment liabilities are identical to the accounting and valuation methods described in Section 2 of the notes to the consolidated financial statements. Segment earnings are presented as the earnings before interest and income taxes, and are derived in the same manner as the earnings before interest and income taxes (EBIT) in the consolidated income statement. It refers to the earnings figures used by the Management Board for purposes of resource allocation and performance measurement.

All assets in the Group are assigned to the segments with the exception of the assets of Semperit AG Holding. A large percentage of the assets can be clearly assigned to the segments, as the companies only operate in one segment. Tangible and intangible assets of Semperit Technische Produkte GmbH are assigned to the segments on the basis of scheduled depreciation. The cash and cash equivalents of Semperit Technische Produkte GmbH are equally assigned to the respective segments. Assets of sales companies are classified according to the revenue which is generated.

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

Geographical segmentation:
Group activities primarily focus on Europe, Asia and the Americas.

This segmentation of the company's operations is based on internal management and reporting.

in TEUR	Sempermed	Semperflex	Semperform	Sempertrans	Non-assigned and Group eliminations	Group
2010						
Revenue[1]	316,440	145,480	109,428	118,076	0	689,425
Earnings before interest, tax, depreciation and amortisation (EBITDA)	56,870	34,175	22,468	3,621	–4,867	112,267
Depreciation and amortization of tangible and intangible assets	–9,729	–9,926	–6,582	–3,651	–52	–29,939
Operating profit (EBIT) = segment results	47,141	24,250	15,886	–30	–4,919	82,328
Segment assets	220,576	154,725	89,831	103,652	24,692	593,476
Segment liabilities	109,101	45,010	25,468	36,099	26,733	242,411
Investments in tangible and intangible assets	26,844	13,883	6,270	12,983	31	60,012
Shares in associates	560	0	0	0	0	560
Employees	4,244	1,161	650	927	27	7,008
2009						
Revenue[1]	271,372	105,337	96,471	114,904	0	588,084
Earnings before interest, tax, depreciation and amortisation (EBITDA)	59,235	15,095	15,485	15,395	–2,423	102,787
Depreciation and amortization of tangible and intangible assets	–9,666	–11,234	–5,180	–2,782	–51	–28,914
Impairment of tangible and intangible assets	0	–3,460	0	–820	0	–4,279
Operating profit (EBIT) = segment results	49,569	401	10,304	11,793	–2,475	69,593
Segment assets	193,648	132,838	81,467	104,563	19,017	531,532
Segment liabilities	100,778	34,790	25,239	34,900	25,267	220,974
Investments in tangible and intangible assets	10,211	4,444	2,538	5,487	53	22,732
Shares in associates	398	0	0	0	0	398
Employees	4,141	1,058	666	759	25	6,649

[1] After elimination of inter-company sales.

Sempermed increased its revenue by 16.6% to EUR 316.4 million (previous year: EUR 271.4 million), mainly due to selling price increases relating to the massive rise in raw material prices. As a result, earnings before interest and tax slightly declined to EUR 47.1 million (previous year: EUR 49.6 million). Investments primarily targeted the construction of a new production facility in Thailand. Furthermore, a new chain dipping plant was built at the parent plant in Wimpassing.

Semperflex benefitted the most from the economic upswing following a difficult year in 2009. Accordingly, revenue rose 38.1% to EUR 145.5 million (previous year: EUR 105.3 million). Despite higher raw material prices, the significant growth in sales and the fully effective measures designed to reduced fixed operating costs pushed up earnings to EUR 24.2 million (previous year: EUR 0.4 million). Moreover, there was a reversal of an impairment loss last year of EUR 3.7 million, due to the considerable improvement in the earnings situation of Semperflex Shanghai. Investments mainly served to further improve quality. Furthermore, a modern high rack warehouse was constructed in the Czech Republic.

Semperform generated 13.4% higher revenue in 2010 amounting to EUR 109.4 million (previous year: EUR 96.5 million), whereby the increase in demand partly first became evident during the second quarter. In spite of the higher raw material costs, the stronger demand led to an earnings improvement of 54.2%, to EUR 15.9 million (previous year: EUR 10.3 million). On the one hand, investments mainly focused on achieving greater rationalisation in the production process, and on the other hand were designed to expand existing capacities.

Sempertrans slightly increased revenue from EUR 114.9 million in 2009 to EUR 118.1 million in the year under review, with demand clearly improving in the second half of 2010. Due to massive cost rises for raw materials, intensified price pressure and one-off effects such as customer returns and start-up costs at Sempertrans Best, earnings fell considerably to EUR 0.0 million (previous year: EUR 11.8 million). Investments primarily related to purchasing machinery for Sempertrans Best and acquiring an extra-wide extruder combined with a modern roller head plant at Sempertrans Belchatow.

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

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

	2010			2009		
	Non-current assets [2) 3)]	Investments	Revenue [1)]	Non-current assets [2) 3)]	Investments	Revenue [1)]
Austria	29,787	8,756	33,904	28,767	5,901	27,161
EU excluding Austria	66,312	17,555	340,490	56,779	5,981	305,787
Total EU	96,100	26,311	374,394	85,545	11,882	332,948
Rest of Europe	0	0	56,389	0	0	39,146
Total Europe	96,100	26,311	430,782	85,545	11,882	372,093
Asia	106,913	33,595	86,633	68,914	10,695	66,046
The Americas	3,629	106	158,178	3,652	155	136,608
Rest of the world	0	0	13,831	0	0	13,336
Group	**206,642**	**60,012**	**689,425**	**158,112**	**22,732**	**588,084**

1) After elimination of inter-company sales.
2) Consolidation entries are assigned to the regions whenever possible.
3) Non-current assets do not include deferred tax assets, financial instruments and payments rendered after termination of employment and rights related to insurance policies. .

VII. Notes on the cash flow statement

Due to the expansion of the Group's business operations and the strong increase in raw material prices, there was a significant build-up of inventories, which negatively influenced the cash flow from operating activities.

Investments in tangible and intangible assets were designed to expand production capacities, particularly in the Sempermed division, as well as to modernise existing facilities.

The cash flow from financing activities includes the dividend of EUR 1.15 per share distributed in 2010 to Semperit shareholders. In addition, there was a cash outflow due to dividends distributed by the joint venture companies.

VIII. Risk management

IFRS 7.31 requires reporting on the nature and scope of the risks arising from financial instruments to which the company is exposed as of the balance sheet date, so as to provide readers of the balance sheets with a way of evaluating these risks.

The internationalization of Semperit's business has caused the risk potential, as a matter of course, to grow. This circumstance has enhanced the attention paid by the Group to risks. The most substantial market-ensuing risks for the Group arise from possible alterations in rates of change and of interest, as well as from the risk of losses stemming from a business partner's or customer's delinquency.

Semperit is a group operating on the international level. As such, it is dependent upon macroeconomic developments, such as the performance of the world economy, tax legislation, environmental regulations and those other factors influencing the economies in which the Group is active. The negative development of several of these factors of influence can have a correspondingly negative impact on the Group's products, unit sales and price levels. Fluctuations in demand give rise to the risk of overcapacities. These, in turn, enhance pressures on prices, and give rise to uncovered costs and the diminishing of margins. This relationship is the reason why production capacities are coordinated on an ongoing basis with data on markets and commissions, and why the capacities are subsequently adapted using medium-term measures (for instance: temporary shutdowns and reconfiguration of plans for shifts).

Semperit is a multinational group. As such it conducts business in countries that are in varying phases of economic and social development. This, in turn, means that the Group is exposed to risks arising from disadvantageous political and economic conditions. These comprise risks arising from tax legislation, from labor codes, and from the stiffening of the legal stipulations involving the utilization of raw materials and of environmental standards. Other risks arise from differences in languages and cultures. These can substantially impact upon the Group's business.

Group directives govern the management of the risks arising in the financial sector. These, in turn, are monitored and managed using an internal control system meeting the requirements of the industry in which Semperit is active. The main responsibility of Semperit's risk management system are the prompt – as they arise – and rapid detection of risks, and the no-delay institution of measures countering them. It cannot, however, be excluded that some risks will fail to be identified. This will have negative ramifications upon the Group's finances, assets and earnings.

Capital risk management

The objectives of capital management are to ensure the existence of the company, to enable the making of investments inducing growth, and to finance policies of annual payouts of dividends. No change has been undertaken in the Group's overall strategy since 2009.

The total capital of the Group is comprised of equity including the equity attributable to non-controlling shareholders of subsidiaries, inasmuch as they are equity instruments, and net debt. In turn, net debt is the amount in which the total sum of provisions for severance payments and pensions, provisions for jubilee bonuses, interest-bearing liabilities, in particular liabilities to banks, and the liabilities from redeemable non-controlling shares exceeds the level of cash and cash equivalents plus current financial assets. Net gearing is defined as the ratio of net debt to equity. The cash and cash equivalents exceeded the above-mentioned liabilities on both December 31, 2010 and December 31, 2009.

The Group is not subject to any legal or contractual requirements involving a minimum amount of equity, a minimum equity rate or a maximum permissible gearing. Nor has the Semperit Group established an in-house goal for the structure of its capital.

Interest rate risk management

The Group's business operations cause it to employ lesser amounts of outside funds to finance operating materials and investments. The extant outside capital features variable interest rates and is subject to the risk of interest rates customarily prevailing on markets. The small amounts allow the resultant interest rate risk to be classified as being unimportant.

The cash and cash equivalents assessed are subject to interest rate risks.

Liquidity risk management

The supervision and management of financial risks are important components of the Group-wide controlling and accounting system of Semperit.

Semperit's maintaining a large amount of liquidity causes the associated risk to be limited. Notwithstanding this, the ongoing improvements in the treasury guidelines and information systems facilitate the very early-stage identification of financial risks, and, whenever necessary, the institution of counter-measures. The supervision of the liquidity situation is undertaken by conducting weekly and monthly analyses of flows of payments and by the planning of income and expenditures. The net liquidity calculated using this process forms the basis of the decisions reached on investments and thus of the accompanying bindings of capital.

Liquidity not needed on the short-term is invested in such low-risk financial investments as fixed deposits. Notwithstanding this, developments on financial markets can lead to the disadvantageous development of the prices of the securities in which Semperit has invested – or even to their not being tradable. The corresponding devaluations or value adjustments can negatively impact upon earnings and equity.

Default/credit risk management

Credit risks arise from counterparty's not meeting the commitments agreed upon for a transaction, and from the financial damages ensuing to the Group. Semperit's in-house financial and treasury guidelines impose strict requirements upon the creditworthiness of financial partners. Risks arising from contractual partners' delay or delinquency of payment or from credits given to them are managed by instituting credit assessments, limits and verification routines. Risks can ensue from even the most creditworthy of financial partners. This causes Semperit to monitor developments on financial markets on an ongoing basis, and to adjust credit limits accordingly. The risk of default on financial assets is accounted for by value adjustments.

The default risk with respect to receivables from customers is to be regarded as being marginal. This is because customers' creditworthiness is monitored on an ongoing basis, and because the large number of customers means that no customers account for a concentration of activities. This, in turn, keeps the associated risk low. Also minimizing this kind of delinquency risk is the large-scale use of loan insurance and, whenever needed, the insisting upon of bank guarantees.

The risk of default upon liquid funds is low, since the Group's contractual partners in this area are largely banks featuring excellent credit ratings from international rating agencies. Further minimizing risk is the setting of ceilings for each contractual partner.

Not taking into account the effects of the above-mentioned risk minimization strategy, the maximum default risk to which the Group is exposed from its recognized financial assets amounts to the following (structured into categories):

in TEUR	2010	2009
Derivative financial instruments: held for trading	295	176
Financial assets: AFS at fair value	12,826	8,919
Loans and receivables: l&r at amortised costs	108,133	88,916
Cash deposits at banks	139,186	185,756

Foreign exchange risk management

Semperit's operations also expose it to foreign exchange risks. Operative measures and several kinds of financial instruments – especially foreign exchange forward transactions – are employed to limit and manage these.

A substantial share of the Group's turnover and earnings stem from subsidiaries that are not headquartered in the euro-zone. In the year under review, 44.4% of Semperit's revenue was earned in currencies other than the euro, of which the most important are listed below:

Currency	2010	2009
EUR	55.6%	54.8%
USD	29.8%	28.8%
INR	2.4%	2.3%
CNY	2.4%	2.1%
PLN	2.3%	3.5%
GBP	2.1%	3.0%

The rates of exchange vis-à-vis the euro of the currencies that are the most important for Semperit changed as follows in 2010:

	2010	2009	2010	2009
FX rate for 1 EUR		Average rate		Rate on balance sheet date
US dollar	1.33	1.39	1.34	1.44
Thai baht	41.72	47.50	39.63	47.46
Polish zloty	4.00	4.31	3.97	4.13
Czech koruna	25.24	26.41	25.08	26.48
Hungarian forint	275.26	279.63	278.00	271.50
British pound sterling	0.86	0.89	0.86	0.89

Financial management uses the steering of flows of funds to avoid, to the extent possible, the incurrence of rate of exchange risks.

Structured according to company, nature of the forward transaction and currency of securing, the following chart details the derivative financial instruments used to secure against rate of exchange risks.

Company	Country	Type of transaction	Currency	Hedged amount[1]	Hedged rate [2]	Fair value in TEUR 31.12.2010	Range of remaining days to maturity (in days)
Semperflex Optimit s.r.o.	Czech Republic	Forward exchange	EUR	1,188,000	24,88	–9	5-54
Sempertrans Belchatow Sp. z o.o.	Poland	Forward exchange	EUR	8,900,000	3,99	20	3-90
Semperit Technische Produkte GmbH	Austria	Forward exchange	GBP	2,000,000	0,85	29	18-46
Semperit Technische Produkte GmbH	Austria	Forward exchange	HUF	80,000,000	279,06	0	18-46
Semperit Technische Produkte GmbH	Austria	Forward exchange	USD	150,000	1,36	–2	273-349
Semperit AG Holding [3]	Austria	Forward exchange	EUR	3,500,000	8,78	–13	73-165
Semperit AG Holding	Austria	Forward exchange	PLN	10,000,000	4,06	–42	73
Siam Sempermed Corp. Ltd.	Thailand	Forward exchange	USD	34,949,172	30,31	99	61-186
Semperflex Asia Corp. Ltd.	Thailand	Forward exchange	USD	1,526,169	30,03	–7	91-140

[1] Refers to the total amuont of all existing derivative financial instruments on the balance sheet date.
[2] Refers to the weighted average rate derived from all existing derivative financial instruments at the balance sheet date.
[3] Refers to the hedging relationships EUR to CNY.

Derivatives are reported in the balance sheets as independent transactions and not as hedges. Hedge accounting as defined in IAS 39.85 – IAS 39.102 is not applied. This is due to the lack of the requisite preconditions. Measurement is at the current market value. This corresponds to the value that the respective company would achieve or would have to pay should the business be disposed of on the balance sheet date.

The translation of the items carried in foreign currencies in the balance sheets compiled by individual companies into euros gives rise to rate of exchange-caused differences (translation risk). This is reported as the amount of difference from the translation of currencies in the “other earnings” item. The balance sheet values and earnings of subsidiaries not based in the eurozone are influenced by the rate of exchange prevailing between the euro and the currency of their land of operation.

IX. Present value of financial instruments

The chart below shows the carrying amounts and fair value of the individual financial assets and liabilities classified according to the valuation categories stipulated in IAS 39.9.

31.12.2010	held for trading	AFS at fair value/other results	l&r amortised costs	Carrying amount on 31.12.2010	Fair value on 31.12.2010	Hierarchy level
Assets						
Financial assets	0	12,826	8	12,834	12,834	1
Trade receivables	0	0	85,531	85,531	85,531	3
Receivables from associates	0	0	563	563	563	3
Other receivables	0	0	22,032	22,032	22,032	3
Derivative financial instruments	295	0	0	295	295	2
Equity and liabilities						
Liabilities from redeemable, non-controlling shares	n/a	n/a	n/a	83,405	n/a	n/a
Liabilities to banks	0	0	5,974	5,974	5,974	3
Trade payables	0	0	40,969	40,969	40,969	3
Other liabilities	0	0	15,273	15,273	15,273	3
Derivative financial liabilities	220	0	0	220	220	2

31.12.2009	held for trading	AFS at fair value/other results	l&r amortised costs	Carrying amount on 31.12.2009	Fair value on am 31.12.2009	Hierarchy level
Assets						
Financial assets	0	8,898	8	8,906	8,906	1
Trade receivables	0	0	79,494	79,494	79,494	3
Receivables from associates	0	0	563	563	563	3
Other receivables	0	0	8,852	8,852	8,852	3
Derivative financial instruments	176	0	0	176	176	2
Current securities	0	21	0	21	21	1
Equity and liabilities						
Liabilities from reedemable, non-controlling shares	n/a	n/a	n/a	71,576	n/a	n/a
Liabilities to banks	0	0	5,540	5,540	5,540	3
Trade payables	0	0	30,002	30,002	30,002	3
Other liabilities	0	0	18,661	18,661	18,661	3
Derivative financial liabilities	183	0	0	183	183	2

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

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

Liabilities from redeemable non-controlling interests are not assigned to any of the categories stipulated in IAS 39 but to financial instruments sui generis. Regarding the valuation, reference is made to section 2.9. The fair value is only calculable at a disproportionately high cost and is thus not disclosed.

X. Other information

10.1 Transactions with related parties and individuals

Balances and transactions between Semperit AG Holding and its subsidiaries are eliminated within the context of consolidation and are not further described here.

B&C Semperit Holding GmbH is the direct majority shareholder of Semperit Aktiengesellschaft Holding and B&C Privatstiftung is the dominant legal entity. B&C Industrieholding GmbH is the shareholder holding an indirect majority stake. It prepares and publishes consolidated financial statements, in which the Semperit Group is included in consolidation. B&C Privatstiftung and all its subsidiaries are considered as related parties or individuals of the Smperit Group pursuant to IAS 24.

Related parties and individuals of the Semperit Group include the members of the Management and Supervisory Boards of Semperit Aktiengesellschaft Holding, the managing directors and Supervisory Board members of all companies which directly or indirectly own a majority stake in Semperit Aktiengesellschaft Holding, and finally the members of the Management Board of B&C Privatstiftung and the close relatives of these Management and Supervisory Board members and managing directors.

The following fully-consolidated companies – Semperflex Asia Corp. Ltd., Semperform Pacific Corp. Ltd., Siam Sempermed Corp. Ltd., Shanghai Semperit Rubber & Plastic Products Co. Ltd., Shanghai Sempermed Gloves Co. Ltd. and Semperflex Shanghai Ltd. undertake business transactions with our joint venture partner Sri Trang Agro Plc under established market conditions. Sempertrans Best (Shandong) Belting Co. Ltd. undertakes business transactions with the joint venture partner Wang Chao Coal & Electricity Group, the non-controlling co-partner of these subsidiaries, under established market conditions. Furthermore, insignificant business transactions were carried out with related parties and individuals at prevailing market rates.

Information with regard to the remuneration paid to the Management Board is contained in point 5.4. The remuneration for the Supervisory Board for the 2009/2010 financial year was calculated on the basis of fixed remuneration and variable components. During the year under view, remuneration paid to the Supervisory Board amounted to TEUR 96 (previous year: TEUR 88). There are no further business relationships with these individuals.

10.2 Other disclosures

There are no significant events requiring disclosure after the balance sheet date.

Vienna, March 1, 2011

The Management Board

Rainer Zellner Chairman	Thomas Fahnemann Deputy Chairman	Richard Ehrenfeldner	Richard Stralz

Report of the independent auditor

We have audited the accompanying consolidated financial statements of Semperit Aktiengesellschaft Holding Vienna, as found on pages 55 to 100 of this Annual Report, for the financial year from January 1, 2010 to December 31, 2010. These consolidated financial statements comprise the consolidated balance sheet as at December 31, 2010, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated cash flow statement and the consolidated statement of changes in equity for the year ending December 31, 2010, as well as the summary of significant accounting and valuation policies and notes to the consolidated financial statements.

Management's responsibility for the consolidated financial statements and accounting

The legal representatives of the company are responsible for Group accounting as well as the preparation and fair presentation of the consolidated financial statements to give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group in accordance with International Financial Reporting Standards as adopted by the EU. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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

Our responsibility is to express an opinion on these consolidated financial statements based in our audit. We conducted our audit in accordance with binding legal regulations in Austria, and with the International Standards on Auditing (ISAs) issued by the International Auditing and Assurance Standards Board of the International Federation of Accountants. These standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

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

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

Opinion

Our audit did not give rise to any objections. Based on the results of our audit, the consolidated financial statements, do, in our opinion, correspond to prevailing legal regulations and give a true and fair view, in all material respects, of the financial position of the Group as at December 31, 2010, and of its financial performance and cash flows for the financial year from January 1, 2010 to December 31, 2010 in accordance with International Financial Reporting Standards (IFRS) as adopted in the EU.

Comments on the Group Management Report

Laws and regulations applicable in Austria require us to perform audit procedures to determine whether the consolidated management report on pages 29 to 53 is consistent with the consolidated financial statements, and whether the other disclosures made in the consolidated management report do not give rise to misconception of the position of the Group. The auditor's report also has to contain a statement as to whether the Group management report is consistent with the consolidated financial statements and whether the disclosures pursuant to Section 243a of the Austrian Commercial Code (UGB) are appropriate.

In our opinion, the Group management report is consistent with the consolidated financial statements and the disclosures are in accordance with Section 243a of the Austrian Commercial Code (UGB).

Vienna, March 1, 2011

Deloitte Audit
Wirtschaftsprüfungs GmbH

Leopold Fischl m.p.	Thomas Wagner m.p.
Certified Public Accountant	Certified Public Accountant

Any publication or reproduction of the consolidated annual financial statements containing our audit opinion may only be done in the form of the version that was audited by us. This audit opinion exclusively refers to the complete, German-language version of the consolidated financial statements and notes along with the Group management report. In case of deviations, the regulations stipulated in Section 281 Para. 2 Austrian Commercial Code (UGB) apply.

Success is in the details:
Surgical gloves by Semperit

FINANCIAL STATEMENTS OF SEMPERIT AG HOLDING

Balance sheet

as at December 31, 2010

Assets

in TEUR	31.12.2010	31.12.2009
Intangible assets	45	43
Tangible assets	79	101
Financial assets	71,724	69,258
Non-current assets	**71,847**	**69,403**
Receivables from affiliated companies	27,549	33,743
Other receivables and assets	6,021	1,016
Cash in banks	2,770	122
Current assets	**36,339**	**34,881**
Deferred charges	334	190
Assets	**108,521**	**104,474**

Equity and liabilities

in TEUR	31.12.2010	31.12.2009
Share capital	21,359	21,359
Capital reserves	21,540	21,540
Statutory retained earnings	999	999
Net retained earnings	26,843	24,400
Equity	**70,740**	**68,298**
Untaxed reserves	**2**	**1**
Provisions	**33,278**	**31,093**
Trade payables	95	234
Liabilities to affiliated companies	3,979	4,028
Other liabilities	427	820
Liabilities	**4,500**	**5,082**
Equity and liability	**108,521**	**104,474**
Bank guarantees and other contractual obligations	1,499	1,390

Income Statement

for the 2010 financial year starting January 1, and ending December 31, 2010

in TEUR	2010	2009
Revenue	7,066	7,037
Other operating income	894	775
Personnel expenses	–9,816	–6,055
Depreciation and amortisation	–52	–51
Other operating expenses	–3,178	–4,966
Earnings before interest and tax (EBIT)	**–5,086**	**–3,260**
Income from participations	29,764	26,730
Interest results	10	203
Other financial results	205	197
Financial results	**29,979**	**27,130**
Earnings before tax (EBT)	**24,894**	**23,869**
Income taxes	1,208	–13
Profit for the year	**26,102**	**23,857**
Allocations to untaxed reserves	0	–1
Profit carried forward	741	545
Net profit	**26,843**	**24,400**

The annual financial statements of Semperit AG Holding, prepared in accordance with Austrian accounting principles and granted an unqualified opinion by Deloitte Audit Wirtschaftsprüfungs Gmbh, as well as the accompanying documentation will be submitted to the Commercial Register of the Vienna Commercial Court under the commercial register number 112544 g. The annual financial statements can be requested from Semperit Aktiengesellschaft Holding, Modecenterstraße 22, 1030 Vienna at no charge, and are also available at the Annual General Meeting.

The Management Board proposes to the Annual General Meeting that a dividend of EUR 1.25 per share is to be distributed from the net profit of TEUR 26,843, and that the remaining amount is to be carried forward.

Vienna, March 1, 2011

The Management Board

Rainer Zellner
Chairman

Thomas Fahnemann
Debuty Chariman

Richard Ehrenfeldner

Richard Stralz

Statement pursuant to section 82 (4) Austrian Stock Exchange Act

We confirm to the best of our knowledge that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the group as required by the applicable accounting standards and that the group management report gives a true and fair view of the development and performance of the business and the position of the group, together with a description of the principal risks and uncertainties the group faces.

We confirm to the best of our knowledge that the separate financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the parent company as required by the applicable accounting standards and that the management report gives a true and fair view of the development and performance of the business and the position of the company, together with a description of the principal risks and uncertainties the company faces.

Vienna, March 1, 2011

The Management Board

Rainer Zellner
Chairman
(Finance, Law, PR and IR,
Technical Engineering)

Thomas Fahnemann
Debuty Chairman
(Strategy, M&A, Purchasing,
Human Resources)

Richard Ehrenfeldner
Member of the
Management Board
(Production, Quality
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Richard Stralz
Member of the
Management Board
(Marketing and Sales)

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We have prepared this Annual Report and verified the information contained in it with the greatest possible care. In spite of this, rounding, typesetting and printing errors cannot be ruled out. Rounding of differences in the totalling of rounded amounts and percentages may arise from the automatic processing of data.

The forecasts, plans and forward-looking statements contained in this report are based on the knowledge and information available and the assessments made at the time that this report was prepared. As is true of all forward-looking statements, these statements are subject to risk and uncertainties. As a result, the actual events may deviate significantly from these expectations. No liability whatsoever is assumed for the accuracy of projections or for the achievement of planned targets or for any other forward-looking statements.

Statements referring to people are valid for both men and women.
This Annual Report was prepared in German and English. In case of doubt, the German version shall take precedence.

INFORMATION ON THE SEMPERIT SHARE

International Securities Identification Number (ISIN)	AT0000785555
Share price low 2010 in EUR	25.94
Share price high 2010 in EUR	39.67
Share price at December 31, 2010 in EUR	39.59
Market capitalisation as at December 31, 2010 in EUR million	814.50
Earnings per share 2010 in EUR	2.21

FINANCIAL CALENDAR

122nd Annual General Meeting	April 14, 2011
Ex-dividend day	April 19, 2011
Dividend payment	April 22, 2011
Report on the 1st Quarter 2011	May 10, 2011
Half-year financial report 2011	August 9, 2011
Report on the 1st–3rd Quarter 2011	November 15, 2011

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