ANNUAL REPORT 2013

GROWTH CONNECTS

NORMA Group SE is an international market and technology leader in advanced engineered joining technology. We offer about 30,000 high-quality products and solutions to approximately 10,000 customers. We manufacture a wide range of innovative engineered joining technology solutions in three product categories: Clamp, Connect and Fluid. Headquartered in Maintal near Frankfurt, we operate a worldwide network with 21 manufacturing centres and numerous sales and distribution sites across Europe, the Americas and Asia-Pacific.

Overview of Key Figures 2013

		2013	2012 [1]	Change in %
Order situation				
Order book (31 December)	EUR million	236.7	215.4	9.9
Income statement				
Revenue	EUR million	635.5	604.6	5.1
Gross profit [2]	EUR million	371.4	344.4	7.8
Adjusted EBITA [3]	EUR million	112.6	105.4	6.9
Adjusted EBITA margin	%	17.7	17.4	0.3 Pts.
EBITA	EUR million	112.1	105.1	6.7
Adjusted profit for the period [3]	EUR million	62.1	61.8	0.4
Adjusted EPS	EUR	1.95	1.94	0.5
Profit for the period	EUR million	55.6	56.6	–1.8
EPS	EUR	1.74	1.78	–2.2
Pro-forma adjusted EPS	EUR	1.95	1.94	0.5
Number of shares (weighted)		31,862,400	31,862,400	
Cash flow				
Operating cash flow	EUR million	115.4	96.1	20.0
Operating net cash flow	EUR million	103.9	81.0	28.2
Cash flow from investing activities	EUR million	–43.4	–58.1	25.3
Cash flow from financing activities	EUR million	51.7	–34.1	n/a

		31 Dec 13	31 Dec 12	Change in %
Balance sheet				
Totals assets	EUR million	823.7	691.8	19.1
Total equity	EUR million	319.9	289.2	10.6
Equity ratio	%	38.8	41.8	3 Pts.
Net debt	EUR million	153.5	199.0	–22.9
Employees				
Core workforce		4,134	3,759	10.0

Share data		
IPO		8 April 2011
Stock exchange		Frankfurt Stock Exchange, Xetra
Market segment		Regulated Market (Prime Standard), MDAX
ISIN		DE000A1H8BV3
Security identification number		A1H8BV
Ticker symbol		NOEJ
Highest 2013 [4]	EUR	39.95
Lowest 2013 [4]	EUR	20.75
Year-end share price 31 December 2013 [4]	EUR	36.08
Market capitalisation as at 31 December 2013	EUR million	1,150.0

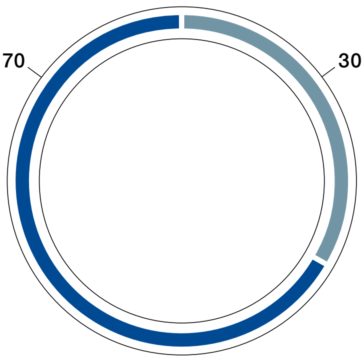
[1] Restated due to effects from the application of IAS 19R.
[2] Revenue including changes in inventories of finished goods and work in progress less raw materials and consumables used.
[3] Adjusted by non-recurring/non period-related costs, restructuring costs, as well as other group and normalised items as well as depreciation from PPA adjustments.
[4] Xetra closing price.

Date of publication:
27 March 2014

Two Strong Distribution Channels – Our Competitive Advantage

DISTRIBUTION OF SALES BY SALES CHANNELS

in %



Engineered Joining Technology 70
Tailored, high-tech products developed to meet specific requirements of individual OEM customers

Distribution Services 30
High-quality standardised brand products for a variety of applications

ENGINEERED JOINING TECHNOLOGY (EJT)

The EJT marketing strategy focusses on customised, engineered solutions which meet the specific application requirements of original equipment manufacturers (OEM). Our EJT products are built on our extensive engineering expertise and proven leadership in the field. We develop innovative, value-adding solutions for a wide range of application areas and markets. No matter whether it's a single component, a multi-component unit or a complex system, all of our products are individually tailored to the exact requirements of our industrial customers. In our experience, once a customer includes one of our engineered joining solutions in their end product, it becomes an integral component of the system.

DISTRIBUTION SERVICES (DS)

In DS, we sell a wide range of high-quality, standardised joining technology products for a broad range of applications through various distribution channels to customers such as distributors, OEM aftermarket customers, technical wholesalers and hardware stores. The DS way-to-market benefits not only from our extensive geographic presence and global manufacturing, distribution and sales capacities, but also from its well-known brands, the customised packaging as well as our marketing expertise and the high availability of the products at the point of sale. We distribute DS products through our own global distribution network and representatives in more than 90 countries. We market our joining technology products under our well-known brand names:

NORMA Group brands

ABA · BREEZE · Clamp-All · CONNECTORS · Gemi · NORMA · R.G.RAY · SERFLEX · serratub · TERRY · Torca

Innovative joining technology and the highest quality standards secured our market position for over 60 years now. We offer solutions for many different industries with our advanced products. In fact, we rank as the world's market and technology leader in the area of joining technology thanks to the personal dedication of roughly 5,000 employees and our intellectual property rights portfolio that consists of more than 850 patents.

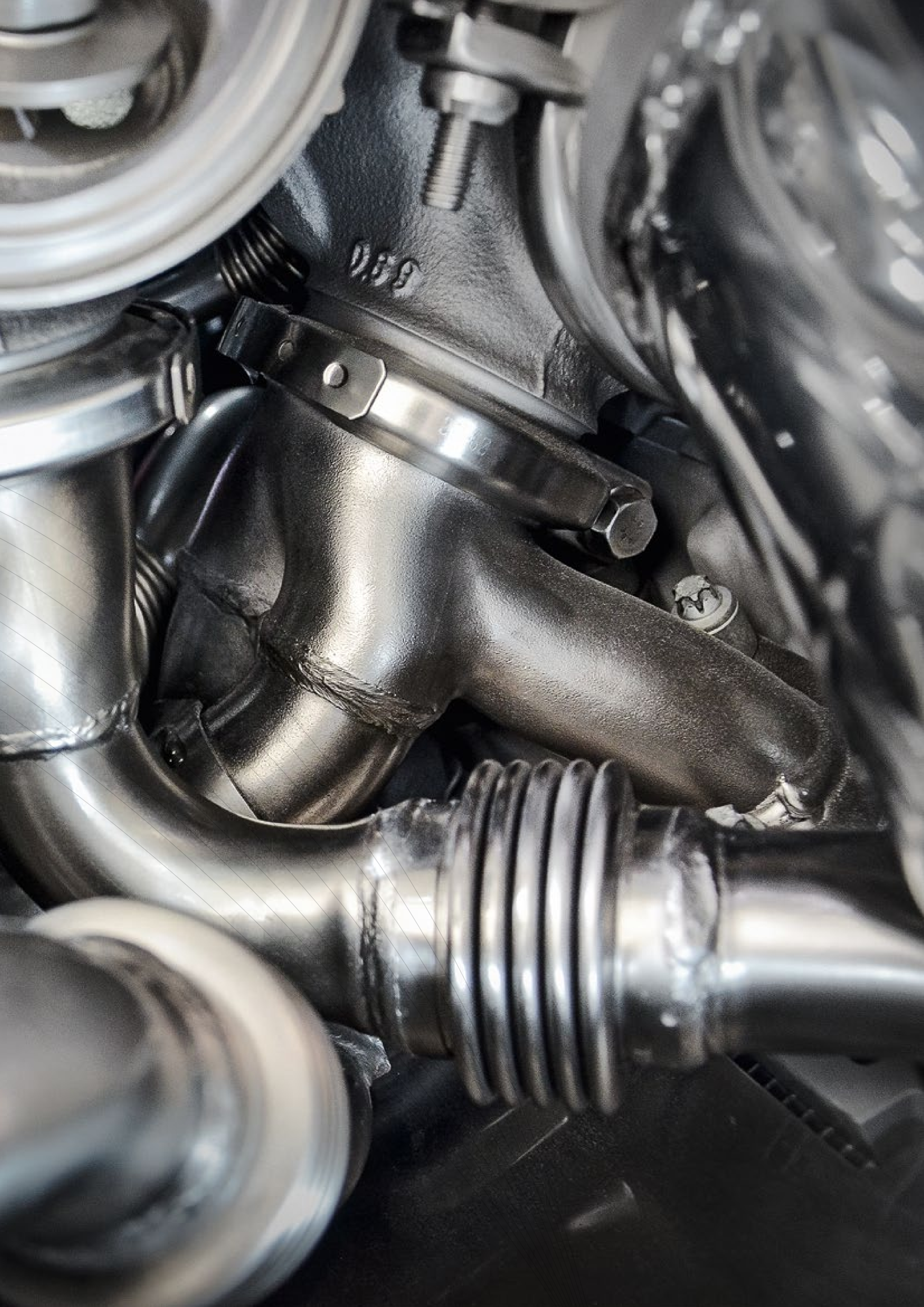
Size

Thanks to the many different fields in which our products and solutions are used, we will have access to high market potential in the long term and thus excellent growth opportunities. Read more on p. 18.


世纪出版集团

Innovation

Our power of innovation and the ability to identify future global trends are important prerequisites to achieve sustained growth. For this reason, we invest around four percent of our EJT sales in Research and Development. We are thus able to continue to develop new products and solutions and strengthen our position as technology leader in the area of joining technology. Read more on p. 28.



Brands

We market many strong and well-known brands through our Distribution Services. By systematically expanding our sales network, we ensure that our products and services are available all over the world. We will also continue to focus on successively expanding in order to address new markets and industries. Read more on p. 36.


13
14
NORMA

Presence

Brazil is one of our key markets in expanding our business in South America. The fifth largest country in the world offers NORMA Group fertile ground for long-term, dynamic growth. We intend to continue to significantly expand our activities in this country in the years to come. Read more on p. 46.

Annual Review 2013

Q1 2013

NORMA Group acquires Davydick & Co. Pty Ltd and strengthens its distribution network in Australia

Market launch of weight-optimized NORMAQUICK connector for cooling water systems

3i sells remaining NORMA Group shares, free float increases to 100 %

NORMA Group was included in the MDAX

Q2 2013

Acquisition of Variant S.A., Poland, and expansion of business activities in Eastern Europe

Acquisition of Guyco Pty Ltd, an Australian distributor of joining products for various industries

Presentation of new high-performance clamp RedGrip at Paris Airshow

NORMA Group earns 'Go Further Award for Business Excellence' from Ford Motor Co.

NORMA Group receives 'Best Technology Innovation Award' from Chinese B2B automobile market place Gasgoo International

NORMA Group receives 'Würth Award for Quality and Reliability of Supply'

Q3 2013

NORMA Group completes conversion into Societas Europaea (SE)

NORMA Group start setting up production in Atibaia, Brazil

NORMA Group secures business for innovative V profile clamp for Japanese car and engine manufacturer

NORMA Group receives major order from leading German vehicle and engine manufacturer for NORMAFLEX fluid systems

NORMA Group expands its product portfolio in the infrastructure division by the pipe connector NORMACONNECT VARIO PIPE

NORMA Group was recognized for quality performance in Thailand by Komatsu

NORMA Group earns '50 PPM-Award' from PACCAR Inc., USA

NORMA Group successfully places promissory note of EUR 125 million

Q4 2013

Market launch of improved ABA Mini clamp for use with thin-walled hoses

NORMA Group receives 'Ford Q1 Award' in Mexico for highest customer satisfaction

NORMA Group achieved 2nd place in the category 'most innovative newcomer' at the European Small and Mid-Cap Awards 2013

NORMA Group receives major orders for fluid line systems and hose clamps in China

NORMA Group obtains large order for its innovative NORMAFLEX fluid pipes from an Italian manufacturer of passenger cars and commercial vehicles

Q1 2014

NORMA Group launches new range of compression fittings for fluid transfer and compressed air transportation

NORMA Group receives 'Best Partner Award' from General Motors Shanghai for high-quality product solutions and excellent logistics

Partial repayment of the original IPO financing from cash inflow of promissory note

NORMA Group receives 'Best Medium Enterprise 2013 Award' in Serbia

Contents

112
Consolidated Financial Statements

194
Further Information

EXPLANATION OF SYMBOLS

* Glossary @ Internet → Cross Reference

Bernd Kleinhens
Board Member
Business Development

Dr. Othmar Belker
Chief Financial Officer
(CFO)

Werner Deggim
Chief Executive Officer
(CEO)

John Stephenson
Chief Operating Officer
(COO)

Letter from the Management Board

Dear shareholders, customers and business partners,

Despite the difficult economic climate, 2013 proved to be yet another good financial year for NORMA Group. We achieved most of our goals and resolutely continued writing our growth story. By making strategic acquisitions and expanding our capacities, we once again managed to lay important milestones for a sustainable positive development last year. And we set new records for both sales and earnings in 2013. We succeeded in achieving significant organic growth, particularly thanks to the dynamic market environment in the fourth quarter, and this makes us look forward to 2014 with optimism.

But let us begin by taking a look back at last year: We managed to increase our sales by 5.1 per cent in 2013 to EUR 635.5 million. EBITDA rose by around 7 per cent to almost EUR 130 million and thus once again exceeded last year's high level. We succeeded in increasing our operational results (EBITA) by nearly 7 per cent to just under EUR 113 million. And with an operational EBITA margin of 17.7 per cent, we again achieved a record level well above the industry average. Despite the payments we made for acquisitions and the dividend, our net debt continued to decline to EUR 138 million (without hedging instruments) last year.

Growth impulses came mainly from the new emission regulations from the EURO-6 Standard, which became mandatory for all newly registered commercial vehicles in the EU in January 2014. The start-ups of engines that this brought had a positive effect on our sales, particularly in the second half of the year.

Furthermore, the acquisitions we made last year also contributed to our growth. We managed to continue driving our strategy of expanding into important growth markets and additional customer industries through strategic acquisitions. We succeeded in strengthening NORMA Group's presence in the Asia-Pacific region by acquiring the two Australian companies Davydick & Co. and Guyco. We also took yet another step into the promising irrigation market that we entered into by acquiring Chien Jin Plastic in Malaysia in 2012.

Construction of our new plant in Brazil marked yet another milestone in expanding our manufacturing in the fifth largest country in the world and strengthening our market position in South America.

By acquiring our sales partner Variant in Poland, we were able to optimise our supply processes and strengthen our position in Eastern Europe.

Last year, we received several large orders for our fluid products, among others from customers in Germany, Italy and China, which only shows that our advanced solutions are in demand all over the world. The many awards we received from our customers and suppliers last year clearly show how satisfied our business partners are. At the same time, they encourage us to continue to meet our high quality standards for our products and processes that we set for ourselves in the future.

Our multi-industry strategy paid off again in 2013. Expanding our global presence and diversifying across many different customer industries will remain important goals in the future and become important growth drivers in the long term.

To also express how international our business is through our legal form, the Annual General Meeting approved of transforming NORMA Group AG into a European stock corporation (Societas Europaea) in May 2013. The new Company structure that took effect in July 2013 will emphasize NORMA Group's open company culture and, at the same time, represents a commitment to our domestic European market.

Since our former major investor, the 3i plc Group, left us in January 2013, the free float of the NORMA Group share is now at 100 per cent. Thanks to the strong interest that international investors have shown and the considerably higher trading volumes compared with the previous year, we managed to advance from the SDAX to the MDAX in March 2013.

Dear shareholders, we are proud to see that NORMA Group now ranks among the 80 largest listed companies in Germany and has established itself as a promising growth value on the international capital markets after only three years of experience with the stock exchange.

Our strong operating performance and confidence in our business is also reflected in the remarkable development of our share, which rose by 72 per cent last year and beat out all of the respective indexes by far. In July 2013, NORMA Group's market capitalisation broke through the billion barrier for the first time ever. In November, our share reached EUR 39.95, the highest level it had ever seen before. At the end of December 2013, our Company was valued at EUR 1.2 billion on the stock exchange, and even continued to increase in value during the first quarter of 2014.

Our good reputation on the capital market, strong balance sheet and solid financial situation represent important success factors for our business that ensure that we receive favourable refinancing opportunities on the international money and capital markets. For example, the promissory note we issued in mid-2013 also met with strong acceptance among international investors. Furthermore, we also benefitted from advantageous framework conditions on the foreign capital markets, which enabled us to secure attractive financing conditions for ourselves. By issuing the promissory note, we were able to further diversify our financing instruments on the one hand and lay an additional foundation for future acquisitions and sustainable growth on the other.

We will continue writing NORMA Group's success story during the current year also. By focussing closely on innovations, we plan to continue meeting our customers' high demands for specific system solutions and thus strengthen our leading market and technological position even further in the future. Continued expansion of our global presence and entry into new industries remain our strategic focuses. We expect to see increased demand for advanced joining technology particularly in the emerging countries in the Asian-Pacific region and South America. We have therefore intensified our activities in these regions.

Stricter emission regulations that also result from climate change present us and our business partners with special challenges. On the one hand, we benefit from these developments because our innovative solutions make a significant contribution to reducing emissions, leakages and the weight of our customers' end products. On the other hand, we also bear a great deal of responsibility for our environment and society. Sustainable and responsible business practices, Corporate Responsibility (CR), is therefore part of securing the future of NORMA Group and an integral component of our Group strategy. We began formulating long-term objectives and central CR-activities back in 2012. In order to anchor these in our Company guidelines more firmly, we published our sustainability strategy on our website at the end of February 2014. We will also continue to work hard on achieving the goals formulated here in the years to come.

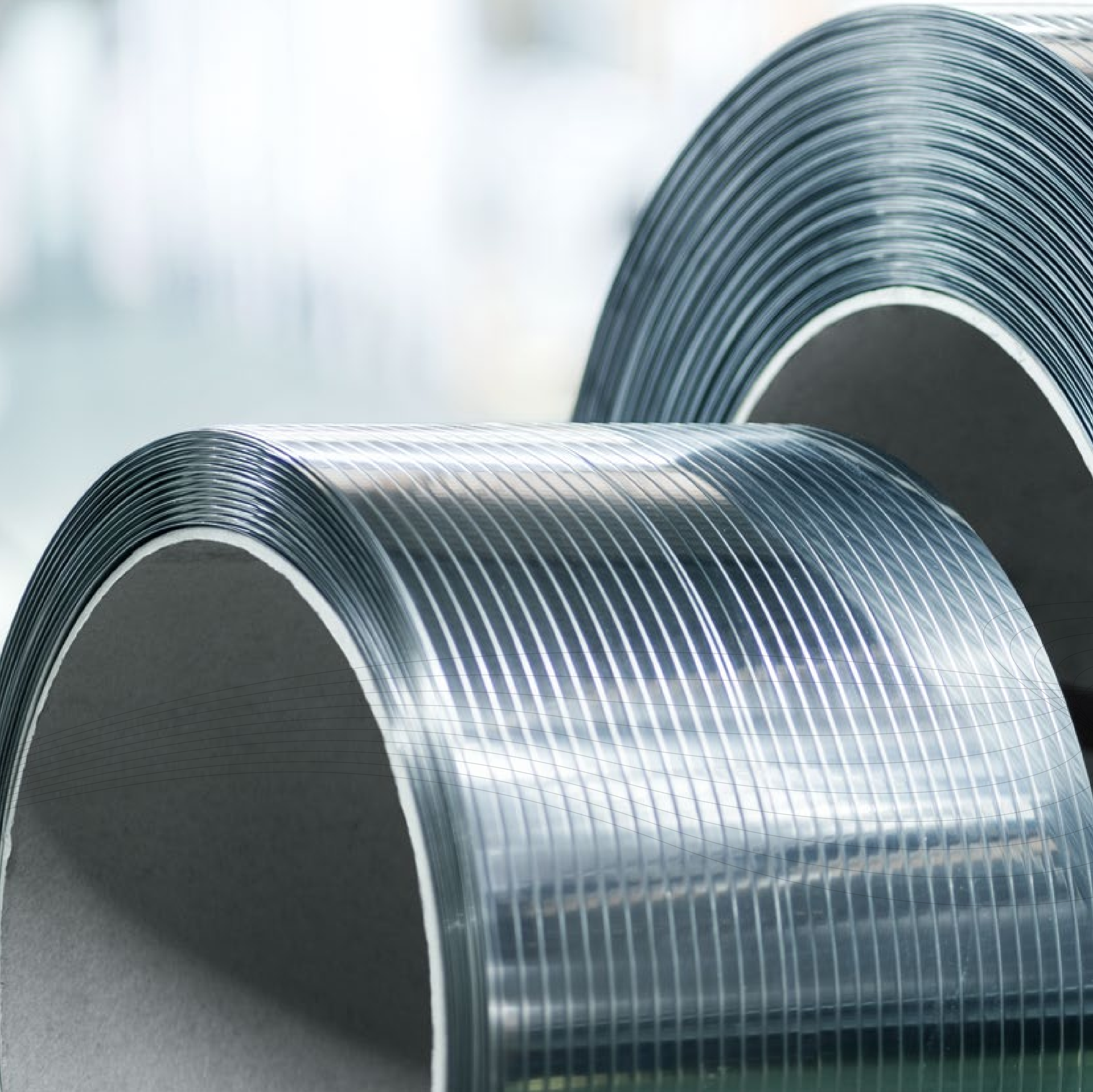
Dear shareholders, we would also like to thank you for the trust you have shown in our Company. We are pleased to have you participate again appropriately in our good net profit that we earned in financial year 2013. For this reason, we will be proposing a dividend of EUR 0.70 for the financial year 2013 at our Annual General Meeting to be held on 21 May 2014. This means we will have increased the dividend again by another EUR 0.05 compared to last year.

Last, but not least, we would like to thank our close to 5,000 employees all over the world who contribute to the success of NORMA Group each day through their hard work. Moreover, we would like to thank our customers and business partners for our good and trusting relationships. We look forward to the months to come and hope you will continue to support us.

Sincerely,

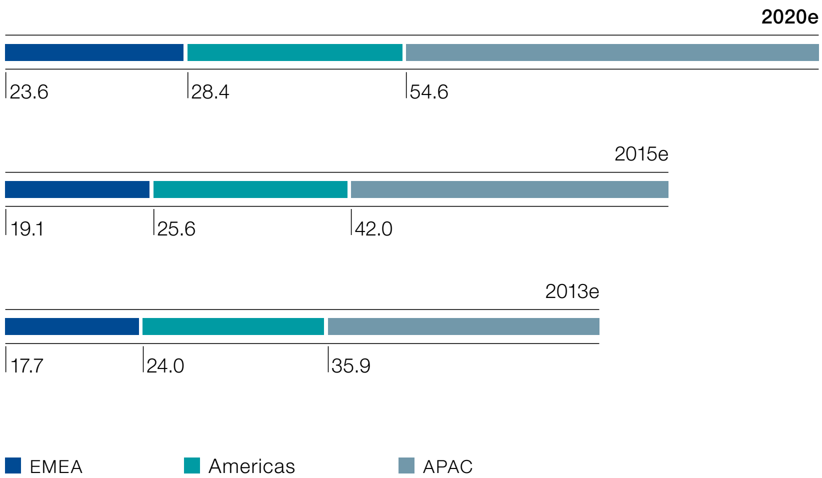
Werner Deggim	Dr. Othmar Belker	Bernd Kleinhens	John Stephenson
CEO	CFO	Business Development	COO

Focus on growth – NORMA Group is only active in industries that are experiencing growth. The demand for mature joining technology remains on the rise, particularly in the emerging economies in the Asia-Pacific region. This will create promising growth opportunities for us.



LIGHT VEHICLE SALES (IN MILLIONS)

Source: LMC Automotive



NORMA**QUICK**® PS 3

"We take advantage of the innovation dynamics in the automotive industry and apply our expertise to other areas in the field of joining technology. We strengthen our position as the world's leading supplier of engineered joining technology by focussing on growth markets, such as the pharmaceutic and biotech industries, but also aviation and the water industry."

Sophie Zhang Finance Controller NORMA China, China

NORMA Group on the Capital Market

- NORMA Group share rises by 72 % in 2013 and beats all indices
- Higher market capitalisation and trading volume pave the way into the MDAX
- Number of private shareholders increased

MONETARY POLICY DECISIONS SHAPE THE TREND ON THE CAPITAL MARKETS

International stock markets performed positively in 2013 over the year as a whole. The important key indices of industrial nations recorded high profits and even reached new record levels in some cases. In contrast, interest on classic low-risk investments such as federal government bonds persisted throughout the year at a very low level. Even the risk premiums on interest for European crisis countries fell over the course of the year, thereby signalling a slow recovery from the debt crisis.

The common currency – the euro – appreciated significantly against important currencies such as the USD, JPY and GBD. In exchange, gold as a 'crisis investment' lost over 25 per cent in value over the course of the year and thus fell to its lowest level in two years.

The monetary policy decisions of industrial nations' central banks were the main driver of these developments. The low interest policy that peaked in November 2013 with the surprising decrease in the European key interest rate to a record low of 25 basis points as well as unlimited bond purchases on the part of the US central bank (FED) boosted international stock markets. A global economic recovery and companies' positive fundamental data also supported this development. At most, the conflict in the Middle East and the impending fiscal cliff in the USA only temporarily curbed capital markets in 2013.

For instance, the indices S&P 500, Eurostoxx 50, Dow Jones and NIKKEI closed in December 2013 with a strong double-digit percentage increase. The leading German index DAX ended the year with a plus of around 26 per cent at 9,552 points. The MDAX recorded a gain of around 40 per cent and closed at 16,574 points.

NORMA GROUP SHARE CONTINUES UPWARD TREND

The share of NORMA Group SE also continued its upward trend in 2013 and rose from EUR 21.00 on 31 December 2012 to EUR 36.085 on 31 December 2013. This corresponds to a year-over-year price increase of around 72 per cent.

NORMA Group's market capitalisation exceeded the billion mark for the first time in July 2013. The NORMA Group share reached its previous peak value of EUR 39.95 on 11 November 2013. On 31 December 2013, the market capitalisation amounted to EUR 1.15 billion (2012: EUR 669.1 million).

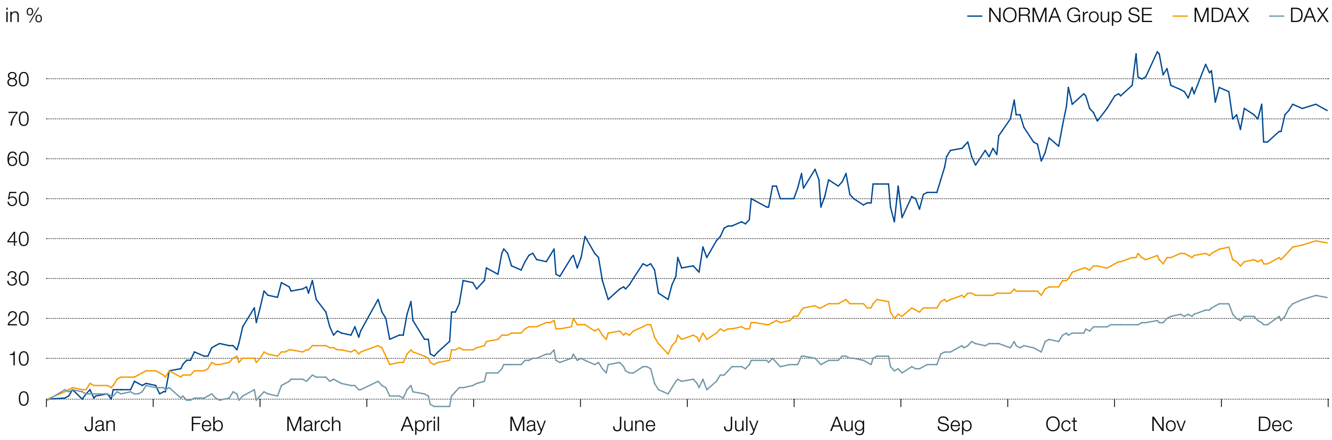
FREE FLOAT OF 100 PERCENT SINCE JANUARY 2013

At the end of 2012, the main shareholders 3i Group plc and funds managed by 3i held around 5.3 million NORMA Group shares. This corresponded to a shareholding of 16.7 per cent. At the beginning of 2013, 3i sold its remaining shares in NORMA Group, thereby decreasing its shareholding to 0 per cent. Since then, 100 per cent of the shares have been widely held.

SIGNIFICANTLY HIGHER TRADING VOLUME

At 86,570 shares per day, the NORMA Group share's average Xetra trading volume was up significantly over the previous year (2012: 54,432 shares) in the period from January to December 2013. The value of the average daily Xetra trading volume was EUR 2.53 million (2012: EUR 1.04 million). Thus, around 98 per cent of all official trading in Germany took place over the XETRA in 2013 (2012: 90.3 per cent).

SHARE PRICE PERFORMANCE INDEXED TO 100 IN COMPARISON TO THE MDAX AND DAX



Trading over alternative platforms also increased considerably year-on-year. An average of 30,656 million shares per day were traded on alternative platforms in the past year (2012: 11,627 shares). This corresponds to around 14.6 per cent of all transactions. An average of 90,870 shares per day (2012: 90,401 shares) exchanged hands through block trades in 2013. This does not include the roughly 10.5 million shares that were traded as part of a private placement of the shares of 3i Group plc.

The total average number of daily traded shares was 209,887 in 2013 (2012: 164,329 shares).

NORMA ADMITTED TO THE MDAX

As a result of the increased trading volume and greater market capitalisation of the widely held stock, the NORMA Group share rose from the SDAX to the MDAX in March 2013. The NORMA Group share ranked 38th in the category of 'free float market capitalisation' in the MDAX in December 2013; it ranked 46th within the MDAX in trading volume.

In addition to the MDAX, the NORMA Group share is also included in the following indices: CDAX, Classic All Share, Prime All Share, DAXsector All Industrial, DAX International 100, DAXsector Industrial, DAXsubsector, All Industrial Products & Services, DAXsubsector Industrial Products & Services, DAXsubsector Industrials, HDAX, MIDCAP MKT PR, MIDCAP MKT TR, Tradegate Indikator.

INSTITUTIONAL INVESTORS

According to the voting rights notifications received in 2013, shares of NORMA Group designated as free floating are held by the following institutional investors:

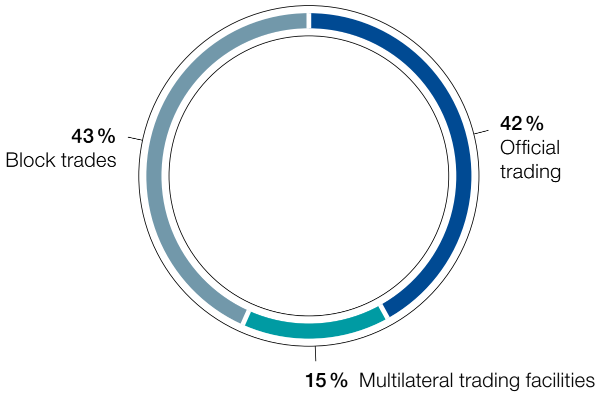
Ameriprise Financial Inc.	9.96 per cent
Allianz Global Investors Europe GmbH	5.75 per cent
Mondrian Investment Partners, Ltd.	5.34 per cent
T. Rowe Price International, Ltd.	3.02 per cent
Blackrock Group Ltd.	3.02 per cent
DWS Investment GmbH	2.98 per cent
BNP Paribas Investment Partners Belgium S.A.	2.98 per cent
Oddo Asset Management S. A.	2.84 per cent

As at 31 December 2013. More information regarding the voting rights can be found on p. 176.

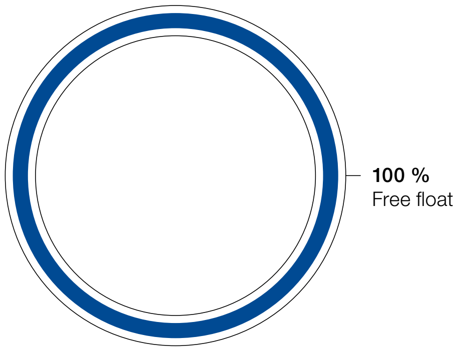
The Management Board and Supervisory Board of NORMA Group SE hold around 2.5 per cent of the shares.

DISTRIBUTION OF TRADING ACTIVITY

Excluding the shares that were traded as part of the private placement of the shares of 3i Group plc in January 2013.



SHAREHOLDER STRUCTURE



International investors increased in significance due to the placement of shares on the part of 3i. In particular investors in the USA increased their investment in our share. The identifiable shareholdings of institutional investors can be broken down by region as follows:

- USA: 24 %
- Germany: 21 %
- United Kingdom: 26 %
- Nordic: 10 %
- France: 12 %
- Rest of the world: 7 %

The number of private investors more than tripled from 623 to 2,149 in the past year. However, private investors only hold 1.53 per cent of all the shares.

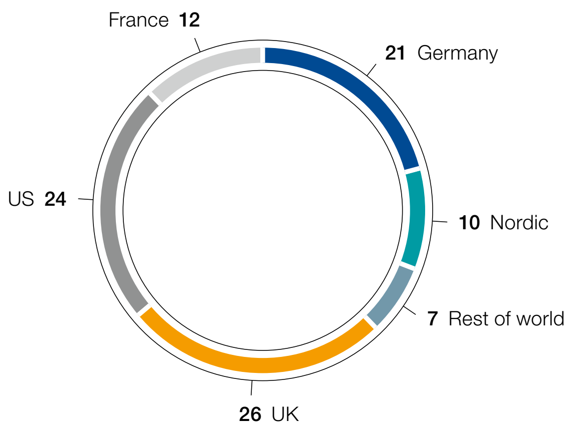
SUSTAINABLE INVESTOR RELATIONS ACTIVITIES

In 2013, we also consistently pursued our goal of increasing the name recognition of NORMA Group SE around the world and cementing and augmenting the perception of the NORMA Group share as an attractive growth value. We supported the strategic orientation of NORMA Group's focus, which is directed on sustainable growth and permanently high margins through continuous, open and reliable communication with institutional investors, private investors and analysts. We intend to further strengthen trust in our share and achieve a realistic and fair valuation.

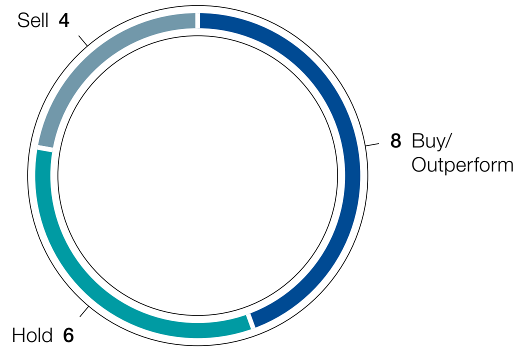
In 2013, we held numerous discussions with institutional investors, financial analysts and private shareholders. We were present at 16 capital market conferences and conducted 34 roadshows in Europe and North America's important financial centres. The Management Board personally attended many of these events and addressed the questions of capital market participants.

FREE FLOAT BY REGION

in %



ANALYST RECOMMENDATIONS



We presented at the following conferences in 2013:

- Commerzbank German Investment Seminar, New York
- Cheuvreux German Corporate Conference, Frankfurt/Main
- Deutsche Bank Small & Mid Cap Conference, London
- Goldman Sachs European Small & Mid Cap Symposium, London
- Deutsche Bank German, Swiss & Austrian Conference, Frankfurt/Main
- Société Générale Mid Caps Conference, Nice
- Exane BNP Paribas German Mid Caps Day, London
- UBS Pan European Small & Mid Cap Conference, London
- Commerzbank Sector Conference, Frankfurt/Main
- HSBC Capital Goods Conference, London
- UBS Best of Germany Conference, New York
- Berenberg/Goldman Sachs German Corporate Conference, Munich
- Baader Investment Conference, Munich
- Exane BNP Paribas, Mid Cap Forum, London
- Analyst & Investor Conference, Frankfurt/Main
- Berenberg European Conference, London

Those interested in receiving our circular letter for investors can register in the investor relations area of our website @ www.normagroup.com. They are informed promptly by e-mail of developments in the Group and automatically receive our regular publications. Furthermore, we publish comprehensive information on the NORMA Group share on our website. In addition to financial reports and presentations that can be downloaded, all important financial market dates and details on how to reach our contact partners can be found there. The teleconferences on our quarterly and annual financial statements are recorded and offered in audio format.

RESEARCH COVERAGE AT A HIGH LEVEL

The number of banks and research companies that accompany NORMA Group rose from 16 to 18 in the past year. We aim to further increase the number of analysts.

As at 31 December 2013, there are 8 recommendations to ‘buy’, 6 to ‘hold’ and 4 to ‘sell’. The average price target was EUR 35.81 at the end of the year and thus around 60 per cent higher than on 31 December 2012 (EUR 22.47).

RESEARCH COVERAGE OF NORMA GROUP SHARE

Baader Bank	Peter Rothenaicher
Bankhaus Metzler	Jürgen Pieper
Bank of America Merrill Lynch	Paul R. Hartley, Bernard Donges
Berenberg	Benjamin Gläser
Close Brothers Seydler	Daniel Kukalj
Commerzbank	Ingo-Martin Schachel
Deutsche Bank	Tim Rokossa
DZ Bank	Jasko Terzic
Exane BNP Paribas	Gerhard Orgonas
Goldman Sachs	Will Wyman
Hauck & Aufhäuser	Philippe Lorrain
HSBC	Jörg-Andre Finke
Kepler Chevreux	Hans-Joachim Heimbürger
LFG Kronos	Thomas Aney
Macquarie	Christian Breitsprecher
MainFirst	Tobias Fahrenholz
NordLB	Frank Schwope
Warburg Research	Christian Cohrs

DEVELOPMENT OF NORMA GROUP SHARE SINCE THE IPO IN APRIL 2011

in EUR

2013 ANNUAL GENERAL MEETING

The second Ordinary Annual General Meeting of NORMA Group AG was held in Frankfurt/Main on 22 May 2013. 11.8 million of the 31.8 million shares with voting rights, i. e. 37.1 per cent, were represented at the meeting. The participating shareholders resolved a dividend of EUR 0.65 per share. This corresponded to a distribution rate of 33.5 per cent based on NORMA Group's adjusted net profit for the financial year of EUR 61.8 million. All other items on the agenda were approved with majorities of more than 98 per cent.

NORMA GROUP RECEIVED NUMEROUS AWARDS

Our 2012 annual report excelled in numerous national and international competitions and received the following awards

manager magazin

In manager magazin's 'Best Annual Report 2013' ranking, we placed 7th in overall scoring out of 50 in the MDAX segment. Thus, we finished directly in the Top 10 of this competitive segment only a short time after the NORMA Group share was admitted to the MDAX with the second annual report since our IPO. Our report took 19th place in the overall comparison of the 160 annual reports examined.

manager magazin's competition is the most comprehensive analysis of annual reports in Germany and Europe as well as one of the largest worldwide. The goal of the competition is to motivate companies to improve the quality of their annual reports in order to better serve the interests of the users of the financial statements.

KEY FIGURES OF THE NORMA GROUP SHARE SINCE THE IPO

	2013	2012	2011	8 April 2011 [1]
Closing price on 31 December (in EUR)	**36.085**	21.00	16.00	21.00 [2]
Highest price (in EUR)	**39.95**	23.10	21.58	n/a
Lowest price (in EUR)	**21.00**	15.85	11.41	n/a
Closing level MDAX as at 31 December [3]	**16,574**	11,914	8,897	10,539
Closing level SDAX as at 31 December [4]	**6,788**	5,249	4,421	5,230
Number of unweighted shares as at 31 December	**31,862,400**	31,862,400	31,862,400	31,862,400
Market capitalisation as at 31 December (in EUR millions)	**1,150**	669.1	509.8	669.1
Average daily Xetra volume				
Shares	**86,570**	54,432	46,393	n/a
EUR million	**2.53**	1.04	1.45	n/a
Earnings per share (in EUR)	**1.74**	1.78	1.19	n/a
Adjusted earnings per share (in EUR)	**1.95**	1.94	1.92	n/a
Dividends per share (in EUR)	**0.70**	0.65	0.60	n/a
Dividend yield (in %)	**1.9**	3.1	3.8	n/a
Distribution rate (in %)	**35.9**	33.5	33.2	n/a
Price-earnings ratio	**20.7**	11.8	13.4	n/a

[1] IPO and first trading day of the NORMA Group share
[2] Issuing price
[3] NORMA Group share in the MDAX since 18 March 2013
[4] NORMA Group share in the SDAX from 8 June 2011 to 17 March 2013

LACP Vision Award Gold

In addition, we received the 'LACP Vision Award Gold' with 98 out of 100 possible points in the category of 'Other Industries' of the League of American Communication Professionals (LACP). More than 6,000 entries from over 24 countries were submitted during this competition, whereby we prevailed against strong international competitors and received the maximum number of points in each of the categories of report cover, letter to shareholders, report narrative and creativity as well as the transparency and accessibility of information.

Annual Report Competition

In the 2013 'Annual Report Competition' (ARC), NORMA Group's annual report was awarded a 'Bronze' certificate in the category of 'Traditional Annual Report: Connection Method' The ARC Award is given annually and honours outstanding achievements with respect to contents and original design. At the same time, it sets the benchmark for the highest standards of quality for annual reports.

GOOD DESIGN Award 2013

The 2012 annual report of NORMA Group SE prevailed against multiple thousand entries from over 48 countries and is among the 700 product and graphic designs from over 38 countries chosen by the jury. The 'GOOD DESIGN Award' is presented every year by the Chicago Athenaeum Museum of Architecture and Design and European Centre for Architecture Art Design and Urban Studies for outstanding design excellence.

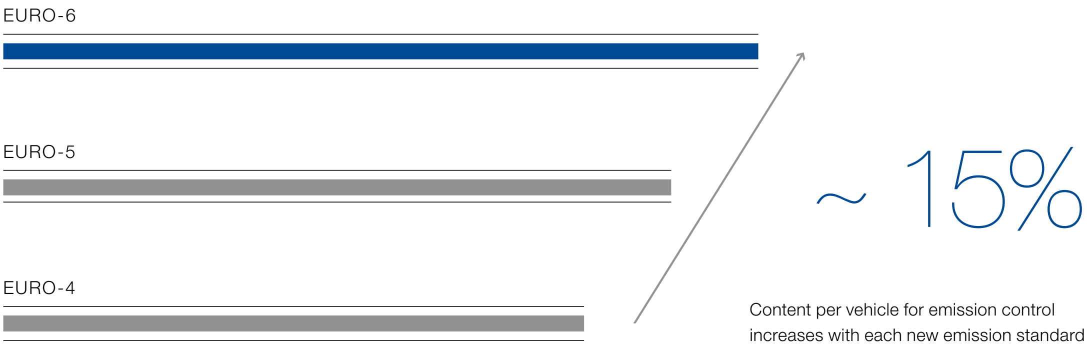
European Small and Mid-Cap Awards 2013

We also took second place in the 'European Small and Mid-Cap Awards 2013' in the category of 'most innovative newcomer.' The award is a common initiative of the European Commission, the Federation of European Securities Exchanges (FESE) and the European Association of Issuers, European Issuers. The goal is to increase the visibility of small and medium-sized enterprises on the capital market.

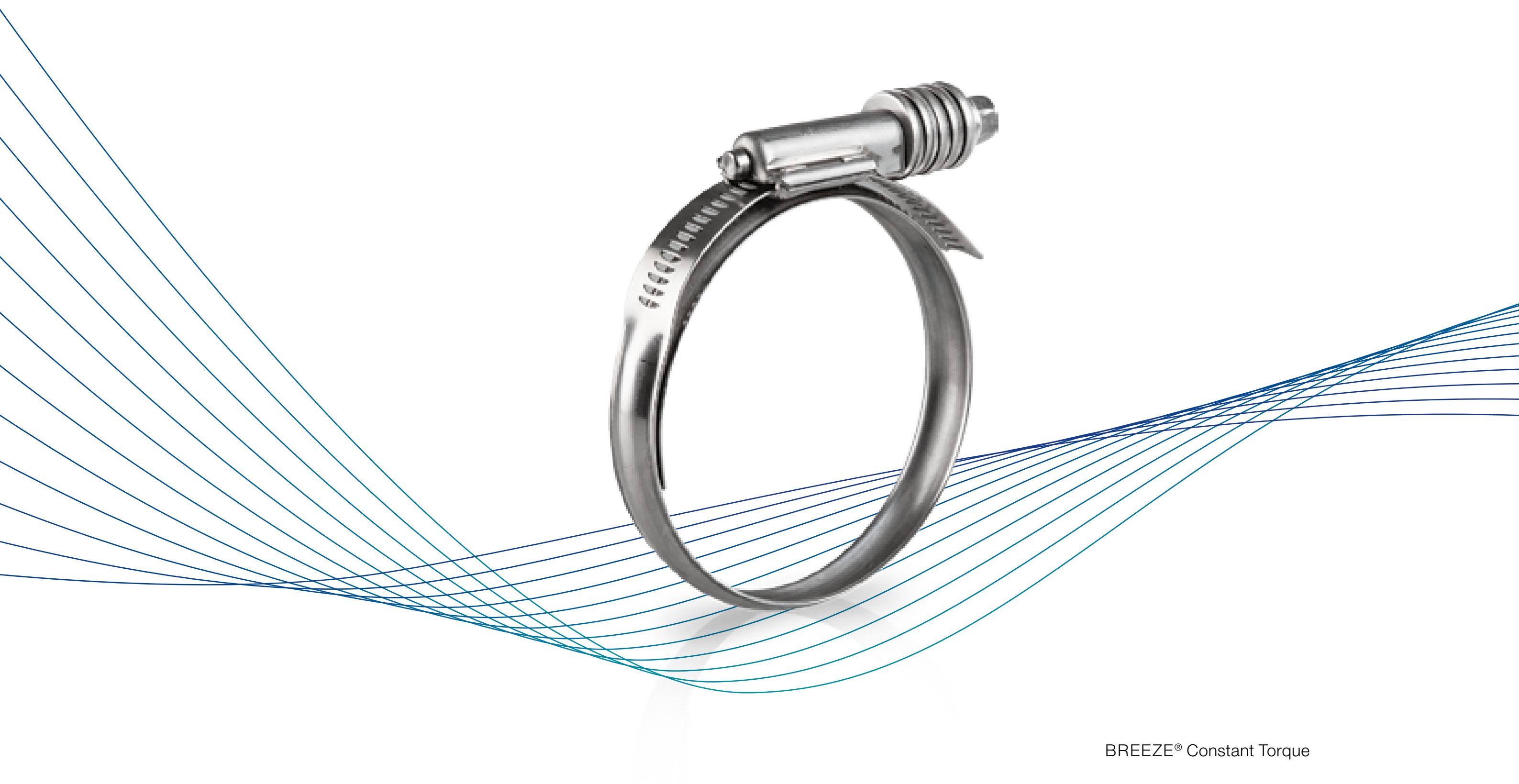
Technology in transition – Effective January 2014, the EURO-6 standard now applies for all new heavy commercial vehicles. Starting in September 2014, the exhaust emission regulation will also be mandatory for newly registered diesel and petrol cars. Increasing government regulation places high demands on vehicle manufacturers and the complexity of their engines – yet another growth driver for NORMA Group and its engineered joining technology.

ADRESSABLE CONTENT – EMISSION STANDARDS

Source: NORMA Group



Content per vehicle for emission control increases with each new emission standard



BREEZE® Constant Torque

"We have been developing innovative, high-performance products for our customers for over 60 years. Thanks to our long years of experience and application know-how, we are the innovation leader in the area of joining technology and continue to set new standards for applications across all industries."

Michael Potts Vice President Sales & Application Engineering NORMA Americas, USA

NORMA Group SE Supervisory Board Report

The Supervisory Board of NORMA Group SE has monitored and advised on the activities of the Management Board in financial year 2013 in accordance with the rules of the German Stock Corporation Act, the German Corporate Governance Code and NORMA Group SE's (and previous to that NORMA Group AG's) Articles of Association. Until the entry of the transformation in the commercial register on 4 July 2013, NORMA Group SE traded as NORMA Group AG with a Supervisory Board comprised of the same members.

The Management Board provides the Supervisory Board with regular written reports on a monthly basis. These reports cover the state of the economy, the business development of NORMA Group SE and the Group as well as the forecast for the current financial year, and give a detailed account of incoming orders, the order book and the development of both sales and earnings compared to the previous year and current targets.

In financial year 2013, NORMA Group AG's Supervisory Board convened for two regular meetings and NORMA Group SE's Board for another two ordinary meetings. Additional Supervisory Board meetings were also conducted as needed via teleconference on short notice.

The Management Board provided extensive information about the current course of business at the Supervisory Board's regular meetings. In particular, all key figures for the Group and the SE were discussed at these meetings and compared to the previous year's figures and current targets. At every meeting, the Management Board provided the Supervisory Board with information concerning the order situation as well as their assessment of the economic outlook, market developments and NORMA Group's competitors. At each regular meeting of the Supervisory Board, the Management Board also presents a risk report in which the probability of occurrence and potential effects of all relevant risks are assessed. This regular risk reporting provides the Supervisory Board with a clear picture of which possible risks could have a negative impact on the Company's cash flows and financial performance. The Supervisory Board worked together with the Management Board to develop measures to avoid the risks that were considered highly relevant and likely to occur. In addition, the Supervisory Board and Management Board discussed NORMA Group's long-term strategic orientation and current M&A projects. In addition to the regularly recurring topics, the Supervisory Board also dealt with the following issues in financial year 2013:

TELEPHONIC SUPERVISORY BOARD MEETING OF NORMA GROUP AG HELD ON 8 FEBRUARY 2013

The members of the Supervisory Board unanimously decided to recommend Erika Schulte as a candidate for election to NORMA Group AG's Supervisory Board. Lars Berg was elected as Vice Chairman of the Supervisory Board and as a member of the General and Nomination Committees.

SUPERVISORY BOARD MEETING HELD ON 26 MARCH 2013 IN MAINTAL

The 2012 annual financial statements and management report of NORMA Group AG as well as the corresponding consolidated financial statements and group management report presented by the Management Board were discussed in detail by the Supervisory Board with the auditors in attendance from the engaged auditing firm, PricewaterhouseCoopers AG. This discussion focused, among other things, on the acquisitions made that year, corporate restructuring in the APAC region and the internal control system. The members of the Audit Committee reported on their in-depth discussion with the auditors on 25 March 2013 regarding various impairment tests and inventory management. The consolidated financial statements of NORMA Group AG were prepared in accordance with section 315a of the German Commercial Code (Handelsgesetzbuch, HGB) on the basis of International Financial Reporting Standards (IFRS). The auditor issued an unqualified opinion for the 2012 annual financial statements and management report of NORMA Group AG as well as for the consolidated financial statements and group management report. The documents pertaining to the financial statements, the Management Board's proposal for the appropriation of net profit and both auditors' reports were submitted to the Supervisory Board. The Supervisory Board accepted the auditor's findings and had no objections.

Dr. Stefan Wolf
Chairman of the Supervisory Board

The Supervisory Board then approved and adopted the annual financial statements of NORMA Group AG as well as the 2012 consolidated financial statements along with the associated management reports. The Supervisory Board also approved the Management Board's recommendation on the utilisation of unappropriated net profits.

The Supervisory Board dealt with NORMA Group's compliance programme, for which current drafts of the code of conduct, the anti-corruption policy and anti-corruption compliance procedures and the conflict of interest review policy were presented, among other things. All members of the Supervisory Board approved the current compliance programme subsequent to the meeting.

The presentation of the current risk management report on the part of the Management Board involved in particular the discussion of a legal dispute in the USA. The Management Board presented various acquisition targets as part of its long-term strategic orientation project. The Supervisory Board discussed various acquisition cases and approved the acquisition of the distribution business of the Polish entity Variant S.A. as well as the acquisition of capital goods in Brazil.

The Supervisory Board discussed the possibility and general terms of a promissory note loan to improve NORMA Group's financing structure and unanimously approved the issue of a promissory note loan with 5, 7 and 10 year tranches.

The Supervisory Board's examination of the efficiency of its activities specified in the German Corporate Governance Code was carried out in the Supervisory Board meeting held on 26 March 2013.

SUPERVISORY BOARD MEETING HELD ON 22 MAY 2013 IN FRANKFURT/MAIN

The Supervisory Board meeting began immediately following the second annual shareholders' meeting of NORMA Group AG with a review of the successfully concluded annual shareholders' meeting.

The detailed discussion of current business developments included in particular the various developments in the various regional segments. The Supervisory Board approved a capital increase on the part of the subsidiary in Serbia, which currently represents new production facilities under construction.

The Management Board presented the possible acquisition of the Australian trading company Guyco under the agenda item 'Strategic Projects and Acquisitions.' The Supervisory Board discussed the determination of the purchase price and potential integration steps. Directly after the meeting, all members of the Supervisory Board approved the acquisition.

The Management Board and Supervisory Board discussed the schedule and general environment for the construction of a production plant in Brazil.

Potential deviations in quality on the part of subcontractors, among other things, were discussed under the topic of risk management.

SUPERVISORY BOARD MEETING OF NORMA GROUP SE HELD ON 20 SEPTEMBER 2013 IN MAINTAL

In the first Supervisory Board meeting after the transformation of NORMA Group AG into an SE (Societas Europaea), the Management Board reported in detail on the Group's business performance in the first eight months of 2013. The subsequent discussion focused, among other things, on an initiative to improve machine security introduced following a recent workplace accident, an initiative to further improve customer satisfaction, current customer complaints and the ensuing customer claims. The preliminary results of ongoing tax audits in overseas were presented and discussed. The influence of a successfully placed promissory note was presented during the financial reporting.

The Supervisory Board was informed of the commencement of an occasion-independent audit by the German Financial Reporting Enforcement Panel (Prüfstelle für Rechnungslegung, DPR) of the annual and quarterly financial statements of NORMA Group AG / SE.

The Management Board reported on the business trend in the APAC region. The Management Board and Supervisory Board discussed the selection criteria for potential acquisition targets and various acquisition approaches in Taiwan and the USA. The Supervisory Board approved the due diligence of various acquisition targets following an in-depth discussion.

The Supervisory Board approved the formation of a lease for the expansion of the Distribution Center North America (Michigan, USA) as well as the exercise of a purchase option on the land and building for the plant and administrative offices in Auburn Hills (Michigan, USA).

The Management Board presented the next steps for further simplifying the Group's corporate structure by reducing the number of intermediate holding companies and introduction of clear regional structures. The Supervisory Board agreed to this reorganisation.

The Supervisory Board of NORMA Group SE unanimously confirmed the composition of the SE's Supervisory Board as previously at NORMA Group AG:

- Chairman of the Supervisory Board: Dr. Stefan Wolf
- Vice Chairman of the Supervisory Board: Lars Berg
- General and Nomination Committee: Dr. Stefan Wolf (Chairman), Lars Berg, Dr. Christoph Schug
- Audit Committee: Dr. Christoph Schug (Chairman), Lars Berg, Knut Michelberger

The Supervisory Board unanimously approved the revision of the by-laws of NORMA Group SE's Supervisory Board as well as the by-laws of its Management Board in their final versions. These were necessary due to the transformation of the Company from a stock corporation into an SE.

SUPERVISORY BOARD MEETING OF NORMA GROUP SE HELD ON 27 NOVEMBER 2013 IN MAINTAL

The Management Board provided the Supervisory Board with the 2014 budget as well as the 2015–2018 medium-term plan. The expected market trend, NORMA Group's business development and key cost items were discussed in detail. This also included the influence of the expansion of production as a result of the construction of new plants currently underway in China and Brazil as well as the expansion of the new plant in Serbia. In addition to cost planning, the balance sheet planning and development of cash flows was discussed in detail. Due to the changes in the external value of the euro, in particular against the US dollar, the exchange rates used in the budget process were adjusted to reflect the expected trend.

The 2014 budget and the medium-term plan for 2015–2018 were approved unanimously by the Supervisory Board.

The Management Board and Supervisory Board discussed the current risk reporting, focussing on issues related to ensuring the capacity for innovation.

The Management Board informed the Supervisory Board on the current status of ongoing M&A projects.

The Supervisory Board approved the formation of a lease for the Russian plant in Togliatti.

The Supervisory Board acknowledged the goal of partially repaying the existing financing from funds received from the newly issued promissory note loan.

Erika Schulte, Dr. Stefan Wolf, Lars Berg, Dr. Günter Hauptmann, Knut Michelberger and Dr. Christoph Schug participated in all Supervisory Board meetings.

The General and Nomination Committee convened once in 2013. The Supervisory Board approved the preparation of contract documents to dispatch a member of the Management Board as the President of the APAC region in 2014.

There were no conflicts of interest between the members of the Supervisory Board and the Company in the 2013 financial year.

In addition to the regular monthly reporting and the Supervisory Board meetings, the Chairman of the Supervisory Board remained in constant contact with the Chairman of the Management Board by telephone and e-mail in the 2013 financial year. This communication dealt with assessments of the Company's economic situation, important transactions and events and the progress of ongoing projects. The Chairman of the Supervisory Board informed the other members of the Supervisory Board of the important and relevant issues discussed by the Chairman of the Supervisory Board and the Chairman of the Management Board by e-mail and by phone.

The Management Board promptly alerted the Supervisory Board of all transactions requiring its approval in the 2013 financial year. The Supervisory Board made all of its decisions on the basis of detailed and well-founded documents.

As the Chairman of the Audit Committee, Dr. Schug regularly reported on the committee's meetings in several Supervisory Board meetings.

The Audit Committee of NORMA Group convened four times in the financial year just ended. In addition, it held three detailed telephone conferences with the auditors concerning the annual audit and how it was to be prepared. Knut Michelberger and Dr. Christoph Schug as the Chairman participated in all meetings of the Audit Committee. Lars Berg was prevented from participating in an ordinary meeting on the subject of Supervisory Board reporting. CFO Dr. Othmar Belker from the Management Board attended the meetings, as did officers of the second management level to advise on technical issues in their areas of responsibility. The auditors Dr. Ulrich Störk and Benjamin Hessel from PricewaterhouseCoopers AG participated in the Supervisory Board meeting to approve the balance sheet as well as in four Audit Committee meetings and/or teleconferences. The Audit Committee accompanied the audit of the annual financial statements and discussed core controls and areas of audit emphasis as well as the preliminary and final results of the audit with the auditors. In addition to an in-depth discussion on the execution and results of the audit of the SE/stock corporation and consolidated financial statements as well as individual accounting issues, the Audit Committee regularly dealt with the risk reporting (including special individual risks from the area of taxes, litigation, the profitability of subsidiaries and quality issues), the compliance system and individual compliance topics, internal auditing, the audit conducted by DPR, the Treasury and financing with a focus on the issue of a promissory note loan, the integration of newly acquired companies and the efficiency of Supervisory Board reporting as well as the detailed analysis of the planning process and budgeting.

In addition to the Audit Committee meetings, the Chairman of the Audit Committee was in regular personal and telephone contact with the CFO and held a separate meeting with the auditors and the CFO to discuss possible areas of emphasis for the audit of the 2013 annual financial statements.

The 2013 annual financial statements for NORMA Group SE presented by the Management Board were audited by the auditing firm PricewaterhouseCoopers AG along with the management report and the corresponding consolidated financial statements and group management report. The auditors were engaged on 14 August 2013.

The consolidated financial statements of NORMA Group SE were prepared in accordance with section 315a of the German Commercial Code (Handelsgesetzbuch, HGB) on the basis of International Financial Reporting Standards (IFRS). The auditor issued an unqualified opinion for the 2013 annual financial statements and management report of NORMA Group SE as well as for the consolidated financial statements and group management report. The documents pertaining to the financial statements, the Management Board's proposal for the appropriation of net profit and both auditors' reports were submitted to the Supervisory Board. The Audit Committee and the Supervisory Board in its entirety thoroughly examined the reports and discussed and scrutinised them in detail together with the auditor. The Supervisory Board accepted the auditor's findings and had no objections.

The Supervisory Board approved the annual financial statements of NORMA Group SE and the 2013 consolidated financial statements together with their respective management reports at its meeting on 26 March 2014. NORMA Group AG's annual financial statements are thereby adopted in accordance with section 172 of the German Stock Corporation Act (Aktiengesetz, AktG). The Supervisory Board approved the Management Board's recommendation on the utilisation of unappropriated net profits at the same meeting.

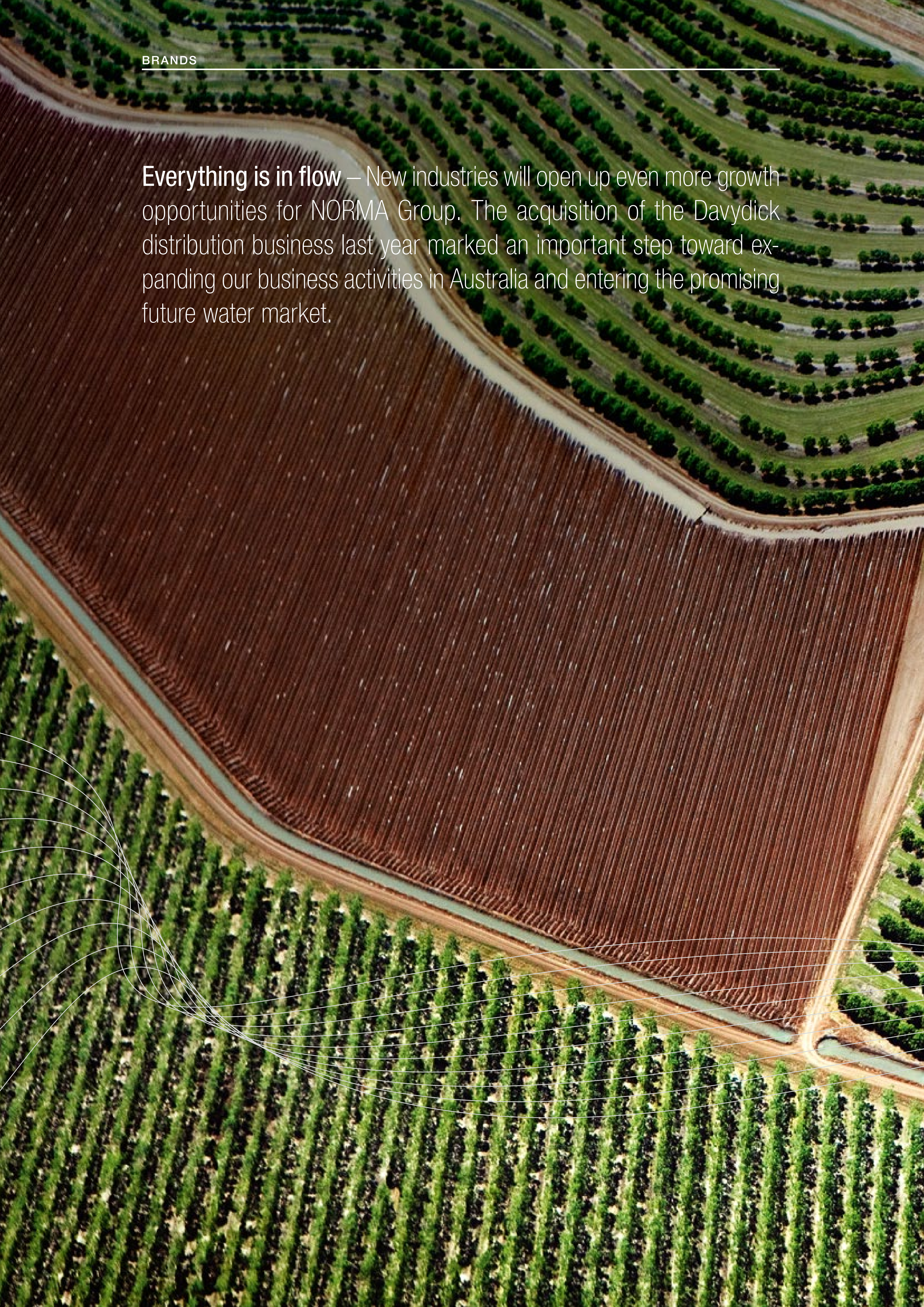
The Supervisory Board dealt with the declaration of conformity with the Corporate Governance Code and issued the version on 4 March 2013. The Supervisory Board had approved the current version on 20 February 2014. NORMA Group SE's declaration of conformity is available on the Company's website at @ www.normagroup.de.

The Supervisory Board would like to thank the Management Board and all employees of NORMA Group SE as well as the Group companies all around the world for their successful efforts in the 2013 financial year. These results would not have been possible without the commitment of all employees. The Supervisory Board considers the successful year 2013 a source of motivation for all of the Group's employees to remain committed to the course in 2014 and contribute to NORMA Group's continued profitable growth.

Dettingen/Erms, 26 March 2014

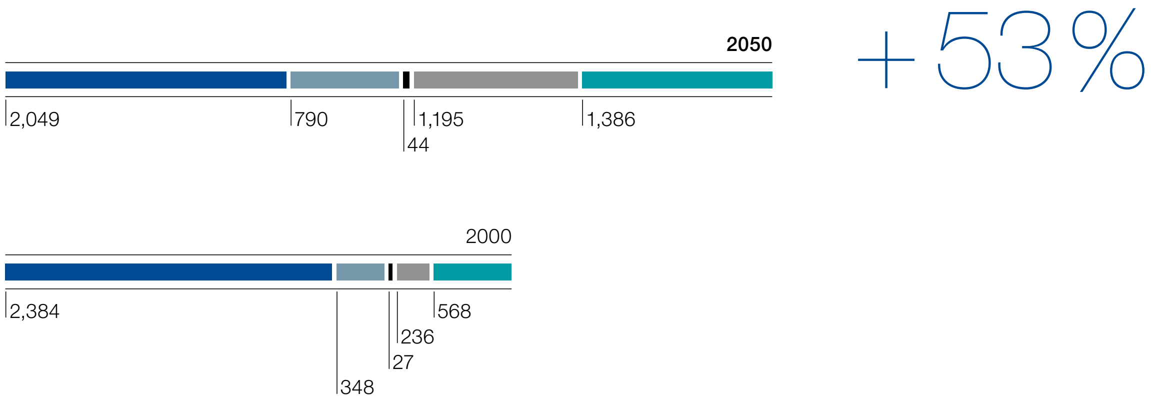
Dr. Stefan Wolf
Chairman of the Supervisory Board

Everything is in flow – New industries will open up even more growth opportunities for NORMA Group. The acquisition of the Davydick distribution business last year marked an important step toward expanding our business activities in Australia and entering the promising future water market.



GLOBAL DEMAND FOR WATER 2000–2050 IN KM³

Sources: OECD, NORMA Group



■ Irrigation ■ Private households ■ Livestock breeding ■ Industry ■ Power generation

NORMA**FLEX**® CVS

“We offer our customers state-of-the-art technology for use in a wide variety of industrial applications. Whether it’s pharmaceuticals, the biotech industry, the water industry, aviation, or agriculture, our brands stand for superior quality and the high performance of our products.”

Jean-Luc Kirmann Director of Application Engineering NORMA EMEA, France

Corporate Governance Report including Declaration of Conformity

Corporate governance ensures the long-term development of NORMA Group and the permanent growth of our Group. We are aware of our economic and social responsibility to our shareholders, employees, business partners and our social environment. Therefore, our corporate management is based on sustainability and transparency. → Corporate responsibility, p 88.

The following is the Management Board's declaration of conformity in accordance with Section 289a of the German Commercial Code (Handelsgesetzbuch, HGB) and section 3.10 of the German Corporate Governance Code. The declaration is part of the group management report.

1. DECLARATION OF CONFORMITY WITH THE GERMAN CORPORATE GOVERNANCE CODE OF THE MANAGEMENT AND SUPERVISORY BOARD OF NORMA GROUP SE

The Supervisory Board and Management Board thoroughly examined which of the German Corporate Governance Code's recommendations and suggestions NORMA Group SE should follow and explains deviations from the recommendations and the reasons for deviating from the Code. The current declaration dated 20 February 2014 as well as the first declaration dated 4 August 2011 and the other declarations dated 9 March 2012 and March 4 2013 are published on NORMA Group's website @ www.normagroup.com.

The declaration dated 20 February 2014 is presented below:

With the following exceptions, NORMA Group SE complies with the recommendations of the German Corporate Governance Code in the financial year 2014 as amended on May 13, 2013, published by the Federal Ministry of Justice in the official section of the Federal Gazette ("Bundesanzeiger") and will continue to comply with the recommendations:

i. **With respect to the compensation of the members of the Management Board, the Supervisory Board does not take into account the compensation of the upper management or the workforce as a whole (Section 4.2.2 German Corporate Governance Code).**

When determining the compensation of the Management Board, the Supervisory Board, advised by an external expert, also took into account the compensation structure of the Company as well as the entire NORMA Group. Due to the NORMA Group's dynamic development, the Supervisory Board has so far not explicitly defined the upper management or the relevant workforce and, therefore, does not take these groups or their development over time into account.

ii. **The remuneration of the Management Board is not capped, either in total or in terms of its variable compensation elements (Section 4.2.3 German Corporate Governance Code)**

The maximum gross option profit from the matching stock programme for the management board is limited in total to a percentage of the average annual EBITA during the vesting period; therefore a relative maximum limit that is dependent on the Company's success is applied rather than a maximum monetary amount.

iii. **Concrete objectives regarding the composition of the Supervisory Board are not set and, therefore, are not published in the corporate governance report. There is no age limit. (Section 5.4.1 German Corporate Governance Code)**

All members of the Supervisory Board will continue to comply with all pertinent legislation related to Supervisory Board nominations for new Supervisory Board and take the professional and personal qualifications of candidates into account, regardless of their gender. Thereby they will take the number of independent members of the Supervisory Board, potential conflicts of interest, the international business of the Company and the diversity of the Supervisory Board into consideration. Because of this, the Company sees no need to set concrete objectives in this area or to introduce an age limit.

iv. **During the transformation of NORMA Group AG into an SE, the members of the Supervisory Board were not chosen in a separate election (Section 5.4.2 German Corporate Governance Code)**

All members of the first Supervisory Board of NORMA Group SE were elected as part of the transformation pursuant to Article 40 para. 2 sen 2 SE VO in accordance with the articles of association to ensure that the resolution on the election of the members of the Supervisory Board could not be challenged separately. Otherwise, the risk could not be ruled out that the Company would have no Supervisory Board or that the Board would have an insufficient number of members after the transformation was entered in the commercial register.

The above declaration applies with regard to the recommendation in Section 4.2.5 para. 3 of the German Corporate Governance Code as amended on 13 May 2013 provided that this new recommendation will be relevant for the first time for compensation reports of financial years starting after 31 December 2013.

2. RELEVANT INFORMATION ABOUT CORPORATE GOVERNANCE PRACTICES

Responsibility, honesty and mutual respect among management and our employees define our corporate culture. We expect our managers and employees to not only comply with mandatory laws and regulations, but also ethical rules. Our compliance documents are our most important resources for demonstrating to our employees their ethical and legal obligations. The central compliance documents, the Code of Conduct and the two fundamental guidelines “Conflicts of Interest” and “Anti-corruption” are binding for all employees of NORMA Group. They are adjusted to reflect changes in legal requirements and current topics as necessary and regularly updated. We train our staff in in-person meetings or online trainings on compliance-related issues. In addition, we analyse our compliance risks as part of internal compliance risk assessments.

The Supervisory Board monitors the Management Board’s adherence to compliance rules. The Compliance Officer of NORMA Group SE performs this function for NORMA Group SE’s employees. In the other Group companies, the Chief Compliance Officer of NORMA Group Holding GmbH is responsible for the observance and administration of the above-mentioned Code for all employees of NORMA Group Holding GmbH and its associated companies. Each Group company with business operations has its own Compliance Officer and the three regional Compliance Officers for the regions EMEA, Americas and Asia-Pacific report to the Chief Compliance Officer. Among other things, the local Compliance Officers organise on-site compliance training measures for the employees. They are also responsible for ensuring that potential violations of compliance rules are reported, investigated, sanctioned, rectified and prevented in the future.

We encourage our employees to report violations of regulations and internal guidelines – skipping the chain of command if necessary – and to recommend measures for improvement. Therefore, we have set up a whistleblower hotline through which employees can report compliance violations anonymously, if desired.

3. RESPONSIBILITIES AND COOPERATION OF MANAGEMENT BOARD AND SUPERVISORY BOARD

NORMA Group SE has a dual management system in which the management, i. e. the Management Board, is monitored by a separate Supervisory Board. The Management Board manages the Company under its own responsibility and determines the strategy, while the Supervisory Board appoints, advises and monitors the Management Board. This model corresponds to the organisation of a traditional German stock corporation. In this regard, no changes were made with the transformation of NORMA Group AG into an SE, which means that responsibilities and functioning of the Supervisory Board and Management Board are continued unchanged after the transformation.

The Management Board provides the Supervisory Board with regular updates about business policies and the position of the Company – in particular the development of sales and transactions that could have a significant impact on profitability or liquidity. The Management Board reports on a monthly basis the key figures of the Group and the current course of business to the Supervisory Board, in particular with regard to the published statements on the expected development of the Company.

The Chairman of the Supervisory Board and the Chairman of the Management Board coordinate the collaboration of the two boards. They also stay in regular contact between Supervisory Board meetings and discuss current corporate governance issues. All members of the Management Board participate in Supervisory Board meetings unless they are closed to the Management Board. The members of the Management Board report in these meetings on the current business development and provide an outlook on the expected further development of NORMA Group on the basis of written documents provided in advance to the Supervisory Board members. In addition to monthly and quarterly figures, risk analysis and measures to minimise identified risks are discussed at all Supervisory Board meetings and each committee chairman reports on the preceding meetings. In addition, the Management Board and Supervisory Board discussed ongoing M&A projects and NORMA Group's long-term acquisition strategy throughout 2012. The Management Board submits monthly reports to the Supervisory Board on the most important key figures of the Group and its current business development, in particular with respect to the published statements on the expected development of the Company.

In accordance with the by-laws of the Management Board and NORMA Group SE's Articles of Association, the Supervisory Board must approve certain important transactions. This applies not only for measures at NORMA Group SE, but also for measures at its subsidiaries. In order to ensure that the Management Board is promptly informed of corresponding matters involving subsidiaries so that it can request the approval of the Supervisory Board, a hierarchical system of approval requirements organised by functional areas, levels of responsibility and countries applies worldwide at NORMA Group.

ALLOCATION OF RESPONSIBILITIES WITHIN THE MANAGEMENT BOARD

Werner Deggim	Chairman Compliance Personnel Legal & M&A Group development Media relations Internal audit Corporate responsibility / sustainability
Dr. Othmar Belker	Chief Financial Officer Finance Controlling Investor Relations Treasury IT Risk management Insurances
Bernd Kleinhens	Business development Sales Product development Marketing
John Stephenson	COO Production Purchasing Supply chain management Global Excellence Programme Quality management

4. MANAGEMENT BOARD AND REGIONAL MANAGEMENT

The Management Board of NORMA Group AG has four members. When NORMA Group AG was transformed into an SE, all Board members were reappointed and continued their previous functions unchanged. Werner Deggim is Chairman of the Management Board (Chief Executive Officer), Dr. Othmar Belker is Chief Financial Officer, Bernd Kleinhens is Managing Director Business Development and John Stephenson is Chief Operating Officer. → Principles of the Group, p 52.

The allocation of responsibilities and internal order of the Management Board are based on relevant legislation, NORMA Group SE's Articles of Association and the Management Board by-laws enacted by the Supervisory Board as well as the internal guidelines, including compliance documents. As a general rule, Management Board resolutions are passed by simple majority. The Chairman has the deciding vote if the vote is tied. However, the members of the Management Board are obliged to make an effort to reach unanimous decisions. If a member of the Management Board cannot participate in a vote, his vote will be obtained at a later date.

The entire Management Board is responsible in matters of particular importance. In accordance with the Management Board by-laws, these include producing the Management Board reports for the purpose of informing the Supervisory Board and the quarterly and half-yearly reports, fundamental organisational measures, including the acquisition or disposal of significant parts of companies and strategic and business planning issues, measures related to the implementation and supervision of a monitoring system pursuant to section 91(2) of the German Stock Corporation Act (Aktiengesetz, AktG), issuing the declaration of conformity pursuant to section 161(1) AktG, preparing the consolidated and annual financial statements and similar reports, convening the Annual General Meeting and inquiries and recommendations by the Management Board that are to be handled and resolved by the Annual General Meeting. In addition, every Management Board member may request that a specific issue be dealt with by the entire Management Board. Board meetings are held regularly on the first Monday of the month, with additional meetings convened as necessary.

Local presidents in the three regions EMEA, Americas and APAC are responsible for carrying out business on a daily basis. The entire Management Board of NORMA Group SE meets at least once a year with the presidents and their managers at the local headquarters – Singapore for the Asia-Pacific region, Auburn Hills, Michigan, for the Americas, and Maintal for the EMEA region. In addition, individual members of the Management Board meet regularly with the local teams. NORMA Group has a matrix structure in which the leading employees have both a disciplinary as well as a technical supervisor. Thus, for example, the Vice Presidents, who are responsible for sales in the three regions, report to the regional Presidents and the Board Member business development.

5. SUPERVISORY BOARD

The Supervisory Board of NORMA Group SE has six members: Dr. Stefan Wolf (Chairman of the Supervisory Board), Lars M. Berg (Vice Chairman of the Supervisory Board), Dr. Christoph Schug, Günter Hauptmann, Knut J. Michelberger and Erika Schulte. Acting on an application filed by the Management Board in consultation with its Supervisory Board on 18 February 2013, Mrs Schulte was legally appointed as a new member of the Company's Supervisory Board until the time of the next Shareholders' Meeting. She succeeds Dr. Ulf von Haacke, who resigned from the Supervisory Board in September 2012 and stepped down from the Board. Her appointment has been confirmed by the 2013 Annual General Meeting. In the course of the transformation of NORMA Group AG in NORMA Group SE, the 2013 Annual Meeting has appointed all members of the Supervisory Board until the Annual General Meeting which resolves on the formal approval of the actions of the Supervisory Board members for the fourth financial year after the commencement of their term of office (financial year 2013 in which the term of office begins is not counted in this respect), however no longer than six years. This is presumably the Annual General Meeting in 2018.

The Supervisory Board can pass resolutions by simple majority. The Chairman has the deciding vote if a vote is tied. In addition to the Supervisory Board's four scheduled meetings, one teleconference took place in financial year 2013.

The Chairman of the Supervisory Board represents the Supervisory Board externally. He organises the work of the Supervisory Board and chairs its meetings. The Supervisory Board formed two committees: the Audit Committee and the General and Nomination Committee.

The Audit Committee deals in particular with monitoring the accounting process and the effectiveness of the internal control and risk management systems as well as the audit of the annual financial statements, in particular the independence of the auditor, the additional services rendered by the auditor, engaging the auditor, determining areas of audit emphasis and agreeing to the auditor's fees. The Audit Committee accompanies the collaboration between NORMA Group SE and the auditors and ensures that opportunities for improvement identified during the audit are promptly implemented. It is responsible for preparing the accounting documents and adopting the Supervisory Board's resolution on the consolidated and separate financial statements. Moreover, it is responsible for compliance and reviews the compliance with statutory provisions and the internal guidelines.

The Chairman of the Audit Committee is Dr. Christoph Schug and the other members are Lars M. Berg and Knut J. Michelberger. The Chairman of the Audit Committee has special knowledge and experience in the application of accounting policies and internal control processes due, in particular, to his many years of work as Chief Financial Officer, managing director and consultant. He is an independent financial expert within the meaning of section 100(5) AktG.

As a rule, the Audit Committee convenes immediately prior to Supervisory Board meetings as well as whenever necessary. It convened seven times in financial year 2013. In addition to the monitoring of risk reporting and internal control systems, the Audit Committee dealt in particular with the examination by the German Financial Reporting Enforcement Panel, current tax proceedings, the efficiency of Supervisory Board reporting, the promissory note and a detailed analysis of planning and budgeting processes.

The responsible employees presented the current status of each item on the agenda and provided an outlook on pending issues.

The General and Nomination Committee prepares personnel-related decisions and monitors the Management Board's compliance with its by-laws. This committee has the following specific responsibilities: preparing Supervisory Board resolutions regarding the formation, amendment and termination of employment contracts with members of the Management Board in accordance with the remuneration system approved by the Supervisory Board, preparing Supervisory Board resolutions regarding legal applications to reduce the remuneration of a Management Board member pursuant to section 87(2) AktG, preparing Supervisory Board resolutions regarding the structure of the remuneration system for the Management Board, acting as representatives of the Company to Management Board members who have left the Company pursuant to section 112 AktG, approving secondary employment and external activities for Management Board members pursuant to section 88 AktG, granting loans to the persons specified in section 89 AktG (loans to members of the Management Board) and section 115 AktG (loans to members of the Supervisory Board), approving contracts with members of the Supervisory Board pursuant to section 114 AktG and proposing suitable candidates to the Annual General Meeting when there is a vote on Supervisory Board members. In 2013, the Chairman of the General and Nomination Committee was Chairman of the Supervisory Board Dr. Stefan Wolf and the other members Dr. Christoph Schug and as of 8 February 2013 Lars Berg.

6. ANNUAL GENERAL MEETING

The shareholders of a Societas Europaea decide on the company's important and fundamental matters. Shareholders are entitled to vote if they are registered in the shareholders' register of NORMA Group SE and provide NORMA Group SE or another location specified in the invitation with written notice, in German or English, at least six days before the Annual General Meeting that they will be attending. Each share entitles the bearer to one vote. The shareholders exercise their voting rights at the Annual General Meeting, which takes place at least once every year.

NORMA Group SE publishes the invitation and all documents made available at the Annual General Meeting promptly on its website. Information regarding the number of attendees and the voting results are published there following the Annual General Meeting.

7. SHAREHOLDINGS OF THE MANAGEMENT BOARD AND SUPERVISORY BOARD

On 31 December 2013, the Management Board and the Supervisory Board jointly held 796,431 (2.5 %) of the total 31,862,400 shares of NORMA Group SE. Members of the Supervisory Board held 87,083 (0.3 %) and members of the Management Board 709,348 (2.2 %). No member of the Management Board held more than 1 % of the shares in NORMA Group SE.

The members of the Supervisory Board and Management Board acquired most of these shares prior to the initial public offering, because they held interest in the former NORMA Group GmbH, which was transformed into NORMA Group AG prior to the initial public offering in 2011. Therefore, these acquisitions were never published as directors' dealings.

8. DIRECTORS' DEALINGS

According to section 15a of the German Securities Trading Act (Wertpapierhandelsgesetz, WpHG), members of the Management Board and the Supervisory Board and related parties are obliged to disclose directors' dealings in NORMA Group SE shares if the value of these transactions reaches EUR 5,000 within a calendar year.

The following transaction was reported in connection with Directors' Dealings in 2013:

Buyer/seller	Type of transaction	Date of transaction	Price per share in EUR	Number of shares	Total value in EUR
Dr. Othmar Belker	Sale	14/05/2013	27.9490	15,000	419,235.00
Katrin Belker	Sale	14/05/2013	27.9490	15,000	419,235.00
Dr. Othmar Belker	Sale	13/05/2013	27.4564	17,500	480,487.00
Katrin Belker	Sale	13/05/2013	27.4564	17,500	480,487.00
Dr. Othmar Belker	Sale	10/05/2013	28.2305	19,000	536,379.50
Katrin Belker	Sale	10/05/2013	28.2305	19,000	536,379.50

9. STOCK OPTION PLANS AND EQUITY-BASED INCENTIVE PROGRAMMES

In fiscal year 2013, a Long Term Incentive Programme (LTIP) was launched for the second management level, which involved the employees participating in NORMA Group's success over the medium term. → Remuneration report, p 107.

10. SEATS ON THE MANAGEMENT BOARDS AND SUPERVISORY BOARD COMMITTEES OF OTHER LISTED COMPANIES

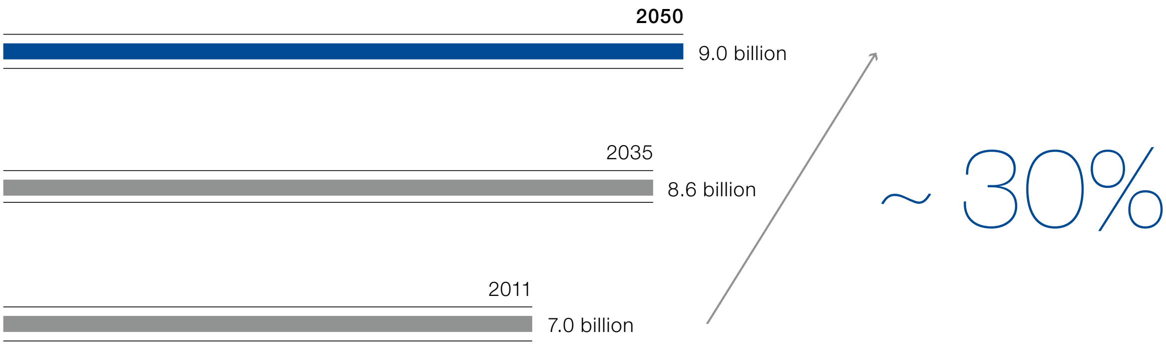
In financial year 2013, the members of NORMA Group's Supervisory Board sat on the supervisory boards or comparable supervisory committees of other companies:

Supervisory Board member	Seats on other Supervisory Boards
Dr. Stefan Wolf	Member of the Supervisory Board of Fielmann AG, Hamburg, Germany Member of the Board of Directors of Micronas Semiconductor Holding AG, Zurich, Switzerland
Lars M. Berg	Chairman of the Supervisory Board of Net Insight AB, Stockholm, Sweden Chairman of the Supervisory Board of KPN OnePhone Holding B.V., Düsseldorf, Germany Member of the Supervisory Board of Ratos AB, Stockholm, Sweden Member of the Supervisory Board of Tele2 AB, Stockholm, Sweden
Günter Hauptmann	Member of the Supervisory Board of Geka GmbH, Bechhofen, Germany Chairman of the Advisory Board of GIF GmbH, Alsdorf, Germany
Knut J. Michelberger	No seats on other supervisory boards
Dr. Christoph Schug	Member of the Supervisory Board of Tom Tailor Holding AG, Hamburg, Germany Member of the Supervisory Board of Baden-Baden Cosmetics AG, Baden-Baden, Germany Member of the Board of Directors of AMEOS Gruppe AG, Zürich, Switzerland
Erika Schulte	No seats on other supervisory boards

The key to success – We address attractive, high-growth regions all over the world and plan to continue erasing the last white spots on the map in the future. Our expertise in the area of joining technology and innovative solutions are in great demand in many other regions. By expanding into new end markets we secure ourselves stable, long-term growth.

WORLD POPULATION GROWTH

Sources: United Nations, NORMA Group



"We are already present with our broad product portfolio and global sales network in more than 100 countries. Through the acquisitions we made in 2013, we are able to approach new regional markets, expand our product offerings and strengthen our market position, particularly in the Asia-Pacific region."

Malliga Muniandy Export Manager Chien Jin Plastic, Malaysia

Consolidated Management Report

Consolidated Management Report

- Growth of 5.1% leads to record sales of EUR 635.5 million
- Once again high and sustainable margin of 17.7 %
- High operating net cash flow of EUR 104 million and decreasing net debt
- Further expansion through acquisitions

Principles of the Group

BUSINESS MODEL

NORMA Group is an international market and technology leader in attractive niche markets for advanced engineered joining technology. We manufacture and market more than 30,000 high-quality and often mission-critical joining products and solutions to over 10,000 customers all over the world in the three product categories clamps (CLAMP), joining elements (CONNECT) and connections/fluid systems (FLUID).

High customer satisfaction forms the foundation of our continued business success. We offer our customers many years of expertise, customer-specific system solutions and global availability of products with reliable quality and delivery. Global megatrends such as the reduction of emissions, leakages, weight and size, but also increased modularisation of manufacturing processes, continue to present challenges to OEM companies when it comes to developing new products. Here, we proactively support our customers by offering innovative customised joining products and solutions as well as our own broad range of established brand products. Our products account for only a small share of the costs and prices of the end product, yet are often mission critical to how they function with respect to quality, performance and operational reliability.

Compared with financial year 2012, there have been no significant changes in NORMA Group's business activities and Group structure in 2013.

Important products, services, sales markets and business processes

Our clamp products and solutions are manufactured from unalloyed steels or stainless steel and are generally used to join or seal elastomer hoses.

The connection products include connectors made of unalloyed steels or stainless steel that are partly equipped with elastomer or metal seals and are used as the joining and sealing elements of metal and thermoplastic pipes.

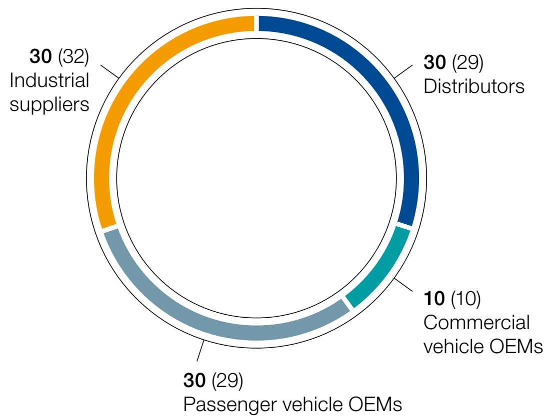
Our fluid products are either single or multiple layer thermoplastic plug-in connectors for liquid systems that reduce installation times, ensure reliable flow of liquids or gases and occasionally replace conventional products like elastomer hoses.

Our intellectual property portfolio of 867 patents and utility models in 161 patent families underscores our high power of innovation and secures us a leading technological position in the global marketplace.

We offer joining products and product solutions for many different areas of application. These include equipment and components for farming, motors, commercial vehicles, and passenger cars for the aviation industry, construction machines, and household appliances. Our products can also be found in irrigation systems, drinking water supply systems and industrial water disposal systems, but also in the pharmaceutical and biotechnology industries.

SALES BY END MARKETS IN 2013

in % | 2012 in brackets



With our 21 production sites and additional sales and distribution centres in Europe, North, Central and South America and the Asia-Pacific region, we maintain a global presence in 100 countries. → Worldmap. By consistently expanding our local engineering and production sites, among other places in Russia, Serbia, Mexico, Brazil, China, India, and Thailand, we improve our cost position and strengthen our working relationships with local customers.

We supply our customers successfully via two different sales channels:

- Engineered Joining Technology (EJT) and
- Distribution Services (DS).

This approach that gives us a much better understanding of the various needs of the market enables us to stand out from our manufacturing competitors.

In the area of EJT, we provide industrial OEM customers with individually developed, customised products and solutions. Once our engineered joining solutions have been installed in a customer's product, they normally remain part of the final design of that product. Areas of application include emission controls, cooling systems, air intake and induction, assistive systems and infrastructure. The distribution channel EJT is characterised by development partnerships with our customers that take several years before manufacturing of the end product even begins. Our customers are taken care of by both the Group's development departments and local developers (resident engineers). Many new developments are validated on NORMA Group's test stands. The area of EJT accounts for approximately 70 percent of NORMA Group's sales.

In the area of DS, we market a broad range of high-quality, more standardised brand products for a broad spectrum of applications via our own sales network as well as sales representatives, retailers and importers. Our customers are distributors, specialised wholesalers, OEM customers in the aftermarket segment and do-it-yourself stores and small application industries. Our well-known brands ABA®, BREEZE®, Connectors®, FISH®, GEMI®, NORMA®, R.G.RAY®, Serflex®, Serratub®, TERRY® and Torca® exemplify technological know-how, high-quality and reliability. Distinctions are made between many of these products in trade on the basis of national technical standards. We manage around 10,000 distributors in more than 100 countries and guarantee high-quality service. We generate roughly one-third of our sales revenue in the area of DS.

Both distribution channels have intersections in the area of production and development that enable cost advantages and quality assurance.

Competitive situation

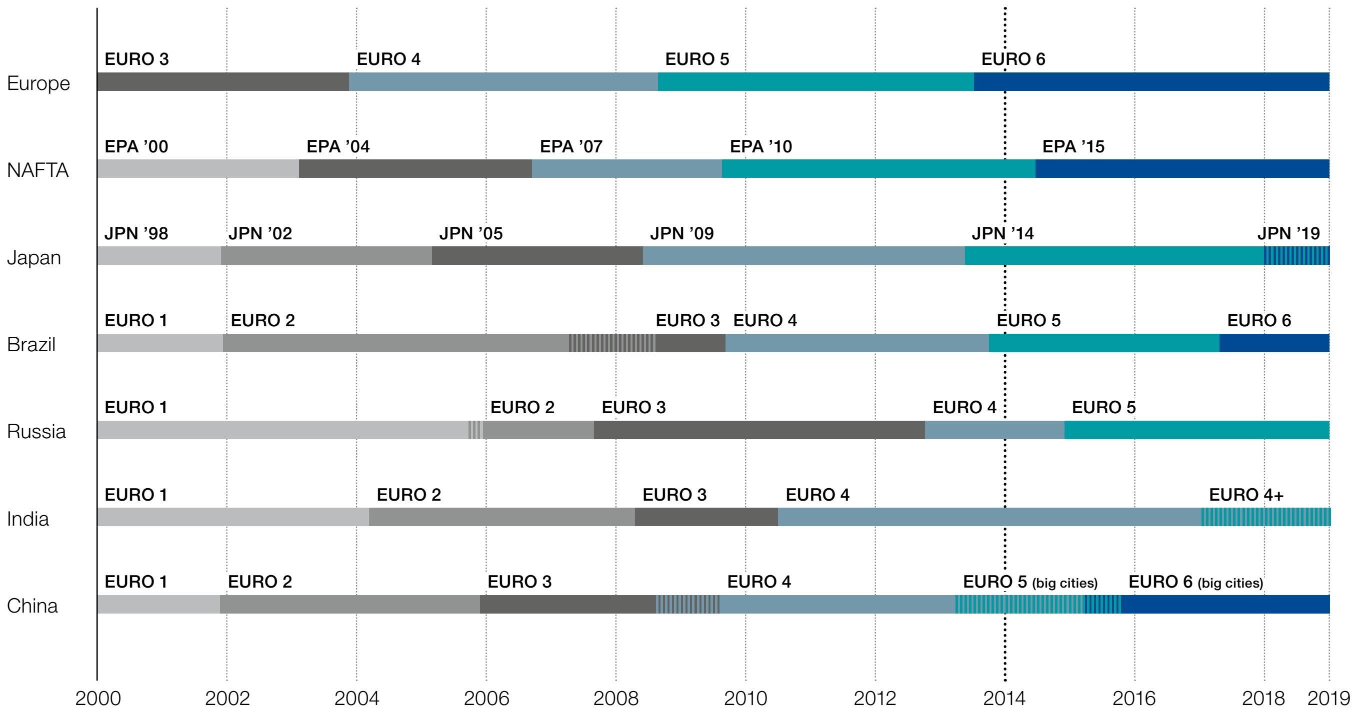
Due to our heterogeneous structure in the area of Engineered Joining Technology, none of our competitors are in a comparable position. We combine know-how from the area of metals with our product categories clips/clamps (CLAMP) and joining elements (CONNECT) with our know-how in the area of thermoplastic materials through our product category connections/fluid systems (FLUID). The areas CLAMP and CONNECT include mainly small to medium-sized manufacturers who only manufacture certain types of products and applications or operate mainly on a regional basis. The area of FLUID, on the other hand, includes mainly globally active groups that focus on rubber and elastomer products, which we do not offer. → Research and Development, p. 61.

PRODUCT CATEGORY AND END MARKETS

Segment	Main product categories	Distribution channels used	End markets	Brands
EMEA	CLAMP, CONNECT, FLUID	EJT, DS	Industrial suppliers, passenger vehicle OEMs, distributors, commercial vehicle OEMs	ABA®, Connectors®, NORMA®, Serflex®, Serratub®, TERRY®
The Americas	CLAMP, CONNECT, FLUID	EJT, DS	Industrial suppliers, passenger vehicle OEMs, distributors, commercial vehicle OEMs	BREEZE®, R.G. RAY®, TORCA®
Asia-Pacific	CLAMP, CONNECT, FLUID	EJT, DS	Industrial suppliers, passenger vehicle OEMs, distributors, commercial vehicle OEMs	FISH®, GEMI®, NORMA®

INTRODUCTION OF EMISSION STANDARDS

Sources: Integer Research, DieselNet, ACEA, NORMA Group



We consider ourselves to be a supplier of solutions to problems that provide benefits to customers and therefore stand out from many of our smaller competitors who focus on selling specific types of products. We offer product solutions for a wide variety of technical niches. We also strive to achieve high market penetration within technical applications. We stand out in mass markets thanks to our branding and high-quality service. For this reason, we do not set market share goals, but rather seek to occupy niches in which we are able to create benefits for our customers.

Economic and legal factors of influence

Economic factors

Our products and product solutions are used in different industries and regions. These are subject to different economic fluctuations that differ in terms of degree and time of occurrence, but also have different effects on the demand for our solutions and our order situation. Due to our comprehensive product portfolio and our broad customer base, we are well prepared to compensate for temporary declines in demand.

We track specific early indicators in order to be able to take probable developments into consideration in our business planning early on. These include, among others, commodity price development, our customers' order behaviour in the area of Distribution Services, the order book, and the expected development of production and sales figures for our customer industries.

Due to the high share of long-term development partnerships, we rely mainly on cost and process optimisation to react to short-term fluctuations in demand. → Global Excellence Programme, p. 55.

Exchange rate fluctuations

The effects that exchange rate fluctuations have on our business must be looked at differently: due to the fact that we mainly develop, purchase, manufacture and sell regionally to regional markets, deviations between two non-euro currency regions have only insignificant effects on our operating results.

Exchange rate fluctuations against the euro as NORMA Group's reporting currency influence the valuation of our business in euros. Due to the fact that we generate roughly a third of our sales in US dollars, the weakening of the US dollar against the euro in particular has a negative effect on our results. Another 30 percent of our business is denominated in other currencies. → Risk and Opportunity Report, p. 101, notes, p. 138.

Changes in personnel and material costs

With respect to costs, particularly the development of wages and salaries has an effect on NORMA Group, as do changes in material costs.

Due to the fact that we are operationally active in 16 countries, changes in personnel costs have different effects in the respective regions. We employ around 20 percent of all our employees in Germany. Agreed salary adjustments in Germany therefore only have an effect on part of our Group results. We achieve increases in productivity, among other things, through our ongoing cost reduction programme.

Short-term fluctuations in material prices generally have less effect on our earnings because we set the prices for important materials in long-term contracts – generally one year – when we place an order. This pertains to both procurement as well as sales to consumers. → Purchasing and Supplier Management, p. 81.

We absorb negative developments on the cost side on the one hand with the help of our Global Excellence Programme which we launched back in 2009. As part of this program, we optimise our internal processes in all functional areas, among other things, and thus increase our profitability. Here, we systematically track projects on increasing efficiency that are monitored using a web-based programme. This enables us to quantify the monetary savings that result from a specific measure fairly accurately at the end of the 12-month project cycles. Senior management reviews the current status of all projects once a month and a steering committee does so once a quarter. Our goal is to ensure that we offset or even lower any inflationary increases in costs with the help of this programme.

Legal and tax-related aspects

Due to the international focus of our business and against the background of our acquisition strategy, various legal and tax-related regulations are of relevance to us. Among others, these include product safety and product liability laws, construction, environmental and employment-related regulations as well as foreign trade and patent laws. → Risk and Opportunity Report, p. 105.

The growing degrees of regulation in the area of environmental law affect our product strategy quite significantly. For example, we introduced more stringent emission regulations, such as the EURO-6 Standard, which will be mandatory for all newly registered heavy goods vehicles starting in January 2014 and all newly registered diesel and petrol passenger vehicles starting in September 2014, and this will result in a higher demand for the joining elements that we manufacture and increase the value of these elements.

Legal structure of the Group

NORMA Group was formed in 2006 as a result of the merger of the German Rasmussen Group and the Swedish ABA Group. From 2011 up until July 2013, NORMA Group took on the legal

SIMPLIFIED GROUP STRUCTURE

NORMA Group SE			Parent company under company law
EMEA	Americas	Asia-Pacific	Segments
Engineered Joining Technology (EJT)	Distribution Services (DS)		Way to market

structure of a stock corporation under German law based in Maintal. The Company was transformed into a European company (Societas Europaea) in July 2013 based on the decision of the annual general assembly on 22 May 2013. This transformation became effective when it was entered into the commercial register on 4 July 2013. The European legal structure SE stands for modern, entrepreneurial Europe and as such reflects our international and open corporate culture. We will continue to have our registered office in Maintal, Germany. The dual system consisting of a Management and a Supervisory Board will also remain in place. The Supervisory Board is still composed of six members who are elected by the shareholders. The shareholders of NORMA Group AG automatically became the shareholders of NORMA Group SE when the transformation took effect. This has no effect whatsoever on trading of NORMA Group shares on the stock market.

NORMA Group holds shares in 44 companies that belong to NORMA Group either directly or indirectly. In 2013, we acquired the distribution business of Davydick & Co., Australia, and of Variant S.A., Poland. The business acquired from Variant S.A. is currently still being operated as our own subsidiary. In the medium term, we plan to integrate this business into NORMA Polska Sp. z o.o. Furthermore, we acquired Guyco Pty. Limited in Australia in 2013. All of these companies have been fully consolidated in the consolidated financial statement.

In 2013, we continued to modify the Group structure to suit our international business and separated the US business from the EMEA business under company law. This called for us to transfer the shares of NORMA Pennsylvania Inc. that either directly or indirectly holds all shares in the other American Group companies from NORMA Group Holding GmbH to the NORMA Group SE via spin-off in August 2013. The three regions EMEA, Asia-Pacific and the Americas are thus held by their own holding companies and the legal structure for the most part equates to reporting segments in accordance with IFRS. → Notes, p. 137 and p. 168.

We plan to simplify the legal structure of the Company in the Americas region in 2014. For this reason, we would like to lower the number of US companies. This change will have no effect on the operational business.

To simplify the holding structures, NORMA Beteiligungs-GmbH, a German holding company, was also merged with NORMA Group Holding GmbH in August 2013 with retrospective effect to 1 January 2013. In the months to come, we are considering concentrating our warehouses and possibly also our production sites in Europe to an even greater extent and, as a result, reducing the number of companies. Furthermore, we are also considering measures aimed at reducing the complexity of our holding structure under company law, particularly by eliminating intermediate holdings.

In order to build up our plant in Atibaia, Brazil, we bought assets of Click Automotiva Industrial Ltda. in September 2013, which represent a portion of the production. The plant is now integrated into the organisational structure of the Americas region. In terms of corporate law, it now belongs to our Brazilian subsidiary that has been acting as a development and sales site.

By reducing the complexity of our structures, we avoid repeat overhead costs while maintaining our focus on remaining close to our customers in the marketplace.

NORMA GROUP

A list of all Group companies and NORMA Group's shareholdings as at 31 December 2013 can be found on page 137.

NORMA Group SE

- NORMA Group Holding
  - NORMA Germany
  - Groen BV (Netherlands)
  - NORMA Netherlands
  - NORMA Italy
  - Nordic Metalblok (Italy)
  - NORMA France
  - NORMA Sweden
  - NORMA Serbia
  - NORMA Poland
  - NORMA Czech
  - NORMA Turkey
  - NORMA Spain
  - NORMA UK
  - Connectors Verbindungs-technik AG (CH)
  - NORMA Russia
  - NORMA China [1]
- NORMA Pennsylvania (USA)
  - NORMA Michigan (USA)
  - Craig Ass. (USA)
  - R.G.Ray (USA)
  - NORMA Group Mexico
  - NORMA Brazil
- NORMA Group APAC Holding
  - NORMA Singapore
  - NORMA Australia
  - Guyco (Australia)
  - Chien Jin Plastic (Malaysia)
  - NORMA Korea
  - NORMA Japan
  - NORMA India
  - NORMA Malaysia
  - NORMA Thailand
  - NORMA EJT (Changzhou)

[1] NORMA China is categorised in the APAC segment.
In terms of company law, it belongs to NORMA Group Holding.

NORMA Group SE, the parent company of NORMA Group, serves as the formal legal holding of the Group. NORMA Group SE is responsible for the strategic management of business activities. As the lead company in the Group, it is also responsible for communication with the Company's important target audiences, particularly the capital market and shareholders. The operating companies are managed by their own management that is measured based on agreed target requirements. The operational coordination of duties is taken care of by regional management that also ensures that we remain close to our regional customer markets. Specific objectives are defined at the Group-wide, regional and operational level and reviewed constantly. Group-wide functional management responsibilities such as Group Accounting, IT, Internal Audit, and Treasury, are all based at the subsidiary NORMA Group Holding GmbH. This is how we ensure that subsidiaries are able to concentrate solely on everyday business.

Operative segmentation by regions

Our planning is based, among other things, on regional growth targets. The Group business is managed by the three regional segments EMEA (Europe, Middle East, Africa), the Americas and Asia-Pacific (APAC) in order to be able to execute our successful growth strategy. All three regions have networked regional and cross-company organisations with different functions. The internal Group reporting and control system that our Management uses is also therefore quite regional in nature.

Corporate Governance Statement

The statement of corporate governance pursuant to section 289a HGB is included in the Corporate Governance Report and is also part of the Management Report. This also includes a description of the procedures of the Management Board and the Supervisory Board, the Declaration of Conformity pursuant to Section 161 AktG, and relevant information on corporate governance practices. → Corporate Governance Report, p. 40.

CORPORATE GOALS AND STRATEGIES

Our strategic goal in both sales areas and all regions is to extend our business activities in the long term. By offering innovative products and high-quality service to the trade, we hope to achieve growth in sales that exceeds the market average. Furthermore, we also focus closely on high profitability and stable cash flows. Compared to the previous year, there were no significant changes in our objectives and strategies. → Forecast Report, p. 92.

The core of our Group strategy is broad diversification with respect to products, regions and end markets. On the one hand, this strengthens the stability of our business operations and, on the other, puts us in a position to be able to capitalise on attractive growth potentials out of the many relevant growth trends with our customers and their end products.

Megatrends permanently support greater use of our high-quality joining products and system solutions

Customer demands in the respective markets for engineered joining technology constantly change. This is driven by technological megatrends on the one hand, for instance higher engine efficiency as a reaction to more stringent emission regulations, weight reduction and modularisation of production processes. On the other hand, global megatrends such as increased environmental consciousness, rising fuel costs and growing cost pressure for manufacturers also play a key role. For this reason, we expect to see demand for engineered joining technologies in the end products of our customers increase more quickly than our customers' end markets themselves. After all, both the number and the value of engineered joining elements in an end product continue to increase. Supported by external market studies, we expect the use of engineered joining technology in vehicles, construction machines and engines, for instance, to increase by up to 15 per cent annually from 2010 through 2015 depending on the core industry and technical application. We intend to capitalise on these growth opportunities by focussing on innovative solutions for mission-critical connections that add value and thus assist our customers in reducing emissions, leakages, weight, space and installation time. → Research and Development, p. 61.

Unique position and synergies thanks to an unrivalled, customer-oriented sales strategy

Our two separate ways to the market are designed to meet the unique needs of the respective customers. We benefit from various synergies thanks to this special combination of comprehensive expertise and skills in developing customised solution approaches for industrial customers (EJT) and offering high-quality standard brand products and solutions via global distributors (DS). These include significant economies of scale in manufacturing, unique close proximity to international EJT customers and the transfer of know-how from the area of EJT to high-quality, standardised products in the DS area. This approach allows us to consistently strengthen the diversification and stability of our business.

Our parameters for success are global presence, size, power of innovation and strong brands

Our goal is to extend our presence in existing markets and develop new emerging markets that offer attractive growth potential. We intend to offer our existing customers solutions for these types of applications that do not yet include our joining solutions. We rely here on product innovations that result in higher product performances and quality. By doing so, we will increase the number of products used per customer end product and encourage the implementation of our existing products. We see growth opportunities in emerging countries that result from the increase in industrial manufacturing and the rising demand for mature joining technology. In the process, we leverage the manufacturing and sales presence that we have established in these markets in recent years. The main focus in the emerging countries is on the BRIC nations (Brazil, Russia, India, and China). Based on our past activities in India and China in recent years, among other things establishing additional production capacities, we will continue to strengthen our sites in Asia and South America even further.

We address attractive markets with respect to margins, sophisticated markets with respect to products and fragmented niche markets with fast-growing sales with respect to competition. By engaging in strategic knowledge transfer to new fast-growing industries, we open up new end markets for ourselves and make effective use of growth potentials. These include, among other areas, the construction industry, the flue gas system aftermarket segment, and the area of infrastructure. We also succeeded in entering the drainage end market. Our products are also used here, in drainage systems at the Munich Airport since last year, for example. The successful acquisition of Connectors Verbindungstechnik AG in 2012 and the related entry into the pharmaceuticals market is yet another example of our efforts to enter into new markets.

By expanding in new markets, we achieve greater diversification and thus strengthen our defensive earnings profile with respect to end market presence. Furthermore, we continuously strengthen our power of innovation, whereby Research and Development (R&D) plays an important role here. Due to the fact that setting up local engineering capacities will help to lower our personnel costs for development work in the medium-term, we invest around 4 per cent of EJT sales in R&D activities each year. → Research and Development, p. 61. We focus here on strengthening and extending the respective success parameters of our well-known brands. By systematically expanding our sales network, we strive to establish a global presence, increase the earnings share with our existing customers and gain new customers.

Successful organic growth and selective acquisitions that create added value

We pursue a strategy of organic growth and strategic acquisitions. To strengthen our organic growth, we rely on constantly expanding application solutions with existing EJT customers, identifying and signing up new EJT customers, extending and deepening our customer base in the area of Distribution Service and entering into new end markets for engineered joining technology that create added value.

Selected acquisitions that complement our internal growth are also a permanent component of our long-term growth strategy. We observe the market for advanced joining technology very closely. We set strict criteria in identifying and evaluating acquisition possibilities.

We have a solid track record with respect to the acquisition and integration of companies that create added value. In 2012 and 2013, we acquired seven companies and successfully integrated them into NORMA Group. → Economic Report, p. 64. Future acquisitions will continue to strengthen the regional presence of the Group, complement its product portfolio, improve access to customers and allow for synergies to be realised. We are well-positioned to benefit from the fragmentation of the market and be a leader in its consolidation.

We constantly improve our production processes and cost structures

We support and control our strategic goals of achieving high profitability and strengthening our cash flow through various measures. These include cost discipline, continuous improvement of processes in all functions and regions and successful supply chain management.

After we significantly optimised our manufacturing structure in Europe back in 2010, we finished expanding production capacities for special clamps in England and China in 2013. Furthermore, we have continually been able to generate significant cost savings with our “Global Excellence Programme” that we introduced in 2009. The improvement initiatives we identified and introduced as part of this programme will enable us to realise even greater cost advantages by maximising flexibility in the future.

CONTROL SYSTEM AND CONTROL PARAMETERS

Group management relies on both financial and non-financial control parameters to manage NORMA Group.

Important financial control parameters

The most important financial performance indicators include sales, profitability (EBITA margin) and net operating cash flow.

In addition, we concentrate on committing our investment rate , the development of the working capital (inventories and trade receivables less trade liabilities) as well as the liquidity and the capital structure (→ Financial Management, p. 60) taking into account risks from interest, foreign currencies and the costs of materials. → Risk and Opportunity Report, p. 97.

We strive to achieve short and medium term growth in sales that exceeds the market average. Due to the heterogeneous industries that use joining technologies, we define the expected market development based on quantitative and external market analyses.

NET OPERATING CASH FLOW

In EUR millions	2013	2012	2011	2010
EBITDA[1)]	**129.3**	120.8	117.0	99.2
Change in working capital	**5.1**	–9.8	–19.5	–26.4
Investments from the operational business	**–30.5**	–30.0	–30.7	–21.1
Net operating cash flow	**103.9**	81.0	66.8	51.7

1) 2010 and 2011 adjusted mainly to account for the costs of the IPO

High profitability is one of the main target and measurement parameters for our Group management. We calculate a target EBITDA margin and a target EBITA margin based on the historic performance and planning of our business divisions. We determine the target margin for the Group as the weighted average of the divisions and adjust the amortisation effects from the purchase price allocation of acquired companies.

Operating net cash flow is yet another target figure. By focusing on this financial figure, we also ensure that the financial solidity of the Group is maintained in the future. We calculate our operating net cash flow based on the EBITDA plus changes in working capital, minus investments from the operational business. → Economic Report, p. 64.

All financial control parameters are planned and continuously monitored at the Group, regional and Group company levels. We measure deviations between forecasted targets and what we actually achieve on a monthly basis inside all local companies. Key figures are analysed on a monthly and quarterly basis. At the same time, we evaluate our detailed business plans and make projections on specific business developments that perhaps include various scenarios on the basis of existing monthly and quarterly results.

Important non-financial control parameters

Among others, non-financial control parameters include market penetration, power of innovation, problem-solving behaviour and the sustainable overall development of NORMA Group.

We quantitatively measure market penetration and innovative capability by producing both application-oriented and segment-specific multiple year planning for the medium term that is reviewed in great detail every six months. This planning mainly serves to manage our development strategy. The extent of our market penetration is reflected in our organic growth in the medium term. Our goal is to register new products and innovations for patents each year.

Problem solving behaviour has an impact on the number of customer complaints, which we measure with the help of key performance indicators. These so-called KPIs include, among other things, defective products measured in 'parts per million' (PPM), or the number of customer inquiries for each product unit. We track this information on a monthly basis. → Organisational and Process Advantages, p. 78.

We consider it to be our main responsibility to bring the effects of our business activity into balance with the expectations and needs of society. For this reason, we base our operational decisions on the principles of responsible company management and sustainable actions. Our long-term development is influenced by our Corporate Responsibility (CR) policies. → Corporate Responsibility, p. 88.

More information on non-financial performance indicators can be found from page 78 onwards.

Financial management

Our basic goals with respect to the central financial and liquidity management system are the same as last year:

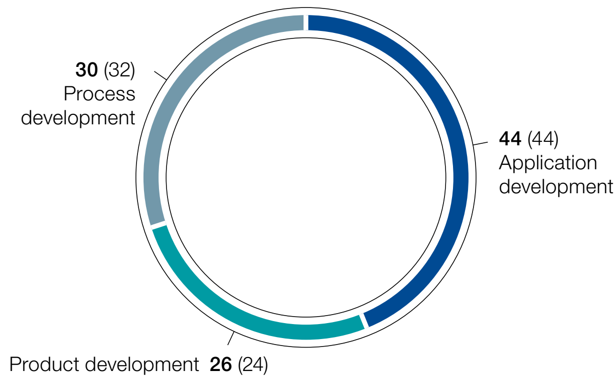
I. Ensuring solvency at all times

Our main financial objectives are maintaining the necessary liquidity for the Group's operating business at all times, maintaining sufficient strategic liquidity reserves and thus ensuring NORMA Group's long-term solvency.

R&D EMPLOYEES BY DEPARTMENT

in %

2012 in brackets



II. Limiting financial risks

The Treasury division identifies interest rate and currency risks as well as risks related to changes in the price of raw materials and also selects suitable hedging instruments to reduce these risks.

III. Optimising the Group's internal liquidity

NORMA Group Holding GmbH is responsible for investing surplus liquidity as well as for intra-Group financing.

Last year, we also extended the possibilities of internal financing by engaging in various projects in the Treasury area. Here, we pursue the objective of placing Group-wide financing on a broad and well-balanced foundation and thus further optimising the Group's cash flow which is already quite strong.

The main components of our policy on limiting financial risks include a clear definition of process responsibility, multilevel approval processes, and risk assessments, which we have adopted in a Treasury policy. The new EMIR (European Market Infrastructure Regulation) requirements have already been addressed as well.

Liquidity management

Our goal is to bundle surplus liquidity of Group companies and allocate this money optimally in the Group or invest it optimally outside the Group. This is done using a professional treasury management system which provides us with an overview of the cash holdings of our most important subsidiaries at all times. Due to the heterogeneous global corporate structure, automated global cash pooling makes little sense for technical reasons; as a result, the Treasury division concentrates cash in periodic intervals. Manually pooling funds allows us to invest these funds with external institutions at better terms, whereby in particular the local terms for international payments must be taken into account.

RESEARCH AND DEVELOPMENT

Innovation as a growth driver

Our customers must continually cope with new challenges with respect to their product development. On the one hand, new legislation constantly leads to ever stricter regulations, especially in the field of pollutant emissions, and on the other, mounting safety requirements are always increasing due to increasingly smaller installation spaces. Intensive research activities and the development of new products and solutions are thus indispensable. For this reason, we have built up a comprehensive fundamental Research and Development department in recent years. Our product development focusses on innovation opportunities that arise from global megatrends and are of great benefit to our end customers.
By offering our customers technical solutions that help them to cope with the specific challenges of reducing emissions, leakage, weight, space requirements and assembly time, we are increasing our own profitability as well as our technological and economic success. In return, we enable our customers to achieve process-optimised and more efficient production.

There have been no major changes to our overall R&D strategy or how the R&D department is organised compared to previous financial years.

As at 31 December 2013, 205 employees (2012: 190) worldwide worked for our R&D department. This represents approximately 5.0% of all permanent employees of the Group. Approximately 44% (2012: 44%) work in application development, 26% (2012: 24%) in product development and 30% (2012: 32%) in process development. Our R&D personnel mainly consists of engineers, technicians and technical draftsmen.

Know-how protected by patents

Our know-how in the area of engineered joining technology represents a key success factor for our Group. We therefore use patents to protect our innovations. As at 31 December 2013, we held 867 patents and utility models in 161 patent families. In 2013, we filed 68 new patent applications (2012: 77) in more than 16 patent families (2012: 20 patent families). Licensing revenue plays a subordinate role since we use most of our licenses and rights ourselves for competitive reasons.

The carrying amount of our patents and technologies as at 31 December 2013 amounted to a total of EUR 14.3 million. → Notes, p. 149.

R&D expenses

Our research and development expenses in EJT totalled EUR 21.9 million in 2013 (2012: EUR 22.1 million). This represents approximately 4.9 percent of sales in this area.

External expenses in the Research and Development department came to EUR 2.5 million in 2013 (2012: EUR 3.2 million). This includes primarily external audit costs. Audits that cannot be performed internally in an economical manner must be secured externally in order to meet the required audit extent in a flexible and economical manner, besides general framework agreements with experimental service providers.

The main investment focus in the area of Research and Development was the second SCR (Selective Catalytic Reduction) testing facility at our headquarters in Maintal. This unique testing facility allows us to process initiated and planned projects with SCR systems in the coming years in a timely manner. Furthermore, the testing sites in China and the United States were also strengthened.

We received no public funding support for Research and Development in 2013 (2012: EUR 55,000).

Strategic collaboration with customers and research institutes

Our product development and application development in the area of Engineered Joining Technology (EJT) is set up as a two-pillar process. Therefore, we have created a standardised innovation process which allows us to utilise our resources at a global level with a sharp focus on growth and profitable markets.

We create new basic products in the entire area of EJT in product development in close cooperation with our customers. Our application developers modify our existing and newly developed products based on our customers' specific requirements or local conditions. Our competence centres in the USA, China, India and Europe focus on clearly defined innovation tasks aimed at developing solutions for various products and product groups in the different customer groups and adjusting them to account for regional characteristics.

On the one hand, we successfully develop high-performance joining technologies together with our customers in order to develop new applications that allow for existing products to be used. On the other hand, we meet new market challenges head on and implement them seamlessly in new products. This process includes the validation of new products, but also the development of new materials, product testing and the definition of internal product and test specifications that confirm the reliability of our products.

Due to our close proximity to our customers, we also increase the speed with which we can market product innovations, achieve a high level of customer-specific adaptation and differentiate ourselves from direct competitors who mainly operate locally. Furthermore, we offer our customers tailor-made products for current applications, while simultaneously setting future trends in the area of joining technology. These solutions offer our customers an innovative edge and thus increased competitiveness.

At our cutting-edge testing laboratory, we are able to perform service life tests for all relevant application areas. We use our laboratory to test joining technology for cooling water and fuel lines, charge air and other air and gas applications, among other things. These test facilities help us to develop new products, set their specifications and test them. We are also able to run tests in accordance with relevant customer specifications. Our customers can trust the joining integrity of our products after installation due to this safety concept that accompanies a product

R&D KEY FIGURES

	2013	2012	2011
Number of R&D employees	205	190	174
R&D employee ratio with respect to permanent staff in %	5.0	5.1	5.1
R&D expenses in the area of EJT in EUR millions	21.9	22.1	16.8
R&D ratio (with respect to EJT sales) in %	4.9	5.1	4.1
External R&D expenses (excluding personnel costs) in EUR millions	2.5	3.2	3.0
R&D subsidies received in EUR thousands	0	55	58

IMPORTANT PRODUCTS INTRODUCED IN THE LAST YEARS

Product	Application	Industry	Year
NORMACLAMP® TORRO Tamper Proof	Tank, air induction and cooling systems	Agriculture, automotive industry, shipbuilding, construction industry	2012
NORMAFLEX® Low Emission Tubes	Fuel systems	Automotive industry	2012
NORMAQUICK® TWIST III	Charge air and cooling water systems	Agriculture, automotive industry, shipbuilding, construction industry	2012
NORMACONNECT® V PP profile clamp	Flanged pipes, exhaust gas, cooling and filter systems	Agriculture, automotive industry, shipbuilding, construction industry	2012
Red Grip	Electrical, hydraulics, air ducts, drainages	Aviation industry	2012
Thermoplastic material for high temperature applications in cooling systems	Cooling systems	Agriculture, automotive industry, construction industry	2012
SCR Urea Generation II lines	Dosing lines for SCR systems	Agriculture, automotive industry, construction industry	2012
Pre-positioning of hose clamps	Mainly for charge air connections and other connections with large diameters	Agriculture, automotive industry, construction industry	2011
Automatic venting of closed fluid circuits	Cooling water systems in various vehicles, electric vehicles in particular	Agriculture, automotive industry, construction industry	2011
Broadband coupling for exhaust aftertreatment	Exhaust gas systems	Automotive industry	2011

from development to the production stage. We achieve both thanks to the committed and close cooperation of all functional areas of NORMA Group, starting with our sales employees and engineers, but also process development, IT and other areas such as purchasing.

We also work closely with research and higher education institutions such as material and other testing institutes. However, for competitive reasons, we do not publish the specific nature of these research partnerships.

The Distribution Services division is purely a commercial unit; the market does not require the same type of technological research as is conducted in the EJT unit. Moreover, our customers in this sales segment expect a strong brand image and the most complete product range possible with the corresponding marketing measures. Therefore, we continuously drive development in this unit by making useful additions to the product range.

Developments in 2013 and newly introduced products

In the EJT unit, we introduced further innovations to the market that help our customers to meet challenges in the area of weight and emission reduction, minimisation of leaks and assembly optimisation and safety:

- Redesign of the Push&Seal NORMAQUICK PS3 quick connector for cooling water systems in passenger cars. With the new design, we have reduced the overall weight by up to 40 percent. The connector is now even more compact, which means it can be used more easily in narrow spaces.
- We developed a diesel tank filling system for quicker and safe refuelling of combines and large tractors in cooperation with CLAAS KGaA mbH, a globally leading manufacturer of agricultural machinery.
- Optimisation of the ABA Mini W1 clamp for thin-walled hoses with small diameters for use in fuel, pneumatic and water hoses. Offers higher corrosion resistance and easier mounting.

Sale contribution of newly introduced product numbers in 2013 amounted to EUR 51.9 million of total sales. This corresponds to an 8.1 % share of total sales.

Economic Report

GENERAL ECONOMIC AND INDUSTRY-SPECIFIC CONDITIONS

The global economy remains weak – industrial nations stronger

Following the massive slump at the end of 2012, the global economy developed weakly at the start of 2013 under these conditions. No significant recovery took place until the fall, before prospects brightened up tangibly at the end of the year. Nevertheless, economic momentum failed to meet initial expectations due to the weak first half of the year. According to current calculations from the IMF (International Monetary Fund), global industrial output grew at a rate of only 3% in 2013 and thus slower than it had the two years before. Positive impulses mainly came from the traditional industrial nations at the end of 2013.

According to IMF estimates, gross domestic product (GDP) increased by only 1.9 % in the US and thus more slowly than had been expected and more moderately than the year before (2012: + 2.8 %). Nevertheless, the US economy gained momentum at the end of the year. Furthermore, the euro zone managed to overcome the recession in the spring, but only with hesitant buoyant force. Growth momentum picked up slightly in Japan and tangibly in the United Kingdom in 2013. The IMF estimates that the established economies altogether will grow only moderately by 1.3 % (2012: 1.4 %) again in 2013. Key emerging nations suffered from this lack of momentum and their own structural and financing problems. Furthermore, the Chinese economy appears to be growing at a slower pace. Chinese GDP rose by another 7.7 %, but only due to a strong last quarter. In the Southeast Asian countries (ASEAN-5), growth slipped from 6.2 % the previous year to 5 %. Faced with pressure from declining oil and gas revenues, Russia achieved growth of only 1.5 % (2012: 3.4 %). Brazil and India on the other hand grew faster than the previous year. According to information from the IMF, growth of the GDP in the developing and emerging nations dropped to 4.7 % in 2013 (2012: 4.9 %).

GDP GROWTH RATES

In %	2011	2012	**2013**
World	+3.9	+3.1	**+3.0**
USA	+1.8	+2.8	**+1.9**
China	+9.3	+7.7	**+7.7**
Euro zone	+1.5	−0.7	**−0.4**
Germany [1]	+3.3	+0.7	**+0.4**

Sources: IMF, [1] Deutsche Bundesbank

Euro zone leaves recession – Trend reversal but without momentum

Following the slump at the beginning of 2013, the economy in Europe gradually managed to relieve itself from the burden of the public debt crisis. Although the reforms and efforts aimed at consolidating the public budget in the peripheral countries dampened the recovery, these measures started having a positive structural effect. After six quarters in a row of declining economic output, the euro zone overcame the recession in the spring. The driving forces remained weak, however. Compared to the previous year, the growth rate remained negative. According to information from the IMF, the GDP in the euro zone declined by yet another 0.4 % (2012: −0.7 %). Considering the not yet sustainable weak economy and declining inflation rate, the European Central Bank lowered the prime rate in two steps to the historically low level of 0.25 %. The economies in the various countries of Europe developed quite heterogeneously on the other hand. Economic output continued to decline in Portugal, Spain, Italy, Greece, and the Netherlands. France's economy essentially stagnated (+ 0.2 %). Germany experienced minimal growth. Bolstered by the recovery of the real estate market and increases in wages, the United Kingdom experienced higher growth of 1.7 %.

The weak economic situation that Europe finds itself in without a sustainable recovery over the course of the year was also reflected in the unemployment figures for the euro zone that have remained at a record level since April 2013. According to the Statistics Office of the European Union (Eurostat), 26.2 million people, 19 million of whom live in the euro zone, were unemployed in December. The weak domestic economy was also characterised by a reluctance to invest and negative industrial production on into the late summer. On the other hand, the Eurostat statistics have been reflecting a gradual positive development since September. Following only moderately improved data, industrial production increased in November at an annual rate of 3.0 % in both the EU and the euro zone. For the euro zone, capacity utilisation improved in the 4th quarter to 79.3 % (end of 2012: 77.6 %). Capacity utilisation in Germany increased from 81 % at the end of 2012 to 83.7 % in the last quarter of 2013.

Germany's economy recovers gradually, optimism at the end of the year

At just 0.4 %, GDP growth in Germany in 2013 was weaker (Deutsche Bundesbank) than in the previous years that were affected by the euro crisis. The reasons were lower exports, repeated weaker investments in equipment, and cuts in spending in the area of commercial and public construction. Due to the lower interest rates, the high employment level and good income situation, the domestic economy was again supported by a rise in residential construction and robust private consumption. 2013 got off to a weak start due to the extremely cold and long winter. GDP stagnated at the level of the weak previous quarter. Compared to the previous year, economic output even declined by 1.6 %. The compensation effects in spring were followed by a blow from disappointing foreign trade. The driving forces took effect, but only slowly. Industrial capacity utilisation improved as industrial production recovered starting at the middle of the year. This triggered a recovery in investments in equipment. Both the economic situation and expectations brightened up at the end of 2013. Important early indicators like the Ifo Business Climate Index and the ZEW Index improved noticeably and signalised a robust recovery in the months to come at the end of 2013/beginning of 2014.

Global mechanical engineering lacks momentum, decline in manufacturing in Germany

According to the estimates of the industrial association VDMA, mechanical engineering grew slightly on a global basis. Sales rose by 1 % in real terms. This can be attributed to the two large countries of China (+ 5 %) and the USA (+ 1 %). Japanese and Italian manufacturers recorded drops in sales of 2 % and 4 % respectively. German mechanical engineering sales stagnated at EUR 207 billion. Production declined by 1 % in real terms. Due to the weak start of the year, expectations of weak growth in 2013 were not met. Reluctance to invest in Western Europe and Germany in particular weakened the industrial economy. European business stagnated, while exports to Asia, in particular, declined (through October 2013: a nominal – 4.5 %) and Latin America (– 3.2 %). 4.2 % fewer machines were exported to China during this period, and 0.7 % fewer to the USA.

Orders for the German mechanical and industrial engineering industry also reflected the weak global economy in 2013. The recovery of incoming orders from abroad did not continue in 2013. The trend was clearly negative here during the reporting year. At the beginning of the year, domestic orders in particular slumped, yet managed to recover over the course of the year. Impulses came from industrial manufacturing, which gained momentum, and the improved economic prospects. For the year 2013 as a whole, incoming orders, domestic orders and orders from abroad each came in 2 % behind last year's level.

Car industry continues to grow – Western Europe gained ground

The global automotive market also continued to grow in 2013. According to information from the German industry association VDA and the market research institute IHS Automotive (Polk), new registrations (passenger cars, light trucks) increased by about 5 % worldwide. The two major markets USA and China accounted for almost all of this growth. The number of new registrations in the USA rose by 7.5 %, while the Chinese market grew by 23.1 % (VDA). The Japanese market stagnated. Due to the weak economy, important emerging nations experienced a decline in passenger car sales. According to VDA information, for example, the market volumes in Brazil declined by 1.5 %, in India by 7.5 %, and in Russia by 5.5 %.

The Western European passenger car market stabilised in the second half of the year after several years of declines. A recovery set in at the end of the year. According to information from the European umbrella organisation ACEA, new registrations in the euro zone declined by 1.8 % and in Western Europe by a total of 1.9 % to 11.55 million cars in 2013 overall. With respect to the high-volume markets, France (– 5.7 %) and Italy (– 7.1 %) experienced the highest declines. Spain (+ 3.3 %) and Portugal (+ 11.1 %) on the other hand experienced growth once again. Due to the strong domestic economy, the market in the United Kingdom experienced strong growth of 10.8 %. New car registrations in Germany dropped by 4.2 %. German manufacturers nevertheless benefited from the international markets, especially from growth in the USA and China. Therefore, according to estimates from the VDA, exports and domestic production each rose by 1 %. Manufacturing at foreign sites even rose by 6 %.

The European commercial vehicle market stabilised in 2013. According to the ACEA's figures, registrations of cars and buses in Western Europe rose by 1.2 % and in the euro zone by 0.4 % for the year as a whole. The Italian market continued its decline (– 11.7 %). New registrations declined only slightly in France (– 3.7 %) and Germany (– 2.0 %). The United Kingdom, Spain and Portugal all showed strong growth. In 2013, registrations of heavy vehicles (over 16 tons), a market dominated by German commercial vehicle manufacturers, rose sharply by 6.8 % in the euro zone and 8.6 % in the EU. The truck segment up to 3.5 tons dropped slightly, while registration figures for buses rose moderately.

European construction declines, strong residential construction in Germany

The construction industry in Europe shrunk again in 2013, however the trends differed in the various countries. The industry network Euroconstruct and the Ifo Institute estimated the decline in construction in Western Europe to be nearly 3 % in real terms. Here, investment in new homes fell to the lowest level in 20 years. Italy and Portugal had to absorb severe blows. Furthermore, construction activity in the Netherlands also shrank. The construction industry in France experienced moderate losses. The markets in Spain and Ireland, on the other hand, recovered. The construction industry in the United Kingdom experienced gains over the course of the year.

The construction industry in Germany suffered from a long, cold winter. According to Eurostat, construction output started to recover in July, yet still failed to compensate for the declines despite a solid order situation. According to estimates from the IfW in Kiel, construction spending dropped by 0.3 % in real terms in 2013. This was caused by losses in the area of commercial construction (–3.2 %) and public construction (–1.1 %). Residential construction, on the other hand, developed positively once again. The number of building permits rose sharply. Despite the losses caused by adverse weather conditions and high capacity utilisation, investment in residential construction increased by 1.3 % in real terms (IfW, Deutsche Bundesbank). According to information from the German Statistics Office, orders for the main construction trade rose by 1.2 % in real terms and total sales by 1.9 % through November. The two major industry associations ZDB and HDB estimate that the main German construction trade's sales rose by 2.5 % to EUR 95.3 billion in 2013.

SIGNIFICANT EVENTS FOR BUSINESS DEVELOPMENT

Acquisition of the distribution business of Davydick & Co. Pty Ltd., Australia

In January 2013, we acquired the distribution business of Davydick & Co. Pty Limited ("Davydick") in Goulburn, Australia, and added it to the group of consolidated companies of NORMA Group. Davydick has been marketing various elements for use in transporting water in irrigation systems for more than 20 years. The company supplies more than 700 customers in Australia with joining products for irrigation systems and valves and pumps under the name PUMPMASTER, particularly in the field of agriculture, sanitary products and home supplies. The company recorded sales of around EUR 4 million in 2012. For us, this acquisition represents a major step toward expanding our business activities in the area of water management. We thus improve our infrastructure product range and our sales network, particularly in the areas of agriculture and irrigation in the Asia-Pacific region.

Acquisition of the distribution business on joining technology from Variant S.A., Poland

In May 2013, we signed a purchase agreement to acquire the distribution business of Variant S.A. based in Krakow, Poland, and included this company in the group of consolidated companies of NORMA Group effective June 2013. Variant markets joining products and cable connectors and has been a NORMA Group sales partner for over 20 years. Its products are marketed to more than 1,000 retailers and wholesalers in Poland. Among its end customers are home-improvement markets, workshops, and expert stores that sell automotive supplies. Variant had sales of around EUR 5 million in its joining technology division in financial year 2012. With this acquisition, we are strengthening our market position in the Eastern European region and expanding our business activities in the area of cable connectors.

Acquisition of Guyco Pty Ltd., Australia

In June 2013, we signed a purchase agreement to acquire all of the shares of Guyco Pty Ltd., which has its headquarters in Adelaide, Australia. It was included in the consolidated group of NORMA Group after the transaction had been completed in July 2013. This company specialises in the design, production and sale of joining products and valves that are used in freshwater supplies, irrigation and sanitary systems, but also in agriculture and industry. Guyco supplies more than 700 customers in Australia and New Zealand and generated sales of around EUR 7 million in financial year 2012. With this acquisition, we are expanding our product portfolio and strengthening our presence in the Asia-Pacific region.

Acquisition of a portion of production of Click Automotiva Industrial and setting up of manufacturing in Brazil

In order to build up our plant in Atibaia, Brazil, we bought assets of Click Automotiva Industrial Ltda. in September 2013, which represent a portion of the production. The new plant in Atibaia near São Paulo has capacities for manufacturing a broad range of NORMA Group products including exhaust gas pipe clamps, mounting clamps, connectors and fluid systems. We have been present in Brazil with a sales site since 2011. By building this new plant, we are further expanding our manufacturing in Brazil as planned and strengthening our presence in South America.

These events are the direct results of our strategy described earlier. → Corporate Goals and Strategies, p. 58.

COMPARISON OF ACTUAL TO FORECAST COURSE OF BUSINESS

In our annual report 2012, we projected moderate growth in sales and an acquisition-related sales contribution of EUR 20 million. → Annual Report 2012, p. 95. Due to additional acquisitions, we adjusted acquisition-related growth in sales in our Q2 report 2013 to EUR 25 million and to EUR 26 million in our Q3 report.

With annual sales of EUR 635.5 million and sales growth of 5.1 % compared to the previous year's level, we were able to confirm our forecast. The sales share from acquisitions amounted to EUR 26.7 million, which is slightly higher than the level we had projected.

COMPARISON OF ACTUAL BUSINESS DEVELOPMENT WITH FORECAST

	Results in 2012	Forecast Annual Report 2012 (as at March 2013)	Forecast Q2/2013 report (as at August 2013)	Forecast Q3/2013 report (as at November 2013)	**Result 2013**
Group sales in EUR millions	604.6	n/a	n/a	n/a	**635.5**
Adjusted EBITA margin	17.4 %	on par with the three previous years of over 17 %	no adjustment	no adjustment	**17.7 %**
Growth in Group sales	1.5 % + EUR 14.3 million from acquisitions	moderate growth in addition to around EUR 20 million from acquisitions [1]	moderate growth in addition to around EUR 25 million from acquisitions [2]	moderate growth in addition to around EUR 26 million from acquisitions [3]	**2.5% + EUR 26.7 million from acquisitions**
Sales growth in the Asia-Pacific region	22.6 %	more than 10 % organic	no adjustment	more than 10 % including acquisitions	**28.1 %**
Sales growth in the Americas	11.8 %	neutral to slight growth in euros	no adjustment	no adjustment	**–0.9 %**
Sales growth in the EMEA region	–1.4 %	neutral to slight growth	no adjustment	no adjustment	**5.6 %**
Sales growth EJT	3.9 %	moderate	no adjustment	no adjustment	**3.8 %**
Sales growth DS	2.5 %	strengthened mainly by acquisitions made in 2012	no adjustment	no adjustment	**11 %**
Financial result in EUR millions	–13.3	approx. EUR 15 million	no adjustment	no adjustment	**–15.6 million**
Earnings per share in EUR	1.94 (adjusted) 1.78 (reported)	moderately higher	no adjustment	no adjustment	**1.95 (adjusted) 1.74 (reported)**
Investments in R&D (in relation to EJT sales)	5.1 %	about 4 % of EJT sales	no adjustment	no adjustment	**4.9 %**
Cost of materials ratio	43.6 %	about the same level as last year (43.6 %)	no adjustment	no adjustment	**42.4 %**
Personnel cost ratio	25.9 %	gradual continued improvement	no adjustment	no adjustment	**26.7 %**
Tax ratio (adjusted)	30.3 %	about 30 to 32 %	no adjustment	no adjustment	**32.6 %**
Investment ratio (adjusted for acquisitions)	5.0	about 4.5 %	no adjustment	no adjustment	**4.8 %**
Net operating cash flow in EUR millions	81.0	stable (near last year's adjusted level of EUR 81.6 million)	no adjustment	no adjustment	**103.9**
Dividend in EUR Dividend payment ratio	EUR 0.65 33.5 %	between around 30 % and 35 % of adjusted consolidated Group earnings	no adjustment	no adjustment	**EUR 0.70 35.9 %**

[1] CONNECTORS Verbindungstechnik, Nordic Metalblok, Chien Jin Plastic, Groen Bevestigingsmaterialen, Davydick
[2] in addition to Variant und Guyco
[3] adjustment of expected sales for the acquired companies

As forecast, sales in the DS area were carried for the most part by the acquisitions (15.3 %) we made in 2012 and 2013. Total sales in the area of DS amounted to EUR 193.6 million.

In the EJT area, sales grew organically by 5.6 %, but were negatively affected by currency effects. By increasing sales by 3.8 %, we remained within our forecast.

We expected to see the highest increase in sales of over 10 % in the Asia-Pacific region in 2013. Here, we adjusted this forecast in our Q3 report to more than 10 % growth, including acquisitions. We were able to exceed this goal despite negative currency effects by achieving growth in sales, including acquisitions, of 28.1 % to EUR 56 million in 2013.

For the Americas and EMEA regions, we had predicted neutral to slight or neutral to weak growth respectively. In the EMEA region, we managed to significantly exceed our forecast due to new ramp-ups as a result of the EURO-6 standard to achieve 5.6 % higher sales growth. In the Americas, the fact that the economy remained weak prevented us from achieving our growth goal there of 2.4 % organic growth by – 0.9 % in 2013 due to an extremely strong euro during the second half of the year.

By employing systematic cost reduction measures as part of our Global Excellence Programme and using intelligent sourcing strategies, we managed to lower our cost of materials ratio to 42.4 %, which is even lower than the level we had projected.

On the other hand, we were unable to confirm our forecast of a gradual and continued improvement in personnel costs. Personnel costs rose disproportionately to sales to 26.7 % in 2013 due to the acquisitions we made, the sites we opened or expanded, and the resulting increase in the number of employees.

We had hoped that net other operating income and expenses would stabilise due to investments in growth and the expansion of our activities in the emerging nations. In relation to sales, at 11.4 %, they were only slightly above the 11.1 % level of the previous year, therefore we feel we met our forecast.

With a financial result of EUR – 15.6 million, we managed to meet our forecast (EUR – 15 million).

Adjusted earnings per share, which is calculated on the basis of the adjusted earnings for the period, amounted to EUR 1.95 in 2013 (2012: EUR 1.94). The reported earnings-per-share amounted to EUR 1.74 (2012: EUR 1.78).

At 32.6 % of earnings before taxes, the tax ratio was slightly higher than the target corridor that we had forecast of between 30 % and 32 %.

We predicted an investment rate of 4.5% of consolidated sales. With EUR 30.5 million in expenditures and a ratio of 4.8 %, we were slightly above this originally planned ratio.

We had hoped that our net operating cash flow would remain stable at the adjusted level of the previous year of EUR 81.0 million. Due to our positive operating result (EBITDA) and positive effects from reverse factoring on trade liabilities, we were able to significantly increase our forecast with net cash flow of EUR 103.9 million.

We pursue a sustainable dividend policy and strive to achieve a pay-out ratio of approx. 30 % to 35 % of annual Group earnings. With the proposed dividend of EUR 0.70 per share and a pay-out ratio of 35.9 % of adjusted Group earnings, we are at the upper end of this range.

GENERAL STATEMENT BY THE MANAGEMENT BOARD ON THE COURSE OF BUSINESS AND ECONOMIC SITUATION

Financial year 2013 was essentially in line with the Management Board's expectations. We managed to compensate for the weak start to the year because of the economy by the time the year ended.

Due to the acquisitions we made, we were able to increase our originally forecast consolidation-related sales for the first and second quarters from EUR 20 million to EUR 25 million and 26 million respectively.

At the end of financial year 2013, total sales came in at EUR 635.5 million. By achieving 2.5 % organic growth in sales and expanding our sales by 4.4 % with the help of acquisitions, we slightly exceeded our November 2013 forecast. Despite the difficult economic situation, we were able to increase our operating earnings and achieve an operational margin of 17.7 % as forecast.

If we take a look at specific segments, we can see that the various regions experienced different developments: Whereas the APAC region recorded strong growth in all quarters mainly due to acquisitions, the EMEA region – driven by new ramp-ups as a result of the EURO-6 standard – began experiencing significant organic growth starting in the second quarter. The Americas region also recorded solid organic growth starting in the third quarter, nevertheless currency effects had a negative effect on the total growth in sales in this region in 2013.

In light of the economic conditions, the Management Board is satisfied with how business developed in 2013. We succeeded in achieving most of our objectives. Through the acquisitions we made and by expanding our capacities, particularly in the

OVERVIEW OF SALES CONTRIBUTIONS FROM THE COMPANIES ACQUIRED IN 2012 AND 2013

Company	When added to the consolidated group	Share of sales contribution 2013[1] in EUR millions
Connectors Verbindungstechnik AG, Switzerland	April 2012	5.1
Nordic Metalblok S.r.l., Italy	July 2012	2.9
Chien Jin Plastic Sdn. Bhd., Malaysia[2]	November 2012	7.2
Groen Bevestigingsmaterialen B.V., the Netherlands[3]	December 2012	3.4
Davydick & Co. Pty Limited, Australia	January 2013	3.3
Variant S.A., Poland	June 2013	1.2
Guyco Pty Limited, Australia	July 2013	3.6
Click Automotiva Industrial Ltda., Brazil	September 2013	0
Total		**26.7**

[1] Until 12 months have expired following the acquisition
[2] as at 31 Dec. 2013: Share of 85%
[3] as at 31 Dec. 2013: Share of 90%

Asia-Pacific region, we managed to expand and strengthen our market position.

The Management Board considers the economic situation of NORMA Group to be stable and sustainable. This assessment is based on the results of our balance sheet and NORMA Group SE's individual results in 2013 and takes business development up until the drawing up of the Group management report 2013 into consideration. Business development through the start of 2014 has been in line with the Management Board's expectations up until this annual report was prepared.

EARNINGS, ASSETS AND FINANCIAL POSITION

The accounting rules changed in financial year 2013 due to the first-time use of IAS 19R. In order to better compare the earnings, assets and financial position, the figures in this annual report that pertain to 2012 have been adjusted to suit the new accounting rules and may therefore deviate from the figures published in annual report 2012. → Notes, p. 141.

Sales and Earnings Performance

Order book remains at a high level

As at 31 December 2013, the order book was EUR 236.7 million and thus significantly higher than last year's previous high level of EUR 215.4 million. Due to short-term orders in the area of DS, the order volume pertains mainly to EJT.

Moderate growth in sales despite economic weakness in the Americas and negative currency effects

We finished financial year 2013 successfully with Group sales of EUR 635.5 million (2012: EUR 604.6 million). We were thus able to achieve a 5.1 % increase over the previous year despite negative currency effects (– 1.8 %). Following a slow start to the first quarter due to economic conditions, we managed to significantly increase our sales growth in the second, third and fourth quarters compared to the previous year.

This growth resulted from the successfully integrated acquisitions on the one hand (+ 4.4 %), on the other hand, we were able to achieve 2.5 % organic growth in sales. The latter was driven mainly by new ramp-ups due to the EURO-6 standard.

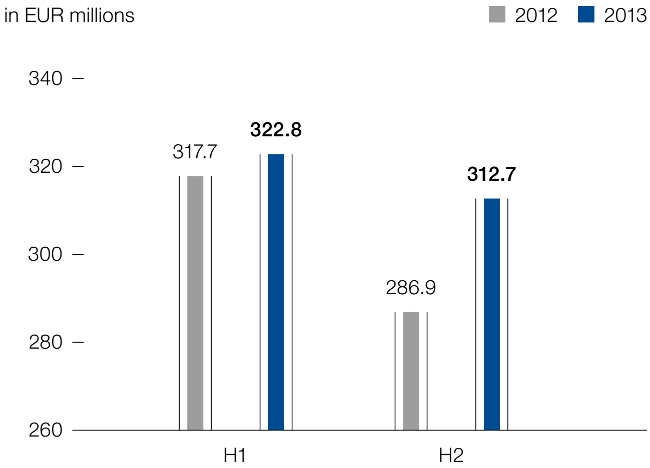
The companies acquired in 2012 and 2013 contributed EUR 26.7 million to sales growth, but to various extents depending on when the acquisition took place.

We meet the demand in our business with our global network of production plants with highly-developed joining technology. Our manufacturing facilities are mostly located in the markets that they serve. Accordingly, costs are incurred in the same currency in which we realise our sales revenues. Currency effects, in particular the correlating development of both the US dollar and the euro, had a negative impact on sales in 2013. Since we generate a large portion of our sales in the USA and the euro zone, a depreciation on the part of the US dollar is disadvantageous from a balance sheet perspective, since we report in euros and the profits generated in US dollars resulted in a lower computed euro value (translation effect). The currency relationship usually also reflects the differences in regional economic momentum. The average exchange rate of the US dollar to the euro was 1.33 in 2013 and thus higher than the previous year's average exchange rate of 1.28 USD/EUR.

NORMA Group's business development is subject to a certain seasonal fluctuation and is typically characterised by a strong

Sales in EUR millions	2012	Percentage share of the entire year 2012	**2013**	**Percentage share of the entire year 2013**
H 1	317.7	52.5 %	**322.8**	**50.8 %**
H 2	286.9	47.5 %	**312.7**	**49.2 %**

SALES



first half of the year compared to the second half. In 2013, however, we experienced the opposite trend due to the weak economic environment. → General Economic and Industry-Specific Environment, p. 64. In the first quarter, sales revenue amounted to EUR 159.3 million and was thus 0.3 per cent lower than in the first quarter of the previous year. In the second quarter, we not only generated positive sales revenues from our acquisitions, but also grew organically and generated sales of EUR 163.5 million, 3.5 per cent more than in the second quarter of 2012. In the third quarter, at EUR 160 million, sales turned out to be somewhat weaker than in the previous quarter due to the effect of holidays with fewer business days in the summer and increasing uncertainty regarding the further economic development. Compared to the same period in the previous year, however, sales rose by 6.9 per cent. The fourth quarter was seasonally the weakest compared to the rest of the year with sales of EUR 152.8 million, but nevertheless exceeded the previous year's period in 2012 with sales growth of 11.2 percent.

Organic growth in the area of EJT; DS bolstered by acquisitions

We generated total sales of EUR 443.9 million in the EJT unit. This represents an increase of 3.8 % over the previous year's sales of EUR 427.6 million. The EJT unit also clearly experienced the weak economic environment at the beginning of the year and this resulted in a slight decline in EJT sales by – 2.4 % during the first quarter compared to the same period last year. Thanks to the three strong quarters that followed, the unit was able to compensate for this again by recording significant organic growth in sales.

The DS unit developed positively thanks to acquisitions. Sales rose from EUR 174.5 million in 2012 to EUR 193.6 million in the current financial year and thus by 11 %.

EFFECTS ON GROUP SALES

	in EUR millions	Share in %
Sales 2012	604.6	
Organic growth	15.1	2.5
Acquisitions	26.7	4.4
Currency effects	– 10.9	– 1.8
Sales 2013	**635.5**	**5.1**

DEVELOPMENT OF THE DISTRIBUTION CHANNELS

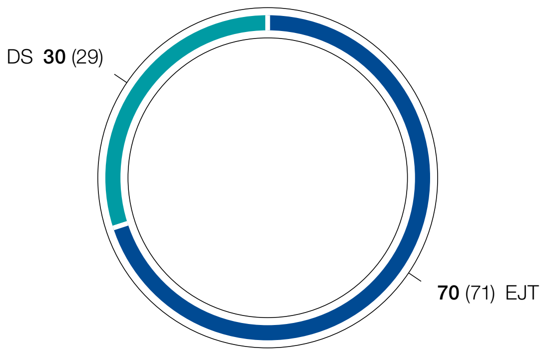
	EJT		DS	
	2013	2012	**2013**	2012
Sales in EUR millions	**443.9**	427.6	**193.6**	174.5
Growth in %	**3.8**	3.9	**11.0**	2.5
Share of sales in %	**70.0**	71.0	**30.0**	29.0

Operational results increase at a high level

We managed to increase our earnings before interest, taxes, depreciation and amortisation (adjusted EBITDA) by EUR 8.5 million or 7.1 % from EUR 120.8 million in 2012 to EUR 129.3 million in 2013. EBITA amounted to EUR 112.6 million for the last financial year and was thus 6.9 % higher than the adjusted EBITA in 2012 (EUR 105.4 million). This means we achieved a higher operating margin of 17.7 % compared to the previous year (2012: 17.4 %).

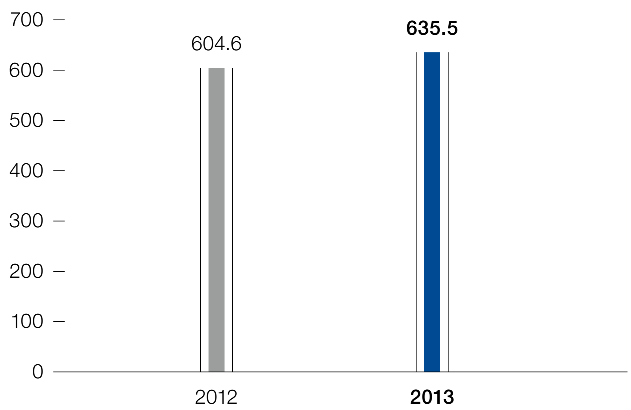
SALES DISTRIBUTION BY DISTRIBUTION CHANNELS

in % 2012 in brackets



SALES GROWTH

in EUR millions



Adjusted EBITDA generally comprises revenue, changes in inventories of finished goods and work in progress, raw materials and consumables used, other operating income and expenses, and employee benefits expense, adjusted for material one-time effects.

From the view of the Management Board, there were no important special effects in financial year 2013, therefore only the depreciation on fixed assets and intangible assets, in each case from purchase price allocations, are presented in adjusted form. Adjusted EBITA comprises adjusted EBITDA less depreciations, without depreciations from purchase price allocations. → Notes, p. 142.

The main influencing factors on the development of our operational results include material and personnel costs, but also other operational earnings and expenditures.

Cost of materials ratio improved again

Austenitic and ferritic steels as well as plastic granules are key components of the raw materials we use. Despite relatively stable market prices for steel-related goods last year, we managed to lower our purchase prices for the respective material groups for individual NORMA plants quite significantly by using intelligent commodity strategies. We were able to negotiate better terms by reducing the number of suppliers and leveraging volumes across multiple NORMA Group plants. By identifying new suppliers in best-cost countries and developing sustainable partnerships, we secure ourselves market compatible and globally competitive price levels for our materials over the long term.

The combination of stable prices and selective and specifically coordinated purchasing activities helped us to limit the increase in our material expenses to only 2.3 % from EUR 263.5 million to EUR 269.4 million in 2013, a lower rate than sales. This means we were able to significantly reduce our material cost ratio in 2013 to 42.4 % (2012: 43.6 %). → Notes, p. 143 and Multi-Year Overview, p. 186.

Personnel costs impacted by extended production capacities and acquisitions

Employee benefits expense increased by 8.4 % from EUR 156.5 million to EUR 169.7 million compared to last year. The personnel cost ratio rose from 25.9 % in 2012 to 26.7 %. This increase in personnel costs can be attributed mainly to acquisitions and expansion of sites and the resulting increase in the average number of employees (without temporary employees) to 3,945 (previous year: 3,577). → Production and Logistics, p. 78.

Other operating income and expenses relatively stable

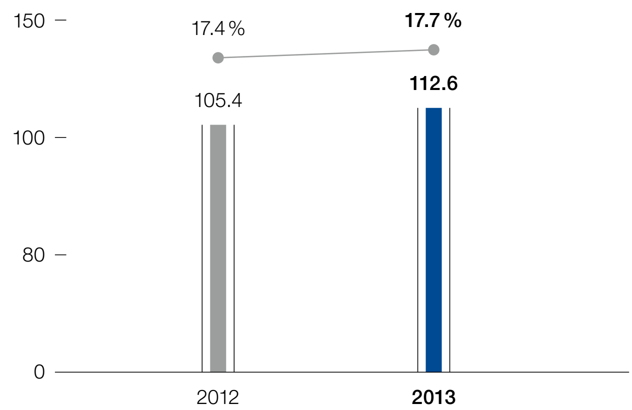
Other operating income and expenses in 2013 amounted to EUR –72.4 million (previous year: EUR –67.1 million). Thus, the rate of 11.1 % with respect to sales increased slightly to 11.4 %. This slight increase in the ratio can be attributed among other things to one-off expenses that were incurred by transforming NORMA Group AG into a Societas Europaea (SE) in the second quarter of 2013.

Gross margin improved

After deducting material costs (EUR 269.4 million), changes in inventories (EUR 1.9 million) and other own work capitalised (EUR 3.4 million) of sales, we reported gross profit of EUR 371.4 million in 2013 (2012: EUR 344.4 million). This means our gross margin improved by 1.4 percentage points to 58.4 % after 57.0 % in 2012.

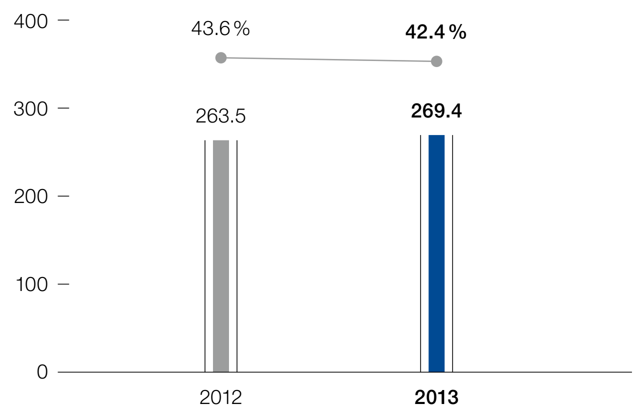
ADJUSTED EBITA AND EBITA MARGIN

in EUR millions



COST OF MATERIALS AND COST OF MATERIALS RATIO

in EUR millions



Net financial income impacted negatively by currency effects

We generated net financial income of EUR –15.6 million in 2013. This is an increase of EUR 2.4 million or 18.3 % compared to EUR –13.2 million last year. This can be attributed for the most part to currency losses from financing activities in the amount of EUR 1.4 million (2012: earnings of EUR 0.8 million), but also the issuing of the promissory note and the resulting interest expense in the second half of the year.

Net income after tax increases again

The adjusted income taxes rose from EUR –26.9 million in 2012 to EUR –30.0 million last year. This equates to an adjusted tax rate of 32.6 % (2012: 30.3 %). Effects from company restructuring in Germany were adjusted.

We increased our adjusted net income after tax from EUR 61.8 million by 0.4 % to EUR 62.1 million in 2013.

Adjusted earnings per share

Adjusted earnings per share amounted to EUR 1.95 (2012: EUR 1.94) and were thus 0.3 % higher than the previous year's earnings.

Financial position and cash flows

Total assets reflect issuance of a promissory note and acquisitions

Total assets increased to EUR 823.7 million in 2013 and were thus 19.1 % higher than the balance sheet in 2012 (EUR 691.8 million). This increase can be attributed in particular to the promissory note that was issued in the third quarter of 2013 and the resulting increase in cash and cash equivalents and loan liabilities.

Non-current assets relatively stable

Non-current assets amounted to EUR 450.6 million or around 54.7 % of total assets at the end of the year. They increased by EUR 5.4 million or 1.2 % compared to 2012 (EUR 445.1 million).

Whereas fixed assets increased by EUR 6.3 million or 5.8 % to EUR 115.4 million due to the acquisitions and investments in property, plant and equipment, goodwill declined by EUR 2.0 million or 0.9 % from EUR 235.3 million to EUR 233.2 million. The positive effects of the acquisitions and offsetting negative currency effects had an impact here. Furthermore, goodwill includes additions from the acquisitions made in financial year 2013 in the amount of EUR 1.7 million. → Notes, p. 149. At EUR 92.9 million, other intangible assets were close to last year's level (2012: EUR 92.5 million).

Current assets positively impacted by the increase in cash and cash equivalents

Current assets amounting to EUR 373.1 million as at 31 December were 51.3 % higher than last year's level of EUR 246.7 million. This significant increase resulted mainly from the EUR 121.8 million increase in cash and cash equivalents to EUR 194.2 million. This can be attributed to the promissory note that was issued in the third quarter of 2013.

Furthermore, inventories increased by 7.3 % to EUR 79.8 million (2012: EUR 74.3 million). This increase resulted from the expected higher business activity in the first quarter of 2013.

Compared to 2012, trade receivables and other receivables increased by about 13.7 % from EUR 79.3 million to EUR 90.1 million. As at 30 June 2013, this still amounted to EUR 102.2 million. The reduction in this item starting at the second half of the year reflects mainly the usual seasonal course of business.

The higher final level can be attributed to the outstanding growth in the fourth quarter and increased business activity compared to the same quarter in the previous year.

As at 31 December 2013, current assets amounted to 45.3 % of total assets (2012: 36 %).

Group equity base remains at a high level

Consolidated equity as at 31 December 2013 amounted to EUR 319.9 million and thus rose by 10.6 % or EUR 30.7 million compared to the previous year (2012: EUR 289.2 million). This increase resulted mainly from the net profit for the period of EUR 55.6 million. In contrast, the dividends paid in the second quarter in the amount of EUR 20.7 million reduced equity. Thus, the equity ratio was 38.8 % due to the higher total assets and thus declined by 41.8 % compared to last year's level.

Due to the premature repayment of EUR 101.4 million of the syndicated financing in January 2014 with the help of the funds raised by the promissory note, the equity ratio will increase again this year. → Supplementary Report, p. 91.

Net debt considerably lower

At EUR 153.5 million, net debt was considerably lower than in 2012 (EUR 199.0 million) despite the acquisitions and the payment of a dividend. Gearing (net debt in relation to equity) of 0.5 was significantly below the level of 0.7 as at the end of 2012. Net financial debt included derivative (non-cash liabilities) totalling EUR 15.3 million (2012: EUR 24.8 million).

Capital commitment in (trade) working capital

(Trade) working capital (inventories plus receivables minus liabilities, both primarily from trade payables and trade receivables) was EUR 110.9 million as at 31 December 2013, and thus 4.4 % lower than last year's figure of EUR 115.9 million. The reduction in working capital can be attributed among other things to optimised working capital management. Here, we managed to increase the liquidity of NORMA Group through a better balance of non-current liabilities and trade payables. By making greater use of alternative financing forms, such as reverse factoring, we achieved a significant extension in our average payment targets (payables) from our largest suppliers.

Non-current liabilities

Non-current liabilities amounted to EUR 261.4 million as at 31 December 2013, and were thus around 31.7 % of total assets. This means we were able to reduce them by EUR 6.1 million or 2.3 % compared to last year. Two opposing effects had an impact. On the one hand, loans payable increased by 5.4 % from EUR 190.7 million to EUR 200.9 million, derivative financial liabilities declined significantly by EUR 16.4 million from EUR 24.7 million to EUR 8.3 million.

The increase in non-current loan liabilities can be attributed on the one hand to the issuance of a promissory note in the reporting year in the amount of EUR 125 million. The premature repayment of EUR 101.4 million of the syndicated credit line in January 2014 that had already been taken into consideration in presenting the maturities as at 31 December 2013 had the opposite effect. The decline in the derivative financial liabilities can be attributed to the lower nominal value of the derivative securities due to planned principle payments, reclassification of derivative liabilities to the short-term category and the positive development of market values of hedging instruments due to the change in the market environment and higher interest rate expectations amongst market participants. The respective derivatives stand in security relationships with the loan liabilities that were repaid prematurely in January 2014 and were therefore correspondingly reclassified to the current area.

Current liabilities

Current liabilities increased by EUR 107.2 million from EUR 135.2 million to EUR 242.4 million and thus amounted to around 29.4 % (2012: 19.5 %) of total assets.

The increase in current liabilities can be attributed mainly to the EUR 74.1 million increase in current loans payable from EUR 51.0 million to EUR 125.1 million. Analogous to the decline in non-current loan liabilities, this increase resulted mainly from premature principal payments on the syndicated credit line in the amount of a partial payment of EUR 101.4 million, which was already taken into consideration when the maturities were presented as at 31 December 2013.

Furthermore, due to the introduction of reverse factoring and optimisation of working capital management, trade liabilities increased by 56.7 % compared to the previous year to EUR 59.0 million.

Costs of capital

No corporate debt rating has been assigned. The implicit investment grade contained in the conditions of the promissory note loan is BBB. We currently expect no significant change in the foreign capital cost rate.

Accounting treatment of carrying amounts

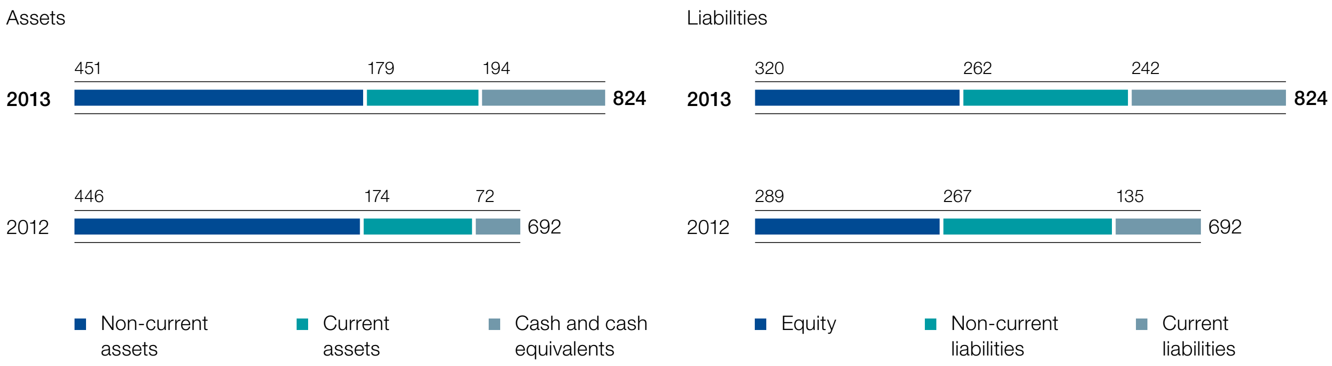
As a rule, we recognise the carrying amounts of assets and liabilities at amortised cost. Derivative financial instruments and available-for-sale financial assets are measured at fair value. Cash and cash equivalents are reported at nominal value. → Notes, p. 122.

Off-balance sheet financial instruments

NORMA Group relies on rental agreements (so-called operating leasing) for its financing, but only to a very limited extent. These

ASSETS AND LIABILITIES STRUCTURE

in EUR millions



are not reflected in the consolidated financial statements. There were no other major off-balance sheet financial instruments during the reporting period January to December 2013.

Unrecognised intangible assets

NORMA Group's rights to the brands it owns are recognised in the balance sheet as intangible assets together with its patents. However, the reputation of these brands and how well known they are among our customers also play an important role in our success, as does consumer confidence in our products and solutions. Well-established customer relationships are equally important to us. These are also supported by our distribution network built up over many years. → Worldmap.

The know-how and experience of our employees also play an important part in the success of the Company. We also regard our many years of research and development expertise and project management know-how as competitive advantages for NORMA Group. These values are not recognised on the balance sheet. → Non-Financial Indicators, p. 78 onwards.

Financial Management

Strategic financing measures

The original financing volume at the time of the IPO in 2011 amounted to EUR 375 million. This includes an amortising structure. As at 31 December 2013, the credit amount was EUR 200.5 million with an interest margin of under 1.75 basis points above the 3-month-EURIBOR. This contains a revolving credit valued at EUR 125 million that was drawn down by EUR 5.5 million by the end of 2013. The credit line was intentionally converted over to the fixed rate positions using derivative instruments to ensure that no interest rate change risk exists before the term ends. Only the short-term revolving credit line for working capital or to finance acquisitions includes an interest rate change risk due to the fact that this has not been hedged by using derivatives.

The entire syndicated loan was initially issued solely on a variable euro basis. To accommodate our Group's local cash flows, most of the credit amount was paid out in our three main currencies, the US dollar, the Swedish krona and the British pound, back in 2011 and hedged by derivative structures. This enabled us to minimise currency and interest rate change risks. The changes in value of the instruments chosen are recorded directly in the equity position as part of hedge accounting. Partial tranches will possibly be repaid to some extent in 2014 or 2015 by using promissory note funds.

Most of the supply and service relationships between individual currencies are simultaneously hedged over the course of the year.

To minimise risks, we strive to achieve broad diversification of our financing instruments over the medium term. These also include prolongation of repayment obligations and an even distribution of the maturity profile.

The issuance of a promissory note loan in the amount of EUR 125 million with a 5, 7, and 10-year term for the first time ever represented an important step towards this. This new instrument contributes about one-third to our financing mix. The strong interest from the institutions that issued this loan resulted in high oversubscription and therefore also an attractive credit margin. Due to the strong condition of the foreign capital markets when the promissory note loan was issued, we were able to achieve an average interest rate (EURIBOR + margin) of less than 3.0 percent. With EUR 21 million, we managed to place a significant share in the 10-year tranche. As with our syndicated loan, all tranches were either hedged to begin with or hedged using derivative structures as fixed interest payment positions to limit the risk of a change in interest rates. These funds are used to finance general operations and will be partly used to repay existing loans in 2014 or 2015 with a term until 30 March 2016. We therefore managed to achieve a significant extension of the term and an even repayment profile for half of the original credit tranche of EUR 250 million from this financing. The operating credit line in the amount of EUR 125 million which has hardly been used will remain in effect until 2016. The average interest rate of the promissory note loan of 3.0 percent corresponds to the market assessment of an 'Investment Grade' for NORMA Group.

As at 31 December 2013, we complied with all of the indicators contained in the loan contracts (financial covenant: equity ratio, interest ratio, financial debt ratio, change of control). The securities that had originally been provided in 2011 to receive the loan have been released. → Notes, p. 100.

Further concrete financing steps will depend on the current changes in the financing markets and acquisition potentials. We also always take risks from changes in exchange rates that are limited by using derivative structures into consideration.

Development of cash flow

Significant increase in operating net cash flow

We achieved operating net cash flow of EUR 103.9 million in 2013. This was 28.2 % higher than last year's level of EUR 81.0 million. The increase in operating net cash flow reflects the good position our business is in and is mainly attributable to the increase in operating results (EBITDA). In relation to total sales, net cash flow rose by 16.3 % in financial year 2013 (2012: 13.4 %).

Higher cash flow from operating activities

We generated a cash flow of EUR 115.4 million from operating activities in 2013. This corresponds to an increase of around EUR 19.2 million or roughly 20.0 % compared to the previous year (2012: EUR 96.1 million).

This increase was due for the most part to the repayment of trade and other liabilities which are also impacted by the effect of reserve factoring discussed earlier.

Cash flow from investing activities

In 2013, cash outflow from investing activities amounted to EUR 43.4 million (2012: EUR 58.1 million).

The difference to the previous year is mainly due to a reduction in the net payments for acquisitions of EUR 29.0 million by 54.4 % to EUR 13.2 million. Expenditures for property, plant and equipment (EUR 21.3 million) were slightly lower than last year (2012: EUR 23.9 million), while intangible assets amounting to EUR 6.1 million rose slightly to EUR 9.3 million.

Capital expenditures in 2013 related in particular to projects aimed at expanding our manufacturing capacities in the United Kingdom, Serbia, Mexico, the USA, China and Brazil. → Organisational and Process Advantages, p. 78.

Capital expenditure on property, plant and equipment and intangible assets came in at 4.8 %. Based on the long-term growth trend, we also aim to invest in expansion and maintenance in the medium-term at a rate of about 4.5 % of sales on an annual basis.

Cash flow from financing activities impacted by the promissory note

In 2013, cash outflow from financing activities amounted to EUR 51.7 million, whereas it was EUR 34.1 million in 2012. This resulted mainly from the payments received in conjunction with the promissory note issued in mid-2013. Cash flow pertained for the most part to the payment of dividends to shareholders in the amount of EUR 20.7 million (2012: 19.1 million), as well as principal payments on loans in the amount of EUR 47.1 million (2012: EUR 23.2 million). → Notes, p. 117.

Investment analysis

We invest the funds from operating cash flow in our growth. Last year, we further expanded the plant we founded in Serbia in 2011. In Asia, our internal and external growth was strengthened by building new production sites and making strategic acquisitions. By acquiring the distribution business of Variant S.A. in Poland, we shorten the supply process to our customers by one level and therefore have now moved closer to our end customers. By acquiring the distribution business of Davydick and Guyco in Australia, we have added new products and new sales partners and further extended our presence on the continent. Furthermore, we strengthened our position in the water and wastewater market in the Asian region. By acquiring part of Click Automotiva Industrial and setting up a production site in Brazil, we were able to strengthen our market position in South America. Moreover, we invested in automating and optimising our existing plants all over the world. → Organisational and Process Advantages, p. 78.

Capital expenditures that have not yet been realised for which contractual obligations exist as at 31 December 2013 amount to EUR 1.4 million. These pertained mainly to investments in fixed assets in Germany (kEUR 893), China (kEUR 531) and Poland (kEUR 19).

Summary on financial position

Last year, we managed to improve our financial position even further thanks to solid results, continued strong cash flow and by successfully issuing a promissory note. Our equity ratio reached 38.8 % in 2013 and remains at a high level. We succeeded in achieving this despite issuing a promissory note in the

DEVELOPMENT OF THE SEGMENTS

	EMEA			Americas			Asia-Pacific		
in EUR millions	2013	2012[2]	Change	2013	2012[2]	Change	2013	2012[2]	Change
External sales	387.9	367.5	+5.6 %	191.6	193.3	−0.9 %	56.0	43.7	+28.1 %
Contribution to consolidated sales	61 %	61 %		30 %	32 %		9 %	7 %	
Adjusted EBITDA[1]	83.9	79.3	+5.8 %	45.2	43.0	+5.2 %	6.5	5.2	+25.0 %

[1] The adjustments relate to adjustments within the individual segments. At Group level no adjustments were made in the EBITDA.
[2] Restated due to effects of IAS 19R.

amount of EUR 125 million, acquiring additional companies and paying out a dividend of EUR 0.65 per share for financial year 2012. Our current financing offers a sound foundation for our medium term growth strategy.

SEGMENT REPORTING

By developing new markets and customers, we increased the share of sales realised internationally even further from 67.4 % to 70.4 % in the financial year just ended, thereby continuing our strategy of internationalisation.

EMEA

Solid development of sales in the EMEA region

Despite a decline in the volumes in some industries during the first quarter of 2013, the EMEA region developed positively for the year overall. Whereas the first quarter was relatively slow due to the economic conditions and only yielded growth due to the acquisitions, the improved economic conditions resulted in a moderate improvement in the second quarter and significant organic growth in sales starting in the third quarter. This development was complemented by the new ramp-ups due to the EURO-6 emissions standard. With respect to the entire year, we achieved solid growth in sales of 5.6 %. This equates to an increase in external sales of around 20 million from EUR 367.5 million in 2012 to EUR 387.9 million. Besides the growth of 3.4 % from acquisitions, we experienced solid organic growth of 2.9 % on the challenging European market. The share of the EMEA region in relation to total sales remained at 61 %, the same level as last year.

Positive EBITDA growth

Adjusted EBITDA increased by 5.8 % from EUR 79.3 million in 2012 to EUR 83.9 million in 2013. At 21.6 %, the EBITDA margin remained at the same level as last year, and this despite a decline in volume and the investments in new products for the new EURO-6 engine generation.

Assets increased due to the acquisition of Variant, on the one hand, and the increase in trade payables from EUR 457.4 million as at 31 December 2012 to EUR 490.3 million as at 31 December 2013.

Investments amounted to EUR 13.1 million and were thus 13.8 % lower than in 2012 (EUR 15.2 million). These funds were mainly invested in production facilities to increase our capacities at the German sites, but also in Serbia and the United Kingdom.

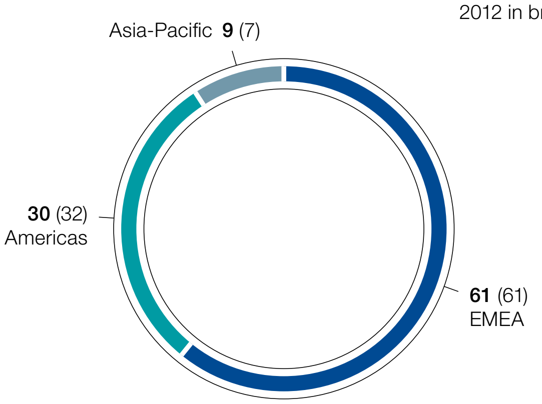
The Americas

Negative impact of currency development

The Americas segment generated EUR 191.6 million in sales in 2013, which were slightly lower than last year's level of EUR 193.3 million. The positive currency development that drove sales growth last year turned in the opposite direction in 2013 and had a negative impact on sales denominated in the euro. For the year 2013 as a whole, we recorded a 0.9 % decline in sales. This means that the organic growth of 2.4 % for the year was overshadowed by negative currency effects of −3.3 %. This region's share of sales in relation to total sales declined to 30 % in 2013 (2012: 32 %).

BREAKDOWN OF SALES BY SEGMENT

in % | 2012 in brackets



Over the course of the year, we were able to achieve a sequential improvement in sales growth. While the first and second quarter (Q1: −7.0 %, Q2: −5.8 %) remained relatively weak due to the economy and currency effects, the situation improved considerably in line with the gradual recovery of the US economy towards the end of the year. In the fourth quarter, we achieved organic growth compared to the previous year's period of 16.8 % due to the strong improvement in the economic situation.

Adjusted EBITDA amounted to EUR 45.2 million in 2013 and was thus 5.2 % higher than the previous year's level of EUR 43.0 million. The EBITDA margin improved from 22.2 % to 23.6 % compared to last year. Among other things, this is due to the reduction of our cost base as a result of measures from our Global Excellence Programme.

Assets (EUR 210 million) hardly changed at all compared to last year (2012: EUR 209.9 million). Adjusted for currency effects, however, they increased by EUR 9.6 million also due to the acquisition of assets of Click Automotiva Industrial Ltda. that represent a portion of production.

Investments were EUR 7.3 million or 9.5 % higher than last year's level of EUR 6.7 million. The main focuses of investments included the production facilities at our plants in Auburn Hills and St. Clair.

Asia-Pacific

Dynamic sales growth

The Asia-Pacific region continues to be of paramount importance to the future growth of NORMA Group. Higher incomes and a better standard of living in the emerging Asian economies results in higher demand for high-quality products in all areas of life.

We generated sales of EUR 56.0 million in the Asia-Pacific region in 2013 and thus exceeded last year's level by 28.1 % (2012: EUR 43.8 million). This growth was driven mainly by acquisitions. Adjusted for acquisitions, sales amounted to EUR 41.9 million in 2013. The Asia-Pacific region accounted for a 9 % share of sales in 2013, which was two percentage points higher than the share in 2012.

Adjusted EBITDA rose by 25 % from EUR 5.2 million in 2012 to EUR 6.5 million. The EBITDA margin was 11.6% and thus slightly lower than the ratio of 11.8 % the previous year. This can be attributed to expansion of sites and merger and acquisition activities, among other factors.

Assets rose from EUR 51.2 million to EUR 61.9 million and thus by 20.8 % in 2013. This can be attributed partly to acquisitions, but for the most part resulted from the operating business.

Investments in 2013 were made mainly to expand our second site in China and in urea manufacturing at our existing Chinese site in Qingdao. Investments amounted to EUR 6.7 million in 2013 and thus rose by 16.8 % compared to the previous year (2012: EUR 5.8 million).

Central management of financing

Due to the fact that financing as a whole is controlled centrally, we forgo publishing a separate list of financing by segments. We strive to achieve an investment ratio and cash generation in every segment that is in line with the Group average in the medium-term.

ORGANISATIONAL AND PROCESS ADVANTAGES

Production and Logistics

NORMA Group manufactures approximately 30,000 different products at 21 sites all over the world. Furthermore, we operate distribution, sales and competence centres in 27 countries that supply our customers in the respective regions. Our largest manufacturing site is based in Maintal near Frankfurt/Main, Germany. → Worldmap.

Our product categories (→ Business Model, p. 52) involve different materials, production processes, technical expertise and sterility requirements. Because of how few synergies there are between these production processes, we try to keep the product categories separate when it comes to producing them.

We have implemented this approach quite strictly in Europe and the USA. In emerging economies in which we only have one plant, however, both product categories are manufactured at a single site.

Constantly improving manufacturing structures and processes

As part of our Global Excellence Programme that we introduced in 2009, we constantly analyse and identify potential for optimisation in all areas and implement the appropriate measures aimed at realising these. We already completed comprehensive optimisation of our manufacturing structure in Europe in 2010. As part of our optimisation efforts, we have bundled high-volume automated and essentially standardized production processes at specific high-tech manufacturing lines. This has allowed us to take advantage of considerable economies of scale. Production processes that require a higher degree of manual assembly work are based mainly in low-wage countries.

Manufacturing close to our customers and high reliability of delivery

In order to optimise our production and logistics costs, we always strive to manufacture in the regions our customers are based in. This enables us to reduce our working capital and production costs, but also to minimise delivery risks and thus be able to respond quickly and flexibly to fluctuations in demand.

We constantly strive to shorten our delivery times, optimise our supply chain and freight and customs costs, but also to minimise negative effects on the environment. For this purpose, we put a central warehouse into operation in Moscow, Russia, and Auburn Hills, USA, over the last two years. This has enabled us to process customer orders directly at the warehouse in less than a week and significantly reduce the previous delivery times.

Furthermore, we sign annual agreements with those freight and logistics service providers who promise to deliver us the best possible results with respect to costs and environmentally relevant aspects.

Flexible expansion of capacities

The capacity utilisation of our manufacturing and storage facilities varies from site to site. In order to have sufficient capacity available at all times, we plan our investments proactively: In emerging countries, where we already have a manufacturing site, we see to it that sufficient production space to be able to expand production capacity successively when needed is available from the very start. In industrial nations, on the other hand, we strive to prevent having to invest in additional manufacturing space whenever possible. Instead, we try to make our manufacturing processes as lean as possible in order to be able to use the existing space to create additional capacity.

Capacity utilization also varies from site to site. Most of the products in the area of EJT are customer- and application-specific. For this reason, the facilities and tools we use to manufacture these products are also usually quite specific. Our investments in new operating equipment are therefore made relatively proportionate to prototype development, type testing and the beginning of manufacturing at our customers' sites.

In contrast to the area of EJT, we rely on standardised products and production equipment in the area of DS. This means that we can extend our capacities quickly and easily in case of increasing customers' demands.

Investments and acquisitions in 2013

As part of our company's strategy, we rely not only on organic growth, but also on growth through key acquisitions. → Corporate Goals and Strategies, p. 58. We constantly optimise and further develop our production sites in order to be able to integrate new acquisitions as effectively as possible and ensure the efficiency of our production structures.

Apart from the acquisitions, the following investments toward expanding our capacities were made in 2013:

Newbury, United Kingdom	Capacity extension of our plant in Newbury and expansion of production space by 1,850 m² as a reaction to strong growth in demand for our VPP clamps from our European customers
Serbia	Expansion of extrusion capacities in order to prepare for the market introduction of second-generation fluid systems at our European OEMs
Riese Pio X, Italy	Acquisition of Nordic Metalblok to create additional capacity and contribute to further consolidation of the European metal-based clamp market
Moscow, Russia	Establishment of distribution platform in Moscow in order to improve customer service
Juarez, Mexico	Capacity increase for our roll-forming equipment
Monterrey, Mexico	Expansion of existing production line in order to keep up with growing demand for products in the area of Selective Catalytic Reduction (SCR) in the North American market. Implementation of standard ERP-system in order to improve efficiency of managing supply chains, financial processes and customer service.
St. Clair, Michigan, USA	Implementation of an automated assembly system and expansion of plastic injection moulding capacities.
Changzhou, China	Establishment of a second plant in China (10,800 m²) for production of metal-based joining products for Chinese, Japanese and Western OEMs.
Pune, India	Start of operation of a production facility in Pune.

Quality Management

Our products are often critical to the ability of our customers' end products to function properly. It is therefore extremely important for us to ensure that we deliver outstanding quality. In order to be able to offer our customers around the world the same high quality, we observe the quality standards ISO 9001, TS 16949 and ISO 14001 throughout the entire Group. Even our plants that have been in existence for quite some time have all been certified based on these standards. Certification of plants that were built more recently or acquired is also planned. Two sites that supply to the aviation industry have also been certified in accordance with EN 9100, and various product categories have been approved especially for the shipping and construction industry. Furthermore, regional standards are also taken into consideration. In addition, the same consistent production processes are used at all NORMA Group sites. This know-how is shared and communicated inside the Group through close collaboration between the various sites and gradual implementation of new quality management (CAQ) software.

Quality management at NORMA Group is based on an integrated, holistic approach that already starts with advanced planning of quality and includes the entire process.

In 2013, we managed to reduce the number of returned parts per million (PPM) to 24 (2012: 34). The number of quality-related complaints per month could be reduced to an average of 9 (2012: 10.2).

Innovative methods of process optimisation

NORMA Group relies on many different proven methods to analyse processes, identify defects early and ultimately achieve systematic process improvements. These include statistical process regulation, kaizen, the 5S methodology on optimisation of workplaces, the Six Sigma method for analysing and eliminating defects in development and manufacturing, but also the daily Gemba Walk through the production halls that was introduced in June 2013. With the latter, individual processes are inspected by an interdisciplinary team in the opposite order of the workflow. Data on current and targeted performance, unplanned downtime, accidents at work, the order situation, backlogs and quality defects is collected by the employees at each site and then analysed. The goal is to identify potential for improvements at every station and implement the appropriate measures quickly. The Gemba Walk has already brought significant improvements to the processes, a reduction in delivery backlogs, for example.

Customers reward NORMA quality

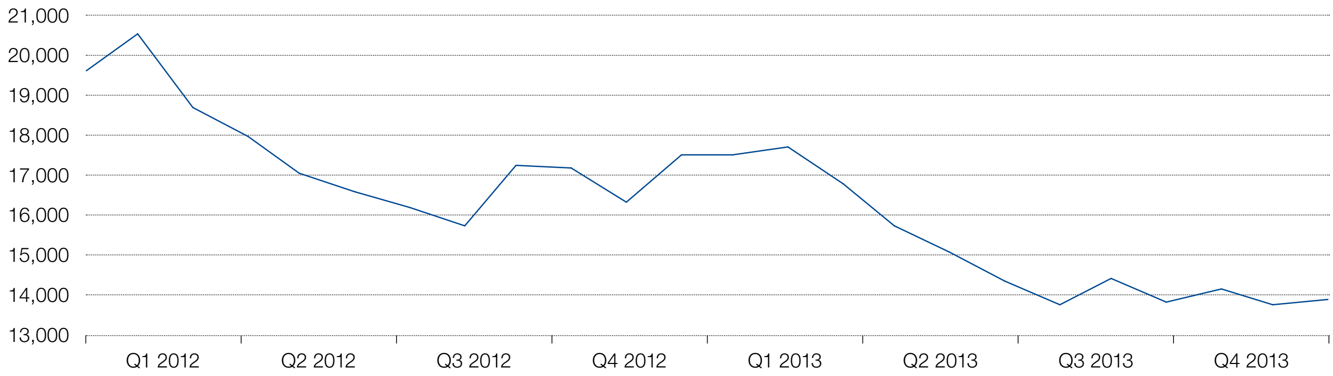
The many awards that we have received from our customers in recent years clearly show that they are pleased with the quality of our products:

- April 2013: Awarded with 'Best Technology Innovation' price by China's automotive B2B marketplace Gasgoo International
- August 2013: Receipt of the '50 PPM Award' from American car manufacturer Paccar Inc.
- October 2013: Receipt of the 'Ford Q1 Award' for our plant in Monterrey, Mexico
- October 2013: Receipt of the 'Ford Q1 Award' for our plant in Monterrey, Mexico
- January 2014: Receipt of the 'Best Partner Award' by General Motors Shanghai
- February 2014: Receipt of the 'Captain Misa Anastasijevic Award' in Serbia
- March 2014: Certified 'A-class supplier' by FAW-Volkswagen Automobile, China

DEVELOPMENT OF NICKEL COMMODITY PRICES FROM 2012 TO 2013

in USD / Metric ton

Source: Dow Jones



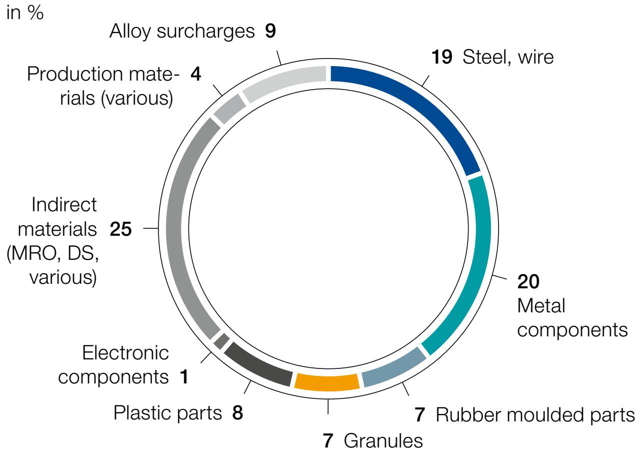
DEVELOPMENT OF NICKEL COMMODITY PRICES AND THE ALLOY SURCHARGE 1.4301 FROM 2012 TO 2013

— Alloy surcharge of flat products 1.4301 X5CrNi18-10 Europe (Outokumpu) cash in EUR (left scale)
— Nickel on the LME 3 months in EUR (right scale)

Source: Dow Jones

MATERIAL PURCHASES IN 2013

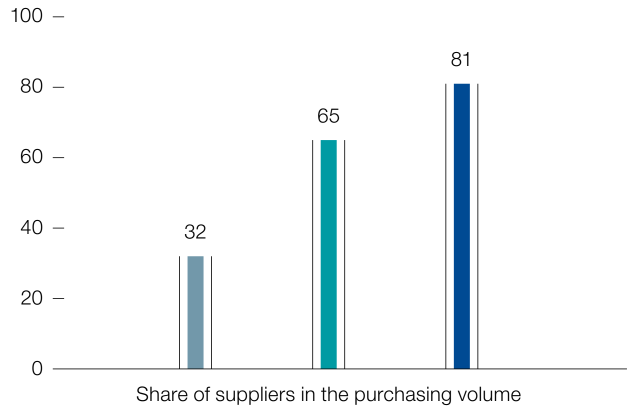
in %



STRUCTURAL ANALYSIS OF SUPPLIERS IN 2013

in %

Top 10 Top 50 Top 100



Export controls

Due to the many cross-border deliveries, effective and reliable customs processes are extremely important to us. We participate in various customs and trade partnership programs in order to ensure that our supply chains are stable and reliable. Our German plants have held the permit to act as an Authorised Economic Operator – Customs Simplifications (AEO-C) already since 2010/2011. In March 2013, our plant in the Czech Republic successfully received a certificate. Since September 2013, following a scheduled evaluation by a US customs authority, our plant in Michigan, USA, has been a member of the "Customs and Trade Partnership against Terrorism" (C-TPAT).

In 2010, we implemented an export control programme in order to ensure that our supply chain fully meets the legal requirements. We conduct reviews of all business partners at least once a year in order to rule out that we supply legally sanctioned third parties.

PURCHASING AND SUPPLIER MANAGEMENT

Material costs represent the highest cost position for a manufacturing company like NORMA Group next to personnel costs. Because they significantly affect NORMA Group's profits, purchasing and supplier management both play a decisive role in the success of the Group.

Proactive management of direct and indirect material costs and services is the most important task for the purchasing department. These pertain mainly to the direct material areas of steels (strip steels of various grades), stainless steels, wires, technical thermoplastics, polyamides, granules, plastics, rubber and metal components, but also electronic components. Due to the fact that these commodities are subject to price changes, it is up to purchasing to lower these price risks by employing systematic material and supplier risk management. For this reason, we have developed a high-performance global Group purchasing structure in order to leverage economies of scale within the Group in purchasing the most important product areas and acquiring these as competitively as possible.

Furthermore, we always strive to ensure permanently competitive purchasing prices by constantly optimising our selection of suppliers and by employing the BLC (Best-landed-cost) approach. We also protect ourselves from the volatility of raw material prices by signing purchasing contracts with terms of up to 12 months and longer.

Relatively stable commodity prices

The market prices for steel-related materials remained relatively stable on average in 2013. Alloy surcharges for stainless steel, on the other hand, declined compared to 2012 and remained at a relatively low level compared to previous years. This was due mainly to declining nickel prices.

In the area of granules, the supplier situation normalised considerably again in 2013 following the accident with serious consequences that took place at one of our preliminary material suppliers' sites in 2012 and the resulting global shortage of supply of polyamide 12. Due to the fact that the situation returned to normal in the area of high-performance polyamides and commodity prices (butadiene, for example) declined to some extent, we managed to negotiate better purchasing agreements for the Group in 2013.

Global structure and regional expertise

Purchasing of commodities and materials at NORMA Group is managed by a global commodity structure for all domestic and foreign Group companies. Here, regional teams contribute their unique expertise with respect to local market conditions and cost drivers that are typical for a region. This structure that was established for the EMEA region back in 2012 has made a significant contribution to continuously improving the cost of materials ratio and ensuring that our purchasing management remains competitive.

In 2013 regional purchasing structure in consultation of material group volumes within one regional commodity-responsibility and global commodity direction could be established successfully in the Americas.

Supplier structure

Our total production materials turnover amounts to roughly EUR 180 million. Our top 10 suppliers account for roughly 32 percent, while our top 50 suppliers account for nearly 65 percent of the total volume.

Support for organic growth through purchasing programmes

Commodity strategies and a supplier panel that is clearly defined based on product categories represent an important foundation for the newly established Programme Purchasing in our EJT Fluid business. Thanks to decentralised programme purchasing in the area of Fluid directed at lean central coordination, we are able to support our organic growth plans in a much more focussed

OUR BRANDS

manner and more efficiently through purchasing. Furthermore, a project purchasing database not only enables better purchasing management, but also allocation of new material orders conformed to the commodity strategy.

We also established new structures in purchasing last year in the area of non-production materials & services. Our goal is to achieve a higher degree of professionalism and gradually conclude more long-term, competitive contracts by coming up with a good combination of global and regional purchasing management.

MARKETING

NORMA Group has continued to grow in recent years. In order to further increase awareness of our products all over the world, increase product sales and intensify our customer relationships, we employ many different marketing instruments that suit our individual target audiences.

We coordinate our marketing activities either centrally, regionally, or locally, depending on the type of activity and objectives. By having Group marketing teams work closely with regional and local organisational units, we ensure that local marketing conditions and consumer preferences are taken into account in the various regions and markets. The Group marketing team's responsibilities include planning and defining strategic goals, developing our brand strategy and corporate identity, but also defining the framework conditions for all marketing activities. The regional marketing units are responsible for executing the various activities and synchronising them with the operative objectives of NORMA Group. All trade marketing activities are managed at the regional level and executed locally.

Our marketing expenditures amounted to EUR 2.87 million in 2013 (2012: EUR 2.15 million). Around 20 % of this spending was put toward general marketing activities, 63 % was invested in brand-related communication, and approximately 17 % on product-related communication. Roughly 45 % of our marketing expenditures can be attributed to the EMEA region, 30 % to the Americas, and 25 % to the APAC region.

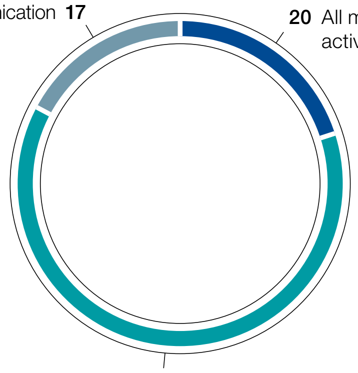
We plan to continue intensifying our marketing activities in 2014, particularly in the APAC region and the Americas. As a result, total expenditures on marketing will be higher in these segments this year. Nevertheless, we expect to be able to lower our overall marketing expenses in the EMEA region due to new organisational structures in the area of marketing and the increased effectiveness and higher capacities associated with these. Generally speaking, we intend to optimise our cost structure by establishing new structures and introducing new instruments and processes in 2014. For this reason, 2014 spending should remain at roughly the same level as in 2013 despite the higher level of marketing activity.

Annual customer survey aimed at further improving customer satisfaction

Being able to understand what our customers expect of us and our products is of immense importance to our Company. For this reason, our global marketing team conducts an annual study on customer satisfaction every year, the Customer Satisfaction Survey (CSS). This is actually a detailed survey with which we seek to gain new insights on our customers' expectations and how they feel about our performance. Furthermore, we also analyse the various levels of expectation of different groups of customers

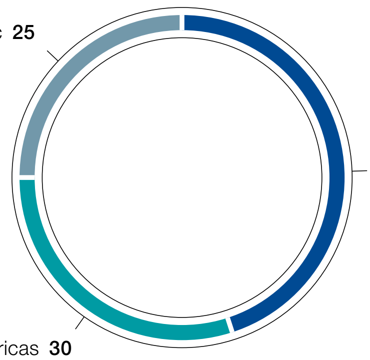
MARKETING EXPENDITURES BY ACTIVITY

in %



MARKETING EXPENDITURES BY SEGMENT

in %



and measure customer satisfaction over an extended period of time, also compared with our fellow market participants. We then leverage the potential for improvement that we discover to produce an activity plan that helps us to systematically execute and monitor the respective optimisation processes. This plan contains specific goals which the respective employees are expected to achieve within a certain period of time. Management oversees this process on an ongoing basis.

More than 600 customers took part in this survey last year and assessed the following categories: sales, products, product training, packaging and labelling, logistics, technology and engineering, quality, customer service and the NORMA Group website.

We proceeded to develop a catalogue of activities based on the potential for improvement that the survey exposed. Of the 81 measures formulated in total, 26 had already been completed by the end of 2013. We will gradually begin executing the remaining measures starting in 2014. In the EMEA region, for example, we are planning to intensify and expand our contact to customers by holding Innovation Day events on-site. In the Asia-Pacific region, the main focus of marketing activities and measures that contribute to sales will be on product training courses. Here, our goal is to be able to prepare offers for our customers more quickly in the future. In the Americas region, we will also be looking to react more quickly when it comes to producing technical drawings and prototypes, for example.

We measure the results of our efforts with the help of the customer satisfaction index and the so-called Net Promoter Score (NPS) – a further indicator that directly measures customer satisfaction and indirectly their willingness to recommend us to other companies.

Newly established marketing activities

In 2013, we organised our first 'Tech Day', a marketing event aimed at introducing new product developments directly at our customers' sites and thus strengthening our customer relationships. The first Tech Day took place at the corporate headquarters of one of our Swedish customers. Other events of this kind were also held and all were considered to be extremely successful.

We are currently working on developing a global brand strategy for the DS area that will address the changing market more directly.

Attendance of 43 exhibitions all over the world

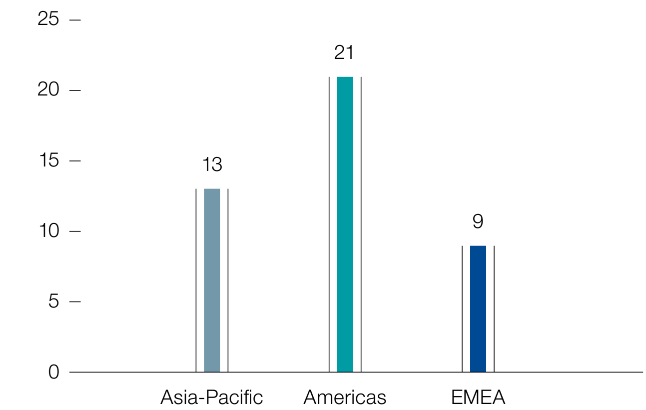
Maintaining a presence at trade fairs and industrial exhibitions also represents an important component of our marketing strategy. It is here that we unveil the new products in our product portfolio and have the opportunity to speak directly with both existing and potential customers.

In 2013, we attended 43 exhibitions all over the world (previous year: 17) with our own trade fair booth and introduced our products and joining solutions for the many different industries we serve. Our presence in the Asia-Pacific growth region deserves special mention in this respect. We participated in 13 exhibitions, which among others included the ACMA Automechanika in India and the Water Expo in China.

Social Media

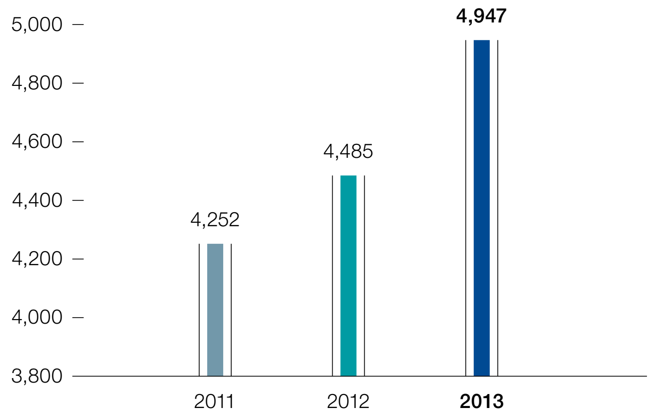
In order to increase public awareness of NORMA Group and to provide a further platform for interaction to our customers, partners and employees, we expanded our online activities in the

TRADE FAIRS AND EXHIBITIONS 2013



EMPLOYEE DEVELOPMENT AT NORMA GROUP

Employees (incl. temporary workers)



area of social media and have been present on the international networks Twitter, LinkedIn, Facebook and the German network Xing with our own company profile since April 2013.

EMPLOYEES

The work of our employees who contribute their skills and passion for joining technologies on a daily basis forms the foundation of our business success.

Employee development

As at 31 December 2013, we had 4,947 employees, including temporary workers. This means our workforce grew by 462, around 10% compared to the previous year (4,485 employees). Roughly 80% of our employees work outside Germany. Around 16.4% of the workforce, temporary workers, for instance, was employed in a flexible arrangement.

2,820 employees, 68 % of NORMA Group's core workforce, were employed in the EMEA region at the end of the year (previous year: 2,644). This roughly 6.6 % increase in the number of employees in this region can be attributed for the most part to higher incoming orders in the UK and the continued expansion of our plant in Serbia.

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At the end of the year, 711 permanent employees or 17 % of the company's core workforce were employed in the Americas region. This corresponds to an increase in permanent employees of around 14.8 % compared to 2012. New hires pertained mainly to our US subsidiaries in St. Clair and Auburn Hills last year.

In the Asia-Pacific region, the number of employees was influenced by acquisitions in Australia and the high level of capacity utilisation at our plant in Malaysia. As at 31 December 2013, we employed 603 people there (2012: 496 employees). This corresponds to a 21.6 % increase and a roughly 15 % share of NORMA Group's core workforce.

We rely on a local personnel management organisation in order to be able to meet the various needs in different regions. In other words, the individual sites are largely responsible for selecting, training and deciding on the remuneration of their own employees. On the other hand, they must still observe the strategic and operational corporate guidelines on personnel policies and compliance. → Corporate Governance Report, p. 40.

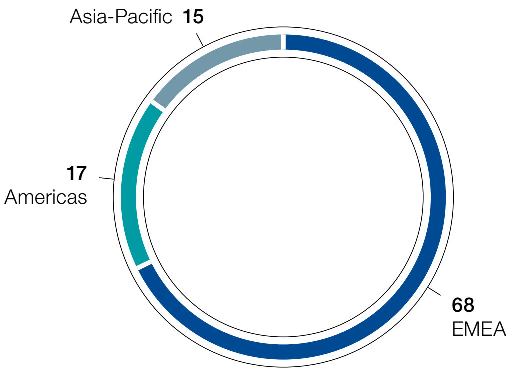
Charter of Diversity

Our employees come from 40 different nations and have various ethnic and cultural backgrounds. We view the diversity of our employees to be a competitive advantage. We are convinced that we will only be economically successful if we recognise and leverage this diversity. We reaffirmed this position by signing the 'Charter of Diversity' in March 2013.

Three regional diversity officers are employed on a Group-wide basis to see to it that all of our employees benefit from receiving the same respect and equality of opportunity. On 11 June 2013,

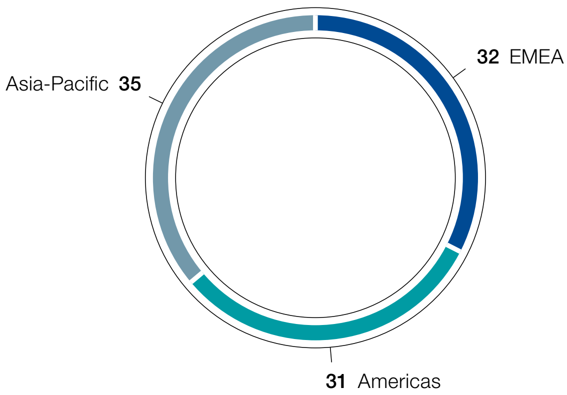
EMPLOYEES BY REGIONS 2013 (CORE WORKFORCE)

in %



NEW HIRES OF FEMALE EMPLOYEES IN 2013

in %



AGE STRUCTURE [1)]

< 30 years	30–50 years	> 50 years	Average
17.64 %	61.40 %	20.96 %	35.75 years

[1)] 3,650 employees counted (88 % of permanent staff) in total. For legal reasons, reporting on employees' ages is not possible for all Group companies.

we participated in the 1st German Diversity Day that the club Charta of Diversity e. V. issued a nationwide invitation to. The second Diversity Day will be held on 3 June 2014.

More female expertise

As a consequence of our diversity strategy, we intend to increase the share of female employees in management positions. Roughly 35 % of our employees are currently females. In 2013, a Supervisory Board mandate was issued to a woman for the first time ever.

Inclusion of the handicapped

At NORMA Group, we want people who have handicaps to also take part in normal work life. In fact, we currently employ 46 severely handicapped men and women in Germany.

Integration through cooperation

For us, fostering diversity also means seeing to it that all parties are able to get along well in their immediate environment. People from 25 different countries work at our headquarters in Maintal alone. We cooperate with the non-profit FAB gGmbH in order to also support effective integration outside the workplace, for example. This organisation gives the foreign employees of our site in Maintal the opportunity to participate in the German courses that are held by educational institutions at no charge.

Managing performance – Rewarding performance

Our goal is to attract and retain qualified and committed employees. For this reason, we place particular importance on fair remuneration and profit-sharing, but also on how we handle temporary employment. By offering variable remuneration systems, we strive to encourage our employees to take an interest in our success and the further development of the company. By holding regular benchmarks, we ensure that our employees are paid market-oriented salaries and wages based on their performance and responsibilities, regardless of their gender. Furthermore, we ensure that all of the remuneration and social contributions paid satisfy at least the local statutory standards.

Rewarding and motivating

Participation in our success is an important element of our remuneration system. Our results are largely dependent on the contributions and motivation of our employees. For this reason, we consider allowing them to participate in our Company's profit to be a logical consequence. This participation can be considered recognition and appreciation of our employees' achievements and, at the same time, as an incentive to achieve even better results in the future.

Responsibility for temporary employees

Temporary employment of workers allows us to compensate for temporary peaks in production and economic cycles in a flexible manner. Furthermore, it enables us to work on special projects or to fill-in for employees. Temporary employment thus contributes to our operational results. For this reason, it is important to us not to achieve this success at the expense of temporary employees. Therefore, NORMA Group reached an agreement with the German Group Works Council in October 2012 that requires that temporary employees be offered permanent employment as soon as they have worked for the Company for more than 15 months. Temporary employees already receive the same base salary as our core workforce after six months. In contrast to this, the collective bargaining provisions of the IG Metall in Germany require permanent employment after two years and salaries are adjusted in four steps after nine months at the earliest.

Low fluctuation reflects employee satisfaction

Our employees are extremely motivated and work hard for the Company and to ensure its success. The low number of employees who voluntarily leave the Company clearly confirms that this is the case. The share in Germany was only 1 % and 6 % on a Group-wide basis (excluding China and Mexico). This high commitment to NORMA Group can also be seen in the low absence rate of only 4 % Group-wide. 27 % of our workforce also looks back on having worked for the Company for over ten years – a rather high number considering the new plants that have been built and the acquisitions made in recent years. The average total length of service is currently around 8 years.

Knowledge as a resource – Talent drives performance

By investing to further improve the qualifications and educational backgrounds of our skilled employees, NORMA Group is also investing in the future of the Company and society. We are an international market and technology leader in the area of engineered joining technology. In order to reinforce and expand our position, we need qualified and well-trained employees. For this reason, we consider further education and training of our staff to be not only part of our social responsibility, but also an important contribution to the future development of our business. Our goal is to recruit as many of our expert employees from our own youth as possible. For this reason, training our young people represents an elementary component of our personnel policy. Besides this, we also lower our dependence on the external job market and are able to ensure a high level of educational quality.

Focus on technical careers

At NORMA Germany, the main focus of training at the site in Maintal is on technical careers. These include electronic technicians who work on operational equipment, industrial mechanics, machine and plant operators (metal technology), mechatronics technicians, process mechanics on plastics and rubber technologies, but also toolmakers.

Furthermore, industrial managers and skilled employees for the area of logistics are trained at our two sites in Maintal and Gerbershausen. In keeping with the global focus of NORMA Group, our training and further education programmes also have an international focus. We offer employees who are just starting their careers study trips, English courses and traineeships at other national companies in order to prepare them for working in international teams at an early point in time.

Dual studies offer advantages

Our company has been giving young men and women the chance to obtain a combination of practical training and university studies since 2006. Theoretical and practical contents are closely coordinated with a dual studies program. This makes it easier for them to enter the job world later on because students are already familiar with our Company and the internal operating procedures. They are then able to acquire their Bachelor of Engineering degrees at the Career Academy in Frankfurt / Offenbach and at the Technical University of Darmstadt in the fields of industrial engineering, mechanical engineering and mechatronics or their Bachelor of Arts degrees in business administration.

In 2013, NORMA Germany employed 39 trainees, three of whom pursued dual studies. 13 career entrants successfully completed their training or studies in 2013. We gave all of these individuals permanent employment.

Nevertheless, education does not come to an end for our employees when they are hired. To ensure that we are able to continue improving our position as a technology and innovation leader in the industry, our workforce must be given the chance to improve its qualifications in all relevant areas. For this reason, each and every person who works for NORMA Group was able to benefit from an average of 28 hours of additional occupational training in 2013. 97 % of our employees participated in at least one training activity last year.

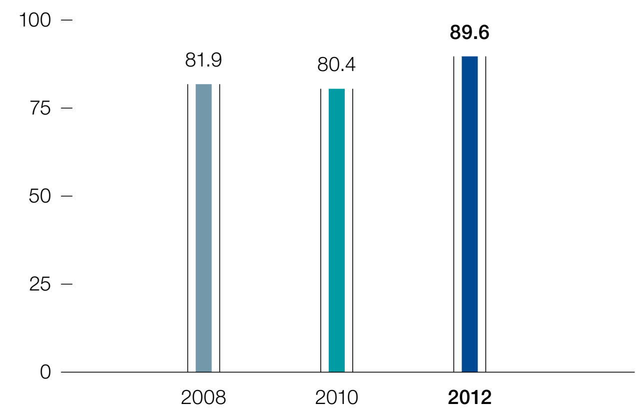
Targeted search for talent

The development of our workforce and technical and managerial personnel in particular is of high priority to NORMA Group. So-called talent reviews help us to identify employees with potential at all levels of management. We introduced a global talent programme in 2013. 15 extremely promising future managers or so-called high potentials who have already demonstrated their ability to perform well in the past, but also have immense potential to advance in their professional careers, are prepared here for higher management responsibilities. The participants acquire management and conflict solving skills in four modules over a period of three years. At the same time, they train their strategic and entrepreneurial thinking. We also developed special promotion programs for employees with development potential who have strong ties to the region.

Furthermore, we offer experienced managers who are nominated by the Management Board a modular training programme aimed at further developing their professional and personal development in cooperation with the Frankfurt School of Finance & Manage-

PARTICIPATION RATE IN THE EMPLOYEE SURVEY

in %



ment. These managers are then able to acquire new skills in the areas of strategy, organisation, corporate culture, but also personnel, resource and supply chain management, for example.

All supervisors are required to hold an assessment and qualification conversation with each individual employee at least once a year in order to be able to evaluate their staff's performances, specialized knowledge and development potential. During these meetings, the employees' responsibilities and personal goals for the next year are documented and the need for further training is determined.

Exchanges of personnel: More communication, better understanding

NORMA Group will continue to grow internationally in the future, both organically and through acquisitions. In order to be able to integrate new parts of the Group and for the individual sites to work together efficiently, we need functioning communication at all levels. To achieve this, we offer a variety of exchange programmes for our employees, one to three-month so-called 'bubble assignments,' three to twelve month 'short term assignments' and 'long-term assignments' with a term of at least one year. Expert personnel and managers who participate in this initiative bring special skills and experience to the new sites and, at the same time, benefit from the know-how that their new colleagues have. Through these projects, we promote the internal transfer of know-ledge, intercultural awareness, the establishment of networks and the individual development of the participants. This exchange is not limited to technical and management personnel. Job entrants are also given the chance to take part in traineeships at other national companies while they are being trained and are thus able to extend their specialised and intercultural skills.

Our employees express their opinions

By strengthening our company culture, we lay the foundation for higher employee satisfaction and more motivated and productive employees. In 2008, we introduced an employee survey as an instrument for actively co-designing internal processes. This survey enables us to systematically analyse our company's strengths and weaknesses from the perspective of our employees. It helps us to identify and meet challenges more effectively, but also to initiate important change processes.

We conducted our third Group-wide survey since 2008 and 2010 in 2012. The overall results of the survey and the high participation rate of nearly 90 per cent clearly suggest that our employees support the further development of NORMA Group and are pleased with their situation at work.

Families welcome

NORMA Group helps its employees to reconcile work and family life. For this reason, we established measures to offer the highest degree of flexibility to employees with family and children. For example, we supported the introduction of a lifetime working time account together with the German Group Works Council. NORMA Group employees at the sites in Maintal, Gerbershausen, and Marsberg are allowed to set up wage credit accounts on a voluntary basis by saving parts of their monthly salaries, bonuses or remaining vacation days. The resulting credits can be used by our employees to take time off to attend to their children or take care of family members. Furthermore, since November 2013, our employees have been able to perform some or even all of their work-related tasks outside the Company at their home offices.

Healthy Team – Healthy Company

A productive company like NORMA Group depends on having healthy and satisfied employees. For this reason, we contribute to our employees' health by conducting various activities, such as skin screening, intraocular pressure and blood fat measurements, tests on lung function, cardiovascular disease prevention and flu vaccinations. Our company doctors also accompany the rehabilitation and reintegration of these employees into work life. By conducting tours of our facilities on a regular basis, we subject each and every workplace to analysis with respect to all possible work-related healthcare risks. Our goal is to establish medical facilities and healthcare programmes at all NORMA Group sites. On the way to achieving this, doctors began working at our sites in Ciudad Juarez and Monterrey (both NORMA Mexico) and Briey (NORMA France) in 2013. Furthermore, we took out voluntary health insurance policies for all of our employees in Russia, France, Poland, the UK and Turkey.

We know from our most recent employee survey in 2012 that job-related and personal stress can exert immense pressure on many of our employees. For this reason, NORMA Group Holding and NORMA Group SE began working with an external healthcare and social service provider in October 2013. The doctors, psychologists, social advisors and legal advisors who work for EAP-Assist GmbH are now available to assist our employees and their immediate family members around the clock and throughout the year to help them with any health-related, mental, social or family problems they might be having. Our employees at the site in Pune (NORMA India) have been benefitting from a similar programme since 2013.

CORPORATE RESPONSIBILTY (CR)

We consider bringing the effects of our operations in line with the needs and expectations of society to be a core responsibility. For this reason, we base our decisions on the principles of responsible corporate governance and sustainable action.

The global megatrends that result from climate change present us, as a manufacturer of innovative joining technology and a business partner for companies in many different industries, with a special challenge. We stand up to this challenge by offering solutions that provide ways to increase the efficiency of resources and energy. Together with our business partners, we thus contribute toward making society more socially and ecologically sustainable. We consider this to be both a challenge and an incentive.

Organisation

In August 2012, a CR steering committee was established under the direction of our CEO Werner Deggim. Its objective is to define the long-term corporate responsibility goals for NORMA Group and to develop and decide on cross-functional measures.

Now that we initiated the process of integrating Corporate Responsibility into our business strategy and developed our first CR-model in 2012, we focussed on defining the specifics of our CR-strategy in 2013. The CR-steering committee approved an appropriate roadmap in the spring of 2013. Overriding goals were identified and medium and long-term measures were adopted. The CR-steering committee monitors execution at regular intervals, adjusts the objectives if conditions have changed, and modifies the activity plan, if necessary.

Five CR key areas

NORMA Group has systematised CR-measures in five key areas of action. The respective departments are responsible for their implementation and for achieving the objectives. The CR coordinators are responsible for cross-departmental functions.

- **Responsible management:** Corporate leadership that takes the interests of the various stakeholders into consideration represents an important element of our understanding of responsibility. This requires that our employees live a culture of responsibility, honesty and mutual respect. Our policies on compliance are our most important tools for reminding our employees of their ethical and legal obligations. → Corporate Governance Report, p. 40.

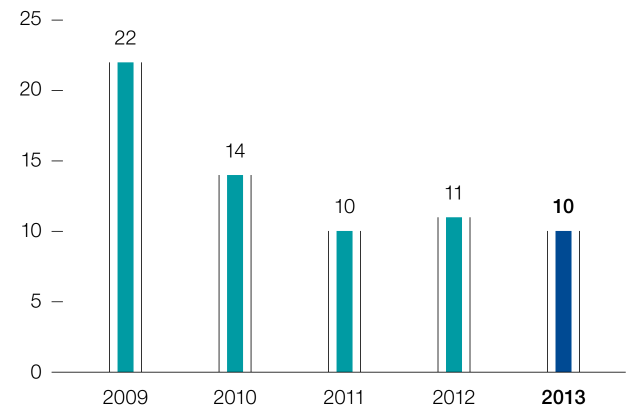
- **Business solutions:** We offer our business partners and customers product solutions that make using fluid and gaseous substances cleaner, safer and more efficient. By doing so, we help to lower energy consumption and emissions that are harmful to the climate. Conducting research on and developing new, 'green' products plays an important role in meeting the changing social and legal requirements. → Research and Development, p. 61.

- **Employees:** Thanks to our global presence, promoting diversity among our workforce represents an important part of our Company culture at NORMA Group. By signing the Charter of Diversity in March 2013, we committed ourselves to creating a working atmosphere that is free from prejudices and discrimination and characterised by mutual respect and appreciation. → Employees, p. 84.

- **Environment:** We are mindful of the fact that we depend on the environment with all actions we take. This is why we are improving the efficiency of our use of energy and other natural resources at our sites and in the area of logistics. In 2013, NORMA Group continued to expand certification of its sites in accordance with ISO 14001. We also introduced a Group-wide reporting system that enables us to record and track the consumption of resources, emissions and waste. This helps us to further improve the efficiency of our manufacturing in environmental terms. → Environmental Protection, p. 90.

DEVELOPMENT OF INCIDENT RATE

Incidents per 1,000 employees



Ill **Community:** NORMA Group benefits from operating in lively and liveable communities. To sharpen our profile of being a responsible partner at our sites, the Management Board ratified a Corporate Citizenship Guideline (CCG) in October 2013. The CCG serves as the framework for our local and regional commitment and defines the main areas, target audiences and ways in which NORMA Group's sites serve the community. Furthermore, NORMA Group is planning to establish an international project in 2014 that is aimed at using water more efficiently for those who live in developing countries.

Website on Corporate Responsibility

In order to present NORMA Group as a responsible company to its stakeholders more actively in the future, the new website @ www.normagroup.com/cr will inform all interested parties at a glance of how Corporate Responsibility is being put to strategic use, our objectives and our model activities in the five key areas.

OCCUPATIONAL HEALTH AND SAFETY

Our employees represent an essential factor in the successful and sustainable development of NORMA Group. The safety and health of our employees is therefore of the highest priority for us. We invest heavily and systematically in the area of occupational health and safety in order to prevent potential hazards.

We also recognize our responsibility and duty to take good care of our employees. Therefore, we work very hard to comply with all applicable laws and regulations that pertain to environmental health and occupational safety. In addition, we also see to it that all workplaces ensure maximum safety and avoid accidents where possible through complementary policies and programmes.

Certified standards

We have been certifying the safety management systems at our sites in accordance with OHSAS 18001 (Occupational Health and Safety Assessment Series) since 2010, and thus guarantee a high standard of safety within the Group. In 2012, 14 of our 21 global sites were already rated accordingly. 16 sites have been certified in accordance with OHSAS 18001 since the end of 2013. Certification of the remaining sites is planned for 2014. These certification audits are conducted by external auditors and repeated annually.

Safety is a job for top management

Every accident at work is not only reported at the highest level, including corrective and preventive measures, the Management Board also keeps track of how figures on accidents, risks and medical treatments develop. The number of occupational accidents is collected on a Group-wide basis each month and the trend is monitored using various key performance indicators (KPI).

In 2013, two key indicators were added to the indicator system. In order to better estimate the risk of accidents, we now record the incident rate (incidents for every 1,000 employees), the total number of reportable incidents, the number of medical treatments and its rate (medical treatment rate). These four performance indicators are then used to monitor accidents at work each month on a global basis. The quarterly reporting system ensures Group-wide transparency and helps us to respond quickly to threats and changes in trends.

	2013	2012
Number of medical treatments	**229**	340
Medical treatment rate	**4.48**	6.58

SPECIFIC ENVIRONMENTAL INDICATORS

	2012	2013	Change
CO_2 emissions from the consumption of electricity and gas (kg / EUR thousands of production activity)	82.54	**80.32**	−2.7 %
Electricity consumption (kWh / EUR thousands of production activity)	120.83	**118.25**	−2.1 %
Gas consumption (kWh / EUR thousands of production activity)	39.50	**36.84**	−6.7 %
Water consumption (t / EUR thousands of production activity)	0.19	**0.17**	−10.5 %
Metal waste (t / EUR of production activity)	13.04	**12.17**	−6.7 %
Non-metal waste (t / EUR of production activity)	1.29	**1.68**	+30.2 %
Paper waste (t / EUR per production activity)	1.21	**1.11**	−8.3 %
Remaining waste (t / EUR per production activity)	1.66	**1.46**	−12.0 %

We have made significant progress in the area of occupational safety in recent years. We managed to reduce our incident rate to 10 in 2013. Our goal is to achieve an incident rate close to zero over time.

In 2012, we established the Value Based Safety Programme at our US production sites which will be rolled out to include all sites by the end of 2014. The Value Based Safety Programme analyses the activities of employees at work and determines potentially dangerous behaviours as part of weekly security checks. The deficits found are permanently corrected using standardised and team-oriented problem solving methods, for example, the so-called 8D-method that includes detailed feedback. We thus involve our employees more actively in occupational safety, sensitize them and, at the same time, increase safety for all those involved.

ENVIRONMENTAL PROTECTION AND ECOLOGICAL MANAGEMENT

As a manufacturing company, we are well aware of our environmental, economic and social responsibilities. Environmentally-friendly and sustainable management is therefore an integral part of the strategy of NORMA Group. → Corporate Responsibility, p. 88. The systematic integration of environmental aspects into business decisions and the continuous optimisation of our processes play an important role here.

To make our contribution to the sustainable use of resources and environmental protection, we invest in measures that serve to optimise the efficiency of our processes and lower our consumption of resources.

Group-wide environmental management system

In 2013, we established a comprehensive, Group-wide environmental management system that currently includes 18 sites in total that are certified according to the ISO 14001 standard. Our goal is to increase the efficiency of our production processes, sustainably reduce our energy consumption and produce less waste. The long-term savings that this will bring will also contribute positively to the profitability of NORMA Group.

Our aim is to integrate all NORMA Group production sites into the system by mid-2014 with the exception of Chien Jin Plastic, Malaysia, and Nordic Metalblok, Italy. New acquisitions from 2013 have not yet been taken into account here. A Group-wide reporting tool for recording and tracking our use of resources, emissions and waste that was activated in 2013 will help us to record and track results more swiftly.

Reducing consumption of energy and water

As part of the implementation of our sustainability strategy, we succeeded in reducing our energy and water consumption compared to 2012. Measures that have made a significant contribution to this include the use of more efficient lighting systems, the consequent shutdown of consumption during breaks, and the use of efficient compressors at the site in Juarez. Together, these measures have helped us to reduce CO_2 emissions from electricity and gas consumption compared with 2012 by 2.7% to 80.32 kg/kEUR of production activity. Power consumption also dropped by 2.1 % to 118.25 kWh / kEUR of production activity.

Water consumption was cut by more than half compared with the previous year at our sites in Auburn Hills through optimisation measures for watering the building grounds.

In Pennsylvania, USA, we significantly reduced both the amount of waste and new consumption by reprocessing detergent solutions that are used to clean parts of production. At the same time, we also succeeded in lowering consumption of coolants and machine oils.

Through these and other measures, we managed to improve our waste balance in 2013 with the exception of non-metallic waste. For example, we reduced paper and residual waste by 8.3 % and 12.0 % respectively compared to 2012. The 30.2 % increase in non-metallic waste can be attributed to the launch of new products and changes in the product mixes at a few plants.

Responsible transportation of people and goods

We continue to update the company car directive that applies in Germany and takes fuel consumption into consideration. And with shipments by sea, the respective products are transported to the port by train.

Furthermore, we have been shipping parcels carbon dioxide-neutrally in Germany since 2011. This means the emissions produced during processing of a parcel that are harmful to the environment are compensated for by financing climate protection projects. Even this Annual Report was printed carbon neutrally using FSC-certified paper. From April 2012 to March 2013, we thus compensated for 14.3 tons of CO_2 in total.

Sustainability will also continue to play an important role in our Group strategy in the future. Here, we also involve our suppliers by requesting that they establish a sustainable environmental management system or continue to develop their existing systems.

A green product portfolio

NORMA Group is an expert in the area of engineered joining technology. We manufacture a wide range of components that are installed in critical areas of vehicles, ships and aircraft and are crucial to their ability to perform properly. Roughly 50 % of our product portfolio is used to control emissions. Examples include our SCR-fluid pipe systems that are used to reduce the level of nitrogen oxide in the exhaust fumes of combustion engines. Our latest generation V-Band clamps and Euro Couplers are not only used to reduce weight, but also to achieve more reliable sealing of interfaces in the exhaust track and on the turbocharger.

Furthermore, roughly one million vehicles are currently equipped with our newly developed coolant duct systems. Our products are up to 30 % lighter than conventional systems and thus contribute significantly to reducing the weight and emissions of vehicles. Our product Euro Coupler helps our customers to build lighter cars, prevent leakages and thus lower CO_2 emissions. The further development of our NORMAFLEX® Low Emission Tubes, a new generation of tubing, meets the Low Emission III Standards for fuels with a high percentage of aggressive alcohol compounds.

Due to how extremely important the components we manufacture are for our customers' end products, we bear a great deal of responsibility to them. Therefore, our goal is to ensure the highest possible product reliability. We achieve this by relying on a high degree of automation in our manufacturing and by using modern quality and testing technique.Among other things, this enables us to significantly reduce the risk of negative consequences for the environment and society. → Organisational and Process Advantages, p. 78.

Supplementary Report

OPTIMISATION OF OUR FINANCING STRUCTURE

In mid-January 2014, NORMA Group used the funds raised from the promissory note that was issued in the middle of 2013 to prematurely repay a share of the syndicated financing that the Company has had available since April 2011. The repayment amounted to EUR 101.4 million in total. As a result of this repayment, NORMA Group will benefit from lower interest expenses in the future. In fact, this will already have a positive effect on results for the first quarter of 2014.

The hedging transactions associated with the amount that was repaid (interest / cross currency swaps) were closed when these funds were paid back. These releases will have a one-off negative effect on the first quarter in the amount of EUR 6.8 million. The savings that will result from lower interest expenses starting in January 2014 will already compensate for roughly half of the one-off expenditures during the current year. By the end of the financing term, NORMA Group will have saved more than EUR 3.6 million by repaying this loan and cancelling the derivative.

Including the premature decomposition of confined financing costs, we expect total financing costs of around EUR 18 million in 2014 which will be reduced to EUR 10 million in the following year.

ACQUISITION OF THE REMAINING SHARES IN CHIEN JIN PLASTIC SDN. BHD.

In February 2014, we exercised our right to acquire the remaining 15 % shares in Chien Jin Plastic Sdn. Bhd. in Malaysia. We therefore now hold 100 % of the shares in this company.

Due to the fact that we have already been fully consolidating Chien Jin Plastic since the acquisition in November 2012, the acquisition of the remaining 15 % of the shares will have no effect on the operative figures for the Group.

Chien Jin Plastic is a manufacturer of thermoplastic joining technology based in Ipoh, Malaysia. The company has been on the market for over 20 years and manufactures connecting elements for plastic and iron pipe systems that are used in a wide variety of different applications, most notably to supply drinking and industrial water, but also in irrigation systems. For further information, please refer to our 2012 Annual Report. → Annual Report 2012, p. 59. The complete acquisition of Chien Jin Plastic is in line with our strategic goal of further expanding our presence in Asia.

Forecast Report

GENERAL ECONOMIC CONDITIONS

Industrial nations drive global economy – euro zone grows moderately

The prospects for the global economy noticeably improved at the turn of 2013/2014. Important early indicators signal an economic recovery in the coming months. In its outlook for the current year updated in January 2014, the International Monetary Fund (IMF) expects economic output to grow 3.7 % (2013: + 3.0 %) and also expects growth to further accelerate in 2015.

The drivers in 2014 are in particular the advanced economic regions. The IMF forecasts a 2.2 % increase in GDP (2013: +1.3 %) for the major industrial nations. US economic growth should accelerate to 2.8 %, provided the US central bank's change of course is carried out cautiously and without turbulence in the capital markets. The euro zone returns to a moderate growth course of 1.0 % in 2014, supported by higher exports and gradually rising investments; however, the recovery remains fragile. For Germany, the IMF forecasts an acceleration of growth to 1.6 %, while the German Bundesbank expects 1.7 %. In addition to robust private consumption and higher construction investments, the driving factors also result from investments in machinery and equipment, which are once again growing tangibly. In the United Kingdom, GDP growth of 2.4 % is gaining further momentum.

According to IMF forecasts for 2014, developing nations and emerging markets could expand more robustly at + 5.1 % following + 4.7 % in the previous year. However, the risks are high. At the beginning of 2014, some emerging markets had already countered further currency devaluation and rapidly rising rates of inflation with massive interest rate hikes. Barring any disruptions, the emerging markets should also achieve higher growth rates than the established regions in the future. However, economic researchers are assuming that the very high rates of expansion seen in the past, in particular in China, are generally no longer achievable. The Chinese government is accelerating the process of structural and permanent reinforcement of its private domestic economy with reforms, which are intended to reduce its dependency on infrastructure investments and exports. The IMF estimates that the Chinese economy will grow by only 7.5 % in 2014. In 2014, the ASEAN-5 countries will grow by 5.1 % and Brazil by 2.3 %, similar to the previous year. For Russia (2.0 %) and India (5.4 %), economic recoveries are on the horizon for 2014.

This overall economic backdrop is the foundation for NORMA Group's forecast and outlook.

FORECASTS FOR GDP GROWTH

In %	2013	2014e	2015e
World	+3.0	+3.7	+3.9
USA	+1.9	+2.8	+3.0
China	+7.7	+7.5	+7.3
Euro zone	–0.4	+1.0	+1.4
Germany [1]	+0.4	+1.7	+2.0

Sources: IMF, [1] German Bundesbank

In 2015, the driving factors will continue to increase worldwide. All important economic regions will contribute to this result. The IMF estimates global growth of 3.9 % in 2015, whereby both advanced economies (2.3 %) as well as developing nations and emerging markets (5.4 %) will gain slight momentum. However, in the view of the IMF, the important economic regions are not expected to contribute equally to global economic growth in 2015. On the one hand, growth in the USA, estimated at 3.0 %, as well as in the euro zone, expected to be 1.4 %, will continue to accelerate. France (1.5 %), Italy (1.1 %) and Spain (0.8 %) in particular will contribute to this. The IMF also expects a stronger recovery in India, the ASEAN-5 region as well as in Russia and Brazil for 2015. On the other hand, growth is expected to weaken to 1.0 % in Japan and 7.3 % in China. The IMF also expects growth to flatten to 1.4 % in Germany for 2015. In contrast, the German Bundesbank and IfW (Kiel) expect a clear recovery in Germany to 2.0 % and 2.5 % respectively.

Improved operating environment for important customer industries of NORMA Group

The looming recovery of the international economy for 2014 and 2015 improves the environment and prospects for important customer industries of NORMA Group.

The German industry association VDMA is confident about the development of the engineering and plant construction industry in 2014. This is bolstered by global economic growth and the positive performance of early indicators. The association expects worldwide machine sales to grow by 5 % in 2014, whereby growth in China (+ 7 %) and the USA (+ 2 %) is expected to accelerate compared to the previous year. The Italian engineering industry (+ 3 %) and the sales revenues of Japanese manufacturers (+ 7 %) are also expected to grow dynamically once again. The VDMA expects the German engineering industry's sales revenues to grow by just under 4 % to the record level of EUR 215 billion in 2014, whereby production is expected to increase by 3 % in real terms. The drivers will be both a tangible recovery of the domestic economy, which benefited from a recent increase in orders and once again rising investments in machinery and equipment, as well as once again growing exports.

The prospects for the global automotive industry are brightening again in 2014. On the one hand, because the two largest markets (USA, China) will continue to grow. On the other, because the Western European market for automobiles and commercial vehicles will recover moderately after years of contraction. In addition, demand is rising again in important emerging markets. The industry association VDA expects new registrations to rise by 3 % worldwide to 74.7 million automobiles for 2014. The research institute IHS Automotive (Polk) forecasts an increase of 3.5 % to 78.4 million units in the global market for automobiles and light trucks. The VDA expects that, with the exception of Japan (– 4 %), all relevant markets will grow in 2014. According to its expectations, China should grow by 7 % and the USA by 3 %. Growth of 2 % is predicted for Western Europe. The VDA is also confident about India (+ 7 %), Brazil (+ 2 %) and Russia (+ 3 %). The German market is only expected to recover slightly with a solid 3 million new automobile registrations. In the opinion of the VDA, production by German manufacturers will increase by 3.5 % to just under 14.7 million automobiles in 2014. This expansion will be attributable almost entirely to higher production levels at foreign plants (+ 6 %).

The industry network Euroconstruct and the Ifo Institute forecast a trend reversal for the European construction industry in 2014. Production should expand moderately by + 0.9 %. The driver will be residential construction, which will return to growth for the first time in nearly all countries. Growth is expected to further accelerate in 2015, as commercial construction and pent up infrastructure investments are also expected to gain momentum. The prospects for the German construction industry remain positive.

In light of the high number of building permits, the German Bundesbank expects residential construction investments to increase by 5.5 % for 2014 (2015: + 3.8 %). The IfW forecasts growth rates of 4.3 % (2014) and 4.7 % (2015). Investments in commercial construction (2014: +1.5 %; 2015: + 3.9 %) will also rise with the recovery of investments in machinery and equipment. Public-sector construction should receive a significant boost estimated at 5 % in 2014 (2015: – 0.2 %). Arguments in favour of this include higher infrastructure investments for energy and roads as well as the repair of the prior year's flood and storm damage. The forecasts of the trade associations ZDB and HGB are based on the assumption that sales revenues will grow by 3.5 % in the main construction trades to EUR 98.6 billion. The driver remains residential construction at + 5.0 %. Sales growth is also expected for the commercial construction (+ 2.5 %) and public-sector construction industries (+ 3.5 %).

THE FUTURE DEVELOPMENT OF NORMA GROUP

Apart from the structural simplifications in the Americas mentioned on p. 58, we currently have no plans to make significant changes to the Company's goals or legal structure.

We have succeeded in continuously increasing both our sales and our earnings in the past and hold fast to our basic company strategy. We intend to continue to grow faster than the market in the future with the help of our two sales channels EJT and DS, international expansion and constant innovations.

We will also continue to drive our international focus forward in the future, by expanding our distribution network and our production sites, but also by further expanding our local engineering know-how. In the medium and short term, this will include expanding and building new sites in China and Brazil. By doing so, we hope to be able to leverage the opportunities in these important growth markets and to transfer the value creation chain to the respective region or country.

Growth in sales expected in 2014

For the year 2014, the NORMA Group Management Board currently (Maintal, 12 March 2014) expects the global economy to grow at a higher rate than in 2013. The advanced economic regions will be the main drivers here. The euro region will return to its moderate growth course in 2014 thanks to exports and a gradual increase in investments. We also expect to see growth impulses from the developing and emerging nations, nevertheless the risks here are quite high.

Due to broad diversification with respect to products, regions and markets, we have a relatively robust business model. Supported by the positive development in growth of the global economy compared to financial year 2013, business with important customers of NORMA Group has developed quite positively so far.

Stimulated by solid growth in many Asian markets, such as China for example, and the further expansion of our activities, but also higher market shares, we are planning to achieve strong growth in sales of over 10% in the Asia-Pacific region.

Following the moderate growth we saw the previous year, the North American market has still not reached its historic high and this suggests that solid market growth in local currency can be expected in 2014. This could be supported by a possible pre-buy effect in the second half of 2014 due to plans to implement the emissions regulation EPA15 for heavy goods vehicles starting on 1 January, 2015. Due to the relative strength of the euro, this growth will probably be compensated for to at least some extent. For this reason, slight growth measured in euros seems likely.

We also expect to see the EMEA region develop positively. Whereas production volumes in the various industries have probably bottomed out for the first time in several years, e.g. growth can be expected for the current year, we also expect to see an increase in the number of joining elements and a higher value of these elements due to the legal introduction of the emissions standards EURO-6 and the related ramp-up for the new energy generation. All in all, the EMEA region should achieve more solid growth in 2014 than in the previous year.

We expect the two ways to market EJT and DS to develop similarly and this will lead to a more analogous division compared to the previous year. EJT still accounts for approx. 70% of total sales, and DS for approx. 30%. The organic growth in sales that is expected in the area of EJT will be important here, while the area of DS will be supported not only by an organic recovery, but also by the acquisitions made in 2013.

In total, we expect Group sales to increase organically by around a solid 4 to 7 per cent in 2014 compared to 2013. Here, it is assumed that no economic cool down occurs in the regional segments. For the most part, this growth will be achieved through higher volumes, while the price adjustment clauses so typical of our business will continue to lead to slight declines in prices.

Furthermore, the acquisitions of the Polish company Variant S.A. in June 2013 and the Australian company Guyco Pty. Ltd. in July 2013 will generate around EUR 5 million in additional sales compared to the previous year, due to consolidation.

Approximately 4% of EJT sales to be put toward Research & Revelopment in the future also

We plan to invest roughly 4% of our EJT sales in Research and Development in the future. We will be able to realise cost advantages in the medium term by expanding our local development activities. We will continue to put the main focus of our Research and Development work on developing innovative solutions that meet our customers' demands, particularly with respect to weight reduction, higher engine efficiency and modularisation of production processes. → Research & Development, p. 61. By doing so, we hope to secure ourselves a competitive advantage that will be honoured by our customers in the area of EJT in particular. Furthermore, developments from this area continue to find their way into areas of application for our customers in the area of Distribution Services. We also plan to register new patents again in 2014.

In order to meet the requirements of increasingly strict emission regulations, we have been working for some time on a new generation of dynamic hose clamps for high temperature applications. These should meet the requirements of future emission regulations and the resulting higher pressure, temperatures and mechanical stresses, such as vibrations, for example.

Future assembly simplifications are in demand, above all to balance tolerances and reduce the susceptibility for mistakes during the assembly process, in particular in the area of exhaust gas aftertreatment. We are also looking at solutions that will save our customers costs when manually installing particle filters or complex waste gas systems. In addition, we are working on further developing the profile clamps that are used to ensure operational reliability even under the most difficult conditions in terms of temperature and vibrations.

The aspect of safety has always played an important role for our customers. Therefore, we have developed additional secondary latches and assembly indicators for a visual check of the connection in order to ensure the proper assembly of connectors at all times.

Cost of materials ratio planned at the level of the previous two years

By concluding fixed purchasing contracts in the areas of steel and technical polymers during the year, we are protecting ourselves against price changes in the commodity markets to a large extent during the current financial year. We are able to pass on a large portion of the fluctuations in prices for aggregates that occur over the course of the financial year due to the contracts we have with our customers. In combination with the measures from our Global Excellence Programme, we achieve a relatively stable cost of materials ratio within the Group that should remain at roughly the same level in 2014 as the previous two years (2012: 43.6 %; 2013: 42.4 %).

Further optimisation of the remaining cost positions
Thanks to the Group's ongoing growth and the fact that we have intensified our activities in the Asia-Pacific region, we expect personnel costs to rise more slowly than sales. This will result in a gradual, continuous improvement in our personnel cost ratio. The other operational expenses will remain at a stable level due to expenditures for growth and expansion of our activities in the emerging nations, particularly the costs of ramping up new plants.

Adjusted EBITA margin expected at the same level as in previous years
Organic growth compared to the previous year once again enables us to expand our activities, especially in the Asia-Pacific region and Brazil. Together with the acquisitions we made in 2013, we strive to achieve yet another sustainable adjusted EBITA margin in 2014. The adjusted EBITA margin in 2014 should remain at the same level as in prior years of more than 17 %. This can also be attributed to the effects of our Global Excellence Programme.

Financial result of around EUR –18 million expected
Partial repayment of the syndicated credit line in the amount of EUR 101.4 million with bank balances in January 2014 resulted in partial termination of related hedges. The savings from lower interest expenses starting in January 2014 already compensate for roughly half of the one-off expenditures of around EUR 6.8 million in the current financial year. Furthermore, assuming that no further acquisitions are made, the financial result will show lower interest expenses in the current financial year due to repayment of this debt. In addition, the financial result can be influenced either positively or negatively by possible, but currently unplanned financing measures or changes in the hedging position. In total, we expect a financial result of around EUR –18 million.

Tax rate of around 32 per cent
Due to the positive earnings development of the Americas segment, we expect a Group tax rate of around 32 %. In case of further sales and earnings growth, especially in the APAC region, we assume a reduction of the Group tax rate in the mid-term.

Higher earnings per share (adjusted)
Adjusted earnings per share will rise solidly in financial year 2014. Growth in sales and a sustainable margin, but also the result contributions from acquisitions made in 2013, will contribute to this. The one-off effect from partial repayment of the syndicated credit line is not included here.

Investment rate of around 4.5 % the goal
For financial year 2014, we plan to invest around 4.5 % of Group sales or roughly at the same level as in previous years. By doing so, we will be financing both maintenance investments and investments on expanding our business. With this expansion, we will be concentrating mainly on the Asia-Pacific region and other emerging nations in which we intend to significantly expand our activities in the future. Investment peaks could result from expanding manufacturing capacities at a second plant in China or further roll-out activities in the Brazilian market.

Financial and liquidity situation: Operating net cash flow between the levels of the two previous years
In 2014, we expect a continued positive cash flow from operating activities. This cash flow will help us to finance the demand for short-term operating capital, but also current investments and dividend payments. We plan to use excess funds mainly to invest in growth activities, particularly in emerging countries, and to finance possible acquisitions.

Due to the high operational results and planned investment expenditures, we once again expect to see high positive free cash flow (before acquisitions) in 2014. Operating net cash flow for 2014 should be between the levels of the previous two years (2013: EUR 103.9 million / 2012: EUR 81.0 million). This is assuming the inflows that are typical for our business, particularly in the 4th quarter of the financial year. Besides the cash flow that we expect, sufficient funds from the revolving credit line valued at EUR 125 million are available.

Acquisitions to remain a cornerstone of our growth in the future
The current financing structure gives us sufficient latitude to achieve external growth. Here, the focus is on companies that manufacture and sell products that complement our current product portfolio, but also companies in regions in which we have not yet addressed the market. Furthermore, we focus on consolidation of the industry and the markets and include the search

2014 FORECAST

Consolidated sales	solid organic growth of around 4 % and 7 %, in addition, approximately EUR 5 million from acquisitions
Sales growth Asia-Pacific	over 10 %, driven by expansion of our activities and gains in market share, among other factors
Sales growth Americas	solid organic growth driven by pre-buy effects due to the introduction of EPA15, among other factors
Sales growth EMEA	solid organic growth, among other things, driven by the new introduction of EURO-6
Sales growth EJT	solid growth driven by the introduction of new emission standards, among other things
Sales growth DS	solid growth due to the recovery of the market and the effects of acquisitions, among other things
Adjusted EBITA margin	sustainable at the same level as in previous years of more than 17 %
Net financial income	approx. EUR –18 million including the one-off effect of partial repayment of the syndicated credit line
Tax rate	around 32 %
Adjusted Earnings per share	solid increase
Investments in R&D	around 4 % of EJT sales
Cost of materials ratio	around the same as in the previous two years
Personnel cost ratio	gradual and continuous improvement
Investment rate	operationally at around the same level as the previous years of around 4.5 %
Operating net cash flow	between the levels of the previous two years (2012: EUR 81 million, 2013: EUR 103.9 million)
Dividend	approximately 30 % to 35 % of adjusted annual group earnings

for appropriate regional dealer organisations in the area of DS. These activities in addition to our main industries could also include entry into attractive new industries. This will generally involve owner-managed private companies. For this reason, basic decisions and the exact timing are quite difficult to plan.

We pursue a long-term dividend policy

To the extent that the future economic situation allows, we plan to pursue a long-term dividend policy that is orientated towards a pay-out ratio of approx. 30 % to 35 % of the adjusted Group annual results and intend to propose this for our shareholders to vote on at the Annual General Meeting.

Market penetration and innovative capability

The extent of our market penetration is reflected in our organic growth in the medium term. Our goal is to register new products and innovations for patents each year.

Problem-solving behaviour

We employ key performance indicators, such as parts per million (PPM) and number of customer complaints, to measure and control our problem-solving behaviour. We strive to achieve a value of under 40 for the indicator PPM. Our goal for 2014 is to lower the number of customer complaints by at least 3 %.

Sustainable Company development (Corporate Responsibility)

We started 2012 by beginning to develop and gradually implement our CR strategy. Our objective is to continue to expand these efforts in the years to come and to anchor them in all areas of the Company. The goal for 2014 is to introduce other quantitative measurement gauges for a sustainable Company policy and to influence these positively. The publication of our CR-strategy on its own website in February 2014 represents an initial step toward achieving this. → Corporate Responsibility, p. 88.

Expected recovery of the global economy to contribute to the success of NORMA Group also in 2015

In accordance with the forecasts of the world's leading economic research institutes, from today's perspective, we too expect sales to increase in 2015 compared to the current financial year 2014 in both sales channels. We also assume that we will be able to increase Group sales and Group profit in 2015 in all three segments compared with 2014. Due to the good cash flow that we expect, we also expect to see the financial situation of NORMA Group improve. No significant change in cost positions can be foreseen at the moment.

GENERAL STATEMENT BY THE MANAGEMENT BOARD ON THE PROBABLE DEVELOPMENT

At the time that the management report 2013 was prepared, the Management Board expect NORMA Group to achieve solid growth in 2014. This growth will be achieved due to a considerably more relaxed economic environment on the one hand. On the other hand, we expect to see positive effects on our business from the introduction of new emission standards. On the basis of current economic forecasts, the Board of Management expects this growth to continue to gain momentum in 2015. We see growth especially in the Asia-Pacific region and will therefore continue to expand our activities in this region. In the Americas, we also see solid growth opportunities at least in local currency. The EMEA region has probably hit bottom for the first time in several years and this gives cause to expect growth on the volume side. Both the areas of EJT and DS should show solid organic growth. Furthermore, the area of DS is growing due to the acquisitions made in 2013. In total, the Management Board expects solid growth for the Group compared to 2013, assuming that the economy does not cool down significantly.

We plan to keep the costs of Research and Development, thr cost of materials ratio and other operational expenditures stable and see other slight optimisation possibilities with respect to the other cost positions due to our solid growth and the consistent implementation of our Global Excellence Programme. We will continue to invest in expanding our plans in the current financial year. For this reason, we expect to achieve a sustainable margin at the same level as in previous years, more than 17 %,

The Management Board will continue to consider the possibility of acquisitions that offer us additional potential for success on a regular basis in the future. Here, we will concentrate on companies that have the potential of improving NORMA Group's position in the regions in which we do not cover the market, strengthen our technology portfolio, or address new target audiences.

Risk and Opportunity Report

NORMA Group's corporate group is exposed to a wide variety of risks and opportunities which can have a positive or negative short-term or long-term impact on its financial position and performance. For this reason, opportunity and risk management represents an integral component of corporate management for NORMA Group SE, at both the Group management level and at the level of the individual companies and individual functional areas. Due to the fact that all corporate activities are associated with risks and opportunities, we consider identifying, assessing, and managing opportunities and risks to be a fundamental component of executing our strategy, securing the short and long-term success of the Company and sustainably increasing shareholder value. In order to achieve this over the long-term, we encourage our employees in all areas of the Company to remain conscious of risks and opportunities.

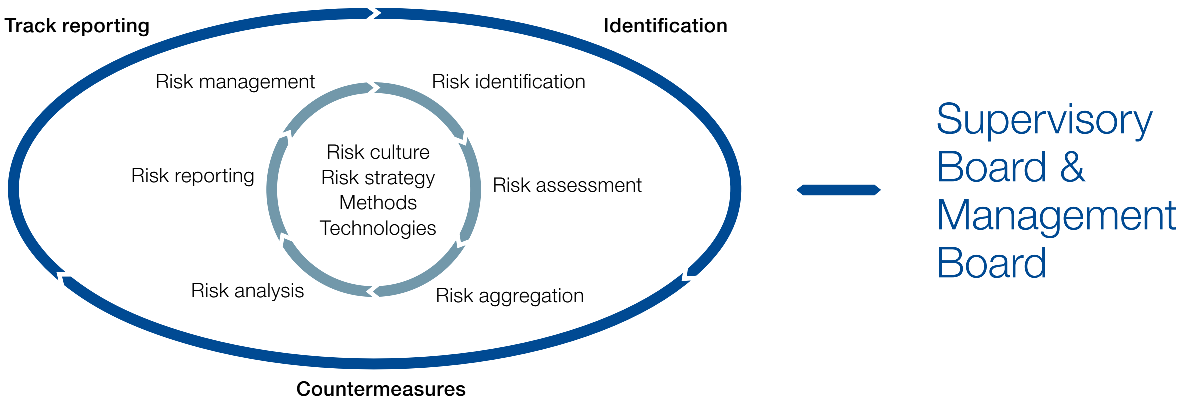
OPPORTUNITY AND RISK MANAGEMENT SYSTEM

We define risks as the possibility of disadvantageous future developments, changes, or events that could have a positive / negative impact on the Group's ability to meet its targets and achieve its business objectives. Analogous to our medium-term planning, our focus with respect to possible deviations in specific risks and opportunities covers a period of five years. Opportunities and risks that affect the Company's success beyond this period of time are recorded and controlled at the Group management level and taken into consideration in the Company's strategy.

The Management Board of NORMA Group AG is responsible for maintaining an effective Group risk and opportunity management system. The Supervisory Board is responsible for monitoring the effectiveness of the Group risk management system. Checking compliance with the Group's internal risk and opportunity management rules is also integrated into the internal audit department's periodic reviews.

Risks are recorded on a Group-wide basis every quarter and categorised according to functional areas and individual companies and then reported to the individuals responsible for these functions and segment management, the Management Board and the Supervisory Board. Furthermore, risks that are identified during a quarter whose expected value will have a significant effect on the results of Group divisions are reported to the Board of Management on an ad hoc basis and, if necessary, even to the Supervisory Board. Operational opportunities are identified during monthly meetings held at the local and regional level, but also by the Management Board, and then documented and analysed. Measures aimed at capitalising on strategic and operational opportunities through local and regional projects are approved during these meetings. Regular forecasts are developed as part of periodic reporting to record how successfully potential opportunities are taken advantage of. Strategic opportunities are recorded and evaluated as part of annual planning. We use a systematic assessment procedure to evaluate the opportunities and risks that we identify, both in terms of their financial impact, i.e. gross and net impact on planned financial indicators, and their probability of occurrence.

RISK MANAGEMENT SYSTEM



In order to analyse NORMA Group's overall risk situation and initiate suitable countermeasures, we aggregate individual risks of local business units and Group-wide risks in a risk portfolio. Here, the scope of consolidation in the area of risk management equates to the group of companies covered by the consolidated financial statements. In addition, we categorise risks according to type and the functional area they affect. This makes it possible to aggregate individual risk titles into risk groups in a structured manner. This aggregation enables us to identify and control not only individual risks, but also trends and NORMA-specific types of risks and thus sustainably influence and reduce the risk factors with certain types of risks.

Our risk management officers are responsible for checking on a regular basis whether all material risks have been identified, adjusting the risk identification procedure when required, analysing the risk portfolio and developing and implementing suitable countermeasures to mitigate risk. These comprise strategies to avoid, reduce or hedge against risk, i. e. measures that minimise the financial impact of risks as well as their probability of occurrence. Risks are managed in accordance with the principles of the risk management system as described in the Group risk management guidelines. The internal control system also safeguards the efficacy of our risk management system. The work of those individuals who are responsible for risks, the risk portfolio and the evaluation of risks and activities is reviewed by holding quarterly risk steering sessions.

INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM AND THEIR RELATION TO THE GROUP ACCOUNTING PROCESS

The relationship between our internal control and risk management system and NORMA Group's accounting and external financial reporting can be described using the following main characteristics. The purpose of this system is to identify, analyse, evaluate and manage risks as well as monitor these activities. The Management Board is responsible for ensuring that this system meets the Company's specific requirements. Based on the allocation of responsibilities within the Company, the CFO is responsible for our Finance and Accounting divisions, which are, in turn, responsible for accounting. These functional areas define and review the Group-wide accounting standards within the Group and compile the information used to produce the consolidated financial statements. The need to provide accurate and complete information within predefined timeframes represents a significant risk for the accounting process. Because of this, requirements must be clearly communicated and the affected units must be put in a position to meet these requirements.

Posting transactions too early or too late or failing to comply with accounting regulations are some situations that can result in risks that could potentially impact the accounting process. In order to avoid errors, the accounting process is based on the separation of responsibilities and plausibility checks for reporting. Calculations are regularly monitored. The preparation of the financial statements of those entities to be included in the consolidated financial statements as well as the consolidation measures based on this consolidated group are characterised by consistent observance of the "principal of dual control." Comprehensive and detailed checklists must be completed before the respective

ELEMENTS OF OPPORTUNITY AND RISK MANAGEMENT AT NORMA GROUP

	Identification	Assessment	Aggregation	Analysis	Reporting	Steering
Tasks	Ongoing monitoring of the Company, the business environment and the general environment	The risk's impact on EBITA and its probability of occurrence are measured	Aggregation of related risks to risk categories	Risks and categories are analyzed to enable implementation of counter-measures	Quarterly report cycle	Regional and Group steering committees
	Comprehention of all aspects of a risk	The risk's impact on EBITA and its probability of occurrence are measured	Consolidation of local risks to regional portfolios	Identification of further counter-measures on all levels; local, regional and Group-wide	Quarterly Risk Report of Group status for Mgmt. and Supervisory Board	Implementation of counter-measures
	Identification of affected elements of the business or / and Company	Assessment is based on Group-wide standards	Consolidation of regional portfolios and Group risks to Group portfolio		Ad-hoc report	
Top-down actors	Group Functions Group Mgmt.	Group Functions Group Mgmt.	Regional Mgmt. Group Mgmt.	Regional Mgmt. Group Mgmt.	Regional Mgmt. Group Functions Group Mgmt.	Regional and Group Steering Committee
Bottom-up actors	Functional, Local entity, Regional Mgmt.	Functional, Local entity, Regional Mgmt.	–	Functional, Local entity, Regional Mgmt.	Functional, Local entity, Regional Mgmt.	Local risk owner

financial statement deadlines. The accounting process is fully integrated into NORMA Group's risk management system. This ensures that accounting risks are identified early, allowing us to implement risk provisioning and countermeasures without delay.

The internal control system of the accounting process is designed to provide reasonable assurance that the consolidated financial statements are prepared according to regulations, despite the risks identified in the financial reporting process. The Internal Audit department reviews the accounting processes on a regular basis to ensure that the internal control and risk management system is effective. Internal audit measures are also assigned to specialised auditors in order to guarantee their quality. The auditor also conducts audit procedures during the audit of the annual financial statements based on the risk-driven audit approach, whereby material errors and violations are to be uncovered with reasonable assurance.

The IFRS accounting system in the way it must be applied in the EU is defined in an accounting manual. All companies in the Group must base their accounting processes on the standards described in the accounting manual. The accounting manual contains binding definitions of important measurement methods, such as those used in the measurement of inventories, tools and receivables in accordance with IFRS. The Group also has system-supported reporting mechanisms to ensure that identical situations are handled in a standardised way across the Group.

The consolidated financial statements and Group management report are prepared according to a uniform time schedule for all companies. Each company in the Group prepares its separate financial statements in accordance with the applicable local accounting guidelines and IFRS. Intra-Group deliveries and services are recorded in separately designated accounts by the Group companies. The net balances of Intra-Group offsetting accounts are reconciled on the basis of defined guidelines and schedules by means of balance confirmations. The companies in the Group use the COGNOS reporting system for reporting, which in addition to financial data also contains information that is particularly useful for the notes to the consolidated financial statements. In accordance with the NORMA Group's regional segmentation, technical responsibility for the financial area is shared by both the financial officers in the Group companies as well as by the regional CFO for the respective segment. They are included in the quality assurance of the financial statements of the Group companies included in the consolidated financial statements. The comprehensive quality assurance of the financial statements of the Group companies included in the consolidated financial statements is carried out by Group Finance & Reporting at corporate headquarters, which is responsible for preparing the consolidated financial statements. In addition, the data and disclosures of the Group companies as well as the consolidation measures necessary for the preparation of the consolidated financial statements are verified through audit procedures conducted by external auditors under consideration of the associated risks.

Local financial accounting uses a variety of different IT systems. We are aiming to standardise the local IT systems across the Group in the medium term and have already begun with implementation. All systems have tiered access authorisation systems. The type and design of these access authorisations and authorisation policies are decided by local management in coordination with the Head of IT for NORMA Group.

OPPORTUNITY AND RISK PORTFOLIO OF NORMA GROUP

As part of the preparation and monitoring of our risk and opportunities profile, we assess the financial impact of risks and opportunities based on three categories derived in relation to our EBITA:

- Minor: up to 5 % of current EBITA
- Moderate: up to 25 % of current EBITA
- Severe: more than 25 % of current EBITA

The interval of the risk's impact relates to the EBITA of the Group or segment provided that an individual assessment relates to a specific segment. The presented effects always reflect the effects of (counter)-measures implemented, thereby representing a net assessment of risks and opportunities.

We assess the probability of individual risks and opportunities occurring on a scale of 0 % to 100 % and assign it to one of three categories:

- Unlikely: up to 5 % probability of occurrence
- Possible: up to 25 % probability of occurrence
- Very likely: more than 25 % probability of occurrence

The measurement of individual risk and opportunity categories reflects a period of five years based on our medium-term plan unless another period is indicated in the individual categories.

Financial opportunities and risks

Due to the nature of our business, we are exposed to an array of financial risks, including default, liquidity and market risks. The Group's financial risk management strategy concentrates on the identification, evaluation and mitigation of risks, focusing on minimising the potential negative impact on the Company's financial performance. We use derivative financial instruments to hedge particular risk items. The financial risk management strategy is implemented by Group Treasury. Group management defines the areas of responsibility and necessary controls related to the risk management strategy. Group Treasury is responsible for defining, evaluating and hedging financial risks in close consultation with the Group's operating units.

Capital risk management

NORMA Group's objective when it comes to managing its capital is primary the long-term servicing of its debts and remaining financially stable. In connection with our financing agreements, we are obliged to maintain certain financial indicators (financial covenants), such as interest cover ratio, total net debt cover (debt divided by adjusted consolidated EBITDA) and consolidated equity as a percentage of assets. These key figures and their maintenance are continually monitored. As part of our capital risk management, we monitor net debt in all our accounts, which are managed in accordance with accepted accounting principles.

Default risks

Default risk is the risk of our contractual partners not meeting their obligations arising from business and financial transactions. Default risk results from deposits and other transactions concluded with credit and financial institutions, and primarily from the risk of customers defaulting on outstanding receivables or confirmed transactions. We review the creditworthiness of new customers to minimise the risk of default on trade receivables. In addition, we generally only supply customers whose credit ratings are below Group standards or who have defaulted on payment if they pay in advance. We have a diversified customer portfolio, which reduces the financial repercussions of default risks. For this reason, we believe that it is possible for default risks to occur, while the potential financial repercussions would be minor due to the implemented countermeasures.

Liquidity opportunities and risks

Prudent liquidity risk management requires us to hold sufficient cash funds and marketable securities, have sufficient financing from committed lines of credit and be able to close out market positions. Due to the dynamic nature of the underlying business, Group Treasury aims to maintain flexibility in financing by keeping committed credit lines available. Therefore, our primary objective is to ensure the uninterrupted solvency of all Group companies. → Financial Management, p. 60. Group Treasury is responsible for liquidity management and therefore for minimising liquidity risks. As at 31 December 2013, NORMA Group's liquid assets (Cash and Cash equivalents) amounted to EUR 194.2 million (31 December 2012: EUR 72.4 million). We also have a high level of financial flexibility thanks to a total of EUR 125 million in committed revolving credit lines with national and international credit institutions. These lines were drawn down in the amount of EUR 5.5 million as at 31 December 2013.

We see financial opportunities, among other things, in NORMA Group's high creditworthiness as well as its solid financial position, financial performance and cash flows, which enable us to gradually reduce our capital costs. For instance, we succeeded in further optimising NORMA Group's operational flexibility by issuing a promissory note loan in the amount of EUR 125 million in the summer of 2013. On the one hand, the promissory note loan enabled us to access a new investor group; on the other, we were able to extend the maturity profile of our liabilities to five, seven and ten years. The financing terms of the promissory note loan were fully twisted into an attractive fixed interest rate so that future interest rate risk can be ruled out. We estimate the financial opportunities based on our good reputation on the capital market to be possible with a moderate impact on net profit or loss.

The Group's financing agreements contain typical terms for credit lines (financial covenants). If we do not adhere to these terms, the banks would be entitled to re-evaluate the agreements and demand early repayment. Failure to comply with these loan covenants would have severe potential financial repercussions. For this reason, we continuously monitor our compliance with the financial covenants in order to implement suitable measures in advance and prevent the terms from being violated. We were able to further minimise the likelihood of liquidity risks negatively impacting NORMA Group's operations by increasing our financial flexibility compared to the previous year. In our view, non-compliance with financial covenants remains unlikely due to our high profitability and strong operating cash flow.

Foreign currency trends

As an international company, we are active in more than 100 countries, which exposes us to foreign currency risks. We regard our main risky currency positions to be the US dollar, British pound, Chinese renminbi, Polish zloty, Czech koruna, Swedish krona, Thai baht, and Turkish Lira.

Since our distribution sites in Turkey and Thailand settle their transactions largely in local currency, the influence of the foreign exchange rate trends of the Thai baht and Turkish lira against the euro is increased due to the current political situation. However, in light of these countries' limited contribution to NORMA Group's total sales, we expect that the resulting foreign currency effects will be comparatively moderate.

Foreign currency risks that cannot be offset against each other are hedged using futures and options whenever necessary (including the US dollar, Swedish krona, Japanese yen and British pound). The high volatility of many major currencies and the particular influence of the US dollar on the Group's financial position and performance represent a significant risk that can only be partially hedged for a short-term period. We reduce the medium-term risk through an increasingly regional approach to production.

Because the Group's subsidiaries operate in the most important countries with currencies other than the euro, it has sufficient cash-in and cash-out capabilities to absorb short-term exchange rate fluctuations via targeted income and expenditure management. In addition, currency risk is monitored in the Group and transferred to the euro over time on a rolling basis by means of derivative hedging instruments if the risk becomes too excessive, whereby translation risk, i.e. the risk of fluctuations in the value of the net assets of our Group companies as a consequence of changes in exchange rates, is intentionally not hedged using hedging instruments due to NORMA Group's long-term engagement. Translation effects from items in the statement of financial position and income statement of subsidiaries in foreign currency areas on the consolidated statement of financial position prepared in euros are unavoidable. Currency risks are very likely to occur due to the ongoing exchange rate volatility. In addition, the expected rising share of our business activities in foreign currency areas, in particular in emerging markets, signifies additional currency risk for NORMA Group. Nevertheless, we regard the potential financial effects of currency risks to be moderate under consideration of our countermeasures. In contrast, our assessment of the opportunities for an advantageous development of foreign exchange rates is more cautious; we thus regard the probability of a positive impact on our business success to be possible and the financial scope to be moderate. In addition, we are purposely expanding our opportunities in the area of foreign currencies by further localising our production and the payment and currency flow of equivalent internal financing and can thus further reduce our currency exposure.

Changes in interest rates

Changes in global market interest rates affect future interest payments for variable-interest liabilities and can therefore have an adverse effect on the Group's financial position, financial performance and cash flows. NORMA Group's interest change risk arises in particular from long-term loans.

However, it is limited to the utilisation of the revolving credit line (EUR 5.5 million as at 31 December 2013), because neither the existing bank financing nor the individual tranches (five, seven, and ten years) of the issued promissory note loan are subject to interest rate risk. In order to further reduce interest change risks, we intend to use excess cash flow from operating activities in the medium term to limit the debt/equity ratio or to reduce our net financial liabilities. We will aim to hedge approximately 80 % of the interest change risk arising from future medium-term utilisation of the committed revolving credit facility.

As a result of the currently low interest rate level and the first signs of a more restrictive monetary policy, we regard the risk of interest rate hikes in the medium term to be very likely; however, they will only have a minor impact due to NORMA Group's financing structure. Accordingly, we also consider the potential for opportunities that can arise from a falling interest rate level to be unlikely and the financial effects of such a development to be minor.

Economic and cyclical opportunities and risks

The success of NORMA Group depends heavily on macroeconomic trends on its sales markets and its customers' sales markets. Therefore, we take into account the indicators for economic development worldwide both in the planning as well as in our risk and opportunities management. In order to gauge the macroeconomic trend, we mainly use the forecasts of widely regarded institutions such as the IMF, the Bundesbank and reputable economic research institutes. Accordingly, global growth of 3.7 % can be expected in 2014. We regard positive development over and above this level to be an opportunity. As a result of our flexible production structures, we can expand our capacities on short notice and thereby react to a general increase in demand. We consider it possible for the economic situation worldwide to improve considerably within a framework that can moderately impact our earnings. In addition, we consider the possibility of a positive deviation from the assumptions on which our planning for the Asia-Pacific region is based to be very likely.

Nevertheless, we see risks that can offset these forecasts, which is reflected in our Group-wide risk management. We regard a weakening of the global economy under consideration of the strained budget situation of numerous countries in the EMEA region and the USA as well as the politically uncertain situation in some countries in the Asia-Pacific region to be unlikely. If these factors should nevertheless impact global demand, the financial effects for NORMA Group compared to our plan would be moderate.

Industry-specific and technological opportunities and risks

Industry-specific opportunities and risks can arise for NORMA Group in particular due to technological and competitive changes. The increasing importance of new technologies, such as environmentally friendly drivetrain technologies, could also lead to increased competitive pressure and greater price pressure. We counter these risks with continuous initiatives to safeguard and expand our position as a technological and innovative leader as well as by focusing on customers and markets. → Research & Development, p. 61.

The global megatrend toward "green" technologies presents challenges to many of our customers and their finished products and offers excellent growth prospects for NORMA Group. Since we concentrate our product developments on innovations in this area, we regard this change as an opportunity. It can be assumed that regulatory measures such as the Euro-6 Standard on emissions and incentive programmes will be established in other countries, which will lead to increased demand for environmentally friendly technologies and products. We have already secured additional order volume and thus participate in the development of these markets thanks to early and innovative developments in these areas. Therefore we regard the likelihood of future positive developments in this area that go beyond the scale of our planning as possible based on the current discussion on tightening environmental standards. This would have a moderate impact on our performance. For the Asia-Pacific region, we estimate the likelihood of future positive stimulus to be high – also with moderate effects on regional earnings – as a result of our transfer of existing technologies from other regions and the rising technological demands of customers in the region.

Our strong diversification in terms of customers in different industries is another element of our risk and opportunity management. We counter long-term, industry-specific risks and opportunities through consistent innovation policy and regular market analyses. As a result, we consider it unlikely that industry-specific or technological risks will occur. We consider the potential for financial effects to be minor.

Risks and opportunities associated with corporate strategy

The Group's strategic orientation was advanced in 2013 through investments in growth markets, the expansion of the second production site in China (Changzhou) and the expansion of existing markets in Australia, Poland and Brazil.

The goal of these acquisitions is to expand our presence in existing markets and to develop new emerging markets with attractive growth potential. As a result of our global orientation, we can also set up production processes that entail a more labour-intensive assembly in countries with lower wage costs, thereby securing and further increasing our profitability. We also continue to constantly observe the markets and identify opportunities for strategic acquisitions or equity holdings to complement our organic growth. We use targeted acquisitions to continuously strengthen our position as a technology leader, exploit market opportunities and improve the services we offer our customers and expand our product range.

In addition, we work together closely with our customers across all business processes. New products are created already in the product and application development phases in constant coordination with our customers. Our two distribution channels, Engineered Joining Technology and Distribution Services, are oriented toward the special needs of our customers. We will continue to develop our markets in collaboration with our customers in the future.

We invest around 4 % of EJT sales in Research and Development every year. We are consolidating our competitive position as a technology leader and increasing NORMA Group's innovative capacity as a result of this focus on developing new technologies, products and solutions, as well as on improving existing ones, and can thereby realise cost advantages in the medium term.

We consider this strategic orientation to be the basis for creating long-term potential for opportunities. Therefore, we estimate the intermediate impact of our strategy to be moderate and expect a potential positive deviation from our plan.

Nevertheless, misjudgement with respect to the Group's strategic orientation and its market potential or customer rejection of newly developed products cannot be ruled out and can have a negative effect on NORMA Group's competitive position and sales volume. In order to avoid strategic risks, we observe our market environment and our competitors and conduct customer and supplier surveys for continual improvement. → Purchasing and Supplier Management, p. 81. Therefore, we consider strategic risks to be unlikely to occur, whereas the potential financial effects for financial year 2014 are regarded as moderate.

We adjust our corporate strategy in the individual segments to the individual market conditions; nevertheless, the general appraisal of strategic risks and opportunities in the regions is identical.

Performance-related opportunities and risks

Commodity prices

The materials we use, in particular the raw materials steel and plastics, are subject to the risk of price fluctuations. The price trend is also influenced indirectly by the further development of the world economic situation as well as by institutional investors. NORMA Group limits the risk of rising purchase prices through systematic material and supplier management. In this context, an efficient Group purchasing structure was built up around the world in order to utilise the Group's economies of scale in the procurement of the most important product areas of steel, metal components, polyamides and rubber materials and to procure them as competitively as possible. This Group-purchasing structure also enables us to balance out the risks of individual segments with each other. We also constantly strive to secure permanently competitive procurement prices by continuously optimising our selection of suppliers and applying the BLC approach. We also try to reduce dependency on individual materials through constant technological advances and tests of alternative materials. We protect ourselves against commodity price volatility by forming procurement contracts with a term of up to 12 months, whereby material supply risks are minimized and price fluctuations can be better calculated. → Purchasing and Supplier Management, p. 81.

Although we consider it possible for prices to rise based on the positive growth forecasts for the global economy, this would only have a minor financial effect as a result of the counter-measures initiated in the financial year just ended. Since we can transfer a portion of changes in our material prices to our customers through the structure of our contractual documents, falling commodity prices are also not a significant performance factor for us. Therefore, we estimate the opportunities arising from falling commodity prices to be minor, whereby a declining global commodity price trend is possible in China due to poorer economic expectations.

Suppliers and dependencies on key suppliers

The loss of suppliers and dependency on individual suppliers can lead to material shortages and thus to negative impacts on the Group's activities. In order to minimise this risk, we only work with reliable and innovative suppliers who meet our quality requirements. The ten most important suppliers are responsible for approximately 32 % of our purchasing volume. → Purchasing and Supplier Management, p. 81. This and other key suppliers are regularly observed and assessed as part of our quality management. If the loss of a supplier appears imminent, we evaluate alternatives immediately. For instance, we were able to offset the loss of an important supplier for the plastic granule PA12 in 2012. As a result, we consider it possible that we may lose suppliers and continue to regard the potential financial impact as minor. However, we also see opportunities in this area as a result of our proactive approach both in our existing supplier relationships as well as in the identification of new suppliers and raw materials. But since we also anticipate an optimisation in the area of purchasing in the medium term, we estimate the potential of our implemented measures for a positive deviation from our planning to be possible with a minor impact. (reference to Section on Purchasing)

Quality and processes

Our products are often function-critical with respect to the quality, performance and reliability of the final product. Therefore, the reliable guarantee of product quality is a key factor to ensuring NORMA Group's long-term success, so that our products provide crucial added value for our customers. → Organisational and Process Advantages, p. 78. Maintaining the right balance between cost leadership and quality assurance is a constant challenge. We use far-reaching quality assurance measures and Group-wide quality standards to reduce this risk, and also focus on innovative and value added joining solutions tailored to meet customer requirements. For this reason, we believe that it is possible for quality risks to occur, while the potential financial repercussions would be minor due to our existing insurance coverage.

We take every opportunity to realise cost advantages to improve our competitive position. We develop and implement initiatives focused on cost discipline, the continuous improvement of processes in all functions and regions and optimisation of supply chain management and production processes. We expect these initiatives to have a positive impact on our business. → Organisational and Process Advantages, p. 78. Since we pursue a continuous process of improvement, there are opportunities over and above our planning for positive deviations in the area of these processes. This applies for all regions in which NORMA Group is active. We estimate the likelihood of cost-savings to be possible. However, since our planning allows for an optimisation of production processes and our processes are already extremely efficient, the short-term financial impact of a deviation from the plan as a result of improved production processes is minor.

Customers

Customer risks result from a company being dependent on important buyers for a significant proportion of its sales. They could take advantage of their bargaining power, which can lead to increased pressure on our margins. Decreases in demand from these customers or the loss of these customers can have a negative impact on NORMA Group's earnings. For this reason, we continuously monitor incoming orders and customer behaviour so as to identify customer risks early. We also have a diversified customer portfolio, which reduces the financial repercussions of customer risks. Accordingly, no single customer generated more than 6% of our sales in the 2013 financial year. Average annual sales per customer are only kEUR 60. Therefore, it is possible that customer risks could have a negative impact on our business, but the financial effects would be minor due to our diversified customer structure.

However, based on our strategy and the goal of further expanding our markets, we managed to expand our customer portfolio compared to the previous year. We can excite new customers for our products in all regions as a result of our innovative solutions and therefore estimate the opportunities for positive deviations from our planning as possible with a minor impact on our earnings based on a growing number of customers. For the APAC region, our planning is based on the assumption of likely positive effects with a moderate impact on regional earnings due to the dynamic market environment and our continuous growth strategy.

Opportunities and risks of personnel management

Our success is largely dependent on our employees' enthusiasm, commitment to innovation, expertise and integrity. The Group's personnel management serves to retain and expand this core expertise. The exit of employees with crucial skills as well as a shortage of suitable workers can have a negative impact on our operations. The competition for the most talented employees as a result of demographic developments and the shortage of skilled labour in Western industrial nations is becoming more and more intense.

We counter these risks with far-reaching basic and advanced training as well as employee development programmes. We also encourage our employees to focus on the Company's success through variable remuneration systems. In return, our employees contribute to the continuous further development of NORMA Group in connection with employee surveys and improvement initiatives. Comprehensive representation rules and a division of responsibilities that promote mutual exchange secure us from risks that can arise due to the departure of employees. When identifying potential new employees that can make a crucial contribution to performance, we seek the advice of external human relations advisors.

Since NORMA Group's personnel policy is practiced worldwide, the risks and opportunities are consistent across the regions. We regard the probability of personnel risks occurring as possible, whereas the potential financial impact is minor due to our sustainable personnel policy.

In addition, there are opportunities from the consistent further development of our employees. We foster our employees and offer them incentives to further develop their personal expertise through numerous educational and training opportunities as well as the targeted search for talent within the Group. In addition, we offer our employees a broad range of additional services (free health check-ups, flexible and family-friendly working time models, etc.) which contribute on the whole to a high degree of employee satisfaction – measured by means of a semi-annual employee survey – and a low fluctuation rate of only six percent Group-wide (excluding China and Mexico). → Employees, p. 84.

We actively promote the retention and expansion of know-how in the Company through the aforementioned measures, wherein we see an opportunity for the future development of NORMA Group whose impact on our further success we regard as very likely. However, since the financial performance beyond our planning is oriented on the very long term, we estimate the financial impact of these opportunities to be minor.

IT-related opportunities and risks

Maintaining and exchanging complete, timely and appropriate information as well as being able to utilise functional and powerful IT systems are of central importance for an innovative and global company such as NORMA Group. An extensive computer system failure could disrupt our operations or expose sensitive corporate information. Therefore, we have implemented appropriate measures to avoid and reduce this type of risk. These measures are collectively embedded in our IT risk management process and are adjusted in this context to changing conditions. NORMA Group controls identifiable IT risks, for example, by mirroring the database, maintaining decentralised data and outsourcing data archiving to a certified external provider. The Group's data processing centre in Frankfurt/Main is also used by other Group companies for their ERP-systems. Another data centre is located in the USA, with smaller backup systems in Asia, which were transferred to a regional data centre in Singapore in

2012. The access of employees to sensitive information is ensured by means of authorisation systems customised for the respective positions, taking into account the principle of separation of functions. IT systems used in the area of production are being doubled in order to reduce risks. Potential risks are also taken into account through early planning as well as by creating suitable transition solutions.

Based on global standards, we estimate the probability of IT-related risks occurring in all regions to be possible and the potential financial impact to be minor. Opportunities in the area of IT arise in particular from the potential of process standardisation and optimisation across all companies of NORMA Group. For instance, the gradual replacement of older ERP-systems with new, Group-wide uniform systems was once again advanced in 2013. We regard the opportunities arising from this standardisation to be very likely and expect the financial impact to be very minor.

Legal opportunities and risks

Risks related to violations of standards

Future changes to legislation and requirements in general commercial law, liability law, environmental law, tax law, customs law and labour law, as well as changes in related standards, could have a negative impact on NORMA Group's development. We use our existing compliance and risk management systems to ensure that we comply with constantly changing laws and regulations. → Corporate Governance Report, p. 40. Consequently, we consider risks related to violations of intellectual property rights as unlikely to occur and the potential financial impact to be moderate.

Any legal risks of which we are aware are taken into account through provisions recognised in the consolidated financial statements. We are not aware of any other significant risks.

Social and environmental standards

Violating social and environmental standards could damage the reputation of NORMA Group. Therefore, we have implemented corporate responsibility as an integral part of our Group strategy. → Corporate Responsibility, p. 88. In this context, a systematic environmental management system was introduced at NORMA Group so that corporate decisions can always be evaluated also considering the goal of avoiding emissions and conserving resources. → Environmental Protection, p. 90. We also invest in the area of occupational health and safety. → Occupational Health and Safety, p. 89. Consequently, we believe that negative developments remain unlikely to occur as a result of social and environmental risks and that the potential financial effects would be moderate.

However, our investments in the area of Corporate Responsibility serve not only to ward off risks. We also see the measures and initiatives as having the potential to positively impact both our business environment as well as NORMA Group and its stakeholders. Therefore, we estimate the opportunities in this area to be possible. We assume that the measures and initiatives will have a minor impact on our planning overall.

Violations of intellectual property rights

NORMA Group's position as a technology and innovation leader means that violations of our intellectual property rights could lead to lost sales and reputation. For this reason, we ensure that our technologies and innovations are legally protected. We also minimise the potential impact by developing customer-specific solutions and through the speed of our innovation. At the same time, it is also possible for NORMA Group to violate the intellectual property of third parties. For this reason, we review our developments for potential patent violations at an early stage. Therefore, we consider it possible for our intellectual property to be violated. Due to the counter-measures that we have implemented, we believe that the potential impact of an intellectual property violation would be minor. In addition, we also see potential opportunities that can lead to a minor deviation from our medium term plan as a result of the consistent defence of our intellectual property and the expansion of legal unique selling points.

ASSESSMENT OF THE OVERALL PROFILE OF OPPORTUNITIES AND RISKS BY THE MANAGEMENT BOARD

The Group's overall situation results from the aggregation of individual risks and opportunities from all categories of the business units and functions. After assessing the likelihood of risks occurring and their potential financial impact as well as in light of the current business outlook, NORMA Group's Management Board does not believe that there is any individual risk or group of risks with the potential to jeopardise the continued existence of the Group or individual Group companies as a going concern. Taking the aggregated opportunities into account, we are in an excellent position with respect to both the medium and long terms to further expand our market position and to grow globally. This assessment is reinforced by the good opportunities to cover our financing requirements. Therefore, NORMA Group has not made any effort to obtain a rating from a leading rating agency.

General economic risks remain for NORMA Group in all areas, which is why setbacks on the way towards long-term realisation of our growth and profitability targets cannot be ruled out. In contrast, there are clear opportunities that we are taking advantage of through our strategy and consistent opportunity management, so that it is possible for us to exceed our profitability targets.

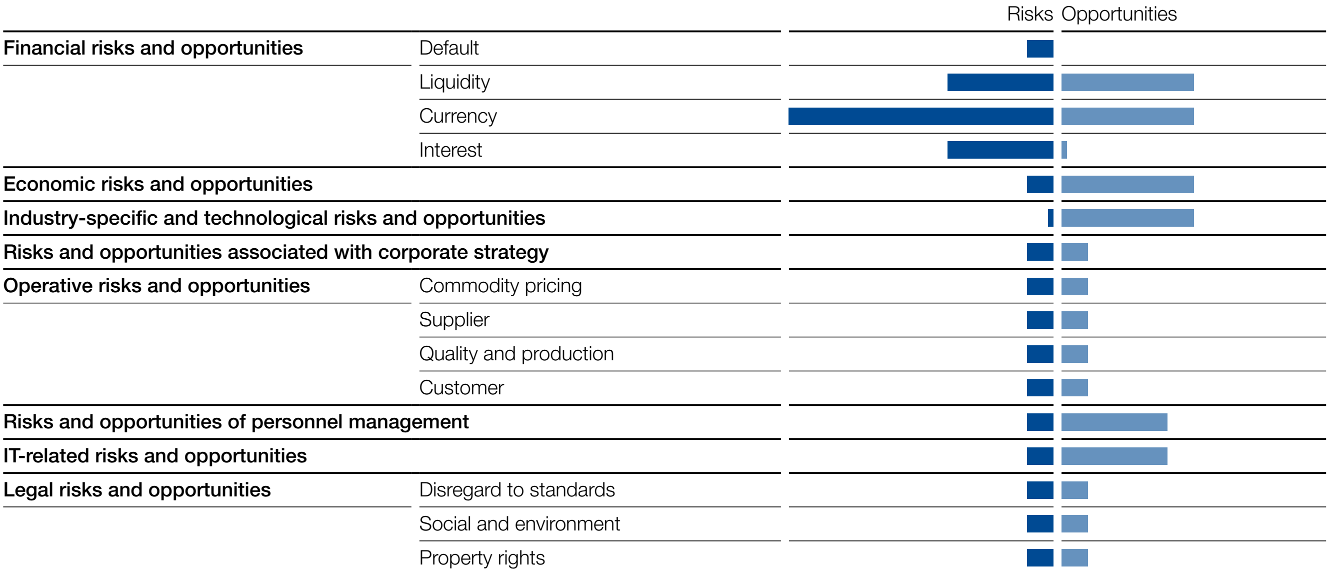
OPPORTUNITY AND RISK PORTFOLIO OF NORMA GROUP [1]

	Probability				Impact			
	unlikely	possible	likely	Change in 2013	minor	moderate	major	Change in 2013
Financial risks and opportunities								
Default		•		→	•			→
Liquidity – Risks	•			→			•	→
– Opportunities		•		○		•		○
Currency – Risks			•	→		•		↘
– Opportunities		•		○		•		○
Interest – Risks			•	→	•			→
– Opportunities	•			○	•			○
Economic risks and opportunities								
Risks	•			↘		•		→
Opportunities [2]		•		○		•		○
Industry-specific and technological risks and opportunities								
Risks	•			→	•			→
Opportunities [2]		•		○		•		○
Risks and opportunities associated with corporate strategy								
Risks	•			→		•		↘
Opportunities		•		○		•		○
Operative risks and opportunities								
Commodity pricing – Risks		•		→	•			→
– Opportunities		•		○	•			○
Supplier – Risks		•		→	•			→
– Opportunities		•		○	•			○
Quality and production – Risks		•		→	•			→
– Opportunities		•		○	•			○
Customer – Risks		•		→	•			→
– Opportunities [3]		•		○	•			○
Risks and opportunities of personnel management								
Risks		•		→	•			→
Opportunities			•	○	•			○
IT-related risks and opportunities								
Risks		•		→	•			→
Opportunities			•	○	•			○
Legal risks and opportunities								
Disregard to standards	•			→		•		→
Social and environment – Risks	•			→		•		→
– Opportunities		•		○	•			○
Property rights – Risks		•		→	•			→
– Opportunities		•		○	•			○

[1] Provided that not indicated differently, the risk assessment applies for all regional segments.
[2] For the APAC region, we assume a positive deviation as likely whereas the financial impact is rated moderate.
[3] For the APAC region, we assume a positive deviation as possible whereas the financial impact is rated moderate.

→ unchanged
↗ higher
↘ lower
○ new

OPPORTUNITY AND RISK PORTFOLIO OF NORMA GROUP SE



Compared to the prior year, we have reduced the risks from currency, the economic environment and our strategy. All other risks have not changed since the previous year. However, the changes in individual risks and opportunities do not have a significant impact on NORMA Group's overall risk profile. Therefore, in our opinion, the Group's overall profile has essentially not changed since the previous year.

Remuneration Report for the Management and Supervisory Boards

REMUNERATION OF THE MANAGEMENT BOARD

Outline of the remuneration system for members of the Management Board

The purpose of NORMA Group SE's remuneration system is to provide the members of the Management Board with adequate remuneration for their activities and areas of responsibility as well as their personal performance in accordance with applicable legislation and to provide them with a long-term incentive to commit themselves to the success of the Company. In addition to the criteria of the Company's performance and future prospects, the decision as to what level of remuneration is appropriate is also based on the general levels of remuneration paid by comparable companies and NORMA Group SE's remuneration structure.

In accordance with the recommendations of the German Corporate Governance Code in the version dated 13 May 2013 (→ Corporate Governance Report, p. 40), the remuneration comprises a fixed element and variable elements.

The basic remuneration is a fixed cash payment for the entire year based on the respective Management Board member's area of responsibility. This basic remuneration is paid in the form of a monthly salary.

The variable element comprises multiple components.

1. The annual bonus is a variable cash payment calculated on the basis of the quantifiable performance of the Company in the previous financial year. The parameters taken into consideration are whether or not the Company reaches its target for an earnings component (adjusted EBITA) and a liquidity component (operating free cash flow before external use).

   Each of the two indicators is calculated for a financial year based on figures taken from the Company's consolidated financial statements and compared to the target set in advance by the Supervisory Board. The annual salary of the Management Board member is multiplied by a percentage between 0 % and 200 %, depending on the extent to which the targets for the components were met. The range limits the annual bonus to 50 % of the member's annual salary. It can be reduced to EUR 0 if the company performs poorly.

2. The Company's long-term incentive (LTI) plan is a component of a variable remuneration element designed to maximise the Company's long-term performance. The LTI plan also comprises an EBITA component (adjusted) and an operating free cash flow before external use (FCF) component, each of which are observed over a period of three years (performance period). A new three-year performance period begins every year.

   Both components are calculated by multiplying the average annual EBITA (adjusted) and FCF-values actually achieved in the performance period by the EBITA (adjusted) and FCF bonus percentages specified in the employment contract. In a second step, the actual value of a component is compared to the medium-term plan approved by the Supervisory Board to evaluate the Company's performance and adjustments are made to the LTI plan. The LTI plan is limited to two and a half times the amount that would be arrived at on the basis of the figures in the Company's medium-term plan. If the actual value is lower than the planned value, the LTI plan is reduced on a straight-line basis down to a minimum of EUR 0 if the three-year targets are missed by a significant amount.

3. The matching Stock programme (MSP) provides a share price-based long-term incentive to commit to the success of the Company. The MSP is a stock option programme. To this end, the Supervisory Board specifies a number of stock options to be allotted each financial year with the proviso that the Management Board member makes a corresponding personal investment in the company.

   The MSP is split into five tranches. The first tranche was allotted on the day of the initial public offering (8 April 2011). The other tranches will be allotted on 31 March each following year. The stock options relate to those shares allotted or acquired and qualified under the MSP as specified in the Management Board contract. The number of stock options is calculated by multiplying the qualified shares (for 2011, 2012 and 2013: 108,452 shares per year) held at the allotment date by the option factor specified by the Supervisory Board. The option factor is re-determined for each tranche and amounts to 1.5 for each of the tranches in 2011, 2012 and 2013. Therefore, 162,679 share options are to be taken into account in financial years 2011, 2012 and 2013. Every tranche will be recalculated taking changes in the influencing factors into consideration and accrued pro rata temporis over the vesting period.

   The vesting period is four years and ends on 31 March in 2015, 2016 and 2017 respectively for the 2011, 2012 and 2013 tranches. The options in a tranche can only be exercised within a period of two years after the vesting period expires. As a precondition for exercising the options, the share price must exceed the exercise threshold when the options are exercised

MATCHING STOCK PROGRAMME (MSP)

Tranches	Option factor	Number of options	Exercise price	End of the vesting period
2011	1.5	162,679	21.00 EUR	2015
2012	1.5	162,679	17.87 EUR	2016
2013	1.5	162,679	23.71 EUR	2017

   (basis: weighted average of the last ten exchange trading days before exercising the option). The exercise threshold is set by the Supervisory Board when the respective tranche is allocated and equals at least 120 % of the strike price. The exercise threshold was set at 120 % of the strike price for the 2011, 2012 and 2013 tranches. The strike price for the 2011 tranche corresponds to the initial offering price at the time of the IPO; i. e. the issuing price set at the end of the book building phase for the shares offered publicly during the IPO. The weighted average closing price of the Company's share for the last 60 exchange trading days directly preceding the allocation of the respective tranche applies when determining the strike price of the other tranches. Dividend payments from the Company during the vesting period are to be deducted from the exercise price of the respective tranche. The value of the stock options is calculated based on generally accepted business valuation models.

   When the options are exercised, the Company is free to decide whether to settle them in shares or in cash. The 2011, 2012 and 2013 tranches are expected to be settled in equity instruments (no cash settlement).

The members of the Management Board are additionally compensated with a company car which they can also use for personal purposes. Furthermore, Management Board members are reimbursed for any expenses and travel costs incurred while performing their duties for the Company in accordance with the Company's respectively applicable guidelines. The members of the Management Board arrange private insurance or are personally responsible for the statutory deductible of 10 % of the loss for the D&O-insurance policy carried for the Managing Directors of NORMA Group.

Remuneration of the Management Board in the 2013 financial year

The remuneration for the Management Board totalled EUR 3.93 million (2012: EUR 2.4 million.). This figure comprises EUR 1.38 million in fixed elements and EUR 2.55 million in variable elements.

The variable elements comprise the short-term performance-based annual bonus and the two long-term performance-based LTI and MSP schemes.

A provision was recognized for the variable compensation elements. The stock options associated with the MSP scheme were reported as reserves in accordance with IFRS 2.

The Annual General Meeting held on 6 April 2011 resolved not to disclose the remuneration for individual Management Board members between 2011 and 2015 in accordance with sentences 5 to 9 of section 314(1) no. 6 letter a) HGB.

REMUNERATION OF THE SUPERVISORY BOARD

The remuneration for the Chairman and the Deputy Chairman of the Supervisory Board was calculated separately in accordance with the recommendations of the German Corporate Governance Code in the version dated 13 May 2013. The Chairman is paid double the remuneration of the other members of the Supervisory Board, and the Deputy Chairman is paid one and a half times this amount. In addition, the Chairman and members of the Supervisory Board's committees are remunerated separately.

The Supervisory Board members will be remunerated for their activities on the day after the 2014 Annual General Meeting as follows:

Supervisory Board member	Membership/ Chairmanship of a committee	Remuneration in EUR
Dr. Stefan Wolf	– Chairman of the Supervisory Board – Chairman of the General and Nomination Committees	110,000.00
Lars M. Berg	– Deputy Chairman of the Supervisory Board (since 8 February 2013) – Member of the Audit Committee – Member of the General and Nomination Committees (since 8 February 2013)	91,356.16
Günter Hauptmann	– Not a member of a committee	50,000.00
Knut J. Michelberger	– Member of the Audit Committee	60,000.00
Dr. Christoph Schug	– Chairman of the Audit Committee – Member of the General and Nomination Committees	95,000.00
Erika Schulte (appointed effective 18 February, 2013)	– Not a member of a committee	43,424.66
Total		**449,780.82**

No remuneration was paid to Supervisory Board members in financial year 2013 for services personally rendered (in particular advisory and brokerage services).

Furthermore, the Supervisory Board members are reimbursed for any expenses and travel costs incurred while performing their duties for the Company in accordance with the Company's respectively applicable guidelines. The members of the Supervisory Board arrange private insurance or are personally responsible for the statutory deductible of 10 % of the loss for the D&O insurance policy carried for the Management Board and the Supervisory Board of NORMA Group.

Other Legally Required Disclosures

ADDITIONAL INFORMATION REQUIRED UNDER THE GERMAN TAKEOVER DIRECTIVE IMPLEMENTATION ACT (ÜBERNAHMERICHTLINIEN-UMSETZUNGSGESETZ)

An overview of the information required under section 315(4) of the German Commercial Code (Handelsgesetzbuch, HGB) is presented below:

Section 315(4) no. 1 HGB
NORMA Group SE's share capital totalled EUR 31,862,400.00 on 31 December 2013. This is divided into 31,862,400 registered shares with no par value. Each share entitles the bearer to one vote. There are no other classes of shares. NORMA Group SE holds no treasury shares.

Section 315(4) no. 2 HGB
The Management Board of NORMA Group SE is not aware of any restrictions affecting voting rights or the transfer of shares or any agreements between shareholders which could result in such restrictions.

Section 315(4) no. 3 HGB
There are no direct or indirect capital holdings exceeding one tenth of the voting rights other than those voting rights listed in the Notes to the consolidated financial statements.

Section 315(4) no. 4 HGB
There are no shares in NORMA Group SE that confer special control rights to the holder.

Section 315(4) no. 5 HGB
There are no employee share schemes through which employees can acquire shares of NORMA Group SE. Employees with shareholdings in NORMA Group SE exercise control rights in the same way as other shareholders in accordance with applicable legislation and the Articles of Association.

Section 315(4) no. 6 HGB

Management Board members are appointed and dismissed in accordance with section 84 et seq. of the German Stock Corporation Act (Aktiengesetz, AktG). The Articles of Association of NORMA Group SE do not contain any provisions related to this issue that contradict the applicable legislation. The Supervisory Board is responsible for determining the actual number of members on the Management Board. It can nominate a Chairman and Deputy Chairman of the Management Board or a Management Board spokesperson and a deputy spokesperson.

Changes to the Articles of Association are made by the Annual General Meeting in accordance with section 179(1) AktG. In accordance with section 179(1) sentence 2 AktG, the Annual General Meeting can authorise the Supervisory Board to make changes which affect only the wording of the Articles of Association. The Annual General Meeting of NORMA Group SE has chosen to do so: According to Article 14(2) of the Articles of Association, the Supervisory Board is authorised to make changes to the Articles of Association which only affect their wording. In accordance with article 20 sentence 3 of the Articles of Association, a simple majority of votes submitted is sufficient for a resolution on changing the Articles of Association if at least half of the share capital is represented when the resolution is adopted and a different majority is not required under the law.

If the Management Board exercises its right to retire treasury shares without a capital decrease and thereby increases the proportion of the share capital represented by the remaining shares, it is authorised to alter the number of shares in the Articles of Association. The Supervisory Board is authorised to alter the wording of the Articles of Association after capital increases from authorised capital 2011/II or following the expiry of the authorization period if this authorised capital is not used.

Section 315(4) no. 7 HGB

Authorised capital 2011/II

With the approval of the Supervisory Board, the Annual General Meeting held on 6 April 2011 authorised the Management Board to increase the company's share capital to a total of EUR 15,931,200.00 until 5 April 2016 through the issue of up to 15,931,200 new registered, no-par-value shares in exchange for cash or non-cash contributions (authorised capital 2011/II). With the approval of the Supervisory Board, the Annual General Meeting held on 6 April 2011 authorised the Management Board to increase the company's share capital to a total of EUR 15,931,200.00 until 5 April 2016 through the issue of up to 15,931,200 new registered, no-par-value shares in exchange for cash or non-cash contributions (authorised capital 2011/II). Article 5 of NORMA Group SE's Articles of Association adopts the provisions on the Company's Authorised Capital 2011/II from article 5 of NORMA Group AG's Articles of Association prior to the transformation. The only change compared to the Articles of Association of NORMA Group AG is the additional clarification that the Authorised Capital 2011/II only exists in NORMA Group SE to the extent remaining when the transformation went into effect, i. e. not yet used up.

The Management Board is authorised, subject to the Supervisory Board's approval, to disapply the pre-emptive rights of shareholders for one or more capital increases in connection with the authorised capital for fractional amounts resulting from the shareholders' subscription ratio, for capital increases in exchange for non-cash contributions, in particular to acquire companies, for capital increases in exchange for cash contributions limited to a maximum of 10 % of the share capital, provided the issue price is not significantly lower than the stock market price (simplified disapplication of pre-emptive rights in accordance with section 186(3) sentence 4), to fulfil obligations resulting from conversion and option rights or profit participation rights or participating bonds.

Contingent capital

Article 6 of NORMA Group SE's Articles of Association adopts the Contingent Capital 2011 from article 6 of NORMA Group AG's Articles of Association prior to the transformation and also clarifies that the Contingent Capital 2011 only exists to the extent remaining when the transformation went into effect, i. e. capital increases under article 6 of NORMA Group AG's Articles of Association have not yet been carried out. The share capital was contingently increased by up to EUR 12,505,000.00 by issuing up to 12,505,000 new registered, no-par-value shares with dividend rights from the beginning of the financial year in which they were issued (contingent capital 2011). With the approval of the Supervisory Board, the Management Board is authorised to issue bonds with warrants or convertible bonds and convertible profit participation rights one or more times until the end of 5 April 2016 and to grant the bondholders or creditors of the bonds conversion or option rights on up to 12,505,000 new shares of NORMA Group SE with a proportionate interest in the share capital of up to EUR 12,505,000.00.

The purpose of the contingent capital increase is to grant shares to the holders or creditors of bonds with warrants or convertible bonds and profit participation rights with warrants or conversion rights which are issued by the Company or any company in which the Company owns a majority interest or which depends on the Company until the end of 5 April 2016 in accordance with the resolution of the Annual General Meeting held on 6 April 2011. The contingent capital increase is only carried out to the extent that holders of the aforementioned bonds with warrants or convertible bonds or profit participation rights with option or conversion rights exercise these options or conversion rights, or conversion obligations arising from such bonds are fulfilled and that the Company's treasury shares or new shares from the authorized capital are used for this purpose.

Authorisation to acquire treasury shares

The Annual General Meeting held on 6 April 2011 authorised NORMA Group SE to acquire treasury shares up to a total of 10 % of the share capital existing when the resolution was passed over the stock market or by means of a purchase offer extended to all of NORMA Group SE's shareholders in accordance with section 71(1) no. 8 AktG. This authorisation may be exercised as a whole or in partial amounts on one or several occasions until 5 April 2016. The acquisition price (excluding transaction costs) may not deviate by more than 10 % from the arithmetic average of the closing price of the shares of NORMA Group SE in XETRA trading or a successor system of the Frankfurt Stock Exchange over the five trading days immediately preceding the acquisition or the assumption of an obligation to acquire shares over the stock market or the publication of a public offer.

The authorisation may be exercised for any purpose permitted by law. The Management Board is authorised to retire all or part of the acquired shares with the approval of the Supervisory Board, whereby the Management Board may require the shares to be retired without a capital decrease, but is under no obligation to do so. Other than selling them on the stock market or offering them to all shareholders while partially or completely disapplying pre-emptive rights, the Management Board is also specifically authorised to use shares acquired on the basis of the aforementioned authorisation for any of the following purposes with the approval of the Supervisory Board: to disapply fractional amounts resulting from the subscription ratio from shareholders' pre-emptive rights, for sale in exchange for non-cash contributions, in particular as part of the acquisition of companies, for sale in exchange for cash contributions, provided the price is not significantly lower than the stock market price (simplified disapplication of pre-emptive rights in accordance with section 186(3) sentence 4 and section 71(1) no. 8 sentence 5 half sentence 2 AktG, limited to a maximum of 10 % of the share capital), to fulfil obligations resulting from conversion and option rights or conversion obligations.

The Management Board of NORMA Group SE has yet to make use of this authorisation.

Section 315(4) no. 8 HGB

The promissory note loan that NORMA Group SE received in 2013 also includes the typical Change of Control Clause just as NORMA Group's other financing agreements. In the event of a takeover by a third party, the possibility that NORMA Group would not be able to finance itself at similarly favourable terms and conditions cannot be ruled out.

Section 315(4) no. 9 HGB

NORMA Group SE has no agreements in place that provide compensation for members of the Management Board or employees in the event of a takeover bid. Please see the remuneration report for further details.

REPORT ON TRANSACTIONS WITH RELATED PARTIES

Apart from the reported, there were no significant transactions with related parties in financial year 2013. → Notes, p. 174.

Maintal, 12. March 2014

NORMA Group SE

The Management Board

Werner Deggim

Dr. Othmar Belker

Bernd Kleinhens

John Stephenson

Consolidated Financial Statements

Consolidated Statement of Financial Position

ASSETS

in EUR thousands	Note	**31 Dec 2013**	31 Dec 2012[1]	1 Jan 2012[1]
Non-current assets				
Goodwill	(20)	**233,239**	235,262	224,841
Other intangible assets	(20)	**92,910**	92,478	78,940
Property, plant and equipment	(21)	**115,367**	109,079	97,179
Other financial assets		**0**	0	397
Derivative financial assets		**0**	0	44
Income tax assets	(18)	**1,533**	2,253	2,038
Deferred income tax assets	(19)	**7,515**	6,061	6,420
		450,564	**445,133**	**409,859**
Current assets				
Inventories	(25)	**79,770**	74,313	66,755
Other non-financial assets	(26)	**8,114**	7,787	9,792
Derivative financial assets	(23)	**92**	103	0
Income tax assets	(18)	**827**	12,778	13,141
Trade and other receivables	(24)	**90,138**	79,293	80,817
Cash and cash equivalents	(36)	**194,188**	72,389	67,891
		373,129	**246,663**	**238,396**
Total assets		**823,693**	**691,796**	**648,255**

[1] Restated due to effects from the application of IAS 19R.
See: Section 2 Basis of preparation and Section 7 Change in accounting principles.

EQUITY AND LIABILITIES

in EUR thousands	Note	31 Dec 2013	31 Dec 2012[1)]	1 Jan 2012[1)]
Equity attributable to equity holders of the parent				
Subscribed capital		**31,862**	31,862	31,862
Capital reserves	(27)	**215,927**	213,559	212,252
Other reserves	(27)	**–13,857**	–8,550	–2,668
Retained earnings	(27)	**84,966**	51,289	14,908
Equity attributable to shareholders		**318,898**	**288,160**	**256,354**
Non-controlling interests	(27)	**1,004**	1,021	444
Total equity		**319,902**	**289,181**	**256,798**
Liabilities				
Non-current liabilities				
Retirement benefit obligations	(29)	**10,869**	10,319	8,407
Provisions	(30)	**5,284**	4,558	3,495
Borrowings	(31)	**200,981**	190,727	213,457
Other non-financial liabilities	(32)	**1,398**	1,589	1,310
Other financial liabilities	(33)	**1,619**	2,666	676
Derivative financial liabilities	(23)	**8,293**	24,675	21,809
Deferred income tax liabilities	(19)	**32,970**	32,940	33,775
		261,414	**267,474**	**282,929**
Current liabilities				
Provisions	(30)	**8,334**	6,743	6,359
Borrowings	(31)	**125,127**	50,969	28,917
Other non-financial liabilities	(32)	**22,407**	19,600	21,877
Other financial liabilities	(33)	**4,676**	2,225	1,527
Derivative financial liabilities	(23)	**6,977**	114	18
Income tax liabilities	(18)	**15,831**	17,827	8,457
Trade payables	(34)	**59,025**	37,663	41,373
		242,377	**135,141**	**108,528**
Total liabilities		**503,791**	**402,615**	**391,457**
Total equity and liabilities		**823,693**	**691,796**	**648,255**

[1)] Restated due to effects from the application of IAS 19R.
See: Section 2 Basis of preparation and Section 7 Change in accounting principles.

Consolidated Statement of Comprehensive Income

in EUR thousands	Note	Q4 2013	Q4 2012[1]	2013	2012[1]
Revenue	(9)	**152,804**	137,354	**635,545**	604,613
Changes in inventories of finished goods and work in progress		**–318**	–1,051	**1,894**	1,588
Other own work capitalised		**2,275**	1,086	**3,377**	1,671
Raw materials and consumables used	(10)	**–61,996**	–58,510	**–269,421**	–263,489
Gross profit		**92,765**	**78,879**	**371,395**	**344,383**
Other operating income	(11)	**2,690**	3,547	**6,983**	9,536
Other operating expenses	(12)	**–20,424**	–18,752	**–79,370**	–76,626
Employee benefits expense	(13)	**–43,252**	–37,317	**–169,689**	–156,504
Depreciation and amortisation	(20, 21)	**–7,780**	–8,493	**–29,799**	–26,414
Operating profit		**23,999**	**17,864**	**99,520**	**94,375**
Financial income	(14)	**232**	–1,010	**555**	800
Financial costs	(14)	**–4,596**	–4,153	**–16,140**	–13,972
Financial costs – net		**–4,364**	**–5,163**	**–15,585**	**–13,172**
Profit before income tax		**19,635**	**12,701**	**83,935**	**81,203**
Income taxes	(17)	**–7,008**	–3,270	**–28,319**	–24,587
Profit for the period		**12,627**	**9,431**	**55,616**	**56,616**
Other comprehensive income for the period, net of tax					
Other comprehensive income that can be reclassified into profit or loss, net of tax		**–2,110**	**–1,411**	**–5,383**	**–5,655**
Exchange differences on translation of foreign operations	(27)	**–1,992**	–1,168	**–7,712**	–2,570
Cash flow hedges, net of tax	(27)	**–118**	–243	**2,329**	–3,085
Other comprehensive income that cannot be reclassified into profit or loss, net of tax		**–567**	**–1,039**	**–567**	**–1,039**
Remeasurements of post employment benefit obligations, net of tax	(27, 29)	**–567**	–1,039	**–567**	–1,039
Other comprehensive income for the period, net of tax		**–2,677**	**–2,450**	**–5,950**	**–6,694**
Total comprehensive income for the period		**9,950**	**6,981**	**49,666**	**49,922**
Profit attributable to					
Shareholders of the parent		**12,617**	9,435	**55,557**	56,616
Non-controlling interests		**10**	–4	**59**	0
		12,627	**9,431**	**55,616**	**56,616**
Total comprehensive income attributable to					
Shareholders of the parent		**10,047**	6,918	**49,683**	49,695
Non-controlling interests		**–97**	63	**–17**	227
		9,950	**6,981**	**49,666**	**49,922**
Undiluted earnings per share (in EUR)	(16)	**0.40**	**0.30**	**1.74**	**1.78**
Diluted earnings per share (in EUR)	(16)	**0.39**	**0.30**	**1.74**	**1.78**

[1] Restated due to effects from the application of IAS 19R.
See: Section 2 Basis of preparation and Section 7 Change in accounting principles.

Consolidated Statement of Cash Flows

in EUR thousands	Note	Q4 2013	Q4 2012[1)]	2013	2012[1)]
Operating activities					
Profit for the period		12,627	9,431	55,616	56,616
Depreciation and amortisation	(20, 21)	7,780	8,493	29,799	26,414
Gain (–)/loss (+) on disposal of property, plant and equipment		43	317	–66	–386
Change in provisions	(30)	861	–676	542	–673
Change in deferred taxes	(19)	329	–259	–633	–4,037
Change in inventories, trade account reveivables and other receivables	(24, 25, 26)	12,440	13,134	–4,732	11,009
Change in trade and other payables	(32, 34, 35)	1,228	1,008	12,424	2,591
Interest expenses of the period		2,682	1,798	11,408	11,630
Other non-cash expenses/income	(36)	4,712	–98	10,993	–7,040
Net cash provided by operating activities		42,702	33,148	115,351	96,124
thereof interest received		229	55	485	1,736
thereof income taxes		–4,674	–3,772	–16,484	–16,232
Investing activities					
Payments for acquisitions of subsidiaries, net	(40)	–1,167	–7,248	–13,210	–28,976
Investments in property, plant and equipment	(21)	–8,559	–8,749	–21,267	–23,892
Proceeds from sale of property, plant and equipment		139	–112	376	924
Investments in intangible assets	(20)	–5,990	–2,340	–9,261	–6,143
Net cash used in investing activities		–15,577	–18,449	–43,362	–58,087
Financing activities					
Reimbursement OPICP from shareholder		0	–1	1,067	1,307
Interest paid		–1,750	–1,798	–9,773	–11,630
Dividends paid to shareholders	(27)	0	0	–20,711	–19,125
Dividends paid to non-controlling interests		0	0	0	–11
Proceeds from borrowings	(31)	0	0	128,118	18,500
Repayment of borrowings	(31)	–16,782	–10,236	–47,051	–23,173
Net cash provided by (+)/used in (–) financing activities	(36)	–18,532	–12,035	51,650	–34,132
Net increase in cash and cash equivalents		8,593	2,664	123,639	3,905
Cash and cash equivalents at beginning of the year		186,209	70,082	72,389	67,891
Effect of foreign exchange rates on cash and cash equivalents		–614	–357	–1,840	593
Cash and cash equivalents at end of the period		194,188	72,389	194,188	72,389

1) Restated due to effects from the application of IAS 19R.
See: Section 2 Basis of preparation and Section 7 Change in accounting principles.

Consolidated Statement of Changes in Equity

		Attributable to equity holders of the parent	
in EUR thousands	Note	Subscribed capital	Capital reserve
Balance at 31 December 2011 (as reported)		**31,862**	**212,252**
Effects from the application of IAS 19R	(7)		
Balance at 31 December 2011 [1]		**31,862**	**212,252**
Changes in equity for the period			
Result for the period [1]			
Exchange differences on translation of foreign operations			
Cash flow hedges, net of tax	(23)		
Remeasurements of post employment benefit obligations, net of tax	(27, 29)		
Total comprehensive income for the period		**0**	**0**
Stock options	(28)		
Reimbursement OPICP by shareholders	(27)		1,307
Dividends paid	(27)		
Dividends paid to non-controlling interests			
Non-controlling interest acquired in a business combination			
Total transactions with owners for the period		**0**	**1,307**
Balance at 31 December 2012 [1]		**31,862**	**213,559**
Balance at 31 December 2012 (as reported)		**31,862**	**213,559**
Effects from the application of IAS 19R	(7)		
Balance at 31 December 2012 [1]		**31,862**	**213,559**
Changes in equity for the period			
Result for the period			
Exchange differences on translation of foreign operations			
Cash flow hedges, net of tax	(23)		
Remeasurements of post employment benefit obligations, net of tax	(27, 29)		
Total comprehensive income for the period		**0**	**0**
Stock options [2]	(28)		1,301
Reimbursement OPICP by shareholders	(27)		1,067
Dividends paid	(27)		
Total transactions with owners for the period		**0**	**2,368**
Balance at 31 December 2013		**31,862**	**215,927**

[1] Restated due to effects from the application of IAS 19R. See: Section 2 Basis of preparation and Section 7 Change in accounting principles.

[2] In 2013 the expenses from the stock option programme recognised in equity were reclassified from the retained earnings into the capital reserve in order to achieve the same disclosure in the Statutory Financial Statements of NORMA Group SE and the Consolidated Financial Statements of NORMA Group.

Attributable to equity holders of the parent				
Other reserves	Retained earnings	**Total**	Non-controlling interests	**Total equity**
–2,668	**14,112**	**255,558**	**444**	**256,002**
	796	796		796
–2,668	**14,908**	**256,354**	**444**	**256,798**
	56,616	56,616	0	56,616
–2,797		–2,797	227	–2,570
–3,085		–3,085	0	–3,085
	–1,039	–1,039	0	–1,039
–5,882	**55,577**	**49,695**	**227**	**49,922**
	418	418	0	418
		1,307	0	1,307
	–19,125	–19,125	0	–19,125
		0	–11	–11
	–489	–489	361	–128
0	**–19,196**	**–17,889**	**350**	**–17,539**
–8,550	**51,289**	**288,160**	**1,021**	**289,181**
–8,550	**50,450**	**287,321**	**1,021**	**288,342**
	839	839		839
–8,550	**51,289**	**288,160**	**1,021**	**289,181**
	55,557	55,557	59	55,616
–7,636		–7,636	–76	–7,712
2,329		2,329	0	2,329
	–567	–567	0	–567
–5,307	**54,990**	**49,683**	**–17**	**49,666**
	–602	699	0	699
		1,067	0	1,067
	–20,711	–20,711	0	–20,711
0	**–21,313**	**–18,945**	**0**	**–18,945**
–13,857	**84,966**	**318,898**	**1,004**	**319,902**

Segment Reporting

	EMEA		Americas		Asia-Pacific	
in EUR thousands	**2013**	2012 [7]	**2013**	2012	**2013**	2012
Total revenue	**412,691**	392,588	**198,321**	200,946	**57,218**	44,745
thereof inter-segment revenue	**24,730**	25,047	**6,752**	7,618	**1,203**	1,001
Revenue from external customers	**387,961**	**367,541**	**191,569**	**193,328**	**56,015**	**43,744**
Contribution to consolidated group sales	**61 %**	61 %	**30 %**	32 %	**9 %**	7 %
Adjusted EBITDA [1]	**83,920**	**79,314**	**45,216**	**42,981**	**6,471**	**5,175**
Depreciation without PPA depreciation [2]	**−9,803**	−10,013	**−4,133**	−4,087	**−1,991**	−1,028
Adjusted EBITA [3]	**74,117**	**69,301**	**41,083**	**38,894**	**4,480**	**4,147**
Assets [4]	**490,322**	457,426	**210,047**	209,894	**61,895**	51,240
Liabilities [5]	**196,079**	185,155	**121,336**	138,118	**20,385**	36,536
CAPEX	**13,055**	15,153	**7,317**	6,683	**6,716**	5,752
Number of employees [6]	**2,546**	2,468	**664**	644	**567**	367

[1] The adjustments relate to adjustments within the individual segments. At Group level, no adjustments were made in the EBITDA.
[2] Depreciation from purchase price allocations.
[3] For details regarding the adjustments, refer to Note 8.
[4] Including allocated goodwills, taxes are shown within the reconciliation.
[5] Taxes are shown within the reconciliation.
[6] Number of employees (average headcount).
[7] Restated due to effects from the application of IAS 19R. See: Section 2 Basis of preparation and Section 7 Change in accounting principles.

	Total segments		Central functions		Consolidation		Consolidated group	
	2013	2012[7]	**2013**	2012	**2013**	2012	**2013**	2012[7]
	668,230	638,279	**42,457**	44,206	**–75,142**	–77,872	**635,545**	604,613
	32,685	33,666	**42,457**	44,206	**–75,142**	–77,872	**0**	0
	635,545	**604,613**	**0**	**0**	**0**	**0**	**635,545**	**604,613**
	100 %	100 %						
	135,607	**127,470**	**–5,915**	**–5,078**	**–373**	**–1,603**	**129,319**	**120,789**
	–15,927	–15,128	**–772**	–264	**0**	0	**–16,699**	–15,392
	119,680	**112,342**	**–6,687**	**–5,342**	**–373**	**–1,603**	**112,620**	**105,397**
	762,264	718,560	**212,440**	131,680	**–151,011**	–158,102	**823,693**	692,138
	337,800	359,809	**277,946**	171,693	**–111,955**	–127,706	**503,791**	403,796
	27,088	27,588	**3,440**	4,118	**0**	0	**30,528**	31,706
	3,777	3,479	**168**	98	**0**	0	**3,945**	3,577

Notes to the Consolidated Financial Statements

1. GENERAL INFORMATION

NORMA Group SE is the parent Company of NORMA Group. Its headquarters are located at 63477 Maintal, Edisonstrasse 4 in the vicinity of Frankfurt, Germany, and is registered in the commercial register of Hanau under the number HRB 94473. NORMA Group SE and its affiliated Group subsidiaries operate in the market as 'NORMA Group.'

NORMA Group has been listed in the Prime Standard of Frankfurt Stock Exchange's Regulated Market since 8 April 2011. For a detailed overview of NORMA Group SE's shareholdings, please refer to the appendix to the notes: voting rights.

NORMA Group SE was established in 2006 as a result of the merger of Rasmussen GmbH and the ABA Group. Rasmussen was founded in 1949 as Rasmussen GmbH in Germany. It manufactured connecting and retaining elements as well as fluid conveying conduits such as monolayer and multilayer tubes and corrugated tubes. All products were marketed globally under the NORMA brand. ABA Group was founded in 1896 in Sweden. The Group has since developed into a leading multi-national Company specialising in the design and production of hose and pipe clamps, as well as connectors for many world-wide applications.

In 2007, NORMA Group acquired Breeze Industrial Products Corporation (USA) to strengthen its foothold in the Americas. Breeze had expanded its product offering to include a wide range of worm-drive, T-bolt and V-clamps for the commercial and passenger vehicle, heavy-duty vehicle, aircraft and further industrial markets. In 2010, NORMA Group acquired two further companies in America, R.G. RAY Corporation and Craig Assembly Inc., to become one of the country's leading suppliers of fastening and fixing products. In 2012, NORMA Group acquired Connectors Verbindungstechnik AG in Switzerland, which is specialised in connector systems for the pharmaceutical and biotechnology industry.

In the financial years 2012 and 2013, more acquisitions were made in accordance with our acquisition strategy. In 2012, acquisitions were made in the regions of EMEA and Asia-Pacific. In 2013, we focussed on the regions EMEA, Americas and Asia-Pacific.

In past decades, NORMA Group has, driven by its successful acquisitions and continuous technological innovation of products and operations, developed into a group of companies of global importance. Today, NORMA Group markets its products to its customers via two different market channels: Distribution Services (DS) and Engineered Joining Technologies (EJT).

For Distribution Services (DS) customers, NORMA Group offers a wide range of standard fastening and fixing products. Furthermore, NORMA Group offers a broad technological and innovative product portfolio which includes brands like NORMA®, ABA®, BREEZE®, R.G. RAY®, Serflex®, Serratub®, TERRY®, Torca® and FISH®.

For Engineered Joining Technology (EJT) customers, NORMA Group offers tailor-made solutions and special engineered joining systems. To effectively fulfil special requirements, NORMA Group builds on extensive industry and application knowledge, a successful track record of innovation and long-standing relationships with all its key customers. As a result, many joining systems and fluid conveying conduits have been developed in close cooperation with global OEMs and NORMA Group.

2. BASIS OF PREPARATION

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The consolidated financial statements of NORMA Group have been prepared in accordance with International Financial Reporting Standards as adopted by the EU (IFRS) as well as with the regulations under commercial law as set forth in Section 315a of the German Commercial Code (HGB) for the year ended 31 December 2013.

The consolidated statement of comprehensive income has been prepared in accordance with the total cost method.

The consolidated financial statements of NORMA Group SE were prepared by the Management Board on 12 March 2014 and released for publication after the approval by the Supervisory Board on 26 March 2014.

The consolidated financial statements of NORMA Group are being filed with and published in the German Federal Gazette (Bundesanzeiger).

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 6.

New and amended standards adopted by the Group for the first time in 2013

The following new standards or amendments to standards which are applied for the first time for the financial year beginning 1 January 2013 had some significant enhancements to the disclosures in the notes, but they did not have a material impact on NORMA Group's financial positions, cash flows and financial performance.

- IAS 1 (amendments), Presentation of Financial Statements, was published in June 2011. The presentation of other comprehensive income has been adapted as a result of the amended IAS 1, so that items that will be reclassified, at a later date, in the profit or loss (so-called, recycling); (e.g. cash flow hedges, foreign currency translation) are to be separated from those items that cannot be recycled (e.g. Actuarial gains and losses on defined benefit pension plans).
- IAS 19 (amendments), Employee Benefits, was published in June 2011. The amendment was applied retrospective in accordance with IAS 19.173 (2011) and IAS 8. The most important change of the amended IAS 19 (IAS 19R) is that the existing election law for the recognition of losses and gains from the remeasurement of defined benefit pension plans was abolished and now only the immediate recognition in other comprehensive income is allowed. This change had no impact on the consolidated financial statements of the group as the NORMA Group recognises actuarial gains and losses, in accordance with the previous election law, in other comprehensive income. In addition to this change, the profit or loss to be recorded from plan assets under IAS 19R no longer has to be measured on the basis of expectations, but by applying the discount rate of the defined benefit liability. This change has no material effect on the NORMA Group, as there are only limited plan assets to secure pension obligations.

  The amendment of IAS 19 contains further a change of the requirements for termination benefits. The definition of termination benefits was clarified, so that benefits that have future-service obligations are not termination benefits and have to be classified as "Short-Term Employee Benefits", as "Other Long-Term Employee Benefits" or as "Post-Employment Benefits". This clarification has a direct impact on the accounting of provisions for retirement obligations and the corresponding expenses. Top-up payments which result from retirement agreements are no longer classified as "Termination Benefits", in accordance with the amendments to IAS 19, they have to be classified as "Other Long-Term Employee Benefits" in terms of IAS 19.08 seqq. and IAS 19.153 seqq. The recognition of those top-up payments has to be made in accordance with IAS 19.155 (2011) seqq. in conjunction with IAS 19.56 (2011) seqq., thus they must be accumulated in return for services. Note 7 presents the impacts of the changes in accounting policy with respect to the provisions for retirement obligations.
- The International Accounting Standards Board (IASB) has published amendments to IFRS 7, Financial Instruments: Disclosure in December 2011. The amendments to IFRS 7 require an entity to disclose information about rights of set-off and related arrangements. The new disclosures are required for all recognised financial instruments that are set-off in accordance with IAS 32. These disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set-off in accordance with IAS 32. The new disclosure requirements have no impact on the NORMA Group.

- IFRS 13, Fair Value Measurement, was published in May 2011. IFRS 13 aims to improve consistency and reduce complexity. IFRS 13 provides a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements do not extend to the use of fair value accounting but rather provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs. IFRS 13 requires an entity to disclose information that helps readers of its financial statements to assess the valuation techniques and inputs used to develop those measurements and the effects of the measurements on profit or loss or other comprehensive income for the period. Regarding financial instruments, the majority of changes required by IFRS 13 have already been introduced, mainly by amendments to IFRS 7, Financial Instruments: Disclosures.

- The IASB, as a consequential amendment to IFRS 13, Fair Value Measurement, modified some of the disclosure requirements in IAS 36, Impairment of Assets, regarding measurement of the recoverable amount of impaired non-financial assets. This amendment removed certain disclosures of the recoverable amount of CGUs which had been included in IAS 36 by the issue of IFRS 13. In addition to removing the requirement to disclose recoverable amounts when there has been impairment or reversal of impairment, the amendments require the following disclosures when an impairment is recognised or reversed and recoverable amount is based on fair value less cost of disposal:

  - The level of the IFRS 13 'fair value hierarchy' within which the fair value measurement has been determined;
  - A description of the valuation techniques used and any changes in that valuation technique for Level 2 and Level 3 of the fair value hierarchy;
  - For fair value measurements at Level 2 or Level 3 of the fair value hierarchy: Key assumptions used in the measurement of the fair value, including the discount rate used in the current measurement and previous measure if the fair value less costs of disposal is measured using a present value technique.

  The amendments apply retrospectively to annual reporting periods beginning on or after 1 January 2014, an early adoption is permitted with simultaneous application of IFRS 13. The Group has early applied the amendments as of 31 December 2013.

- In Mai 2012, as part of its annual improvements project, the International Accounting Standards Board (IASB) issued Annual Improvements to IFRSs: 2009–2011 Cycle, which proposes amendments to five International Financial Reporting Standards (IFRSs). The amendments are effective for annual periods beginning on or after 1 January 2013. The amendments are as follows:

Pronouncement	Amendments
IFRS 1 First-time Adoption of International Financial Reporting Standards	Permit the repeated application of IFRS 1
	Borrowing costs relating to qualifying assets for which the commencement date for capitalisation is before the date of transition to IFRSs
IAS 1 Presentation of Financial Statements	Clarification of the requirements for comparative information
IAS 16 Property, Plant and Equipment	Classification of servicing equipment
IAS 32 Financial Instruments: Presentation	Clarify that tax effect of a distribution to holders of equity instruments should be accounted for in accordance with IAS 12 Income Taxes
IAS 34 Interim Financial Reporting	Clarify interim reporting of segment information for total assets in order to enhance consistency with the requirements in IFRS 8 Operating Segments

Standards, amendments and interpretations of existing standards that are not yet effective and have not been adopted early by the Group

The following standards and amendments to existing standards have been published and application is mandatory for all accounting periods beginning on or after 1 January 2014. The Group has decided against an early adoption.

1) Standards, amendments and interpretations to existing standards that have already been endorsed by the EU (with reference to each respective EU effective date)

- In May 2011, the IASB published its improvements to the accounting and disclosure requirements for consolidation, off-balance-sheet activities and joint agreements by issuing IFRS 10, Consolidated Financial Statements, IFRS 11, Joint Arrangements, IFRS 12, Disclosure of Interests in Other Entities, consequential amendments to IAS 27, (Consolidated and) Separate Financial Statements (amended 2011) and IAS 28, Investments in Associates and Joint Ventures (amended 2011). IFRS 10, 11, 12 and the consequential amendments to IAS 27 and IAS 28 are effective for annual periods beginning on or after 1 January 2014. An early adoption is possible, but must be adopted as a package, that is, all as of the same date, with the exception of IRFS 12. The Group does not expect a material impact on its Consolidated Financial Statements from these standards.

  The new standards and the consequential amendments are presented in detail below:

IFRS 10, Consolidated Financial Statements,
IAS 27, (Consolidated and) Separate Financial Statements

IFRS 10 superseded the requirements relating to consolidated financial statements in IAS 27, Consolidated and Separate Financial Statements (amended 2008) and SIC-12, Consolidation – Special Purpose Entities. IFRS 10 builds on the existing principles by identifying the concept of control as the determining factor in whether or not an entity should be included in the consolidated financial statements of the parent Company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. IAS 27 (amended 2011) now only contains requirements relating to separate financial statements as a result of the issuance of the new standard IFRS10.

IFRS 11 Joint Arrangements

IFRS 11 provides guidance for the accounting of joint arrangements. The core principle of IFRS 11 is to determine the accounting of joint ventures on the rights and obligations of the arrangement, rather than its legal form. Basically the standard classifies joint arrangements into two types, joint operations and joint ventures, which differ in the way of accounting for joint arrangements. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. IFRS requires a joint operator to recognise and measure the assets and liabilities in relation to its interest in the arrangement applicable to the particular assets, liabilities, revenues and expenses. A joint venture is required to recognise an investment and to account for that investment using the equity method according to IAS 28.

IFRS 12 Disclosure of Interests in Other Entities

IFRS 12 unifies the disclosure requirements of IAS 27 and IFRS 10, IAS 31 and IFRS 11 and IAS 28 in one comprehensive standard. The standard provides guidance for disclosure requirements for any kind of interests in other entities, including joint arrangements, associates, structured entities, special purpose vehicles and off-balance-sheet activities. The objective of IFRS 12 is to require disclosures that enables users of financial statements to evaluate the nature of, and risks associate with, its interest in other entities and the effects on its financial position, financial performance and cash flows.

IAS 28 Investments in Associates and Joint Ventures

According to the amendment of IAS 28 an entity shall account for an investment, or for a portion of an investment, in an associate or joint venture held for sale if it meets the relevant criteria. Any retained portion of an investment in an associate or joint venture that has not been classified as held for sale shall be accounted for using the equity method until the disposal of the portion that is classified as held for sale takes place.

- The International Accounting Standards Board (IASB) has published amendments to IAS 32, Financial Instruments: Presentation, in December 2011. The amendments introduce additional application guidance under IFRS in applying the current offsetting principles. It clarifies that an entity currently has a legally enforceable right to set-off if that right is enforceable both in the normal course of business and in the event of default, insolvency of the entity and all counterparties. The amendments to IAS 32 are to be retrospectively applied for annual periods beginning on or after 1 January 2014. The Group does not expect a material impact on its Consolidated Financial Statements from these amendments.

2) Standards, amendments and interpretations to existing standards that have not yet been endorsed by the EU

- IFRS 9, Financial Instruments, a project of the International Accounting Standards Board (IASB) to replace and simplify the current standard IAS 39 Financial Instruments: Recognition and Measurement. The project was divided into three phases:

Phase 1: Classification and Measurement
Phase 2: Amortised cost and impairment of financial assets
Phase 3: Hedge accounting

IFRS 9, Financial Instruments (effective from 1 January 2013, earlier application is permitted), was published in November 2009 and covers the classification and measurement of financial assets. The various classification and measurement models in IAS 39 are replaced by a single model with only two classification categories. Thus, upon initial recognition financial assets are either classified as measured at amortised cost or at fair value. Further changes introduced by IFRS 9 concern the accounting of embedded derivatives and the measurement of equity instruments not held for trading. In October 2010 the IASB followed the publication of IFRS 9 in November 2009 with an update to IFRS 9, Financial Instruments, to include guidance on financial liabilities and the derecognition of financial instruments. The accounting and presentation of financial liabilities and for derecognising financial instruments has been adopted from IAS 39, 'Financial Instruments: Recognition and Measurement', without change, except for financial liabilities that are measured at fair value through profit or loss. In November 2012, the IASB published an exposure draft proposing limited amendments to IFRS 9 'Financial Instruments (2010)' (the 'ED'). The significant changes from IFRS 9 in the ED include the introduction of a third classification category for debt instruments (fair value through other comprehensive income), clarification of the business model for the existing amortised cost category, clarification of the contractual cash flow test, consequential changes as a result of the limited amendments and revised transition guidance.

In December 2011, the IASB deferred the mandatory effective date from annual reporting periods beginning on or after 1 January 2013 to annual reporting periods beginning on or after 1 January 2015; early application is permitted.

The International Accounting Standards Board (IASB) has published an amendment to IFRS 9 'Financial Instruments' incorporating its new general hedge accounting model. This represents a significant milestone as it completes another phase of the IASB's project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. The new general hedge accounting model will allow reporters to reflect risk management activities in the financial statements more closely as it provides more opportunities to apply hedge accounting. The new general hedge accounting model will allow more opportunities to apply hedge accounting. The new model allows financial instruments at fair value through profit or loss to be designated as hedging instruments. It also introduces a new way to account for the change in time value of an option when the intrinsic value is designated, resulting in less volatility in profit or loss. A fundamental difference to the IAS 39 hedge accounting model is the lack of the 80–125 per cent bright line threshold for effective hedges and the requirement to perform retrospective hedge effectiveness testing. Under the IFRS 9 model, it is necessary for there to be an economic relationship between the hedged item and hedging instrument, with no quantitative threshold. The trade off to increased hedge accounting possibilities is increased disclosures about an entity's risk management strategy, cash flows from hedging activities and the impact of hedge accounting on the financial statements.

The amendment removes the previous 1 January 2015 mandatory effective date of IFRS 9. At the IASB's November 2013 meeting, the Board decided that the mandatory effective date of IFRS 9 would not be before 1 January 2017, but that the final effective date will be determined when the classification and measurement and impairment chapters of IFRS 9 are finalised. The Group is currently assessing the impacts of adopting IFRS 9 on the Group's Consolidated Financial Statements.

- On 20 May 2013, the International Accounting Standards Board (IASB) issued IFRIC Interpretation 21, Levies, to IAS 37, Provisions, contingent liabilities and contingent assets, which deals with the accounting treatment of levies imposed by governments. IFRIC 21 is dealing with the issue of accounting for levies imposed by governments, other than income taxes. An issue was the point at which an "obligating event" under IAS 37 arose, requiring the recognition of a liability for the levy. The interpretation now makes it clear that this obligating event arises when the activity described in the relevant legislation that triggers the payment of the levy is undertaken. IFRIC 21 is effective for annual periods beginning on or after 1 January 2014. The Group does not expect a material impact on its Consolidated Financial Statements from these amendments.

- On 19 November 2013 the International Accounting Standards Board (IASB) issued amendments to IAS 19 Defined Benefit Plans: Employee Contributions. The amendments clarify the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service. In addition, it permits a practical expedient if the amount of the contributions is independent of the number of years of service, in that contributions, can, but are not required to be recognised as a reduction in the service cost in the period in which the related service is rendered. The amendment is effective for annual periods beginning on or after 1 July 2014. The Group does not expect a material impact on its Consolidated Financial Statements from these amendments.

- On 20 November 2012, as part of its annual improvements project, the International Accounting Standards Board (IASB) issued Annual Improvements to IFRSs: 2011–2013 Cycle and 2010–2012 Cycle, which propose amendments to five International Financial Reporting Standards (IFRSs). The amendments are effective for annual periods beginning on or after 1 July 2014.

CYCLE 2010–2012

Standard	Amendments
IFRS 2 Share-based Payment	**Definition of 'vesting condition'** Amends the definitions of 'vesting condition' and 'market condition' and adds definitions for 'performance condition' and 'service condition' (which were previously part of the definition of 'vesting condition').
IFRS 3 Business Combinations (with consequential amendments to other standards)	**Accounting for contingent consideration in a business combination** Clarifies that a contingent consideration that is classified as an asset or a liability shall be measured at fair value at each reporting date.
IFRS 8 Operating Segments	**Aggregation of operating segments** Requires an entity to disclose the judgements made by management in applying the aggregation criteria to operating segments. **Reconciliation of the total of the reportable segments' assets to the entity's assets** Clarifies that an entity shall only provide reconciliations of the total of the reportable segments' assets to the entity's assets if the segment assets are reported regularly.
IFRS 13 Fair Value Measurement (amendments to the basis of conclusions only, with consequential amendments to the bases of conclusions of other standards)	**Short-term receivables and payables** Clarifies that issuing IFRS 13 and amending IFRS 9 and IAS 39 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting if the effect of not discounting is immaterial.
IAS 16 Property, Plant and Equipment	**Revaluation method – proportionate restatement of accumulated depreciation** Clarifies that when an item of property, plant and equipment is revalued the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount.
IAS 24 Related Party Disclosures	**Key management personnel** Clarifies that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a related party of the reporting entity.
IAS 38 Intangible Assets	**Revaluation method – proportionate restatement of accumulated amortisation** Clarifies that when an intangible asset is revalued the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount.

CYCLE 2011–2013

Standard	Amendments
IFRS 1 First-time Adoption of International Financial Reporting Standards (changes to the Basis for Conclusions only)	**Meaning of effective IFRSs** Clarifies that an entity, in its first IFRS financial statements, has the choice between applying an existing and currently effective IFRS or applying early a new or revised IFRS that is not yet mandatorily effective, provided that the new or revised IFRS permits early application. An entity is required to apply the same version of the IFRS throughout the periods covered by those first IFRS financial statements.
IFRS 3 Business Combinations	**Scope of exception for joint ventures** Clarifies that IFRS 3 excludes from its scope the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself.
IFRS 13 Fair Value Measurement	**Scope of paragraph 52 (portfolio exception)** Clarifies that the scope of the portfolio exception defined in paragraph 52 of IFRS 13 includes all contracts accounted for within the scope of IAS 39 Financial Instruments: Recognition and Measurement or IFRS 9 Financial Instruments, regardless of whether they meet the definition of financial assets or financial liabilities as defined in IAS 32 Financial Instruments: Presentation.
IAS 40 Investment Property	**Clarifying the interrelationship of IFRS 3 and IAS 40 when classifying property as investment property or owner-occupied property** Clarifies that determining whether a specific transaction meets the definition of both a business combination as defined in IFRS 3 Business Combinations and investment property as defined in IAS 40 Investment Property requires the separate application of both standards independently of each other.

The amendments are intended to clarify the requirements and not to change the accounting practice. The Group does not expect a material impact on its Consolidated Financial Statements from these amendments.

The IASB issued various other pronouncements. These recently adopted pronouncements as well as pronouncements not yet adopted will not have a material impact on NORMA Group's Consolidated Financial Statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

1. Consolidation

(a) Subsidiaries

Subsidiaries are all entities over which NORMA Group has the power to govern the financial and operating policies. This generally accompanies a shareholding of more than half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The Group uses the acquisition method of accounting to account for business combinations. The initial value for the acquisition of a subsidiary is recognised at fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The initial value recognised includes the fair value of any asset or liability resulting from a contingent consideration arrangement. At the acquisition date the fair value of contingent consideration is recognised as part of the consideration transferred in exchange for the acquiree. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value at the acquisition date. According to IFRS 3 (revised), for each business combination the acquirer shall measure any non-controlling interest in the acquiree either at fair value (full goodwill method) or at the non-controlling interest's proportionate share of the acquiree's net assets. The Group measures the non-controlling interest in the acquiree at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired, is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised immediately in the statement of comprehensive income.

In a business combination achieved in stages, the Group remeasures its previously held equity interest in the acquiree at its acquisition date fair value and recognises the resulting gain or loss, if any, in profit or loss.

Inter-company transactions, balances and unrealised gains or losses on transactions between Group companies are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(b) Non-controlling interests

Non-controlling interests have a share in the earnings of the reporting period. Their interests in the shareholders equity of subsidiaries are reported separately from the equity of the Group.

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals of non-controlling interests are also recorded in equity.

(c) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the subsidiary is remeasured at its fair value, with the change in the carrying amount recognised in profit or loss. The initial carrying amount is the fair value for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

2. Valuation methods

The following table shows the most important valuation methods:

Position	Valuation method
Assets	
Goodwill	Impairment-only approach
Other intangible assets (except goodwill)	Amortised costs
Property, plant and equipment	Amortised costs
Derivative financial assets:	
Classified as cash flow hedge	At fair value in other comprehensive income
Inventories	Lower of cost or net realisable value
Other non-financial assets	Amortised costs
Trade receivables	Amortised costs
Cash and cash equivalents	Nominal amount
Liabilities	
Pensions	Projected unit credit method
Other provisions	Settlement amount
Borrowings	Amortised costs
Other non-financial liabilities	Amortised costs
Other financial liabilities (categories IAS 39):	
Financial liabilities at cost (FLAC)	Amortised costs
Derivative financial liabilities:	
Classified as cash flow hedge	At fair value in other comprehensive income
Contingent consideration	At fair value through profit or loss
Trade payables	Amortised costs

3. Fair value estimation

The amendment to IFRS 7 for financial instruments that are measured in the statement of financial position at fair value in accordance with IFRS 13 requires disclosure of fair value measurements by level using the following fair value measurement hierarchy:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities,

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) and

Level 3: Inputs for the asset or liability that are not based on observable market data (that is unobservable inputs).

The level in the fair value hierarchy within which the fair value measurement is categorised in total is determined on the basis of the lowest level input that is significant to the fair value measurement in total. The different hierarchy levels demand different amounts of disclosure.

At 31 December 2013 and 2012, the Group's derivative financial instruments carried in the statement of financial position at fair value (i. e. trading derivatives and derivatives used for hedging) are categorised in total within level 2 of the fair value hierarchy. Contingent considerations, recognised in the balance sheet as at 31 December 2013, measured at fair value, are within level 3 of the fair value hierarchy (Note 22).

The fair value of interest rate swaps and cross-currency-swaps is calculated as the present value of the estimated future cash flows. The fair value of forward foreign exchange contracts is determined using a present value model based on forward exchange rates.

4. Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are prepared in 'euros' (EUR), which is the NORMA Group SE's functional and the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the actual exchange rates at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in profit or loss within ‘financial income / costs.’ All other foreign exchange gains and losses are presented in profit or loss within ‘other operating income / expenses.’

(c) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each consolidated statement of financial position presented are translated at the closing rate at the date of that consolidated statement of financial position;
- income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the actual rate on the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of equity.

Goodwill and fair value adjustments arising through the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

The exchange rates of the currencies affecting foreign currency translation are as follows:

	Spot rate		Average rate	
per EUR	**31 Dec 2013**	31 Dec 2012	**2013**	2012
Australian dollar	**1.5396**	1.2683	**1.3748**	1.2408
Brazilian real	**3.1929**	2.6900	**2.9411**	2.5601
Chinese renminbi yuan	**8.3342**	8.2129	**8.1614**	8.1063
Swiss franc	**1.2269**	1.2084	**1.2310**	1.2051
Czech koruna	**27.3990**	25.1300	**25.9518**	25.1404
British pound sterling	**0.8328**	0.8175	**0.8495**	0.8107
Indian rupee	**85.1004**	72.1682	**77.5964**	68.5293
Japanese yen	**144.5000**	113.4400	**129.4232**	102.3973
Malaysian ringgit	**4.5133**	4.0354	**4.1786**	3.9664
Mexican peso	**18.0270**	17.1240	**16.9383**	16.9001
Polish złoty	**4.1502**	4.0760	**4.1973**	4.1848
Russian ruble	**45.2515**	40.1500	**42.2848**	39.9260
Serbian dinar	**114.1970**	113.5898	**112.5200**	113.0708
Swedish krona	**8.8263**	8.5863	**8.6391**	8.7042
Singapore dollar	**1.7391**	1.6119	**1.6605**	1.6052
South Korean won	**1,453.3639**	1,403.0000	**1,451.3184**	1,446.2045
Thai baht	**45.0853**	40.3409	**40.7419**	39.9223
Turkish lira	**2.9453**	2.3625	**2.5269**	2.3139
US dollar	**1.3768**	1.3176	**1.3272**	1.2846

5. Intangible assets

(a) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group’s share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in ‘intangible assets.’ Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

(b) Development costs

Costs of research activities undertaken with the prospect of gaining new scientific or technical knowledge and understanding are expensed as incurred. Costs for development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, are capitalised if

- development costs can be measured reliably,
  the product or process is
- technically and
- commercially feasible,
- future economic benefits are probable.

Furthermore, NORMA Group intends, and has sufficient resources, to complete development and use or sell the asset. The costs capitalised include the cost of materials, direct labour and other directly attributable expenditure that serves to prepare the asset for use. Such capitalised costs are included in profit or loss in line ‘own work capitalised’. Capitalised development costs are stated at cost less accumulated amortisation and impairment losses with an amortisation period of generally three to five years. Development costs which did not meet the requirements are expensed as incurred.

(c) Other intangible assets

Separately acquired other intangible assets are shown at historical cost less accumulated amortisation. Intangible assets acquired in a business combination are recognised at fair value at the acquisition date. All other intangible assets have a finite useful life. Amortisation is calculated using the straight-line method to allocate their cost.

In general, the Group’s other intangibles are not qualifying assets in accordance with IAS 23 and borrowing costs eligible for capitalisation therefore do not exist.

The useful lives of other intangible assets acquired in a business combination are estimates based on the economics of each specific asset which were determined in the process of the purchase price allocation.

The estimated useful lives for other intangible assets are as follows:

- Patents: 5 to 10 years
- Certificates (Customer lists): 4 to 20 years
- Technology: 10 to 20 years
- Licences, rights: 3 to 5 years
- Trademarks: 20 years
- Software: 3 to 5 years
- Development costs: 3 to 5 years

6. Property, plant and equipment

All property, plant and equipment are stated at historical cost less depreciation and impairment loss, if applicable. Historical cost includes expenditure that is directly attributable to the acquisition of the items and, if any, estimated costs for dismantling and removing the assets, restoring the site on which it is allocated. Borrowing costs eligible for capitalisation in the sense of IAS 23 were not available.

Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is foreseeable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance expenses are charged to profit or loss during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives.

The assets’ residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset’s carrying amount is written down to its recoverable amount if the asset’s carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within ‘other operating income / expenses’.

The estimated useful lives for property, plant and equipment are as follows:

- Buildings: 8 to 33 years
- Machinery and technical equipment: 3 to 18 years
- Tools: 3 to 8 years
- Other equipment: 2 to 20 years
- Land is not depreciated

7. Impairment of non-financial assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment, as well as whenever there are indications that the carrying amount of the cash generating unit (CGU) is impaired. If the impairment loss recognised for the CGU exceeds the carrying amount of the allocated goodwill, the additional amount of the impairment loss is recognised through a pro-rata reduction of the carrying amount of the assets allocated to the CGU. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

8. Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated variable selling costs. Cost is determined using the weighted-average-method. The cost of finished goods and work in progress comprises of design costs, raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). Inventories of the Group are not qualifying assets in accordance with IAS 23, so that the acquisition or production costs do not include being capitalised borrowing costs.

9. Financial instruments

Financial assets

Classification

The Group classifies its financial assets in the following categories: *at fair value through profit or loss, loans and receivables, available-for-sale* and *held to maturity.* The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

In the current and in the previous financial year, all financial assets, except for derivative financial instruments, are classified in the category *loans and receivables.*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. The Group's loans and receivables comprise 'trade and other receivables' (→ paragraph 11) and cash and cash equivalents (→ see paragraph 12) in the statement of financial position.

Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset. Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Loans and receivables are carried at amortised cost using the effective interest method.

Impairment of financial assets carried at amortised cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has (have) an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that the Group uses to determine if there is objective evidence of an impairment loss include:

- Financial difficulty of the issuer or obligor;
- A breach of contract, such as a default or delinquency in interest or principal payments;
- The Group, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- It becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
- Observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:
  - (i) Adverse changes in the payment status of borrowers in the portfolio; and
  - (ii) National or local economic conditions that correlate with defaults on the assets in the portfolio.

The Group first assesses whether objective evidence of impairment exists.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The asset's carrying amount is reduced and the amount of the loss is recognised in profit or loss. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

Impairment testing of trade receivables is described in paragraph 11.

Financial liabilities

Financial liabilities primarily include trade payables, liabilities to banks, derivative financial liabilities (→ paragraph 11), and other liabilities.

a) Financial liabilities that are measured at amortised cost
After initial recognition, financial liabilities are carried at amortised cost using the effective interest method. In this category, in particular, trade payables, liabilities to banks and other financial liabilities are classified.

b) Financial liabilities at fair value through profit and loss
Financial liabilities at fair value through profit and loss include derivative financial instruments unless they are designated as hedges and contingent purchase price liabilities. Gains or losses on financial liabilities that are measured at fair value through profit and loss are included in profit or loss.

10. Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. In 2013 and 2012, no financial instruments were offset and there were no financial assets or liabilities with netting agreements, enforceable master netting agreements or similar agreements.

11. Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

(a) Derivative financial instruments not designated as hedges

Gains and losses from derivatives that are not designated as hedges (trading derivatives) are recognised in profit or loss. Trading derivatives are classified as non-current assets or liabilities in accordance with IAS 1.68 and 1.71 if they are due after more than one year; otherwise they are classified as current.

(b) Derivative financial instruments designated as hedges

Derivatives included in hedge accounting are generally designated as either:

- Hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge);
- Hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge); or
- Hedges of a net investment in a foreign operation (net investment hedge).

At NORMA Group, at present, only cash flow hedges occur.

At the inception of the transaction the relationship between the hedging instrument and hedged item is documented, as well as the risk management objectives and strategy for undertaking the hedging transaction. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in the cash flows of hedged items.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the statement of comprehensive income within ‘financial income/costs.’ Amounts accumulated in other comprehensive income are reclassified to profit or loss in the periods when the hedged item affects profit or loss.

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

The fair values of derivative financial instruments used for hedging purposes and of those held for trading are disclosed in Note 23. Movements on the hedging reserve in equity are shown in Note 27.

12. Trade receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected within one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are classified as loans and receivables in accordance with IAS 39 and recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. An allowance of doubtful accounts of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, the probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the allowance is the difference between the asset’s carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. In addition to the required individual bad debt allowances, the Group will determine a portfolio based bad debt allowance considering the aging structure for trade receivables to cover general credit risk if this is applicable.

13. Cash and cash equivalents

Cash and cash equivalents are measured at their nominal value and includes cash in hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less and which are subject only to insignificant risk of change in value. Bank overdrafts are shown within borrowings in current liabilities on the consolidated statement of financial position.

14. Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

15. Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

16. Current and deferred income tax

The tax expenses for the period are comprised of current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements and on tax losses carried forward. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

17. Employee benefits

(a) Pension obligations

Group companies operate different pension schemes. NORMA Group has both defined benefit and defined contribution plans. A defined contribution plan is a pension plan under which the Group pays fixed contributions to a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan. The major defined benefit plan is the German benefit plan which defines the amount of pension benefit that an employee will receive on retirement to depend on years of service and compensation.

The liability recognised in the consolidated statement of financial position with respect to defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension liability.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised within retained earnings in the other comprehensive income (OCI).

Past service costs are recognised fully in the period of the related plan amendment.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefits expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(b) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits as a liability and expense at the earlier date of: (a) when the entity can no longer withdraw the offer of those benefits; or (b) when the entity recognise costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits. Benefits falling due more than 12 months after the balance sheet date are discounted to their present value.

(c) Short-term employee benefits

Employee benefits with short-term payment dates include wages and salaries, social security contributions, vacation pay and sickness benefits and are recognised as liabilities at the repayment amount as soon as the associated job has been performed.

(d) Provisions for other long-term employee benefits

Provisions for obligations similar to pensions (such as anniversary allowances and death benefits) are comprised of the present value of future payment obligations to the employee less any associated assets measured at fair value. The amount of provisions is determined on the basis of actuarial opinions in line with IAS 19. Gains and losses from the remeasurement are recognised in profit or loss in the period in which they are incurred.

18. Share-based payment

Share-based payment plans issued in the NORMA Group are accounted for in accordance with IFRS 2 “Share-based payment” All share-based payment transactions fall within the scope of IFRS 2, unless the transaction is clearly for a purpose other than payment for goods or services supplied to the entity receiving them. The objective of IFRS 2 is that an entity should recognise all goods or services it obtains, regardless of the form of consideration. IFRS 2 starts from the premise that goods or services obtained in a share-based payment transaction should be recognised and measured in a similar way.

In accordance with IFRS 2, NORMA Group in principle distinguishes between equity-settled and cash-settled plans. The financial interest from equity-settled plans granted at grant date is generally allocated over the expected vesting period against equity until the exit event occurs. Expenses from cash-settled plans are generally also allocated over the expected vesting period until the exit event occurs, but against accruals. A description of the plans existing within the NORMA Group can be found in Note 28.

19. Provisions

Provisions are recognised when the Group has a present legal or constructive obligation to third parties as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation taking into account all identifiable risks. Provisions are discounted using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

In addition to the expected amount of cash outflows, uncertainties also exist regarding time of outflows. If it is expected that the outflows take place within one year, the relevant amounts are reported in the short-term provisions.

When the Group expects a refund for a provision, this refund is recognised in accordance with IAS 37.53 as a separate asset. If the refund is in a close economic relationship with the recognised provision, the expenses from the provision are netted with the income from the corresponding refund in profit and loss.

20. Revenue recognition
Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when the significant risks and rewards, associated with ownership of the goods sold, have been transferred to the buyer. The above criteria are regularly fulfilled if the beneficial ownership has been transferred to the customer in accordance with the agreed Incoterms. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customers, the type of transaction and the specifics of each arrangement.

21. Leases
Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

Leases where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lesser of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other financial liabilities. The interest element of the finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

The Group's leases include both, operating leases and finance leases, which relate mainly to property and equipment.

22. Government grants
Government grants are not recognised until there is reasonable assurance that the conditions attached to them are complied with and that the grants will be received.

Government grants for the compensation of expenses incurred are recognised in profit or loss on a systematic basis over the periods in which the related costs are expensed for which the grants are intended to compensate.

Grants related to non-depreciable assets are recognised in profit or loss over the periods that bear the cost of meeting the obligations.

Grants related to depreciable assets are recognised in profit or loss over the period that bear the expense related to the depreciation of the underlying assets.

4. SCOPE OF CONSOLIDATION

With NORMA Group SE, the consolidated financial statements contain all domestic and foreign companies which NORMA Group SE controls directly or indirectly.

The consolidated financial statements of 2013 include seven domestic (31 December 2012: eight) and 38 foreign (31 December 2012: 35) companies.

The composition of the Group changed as follows:

	2013			2012		
	Total	Domestic	Foreign	Total	Domestic	Foreign
At 1 January	**43**	**8**	**35**	**41**	**8**	**33**
Additions	**3**	**0**	**3**	**4**	**0**	**4**
of which newly founded	**2**	**0**	**2**	0	0	0
of which acquired	**1**	**0**	**1**	4	0	4
Disposals	**1**	**1**	**0**	**2**	**0**	**2**
of which no longer consolidated	**0**	**0**	**0**	2	0	2
of which mergers	**1**	**1**	**0**	0	0	0
At 31 December	**45**	**7**	**38**	**43**	**8**	**35**

LIST OF GROUP COMPANIES OF NORMA GROUP AS OF 31 DECEMBER 2013

No.	Company	Registered address	held by	Share in % Direct parent company	Share in % of NORMA Group SE	Currency	Equity[1]	Result[1]
Central Functions								
01	**NORMA Group SE**	**Maintal, Germany**						
02	NORMA Group APAC Holding GmbH	Maintal, Germany	01	100.00	100.00	kEUR	44	–3
03	NORMA Group Holding GmbH	Maintal, Germany	01	100.00	100.00	kEUR	115,959	29,825
Segment EMEA								
04	NORMA Distribution Center GmbH	Marsberg, Germany	03	94.80	100.00	kEUR	2,175	0[3]
05	DNL GmbH & Co KG	Maintal, Germany	03	100.00	100.00	kEUR	6,537	–6
06	NORMA Germany GmbH	Maintal, Germany	03	94.90	100.00	kEUR	56,306	0[3]
07	NORMA Türkei Verwaltungs GmbH	Maintal, Germany	03	100.00	100.00	kEUR	26	–5
08	DNL France S.A.S	Briey, France	03	100.00	100.00	kEUR	12,529	–967
09	NORMA Distribution France S.A.S.	La Queue En Brie, France	08	100.00	100.00	kEUR	3,728	705
10	NORMA France S.A.S.	Briey, France	08	100.00	100.00	kEUR	6,120	132
11	DNL UK Ltd.	Newbury, Great Britain	03	100.00	100.00	kGBP	3,931	–359
12	NORMA UK Ltd.	Newbury, Great Britain	11	100.00	100.00	kGBP	20,199	6,419
13	Nordic Metalblok S.r.l.	Riese Pio X, Italy	03	100.00	100.00	kEUR	670	–100
14	NORMA Italia SpA	Gavardo, Italy	19	100.00	100.00	kEUR	6,256	1,286
15	Groen Bevestigingsmaterialen B.V.	Ter Apel, Netherlands	03	60.00	90.00	kEUR	1,639	782
16	NORMA Netherlands B.V.	Ter Apel, Netherlands	19	100.00	100.00	kEUR	6,268	1,360
17	NORMA Polska Sp. z o.o.	Slawniów, Poland	03	100.00	100.00	kPLN	154,029	38,190
18	NORMA Group CIS LLC	Togliatti, Russian Federation	03	99.96	100.00	kRUR	21,869	–31,482
19	DNL Sweden AB	Stockholm, Sweden	03	100.00	100.00	kSEK	78,100	10,865
20	NORMA Sweden AB	Anderstorp, Sweden	19	100.00	100.00	kSEK	115,095	17,827
21	Connectors Verbindungstechnik AG	Tagelswangen, Switzerland	03	100.00	100.00	kCHF	9,387	2,446
22	NORMA Group South East Europe d.o.o	Belgrade, Serbia	03	100.00	100.00	kRSD	1,538,155	–591,830
23	Fijaciones NORMA S.A.	Barcelona, Spain	03	100.00	100.00	kEUR	4,190	1,012
24	NORMA Czech, s.r.o.	Hustopece, Czech Republic	19	99.90	100.00	kCZK	255,633	25,135
25	NORMA Turkey Baglanti ve Birlestirme Teknolojileri Sanayi ve Ticaret Limited Sirketi	Besiktas, Istanbul, Turkey	07	100.00	100.00	kTRL	1,514	828
26	NORMA Group Distribution Polska Sp. z o.o.	Krakow, Poland	17	100.00	100.00	kPLN	4,567	–433
Segment Americas								
27	Craig Assembly Inc.	St. Clair, USA	30	100.00	100.00	kUSD	19,948	4,886
28	NORMA Michigan Inc.	Auburn Hills, USA	30	100.00	100.00	kUSD	61,606	8,604
29	NORMA US Holding LLC	Saltsburg, USA	30	100.00	100.00	kUSD	26,421	–1,519
30	NORMA Pennsylvania Inc.	Saltsburg, USA	01	100.00	100.00	kUSD	51,178	3,511
31	R.G. RAY Corporation	Buffalo Grove, USA	30	100.00	100.00	kUSD	71,711	8,334
32	NORMA do Brasil Sistemas De Conexão Ltda.	São Paulo, Brazil	30	99.90	100.00	kBRL	23,970	–2,978
33	NORMA Group México S. de R.L. de C.V.	Monterrey, Mexico	28	99.50	100.00	kUSD	2,058	1,495
Segment Asia-Pacific								
34	NORMA Pacific Pty. Ltd.	Melbourne, Australia	41	100.00	100.00	kAUD	13,820	489
35	NORMA China Co., Ltd.	Qingdao, China	03	100.00	100.00	kCNY	79,689	7,386
36	NORMA Group Products India Pvt. Ltd.	Pune, India	41	99.99	100.00	kINR	315,844	–95,555
37	NORMA Japan Inc.	Osaka, Japan	41	60.00	60.00	kJPY	122,595	3,239
38	Chien Jin Plastic Sdn. Bhd.	Ipoh, Malysia	41	85.00	100.00	kMYR	19,154	4,213
39	NORMA Pacific (Malaysia) SDN. BHD.	Kuala Lumpur, Malaysia	41	100.00	100.00	kMYR	-[2]	-[2]
40	NORMA Korea Inc.	Seoul, Republic of Korea	41	100.00	100.00	kKRW	105,283	106,167
41	NORMA Group Asia Pacific Holding Pte. Ltd	Singapore, Singapore	01	100.00	100.00	kSGD	59,488	–4,765
42	NORMA Pacific Asia Pte. Ltd.	Singapore, Singapore	41	100.00	100.00	kSGD	176	–36
43	NORMA Pacific (Thailand) Ltd.	Chonburi, Thailand	41	100.00	100.00	kTHB	68,603	15,547
44	Guyco Pty Ltd	Adelaide, Australia	34	100.00	100.00	kAUD	4,390	–119
45	NORMA EJT (Changzhou) Co., Ltd.	Jiangsu Province, China	41	100.00	100.00	kCNY	41,133	–9

[1] Reported values according to IFRS as at 31 December 2013; except for NORMA Group Holding GmbH, NORMA Germany GmbH, NORMA Distribution Center GmbH and DNL GmbH & Co. KG; these values are prepared according to German GAAP as at 31 December 2013 but not yet finally audited. The values are translated with the exchange rates according to Note 3.4.

[2] Included in NORMA Pacific Pty. Ltd. (No. 34).

[3] A profit-pooling-contract exists.

In 2013, NORMA Group Distribution Polska Sp. z o.o., based in Poland and NORMA EJT (Changzhou) Co., Ltd., based in China, were founded. Furthermore, Guyco Pty Limited, based in Australia, was acquired and NORMA Beteiligungs GmbH was merged into NORMA Group Holding GmbH.

For further details, please refer to Note 40 business combinations.

For a detailed overview regarding the shareholdings of NORMA Group, please refer to the chart on the previous page.

5. FINANCIAL RISK MANAGEMENT

1. Financial risk factors

The Group's activities expose it to a variety of financial risks, comprising of market risk, credit risk and liquidity risk. The Group's financial risk management focuses on the unpredictability of financial markets and seeks to minimise its potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

Financial risk management is carried out by a central treasury department (Group Treasury). The necessary responsibilities and controls associated with risk management are determined by Group management. Group Treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units.

Market risk

(i) Foreign exchange risk

NORMA Group operates internationally in around 100 different countries and is exposed to foreign exchange risk arising from the exposure to various currencies – primarily with respect to the US dollar, the British pound sterling, the Chinese renminbi yuan, the Polish zloty, the Swedish krona, the Swiss franc, the Serbian dinar and the Singapore dollar.

The effects of changes in foreign exchange rates are analysed below for financial assets and liabilities denominated in foreign currencies.

If the euro had strengthened / weakened by 10 % against the US dollar, NORMA Group would show a profit before tax for the year 2013 of EUR 172 thousand lower / EUR 211 thousand higher (2012: EUR 102 thousand lower / EUR 125 thousand higher).

If the euro had strengthened / weakened by 10 % against the British pound sterling, NORMA Group would show a profit before tax for the year 2013 of EUR 344 thousand higher / EUR 420 thousand lower (2012: EUR 309 thousand higher / EUR 378 thousand lower).

If the euro had strengthened / weakened by 10 % against the Chinese renminbi, NORMA Group would show a profit before tax for the year 2013 of EUR 8 thousand higher / EUR 9 thousand lower (2012: EUR 225 thousand lower / EUR 275 thousand higher).

If the euro had strengthened / weakened by 10 % against the Polish zloty, NORMA Group would show a profit before tax for the year 2013 of EUR 755 thousand higher / EUR 922 thousand lower (2012: EUR 830 thousand higher / EUR 1,014 thousand lower).

If the euro had strengthened / weakened by 10 % against the Swedish krona, NORMA Group would show a profit before tax for the year 2013 of EUR 97 thousand higher / EUR 118 thousand lower (2012: EUR 101 thousand higher / EUR 123 thousand lower).

If the euro had strengthened / weakened by 10 % against the Swiss franc, NORMA Group would show a profit before tax for the year 2013 of EUR 201 thousand higher / EUR 246 thousand lower (2012: EUR 214 thousand higher / EUR 262 thousand lower).

If the euro had strengthened / weakened by 10 % against the Serbian dinar, NORMA Group would show a profit before tax for the year 2013 of EUR 386 thousand higher / EUR 472 thousand lower (2012: EUR 112 thousand higher / EUR 136 thousand lower).

If the euro had strengthened / weakened by 10 % against the Singapore dollar, NORMA Group would show a profit before tax for the year 2013 of EUR 197 thousand lower / EUR 241 thousand higher (2012: EUR 188 thousand lower / EUR 230 thousand higher).

The Group Treasury's risk management policy is to hedge about 80 % or more of anticipated operational cash flows in US dollar, British pound sterling and Swedish krona.

NORMA Group has certain investments in foreign operations whose net assets are exposed to foreign currency translation risks. This translation risk is primarily managed through borrowings in the relevant foreign currency.

(ii) Interest rate risk

NORMA Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable interest rates expose the Group to cash flow interest rate risk which is partially offset by hedges (interest rate swaps). The Group's policy is to maintain approximately 80 % of its medium-term borrowings in fixed rate instruments.

Below, the effects of changes in interest rates are analysed for bank borrowings, which bear variable interest rates, and for interest rate swaps included in hedge accounting. Borrowings that bear fixed interest rates are excluded from this analysis.

At 31 December 2013, if interest rates on euro-denominated borrowings had been 100 basis points higher/lower with all other variables held constant, profit before tax for the year would have been EUR 55 thousand lower/EUR 55 thousand higher (2012: EUR 185 thousand lower/EUR 185 thousand higher) and other comprehensive income would have been EUR 2,525 thousand higher/
EUR 2,584 thousand lower (2012: EUR 2,317 thousand higher/EUR 862 thousand lower).

(iii) Other price risks
As NORMA Group is not exposed to any other material economic price risks, like stock exchange prices or commodity prices, an increase or decrease in the relevant market prices within reasonable margins would not have an impact on the Group's profit or equity. Hence, the Group's exposure to other price risks is regarded as not material.

Credit risk

The credit risk incurred by the Group is the risk that counterparties fail to meet their obligations arising from operating activities and from financial transactions. Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions.

Credit risk is monitored on a Group basis. To minimise credit risk from operating activities and financial transactions, each counterparty is assigned a credit limit, the use of which is regularly monitored. Default risks are continuously monitored in the operating business.

The aggregate carrying amounts of financial assets represent the maximum default risk. For an overview of past-due receivables, please refer to Note 24 'Trade and other receivables.' Given the Group's heterogeneous customer structure, there is no risk concentration.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, Group Treasury maintains flexibility in funding by maintaining availability under committed credit lines.

With the IPO of NORMA Group in April 2011, all bank borrowings were refinanced. The new syndicated bank facilities amounted to EUR 250 million, of which EUR 55 million had been repaid before 31 December 2013. In January 2014 there was an additionally repayment of EUR 101.4 million. In addition, a borrowing facility in the amount of EUR 125 million is available for future operating activities and to settle capital commitments of which EUR 5.5 million was drawn at 31 December 2013 (31 December 2012: EUR 18.5 million). In July 2013, NORMA Group has issued a promissory note valued at EUR 125 million with 5, 7 and 10 year terms.

Liquidity is monitored on an on-going basis with regard to the Group's business performance, planned investment and redemption of capital.

The amounts disclosed in the table are the contractual, undiscounted cash flows. The early repayment in an amount of EUR 101.4 million is already considered within the maturity analysis. Financial liabilities denominated in foreign currencies are translated at the closing rate at the balance sheet date. Interest payments on financial instruments with variable interest rates are calculated on the basis of the interest rates applicable as of the reporting date.

31 DECEMBER 2013

in EUR thousands	up to 1 year	> 1 year up to 2 years	> 2 years up to 5 years	> 5 years
Borrowings	133,495	26,728	119,043	79,692
Trade payables	59,025	0	0	0
Finance lease liabilities	342	236	158	0
Other financial liabilities	4,367	508	736	0
	197,229	**27,472**	**119,937**	**79,692**

31 DECEMBER 2012

in EUR thousands	up to 1 year	> 1 year up to 2 years	> 2 years up to 5 years	> 5 years
Borrowings	60,215	90,645	127,291	0
Trade payables	37,663	0	0	0
Finance lease liabilities	450	553	32	0
Other financial liabilities	1,820	1,792	489	0
	100,148	**92,990**	**127,812**	**0**

The maturity structure of the derivative financial instruments based on cash flows is as follows:

31 DECEMBER 2013

in EUR thousands	up to 1 year	> 1 year up to 2 years	> 2 years up to 5 years	> 5 years
Derivative receivables – gross settlement				
Cash outflows	−3,100			
Cash inflows	3,192			
Derivative liabilities – gross settlement				
Cash outflows	−1,176			
Cash inflows	1,126			
Derivative liabilities – net settlement				
Cash outflows	−6,927		−8,293	
	−6,885	**0**	**−8,293**	**0**

31 DECEMBER 2012

in EUR thousands	up to 1 year	> 1 year up to 2 years	> 2 years up to 5 years	> 5 years
Derivative receivables – gross settlement				
Cash outflows	−2,658			
Cash inflows	2,761			
Derivative liabilities – gross settlement				
Cash outflows	−2,561			
Cash inflows	2,447			
Derivative liabilities – net settlement				
Cash outflows			−24,675	
	−11	**0**	**−24,675**	**0**

2. Capital risk management

The Group's objectives when managing capital are to ensure that it will continue to be able to repay its debt and remain financially sound.

The Group is subject to certain financial covenants, total interest cover, total net debt cover, and equity ratio, which are monitored on an on-going basis. These financial covenants are based on the Group's consolidated financial statements as well as on special definitions of the bank facilities agreements.

According to the covenants agreement total net debt cover, which is defined as Total net debt/Adjusted consolidated EBITDA, should not exceed the value of 3.0 (2012: 3.0). The ratio is calculated according to bank definitions. There were no covenant breaches in 2013 and 2012.

In the case of a covenant breach the Facility Agreement includes several ways to remedy a potential breach by rules of exemption or shareholder actions. If a covenant breach occurs and is not remedied the syndicated loans may, but are not required to be, withdrawn.

6. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgments are continually evaluated and are based on historical experience, and expectations regarding future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the respective actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Estimated impairment of goodwill

NORMA Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 3.5. The recoverable amounts of cash-generating units have been determined based on fair-value-less-costs-to-sell calculations. These calculations are based on discounted cash flow models, which require the use of estimates (Note 20).

In 2013 and 2012, no impairment of goodwill, which amounted to EUR 233,239 thousand at 31 December 2013 (31 December 2012: EUR 235,262 thousand), was necessary. Even if the discount rate would increase by +2 % and the terminal value growth rate would be 0 %, the change of these key assumptions would not cause in any CGU the carrying amount to exceed its recoverable amount.

Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgements are required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made. At 31 December

2013, income tax liabilities were EUR 15,831 thousand (31 December 2012: EUR 17,827 thousand) and deferred tax liabilities were EUR 32,970 thousand (31 December 2012: EUR 32,940 thousand).

Pension benefits
The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations.

The Group determines the appropriate discount rate at the balance sheet date. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Group considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Other key assumptions for pension obligations are based in part on current market conditions. Additional information is disclosed in Note 3.17.

Pension liabilities amounted to EUR 10,869 thousand at 31 December 2013 (31 December 2012: EUR 10,319 thousand).

Useful lives of property, plant and equipment and intangibles assets
The Group's management determines the estimated useful lives and related depreciation / amortisation charges for its property, plant and equipment and intangibles assets. This estimate is based on projected lifecycles. These could change as a result of technical innovations or competitor actions in response to severe industry cycles. Management will increase the depreciation charge where useful lives are less than previously estimated lives, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

7. CHANGE IN ACCOUNTING PRINCIPLES

The first time adoption of IAS 19 (2011) had an impact on the measurement of provisions for partial retirement obligations and the amount of the corresponding personnel and interest expense at NORMA Group. Top-up payments, which result from partial retirement agreements, are not, as previously classified as "Termination Benefits" and already accrued in full at the signing date of the retirement agreement. In accordance with the amendments to IAS 19, they have to be classified as "Other Long-Term Employee Benefits" in terms of IAS 19.08 seqq. and IAS 19.153 seqq. The recognition of those top-up payments has to be made in accordance with IAS 19.155 (2011) seqq. in conjunction with IAS 19.56 (2011) seqq., thus they must be accumulated in return for services.

The differences resulting from the change effects are shown in the following tables:

BALANCE SHEET

	31 December 2012			1 January 2012		
in EUR thousands	as reported	adjustments due to IAS 19R	after adjustments	as reported	adjustments due to IAS 19R	after adjustments
Total assets	**692,138**	**−342**	**691,796**	**648,579**	**−324**	**648,255**
thereof deferred income tax assets	6,403	−342	6,061	6,744	−324	6,420
Total liabilities	**403,796**	**−1,181**	**402,615**	**392,577**	**−1,120**	**391,457**
thereof non-current provisions	5,739	−1,181	4,558	4,615	−1,120	3,495
Total equity	**288,342**	**839**	**289,181**	**256,002**	**796**	**256,798**
thereof retained earnings	50,450	796	51,246	14,112	796	14,908
thereof income for the period	56,573	43	56,616			

INCOME STATEMENT

in EUR thousands	2012 as reported	adjustments due to IAS 19R	after adjustments
Profit before income tax	**81,142**	**61**	**81,203**
thereof personnel expenses	–156,468	–36	–156,504
thereof financial costs	–14,069	97	–13,972
Income taxes	–24,569	–18	–24,587
Profit of the period	**56,573**	**43**	**56,616**

If the Group would have applied the previously existing version of IAS 19 in all periods presented in the consolidated financial statement 2013, the provisions were approximately EUR 1,100 thousand higher, the deferred income tax assets EUR 330 thousand lower and retained earnings EUR 770 thousand lower than reported as per December 2013. There would be no material impact on personnel, interest and tax expenses compared to the values reported in 2013.

Notes to the consolidated statement of comprehensive income

8. ADJUSTMENTS

In the financial year 2013, EUR 910 thousand tax expenses from corporate restructuring measures were adjusted within the position income taxes. Aside from this, in 2013, as already in 2012, no material one-time items occurred. Therefore, only depreciation in the amount of EUR 496 thousand (2012: EUR 273 thousand) and amortisation in the amount of EUR 7,661 thousand (2012: EUR 7,211 thousand), both from purchase price allocations, were further adjusted.

The following table shows profit and loss net of these expenses:

in EUR thousands	Note	2013	2012[1]
Revenue	(9)	635,545	604,613
Changes in inventories of finished goods and work in progress		1,894	1,588
Other own work capitalised		3,377	1,671
Raw materials and consumables used	(10)	–269,421	–263,489
Gross profit		**371,395**	**344,383**
Other operating income and expenses	(11, 12)	–72,387	–67,090
Employee benefits expense	(13)	–169,689	–156,504
EBITDA		**129,319**	**120,789**
Depreciation without PPA depreciation		–16,699	–15,392
Adjusted EBITA		**112,620**	**105,397**
Amortisation without PPA amortisation		–4,943	–3,538
Adjusted operating profit (EBIT)		**107,677**	**101,859**
Financial costs – net	(14)	–15,585	–13,172
Adjusted profit before income tax		**92,092**	**88,687**
Adjusted income taxes		–30,027	–26,853
Adjusted profit for the period		**62,065**	**61,834**
Non-controlling interests		59	0
Adjusted profit attributable to shareholders of the parent		**62,006**	**61,834**
Adjusted earnings per share (in EUR)		**1.95**	**1.94**

[1] Restated due to effects from the application of IAS 19R.
See: Section 2 Basis of preparation and Section 7 Change in accounting principles.

9. REVENUE

Revenue recognised during the period related to the following:

in EUR thousands	2013	2012
Engineered Joining Technologies	443,874	427,638
Distribution Services	193,617	174,505
Other revenue	2,190	6,319
Deductions	–4,136	–3,849
	635,545	604,613

Revenue for 2013 (EUR 635,545 thousand) was 5.1 % above revenue for 2012 (EUR 604,613 thousand).

The sales figures for 2013 include sales of EUR 8,061 thousand from the companies acquired in 2013. The distribution business of Davydick & Co. Pty Limited (Australia), which was acquired in the first quarter, contributed EUR 3,246 thousand, the distribution business of Variant S.A. (Poland), which was acquired in the second quarter, contributed EUR 1,183 thousand and Guyco Pty Limited (Australia), which was acquired in the third quarter, contributed EUR 3,632 thousand.

For the analysis of sales by region please refer to Note 37 "Segment reporting".

10. RAW MATERIALS AND CONSUMABLES USED

Raw materials and consumables used comprised the following:

in EUR thousands	2013	2012
Cost of raw materials, consumables and supplies	−242,717	−237,986
Cost of purchased services	−26,704	−25,503
	−269,421	−263,489

The material costs decreased in relation to revenue from 43.6 % in 2012 to 42.4 % in 2013.

The companies and distribution businesses acquired in 2013 contributed EUR 4,102 thousand to the material costs.

11. OTHER OPERATING INCOME

Other operating income comprised the following:

in EUR thousands	2013	2012
Currency gains operational	2,838	3,105
Reversal of provisions	352	367
Grants related to employee benefits expense	351	381
Reimbursement of vehicle costs	566	468
Other income from disposal of fixed assets	152	467
Foreign exchange derivatives	0	68
Government Grants	310	437
Others	2,414	4,243
	6,983	9,536

The position "others" includes mainly reversal from accruals for variable components of remuneration for employees.

In 2012, the position "others" includes a one-time effect from the full consolidation of Groen Bevestigingsmaterialen B.V. amounting to EUR 1,296 thousand.

12. OTHER OPERATING EXPENSES

Other operating expenses comprised the following:

in EUR thousands	2013	2012
Consulting and marketing	−11,003	−12,467
Expenses for temporary workforce and other personnel related costs	−12,326	−12,045
Freights	−8,308	−7,854
Other administrative expenses	−5,274	−5,964
Rentals and other building costs	−6,965	−6,063
Currency losses operational	−3,156	−4,359
Travel and entertaining	−6,073	−5,359
Research & development	−2,505	−3,247
Vehicle costs	−2,691	−2,445
Maintenance (external)	−2,223	−1,884
Commission payable	−3,028	−2,584
Non-income-related taxes	−1,734	−1,529
Insurances	−1,993	−1,614
IT and telecommunication	−9,059	−7,372
Others	−3,032	−1,840
	−79,370	−76,626

The companies and distribution businesses acquired in 2013 contributed EUR 1,620 thousand to the other operating expenses.

13. EMPLOYEE BENEFITS EXPENSE

Employee benefits expense comprised the following:

in EUR thousands	2013	2012 [1]
Wages and salaries and other termination benefits	−140,099	−127,691
Social security costs	−21,839	−21,877
Pension costs – defined contribution plans	−7,513	−6,681
Pension costs – defined benefit plans	−238	−255
	−169,689	−156,504

[1] Restated due to effects from the application of IAS 19R.
See: Section 2 Basis of preparation and Section 7 Change in accounting principles.

The companies and distribution businesses acquired in 2013 contributed EUR 1,776 thousand to the employee benefits expenses.

14. FINANCIAL INCOME AND COSTS

Financial income and costs comprised the following:

in EUR thousands	2013	2012 [1]
Financial costs		
Interest expenses		
Bank borrowings	**–13,118**	–12,284
Finance lease	**–28**	–34
Expenses for interest accrued on provisions	**–55**	–271
Expenses for interest accrued on pensions	**–248**	–356
Foreign exchange result on financing activities	**–1,355**	775
Losses on evalution of derivatives	**–140**	–367
Other financial cost	**–1,196**	–1,435
	–16,140	**–13,972**
Financial income		
Interest income on short-term bank deposits	**485**	263
Gains on evaluation of derivatives	**0**	136
Other financial income	**70**	401
	555	**800**
Net financial cost	**–15,585**	**–13,172**

[1] Restated due to effects from the application of IAS 19R.
See: Section 2 Basis of preparation and Section 7 Change in accounting principles.

The total interest expenses calculated using the effective interest method for financial liabilities that are not measured at fair value through profit or loss amount to EUR 13,118 thousand in 2013 (2012: EUR 12,284 thousand). The total interest income calculated using the effective interest method for financial assets not measured at fair value through profit or loss amounts to EUR 485 thousand in 2013 (2012: EUR 263 thousand).

Costs amounting to EUR 7,859 thousand that are directly attributable to the refinancing of the IPO in April 2011 were netted with the bank borrowings in accordance with IAS 39.43. They are amortised over the financing period of five years using the effective interest method.

15. NET FOREIGN EXCHANGE GAINS/LOSSES

The exchange differences recognised in profit or loss are as follows:

in EUR thousands	Note	2013	2012
Currency gains operational	(11)	**2,838**	3,105
Currency losses operational	(12)	**–3,156**	–4,359
Foreign exchange result on financing activities	(14)	**–1,355**	775
		–1,673	**–479**

16. EARNINGS PER SHARE

Earnings per share are calculated by dividing net income for the period attributable to NORMA Group's shareholders by the weighted average number of shares issued during the period under review. NORMA Group has only issued common shares. In 2013, as in the previous year, the average weighted number of shares was 31,862,400.

Options issued out of the Matching-Stock-Programme ("MSP") for the Board of NORMA Group had dilutive effects on earnings per share in the financial year 2013. A detailed description of the MSP can be found in Note 28 "Share based payments". The dilutive effect on earnings per share is calculated using the treasury stock method.

Earnings per share in 2013 and 2012 were as follows:

	Q4 2013	Q4 2012 [1]	2013	2012 [1]
Profit attributable to shareholders of the parent (in EUR thousands)	**12,617**	9,435	**55,557**	56,616
Number of weighted shares	**31,862,400**	31,862,400	**31,862,400**	31,862,400
Effect of dilutive share-based payment	**145,020**	0	**138,204**	0
Number of weighted shares (diluted)	**32,007,420**	31,862,400	**32,000,604**	31,862,400
Earnings per share (in EUR)	**0.40**	**0.30**	**1.74**	**1.78**
Earnings per share diluted (in EUR)	**0.39**	**0.30**	**1.74**	**1.78**

[1] Restated due to effects from the application of IAS 19R. See: Section 2 Basis of preparation and Section 7 Change in accounting principle.

17. INCOME TAXES

The breakdown of income taxes is as follows:

in EUR thousands	2013	2012 [1)]
Current tax expenses	–30,077	–26,491
Deferred tax income	1,758	1,904
Total income taxes	**–28,319**	**–24,587**

[1)] Restated due to effects from the application of IAS 19R.
See: Section 2 Basis of preparation and Section 7 Change in accounting principles.

NORMA Group's combined Group income tax rate for 2013 amounted to 30.2 %, comprising corporate income tax at a rate of 15 %, the solidarity surcharge of 5.5 % on corporate income tax, and trade income tax at an average multiplier of 410 %.

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the Group tax rate applicable to profits of the consolidated entities of 30.2 % as follows:

in EUR thousands	2013	2012 [1)]
Profit before tax	**83,935**	**81,203**
Group tax rate	30.2 %	29.1 %
Expected income taxes	**–25,348**	**–23,630**
Tax effects of:		
Tax losses and tax credits from actual year for which no deferred income tax is recognised	–809	–388
Effects from deviation of Group tax rate resulting mainly from different foreign tax rates	–1,515	–169
Non-deductible expenses for tax purposes	–1,619	–3,255
Utilisation of tax losses and tax credits from prior year for which no deferred income tax asset was recognised	4	60
Other tax-free income	219	1,285
Tax effect of changes in tax rates	–270	1,459
Income taxes related to prior years	1,315	428
Impairment of tax assets	0	–13
Other	–296	–364
Income taxes	**–28,319**	**–24,587**

[1)] Restated due to effects from the application of IAS 19R.
See: Section 2 Basis of preparation and Section 7 Change in accounting principles.

The item 'Tax effect of changes in tax rates' consists in 2012 mainly of the reduced tax rate in the USA.

The item 'Income taxes related to prior years' consists in particular of the release of not-utilised tax provisions.

The item 'Other' consists in 2013 and 2012 mainly of other income-based taxes (withholding tax).

The income tax charged/credited directly to other comprehensive income during the year is as follows:

	2013			2012		
in EUR thousands	Before tax amount	Tax charge/credit	Net-of-tax amount	Before tax amount	Tax charge/credit	Net-of-tax amount
Cash flow hedges gains/losses	3,314	–985	2,329	–4,378	1,293	–3,085
Actuarial gains/losses on defined benefit plans	–726	159	–567	–1,465	426	–1,039
Other comprehensive income	**2,588**	**–826**	**1,762**	**–5,843**	**1,719**	**–4,124**

Notes to the Consolidated Statement of Financial Position

18. INCOME TAX ASSETS AND LIABILITIES

Due to changes in German corporate tax laws ("SE-Steuergesetz" or "SEStEG", which came into effect on 31 December 2006) an imputation credit asset ("Körperschaftsteuerguthaben gem. § 37 KStG") has been set up. As a result, an unconditional claim for payment of the credit in ten annual instalments from 2008 through 2017 has been established. The resulting receivable is included in income tax assets and amounted to EUR 1,737 thousand on 31 December 2013 (31 December 2012: EUR 2,133 thousand). In 2013, EUR 1,260 thousand are classified as non-current (31 December 2012: EUR 1,656 thousand).

19. DEFERRED INCOME TAX

The analysis of deferred tax assets and deferred tax liabilities due to maturity is as follows:

in EUR thousands	31 Dec 2013	31 Dec 2012 [1)]
Deferred tax assets		
Deferred tax assets to be recovered after more than 12 months	1,035	2,301
Deferred tax assets to be recovered within 12 months	6,480	3,760
Deferred tax assets	**7,515**	**6,061**
Deferred tax liabilities		
Deferred tax liabilities to be recovered after more than 12 months	32,565	31,812
Deferred tax liabilities to be recovered within 12 months	405	1,128
Deferred tax liabilities	**32,970**	**32,940**
Deferred tax liabilities (net)	**25,455**	**26,879**

[1)] Restated due to effects from the application of IAS 19R.
See: Section 2 Basis of preparation and Section 7 Change in accounting principles.

The movement in deferred income tax assets and liabilities during the year is as follows:

in EUR thousands	2013	2012 [1)]
Deferred tax liabilities (net) – at 1 January	**26,879**	**27,355**
Deferred tax income	−1,758	−1,904
Tax charged to other comprehensive income	826	−1,719
Exchange differences	−926	−977
Acquisition of subsidiaries	434	4,124
Deferred tax liabilities (net) – at 31 December	**25,455**	**26,879**

[1)] Restated due to effects from the application of IAS 19R.
See: Section 2 Basis of preparation and Section 7 Change in accounting principles.

The analysis of deferred income tax assets and deferred income tax liabilities, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

DEFERRED TAX ASSETS

in EUR thousands	31 Dec 2013	31 Dec 2012 [1)]
Intangible assets	1,596	2,152
Property, plant and equipment	79	249
Other assets	184	202
Inventories	1,173	901
Trade receivables	280	470
Retirement benefit obligations/pension liabilities	1,387	1,081
Provisions	1,088	671
Borrowings	3,227	796
Other liabilities, incl. derivatives	4,442	9,222
Trade payables	392	68
Tax losses and tax credits	441	772
Deferred tax assets (before valuation allowances)	**14,289**	**16,584**
Valuation allowance	−19	−13
Deferred tax assets (before offsetting)	**14,270**	**16,571**
Offsetting effects	−6,755	−10,510
Deferred tax assets	**7,515**	**6,061**

[1)] Restated due to effects from the application of IAS 19R.
See: Section 2 Basis of preparation and Section 7 Change in accounting principles.

DEFERRED TAX LIABILITIES

in EUR thousands	31 Dec 2013	31 Dec 2012
Intangible assets	26,591	27,843
Property, plant and equipment	8,759	9,100
Other assets	399	1,201
Inventories	384	156
Trade receivables	459	96
Borrowings	2,084	4,219
Provisions	0	14
Other liabilities, incl. derivatives	169	137
Trade payables	6	9
Untaxed reserves	874	675
Deferred tax liabilities (before offsetting)	**39,725**	**43,450**
Offsetting effects	–6,755	–10,510
Deferred tax liabilities	**32,970**	**32,940**
Deferred tax liabilities (net)	**25,455**	**26,879**

Deferred income tax assets are recognised for all deductible temporary differences to the extent that it is probable that future taxable profits will be available against which the deductible temporary difference can be utilised. The Group did not recognise deferred income tax assets amounting to EUR 38 thousand in respect of deductible temporary differences amounting to EUR 116 thousand at 31 December 2012. As at 31 December 2013, deferred tax assets for all deductable temporary differences could be recognised.

In 2013 and prior years, the Group had tax losses at several subsidiaries in several countries. After offsetting the deferred tax assets with deferred tax liabilities, the deferred tax assets not subject to valuation allowances amounted to EUR 34 thousand for those foreign subsidiaries (31 December 2012: EUR 167 thousand). NORMA Group believes it is more likely than not that due to future taxable income, deferred tax assets which are not subject to valuation allowances can be utilised.

Deferred income tax assets are recognised for tax losses carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable.

The Group did recognise the following tax losses:

in EUR thousands	31 Dec 2013	31 Dec 2012
Expiry within 1 year	0	0
Expiry in 2–5 years	31	894
Expiry later than 5 years	2,628	3,465
Unlimited carry forward	475	687
Total	**3,134**	**5,046**

The Group did not recognise deferred income tax assets in respect of losses amounting to EUR 5,579 thousand at 31 December 2013 (31 December 2012: EUR 7,328 thousand) that can be carried forward against future taxable income. Theoretically, the deferred tax assets on not recognised tax losses would be EUR 1,058 thousand at 31 December 2013 (31 December 2012: EUR 1,814 thousand).

The unrecognised losses expire as follows:

in EUR thousands	31 Dec 2013	31 Dec 2012
Expiry within 1 year	29	285
Expiry in 2–5 years	0	1,643
Expiry later than 5 years	2,256	806
Unlimited carry forward	3,294	4,594
Total	**5,579**	**7,328**

Taxable temporary differences amounting to EUR 113,059 thousand at 31 December 2013 (31 December 2012: EUR 69,451 thousand) associated with investments in subsidiaries are not recognised as deferred tax liabilities, since the respective parent is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. These unremitted earnings of non-German subsidiaries, the amount of which cannot be practicably computed, could become subject to additional tax if they were remitted as dividends or if the Group were to sell its shareholdings in the subsidiaries.

20. GOODWILL AND OTHER INTANGIBLE ASSETS

The acquisition costs as well as accumulated amortisation and impairment of intangible assets consist of the following:

in EUR thousands	At 1 Jan 2013	Additions	Deductions	Transfers	Changes in consolidation	Currency effects	At 31 Dec 2013
Acquisition costs							
Goodwill	266,296	0	0	0	1,683	–4,670	**263,309**
Certificates (Customer lists)	57,402	2	0	0	5,881	–2,367	**60,918**
Licenses, rights	2,178	111	–2	4	211	–4	**2,498**
Trademarks	20,903	0	0	0	75	–840	**20,138**
Patents & technology	29,952	996	0	0	1,120	–1,277	**30,791**
Internally generated intangible assets	2,014	3,060	–27	114	0	–34	**5,127**
Intangible assets, other	25,346	5,092	–146	–118	0	–505	**29,669**
Total	**404,091**	**9,261**	**–175**	**0**	**8,970**	**–9,697**	412,450
Amortisation and Impairment							
Goodwill	31,034	0	0	0	0	–964	**30,070**
Certificates (Customer lists)	11,501	4,192	0	0	0	–451	**15,242**
Licenses, rights	777	378	–2	0	0	–2	**1,151**
Trademarks	4,290	1,080	0	0	0	–220	**5,150**
Patents & technology	14,780	2,374	0	0	0	–667	**16,487**
Internally generated intangible assets	293	683	0	0	0	–11	**965**
Intangible assets, other	13,676	3,897	–146	0	0	–191	**17,236**
Total	**76,351**	**12,604**	**–148**	**0**	**0**	**–2,506**	86,301

in EUR thousands	At 1 Jan 2012	Additions	Deductions	Transfers	Changes in consolidation	Currency effects	At 31 Dec 2012
Acquisition costs							
Goodwill	256,287	0	0	0	11,905	–1,896	**266,296**
Certificates (Customer lists)	44,049	120	0	0	13,966	–733	**57,402**
Licenses, rights	849	334	–5	121	882	–3	**2,178**
Trademarks	20,189	0	0	0	1,086	–372	**20,903**
Patents & technology	29,444	654	0	–1	354	–499	**29,952**
Internally generated intangible assets	208	1,817	0	0	0	–11	**2,014**
Intangible assets, other	19,234	4,889	–6	–120	1,146	203	**25,346**
Total	**370,260**	**7,814**	**–11**	**0**	**29,339**	**–3,311**	404,091
Amortisation and Impairment							
Goodwill	31,446	0	0	0	0	–412	**31,034**
Certificates (Customer lists)	8,472	3,162	0	0	0	–133	**11,501**
Licenses, rights	655	128	–5	0	0	–1	**777**
Trademarks	3,360	1,015	0	0	0	–85	**4,290**
Patents & technology	12,678	2,369	0	0	0	–267	**14,780**
Internally generated intangible assets	172	124	0	0	0	–3	**293**
Intangible assets, other	9,696	3,951	–5	0	0	34	**13,676**
Total	**66,479**	**10,749**	**–10**	**0**	**0**	**–867**	76,351

in EUR thousands	Carrying amounts 31 Dec 2013	31 Dec 2012
Goodwill	**233,239**	235,262
Certificates (Customer lists)	**45,676**	45,901
Licenses, rights	**1,347**	1,401
Trademarks	**14,988**	16,613
Patents & technology	**14,304**	15,172
Internally generated intangible assets	**4,162**	1,721
Intangible assets, other	**12,433**	11,670
Total	**326,149**	**327,740**

The item 'Patents & technology' at 31 December 2013 consists of patents worth EUR 4,180 thousand (31 December 2012: EUR 3,794 thousand) and technology worth EUR 10,124 thousand (31 December 2012: EUR 11,378 thousand).

The item 'Intangible assets, other' consists mainly of software and prepayments. Software is amortised over the useful life of three to five years.

Internally generate intangible assets mainly include technologies.

The change in goodwill from EUR 235,262 thousand to EUR 233,239 thousand results from negative exchange differences and from the acquisition of the distribution business of Variant S.A., in the amount of EUR 252 thousand, the acquisition of the distribution business of Davydick & Co. Pty. Limited in the first half year of 2013, which increased the goodwill by EUR 451 thousand as well as the acquisition of Guyco Pty Limited in the amount of EUR 980 thousand in the third quarter of 2013.

The change in goodwill is summarised as follows:

in EUR thousands	
Balance at 31 December 2012	**235,262**
Changes in consolidation	1,683
Variant S.A.	252
Davydick & Co. Pty. Limited	451
Guyco Pty Limited	980
Currency effect	−3,706
Balance at 31 December 2013	**233,239**

In 2013 and 2012, no material impairment for intangible assets or write ups were recognised. Besides the goodwill, there are no intangible assets with an indeterminable useful life.

At 31 December 2013 and 2012, the intangible assets are unsecured.

Impairment tests for goodwill

Goodwill is allocated to the Group's cash-generating units (CGUs) identified according to geographical areas. A summary of the goodwill allocation is presented below.

in EUR thousands	31 Dec 2013	31 Dec 2012
CGU EMEA	**154,141**	153,993
CGU Americas	**73,598**	76,904
CGU Asia-Pacific	**5,500**	4,365
	233,239	**235,262**

Goodwill for the cash-generating unit EMEA increased in 2013 due to the acquisition of the distribution business of Variant S.A. amounting to EUR 252 thousand, partly offset by currency effects. Goodwill for the CGU Americas changed in 2013 solely due to currency effects. Goodwill for the CGU Asia-Pacific was increased by the acquisition of Guyco Pty Limited and the acquisition of the distribution business of Davydick & Co. Pty. Limited amounting to EUR 1,431 thousand. Other changes were driven by currency effects.

The recoverable amount of a CGU is determined based on fair-value-less-costs-to-sell, which is calculated by discounting projected cash flows. Based on the inputs used for this valuation technique, fair values are classified as level 3 fair values (Note 3.3 "Fair value estimation"). These calculations use cash flow projections based on financial budgets approved by the management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. The growth rate does not exceed our expectations for the long-term average growth rate for the geographical area of the respective CGU.

The discount rates used are after-tax-rates and reflect the specific risk of each CGU. The respective before-tax-rates are 13.36 % (2012: 13.45 %) for the CGU EMEA, 14.74 % (2012: 15.07 %) for the CGU Americas and 13.16 % (2012: 13.54 %) for the CGU Asia-Pacific.

The key assumptions used for fair-value-less-costs-to-sell calculations are as follows:

31 December 2013	CGU EMEA	CGU Americas	CGU Asia-Pacific
Terminal value growth rate	1.50 %	1.50 %	1.50 %
Discount rate	10.31 %	9.62 %	10.50 %
Costs to sell	1.00 %	1.00 %	1.00 %

31 December 2012	CGU EMEA	CGU Americas	CGU Asia-Pacific
Terminal value growth rate	1.50 %	1.50 %	1.50 %
Discount rate	10.20 %	9.60 %	10.74 %
Costs to sell	1.00 %	1.00 %	1.00 %

Even if the discount rate would increase by +2% and terminal value growth rate would be 0%, the change of these key assumptions would not cause in any CGU the carrying amount to exceed its recoverable amount.

21. PROPERTY, PLANT AND EQUIPMENT

The acquisition and manufacturing costs as well as accumulated depreciation of property, plant and equipment consisted of the following:

in EUR thousands	At 1 Jan 2013	Additions	Deductions	Transfers	Changes in consolidation	Currency effects	At 31 Dec 2013
Acquisition costs							
Land and buildings	84,890	1,227	–186	2,240	239	–1,402	**87,008**
Machinery & tools	186,804	7,157	–3,176	3,282	4,930	–3,532	**195,465**
Other equipment	46,415	3,649	–2,520	1,374	790	–689	**49,019**
Assets under construction	9,886	9,234	–187	–6,896	88	–758	**11,367**
Total	**327,995**	**21,267**	**–6,069**	**0**	**6,047**	**–6,381**	**342,859**
Depreciation and Impairment							
Land and buildings	38,853	2,388	–125	0	0	–557	**40,559**
Machinery & tools	144,191	11,017	–3,185	–427	0	–1,892	**149,704**
Other equipment	35,689	3,790	–2,449	427	0	–408	**37,049**
Assets under construction	183	0	0	0	0	–3	**180**
Total	**218,916**	**17,195**	**–5,759**	**0**	**0**	**–2,860**	**227,492**

in EUR thousands	At 1 Jan 2012	Additions	Deductions	Transfers	Changes in consolidation	Currency effects	At 31 Dec 2012
Acquisition costs							
Land and buildings	78,294	3,330	–1,149	3,827	599	–11	**84,890**
Machinery & tools	175,653	6,304	–2,807	3,803	3,580	271	**186,804**
Other equipment	44,241	3,193	–2,708	1,082	431	176	**46,415**
Assets under construction	7,776	11,065	–75	–8,712	0	–168	**9,886**
Total	**305,964**	**23,892**	**–6,739**	**0**	**4,610**	**268**	**327,995**
Depreciation and Impairment							
Land and buildings	37,308	2,531	–1,139	–45	0	198	**38,853**
Machinery & tools	137,386	9,278	–2,428	–354	0	309	**144,191**
Other equipment	33,907	3,856	–2,634	399	0	161	**35,689**
Assets under construction	184	0	0	0	0	–1	**183**
Total	**208,785**	**15,665**	**–6,201**	**0**	**0**	**667**	**218,916**

in EUR thousands	Carrying amounts 31 Dec 2013	31 Dec 2012
Land and buildings	**46,449**	46,037
Machinery and tools	**45,761**	42,613
Other equipment	**11,970**	10,726
Assets under construction	**11,187**	9,703
Total	**115,367**	**109,079**

At 31 December 2013, the item 'Machinery and tools' includes tools of EUR 7,952 thousand (31 December 2012: EUR 4,205 thousand).

No material impairment and no material write ups were recognised on property, plant and equipment in 2013 and 2012.

At 31 December 2013 and 2012, property, plant and equipment are unsecured.

Land and buildings includes the following amounts where the Group is a lessee under a finance lease:

in EUR thousands	31 Dec 2013	31 Dec 2012
Cost – capitalised finance leases	**523**	0
Accumulated depreciation	**0**	0
Net carrying amount	**523**	**0**

In financial year 2013, a contract for the use of land in China was signed for a period of 50 years by NORMA Group. Since the present value of the minimum lease payments is equal to fair value of the leased item, it was classified as a finance lease.

Machinery includes the following amounts where the Group is a lessee under a finance lease:

in EUR thousands	31 Dec 2013	31 Dec 2012
Cost – capitalised finance leases	**661**	472
Accumulated depreciation	**–431**	–388
Net carrying amount	**230**	**84**

Other equipment includes the following amounts where the Group is a lessee under a finance lease:

in EUR thousands	31 Dec 2013	31 Dec 2012
Cost – capitalised finance leases	**367**	367
Accumulated depreciation	**–248**	–170
Net carrying amount	**119**	**197**

The Group leases various property, machinery, technical and IT equipment under non-cancellable finance lease agreements. The lease terms for machinery and other equipment are between three and ten years, the lease terms for land and building are up to 50 years.

22. FINANCIAL INSTRUMENTS

Financial instruments according to classes and categories were as follows:

in EUR thousands	Category IAS 39	Carrying amount 31 Dec 2013	Measurement basis IAS 39: Amortised Cost	Measurement basis IAS 39: Fair value through profit or loss	Measurement basis IAS 39: Derivatives used for hedging	Measurement basis IAS 17	Fair value 31 Dec 2013
Financial assets							
Derivative financial instruments – hedge accounting							
Foreign exchange derivatives	n/a	**92**			92		**92**
Trade and other receivables	LaR	**90,138**	90,138				**90,138**
Cash and cash equivalents	LaR	**194,188**	194,188				**194,188**
Financial liabilities							
Borrowings	FLAC	**326,108**	326,108				**329,273**
Derivative financial instruments – hedge accounting							
Interest derivatives	n/a	**5,375**			5,375		**5,375**
Cross-currency swaps	n/a	**9,845**			9,845		**9,845**
Foreign exchange derivatives	n/a	**50**			50		**50**
Trade payables	FLAC	**59,025**	59,025				**59,025**
Other financial liabilities							
Contingent considerations	n/a	**1,371**		1,371			**1,371**
Other liabilities	FLAC	**4,241**	4,241				**4,241**
Finance lease liabilities	n/a	**683**				683	**705**
Totals per category							
Loans and receivables (LaR)		**284,326**	284,326				**284,326**
Financial liabilities at amortised cost (FLAC)		**389,374**	389,374				**392,539**

in EUR thousands	Category IAS 39	Carrying amount 31 Dec 2012	Measurement basis IAS 39: Amortised Cost	Measurement basis IAS 39: Fair value through profit or loss	Measurement basis IAS 39: Derivatives used for hedging	Measurement basis IAS 17	Fair value 31 Dec 2012
Financial assets							
Derivative financial instruments – hedge accounting							
Foreign exchange derivatives	n/a	**103**			103		**103**
Trade and other receivables	LaR	**79,293**	79,293				**79,293**
Cash and cash equivalents	LaR	**72,389**	72,389				**72,389**
Financial liabilities							
Borrowings	FLAC	**241,696**	241,696				**241,696**
Derivative financial instruments – held for trading							
Foreign exchange derivatives	FLHfT	**114**		114			**114**
Derivative financial instruments – hedge accounting							
Interest derivatives	n/a	**5,807**			5,807		**5,807**
Cross-currency swaps	n/a	**18,868**			18,868		**18,868**
Trade payables	FLAC	**37,663**	37,663				**37,663**
Other financial liabilities	FLAC	**3,951**	3,951				**3,951**
Finance lease liabilities	n/a	**940**				940	**996**
Totals per category							
Loans and receivables (LaR)		**151,682**	151,682				**151,682**
Financial liabilities held for trading (FLHfT)		**114**		114			**114**
Financial liabilities at amortised cost (FLAC)		**283,310**	283,310				**283,310**

Financial instruments, that are recognised in the balance sheet at amortised cost and for which the fair value is stated in the notes, are also allocated within a three step fair value hierarchy.

The fair value calculation of the fixed-interest promissory note that is recognised at amortised cost and for which the fair value is stated in the notes, was based on the market yield curve according to the zero coupon method considering credit spreads (level 2). Interests accrued on the reporting date are included.

Trade and other receivables and cash and cash equivalents have short-term maturities. Their carrying amounts at the reporting date equal their fair values, as the impact of discounting is not significant.

Trade payables and other financial liabilities have short times to maturity; therefore the carrying amounts reported approximate the fair values. At 31 December 2013, liabilities in the amount of EUR 3,500 thousand resulting from the acquisitions in 2013 and 2012, are included in the position other financial liabilities. Furthermore, this position includes a contingent consideration measured at fair value amounting to EUR 1,371 thousand from the acquisition of Guyco Pty Limited (EUR 1,274 thousand) and Davydick & Co. Pty Limited (EUR 97 thousand). For details, please refer to Note 40 'Business combinations'.

The fair values of finance lease liabilities are calculated as the present values of the payments associated with the debts based on the applicable yield curve and NORMA Group's credit spread curve.

Derivative financial instruments held for trading and those used for hedging are carried at their respective fair values. They have been categorised entirely within level 2 in the fair value hierarchy.

None of the financial assets that are fully performing have been renegotiated in the last year.

The tables below provide an overview of the classification of financial assets and liabilities measured at fair value in the fair value hierarchy under IFRS 13 as at 31 December 2013 as well as at 31 December 2012:

in EUR thousands	Level 1[1)]	Level 2[2)]	Level 3[3)]	Total at 31 Dec 2013
Recurring fair value measurements				
Assets				
Foreign exchange derivatives – hedge accounting		92		**92**
Total	**0**	**92**	**0**	**92**
Liabilities				
Cross-currency swaps – hedge accounting		9,845		**9,845**
Interest swap – hedge accounting		5,375		**5,375**
Foreign exchange derivatives – hedge accounting		50		**50**
Other financial liabilities			1,371	**1,371**
Total	**0**	**15,270**	**1,371**	**16,641**

1) Fair value measurement based on quoted prices (unadjusted) in active markets for these or identical assets or liabilities.
2) Fair value measurement for the asset or liability based on inputs that are observable on active markets either directly (i. e. as priced) or indirectly (i. e. derived from prices).
3) Fair value measurement for the asset or liability based on inputs that are not observable market data.

in EUR thousands	Level 1[1)]	Level 2[2)]	Level 3[3)]	Total at 31 Dec 2012
Recurring fair value measurements				
Assets				
Foreign exchange derivatives – hedge accounting		103		**103**
Total	**0**	**103**	**0**	**103**
Liabilities				
Cross-currency swaps – hedge accounting		18,868		**18,868**
Interest swap – hedge accounting		5,807		**5,807**
Foreign exchange derivatives – held for trading		114		**114**
Total	**0**	**24,789**	**0**	**24,789**

1) Fair value measurement based on quoted prices (unadjusted) in active markets for these or identical assets or liabilities.
2) Fair value measurement for the asset or liability based on inputs that are observable on active markets either directly (i. e. as priced) or indirectly (i. e. derived from prices).
3) Fair value measurement for the asset or liability based on inputs that are not observable market data.

In 2013, no transfers between the different levels occurred.

The fair value of interest swaps and cross-currency swaps is calculated as the present value of estimated future cash flows. The fair value of forward foreign exchange contracts is determined using a present value model based on forward exchange rates.

Level 3 includes fair values of financial liabilities from contingent consideration resulting from the acquisition of Guyco Pty Limited and the acquisition of Davydick & Co. Pty Limited. The agreement on the contingent consideration related to the acquisition of Guyco Pty Limited is committed NORMA Group to pay an amount depending on the gross profits made by the Guyco Pty Limited in the period from 1 July 2013 to 30 June 2014. The fair value of the contingent consideration was determined at the acquisition date with taking into account the budget of the Company and set to the maximum value of EUR 1,274 thousand. The key parameters, for which no observable market data are available are shown below:

Assumed, gross profit: > TAUD 5,500
Discount rate: 4 %

A decrease in the estimated gross profit to a value below AUD 5,500 thousand but above AUD 4,500 thousand would lead in a lower value of the contingent consideration. A decrease in the estimated gross profit to a value below AUD 4,500 thousand would lead in a value of EUR 0 thousand. Furthermore, a significant increase (decrease) in the discount rate would lead in a lower (higher) value of the contingent consideration.

The agreement on the contingent consideration related to the acquisition of Davydick & Co. Pty Limited committed NORMA Group to pay an amount depending on the revenues made by the Davydick & Co. Pty Limited in the period from 1 January 2013 to 31 December 2013. The fair value of the contingent consideration was determined at the acquisition date with taking into account the budget of the Company and set to the maximum value of EUR 285 thousand. On 31 December 2013, an adjustment of the fair value was made to reflect the achieved revenues, the difference of EUR 188 thousand in the fair values was recognised as income in profit or loss in the period. The key parameters, for which no observable market data are available, are shown below:

Used revenue of Davydick & Co. Pty Limited as at 31 December 2013: AUD 4,909 thousand

The development of the financial assets that are recognised at fair value and assigned in level 3 of the fair value hierarchy is stated below:

in EUR thousands	Contingent consideration in business combinations	Total
At 1 January	**0**	**0**
Acquisition of Guyco Pty Limited	1,249	1,249
Acquisition of Davydick & Co. Pty Limited	285	285
Gains and losses recognised in profit or loss	163	163
At 31 December	**1,371**	**1,371**
Total gains or losses for the period included in profit or loss for financial liabilities held at the end of the reporting period, under ‘Financial result’	163	163

In accordance with IFRS 7.20 (a) net gains and losses from financial instruments by measurement category are as follows:

in EUR thousands	**2013**	2012
Available-for-sale financial assets (AfS)	**0**	50
Loans and receivables (LaR)	**–33**	255
Financial instruments held for trading (FAHfT and FLHfT)	**0**	–152
Financial liabilities at cost (FLAC)	**–14,563**	–12,742
	–14,596	**–12,589**

In 2012, net gains and losses of available-for-sale financial assets included dividend income from associates not accounted for using the equity method. At 31 December 2012, NORMA Group acquired an additional 60 % of the shares of Groen Bevestigingsmaterialen B.V. The previously held shares of 30 % were derecognised and Groen Bevestigingsmaterialen B.V. is now fully consolidated. The gain in 2012 resulted from the periods before the acquisition.

Net gains and losses of loans and receivables comprise currency effects, impairment of trade receivables, and interest income on short-term bank deposits. Fair value gains and losses on trading derivatives are net gains and losses of financial instruments held for trading and net gains and losses of financial liabilities at cost comprise interest expenses and currency effects on loans, borrowings and bank deposits.

23. DERIVATIVE FINANCIAL INSTRUMENTS

The derivative financial instruments were as follows:

	31 December 2013		31 December 2012	
in EUR thousands	Assets	Liabilities	Assets	Liabilities
Cross-currency swaps – cash flow hedges		9,845		18,868
Interest rate swaps – cash flow hedges		5,375		5,807
Foreign exchange derivatives – cash flow hedges	92	50	103	
Foreign exchange derivatives – held for trading				114
Total	**92**	**15,270**	**103**	**24,789**
Less non-current portion				
Cross-currency swaps – cash flow hedges		8,293		18,868
Interest rate swaps – cash flow hedges				5,807
Non-current portion	**0**	**8,293**	**0**	**24,675**
Current portion	**92**	**6,977**	**103**	**114**

Foreign exchange derivatives
At 31 December 2013, foreign exchange derivatives with a positive market value of EUR 92 thousand and with a negative market value of EUR 50 thousand were classified as cash flow hedges. The notional principal amount was EUR 3,100 thousand and EUR 1,126 thousand.

Interest rate swaps and cross-currency swaps
In order to avoid interest rate fluctuations, NORMA Group has hedged parts of the loans against changes in the interest rates as well as changes in the exchange rates. The remaining part of NORMA Group's financing was hedged against interest rate changes.

The ineffective portion recognised in profit or loss amounts to a loss of EUR 140 thousand in 2013 (2012: profit of EUR 102 thousand).

The effective part recognised in other comprehensive income reduced the equity in 2013 by EUR 1,527 thousand before taxes (2012: reduction of EUR 9,409 thousand). Of this amount, EUR 4,404 thousand are due to the measurement of the derivatives held as cash flow hedges and EUR −5,931 thousand are due to the change in value of the underlying. In the period, an additional EUR 4,841 thousand before tax were reclassified from the hedging reserve to the profit and loss and thus increased other comprehensive income (2012: increase of EUR 5,031 thousand).

Amounts recognised in the hedging reserve in equity at 31 December 2013 will be released in profit or loss until the repayment of the loans.

The notional principal amounts of the outstanding cross-currency-swap contracts at 31 December 2013 were EUR 117 million (31 December 2012: EUR 132 million). Interest rate derivatives had a notional principal amount of EUR 199 million (31 December 2012: EUR 160 million).

At 31 December 2013 and 2012, the hedged fixed interest rate was between 0.981 % and 4.04 %; the variable interest rate was the 3-months-EURIBOR.

The maximum exposure to credit risk at the reporting date is the fair value of the derivative assets in the consolidated statement of financial position.

24. TRADE AND OTHER RECEIVABLES

The trade receivables were as follows:

in EUR thousands	31 Dec 2013	31 Dec 2012
Trade receivables	91,092	81,110
Less: allowances for doubtful accounts	−1,638	−2,350
	89,454	**78,760**

All trade receivables are due within one year. The following table shows the maturity analysis for trade receivables and other current receivables that are not impaired:

AT 31 DECEMBER 2013

in EUR thousands	Not past due	< 30 days	30 to 90 days	91 to 180 days	181 days to 1 year	> 1 year	Total
Trade receivables	64,563	17,439	5,528	1,133	483	201	**89,347**
Other receivables	681	2	0	0	0	0	**683**
	65,244	**17,441**	**5,528**	**1,133**	**483**	**201**	**90,030**

AT 31 DECEMBER 2012

in EUR thousands	Not past due	< 30 days	30 to 90 days	91 to 180 days	181 days to 1 year	> 1 year	Total
Trade receivables	61,121	13,676	2,798	592	287	170	**78,644**
Other receivables	487	0	46	0	0	0	**533**
	61,608	**13,676**	**2,844**	**592**	**287**	**170**	**79,177**

At 31 December 2013 and 2012, there was no indication that trade receivables that were neither past due nor impaired could be irrecoverable.

The amount of receivables that were impaired and provided for was as follows:

in EUR thousands	31 Dec 2013	31 Dec 2012
Trade receivables impaired and provided for	**1,746**	2,466
Allowances for doubtful accounts	**−1,638**	−2,350

The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:

in EUR thousands	31 Dec 2013	31 Dec 2012
Euro	**44,547**	40,211
US dollar	**28,782**	24,717
Chinese renminbi	**4,428**	3,237
British pound	**2,515**	2,155
Australian dollar	**2,704**	1,434
Swedish krona	**1,232**	1,228
Swiss franc	**1,220**	1,136
Indien rupee	**685**	982
Malaysian ringgit	**900**	1,137
Thai baht	**457**	700
Russian ruble	**731**	1,014
Other currencies	**1,937**	1,342
	90,138	**79,293**

All trade receivables were impaired by specific valuation allowances. There have been no general allowances. Movements on the Group provision for impairment of trade receivables are as follows:

in EUR thousands	2013	2012
At 1 January	**2,350**	**2,247**
Additions	**273**	913
Amounts used	**−716**	−671
Reversals	**−221**	−454
Allowances acquired in a business combination	**0**	327
Currency effects	**−48**	−12
At 31 December	**1,638**	**2,350**

The creation and release of allowances for doubtful accounts have been included in 'other operating income/expenses' in the consolidated statement of comprehensive income. Amounts charged to the allowance account are generally written off, when there is no expectation of recovering additional cash.

The other classes within trade and other receivables do not contain impaired assets.

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivables mentioned above. The Group does not hold any collateral as security.

At 31 December 2013 and 2012, the trade and other receivables are unsecured.

Receivables of EUR 1,339 thousand (2012: EUR 1,296 thousand) were sold in a factoring contract.

25. INVENTORIES

The inventories were as follows:

in EUR thousands	31 Dec 2013	31 Dec 2012
Raw materials	25,134	25,018
Work in progress	7,271	7,123
Finished goods and goods for resale	47,365	42,172
	79,770	74,313

At 31 December 2013, impairments on inventories amounting to EUR 2,919 thousand (31 December 2012: EUR 2,044 thousand) were made.

At 31 December 2013 and 2012, the inventories are unsecured.

26. OTHER NON-FINANCIAL ASSETS

Other non-financial assets were as follows:

in EUR thousands	31 Dec 2013	31 Dec 2012
Deferred costs	1,019	1,208
VAT assets	2,751	3,543
Receivables against factor	767	352
Prepayments	1,061	1,094
Reimbursement insurance contracts	1,141	0
Other assets	1,375	1,590
	8,114	7,787

27. EQUITY

Subscribed capital

The subscribed capital of the Company at 31 December 2013 and 2012 amounted to EUR 31,862 thousand and was fully paid in. It is divided into 31,862,400 shares with no par value and a notional value of EUR 1. The liability of the shareholders for the obligations of the Company to its creditors is limited to this capital. The amount of the subscribed capital is not permitted to be distributed by the Company to its shareholders.

With the change of the legal form of NORMA Group to a public Company on 14 March 2011, EUR 24,786 thousand, including acquired treasury shares, were reclassified from the capital reserves to subscribed capital.

In the course of the IPO on 8 April 2011 a capital increase of seven million shares was placed, leading to an increase in the subscribed capital of EUR 7,000 thousand.

Authorised and conditional capital

The Management Board was authorised by the extraordinary shareholders' meeting on 6 April 2011 for the period ending on 5 April 2016, to increase the Company's registered share capital in one or more transactions by up to EUR 15,931,200 in aggregate by issuing up to 15,931,200 new no par value registered shares against cash contributions or contributions in kind (authorised capital).

With the resolution of the extraordinary shareholders' meeting on 6 April 2011, the Company's share capital has been conditionally increased by up to EUR 12,505,000 through the issuance of up to 12,505,000 new no par value registered shares (conditional capital). The conditional capital increase serves to issue shares to the holders or creditors of convertible or warrant-linked bonds as well as profit participation rights based on the authorisation approved by the extraordinary shareholders' meeting of 6 April 2011.

Capital reserve

The capital reserve contains:

- amounts (premiums) received for the issuance of shares,
- premiums paid by shareholders in exchange for the granting of a preference for their shares,
- amounts resulted from other capital contributions of the owners.

NORMA Group SE began trading on the Prime Standard of the Frankfurt Stock Exchange on 8 April 2011. The issue price for NORMA Group's shares was EUR 21.00. In the course of the IPO a capital increase of seven million shares with a value of EUR 147,000 thousand was placed, leading to an increase in the subscribed capital of EUR 7,000 thousand and an increase of the capital reserve of EUR 140,000 thousand.

Costs for the Operational Performance Incentive Cash Programme (OPICP) of EUR 2,762 thousand were reimbursed in accordance with the agreement by the previous shareholders. In 2013, EUR 1,067 thousand (2012: EUR 1,307 thousand) was paid and recognised in the capital reserve.

Retained earnings

The retained earnings consisted of the following:

in EUR thousands	Retained earnings	Remeasurements of post employment benefit obligations	Stock options	IPO costs directly netted with equity	Reimbursement IPO-costs by shareholder	Acquisition of non-controlling interest	Effects from the application of IAS 19R	Total
Balance at 31 December 2011	**15,662**	**165**	**184**	**−4,640**	**4,681**	**−1,940**	**0**	**14,112**
Profit for the year	56,573						43	**56,616**
Dividends paid	−19,125							**−19,125**
Stock options			418					**418**
Acquisition of non-controlling interests						−489		**−489**
Effect before taxes		−1,465					1,120	**−345**
Tax effect		426					−324	**102**
Balance at 31 December 2012[1]	**53,110**	**−874**	**602**	**−4,640**	**4,681**	**−2,429**	**839**	**51,289**
Balance at 31 December 2012 (as reported)	**53,110**	**−874**	**602**	**−4,640**	**4,681**	**−2,429**	**0**	**50,450**
Profit for the year	55,557							**55,557**
Dividends paid	−20,711							**−20,711**
Stock options			−602					**−602**
Effect before taxes		−726					1,181	**455**
Tax effect		159					−342	**−183**
Balance at 31 December 2013	**87,956**	**−1,441**	**0**	**−4,640**	**4,681**	**−2,429**	**839**	**84,966**

[1] Restated due to effects from the application of IAS 19R. See: Section 2 Basis of preparation and Section 7 Change in accounting principles.

A dividend of EUR 20,711 thousand (EUR 0,65 per share) was paid to the shareholders of NORMA Group after the Annual General Meeting in May 2013, which reduced the retained earnings.

Other reserves

The other reserves consisted of the following:

in EUR thousands	Cashflow hedges	Exchange differences on translating foreign operations	Total
Balance at 1 January 2012	**−3,614**	**946**	**−2,668**
Currency translation		−2,797	**−2,797**
Effect before taxes	−4,378		**−4,378**
Tax effect	1,293		**1,293**
Balance at 31 December 2012	**−6,699**	**−1,851**	**−8,550**
Currency translation		−7,636	**−7,636**
Effect before taxes	3,314		**3,314**
Tax effect	−985		**−985**
Balance at 31 December 2013	**−4,370**	**−9,487**	**−13,857**

28. SHARE BASED PAYMENTS

Management incentive schemes

The matching stock programme (MSP) for the Management Board provides a long-term incentive to commit to the success of the Group. The MSP is a share-based option.

To this end, the Supervisory Board specifies a number of share options to be granted each financial year with the proviso that the Management Board member makes a corresponding personal investment in the Group.

The shares involved in the share options are those shares allocated or acquired and qualified as part of the MSP defined in the Management Board contract. The number of share options is calculated by multiplying the qualified shares (2013: 108,452) held at the time of allotment by the option factor specified by the Supervisory Board. A new option factor is set for every tranche (the option factor for 2013 is 1.5). The MSP is split into five tranches. The first tranche was allocated on the day of the IPO. The other tranches will be allocated on 31 March each following year. There are therefore 162,679 share options in the 2013 financial year.

The holding period is four years (on 31 March 2017 for the 2013 tranche, on 31 March 2016 for the 2012 tranche and on 31 March 2015 for the 2011 tranche). The exercise price for the 2011 tranche is the issue price at the time of the Group's IPO. The exercise price for the other tranches will be the weighted average of the closing price of the Group's share on the 60 trading days directly preceding the allocation of each tranche. Dividend payments by the Group during the vesting period are deducted from the exercise price of each tranche. The value of the share option is calculated using a generally accepted valuation methodologies. The Group used the volatility of the NORMA Group SE share of the last six months to determine the volatility of 2013.

The Group used the following parameters for its evaluation:

Expected duration until exercised in years	4.00
Risk-free interest rate in %	0.75
Expected volatility in %	35.00
Expected dividend payment in in %	0.00
Share price when granted in EUR	24.59
Share price on 31 December 2013 reporting date	36.09

Each tranche is recalculated, taking changes in influencing factors into account, and prorated over the vested period.

The options of a tranche can only be exercised within a period of two years following the expiry of the holding period. In order for an option to be exercised, the exercise price must be at least 1.2 times the issue price (basis: weighted average of the last ten trading days). When the option is exercised, the Group can decide at its own discretion whether to settle the option in shares or cash. The 2011, 2012 and 2013 tranche will likely be settled in equity instruments (no cash settlement).

The fair value was determined when the options were granted. Because the tranches will be settled in equity instruments the fair value of the option rights will not be adjusted during the holding period (vesting period). The fair value of the option rights for 2013 was EUR 7.33 per option right when the option rights were granted (2012: EUR 5.67). The fair value of the 162,679 option rights granted with the 2013 tranche came to EUR 1,191,674.

The resulting personnel expenses will be recorded over the course of the vesting period. They came to EUR 698,531 for the 2013 financial year (2012: EUR 417,476), assuming no staff turnover. This amount was allocated to capital reserve.

The option rights granted under the matching stock programme (MSP) changed as follows in the 2013 financial year:

	Number of option rights outstanding	Exercise price per right (in EUR)	Waiting period (service period) in years
Balance at 31 December 2012	**325,358**	**19.44**	**1.75**
Granted	162,679	23.71	3.25
Exercised	-	-	-
Lapsed/expired	-	-	-
Balance at 31 December 2013	**488,037**	**20.86**	**2.25**

The aggregated intrinsic value, based on the closing share price on 31 December 2013, was EUR 7,429 thousand.

The exercise prices of the option rights granted under the MSP are between EUR 17.87 and EUR 23.71 per right.

In the financial year 2013, NORMA Group has installed a share-based, long-term, variable compensation component for executives and certain other groups of employees (Long-Term Incentive Plan). The Long-Term Incentive Plan (LTI) is a share-based payment, cash settled plan that takes into account both the performance of the Company and the share price development.

The participants receive a preliminary number of share units (virtual shares) at the start of the performance period based on a percentage of the respective base salary multiplied with a conversion rate. The conversion rate is determined based on the average share price of the previous 60 trading days of the calendar year prior to the grant date. Once four years have elapsed, the number of share units granted at the start of the performance period is adjusted based on the Company's performance achieved, incorporating both the targets defined during the performance period and the Company / regional factor.

The goal achievement factor, measured by adjusted EBITA, as well as the Company / regional factor are applied as performance targets. The goal achievement factor is based on the adjusted EBITA of the NORMA Group. The absolute adjusted EBITA target is determined for every year of the performance period based on the budgeted value. After conclusion of the four-year-period, the yearly recorded adjusted EBITA values are defined as percentage in relation to the target values and averaged out over the four years. Allocation occurs above a goal achievement ratio of 90 %. Between 90 % and 100 % goal achievement every percentage point amounts to 10 percentage points of goal achievement factor. Between 100 % and 200 % goal achievement the goal achievement factor grows by 1.5 percentage points per percentage point of goal achievement.

The company factor is determined by the Group Senior Management based on the development of the Company, as well as the development in relation to comparable companies. In addition to this, the development of free cash flows are taken into account when determining the factor. At the discretion of the Group Senior Management, unanticipated developments can also be taken into account and the company factor corrected either downward or upward accordingly. The factor can assume values between 0.5 and 1.5.

The regional factor is defined by the Group Senior Management prior to pay-out and can assume a value between 0.5 and 1.5. The factor takes into account the results of the region, as well as any region-specific aspects.

The value of the share units is then determined at the end of the fourth calendar year based on the average share price of the last 60 days of trading in this fourth year. In case that the calculated Long-term Incentive pay-out exceeds 250 % of initial grant value, the maximum pay-out is capped at 250 %. The value determined is paid out to the participants in cash in May of the fifth year.

The LTI is a group-wide and global compensation instrument with a long-term orientation. Due to the coupling to the development not only of the stock price, but also the Company's performance, the LTI provides an additional incentive to create value through value-based action, aligned with the goals of NORMA Group.

The determination of fair value, which is the basis for determining the pro rata provision at the balance sheet date, was performed using a Monte Carlo simulation. Due to the cash settlement of the virtual share units the fair value is measured at each balance sheet date and the resulting changes in the fair value are recognised in income or loss. The allocation of the expenses is made on a pro rate basis over the performance period.

The share units granted under the LTI changed as follows in the 2013 financial year:

	1. Tranche LTI 2013
Expected duration until exercised in years	3.00
Fair value per "Share Unit" in EUR	30.73
Share price when granted in EUR	20.68
Balance at 31 December 2012	**0**
Tentatively granted "Share Units"	43,394
Exercised	-
Lapsed	6,272
Balance at 31 December 2013	**37,122**

In the financial year 2013, expenses resulting from the LTI in an amount of EUR 285 thousand were recorded under personnel expense and within a corresponding liability.

29. RETIREMENT BENEFIT OBLIGATIONS

Retirement benefit obligations result mainly from the German pension plan and a Swiss post-employment benefit plan.

The German defined benefit pension plan was closed for new entrants in 1990 and provides benefits in case of retirement, disability, and death as life-long pension payments. The benefits entitlements depend on years of service and salary. The portion of salary that is above the income threshold for social security contribution leads to higher benefit entitlements compared to the portion of the salary up to that threshold. Even the plan was closed in 1990, NORMA Group is still exposed to certain actuarial risks associated with defined benefit plans, such as longevity and compensation increases. Due to the amount of the obligation and the composition of the plan participants, approximately 95 % are pensioners, significant change in the actuarial assumptions would have no significant effects on the NORMA Group. Employees hired after 1990 are eligible under a defined contribution scheme. The contributions are paid into an insurance contract providing lump sum payments in case of retirements and death.

Besides the German plan there is a further benefit plan in Switzerland resulting from the Swiss "Berufliches Vorsorgegesetz" law (BVG). According to the BVG each employer has to grant post-employment benefits for qualifying employees. The plan is a capital based plan under which the Company has to make contributions equivalent to at least the limits specified in the plan conditions employee contributions. These plans are administered by foundations that are legally separated from the entity and are subject to the BVG. The Group has outsourced the investment process to the Foundation, which sets the strategic asset allocation in their group life portfolio. All regulatory granted obligations out of the plan are reinsured by an insurance company. This covers risks of disability, death and longevity. Furthermore, there is, for the retirement assets invested, a 100 % capital and interest guarantee. In the case of a shortfall, the employer and plan participants' contribution might be increased according to decisions of the relevant foundation board. Strategies of the foundation boards to make up for potential shortfalls are subject to approval by the regulator.

Reconciliation for defined benefit obligations (DBO) and plan assets

The amounts included in the Group's Consolidated Financial Statements arising from its post-employment defined benefit plans are as follows:

in EUR thousands	31 Dec 2013	31 Dec 2012
Present value of obligations	12,907	10,319
Fair Value of plan assets	2,038	0
Effects in connection with assets ceiling	0	0
Liability in the balance sheet	**10,869**	**10,319**

A detailed reconciliation for the changes in the DBO is provided in the following table:

in EUR thousands	2013	2012
At 1 January	**10,319**	**8,407**
Current service cost	238	255
Past service cost	0	0
Settlement (gains) losses	0	0
Interest expenses	248	356
Remeasurements:		
Actuarial (gains) losses from changes in demographic assumptions	−51	1,465
Actuarial (gains) losses from changes in financial assumptions	−101	0
Experience (gains) losses	181	0
Plan participants contribution	0	0
Benefits paid	−656	−656
Settlement payments	0	0
Business combinations, disposals and other	2,730	489
Foreign currency translation effects	−1	3
At 31 December	**12,907**	**10,319**

The changes in the scope of consolidation and other are due to the initial consolidation of the Swiss plan.

The total defined benefit obligation at the end of financial 2013 includes EUR 4,711 thousand for active employees, EUR 77 thousand for former employees with vested benefits and EUR 8,119 thousand for retirees and surviving dependents.

A detailed reconciliation of the changes in the fair value of plan assets is provided in the following table:

in EUR thousands	2013
At 1 January	0
Interest income	0
Remeasurement:	
Return on plan assets excluding amounts included in net interest expenses	0
Employer contributions	0
Plan participants contributions	0
Benefits paid	0
Settlement payments	0
Business combinations, disposal and other	2,038
Liability administration costs	0
Foreign currency translation effects	0
Fair value of plan assets at end of year	2,038

The other changes are due to the initial consolidation of the Swiss plan.

Disaggregation of plan assets

The allocation of the plan assets of the benefit plans is as follows:

in EUR thousands	2013
Asset class	
Insurance contracts	1,956
Cash deposit	80
Equity securities	3
Total	**2,038**

Cash deposits and equity securities have quoted prices in active markets. The values for insurance contracts represent the redemption value, for these no quoted prices in an active market are available.

Actuarial assumptions

The principal actuarial assumptions are as follows:

in %	2013	2012
Discount rate	2.85	2.91
Inflation rate	1.77	2.00
Future salary increases	2.40	2.52
Future pension increases	2.00	2.00

The biometric assumptions are based on the 2005 G Heubeck life-expectancy tables for the German plan and on the life-expectancy tables of the BVG 2010 G for the Swiss plan.

Sensitivity analysis

If the discount rate were to differ by +0.25 %/−0.25 % from the interest rate used at the balance sheet date, the defined benefit obligation for pension benefits would be an estimated EUR 369 thousand lower or EUR 399 thousand higher. If the future pension increase used were to differ by +0.25 %/−0.25 % from management's estimates, the defined benefit obligation for pension benefits would be an estimated EUR 207 thousand higher or EUR 200 thousand lower. The reduction/increase of the mortality rates by 10 % results in an increase/deduction of life expectancy depending on the individual age of each beneficiary. That means for example, that the life expectancy of a male NORMA employee age 55 years as at 31 December 2013 increases/decreases by approximately one year. In order to determine the longevity sensitivity the mortality rates were reduced/increased by 10 % for all beneficiaries. The effect on DBO as at 31 December 2013 due to a 10 % reduction/increase in mortality rates would result in an increase of EUR 642 thousand or decrease of EUR 670 thousand.

When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method) has been applied as when calculating the post-employment benefit obligation recognised in the Consolidated Statement of Financial Position. Increases and decreases in the discount rate or rate of pension progression which are used in determining the DBO do not have a symmetrical effect on the DBO due to the compound interest effect created when determining the net present value of the future benefit. If more than one of the assumptions are changed simultaneously, the combined impact due to the changes would not necessarily be the same as the sum of the individual effects due to the changes. If the assumptions change at a different level, the effect on the DBO is not necessarily in a linear relation.

Future cash flows

Employer contributions expected to be paid to the post-employment defined benefit plans in financial year 2014 are EUR 165 thousand.

Expected payments from post-employment benefit plans are as follows:

in EUR	31 Dec 2013
Expected benefit payments	
2014	761,788
2015	751,766
2016	740,945
2017	730,478
2018	719,915
2019–2023	3,443,497

The weighted average duration of the defined benefit obligation is 9.9 years.

30. PROVISIONS

The development of provisions is as follows:

in EUR thousands	At 1 Jan 2013	Effects from the application of IAS 19R	At 1 Jan 2013	Additions	Amounts used	Unused amounts reversed	Interest accrued	Changes in consoli-dation	Foreign currency translation	**At 31 Dec 2013**
Guarantees	1,652	0	1,652	578	–131	–4	0	95	–46	**2,144**
Restructuring	621	0	621	437	–507	0	0	0	–2	**549**
Early retirement [1]	3,936	–1,181	2,755	2,136	–2,060	0	52	0	0	**2,883**
Other personnel-related obligations	2,611	0	2,611	1,565	–217	–115	3	217	–101	**3,963**
Outstanding credit notes	1,653	0	1,653	532	–659	–113	0	0	–22	**1,391**
Outstanding invoices	839	0	839	269	–182	–99	0	0	–25	**802**
Others	1,170	0	1,170	837	–532	–21	0	510	–78	**1,886**
Total provisions	**12,482**	**–1,181**	**11,301**	**6,354**	**–4,288**	**–352**	**55**	**822**	**–274**	**13,618**

in EUR thousands	At 1 Jan 2012	Effects from the application of IAS 19R	At 1 Jan 2012	Additions	Amounts used	Unused amounts reversed	Interest accrued	Changes in consoli-dation	Foreign currency translation	**At 31 Dec 2012**
Guarantees	1,507	0	1,507	222	–837	0	0	758	2	**1,652**
Restructuring	782	0	782	455	–586	–34	0	1	3	**621**
Early retirement [1]	3,902	–1,120	2,782	1,876	–2,059	0	156	0	0	**2,755**
Other personnel-related obligations	1,790	0	1,790	1,113	–548	0	115	122	19	**2,611**
Outstanding credit notes	2,541	0	2,541	695	–1,300	–319	0	0	36	**1,653**
Outstanding invoices	99	0	99	746	–283	0	0	276	1	**839**
Others	353	0	353	738	–135	–14	0	229	–1	**1,170**
Total provisions	**10,974**	**–1,120**	**9,854**	**5,845**	**–5,748**	**–367**	**271**	**1,386**	**60**	**11,301**

	31 December 2013			31 December 2012		
in EUR thousands	Total	thereof current	thereof non-current	Total	thereof current	thereof non-current
Guarantees	**2,144**	**1,835**	**309**	1,652	1,354	298
Restructuring	**549**	**549**	**0**	621	621	0
Early retirement [1]	**2,883**	**0**	**2,883**	2,755	0	2,755
Other personnel-related obligations	**3,963**	**2,289**	**1,674**	2,611	1,155	1,456
Outstanding credit notes	**1,391**	**1,391**	**0**	1,653	1,653	0
Outstanding invoices	**802**	**802**	**0**	839	839	0
Others	**1,886**	**1,468**	**418**	1,170	1,121	49
Total provisions	**13,618**	**8,334**	**5,284**	**11,301**	**6,743**	**4,558**

[1] Restated due to effects from the application of IAS 19R. See: Section 2 Basis of preparation and Section 7 Change in accounting principles.

Employees at NORMA Group in Germany can engage in an early retirement contract (“Altersteilzeit”). The employee reduces his/her working hours in preparation of his/her retirement. In the first phase the employee works 100 % (“Arbeitsphase”). In the second phase he/she is exempt from work (“Freistellungsphase”). The employees receive half of their payment for the total early retirement-phase as well as top-up payments (including social security costs paid by the employer). The duration of the early retirement has a maximum of six years.

The accounting for early retirement (“Altersteilzeit”) is based on actuarial valuations taking into account assumptions such as a discount rate of 1.75 % (2012: 1.80 %) as well as the 2005 G Heubeck life-expectancy tables. For signed early retirement contracts a liability has been recognised. The liability includes top-up payments (“Aufstockungsbeträge”) as well as deferred salary payments (“Erfüllungsrückstände”).

Provisions for guarantees include provisions due to circumstances where a final agreement has not yet been achieved and provisions based on experience (customer claim quota, amount of damage, etc.). Future price increases are considered if material.

Other personnel-related obligations include long-term incentives in an amount of EUR 2,113 thousand (2012: EUR 635 thousand), which are mainly due to a variable element of the board compensation (LTI) of the Management Board. The Company’s long-term incentive (LTI) plan is a component of a variable remuneration element designed to maximise the Company’s long-term performance. The LTI plan also comprises an EBITA component and an operating free cash flow before external use (FCF) component, each of which are observed over a period of three years (performance period). A new three year performance period begins every year. Both components are calculated by multiplying the average annual adjusted EBITA and FCF values actually achieved in the performance period by the adjusted EBITA and FCF bonus percentages specified in the employment contract. In the second step, the actual value of a component is compared to the medium-term plan approved by the Supervisory Board to evaluate the Company’s performance and adjustments are made to the LTI plan. The LTI plan is limited to two and a half times the amount that would be arrived at on the basis of the figures in the Company’s medium-term plan. If the actual value is lower than the planned value, the LTI plan is reduced on a straight-line basis down to a minimum of EUR 0 if the three year targets are missed by a significant amount. Due to the calculation of the variable remuneration based on future results of the Group, uncertainties exist regarding the amount of the future outflows. Parts of the long-term compensation component will be paid out in the first half of the following financial year and are therefore reported under the current provisions.

Furthermore other personnel-related provisions include jubilee provisions in an amount of EUR 585 thousand (2012: EUR 622 thousand) and provisions for payable income tax and social security contributions in foreign countries and other personnel-related provisions.

Jubilee provisions are based on actuarial valuations taking into account assumptions such as a discount rate of 2.8 % as well as the 2005 G Heubeck life-expectancy tables.

Provisions for outstanding credit notes in an amount of EUR 1,391 thousand (2012: 1,653 thousand) include obligations for subsequent price adjustments for past periods due to ongoing negotiations with customers. There are uncertainties regarding the amount and timing of the outflows. However, it is expected that this results within a year in payments.

The position “Other” includes provisions for dismantling obligations in an amount of EUR 1,117 thousand (2012: EUR 545 thousand).

31. BORROWINGS

The borrowings were as follows:

in EUR thousands	31 Dec 2013	31 Dec 2012
Non-current		
Bank borrowings	200,981	190,727
	200,981	**190,727**
Current		
Bank borrowings	117,856	25,681
Revolving credit facility	5,500	18,500
Other borrowings (e.g. factoring and reverse-factoring)	1,771	6,788
	125,127	**50,969**
Total borrowings	**326,108**	**241,696**

Bank borrowings

The syndicated bank facilities agreed upon in the second quarter of 2011 of EUR 250 million have a maturity until 2016 and are denominated in euro. By 31 December 2013, EUR 55 million were repaid according to the payment plan. Additionally, a revolving credit facility of EUR 125 million is available for financing the operating business or future acquisitions within the line of the facility agreement. At 31 December 2013, EUR 5.5 million of this credit line was used (31 December 2012: EUR 18.5 million). Furthermore, NORMA Group issued a promissory note valued at EUR 125 million with 5, 7 and 10 year terms in July 2013.

The maturity of the syndicated bank borrowings and the promissory note at 31 December 2013 is as follows:

in EUR thousands	up to 1 year	> 1 year up to 2 years	> 2 years up to 5 years	> 5 years
Bank borrowings, net	115,800	19,200	60,000	0
Promissory Note, net	0	0	52,000	73,000
Total	**115,800**	**19,200**	**112,000**	**73,000**

The maturity of the syndicated bank borrowings at 31 December 2012 is as follows:

in EUR thousands	up to 1 year	> 1 year up to 2 years	> 2 years up to 5 years	> 5 years
Bank borrowings, net	25,000	70,000	125,000	0
Total	**25,000**	**70,000**	**125,000**	**0**

The early repayment made in January 2014 in an amount of EUR 101.4 million is already considered within the maturity analysis (→ Note 43).

Costs amounting to EUR 7,859 thousand that are directly attributable to the refinancing were netted with the bank borrowings in accordance with IAS 39.43. They are amortised over the financing period of five years using the effective interest method.

The syndicated bank facilities are hedged against foreign exchange rate and interest rate changes. Furthermore, tranches of the promissory note with variable interest rates are hedged against interest rate changes. The derivative liability was decreased from EUR 24,675 thousand at 31 December 2012 to EUR 15,220 thousand at 31 December 2013.

The bank borrowings are unsecured at 31 December 2013. With renegotiations of the credit facilities in the fourth quarter of 2012 the established securities for the existing credit lines were fully released.

Factoring

NORMA Group has sold a portion of their receivables (EUR 1,339 thousand) and payables (EUR 432 thousand) to a factor. NORMA Group still bears the opportunities and risks resulting from the receivables. The transactions are therefore shown as financial liabilities.

32. OTHER NON-FINANCIAL LIABILITIES

The other non-financial liabilities are as follows:

in EUR thousands	**31 Dec 2013**	31 Dec 2012
Non-current		
Government grants	**1,163**	1,394
Other liabilities	**235**	195
	1,398	**1,589**
Current		
Non-income tax liabilities	**2,859**	1,606
Social liabilities	**3,021**	3,285
Personnel-related liabilities (e.g. holiday, bonus, premiums)	**14,827**	13,278
Other liabilities	**1,547**	1,341
Deferred income	**153**	90
	22,407	**19,600**
Total other non-financial liabilities	**23,805**	**21,189**

NORMA Group received government grants amounting to EUR 1,163 thousand. They consist of grants in cash as well as land. The grants are bound to capital expenditures and employees. NORMA Group recognises the government grants as income over the period in which related expenses occur. In 2013, EUR 301 thousand were recognised as income (2012: EUR 139 thousand).

33. OTHER FINANCIAL LIABILITIES

The other financial liabilities were as follows:

in EUR thousands	**31 Dec 2013**	31 Dec 2012
Non-current		
Lease liabilities	**375**	535
Acquisition liability	**544**	2,131
Other liabilities	**700**	0
	1,619	**2,666**
Current		
Lease liabilities	**308**	405
Outstanding credit notes	**225**	225
Acquisition liability	**2,956**	589
Other liabilities	**1,187**	1,006
	4,676	**2,225**
Total other financial liabilities	**6,295**	**4,891**

The future aggregate minimum lease payments under non-cancellable finance leases and their respective present values are as follows:

in EUR thousands	31 Dec 2013	31 Dec 2012
Gross finance lease liabilities – minimum lease payments		
Up to 1 year	**343**	450
Later than 1 year and up to 5 years	**395**	585
Later than 5 years	**0**	0
	738	**1,035**
Future finance charges on finance lease	**55**	**95**
Present value of finance lease liabilities		
Up to 1 year	**308**	405
Later than 1 year and up to 5 years	**375**	535
Later than 5 years	**0**	0
	683	**940**

Lease liabilities are effectively secured because the rights to the leased assets will revert to the lessor in the event of default.

34. TRADE PAYABLES

All trade payables are due to third parties within one year. For information regarding trade payables, please refer to Note 3.14.

35. FINANCIAL LIABILITIES AND NET DEBT

The financial liabilities of NORMA Group have the following maturity:

31 DECEMBER 2013

in EUR thousands	up to 1 year	> 1 year up to 2 years	> 2 years up to 5 years	> 5 years
Borrowings	125,127	19,326	108,619	73,036
Trade payables	59,025	0	0	0
Finance lease liabilities	309	221	153	0
Other financial liabilities	4,367	508	737	0
	188,828	**20,055**	**109,509**	**73,036**

31 DECEMBER 2012

in EUR thousands	up to 1 year	> 1 year up to 2 years	> 2 years up to 5 years	> 5 years
Borrowings	50,969	28,971	161,756	0
Trade payables	37,663	0	0	0
Finance lease liabilities	405	340	195	0
Other financial liabilities	1,820	758	1,373	0
	90,857	**30,069**	**163,324**	**0**

Net debt of the NORMA Group is as follows:

in EUR thousands	31 Dec 2013	31 Dec 2012
Bank borrowings, net	**324,338**	234,908
Derivative financial liabilities – hedge accounting	**15,270**	24,675
Derivative financial liabilities – held for trading	**0**	114
Other borrowings (e.g. factoring and reverse-factoring)	**1,770**	6,788
Lease liabilities	**683**	940
Other financial liabilities	**5,612**	3,951
Financial debt	**347,673**	**271,376**
Cash and cash equivalents	**194,188**	72,389
Net debt	**153,485**	**198,987**

The financial debt of NORMA Group increased by 28.1 % from EUR 271,376 thousand as at 31 December 2012 to EUR 347,673 thousand as at 31 December 2013. The increase is mainly due to the issue of a promissory note valued at EUR 125 million. Conversely bank borrowings were repaid in an amount of EUR 47 million and the derivative financial liabilities decreased as a result of the valuation as at 31 December 2013.

The net debt of EUR 153,485 thousand decreased significantly in comparison to 31 December 2012 (EUR 198,987 thousand).

Other Notes

36. INFORMATION ON THE CONSOLIDATED STATEMENT OF CASH FLOWS

In the statement of cash flows a distinction is made between cash flows from operating activities, investing activities and financing activities.

Cash flows from operating activities represent the cash effects of transactions and other events relating to the principal revenue-producing activities. The Group participates in a reverse-factoring-programme. The payments to the factor are included in cash flows from operating activities, since this represents the economic substance of the transaction. Other non-cash expenses and revenues in financial year 2013 mainly include the non-cash valuation of interest rate swaps amounting to EUR 2,329 thousand (2012: EUR –3,085 thousand), the non-cash evaluation of bank borrowings amounting to EUR 6,430 thousand (2012: EUR –2,885 thousand).

Furthermore, non-cash expenses from the stock option programme amounting to EUR 699 thousand (2012: EUR 418 thousand) and non-cash interest expenses amounting to EUR 1,710 thousand (2012: EUR 1,694 thousand) are included in non-cash expenses and revenues.

In 2012, a one-time-income of EUR 1,296 thousand resulting from the fair-value-evaluation of the 30 %-share in Groen Bevestigingsmaterialen B.V. is also recognised in this item.

Cash flows resulting from interest paid (2013: EUR –9,773 thousand; 2012: EUR –11,630 thousand) are disclosed as cash flows from financing activities.

Cash flows from investing activities in 2013 in an amount of EUR 13,210 thousand include the cash effects from the purchases of the distribution business of Davydick & Co. Pty Limited and Variant S.A., the purchase of a portion of the production of Click Automotiva Industrial Ltda., as well as the purchase of Guyco Pty Limited. In 2012, cash effects from acquisitions in the amount of EUR 28.976 were recognised.

Furthermore, cash flows from investing activities include transactions relating to the acquisition and disposal of non-current assets. Cash flows from the acquisition of non-current assets of EUR 30,528 thousand include cash flows for growth of EUR 23,191 thousand and cash flows for maintenance of EUR 7,337 thousand.

The net payments for acquisitions of subsidiaries in 2013 were as follows:

in EUR thousands	
Consideration	16,819
Acquired cash and cash equivalents	–109
Acquisition liability	–3,500
Net payments for acquisitions of subsidiaries	**13,210**

Cash flows from financing activities comprise proceeds from borrowings (2013: EUR 128,118 thousand, 2012: EUR 18,500 thousand), repayments of borrowings (2013: EUR –47,051 thousand; 2012: EUR –23,173 thousand), payment of the dividend (2013: EUR –20,711 thousand, 2012: EUR –19,125 thousand), reimbursement of OPICP by shareholders (2013: EUR 1,067 thousand, 2012: EUR 1,307 thousand) as well as cash flows resulting from interest paid (2013: EUR –9,773 thousand, 2012: EUR –11,630 thousand).

Cash is comprised of cash on hand and demand deposits of EUR 194,188 thousand at 31 December 2013 (31 December 2012: EUR 72,389 thousand). Cash from China, Serbia, Brazil and Malaysia (31 December 2013: EUR 9,272 thousand, 31 December 2012: EUR 4,963 thousand) cannot currently be distributed due to restrictions on capital movements.

37. SEGMENT REPORTING

NORMA Group segments the Group at a regional level. The reportable segments of NORMA Group are EMEA, the Americas, and Asia-Pacific. NORMA Group's vision includes regional growth targets. Distribution Services are focused regionally and locally. EMEA, the Americas and Asia-Pacific have linked regional intercompany organisations of different functions. As a result, the Group's management reporting and controlling system has a regional focus. The product portfolio does not vary significantly between these segments.

Revenues of each segment are generated from the three product categories clamps (CLAMP), joining elements (CONNECT) and fluid systems/connectors (FLUID).

NORMA Group measures the performance of its segments through profit or loss indicators which are referred to as "adjusted EBITDA" and "adjusted EBITA".

The "adjusted EBITDA" comprises revenue, changes in inventories of finished goods and work in progress, other own work capitalised, raw materials and consumables used, other operating income and expenses, and employee benefits expense, adjusted for material one-time effects. EBITDA is measured in a manner consistent with that used in the statement of comprehensive income.

The "adjusted EBITA" includes, in addition to the EBITDA, the depreciation adjusted for depreciation from purchase price allocations.

In 2013 and 2012, no material one-time items occurred, therefore the EBITA is only adjusted by depreciation from purchase price allocations.

Inter-segment revenue is recorded at values that approximate third-party selling prices.

Segment assets comprise all assets less (current and deferred) income tax assets. Taxes are shown in the reconciliation. Segment assets and liabilities are measured in a manner consistent with that used in the statement of financial position.

Assets of the "Central Functions" include mainly cash and intercompany receivables.

Segment liabilities comprise of all liabilities less (current and deferred) income tax liabilities. Taxes are shown in the reconciliation. Segment assets and liabilities are measured in a manner consistent with that used in the statement of financial position. Liabilities of the "Central Functions" include mainly borrowings.

Capex equals additions to non-current assets.

The reconciliation of the segments' adjusted EBITDA and EBITA is as follows:

in EUR thousands	2013	2012[1]
Total segments' adjusted EBITDA	**129,319**	**120,789**
Depreciation without PPA depreciation	**–16,699**	–15,392
Total adjusted EBITA of the Group	**112,620**	**105,397**
Depreciation from PPA	**–496**	–273
EBITA of the Group	**112,124**	**105,124**
Amortisation	**–12,604**	–10,749
Financial costs – net	**–15,585**	–13,172
Profit before tax	**83,935**	**81,203**

[1] Restated due to effects from the application of IAS 19R.
See: Section 2 Basis of preparation and Section 7 Change in accounting principles.

Current and deferred tax assets and liabilities are shown in the consolidation. At 31 December 2013, EUR 13,105 thousand (31 December 2012: EUR 21,434 thousand) tax assets and EUR 43,217 thousand (31 December 2012: EUR 50,767 thousand) tax liabilities were shown in the consolidation.

External sales per country, measured according to the place of domicile of the company which manufactures the products, are as follows:

in EUR thousands	2013	2012
Germany	**188,414**	197,281
USA, Mexico	**191,569**	193,328
Other countries	**255,562**	214,004
	635,545	**604,613**

The non-current assets per country include non-current assets less deferred tax assets, derivative financial instruments, and shares in consolidated related parties.

in EUR thousands	31 Dec 2013	31 Dec 2012
Germany	**118,879**	121,028
USA, Mexico	**152,854**	158,165
Sweden	**53,239**	54,746
Other countries	**129,463**	123,648
Consolidation	**–11,386**	–18,515
	443,049	**439,072**

38. CONTINGENCIES

The Group has contingent liabilities in respect of legal claims arising in the ordinary course of business.

NORMA Group does not believe that any of these contingent liabilities will have a material adverse effect on its business or any material liabilities will arise from contingent liabilities.

39. COMMITMENTS

Capital commitments

Capital expenditure (nominal value) contracted for at the balance sheet date but not yet incurred is as follows:

in EUR thousands	31 Dec 2013	31 Dec 2012
Property, plant and equipment	**1,443**	1,191
	1,443	**1,191**

There are no material commitments concerning intangible assets.

Operating lease commitments

The Group leases various vehicles, property and technical equipment under non-cancellable operating lease agreements. The lease terms are between 1 and 15 years. The Group also leases various technical equipment under cancellable operating lease agreements.

NORMA Group has significant operating lease arrangements with annual lease payments of more than EUR 200 thousand, concerning the leasing of land and buildings. Except for usual renewable options, the lease contracts do not comprise other options. The lease arrangements are held by the following companies:

- NORMA UK Ltd. (Great Britain): lease-term from 2006 to 2016, prolonged to 2028, soonest termination in 2023,
- NORMA Pacific Pty Ltd. (Australia): lease-term from 2013 to 2017, soonest termination in 2017,
- NORMA Michigan Inc. (USA): lease-term from 2008 to 2018, soonest termination in 2018,
- NORMA Pennsylvania Inc. (USA): lease-term from 2011 to 2016, soonest termination in 2016,
- Connectors Verbindungstechnik AG (Switzerland): lease-term from 2012 to 2016, soonest termination in 2016,
- Nordic Metalblok S.r.l. (Italy): lease-term from 2012 to 2018, soonest termination in 2018.

Lease expenditure (including non-cancellable and cancellable operating leases) amounting to EUR 8,345 thousand in 2013 (2012: EUR 7,774 thousand) is included in profit or loss in 'other operating expenses.'

The following table shows the future aggregate minimum lease payments (nominal value) under non-cancellable operating leases:

in EUR thousands	31 Dec 2013	31 Dec 2012
No later than 1 year	5,191	4,356
Later than 1 year and no later than 5 years	9,780	10,306
Later than 5 years	6,053	6,605
	21,024	21,267

40. BUSINESS COMBINATIONS

Business combinations in the financial year

NORMA Group acquired the distribution business of Davydick & Co. Pty Limited (Australia), the distribution business for joining technology from Variant S.A. (Poland), 100% of the shares in the Guyco Pty Limited (Australia) as well as a portion of the production of Click Automotiva Industrial Ltda. (Brazil) in 2013.

In the purchase price allocation, mainly immaterial assets were identified. Customer lists were evaluated using the 'Multi Period Excess Earnings Method' amounting to EUR 5,375 thousand. Patents & technology of EUR 1,120 thousand were evaluated with the 'Relief from Royalty Method.' Distribution rights were evaluated using the 'Multi Period Excess Earnings Method' amounting to EUR 717 thousand.

The acquired assets and liabilities are shown in detail in the following section.

Davydick & Co. Pty. Limited

NORMA Group signed an agreement on 10 January 2013 to acquire the distribution business of Davydick & Co. Pty. Limited in Australia.

Davydick & Co. Pty. Limited, based in Goulburn, approximately 150 kilometres southwest of Sydney, has been a distributor of various elements for the transportation of water in irrigation systems for more than 20 years. The Company is specialised in supplying a comprehensive range of rural irrigation fittings, valves, and pumps under the appellation "PUMPMASTER" to around 700 customers throughout Australia in the agricultural, hardware and plumbing markets. Davydick & Co. Pty. Limited maintains branches in Melbourne, Adelaide and Brisbane. In the financial year 2012, the Company generated overall sales of around EUR 5 million. With the acquisition of the distribution business of Davydick NORMA Group builds on its water platform and complements its product range in the infrastructure business area. The Company expands its distribution network with a focus on agriculture and irrigation.

Change of the primarily purchase price allocation of the distribution business of Davydick & Co. Pty. Limited acquired in the first quarter of 2013

The purchase price allocation was adjusted in the third quarter of 2013 based on new information regarding facts and circumstances that existed as of the acquisition date. Had this information been available at the time, it would have had an effect on the allocation of the purchase price.

The following table summarises the consideration paid for Davydick & Co. Pty Limited and the amounts of the assets acquired and liabilities assumed recognised as at 30 September 2013 based on information at the end of the measurement period:

in EUR thousands	Initial purchase price allocation	Corrections within the evaluation period	Adjusted purchase price allocation
Consideration at 10 January 2013	**2,686**		**2,686**
Acquisition-related costs (included in other operating expenses in the consolidated statement of comprehensive income)	76		76
Recognised amounts of identifiable assets acquired and liabilities assumed			
Property, plant and equipment	499	0	499
Customer lists	564	0	564
Inventory	1,273	−202	1,071
Trade and other receivables	602	0	602
Trade payables	−213	−107	−320
Provisions	−44	−86	−130
Deferred tax assest	0	119	119
Deferred tax liabilities	0	−169	−169
Total identifiable net assets	**2,681**	**−446**	**2,235**
Goodwill	5	446	451
	2,686	**0**	**2,686**

Goodwill of EUR 451 thousand derives from the acquisition which relates to the strengthening of our market position in the agriculture, hardware and plumbing markets.

None of the goodwill recognised is expected to be deductible for tax purposes.

Of the consideration of EUR 2,686 thousand, EUR 2,401 thousand were paid in cash and EUR 285 thousand consist of incurred liabilities.

The fair value of trade and other receivables is EUR 602 thousand and includes trade receivables with a fair value of EUR 558 thousand. There were no write-downs of acquired trade receivables.

The provisions relate to warranty provisions in the ordinary course of business.

The revenue included in the consolidated statement of comprehensive income contributed by Davydick & Co. Pty. Limited was EUR 3,246 thousand since 10 January 2013. Had Davydick & Co. Pty. Limited been consolidated from 1 January 2013, the consolidated statement of comprehensive income would show revenue of EUR 3,417 thousand. NORMA Group acquired the distribution business of Davydick & Co. Pty., therefore no profit can be shown for this period.

Variant S.A.

Effective 3 June 2013, NORMA Group acquired the distribution business for joining technology of Variant S.A. in Poland. Variant S.A. has been a reliable distribution partner of NORMA Group for more than 20 years. Variant is headquartered in Krakow, Poland, approximately 60 kilometres away from our production site in Pilica. The Company is one of the leading distributors of joining products and cable ties in Poland selling to over 1,000 retailers and wholesalers across the country. End clients include home improvement stores, garages and specialist retailers for automotive supplies. By acquiring Variant, we will not only obtain a valuable client base, but also expand our cable tie business. The skilled team will support us in strengthening NORMA Group's market position in the Eastern European region and in catering for our local clients' needs even better.

Change of the primarily purchase price allocation of the distribution business of Variant S.A. acquired in the second quarter of 2013

The purchase price allocation was adjusted in the third quarter of 2013 based on new information regarding facts and circumstances that existed as of the acquisition date. Had this information been available at the time, it would have had an effect on the allocation of the purchase price.

The following table summarises the consideration paid for Variant and the amounts of the assets acquired and liabilities assumed recognised at 30 September 2013 based on information at the end of the measurement period:

in EUR thousands	Initial purchase price allocation	Corrections within the evaluation period	Adjusted purchase price allocation
Consideration at 3 June 2013	**3,971**		**3,971**
Acquisition-related costs (included in other operating expenses in the consolidated statement of comprehensive income)	42		42
Recognised amounts of identifiable assets acquired and liabilities assumed			
Property, plant and equipment	42	–16	26
Customer lists	2,863	0	2,863
Licences, rights	211	0	211
Inventory	629	0	629
Provisions	–11	0	–11
Deferred tax assets	2	0	2
Deferred tax liabilities	–584	584	0
Total identifiable net assets	**3,152**	**567**	**3,719**
Goodwill	819	–567	252
	3,971	**0**	**3,971**

Goodwill of EUR 252 thousand derives from the acquisition which relates to the strengthening of our market position in the Eastern European region, the extended product range especially in the cable tie business as well as the expansion of the client base.

The goodwill recognised is expected to be deductible for tax purposes.

Of the consideration of EUR 3,971 thousand, EUR 3,971 thousand were paid in cash.

The provisions related to warranty provisions in the ordinary course of business.

The revenue included in the consolidated statement of comprehensive income contributed by Variant S.A. was EUR 1,183 thousand since 3 June 2013. Variant S.A. also contributed a loss of EUR –103 thousand over the same period.

Had Variant S.A. been consolidated from 1 January 2013, the consolidated statement of comprehensive income would show revenue of EUR 2,149 thousand. NORMA Group acquired the distribution business of Variant S.A., therefore profit cannot be shown for this period.

Guyco Pty Limited

NORMA Group signed an agreement on 20 June 2013 to acquire 100 % of the shares in the Australian business Guyco Pty Limited. Guyco Pty Limited, headquartered in Adelaide, commenced business in 1994 as a distributor to the agricultural market. Today, the Company specialises in the design, manufacture and distribution of fittings and valves for freshwater distribution, irrigation, agricultural, plumbing and industrial market sectors. Guyco Pty Limited supplies over 700 customers in Australia and New Zealand through its warehouses in South Australia, Western Australia and Queensland. It employs 32 employees and generated sales of around EUR 7 million in 2012.

Goodwill of EUR 980 thousand derives from the acquisition which mainly relates to the extended product range of the fittings and valves for freshwater distribution, irrigation, agricultural, plumbing and industrial market sectors and the strengthening of NORMA Group's presence in the Asia-Pacific region.

None of the goodwill recognised is expected to be deductible for tax purposes.

Of the consideration of EUR 5,274 thousand, EUR 3,900 thousand were paid in cash and EUR 1,374 thousand consist of incurred liabilities.

The incurred liabilities consist entirely of a contingent consideration agreement according to IFRS 3.39. Under the contingent consideration agreement, NORMA Group is obligated to pay a specific amount depending on Guyco Pty Limited's gross profit between 1 July 2013 and 30 June 2014.

The potential not discounted future amount resulting out of the contingent consideration is between EUR 0 thousand and EUR 1,299 thousand.

Based on the financial forecast of the Company, the Group expects that the contingent consideration will be at the upper end of the bandwidth. This leads to a fair value in the amount of EUR 1,249 thousand at the acquisition date, considering a discount rate of 4 %.

The following table summarises the consideration paid for Guyco Pty Limited and the amounts of the assets acquired and liabilities assumed recognised at the acquisition date:

in EUR thousands	
Consideration at 2 July 2013	**5,274**
Acquisition-related costs (included in other operating expenses in the consolidated statement of comprehensive income)	309
Recognised amounts of identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	109
Property, plant and equipment	2,076
Trademarks	75
Customer lists	1,948
Inventory	716
Trade and other receivables	846
Other financial assets	145
Trade payables	−737
Provisions	−400
Deferred tax assets	124
Deferred tax liabilities	−606
Total identifiable net assets	**4,294**
Goodwill	980
	5,274

The fair value of trade and other receivables is EUR 846 thousand and includes trade receivables with a fair value of EUR 835 thousand, of which EUR 10 thousand are expected to be uncollectible.

Due to the acquisition of the distribution business of Guyco Pty Limited on 2 July 2013, the determination of the fair values of the acquired assets at the balance sheet date could not be completed. The consolidation is therefore based on a preliminary purchase price allocation. This concerns in particular the fair value of the acquired identifiable intangible assets in the amount of EUR 2,023 thousand; this position mainly includes customer relationships.

The provisions mainly consist of personnel-related provisions.

The revenue included in the consolidated statement of comprehensive income contributed by Guyco Pty Limited was EUR 3,632 thousand since 2 July 2013 (acquisition date). Guyco Pty Limited also contributed a loss of EUR 8 thousand over the same period.

Had Guyco Pty Limited been consolidated from 1 January 2013, the consolidated statement of comprehensive income would show revenue of EUR 6,729 thousand and Guyco Pty Limited would have contributed a loss of EUR 259 thousand. This result has only limited relevance, as it includes interest expenses from financial liabilities that were not acquired.

Production expanding in Brazil

Effective 18 September 2013, NORMA Group signed the purchase agreement for the acquisition of machinery, tools and equipment and intangible assets, which represents a portion of the production of Click Automotiva Industrial Ltda. The acquisition is accounted for as a business combination applying IFRS 3.4. NORMA Group contributed to establishing its own products and customer relationships in Brazil by way of this contract. The acquisition of machinery and tools is complemented by a contractual prohibition of competition for a limited period.

Of the consideration of EUR 4,887 thousand, EUR 3,707 thousand were paid in cash and EUR 1,180 thousand consist of incurred liabilities.

The consideration was fully allocated on the total identifiable net assets. The following table summarises the consideration paid for a portion of the production of Click Automotiva Industrial Ltda. and the amounts of the assets acquired and liabilities assumed recognised at the acquisition date:

in EUR thousands	
Consideration at 18 September 2013	**4,887**
Acquisition-related costs (included in other operating expenses in the consolidated statement of comprehensive income)	427
Recognised amounts of identifiable assets acquired and liabilities assumed	
Property, plant and equipment	3,446
Non-compete agreement	506
Patents and technology	1,120
Provisions	−281
Deferred tax assets	96
Total identifiable net assets	**4,887**

Due to the acquisition of a portion of the production of Click Automotiva Industrial Ltda. on 18 September 2013, the determination of the fair values of the acquired assets at the balance sheet date could not be completed. The consolidation is therefore based on a preliminary purchase price allocation. This concerns in particular the fair value of the acquired identifiable intangible assets in the amount of EUR 1,626 thousand; this item includes mainly a non-compete agreement as well as patented and unpatented technologies.

The provisions relate to unfavorable contractual relationships.

NORMA Group acquired a portion of the production of Click Automotiva Industrial Ltda., which led to individual assets and processes being transferred to NORMA Group; therefore no profit can be shown for this period.

41. RELATED-PARTY TRANSACTIONS

Sales and purchases of goods and services

In 2013 and 2012, no management services were bought from related parties.

There are no material sales or purchases of goods and services from non-consolidated companies, from the shareholders of NORMA Group, from key management or from other related parties in 2013 and 2012.

Details regarding the compensation of the Management Board can be found on pages 107 to 109 and Notes 28 and 42.

Reimbursement claim to 3i funds

Costs for the Operational Performance Incentive Cash Programme (OPICP) were reimbursed by the previous shareholders; in 2013 the last part of the costs for the OPICP in the amount of EUR 1,067 thousand was paid by the previous shareholders and recognised in the capital reserve in accordance with the agreement (→ Note 27).

42. ADDITIONAL DISCLOSURES PURSUANT TO SECTION 315A (1) OF THE GERMAN COMMERCIAL CODE (HGB)

Compensation of board members

The remuneration of Management Board and Supervisory Board of NORMA Group GmbH for the period 2013 was as follows:

in EUR thousands	2013
Total Management Board	3,923
Total Supervisory Board	450
	4,373

Fees for the auditor

Fees for the auditor, PricewaterhouseCoopers AG Wirtschaftsprüfungsgesellschaft, Frankfurt am Main were expensed as follows:

in EUR thousands	2013	2012
Audit fees	356	393
Audit-related fees	18	7
Other fees	111	0
	485	400

Headcount

The average headcount breaks down as follows:

Number	2013	2012
Direct labour	1,833	1,705
Indirect labour	931	858
Salaried	1,181	1,014
	3,945	3,577

The category ‘direct labour’ consists of employees that are directly engaged in the production process. The numbers fluctuate according to the level of output. The category ‘indirect labour’ consists of personnel that do not directly produce products, but rather support production. Salaried employees are employees in administrative/sales/central functions.

Consolidation

Name, place of domicile and share in capital pursuant to section 313 (2) No. 1 HGB of the consolidated group of companies is presented in Note 4.

Proposal for the distribution of earnings The Management Board proposes that a dividend of EUR 0.70 be paid as a dividend per bearer of shares, leading to a total dividend payment of EUR 22,303,680.

Corporate governance (Section 161 AktG)

The Management Board and Supervisory Board have issued a corporate governance declaration pursuant to section 161 of the German Stock Corporation Act (Aktiengesetz) and made it available to shareholders on the website of NORMA Group.

43. EVENTS AFTER THE BALANCE SHEET DATE

Unscheduled repayment of syndicated bank facilities

In January 2014, NORMA Group has repaid parts of the existing syndicated financing with the proceeds of the promissory notes. The repayment amounted to EUR 101.4 million. Due to the repayment NORMA Group will in future benefit from lower interest expense that will already have a positive effect on the result in the first quarter of 2014. The associated hedging instruments (cross-currency and interest rate swaps) were dissolved at the time of repayment. These releases will have a one-off negative effect on the first quarter in the amount of EUR 6.8 million. The savings that will result from lower interest expenses starting in January 2014 will already compensate for roughly half of the one-off expenditures during the current year. By the end of the financing term, NORMA Group will have saved more than EUR 3.6 million by repaying this loan and cancelling the derivative. Including the early termination of deferred financing costs, we expect for 2014 overall financing costs of approximately EUR 18 million, which are reduced in the following year on a comparable basis to approximately EUR 10 million.

Acquisition of the outstanding shares of Chien Jin Plastic Sdn. Bhd.

In February 2013, NORMA Group has acquired the remaining 15 % of the shares in Chien Jin Plastic Sdn. Bhd. located in Malaysia, by redemption of the outstanding purchase price liability in an amount of EUR 0.9 million. This transaction brings NORMA Group's share in the Company to 100 %. Since we have already fully consolidated Chien Jin Plastic from the acquisition in November 2012 on, there are no effects on the Group's financial figures. Chien Jin Plastic Sdn. Bhd. is based in Ipohis specialised in joining elements for plastic and iron pipe systems. Chien Jin Plastic manufactures joining solutions for plastic and cast iron pipe systems used in diverse applications with a focus on drinking and domestic water supply as well as irrigation systems. Being in the market for 20 years, Chien Jin Plastic manufactures pipe couplings for different application areas, in particular for drinking and domestic water distribution, and irrigation systems. In addition, the Company produces components for sanitary appliances and globally distributes its products. For more information, please refer to our Annual Report 2012. The acquisition of outstanding shares of Chien Jin Plastic goes in line with strategic aim to expand our presence in Asia.

Appendix to the Notes to the Consolidated Financial Statements

NOTIFICATIONS OF VOTING RIGHTS

According to section 160 (1) No. 8 AktG information regarding voting rights that have been notified to the company pursuant to section 21 (1) or (1a) of the German Securities Trading Act (Wertpapierhandelsgesetz – WphG) have to be disclosed.

The following sheet gives an overview of all voting rights that have been notified to the company as of 12 March 2014. It contains the information of the last notification of each shareholder and the percentage and shares can have changed in the meantime.

Notifying party	Achievement of voting rights	Notification limit	Share in %	Shares	Pursuant to section 22 WpHG
The Capital Group, Inc., Los Angeles, USA	7 March 2014	3 % exceedance	3.05	973,100	§ 22 (1) sent. 1 no. 6 in connection with sent. 2 and sent. 3 WpHG
Capital Research and Management Company, Los Angeles, USA	7 March 2014	3 % exceedance	3.05	973,100	§ 22 (1) sent. 1 no. 6 WpHG
Threadneedle Asset Management Holdings SARL, Luxembourg [1]	12 February 2014	5 % shortfall	4.98	1,585,678	§ 22 (1) sent. 1 no. 6 in connection with sent. 2 WpHG
BlackRock Financial Management, Inc., New York, USA	21 January 2014	5 % exceedance	5.10	1,626,217	§ 22 (1) sent. 1 no. 6 in connection with sent. 2 WpHG
BlackRock Holdco 2, Inc., Wilmington, USA	21 January 2014	5 % exceedance	5.10	1,626,217	§ 22 (1) sent. 1 no. 6 in connection with sent. 2 WpHG
BlackRock, Inc., New York, USA	21 January 2014	5 % exceedance	5.10	1,626,217	§ 22 (1) sent. 1 no. 6 in connection with sent. 2 WpHG
Allianz Global Investors Europe GmbH, Frankfurt/Main, Germany	21 January 2014	5 % exceedance	5.02	1,601,001	thereof 0.50 % (157,764) according to § 22 (1) sent. 1 no. 6 WpHG
ODDO et Cie., Paris, France	6 December 2013	3 % shortfall	2.84	903,541	§ 22 (1) sent. 1 no. 6 in connection with sent. 2 WpHG
ODDO Asset Management, Paris, France	6 December 2013	3 % shortfall	2.84	903,541	§ 22 (1) sent. 1 no. 6 WpHG
Threadneedle Asset Management Holdings Limited, London, United Kingdom [1]	19 November 2013	5 % shortfall	4.95	1,576,817	§ 22 (1) sent. 1 no. 6 in connection with sent. 2 WpHG
Threadneedle Asset Management Limited, London, United Kingdom [1]	19 November 2013	5 % shortfall	4.95	1,576,817	§ 22 (1) sent. 1 no. 6 WpHG
BNP Paribas Investment Partners S.A., Paris, France	5 November 2013	3 % shortfall	2.86	912,398	thereof 2.12 % (676,754) according to § 22 (1) sent. 1 no. 1 WpHG and likewise 0.74 % (235,644) according to § 22 (1) sent. 1 no. 6 in connection with sent. 2 WpHG
Threadneedle Investment Funds ICVC, London, United Kingdom	17 October 2013	5 % shortfall	4.94	1,575,121	
Threadneedle Investment Services Limited, London, United Kingdom [1]	17 October 2013	5 % shortfall	4.94	1,575,121	§ 22 (1) sent. 1 no. 6 WpHG

[1] The voting rights attributed to the notifying party are held by the following shareholder which share in the voting rights in NORMA Group SE exceeds 3 % or more: Threadneedle Investment Funds ICVC

Notifying party	Achievement of voting rights	Notification limit	Share in %	Shares	Pursuant to section 22 WpHG
BlackRock Group Limited, London, United Kingdom	2 August 2013	3 % exceedance	3.02	961,863	§ 22 (1) sent. 1 no. 6 in connection with sent. 2 WpHG
BR Jersey International Holdings, L.P., St. Helier, Jersey, Channel Islands	2 August 2013	3 % exceedance	3.02	962,003	§ 22 (1) sent. 1 no. 6 in connection with sent. 2 WpHG
BlackRock International Holdings, Inc., New York, USA	2 August 2013	3 % exceedance	3.02	962,003	§ 22 (1) sent. 1 no. 6 in connection with sent. 2 WpHG
BlackRock Advisors Holdings, Inc., New York, USA	2 August 2013	3 % exceedance	3.02	962,003	§ 22 (1) sent. 1 no. 6 in connection with sent. 2 WpHG
DWS Investment GmbH, Frankfurt am Main, Germany	24 July 2013	3 % shortfall	2.98	949,650	
Ameriprise Financial Inc., Minneapolis, USA [1]	9 May 2013	10 % shortfall	9.96	3,172,259	§ 22 (1) sent. 1 no. 6 in connection with sent. 2 WpHG
Columbia Wanger Asset Management LLC, Chicago, USA	20 March 2013	3 % shortfall	2.82	897,250	§ 22 (1) sent. 1 no. 6 WpHG
3i EF4 GP Limited, London, United Kingdom	14 January 2013	5 % and 3 % shortfall	0.00	0	
3i Group Investments LP, London, United Kingdom	14 January 2013	3 % shortfall	0.00	0	
3i Pan European Buyouts 2004–06 LP; London, United Kingdom	14 January 2013	3 % shortfall	0.00	0	
3i Investments GP Limited, London, United Kingdom	14 January 2013	5 % and 3 % shortfall	0.00	0	
3i Investments plc, London, United Kingdom	14 January 2013	15 %, 10 %, 5 % and 3 % shortfall	0.00	0	
3i plc, London, United Kingdom	14 January 2013	15 %, 10 %, 5 % and 3 % shortfall	0.00	0	
3i Holdings plc, London, United Kingdom	14 January 2013	15 %, 10 %, 5 % and 3 % shortfall	0.00	0	
3i Group plc, London, United Kingdom	14 January 2013	15 %, 10 %, 5 % and 3 % shortfall	0.00	0	

[1] The voting rights attributed to the notifying party are held by the following shareholder which share in the voting rights in NORMA Group SE exceeds 3 % or more: Threadneedle Investment Funds ICVC

All notifications of voting rights by the company in the reporting period and until 12 March 2014 are available on the website of NORMA Group (@ http://investoren.normagroup.com).

MEMBERS OF THE MANAGEMENT BOARD

Werner Deggim
Diplom-Ingenieur, Chief Executive Officer (CEO)

Dr. Othmar Belker
Diplom-Volkswirt, Chief Financial Officer (CFO)

Bernd Kleinhens
Diplom-Ingenieur, Managing Director Business Development

John Stephenson
Master of Science, Chief Operating Officer (COO)

The members of the Management Board are appointed members of various Supervisory Boards of NORMA Group companies.

MEMBERS OF THE SUPERVISORY BOARD

Dr. Stefan Wolf (Chairman)
- Chief Executive Officer (CEO) of ElringKlinger AG, Dettingen, Germany
- Member of the Supervisory Board of Fielmann AG, Hamburg, Germany
- Member of the Board of Directors of Micronas Semiconductor Holding AG, Zurich, Switzerland

Lars M. Berg (Deputy Chairman)
- Consultant
- Chairman of the Supervisory Board of Net Insight AB, Stockholm, Sweden
- Chairman of the Supervisory Board of KPN OnePhone Holding B.V., Duesseldorf, Germany
- Member of the Supervisory Board of Ratos AB, Stockholm, Sweden
- Member of the Supervisory Board of Tele2 AB, Stockholm, Sweden

Günter Hauptmann
- Consultant
- Member of the Supervisory Board of Geka GmbH, Bechhofen, Germany
- Chairman of the Advisory Board of GIF GmbH, Alsdorf, Germany

Knut J. Michelberger
- Consultant (no seats on other Supervisory Boards)

Dr. Christoph Schug
- Consultant
- Member of the Supervisory Board of Tom Tailor Holding AG, Hamburg, Germany
- Member of the Supervisory Board of BCG Baden-Baden-Cosmetics AG, Baden-Baden, Germany
- Member of the Board of Directors of AMEOS Gruppe AG, Zurich, Switzerland

Erika Schulte (since 18 February 2013)
- Managing Director of Hanau Wirtschaftsförderung GmbH, Managing Director of Brüder-Grimm-Berufsakademie Hanau GmbH and Liquidator of Technologie- und Gründerzentrum Hanau GmbH (no seats on other Supervisory Boards)

Responsibility Statement

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the Group Management Report 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.

Maintal, 12 March 2013

NORMA Group SE
Management Board

Werner Deggim Dr. Othmar Belker Bernd Kleinhens John Stephenson

Auditor's Report

We have audited the consolidated financial statements prepared by NORMA Group SE, Maintal, comprising the statement of financial position, the statement of comprehensive income, the statement of changes in equity, the cash flow statement and the notes to the consolidated financial statements, together with the Group management report for the business year from January 1 2013 to December 31 2013. The preparation of the consolidated financial statements and the Group management report in accordance with the IFRSs, as adopted by the EU, and the additional requirements of German commercial law pursuant to § (Article) 315a Abs. (paragraph) 1 HGB ("Handelsgesetzbuch": German Commercial Code) is the responsibility of the parent Company's Board of Managing Directors. Our responsibility is to express an opinion on the consolidated financial statements and on the Group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with § 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the Group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of the entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by the Company's Board of Managing Directors, as well as evaluating the overall presentation of the consolidated financial statements and the group management report. We believe that our audit provides a reasonable basis for our opinion.
Our audit has not led to any reservations.

In our opinion based on the findings of our audit the consolidated financial statements comply with the IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315a Abs. 1 HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The Group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Frankfurt am Main, March 12 2014

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Dr. Ulrich Störk
Wirtschaftsprüfer
(German Public Auditor)

ppa. Benjamin Hessel
Wirtschaftsprüfer Glossar
(German Public Auditor)

Glossary

Technical Terms

AFTERMARKET SEGMENT
The market concerned with the maintenance/repair of investment goods (e.g. machines), long-life final goods (e.g. vehicles), the sale of replacement parts or complementary parts for the goods. This involves the sale of services and/or parts that are directly related to the previous sale of the goods.

AIAG (AUTOMOTIVE INDUSTRY ACTION GROUP)
Not-for-profit association that develops and publishes uniform standards for the automotive industry.

AUSTENITIC STEELS
Austenitic steel is a stainless steel that normally contains an alloy of 15–20 % chromium and 5–15 % nickel. Other alloy components can have an impact on these figures. Austenitic steels cannot be hardened by way of heat treatment and are usually not magnetisable.

CAQ-SOFTWARE
Software for quality assurance.

CO_2
Carbon dioxide, a chemical compound of carbon and oxygen.

DISTRIBUTION SERVICES (DS)
One of NORMA Group's two ways to market, which provides a wide range of high-quality, standardised joining products for a broad range of applications and customers.

ELASTOMERS
Elastomers are stable but elastic plastics which are used at a temperature above their glass transition temperature. The plastics can deform under tensile load or compressive load, but then return to their original undeformed shape.

ENGINEERED JOINING TECHNOLOGY (EJT)
One of NORMA Group's two ways to market. It provides customised, highly engineered joining technology products primarily, but not exclusively, for industrial OEM customers.

EUROPEAN MARKET INFRASTRUCTURE REGULATION (EMIR)
EU regulation that regulates the over-the-counter market with derivative products. The main stipulation of this regulation obligates market participants to clear their over-the-counter standard derivative transactions through a central counterpart and report these transactions to a transaction registry.

FERRITIC STEELS
Ferritic chromium steel is a stainless steel that normally cannot be hardened. It is magnetisable and is used in environments that contain little or no chloride.

FLUID PRODUCTS / SYSTEMS
Single or multiple-layer thermoplastic fluid systems/connections.

FSC-CERTIFICATE
International label for wood and wood products that originate exclusively from sustainably managed forests.

HYBRID VEHICLE
A vehicle that contains at least two types of energy transformers and two energy storage systems that allow it to drive forward. The energy transformers can be electric, petrol or diesel engines. The energy storage systems are usually accumulators, fuel or petrol tanks.

INDUCTION
Generation of an electric current in a conductor using varying magnetic fields.

INSOURCING
The reincorporation of processes and functions into a company.

ISO 9001
Describes the minimum requirements for quality management systems.

ISO 14001
An international environmental management standard that specifies the internationally accepted requirements for an environmental management system.

ISO / TS 16949
A standard that combines the existing general demands on quality management systems of the (mostly North American and European) automotive industry.

IT
Information technology, an umbrella term for information and data processing.

LEAKAGE
A leak is an unwanted hole in a product or technical system, through which solids, liquids or gases can enter or exit. A leak can lead to the failure of an entire technical system. The size of a leak is measured by the leakage rate.

NITROGEN OXIDE
Nitrogen oxide is the generic term for oxygen and nitrogen compounds. These are gaseous compounds with low solubility in water. Nitrogen oxides are hazardous for people and the environment and are a waste gas produced by combustion engines.

OHSAS 18001
Occupational Health and Safety Assessment Series; certification of occupational health and safety management systems.

ORIGINAL EQUIPMENT MANUFACTURER (OEM)
A company that retails products under its own name.

PA12 RESINS
Polyamide 12 resin (laurinlactam or ω-aminododecanoic acid)

SELECTIVE CATALYTIC REDUCTION (SCR)
Selective catalytic reduction of nitrogen oxides to reduce particle and nitrogen oxide emissions.

SIX SIGMA
A management system for process improvement using analytic and statistical methods.

SUPPLY CHAIN MANAGEMENT
Supply chain management is the planning and management of all activities involved in supplier selection, procurement and conversion, as well as manufacturing, logistics and even sales.

THERMOPLASTICS (ALSO KNOWN AS PLASTOMERS)
These are plastics which become elastic (thermoplastic) in a particular temperature range, whereby this process is reversible.

Other Terms

ACQUISITION
Acquisition of companies or parts of companies for strategic purposes.

BEST LANDED COST APPROACH
Takes all logistics and storage costs for the procurement of a purchased part into consideration and thus ensures that the most competitive suppliers are selected.

BEST PRACTICE APPROACH
This term comes from Anglo-American economics and refers to proven, good or exemplary methods, practices or procedures within a company.

BRIC STATES
An acronym that refers to the emerging markets of Brazil, Russia, India and China.

CASH-POOLING
Pooling of liquidity within the group with the help of central financial management with the purpose of balancing surplus liquidity or a shortage of liquidity.

CODE OF CONDUCT
A set of policies which can/should be applied in a wide range of contexts and environments depending on the situation. In contrast to a rule, the target audience is not always obliged to comply with the code of conduct. For this reason, you will often hear the term "voluntary self-control." A code of conduct is more of a personal commitment to follow or abstain from certain patterns of behaviour and ensure that nobody gains an unfair advantage by circumventing these patterns.

COMMODITY
A term used in procurement concerning every kind of merchandise for the tangible assets transcribed by tradesmen.

COMPLIANCE
Conforming to rules: companies adhering to codes of conduct, laws and guidelines.

CORPORATE GOVERNANCE
Corporate governance is the set of all international and national rules, regulations, values and principles which apply to companies and determine how these companies are managed and monitored.

COST OF MATERIALS RATIO
Share of the costs of materials in sales revenues.

COVERAGE
The regular assessment of the economic and financial situation of a listed company by banks or financial research institutions.

DODD FRANK ACT
An American federal law with the objective of promoting the stability of the financial market in the United States of America.

EARNINGS BEFORE INTEREST, TAXES AND AMORTISATION (EBITA)
Earnings before interest, taxes and amortisation of intangible assets.

EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION AND AMORTISATION (EBITDA)
Earnings before interest, taxes, depreciation (of property, plant and equipment) and amortisation (of intangible assets). It is a measure of a company's operating performance before investment expenses.

ECONOMIES OF SCALE
Defined in business economics' production theory and microeconomics as the connection between the scale of a company's output and the number of factors of production that it uses.

EMEA
An Anglo-American abbreviation for the economic area of Europe (made up of Western and Eastern Europe), the Middle East and Africa.

ESS (EMPLOYEE SATISFACTION SURVEY)
Survey on employee satisfaction.

EURIBOR
Reference rate for time deposits in the interbank business (currency: EUR).

ISSUE PRICE
The first off-market purchase price of new securities determined by the issuer.

FREE CASH FLOW
Indicates the amount of money that is available to pay dividends to shareholders and/or repay loans.

GLOBAL EXCELLENCE PROGRAMME
A cost optimisation programme that was started in 2009. It coordinates and manages all of NORMA Group's sites and business units.

INITIAL PUBLIC OFFERING (IPO)
First offering of shares of a company on the organised capital market.

INTERNATIONAL SECURITIES IDENTIFICATION NUMBER (ISIN)
A 12-digit alphanumerical code used to identify a security traded on the stock market.

INVESTMENT RATIO
Share of the investments made in total assets.

LTI (LONG-TERM INCENTIVE PROGRAMME)
A form of profit-sharing to create long term performance incentives, usually offered to those who hold management positions.

MDAX
(Derived from Mid-Cap DAX) The MDAX was introduced on 19 January 1996. It is made up of 50 securities – primarily from traditional sectors – that track the values of the DAX in the ranking list based on market capitalisation and level of trading on the stock exchange. The MDAX reflects the price performance of shares in medium-sized German companies or companies primarily operating in Germany (Mid Caps).

MSP
Matching Stock Programme: a stock-based option right that is part of the remuneration for Management Board members.

OECD (ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT)
Organisation for economic co-operation and development seeks to contribute to successful economic development, high employment, and rising living standards in its member states.

PRIME STANDARD
A segment of the regulated stock market with higher inclusion requirements than the General Standard. It is the private law segment of the Frankfurt Stock Exchange with the highest transparency standards. All companies listed in the DAX, MDAX, TecDAX and SDAX must be included in the Prime Standard.

PROCEEDS OF THE ISSUE
The total capital the issuer benefits from in case of an issuance of securities. The proceeds of issue consist of the nominal value and the issue price each multiplied by the number of shares placed in the example of an issuance of shares.

PROLONGATION
Lifetime extensions of loans or financial investments.

REVERSE FACTORING
Reverse factoring or purchase factoring is where the factoring company commits to its supplier to prefinance the customer's obligations.

ROADSHOW
A series of corporate presentations made to investors by an issuer at various financial locations to attract investment in the company.

SECURITIES ID NUMBER (WKN)
A six-character combination of numbers and letters used to identify securities in Germany.

SOCIETAS EUROPAEA (SE)
A legal form for stock companies in the European Union and the European Economic Area. With the SE, the EU started allowing for companies to be founded in accordance with a largely uniform legal framework at the end of 2004.

SYNERGIES
This term refers to organisms, materials or forces working together to gain mutual benefits.

TAX RATIO
Share of taxes payable in annual earnings.

WORKING CAPITAL
Represents the net current assets of a company. Working capital is equal to current assets less current liabilities. This difference and the ratio (current assets divided by current liabilities), known as the working capital ratio, are used as indicators of the liquidity situation of a company and are particularly important for credit analyses.

XETRA
An electronic trading system operated by Deutsche Börse AG for the spot market.

Overview by Quarter 2013

		Q1 2013	Q2 2013	Q3 2013	Q4 2013
Income statement					
Revenue	EUR million	159.3	163.5	159.9	152.8
Gross profit	EUR million	91.0	94.6	93.0	92.8
Adjusted EBITA	EUR million	28.3	27.9	28.8	27.6
Adjusted EBITA margin	%	17.8	17.1	18.0	18.0
EBITA	EUR million	28.3	27.8	28.7	27.3
Adjusted profit for the period	EUR million	17.3	16.1	13.8	14.9
Adjusted EPS	EUR	0.54	0.51	0.43	0.47
Profit for the period	EUR million	15.8	14.7	12.5	12.6
EPS	EUR	0.50	0.46	0.39	0.40
Cash flow					
Cash flow from operating activities	EUR million	9.8	35.1	27.8	42.7
Operating net cash flow	EUR million	7.6	38.3	26.9	31.1
Cash flow from investing activities	EUR million	–6.4	–9.5	–11.9	–15. 6
Cash flow from financing activities	EUR million	1.6	–39.5	108.2	–18.5
Balance sheet					
Total assets	EUR million	720.3	701.8	826.2	823.7
Equity	EUR million	305.6	298.1	308.9	319.9
Equity ratio	%	42.4	42.5	37.4	38.8
Net debt	EUR million	200.3	193.6	181.0	153.5

Multi-Year Overview

		2013	2012[1]	2011	2010	2009	2008
Order situation							
Order book (31 Dec)	EUR million	**236.7**	215.4	218.6	188.0	n/a	n/a
Income Statement							
Revenue	EUR million	**635.5**	604.6	581.4	490.4	329.8	457.6
thereof EMEA	EUR million	**388.0**	367.5	372.7	336.6	244.6	349.0
thereof Americas	EUR million	**191.5**	193.3	173.0	123.8	68.1	92.4
thereof Asia-Pacific	EUR million	**56.0**	43.8	35.7	30.0	17.1	16.2
Revenue EJT	EUR million	**443.9**	427.6	411.5	323.6	206.3	n/a
Revenue DS	EUR million	**193.6**	174.5	170.3	168.3	126.0	n/a
Gross profit [2]	EUR million	**371.4**	344.4	322.6	274.7	182.4	251.4
Adjusted EBITA[3]	EUR million	**112.6**	105.4	102.7	85.4	38.5	64.4
Adjusted EBITA margin	%	**17.7**	17.4	17.7	17.4	11.7	14.1
EBITA	EUR million	**112.1**	105.1	84.7	64.9	8.6	44.7
Adjusted profit for the period	EUR million	**62.1**	61.8	57.6	48.2	n/a	n/a
Profit for the period	EUR million	**55.6**	56.6	35.7	30.3	–18.0	–29.4
Adjusted EPS	EUR	**1.95**	1.94	1.92	1.93	n/a	n/a
Adjusted EPS (number of shares at year-end 2013)	EUR	**1.95**	1.94	1.81	1.51	n/a	n/a
EPS	EUR	**1.74**	1.78	1.19	1.21	n/a	n/a
Finanical result	EUR million	**–15.6**	–13.2	–29.6	–14.9	–21.3	–45.2
Tax rate [4]	%	**32.6**	30.3	30.0	27.0	13.1	15.2
R&D investments	EUR million	**–21.9**	–22.1	–16.8	–16.6	n/a	n/a
R&D ratio (related to EJT sales)	%	**4.9**	5.1	4.1	5.1	n/a	n/a
Cost of materials	EUR million	**–269.4**	–263.5	–262.3	–220.5	–144.0	n/a
Cost of materials ratio	%	**42.4**	43.6	45.1	45.0	43.7	n/a
Personnel expenses [5]	EUR million	**–169.7**	–156.5	–143.7	–124.4	–111.3	–128.6
Cash flow							
Cash flow from operating activities	EUR million	**115.4**	96.1	71.7	62.1	42.0	64.1
Operating net cash flow[5]	EUR million	**103.9**	81.0	66.8	51.7	62.3	67.2
Cash flow from investing activities [6]	EUR million	**–43.4**	–58.1	–33.7	–56.6	–10.8	–16.4
Cash flow from financing activities	EUR million	**51.7**	–34.1	–0.5	–3.1	–33.2	–40.0
Balance sheet							
Total assets	EUR million	**823.7**	691.8	648.6	578.8	469.7	499.7
Equity	EUR million	**319.9**	289.2	256.0	78.4	39.1	60.1
Equity ratio	%	**38.8**	41.8	39.5	13.5	8.3	12.0
Net debt	EUR million	**153.5**	199.0	198.5	344.1	317.2	328.8
Working capital	EUR million	**110.8**	115.9	106.2	86.7	60.2	84.7
Working capital in % of sales		**17.4**	19.2	18.3	17.7	18.3	18.5
Employees							
Core workforce		**4,134**	3,759	3,415	3,028	n/a	n/a
Total workforce incl. temporary workers		**4,947**	4,485	4,252	3,830	n/a	n/a
Share							
Number of shares (weighted)		**31,862,400**	31,862,400	30,002,126	24,862,400	n/a	n/a
Number of shares (year-end)		**31,862,400**	31,862,400	31,862,400	24,862,400	n/a	n/a

[1] 2012: The accounting rules changed this year 2013 due to the first-time use of IAS 19R. In order to better compare the earnings, assets and financial positions, the figures in this annual report that pertain to 2012 have been adjusted to suit the new accounting rules and may therefore deviate from the figures published in the annual report 2012.

[2] Revenues including changes in inventories of finished goods and work in progress less raw materials and consumables used

[3] Adjusted by non-recurring / non-period-related costs (mainly due to the IPO), restructuring costs as well as other group and normalised items as well as depreciation from PPA adjustment

[4] Tax rate adjusted in 2011 by deferred tax liabilties of EUR 2,795 thousand resulting from 2007

[5] From 2008 to 2011 adjusted for non-recurring, non-period-related costs

[6] Including acquisitions in 2010, 2012 and 2013

NORMA Group worldwide

EMEA

Czech Republic (P)
France (P, D)
Germany (P, D)
Italy (P, D)
Netherlands (D)
Poland (P, D)
Russia (P, D)
Serbia (P)
Spain (D)
Sweden (P, D)
Switzerland (D)
Turkey (D)
United Kingdom (P, D)

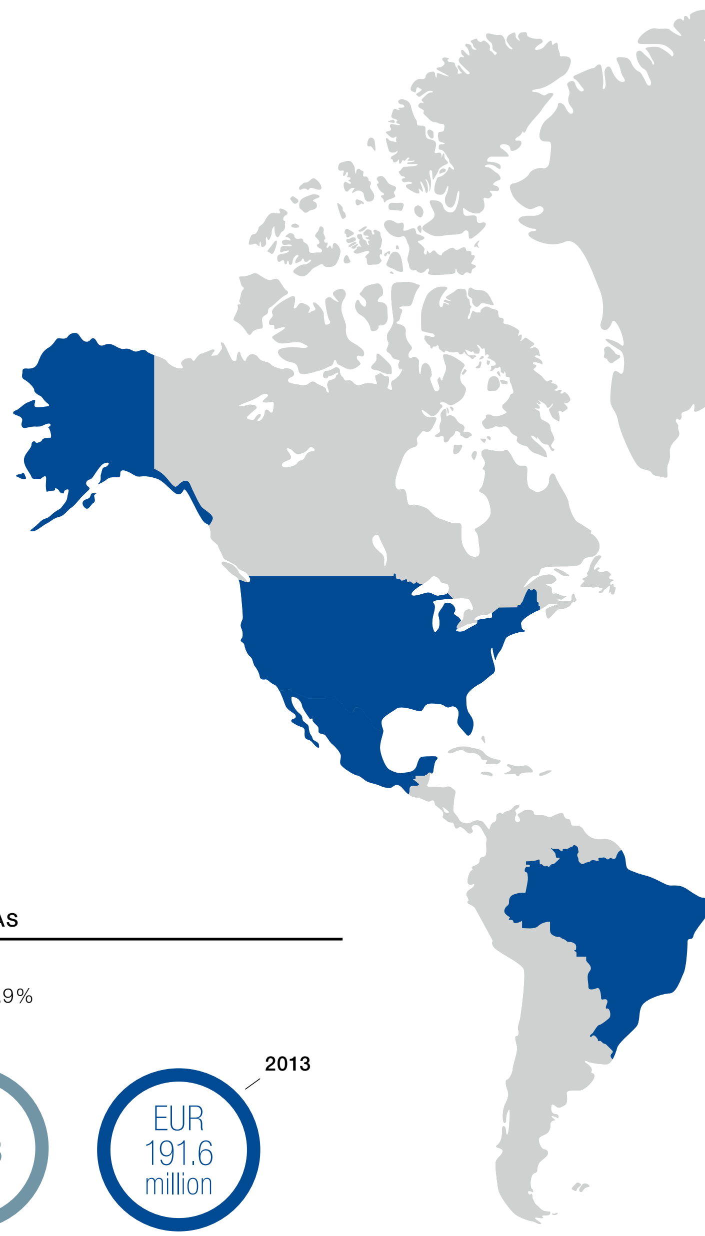
AMERICAS

Brazil (P, D)
Mexico (P)
USA (P, D)

ASIA-PACIFIC

Australia (D)
China (P, D)
India (P, D)
Indonesia (D)
Japan (D)
Korea (D)
Malaysia (P, D)
Philippines (D)
Singapore (D)
Thailand (P)
Vietnam (D)

P = Production
D = Distribution centre, Sales centre, Competence centre



SALES AMERICAS

Employees: 711
Sales growth: −0.9%

2012
EUR 193.3 million

2013
EUR 191.6 million

SALES EMEA

Employees: 2,820
Sales growth: +5.6%

2012: EUR 367.5 million

2013: EUR 387.9 million

SALES ASIA-PACIFIC

Employees: 603
Sales growth: +28.1%

2012: EUR 43.8 million

2013: EUR 56.0 million

Financial Calendar 2014

III	19 / 02 / 2014	Preliminary Financial Figures 2013
III	27 / 03 / 2014	Publication of Full Year Results 2013
III	07 / 05 / 2014	Publication of Q1 Interim Results 2014
III	21 / 05 / 2014	Annual General Meeting in Frankfurt / Main
III	06 / 08 / 2014	Publication of Q2 Interim Results 2014
III	05 / 11 / 2014	Publication of Q3 Interim Results 2014

We constantly update our financial calendar. Please visit the Investor Relations section on our website @ www.normagroup.com for up-to-date information.

Contact and Imprint

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CONCEPT AND LAYOUT
3st kommunikation, Mainz

Note on the annual report
This annual report is also available in German. If there are differences between the two, the German version takes priority.

Note on rounding
Please note that slight differences may arise as a result of the use of rounded amounts and percentages.

Forward-looking statements
This annual report contains certain future-oriented statements. Future-oriented statements include all statements which do not relate to historical facts and events and contain future-oriented expressions such as "believe", "estimate", "assume", "expect", "forecast", "intend", "could" or "should" or expressions of a similar kind. Such future-oriented statements are subject to risks and uncertainties since they relate to future events and are based on the company's current assumptions, which may not in the future take place or be fulfilled as expected. The company points out that such future-oriented statements provide no guarantee for the future and that the actual events including the financial position and profitability of NORMA Group SE and developments in the economic and regulatory fundamentals may vary substantially (particularly on the down side) from those explicitly or implicitly assumed in these statements. Even if the actual assets for NORMA Group SE, including its financial position and profitability and the economic and regulatory fundamentals, are in accordance with such future-oriented statements in this annual report, no guarantee can be given that this will continue to be the case in the future.

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