REPORT FOR THE FIRST HALF-YEAR

1 January to
30 June

2014
Q2

SURTECO
SOCIETAS EUROPAEA

SPECIALISTS
FOR
SURFACE
TECHNOLOGIES

OVERVIEW
SURTECO GROUP

Q2

€ 000s	1/4/-30/6/ 2013*	1/4/-30/6/ 2014	Δ %	1/1/-30/6/ 2013*	1/1/-30/6/ 2014	Δ %
		Q2			Q1-2	
Sales revenues	99,658	**155,247**	+56	198,393	**315,301**	+59
of which						
- Germany	29,883	**43,689**	+46	62,124	**92,092**	+48
- Foreign	69,775	**111,558**	+60	136,269	**223,209**	+64
EBITDA	13,196	**17,883**	+36	26,398	**39,638**	+50
EBITDA margin in %	13.2	**11.5**		13.3	**12.6**	
EBIT	7,880	**9,545**	+21	15,829	**21,649**	+37
EBIT margin in %	7.9	**6.1**		8.0	**6.9**	
EBT	5,757	**8,212**	+43	11,858	**17,808**	+50
Consolidated net profit	4,053	**6,128**	+51	8,020	**12,830**	+60
Earnings per share in €	0.37	**0.40**	+8	0.72	**0.83**	+15
Number of shares	11,075,522	**15,505,731**		11,075,522	**15,505,731**	

	30/6/2013*	30/6/2014	Δ %	31/12/2013*	30/6/2014	Δ %
Net financial debt in € 000s	101,244	**153,823**	+52	151,216	**153,823**	+2
Gearing (level of debt) in %	45	**50**	+5 pts.	49	**50**	+1 pts.
Equity ratio in %	46.4	**48.5**	+2.1 pts.	49.7	**48.5**	-1,2 pts.
Number of employees	1,931	**2,652**	+37	2,664	**2,652**	-

*Adjusted on the basis of IFRS 11 and IAS 28

DEAR SHAREHOLDERS, PARTNERS AND FRIENDS OF OUR COMPANY

MACROECONOMIC AND SECTOR SPECIFIC FRAMEWORK CONDITIONS

UNEVEN GROWTH OF THE GLOBAL ECONOMY

In its publication "World Economic Outlook", published in July 2014, the International Monetary Fund (IMF) reduced its projection for global growth from +3.6 % in April of this year to +3.4 %. The reasons for this were the impacts arising from the current crises in Ukraine and the Middle East, along with the significantly downgraded forecast for the US economy. Even the moderately improved situation in individual traditional industrial countries was unable to modify the overall picture. The advanced economies are expected to expand this year by 1.8 % (April forecast: 2.2 %), and the emerging economies and developing countries are projected to grow by 4.6 % (April: 4.9 %).

The following picture emerges in the individual global regions. The eurozone continues to be credited with growth of 1.2 % (2014), whereas growth for Germany has once again been slightly increased from 1.7 % to 1.9 %. Compared with the April forecast, growth in France has been downgraded (+0.7 % instead of 1.0 %) and the forecast for Italy has likewise been reduced (+0.3 % instead of 0.6 %). The IMF has significantly downgraded its forecast for the USA in 2014 from the previous level of +2.8 % to just 1.7 % in view of the very weak start to the year occasioned by adverse weather conditions. China remains the engine of growth among the emerging economies and developing countries with projected growth of 7.4 %. Eastern Europe and the Russian economy in particular are being impacted increasingly by sanctions imposed on the country in the context of the Ukraine crisis. In 2014, only minimal growth of 0.2 % (April estimate: +1.3 %) is expected in Russia.

The IMF perceives the main risk factor to be the unpredictable consequences of the crises in Ukraine and the Middle East. Conversely, low inflation and the sustained policy of low interest rates by the central banks are likely to support global economic development for the foreseeable future.

SUSTAINED DEVELOPMENT IN THE FURNITURE INDUSTRY IN 2014

Companies in the furniture and wood-based industry are by far the most important group of customers for the SURTECO Group. The associations of the German wood and furniture industry (HDH and VDM) reported uneven trends for their sectors during the first four months of the year 2014. While sales in the furniture industry eased in January 2014 compared with the equivalent year-earlier period, sales for this market in February and March moved back into positive territory. The month of April saw a further drop in sales by 3 %. Sales in the domestic market lost ground by 3.1 % in April, while revenues abroad eased by 2.6 %. However, overall sales in the furniture industry increased moderately by 1 % in the period from January to April 2014 by comparison with the equivalent year-earlier period. Kitchen furniture posted an increase of 3 % while living-room furniture went up 1 %.

In view of this kind of non-uniform development, furniture industry association VDM currently sees no reason to suppose a general change in trend. Against this background the Association for the German Furniture Industry continues to anticipate only stable sales at the level of the previous year throughout 2014. The VDM currently perceives no positive stimuli in sales markets abroad or in the domestic industry. The emerging trend is continuing unabated whereby the high level of disposable income of consumers in Germany is not primarily being spent on furniture.

SALES AND BUSINESS PERFORMANCE

ACQUISITION AND ORGANIC GROWTH CONTINUE TO BE SALES DRIVERS

During the months from January to June of the current year, the SURTECO Group generated sales revenues amounting to € 315.3 million after € 198.4 million in the corresponding year-earlier period. The rise of 59 % is largely based on the sales revenues of the SÜDDEKOR companies which were taken over in December 2013 as well as on organic growth in the two Strategic Business Units. The sales revenues in virtually all product areas of the SURTECO Group increased compared with year-earlier values. Organic growth adjusted by the SÜDDEKOR business was +2.3 % during the first half-year, although growth in the second quarter was rather weaker than in the first quarter. This accords with the business climate in the German furniture industry, which was also more restrained in the second quarter of the current business year. The capacity utilization of the European wood-based industry tended to be weaker on average, and the sector in the USA also trailed behind expectations. Overall, € 223.2 million (Q1-2 2013: € 136.3 million) were generated in export business so that the share of foreign sales in total sales rose by 2.1 percentage points to the current level of 70.8 % in the first half of 2013. The domestic market generated sales of € 92.1 million, by comparison with € 62.1 million in Q1-2 2013.

STRATEGIC BUSINESS UNIT PLASTICS

Sales revenues of the Strategic Business Unit Plastics at € 114.9 million were slightly below the value of € 116.4 million for the previous year during the first six months of the current business year. However, it is important to take into account that sales for the previous year still included sales amounting to € 4.2 million from cladding business of the Vinylit GmbH sold at the end of 2013. Insofar, the Strategic Business Unit succeeded in achieving organic growth of 2.4 % during the first two quarters of 2014. Sales increases in the product segments skirtings (+11 %), ranges for DIY stores (+10 %), technical extrusions (+7 %) and plastic foils (+3 %) underpin this development. Business with plastic edgings and commercial products for resale was equivalent to the previous year. The biggest growth drivers were posted in Asia (+13 %) and in Europe outside the EU (+9 %). Business transactions in the EU remained at the level of the previous year. In North America, the weak business development experienced at the beginning of the year continued during the second quarter so that sales in the first half of 2014 lost ground by 10 % compared with the previous year. Similar to business in Australia (-6 %), this includes significant negative currency effects. Sales recorded in the national currency in Australia actually increased substantially due to the prospering economy there.

STRATEGIC BUSINESS UNIT PAPER

Sales revenues of the Strategic Business Unit Paper rose by 144 % to the current level of € 200.4 million during the first half of 2014 compared with the equivalent year-earlier value. Drivers for this were the sales of the SÜDDEKOR companies which were acquired in December 2013. The organic growth of the paper sector was 2.2 % following adjustment by the SÜDDEKOR business. As far as the product groups without overlap effects were concerned, sales with fully impregnated finish foils increased by 4 % compared with the first two quarters of 2013, while melamine edgebandings eased slightly by 2 % in the first half of 2014. Sales revenues for decorative printing and preimpregnated finish foils rose strongly by 501 % and 69 % respectively as a result of acquisitions. Products for resale, which essentially related to the business of the design studios acquired, increased by 229 %. Release papers and melamine impregnates are newcomers to the Group's product range and contributed a total of € 51.6 million to sales in the first half of 2014. The acquisition meant that virtually all the country groups posted uniformly high growth rates. Sales in domestic business generated growth of 111 % while export sales went up by 161 %.

EXPENSES

SHIFTS IN PRODUCT MIX WERE REFLECTED IN THE COST OF MATERIALS RATIO

The cost of materials, personnel expenses and other operating expenses of the SURTECO Group amounted to a total of € 285.8 million in the first half of 2014 after € 175.4 million in the previous year. This increase also reflected the contribution made by the companies taken over in December 2013. The biggest expense item was the cost of materials with a volume of € 164.7 million (1st half of 2013: € 89.8 million). The cost of materials also rose by 44.8 % in the previous year to 50.9 % in the first two quarters of 2014. This is explained exclusively by the shifts in the product mix affecting the Strategic Business Unit Paper on the basis of acquisitions. Although the individual raw materials of the two business units referred to remained stable in the first half of 2014, they continued at a high level.

Personnel expenses amounted to € 77.3 million in the first half of the reporting period after € 53.6 million in the previous year. However, the personnel expense ratio fell from 26.8 % in the previous year to 23.9 %.

Other operating expenses also increased from € 32.0 million in 2013 to € 43.9 million in the first half of 2014 on the back of the companies that were taken over.

GROUP RESULTS

The operating result (EBITDA) of the SURTECO Group at € 39.6 million during the first half of 2014 was 50 % above the equivalent year-earlier figure of € 26.4 million. Amortization and depreciation at € 18.0 million was 70 % above the figure for the previous year (€ 10.6 million) on the basis of acquisitions. This combined with the financial result of € -3.8 million, after € -4.0 million in 2013, to increase the pre-tax result (EBT) by 50 % to € 17.8 million (1st half year 2013: € 11.9 million). The consolidated net profit rose by 60 % to € 12.8 million after € 8.0 million in 2013. This yields earnings per share of € 0.83 in the first half of 2014 based on 15,505,731 no-par-value shares issued. In the equivalent year-earlier period, earnings per share amounted to € 0.72 based on 11,075,522 no-par-value shares.

RESULT OF THE STRATEGIC BUSINESS UNITS

Following an improvement in operating processes and an associated increase in efficiency, the Strategic Business Unit Plastics succeeded in mitigating the slightly reduced sales revenues by the sale of the cladding business and generated a pre-tax result (EBT) of € 9.7 million after € 9.3 million in the equivalent year-earlier period.
The takeover of the SÜDDEKOR companies at the end of 2013 was instrumental in raising the pre-tax result of the Strategic Business Unit Paper from € 8.1 million in the previous year to € 12.4 million in the year under review.

NET ASSETS, FINANCIAL POSITION AND RESULTS OF OPERATIONS

Compared with 31 December 2013, the balance sheet total of the SURTECO Group rose slightly by one percent to € 634.8 million. On the asset site, current assets increased by € 15.0 million to € 243.1 million. As a result of the increased business volume, trade accounts receivables went up from € 54.8 million at the end of 2013 to € 79.4 million on the half-yearly balance sheet date. This contrasted with a reduction in cash and cash equivalents by € 12.7 million to the current level of € 38.4 million, which was essentially due to the dividend payment (€ 10.1 million) for the business year 2013. Non-current assets have fallen by € 7.0 million since 31 December 2013 and amounted to € 391.7 million at the end of the second quarter. This is mainly due to scheduled depreciation on property, plant and equipment and amortization on intangible assets.
On the liabilities side, short-term financial liabilities were reduced by € 9.9 million compared with year-end 2013 and amounted to € 45.7 million on 30 June 2014. Trade payables increased during this period by € 15.4 million to € 52.8 million. Overall, current liabilities rose by € 12.4 million to € 139.9 million. Non-current liabilities at € 186.9 million remained at the level of year-end 2013.
The equity ratio fell by 1.2 percentage points to 48.5 % and the gearing (level of debt) increased by one percentage point to 50 %. On the half-yearly balance sheet date net financial debt had increased by 2 % to € 153.8 million.
Free cash flow went up from € 6.2 million in the first half year of 2013 to € 11.1 million during the reporting period. This increase was essentially attributable to the significant increase in earnings.

CALCULATION OF FREE CASH FLOW

€ 000s	1/1/-30/6/ 2013	1/1/-30/6/ 2014
Cash flow from current business operations	**13,219**	**22,059**
Purchase of property, plant and equipment	-6,474	-10,725
Purchase of intangible assets	-272	-229
Acquisition of companies	-281	0
Cash flow from investment activities	**-7,027**	**-10,954**
Free cash flow	**6,192**	**11,105**

RESEARCH AND DEVELOPMENT

The function of the research and development departments in the individual companies of the SURTECO Group encompasses the creation of new products and production procedures, identifying new alternative raw materials and consumables, and continuous improvement of the existing product range. The focus of this work is on advanced development of technical properties for the products and an expansion of the range of decors.

For example, the research and development activity of the Strategic Business Unit Plastics led to advanced developments in the area of skirtings and wall-edging systems during the course of the first half year of 2014. This involved the skirting board systems with integrated cable duct being improved alongside facilitation of flexible assembly. The options for installing the strip are screws, nails or a hot-melt adhesive system developed in-house, which the company supplies as an accessory for professional floor layers. All the choices allow the strip to be installed quickly to the same high standard of quality. The range of decors for skirtings and wall-edging strips was also expanded by additional attractive designs. The visual appearance of the products is therefore precisely matched to the standard decors in the flooring and worktop range.

During the first half of 2014, investments in new digital printing systems further expanded expertise in digital printing in the Strategic Business Unit Paper. High-performance systems were installed at two sites which further simplify the sampling process for decors. This means it is possible to respond faster and more flexibly to customer requirements in decor development and matching colours.

RISK AND OPPORTUNITIES REPORT

SURTECO SE with its Strategic Business Units Plastics and Paper is exposed to a large number of risks on account of global activities and intensification of competition. A detailed description of the Risk Management System is provided in the Risk and Opportunities report included in our Annual Report 2013.

During the first half-year of 2014, there were no significant changes to the risks and opportunities recorded, and no risks were identified which could pose a threat to the continued existence of the company as a going concern.

The overall risk assessment did not essentially change during the first half-year of 2014 compared with the year 2013.

OUTLOOK FOR THE FISCAL YEAR 2014

After restrained business development in the German furniture industry over recent months, SURTECO is not anticipating any significant upswing in its business environment during the second half of 2014. The sector is having to confront weak utilization of capacity in Germany, and economic growth continues to be sluggish in the rest of Europe. The conflict in Ukraine is exerting an increasing impact on business development in Eastern Europe. Further risks are entailed by volatile currencies.

Nevertheless, SURTECO continues to project sales revenues for the Group in the range of € 630 million to € 640 million for the year 2014 and anticipates a significant increase in the pre-tax result (EBT) compared with € 28.1 million in the previous year. Here it should be taken into account that the pre-tax result for the previous year received a positive impetus from a one-off effect of € 13.5 million in the paper segment.

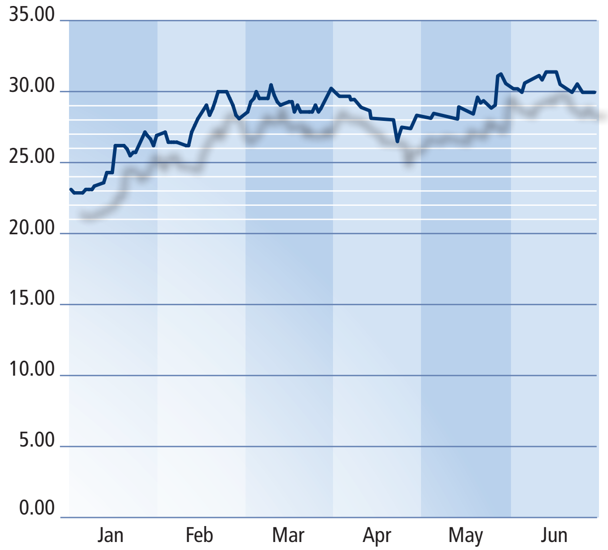
The sales revenues of the Strategic Business Unit Plastics are likely to be slightly below the level for the previous year, although organic growth still results after adjustment for the lack of sales from the divested cladding business at the end of 2013. A significant increase is expected for the segment result (EBT) compared with the previous year. Due to consolidation of the SÜDDEKOR companies, sales at the Strategic Business Unit Paper look set to increase strongly compared with the previous year, and a modest increase in EBT is anticipated. Restructuring expenses arising from the relocation of the printing division of SÜDDEKOR GmbH, Laichingen, to the Buttenwiesen site are not taken into account. The conditions for creation of provisions are not yet in place.

SURTECO SHARES

After a strong start to the first quarter, the SURTECO share also succeeded in posting a further increase in price in the second quarter of 2014. At the beginning of the quarter, the share eased slightly at the start of April before recovering this lost ground in the course of the second quarter and occupied a significantly higher level at the end of the first half of the year than had been the case at the beginning of the year. The share moved in a range from € 22.43 (6 January 2014) and the high of € 31.45 (13 and 16 June 2014). It ended the last day of trading in the reporting period, 30 June 2014, at € 30.05. As the first half of the year progressed, the share price increased overall by 30.4 %. This meant it significantly outperformed the development of the German SDAX Small Cap Index, which rose by 8.8 % within the first half year of 2014. With effect from 24 March 2014, the German Stock Exchange listed SURTECO SE in the SDAX. The key factors for this elevation were the significantly higher market capitalization and the significantly increased trading volume of SURTECO shares.
At the end of June 2014, market capitalization of SURTECO SE amounted to € 465.9 million. The proportion of shares in free float remains unchanged compared with the previous quarter at 45.35 %.

January - June 2014	
Number of shares	15,505,731
Free float in %	45.35
Price on 2/1/2014 in €	22.70
Price on 30/6/2014 in €	30.05
High in €	31.45
Low in €	22.43
Market capitalization as at 30/6/2014 in € 000s	465,947

Share price performance January - June 2014 in €



CONSOLIDATED INCOME STATEMENT
SURTECO GROUP

€ 000s	Q2 1/4/-30/6/ 2013*	Q2 1/4/-30/6/ 2014	Q1-2 1/1/-30/6/ 2013*	Q1-2 1/1/-30/6/ 2014
Sales revenues	**99,658**	**155,247**	**198,393**	**315,301**
Changes in inventories	692	1,599	866	5,441
Own work capitalized	663	1,085	1,155	2,543
Total output	**101,013**	**157,931**	**200,414**	**323,285**
Cost of materials	-45,448	-80,012	-89,821	-164,661
Personnel expenses	-26,901	-39,093	-53,639	-77,266
Other operating expenses	-16,374	-22,122	-31,988	-43,879
Other operating income	906	1,179	1,432	2,159
EBITDA	**13,196**	**17,883**	**26,398**	**39,638**
Depreciation and amortization	-5,316	-8,338	-10,569	-17,989
EBIT	**7,880**	**9,545**	**15,829**	**21,649**
Financial result	-2,123	-1,333	-3,971	-3,841
EBT	**5,757**	**8,212**	**11,858**	**17,808**
Income tax	-1,740	-2,063	-3,870	-4,980
Net income	**4,017**	**6,149**	**7,988**	**12,828**
Group share (consolidated net profit)	4,053	6,128	8,020	12,830
Non-controlling interests	-36	21	-32	-2
Basic and diluted earnings per share in €	0.37	0.40	0.72	0.83
Number of shares	11,075,522	15,505,731	11,075,522	15,505,731

*Adjusted on the basis of IFRS 11 and IAS 28

STATEMENT OF COMPREHENSIVE INCOME

SURTECO GROUP

	Q2		Q1-2	
€ 000s	1/4/-30/6/ 2013	**1/4/-30/6/ 2014**	1/1/-30/6/ 2013	**1/1/-30/6/ 2014**
Net income	**4,017**	**6,149**	**7,988**	**12,828**
Components of comprehensive income not to be reclassified to the income statement	**0**	**-300**	**0**	**-300**
Net earnings from hedging of net investment	-604	-160	-97	-679
Exchange differences translation of foreign operations	-4,434	458	-2,600	-4,563
Financial instruments available-for-sale	-385	-331	-10	-613
Components of comprehensive income to be reclassified to the income statement	**-5,423**	**-33**	**-2,707**	**-5,855**
Other comprehensive income for the period	**-5,423**	**-333**	**-2,707**	**-6,155**
Comprehensive income	**-1,406**	**5,816**	**5,281**	**6,673**
Group share	-1,370	5,795	5,313	6,675
Non-controlling interests	-36	21	-32	-2

CONSOLIDATED BALANCE SHEET
SURTECO GROUP

€ 000s	31/12/2013*	30/6/2014
ASSETS		
Cash and cash equivalents	51,124	38,393
Trade accounts receivable	54,750	79,423
Inventories	102,925	107,782
Current income tax assets	6,503	5,655
Other current assets	12,028	11,163
Assets held for sale	721	721
Current assets	**228,051**	**243,137**
Property, plant and equipment	244,773	238,660
Intangible assets	29,734	26,911
Goodwill	111,330	112,443
Investments in associated enterprises	3,282	3,378
Financial assets	22	23
Non-current tax assets	407	407
Other non-current assets	1,507	1,605
Deferred taxes	7,616	8,274
Non-current assets	**398,671**	**391,701**
	626,722	**634,838**

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* Adjusted on the basis of IFRS 11 and IAS 28

CONSOLIDATED BALANCE SHEET
SURTECO GROUP

€ 000s	31/12/2013*	30/6/2014
LIABILITIES AND SHAREHOLDERS' EQUITY		
Short-term financial liabilities	55,600	45,666
Trade accounts payable	37,479	52,830
Income tax liabilities	1,198	4,448
Short-term provisions	3,330	4,116
Other current liabilities	29,924	32,868
Current liabilities	**127,531**	**139,928**
Long-term financial liabilities	146,740	146,550
Pensions and other personnel-related obligations	10,967	12,003
Other non-current financial liabilities	561	837
Deferred taxes	29,491	27,494
Non-current liabilities	**187,759**	**186,884**
Capital stock	15,506	15,506
Capital reserve	122,798	122,798
Retained earnings	150,887	156,552
Consolidated net profit	21,899	12,830
Capital attributable to shareholders	**311,090**	**307,686**
Non-controlling interests	342	340
Equity	**311,432**	**308,026**
	626,722	**634,838**

* Adjusted on the basis of IFRS 11 and IAS 28

CONSOLIDATED CASH FLOW STATEMENT

SURTECO GROUP

€ 000s	Q1-2 1/1/-30/6/ 2013	 1/1/-30/6/ 2014
Earnings before income tax and non-controlling interests	**11,858**	**17,808**
Reconciliation to cash flow from current business operations	9,789	13,007
Internal financing	**21,647**	**30,815**
Change in assets and liabilities (net)	-8,428	-8,756
Cash flow from current business operations	**13,219**	**22,059**
Cash flow from investment activities	-7,027	-10,954
Cash flow from financial activities	167	-24,154
Change in cash and cash equivalents	**6,359**	**-13,049**
Cash and cash equivalents		
1 January	61,386	51,124
Effect of changes in exchange rate on cash and cash equivalents	-671	318
30 June	**67,074**	**38,393**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SURTECO GROUP

€ 000s	Capital stock	Capital reserve	Retained earnings: Fair value measurement for financial instruments	Retained earnings: Other comprehensive income	Retained earnings: Currency translation adjustments	Retained earnings: Other retained earnings	Consolidated net profit	Non-controlling interests	Total
31 December 2012	**11,076**	**50,416**	**1,260**	**-652**	**-3,998**	**149,748**	**15,028**	**300**	**223,178**
Adjustment on the basis of IFRS 11 and IAS 28	**0**	**0**	**0**	**0**	**0**	**587**	**0**	**0**	**587**
1 January 2013 after adjustment	**11,076**	**50,416**	**1,260**	**-652**	**-3,998**	**150,335**	**15,028**	**300**	**223,765**
Dividend payout	0	0	0	0	0	0	-4,984	0	-4,984
Net income	0	0	0	0	0	0	8,020	-32	7,988
Acquisition of shares of non-controlling interests	0	0	0	0	0	0	0	-281	-281
Other changes	0	0	-12	0	-2,695	9,509	-10,044	0	-3,242
30 June 2013	**11,076**	**50,416**	**1,248**	**-652**	**-6,693**	**159,844**	**8,020**	**-13**	**223,246**
31 December 2013	**15,506**	**122,798**	**767**	**-726**	**-9,331**	**159,792**	**21,899**	**342**	**311,047**
Adjustment on the basis of IFRS 11 and IAS 28	**0**	**0**	**0**	**0**	**0**	**385**	**0**	**0**	**385**
31 December 2013 after adjustment	**15,506**	**122,798**	**767**	**-726**	**-9,331**	**160,177**	**21,899**	**342**	**311,432**
Dividend payout	0	0	0	0	0	0	-10,079	0	-10,079
Net income	0	0	0	0	0	0	12,830	-2	12,828
Other changes	0	0	-613	-300	-5,242	11,820	-11,820	0	-6,155
30 June 2014	**15,506**	**122,798**	**154**	**-1,026**	**-14,573**	**171,997**	**12,830**	**340**	**308,026**

BY STRATEGIC BUSINESS UNITS

Sales revenues

€ 000s	SBU Plastics	SBU Paper	Recon-ciliation	SURTECO Group
1/1/-30/6/2014				
External sales	114,937	200,364	0	315,301
Internal sales	714	475	-1,189	0
Total sales	**115,651**	**200,839**	**-1,189**	**315,301**
1/1/-30/6/2013				
External sales	116,402 *	81,991	0	198,393 *
Internal sales	553	579	-1,132	0
Total sales	**116,955 ***	**82,570**	**-1,132**	**198,393 ***

Segment earnings (EBT)

€ 000s	1/1/-30/6/2013	1/1/-30/6/2014
SBU Plastics	9,331	9,745
SBU Paper	8,074	12,446
Reconciliation	-5,547	-4,383
EBT	**11,858**	**17,808**

*Adjusted on the basis of IFRS 11 and IAS 28

BY REGIONAL MARKETS

Sales revenues SURTECO Group

€ 000s	1/1/-30/6/2013*	1/1/-30/6/2014
Germany	62,124	92,092
Rest of Europe	87,128	148,543
America	29,292	50,641
Asia, Australia, Others	19,849	24,025
	198,393	**315,301**

Sales revenues SBU Plastics

€ 000s	1/1/-30/6/2013*	1/1/-30/6/2014
Germany	35,239	35,366
Rest of Europe	44,618	45,436
America	19,339	16,759
Asia, Australia, Others	17,206	17,376
	116,402	**114,937**

Sales revenues SBU Paper

€ 000s	1/1/-30/6/2013	1/1/-30/6/2014
Germany	26,885	56,726
Rest of Europe	42,510	103,107
America	9,953	33,882
Asia, Australia, Others	2,643	6,649
	81,991	**200,364**

*Adjusted on the basis of IFRS 11 and IAS 28

ACCOUNTING PRINCIPLES

The consolidated financial statements of SURTECO SE for the period ended 31 December 2013 are prepared in accordance with the regulations of the International Financial Reporting Standards (IFRS) as they were adopted by the EU, in the version valid on the closing date for the accounting period. As a matter of principle, the same accounting and valuation principles were used for the preparation of this interim report as at 30 June 2014 as in the preparation of the consolidated financial statements for the business year 2013.
The objective and purpose of interim reporting is to provide an information tool building on the consolidated financial statements and we therefore refer to the standards and interpretations applied in the valuation and accounting methods used in the preparation of the consolidated statements of SURTECO SE for the period ending 31 December 2013 for further information. The comments included in this report also apply to the quarterly financial statements and the half-yearly financial statement for the year 2014 if no explicit reference is made to them.
The regulations of the International Accounting Standard (IAS) 34 "Interim Financial Reporting" for interim financial statements and the German Accounting Standard (DRS) 16 "Interim Reporting (Zwischenberichterstattung)" were applied for this interim report.
Where the standards adopted by the IASB had to be applied from 1 January 2014, they were taken into account in this interim report if they exert effects on the SURTECO Group.
The preparation of the interim report requires assumptions and estimates to be made by the management. This means that there may be deviations between the values reported in the interim report and the actual values achieved.
The mandatory standards and interpretations to be applied for the first time in the business year as from 1 January 2014 exerted no material effect on the net assets, financial position and results of the Group.
IFRS 11 "Joint arrangements" replaces IAS 31 "Interests in joint ventures" and discontinues the previous option of consolidating joint ventures proportionately. The investment in a joint venture will now be reported in accordance with the equity method taking into account the regulations of the amended IAS 28 "Investment in Associates and Joint Ventures". The first-time application of IFRS 11 and IAS 28 is mandatory in the EU for business years which begin on or after 1 January 2014. Earlier application is permissible. The SURTECO Group has been applying these standards since 1 January 2014 taking the transitional regulations into account.

The overall activities of the SURTECO Group are typically not subject to significant seasonal conditions.

The Group currency is denominated in euros (€). All amounts are specified in thousand euros (€ 000s), unless otherwise indicated.

These interim financial statements and the interim 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.

The joint venture company of the Strategic Business Unit Plastics, Canplast Mexico S.A. de C.V., Chihuahua, Mexico, was consolidated proportionately in previous years whereas it is now reported using the equity method in accordance with IFRS 11.

When changing from proportionate consolidation to the equity method, the investment in the joint venture company was recognized at the beginning of the immediately preceding business year (1 January 2013) as the total amount of the book values of the assets and liabilities, which were previously consolidated proportionately by the Group. These are the acquisition costs of the investment in the joint venture company for application of the equity method.
The following adjustments were made in the income statement for the first two quarters of 2013: Reduction of sales revenues by € 000s 819, decrease in EBITDA by € 000s 170, fall in EBIT by € 000s 160 and increase in the financial result by € 000s 160.
The following adjustments were carried out in the balance sheet for the period ended 31 December 2013: Reduction in current assets by € 000s 1,047, rise in non-current assets by € 000s 1,302, reduction in current liabilities by € 000s 130 and increase in equity by € 000s 385. The balance sheet as at 31 December 2012 was adjusted as at 1 January 2013 as follows: Increase in equity by € 000s 587.

This change in the group of consolidated companies does not exert a substantial effect on the net assets, financial position and results of operations of the Group.

FAIR VALUE INFORMATION FOR FINANCIAL INSTRUMENTS

The following table shows the financial instruments reported at fair value and classified according to a fair value hierarchy. The individual levels within the hierarchy are defined as follows:
LEVEL 1 – Unadjusted quoted prices in active markets for identical assets and liabilities, where the entity drawing up the financial statements must have access to these active markets on the valuation date.
LEVEL 2 – Directly or indirectly observable input factors which cannot be classified under Level 1.
LEVEL 3 – Unobservable input factors.

The measurement of financial derivatives is based on the valuations of banking partners. The bankers determine the fair values on the basis of specific assumptions and valuation methods which can take account of the influence of market, liquidity, credit and operational risks and can be derived entirely or partly from external sources and market prices (which are regarded as reliable).

During the course of this reporting period and in the comparison period, there were no reclassifications between the measurement categories or reclassifications within the fair value hierarchy.

In the case of financial instruments which are not valued at fair values but are reported on the basis of other valuation concepts, the fair values correspond to the book values.

€ 000s	Category acc. IAS 39	FAIR VALUE / BOOK VALUE					
		31/12/2013			30/6/2014		
		Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Assets from derivative financial instruments							
with hedge relationship	n.a.	0	0	0	0	0	0
without hedge relationship	FAaFV	0	14	0	0	0	0
Liabilities from derivative financial instruments							
with hedge relationship	n.a.	0	561	0	0	789	0
without hedge relationship	FLaFV	0	0	0	0	14	0

Key to abbreviations

FAaFV	Financial Assets at Fair Value through profit/loss
FLaFV	Financial Liabilities at Fair Value through profit/loss

Further information about the measurement of fair value and about financial instruments is provided in the notes to the consolidated financial statements as at 31 December 2013.

DIVIDEND FOR FISCAL 2013

The Annual General Meeting of SURTECO SE passed a resolution on 27 June 2014 to pay out a dividend for the business year 2013 amounting to € 0.65 for each no-par-value share. The payout amounted to a total of € 10,078,725.15.

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 2014 up to the date when this report went to press, there were no events or developments that would be likely to 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 Management Board has approved this set of interim consolidated financial statements for publication as the result of the resolution of 8 August 2014.

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, 8 August 2014

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

14 November 2014	Nine-month report January - September 2014
30 April 2015	Annual Report 2014
15 May 2015	Three-month report January - March 2015
26 June 2015	Annual General Meeting at the Sheraton Munich Arabellapark Hotel

Q2

Ticker Symbol: SUR
ISIN: DE0005176903

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