

REPORT FOR THE FIRST HALF-YEAR

2012

1 January to
30 June

Q2



SURTECO

SOCIETAS EUROPAEA

SPECIALISTS
FOR SURFACE
TECHNOLOGIES

OVERVIEW

SURTECO GROUP

Q2

€ 000s	1/4/-30/6/ 2011*	1/4/-30/6/ 2012	Variation in %
Sales revenues	103,627	103,650	-
of which			
- Germany	32,394	31,444	-3
- Foreign	71,233	72,206	+1
EBITDA	13,572	12,988	-4
EBITDA margin in %	13.1	12.5	
EBIT	8,310	7,329	-12
EBIT margin in %	8.0	7.1	
EBT	3,849	5,762	+50
Consolidated net profit	2,573	3,974	+54
Earnings per share in €	0.23	0.36	+57

Q1-2

	1/1/-30/6/ 2011*	1/1/-30/6/ 2012	Variation in %
Sales revenues	211,585	210,922	-
of which			
- Germany	68,913	68,184	-1
- Foreign	142,672	142,738	-
EBITDA	31,766	26,525	-16
EBITDA margin in %	15.0	12.6	
EBIT	21,136	15,475	-27
EBIT margin in %	10.0	7.3	
EBT	12,586	11,480	-9
Consolidated net profit	8,145	7,801	-4
Earnings per share in €	0.74	0.70	-5

	30/6/2011*	30/6/2012	Variation in %
Net financial debt in € 000s	132,824	124,695	-6
Gearing (level of debt) in %	64	56	-12
Equity ratio in %	45.5	47.1	+4
Number of employees	2,076	2,000	-4

	31/12/2011	30/6/2012	Variation in %
Net financial debt in € 000s	125,786	124,695	-1
Gearing (level of debt) in %	58	56	-3
Equity ratio in %	44.9	47.1	+5
Number of employees	2,005	2,000	-

* Adjusted on the basis of IAS 8

DEAR SHAREHOLDERS, PARTNERS AND FRIENDS OF OUR COMPANY

DEVELOPMENT OF THE GLOBAL ECONOMY IS A CAUSE FOR CONCERN

The International Monetary Fund (IMF) only perceives evidence of a tentative upswing in the global economy during 2012 in the forecast updated in mid-July. This is associated with increasing risks for development in Europe and North America. According to this projection, the global economy is set to expand by 3.5 % during this year. For the eurozone, the deep recession in some EU member states due to the massive government debt has even led some experts to predict negative growth of 0.3 % for 2012. While Germany's economy is likely to expand by 1.0 % on the back of continuing high export levels, the economies in Italy (-1.9 %) and Spain (-1.5 %) are likely to be the cause of increasing concerns as a result of the need for further stringent austerity programmes. Despite stable consumer demand, the recovery in the USA is also more sluggish than initially anticipated with a projected increase of 2.0 %. According to the IMF, Japan can look forward to growth of 2.4 %. The growth dynamic in the emerging economies is also not quite as consistent as in the past. Although China's economic output is predicted to rise again by 8.0 %, the growth rates have been in steady decline over recent quarters. A comparable trend has also emerged for the other BRIC countries: Brazil (+2.5 %), Russia (+4.0 %) and India (+6.1 %). The IMF sees the main risks for further development of the global economy in a deterioration of the debt crisis in the eurozone. The IMF stated that there was a long way to go before the necessary financial stability had been achieved even though a wide range of measures had been announced. The organization emphasized that the consequences of a failure potentially culminating in a collapse

of the European Union were incalculable as far as the real economy was concerned. Although the International Monetary Fund saw some opportunities for a modest upswing for 2013 and global growth of 3.9 %, the risks entailed in achieving the goal had increased in the recent past.

UPSWING IN THE FURNITURE INDUSTRY SLOWS DOWN

The development in the furniture industry and wood-based sector is absolutely crucial in determining the demand for SURTECO products because customers from these branches of industry rank among the main purchasers of SURTECO products. After the German furniture industry posted a strong increase in sales of 7.1 % in the first quarter of 2012 by comparison with the equivalent year-earlier quarter, the dynamic performance ebbed away significantly in the subsequent months. This trend was reflected in the ifo Business Climate Index for the sector, which plummeted in June compared with the previous month. After exports had provided the driving force in the recent past, domestic and foreign demand developed at a similar level in 2012. A positive economic momentum and higher wage settlements boosted private consumption in Germany. Against the background of developments during the first half of the year, the associations of the German wood and furniture industries (VDM and HDH) are continuing to show cautious optimism for the year as a whole and expect an increase in sales of between two and three per cent for 2012.

STABLE BUSINESS DEVELOPMENT FOR SURTECO

Restructuring and raw material costs depress earnings

SURTECO continued the robust sales development of the first quarter and achieved a good result in the marketplace with sales for the half-year at the high level of the equivalent year-earlier period. While sales of the Strategic Business Unit (SBU) Paper eased in the first half of 2012 compared with the first two quarters of 2011, the Strategic Business Unit Plastics increased business output during this period.

The cost of materials and raw materials continued to remain at a high level. During the period under review, these also exerted a negative impact on earnings, as did the provision that had to be put in place for a restructuring project in the Strategic Business Unit Paper.

Restructuring in the Strategic Business Unit Paper

The management of SURTECO SE has decided to cease manufacture of the marginal product CPL foil (multilayer laminate). The measure is projected for completion by the close of the business year. This strategic decision will entail focussing on the growth markets of decorative paper and flat foils.

Minority shareholdings in BauschLinnemann South Carolina purchased

BauschLinnemann North America Inc. Greensboro, USA, which is part of the Strategic Business Unit Paper, acquired 10 % minority shareholdings in BauschLinnemann South Carolina LLC, Myrtle Beach, USA, with effect from 30 April 2012. This brings the holding of SURTECO in the North American specialists for lacquering and coating up to 80 %.

SALES AND MARKETS

SALES FOR THE FIRST HALF-YEAR CONTINUE AT THE LEVEL OF THE PREVIOUS YEAR

Sales of the SURTECO Group at € 210.9 million during the first half of 2012 reached the level of the same period for the previous year (€ 211.6 million). Domestic sales for the first six months eased slightly to € 68.2 million (2011: € 68.9 million). Foreign business of € 142.7 million during the reporting period remained at the level of the previous year. Although business in Asia (-22 %) was still impacted by the closure of the production site in China, gratifying gains were made in North America (+21 %) and provided more than adequate compensation for these setbacks.

STRATEGIC BUSINESS UNIT PLASTICS

The Strategic Business Unit Plastics generated much more than half of sales in the highly competitive product sector of thermoplastic edgebandings. Gains in this area can only be achieved by an innovative product portfolio that is continually refined to meet customers' needs. The Strategic Business Unit Plastics once again rose to this challenge and increased sales of plastic edgebandings by 5 % to € 72.0 million during the course of the first half of 2012. The additional penetration of markets in North America and Russia made a significant contribution to this rise in sales.

Total sales in the plastics segment for the first half-year rose by 2 % to € 122.2 million (2011: € 119.8 million) compared with the equivalent year-earlier period. Foreign sales at € 83.2 million remained virtually at the same level as

in the previous year at € 82.8 million, whereas sales in Germany achieved an increase of 5 % to € 39.0 million (2011: € 37.0 million).

STRATEGIC BUSINESS UNIT PAPER

Sales of the Strategic Business Unit Paper stabilised at the level of the first three months during the second quarter of the current business year. However, sales for the first half-year at € 88.7 million fell back by 3 % or € 3.1 million by comparison with sales in the equivalent period in the previous year. Foreign business proved to be very uneven in the first half of 2012. Gratifying sales gains in Eastern Europe (+10 %) and on the American continent (+51 %) compared with declining business in Asia (-26 %) and in the European Union outside Germany (-7 %). Overall, the SBU Paper generated € 59.5 million (2011: € 59.9 million) abroad during the first two quarters. The domestic market achieved sales of € 29.2 million by comparison with € 31.9 million in 2011.

The market for paper-based flat foils is defined by an increasing preference for low-cost pre-impregnated materials rather than fully impregnated flat foils. This situation was highlighted by the fact that business with pre-impregnates increased by 7 % during the first half of 2012 with an equivalent decline in sales of flat foils (-6 %).

EXPENSES

PERSONNEL EXPENSES IMPACTED NEGATIVELY BY RESTRUCTURING MEASURE

The restructuring programme for the Strategic Business Unit Paper is directed towards shutting down a production line operated by BauschLinnemann GmbH at the Buttenwiesen-Pfaffenhofen site and implementing unified administration under the roof of Bausch Decor GmbH. A provision of € 1.7 million was set aside for measures relating to the resulting staff adjustments. This exerted a negative influence on earnings. A collective payscale increase of 3.5 % in wages and salaries from May 2012 and an associated one-off payment for the months January to April generated an additional increase in personnel expenditure. Total personnel expenses in the first half-year of 2012 amounted to € 56.7 million. This represents an increase of € 3.6 million or 7 % more than in the equivalent year-earlier period. The proportion of personnel costs to total output rose by 1.6 percentage points to 26.5 %.

Prices for cellulose rose during the first six months while prices for titanium dioxide remained at an exorbitantly high level. This led to further price increases in the raw papers for technical applications used by the Strategic Business Unit Paper.

The costs for the raw material PVC (polyvinyl chloride) used in the Strategic Business Unit Plastics persisted at the highest level of the year, reached in the middle of the second quarter of 2012. Although costs for ABS (acrylonitrile butadiene styrene), another important intermediate product for the plastics segment, eased significantly at the end of the period under review, this is only likely to be a short-term effect. As a result of these circumstances, the accumulated cost of materials

reached € 99.7 million (2011: € 98.1 million) during the first half of 2012. The cost of materials ratio – the proportion of cost of materials in relation to total output – rose from 46.0 % in the first half of 2011 to 46.5 %.

Other operating expenses amounting to € 32.5 million were held at the level of the previous year (€ 32.1 million).

EARNINGS

The continuing high prices of raw materials and the increased personnel expenses caused by a collective payscale rise and provision for restructuring expenses acted negatively on the operating result (EBITDA). Earnings at € 26.5 million on 30 June 2012 were 16 % below the value of € 31.8 million for the previous year. Although the EBITDA margin remained stable compared with the first quarter of 2012, it fell by 2.4 percentage points to 12.6 % compared with the first half of 2011. EBIT decreased by 27 % compared with the first two quarters of 2011 and reached € 15.5 million. The EBIT margin fell accordingly by 2.7 percentage points to 7.3 %. The significantly improved financial result of € -4.0 million (2011: € -8.6 million) is essentially due to an impairment of € 3.2 million on the package of shares in Pfeleiderer AG, Neumarkt, in the previous year. The pre-tax result (EBT) at € 11.5 million was 9 % below the value of € 12.6 million for the previous year. During the first half-year of 2012, SURTECO generated a consolidated net profit of € 7.8 million (2011: € 8.1 million). This yields earnings per share of € 0.70 (2011: € 0.74) based on 11,075,522 no-par-value shares issued.

NET ASSETS, FINANCIAL POSITION AND RESULTS OF OPERATIONS

The balance sheet total fell by 2 % to € 472.3 million (31 December 2011: € 482.1 million) on 30 June 2012. While current assets fell by € 13.9 million and non-current assets increased by € 4.1 million, current and non-current liabilities posted a decrease of € 16.0 million.

The reduction of financial liabilities (€ 25.3 million) and the dividend payment to shareholders (€ 5.0 million) were key reasons for a reduction in the balance sheet total in the first half of the year compared with 31 December 2011. The working capital rose from € 82.0 million to € 93.2 million due to sales and prices.

Cash and cash equivalents came down by a total of € 24.2 million to € 42.5 million. Net debt improved by € 1.1 million to € 124.7 million (31 December 2011: € 125.8 million). Gearing was reduced by 2 percentage points to 56 % compared with year-end 2011. Shareholders' equity increased by € 6.2 million to € 222.7 million. The equity ratio rose by 2.2 percentage points to 47.1 % by 30 June 2012.

Although earnings before tax are below the equivalent year-earlier figure, cash flow from current

business operations went up by € 9.4 million to € 20.7 million. During the first half-year of 2011, working capital (€ +15.4 million) increased substantially on account of the strong increase in sales. Despite the slightly increased investments, the free cash flow increased by € 8.4 million to € 11.1 million by comparison with the previous year.

CALCULATION OF FREE CASH FLOW

€ 000s	1/1-30/6/ 2011	1/1-30/6/ 2012
Cash flow from current business operations	11,219	20,652
Acquisition of property, plant and equipment	-6,414	-7,770
Acquisition of intangible assets	-2,139	-287
Acquisition of companies	0	-1,498
Cash flow from investment activities	-8,553	-9,555
Free cash flow	2,666	11,097

RESEARCH AND DEVELOPMENT

NEW MARKETS FOR CLADDING ELEMENTS

The cladding element vinyPlus from Vinylit Fassaden GmbH – a company in the Strategic Business Unit Plastics – is a proven product for new-build and refurbishment. The element is extruded from plastic and coated with a special decorative foil suitable for exterior conditions. The result is an appealing wood-look that is free of maintenance and has a long life span. The company has succeeded in manufacturing these panels from the raw material PVC instead of ABS. The switch is enabling SURTECO to penetrate new markets because an improved brand class has been achieved and this enables higher buildings to be fitted with this cladding element.

The launch of the first samples of a newly developed cladding panel has generated a positive response in the marketplace. This product features a further optimized profile shape and a previously unknown diversity of surface textures with an unprecedented level of detail. This has been facilitated by co-extrusion of the element and an innovative procedure for embossing. The panel is currently being made ready for series production with a variety of designs and different versions of embossing.

The products of SURTECO meet the very highest aspirations for aesthetics and quality, and uniformity of colour within the product range is a key feature for the consistently high quality of the products. This is especially important for follow-up orders. Since decorative prints have no uniform colour surface but feature textures with different colours, the use of technical colorimetric instruments is a major challenge with this product. The decorative print facility of the Strategic Business Unit Paper has resolved this problem and successfully deploys a special colorimetric system. This system informs the printer immediately about any deviations in colour and offers suggestions for correction. The production process is thereby optimized because the colour adjustment is significantly accelerated to meet the aspiration for enhanced quality. Transparent and complete documentation are also provided over the entire production process for purposes of quality assurance.

SURTECO SHARES

The price of the SURTECO share posted a somewhat turbulent performance in the first half of 2012. After the price climbed to a peak of more than € 24 during the first quarter and was still being quoted in April at a high of € 23.59 (25 April) in the second quarter, SURTECO shares lost significant value again following profit-taking in the months of May and June. The share finished trading at € 17.09 on 29 June at the end of the first half of the year and this was virtually the same level as at the close of 2011. The German comparative indexes SDAX and DAX also demonstrated uneven development with some significant fluctuations during the course of the first half of 2012. Both indexes gained around 6 % by the end of the period under review. The SURTECO share climbed to more than € 19 by the deadline for this quarterly report.

The market capitalization of SURTECO SE amounted to € 189.3 million at the end of June 2012 based on an unchanged number of shares at 11,075,522. The percentage of shares in free float continues unchanged at 22.6 %. The medium-term aim of the company continues to be a listing in the SDAX. As far as the relevant criteria of market capitalization (based on free float) and trading volume are concerned, the statistics of the German Stock Exchange (Deutsche Börse) relating to MDAX and SDAX companies indicate that SURTECO is currently ranked in position 115 and 140 respectively. SURTECO would have to be ranked in the top 110 in order to meet the two criteria for inclusion in the SDAX.

January - June 2012

Number of shares	11,075,522
Free float in %	22.6
Price on 2/1/2012 in €	17.10
Price on 29/6/2012 in €	17.09
High in €	24.16
Low in €	16.45
Market capitalization as at 29/6/2012 in € 000s	189,281

Share price performance
January - June 2012 in €

OUTLOOK FOR THE FISCAL YEAR 2012

The deterioration in the crisis in the banking sector and government indebtedness afflicting Europe points towards a further deterioration in the European economy. The dynamic performance in a Chinese market that is accustomed to success is also showing signs of slowing down significantly. A scenario with increasing risks overall should be anticipated for the global economy during the second half of the year.

The management estimates that SURTECO is likely to be subject to restraint in key European sales markets for an extended period of time. We are therefore more reserved in assessing the prospects for performance in the rest of the business year than previously. Achieving the level of sales from the previous year remains our goal.

The performance of earnings continues to be significantly affected by the pressure exerted by the costs of raw materials. No sustainable easing of the situation is perceptible in the markets for the most important raw materials used by SURTECO. Restructuring in the Strategic Business Unit Paper and the associated one-off expenses also impact negatively on earnings. Against this background and a tangible cooling of the economy, achieving the earnings from the previous year is likely to be no longer realistic.

QUARTERLY FINANCIAL STATEMENTS
CONSOLIDATED INCOME STATEMENT
 SURTECO GROUP

(SHORT VERSION)

Q2

REPORT FOR THE FIRST HALF-YEAR 2012 SURTECO SE

€ 000s	Q2		Q1-2	
	1/4/-30/6/ 2011*	1/4/-30/6/ 2012	1/1/-30/6/ 2011*	1/1/-30/6/ 2012
Sales revenues	103,627	103,650	211,585	210,922
Changes in inventories	-659	1,678	1,306	2,403
Own work capitalized	262	563	503	1,078
Total	103,230	105,891	213,394	214,403
Cost of materials	-47,428	-48,416	-98,140	-99,729
Personnel expenses	-27,142	-28,866	-53,101	-56,729
Other operating expenses	-16,058	-16,343	-32,057	-32,540
Other operating income	970	722	1,670	1,120
EBITDA	13,572	12,988	31,766	26,525
Depreciation and amortization	-5,262	-5,659	-10,630	-11,050
EBIT	8,310	7,329	21,136	15,475
Financial result	-4,461	-1,567	-8,550	-3,995
EBT	3,849	5,762	12,586	11,480
Income tax	-1,318	-1,883	-4,452	-3,888
Net income	2,531	3,879	8,134	7,592
Group share (consolidated net profit)	2,573	3,974	8,145	7,801
Non-controlling interests	-42	-95	-11	-209
Basic and diluted earnings per share in €	0.23	0.36	0.74	0.70
Number of shares	11,075,522	11,075,522	11,075,522	11,075,522

STATEMENT OF COMPREHENSIVE INCOME

SURTECO GROUP

€ 000s	Q2	
	1/4/-30/6/ 2011*	1/4/-30/6/ 2012
Net income	2,531	3,879
Difference from currency translation	-2,230	3,709
Financial instruments available-for-sale	-142	-247
Other comprehensive income for the period	-2,372	3,462
Total comprehensive income	159	7,341
Group share	201	7,436
Non-controlling interests	-42	-95

€ 000s	Q1-2	
	1/1/-30/6/ 2011*	1/1/-30/6/ 2012
Net income	8,134	7,592
Difference from currency translation	-3,592	3,749
Financial instruments available-for-sale	667	-179
Other comprehensive income for the period	-2,925	3,570
Total comprehensive income	5,209	11,162
Group share	5,220	11,371
Non-controlling interests	-11	-209

CONSOLIDATED BALANCE SHEET

SURTECO GROUP

€ 000s	31/12/2011	30/6/2012
ASSETS		
Cash and cash equivalents	66,739	42,535
Trade accounts receivable	40,837	48,327
Inventories	61,250	69,628
Current income tax assets	5,641	3,167
Other current assets	12,669	9,499
Current assets	187,136	173,156
Property, plant and equipment	160,200	160,531
Intangible assets	12,065	12,583
Goodwill	112,428	112,854
Investments in associated enterprises	1,804	1,828
Financial assets	638	188
Non-current tax assets	537	537
Other non-current assets	469	1,749
Other non-current financial assets	3,929	5,393
Deferred taxes	2,929	3,479
Non-current assets	294,999	299,142
	482,135	472,298

CONSOLIDATED BALANCE SHEET

SURTECO GROUP

€ 000s	31/12/2011	30/6/2012
LIABILITIES AND SHAREHOLDERS' EQUITY		
Short-term financial liabilities	29,634	3,218
Trade accounts payable	20,117	24,760
Income tax liabilities	2,903	1,865
Short-term provisions	2,175	4,136
Other current liabilities	16,303	20,303
Current liabilities	71,132	54,282
Long-term financial liabilities	162,891	164,012
Pensions and other personnel-related obligations	9,876	9,628
Deferred taxes	21,732	21,694
Non-current liabilities	194,499	195,334
Capital stock	11,076	11,076
Capital reserve	50,416	50,416
Retained earnings	141,920	152,988
Consolidated net profit	12,484	7,801
Capital attributable to shareholders	215,896	222,281
Non-controlling interests	608	401
Equity	216,504	222,682
	482,135	472,298

CONSOLIDATED CASH FLOW STATEMENT

SURTECO GROUP

€ 000s	Q1-2	
	1/1/-30/6/ 2011*	1/1/-30/6/ 2012
Earnings before income tax and non-controlling interests	12,586	11,480
Reconciliation to cash flow from current business operations	14,030	11,998
Internal financing	26,616	23,478
Change in assets and liabilities (net)	-15,397	-2,826
Cash flow from current business operations	11,219	20,652
Cash flow from investment activities	-8,553	-9,555
Cash flow from financial activities	-27,733	-34,917
Change in cash and cash equivalents	-25,067	-23,820
Cash and cash equivalents		
1 January	62,395	66,739
Effect of changes in exchange rate on cash and cash equivalents	-300	-384
30 June	37,028	42,535

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SURTECO GROUP

€ 000s	Retained earnings								Total
	Capital stock	Capital reserve	Fair value measurement for financial instruments	Other comprehensive income	Currency translation adjustments	Other retained earnings	Consolidated net profit	Non-controlling interests	
31 December 2010*	11,076	50,416	1,975	107	-3,509	130,462	21,754	688	212,969
Dividend payout	0	0	0	0	0	0	-9,968	0	-9,968
Net income	0	0	0	0	0	0	8,121	-11	8,110
Other changes	0	0	667	0	-3,592	11,737	-11,737	-10	-2,935
30 June 2011	11,076	50,416	2,642	107	-7,101	142,199	8,170	667	208,176
Adjusted on the basis of IAS 8	0	0	0	0	0	0	24	0	24
30 June 2011 after adjustment	11,076	50,416	2,642	107	-7,101	142,199	8,194	667	208,200
31 December 2011	11,076	50,416	1,953	368	-2,649	142,248	12,484	608	216,504
Dividend payout	0	0	0	0	0	0	-4,984	0	-4,984
Net income	0	0	0	0	0	0	7,801	-209	7,592
Acquisition of non-controlling interests	0	0	0	0	0	-100	0	2	-98
Other changes	0	0	-179	0	3,749	7,598	-7,500	0	3,668
30 June 2012	11,076	50,416	1,774	368	1,100	149,746	7,801	401	222,682

* Adjusted on the basis of IAS 8

SEGMENT REPORTING

SURTECO GROUP

REPORT FOR THE FIRST HALF-YEAR 2012 SURTECO SE

BY STRATEGIC BUSINESS UNITS

Sales revenues				
€ 000s	SBU Plastics	SBU Paper	Recon- ciliation	SURTECO Group
1/1/-30/6/2012				
External sales	122,217	88,705	0	210,922
Internal sales	215	562	-777	0
Total sales	122,432	89,267	-777	210,922
1/1/-30/6/2011				
External sales	119,811	91,774	0	211,585
Internal sales	488	1,470	-1,958	0
Total sales	120,299	93,244	-1,958	211,585

Segment earnings (EBT)		
€ 000s	1/1/-30/6/2011*	1/1/-30/6/2012
SBU Plastics	10,753	9,441
SBU Paper	10,416	6,490
Reconciliation	-8,583	-4,451
EBT	12,586	11,480

SEGMENT REPORTING

SURTECO GROUP

BY REGIONAL MARKETS

Sales revenues SURTECO Group		
€ 000s	1/1/-30/6/2011	1/1/-30/6/2012
Germany	68,913	68,184
Rest of Europe	93,414	91,792
America	23,997	28,728
Asia, Australia, Others	25,261	22,218
	211,585	210,922

Sales revenues SBU Plastics		
€ 000s	1/1/-30/6/2011	1/1/-30/6/2012
Germany	37,009	38,997
Rest of Europe	46,560	46,998
America	17,365	18,711
Asia, Australia, Others	18,877	17,511
	119,811	122,217

Sales revenues SBU Paper		
€ 000s	1/1/-30/6/2011	1/1/-30/6/2012
Germany	31,904	29,187
Rest of Europe	46,854	44,794
America	6,632	10,017
Asia, Australia, Others	6,384	4,707
	91,774	88,705

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (ABBREVIATED)

ACCOUNTING PRINCIPLES

The consolidated financial statements of SURTECO SE for the period ended 31 December 2011 were prepared in accordance with the regulations of the International Financial Reporting Standards (IFRS), as they were adopted by the EU. This interim report as at 30 June 2012 has been prepared in accordance with the International Accounting Standard (IAS) 34 "Interim Financial Reporting". As a matter of principle, the same accounting and valuation principles as in the preparation of the consolidated financial statements for the business year 2011 are applied in drawing up the interim financial report for the half year ended 30 June 2012. If the standards adopted by the IASB had to be applied from 1 January 2012, they were taken account of in this interim report if they exert effects on the SURTECO Group. The mandatory standards and interpretations to be applied as from 1 January 2012 exerted no material effect on the net assets, financial position and results of operations of the Group.

We refer readers to the consolidated financial statements of SURTECO SE for the period ending 31 December 2011 in respect of further information on the details of the accounting and valuation methods used. The Group currency is denominated in euros (€). All amounts are specified in thousand euros (€ 000s).

These interim financial statements and the interim management report have not been audited and they have not been subject to an audit review by an auditor.

GROUP OF CONSOLIDATED COMPANIES

The SURTECO Group interim consolidated financial statements include all domestic and foreign companies which are material for the net assets, financial position

and results of operations in which SURTECO SE holds a direct or indirect majority of the voting rights.

SURTECO France S.A.S., as subsidiary of SURTECO SE, acquired the plastics and veneer edging business of its French competitor Sodimo in Bohal in an asset deal on 4 January 2012. Since the acquisition, the integration is carried in the consolidated financial statements for the first time.

SURTECO intends to continue expanding business in France through the acquisition of the customer base, various long-term tangible assets and inventories. A purchase price of €000s 1,600 was agreed with €000s 200 (fair value) being a conditional payment depending on income. This payment is to be made within a period of 15 months. In accordance with the purchase price allocation under IFRS 3, € 000s 1,360 were allocated to the customer base, € 000s 200 to inventories and € 000s 40 to machinery. No value was attributed to the company name. Other assets and liabilities were not assumed. Goodwill was not identified. The purchase price allocation was carried out in full at the asset values taken over at fair value. The acquired business contributed € 000s 986 to sales and € 000s 76 to the consolidated net profit in the first half of 2012.

On 30 April 2012, BauschLinnemann North America Inc. acquired 10 % of the shares in BauschLinnemann South Carolina LLC. Since this point, 80 % of the shares have been included in the consolidated financial statements.

SUPPLEMENTARY INFORMATION ON THE INCOME STATEMENT / BALANCE SHEET

Expenses for a restructuring programme in the Strategic Business Unit Paper amounting to € 1.7 million were included in personnel expenses for the second quarter of 2012. The corresponding amount was included in short-term provisions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (ABBREVIATED)

DIVIDEND FOR FISCAL 2011

The Annual General Meeting of SURTECO SE passed a resolution on 22 June 2012 to pay out a dividend for the business year 2011 amounting to € 0.45 for each no-par-value share. The payout amounted to a total of € 4,983,984.90.

ADJUSTMENT TO THE CONSOLIDATED FINANCIAL STATEMENTS IN ACCORDANCE WITH IAS 8

A non-standard accounting treatment of special-purpose leasing companies made in the course of drawing up the consolidated financial statements as at 31 December 2011 was adjusted retroactively. All effects were taken account of in the financial statements for 2011. The corresponding quarterly and half-yearly figures for the business year 2011 were adjusted in the report. This is the primary reason for the increase in the net income for the period in the half of 2011 by € 000s 24 (2nd quarter 2011: € 000s 12) to € 000s 8,134 (2nd quarter 2011: € 000s 2,531). Further information on this matter is provided in the consolidated financial statements for SURTECO SE for the period to 31 December 2011, Notes to the Consolidated Financial Statements VIII. "Adjustment to the consolidated financial statements in accordance with IAS 8".

REPORT ON IMPORTANT TRANSACTIONS WITH RELATED PARTIES

During the period under review, the companies of the Group undertook no business transactions with related parties that could have exerted a material influence on the net assets, financial position and results of operations of the Group.

EVENTS AFTER THE BALANCE SHEET DATE

After 30 June 2012 when this Report went to press, there were no other events or developments that could lead to a significant change in the recognition or valuation of individual assets or liabilities.

APPROVAL OF THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR PUBLICATION

The Board of Management has approved this set of interim consolidated financial statements for publication as the result of the resolution of 9 August 2012.

RESPONSIBILITY STATEMENT

To the best of our knowledge, and in accordance with the applicable reporting principles for interim consolidated reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the interim Group review of operations includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group for the remaining months of the financial year.

Buttenwiesen-Pfaffenhofen, 9 August 2012

The Board of Management


Friedhelm Päfgen


Dr.-Ing. Herbert Müller

Calculation of indicators

Cost of materials ratio in %	Cost of materials/Total output
Earnings per share in €	Consolidated net profit/Number of shares
EBIT margin in %	EBIT/Sales revenues
EBITDA margin in %	EBITDA/Sales revenues
Equity ratio in %	Equity/Balance sheet total
Gearing (debt level) in %	Net debt/Equity
Market capitalization in €	Number of shares x Closing price on the balance sheet date
Net debt in €	Short-term financial liabilities + Long-term financial liabilities - Cash and cash equivalents
Personnel expense ratio in %	Personnel costs/Total output
Working capital in €	Trade accounts receivables + Inventories - Trade accounts payable

FINANCIAL CALENDAR

9 November 2012	Nine-month report January - September 2012
30 April 2013	Annual Report 2012
15 May 2013	Three-month report January - March 2013
28 June 2013	Annual General Meeting at the Sheraton Munich Arabellapark Hotel

REPORT FOR THE FIRST HALF-YEAR 2012

TICKER SYMBOL: SUR
ISIN: DE0005176903

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SURTECO

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