



Paternoster Holding III GmbH
as the Issuer of
€225,000,000 8.50% Senior Notes due 2023

Annual Report in Respect of the Results of Wittur International Holding GmbH
for the Fiscal Year Ended December 31, 2014

Dated May 29, 2015

TABLE OF CONTENTS

	Page
FORWARD-LOOKING STATEMENTS	1
CURRENCY PRESENTATION AND DEFINITIONS.....	2
PRESENTATION OF FINANCIAL AND OTHER INFORMATION	4
PRESENTATION OF INDUSTRY AND MARKET DATA	7
SUMMARY OVERVIEW OF RESULTS	8
MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS	13
OUR BUSINESS	28
MANAGEMENT	38
RISK FACTORS	40
AUDITED CONSOLIDATED 2014 FINANCIAL STATEMENTS OF WITTUR	43

FORWARD-LOOKING STATEMENTS

This annual report (this “Annual Report”) includes forward-looking statements within the meaning of the securities laws of certain applicable jurisdictions. These forward-looking statements include, but are not limited to, all statements other than statements of historical facts contained in this Annual Report, including, without limitation, those regarding our future financial position and results of operations, our strategy, plans, objectives, goals and targets, future developments in the markets in which we participate or are seeking to participate or anticipated regulatory changes in the markets in which we operate or intend to operate. In some cases, you can identify forward-looking statements by terminology such as “aim,” “anticipate,” “believe,” “continue,” “could,” “estimate,” “expect,” “forecast,” “guidance,” “intend,” “may,” “plan,” “potential,” “predict,” “projected,” “should,” or “will” or the negative of such terms or other comparable terminology.

By their nature, forward-looking statements involve known and unknown risks, uncertainties and other factors because they relate to events and depend on circumstances that may or may not occur in the future. We caution you that forward-looking statements are not guarantees of future performance and are based on numerous assumptions and that our actual results of operations, including our financial condition and liquidity and the development of the industry in which we operate, may differ materially from (and be more negative than) those made in, or suggested by, the forward-looking statements contained in this Annual Report. In addition, even if our results of operations, including our financial condition and liquidity and the development of the industry in which we operate, are consistent with the forward-looking statements contained in this Annual Report, those results or developments may not be indicative of results or developments in subsequent periods. Important risks, uncertainties and other factors that could cause these differences include, but are not limited to the risks described in the “Risk Factors” section of this Annual Report.

The risks described in the “Risk Factors” section of this Annual Report are not exhaustive. Other sections of this Annual Report describe additional factors that could adversely affect our business, financial condition and results of operations. New risks emerge from time to time, and it is not possible for us to predict all such risks; nor can we assess the impact of all such risks on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements.

We urge you to read carefully the sections of this Annual Report entitled “Risk Factors,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” and “Our Business” for a more detailed discussion of the factors that could affect our future performance and the markets in which we operate. In light of these risks, uncertainties and assumptions, the forward-looking events described in this Annual Report may not be accurate or occur at all. Accordingly, investors should not place undue reliance on these forward-looking statements, which speak only as of the date on which the statements were made. In addition, from time to time we and our representatives, acting in respect of information provided by us, have made or may make forward-looking statements orally or in writing. These forward-looking statements may be included in, but are not limited to, press releases (including on our website), reports to our security holders and other communications. Although we believe that the expectations reflected in such forward-looking statements are reasonable, there can be no assurance that such expectations will prove to be correct.

We undertake no obligation, and do not intend, to update or revise any forward-looking statement or risk factors, whether as a result of new information, future events or developments or otherwise. All subsequent written and oral forward-looking statements attributable to us or to persons acting on our behalf are expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in this Annual Report.

CURRENCY PRESENTATION AND DEFINITIONS

In this Annual Report, all references to “euro,” “EUR” or “€” are to the single currency of the participating member states of the Economic and Monetary Union of the Treaty Establishing the European Community, as amended from time to time and all references to “U.S. dollars,” “US\$” and “\$” are to the lawful currency of the United States of America.

Definitions

Unless otherwise specified or the context requires otherwise in this Annual Report:

- references to the “**Acquisition**” are to the acquisition by BidCo pursuant to the Acquisition Agreement of (i) all issued and outstanding capital stock of and (ii) certain shareholders loans extended to Wittur;
- references to the “**Acquisition Agreement**” are to that certain sale and purchase agreement dated December 22, 2014 among BidCo as purchaser, TriWay HoldCo AB and Way Equity GmbH & Co KG as sellers and Way Shareholder Loan I GmbH & Co KG;
- references to “**Asia**” with respect to our financial condition and results of operations are to the Asia Pacific region as per our financial statements presented elsewhere in this Annual Report;
- references to “**Bain Capital**” are to Bain Capital Europe Fund IV, L.P.;
- references to “**BidCo**” are to Paternoster Holding IV GmbH;
- references to “**Completion Date**” are to March 31, 2015;
- references to the “**Equity Contribution**” are to the €205.0 million contribution to the equity of the Issuer made by HoldCo on or about the Completion Date in connection with the Transactions and the funding of the purchase price for the Acquisition;
- references to “**Europe**” with respect to our financial condition and results of operations are to the Europe & Africa region as per our financial statements presented elsewhere in this Annual Report;
- references to the “**European Union**” or the “EU” are to the European economic and political union;
- references to the “**Existing Senior Facilities**” are to (i) a €72,500,000 term loan facility A which matures December 6, 2016, (ii) a €72,500,000 term loan facility B which matures December 6, 2017, (iii) a €60,000,000 term loan facility C which matures December 6, 2017, and a (iv) €30,000,000 Revolving Credit Facility which matures December 6, 2016;
- references to the “**Existing Senior Facilities Agreement**” are to the agreement governing the Existing Senior Facilities originally dated December 6, 2010, as amended from time to time, among Wittur, UniCredit Bank AG as mandated lead arrangers and UniCredit Luxembourg S.A. as agent and security agent;
- references to “**GDP**” are to gross domestic product;
- references to “**German GAAP**” are to the generally accepted accounting principles in Germany;
- references to “**Germany**” are to the Federal Republic of Germany;
- references to the “**Guarantees**” are to the guarantees to be issued by the Guarantors on a senior subordinated basis guaranteeing the Notes;
- references to the “**Guarantors**” are to Wittur GmbH (which is based in Austria); Wittur Austria Holding GmbH; Wittur Austria GmbH; Wittur Limited; Paternoster Holding IV GmbH; Wittur International Holding GmbH; Wittur Electric Drives GmbH; Wittur GmbH (which is based in Germany); Wittur Holding GmbH; Wittur Deutschland Vertrieb Holding GmbH; Wittur Italia Holding s.r.l.; Wittur S.p.A.; Wittur Elevator Components, S.A.U.; Wittur Sweden AB and Wittur Asansör San. ve Tic. A.S.;
- references to “**HoldCo**” are to Paternoster Holding II GmbH;

- references to “**IFRS**” are to International Financial Reporting Standards as adopted by the European Union;
- references to “**Independents**” are to independent elevator installers active in a limited geographic market;
- references to the “**Intercreditor Agreement**” are to the intercreditor agreement entered into among, *inter alios*, the Issuer, the Guarantors, the Trustee on behalf of the holders of the Notes, the Security Agents and the lenders under the Senior Facilities on or about the Issue Date, as amended, restated, novated, supplemented or otherwise modified or varied from time to time;
- references to the “**Issuer**” are to Paternoster Holding III GmbH and not its consolidated subsidiaries;
- references to “**LuxCo**” are to Elevate (BC) S.C.A.;
- references to a “**MNC**” are to a multinational corporation elevator installation business;
- references to the “**New Term Loan B Facility**” are to a €195.0 million term loan B facility under the Senior Facilities Agreement;
- references to the “**Notes**” are to the €225.0 million in aggregate principal amount Senior Notes due 2023;
- references to the “**Offering**” are to the offering of the Notes pursuant to the offering memorandum dated February 10, 2015;
- references to the “**Purchase Price**” are to the purchase price for the Acquisition, excluding transaction fees and expenses and the repayment of third party financial debt, but including the repayment of shareholder loan;
- references to “**Rest of the World**” with respect to our financial condition and results of operations are to the rest of world-region as per our financial statements presented elsewhere in this Annual Report;
- references to “**Revolving Credit Facility**” are to the €65.0 million senior secured, multi-currency revolving credit facility under the Senior Facilities Agreement;
- references to the “**SEC**” are to the United States Securities and Exchange Commission;
- references to the “**Sellers**” are to Tri Way HoldCo AB and Way Equity GmbH & Co. KG;
- references to the “**Senior Facilities**” are to (i) the New Term Loan B Facility, (ii) the Revolving Credit Facility and (iii) any additional facility under the Senior Facilities Agreement;
- references to the “**Senior Facilities Agreement**” are to the agreement governing the Senior Facilities, dated as of February 17, 2015, as amended from time to time, among BidCo, as borrower, Credit Suisse International, Barclays Bank PLC, Deutsche Bank AG, London Branch and Royal Bank of Canada, as mandated lead arrangers, Credit Suisse AG, London Branch as agent and security agent;
- references to the “**Transactions**” are to the Acquisition, the Financing and the related transactions, including the repayment of all outstanding amounts under the Existing Senior Facilities and the cancellation thereof;
- references to “**Triton**” are to Triton Advisors Limited and its affiliates and direct or indirect subsidiaries
- references to the “**U.S.**” are to the United States of America;
- references to the “**U.S. Securities Act**” are to the United States Securities Act of 1933, as amended;
- references to the “**Wittur Group**” and “**Wittur**” are to Wittur International Holding GmbH and its subsidiaries; and
- references to “**we**,” “**us**,” “**our**,” the “**Group**” and other similar terms are to the Issuer, Wittur and their respective subsidiaries after giving effect to the Transactions, except where expressly stated otherwise or where the context otherwise requires.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Financial Information

Unless otherwise indicated, the financial information as of and for the years ended December 31, 2014 and 2013 presented in this Annual Report has been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (“**IFRS**”). In this Annual Report, the terms “financial statements” and “financial information” refer to the financial statements and the financial information of Wittur. This Annual Report contains the audited consolidated financial statements of Wittur as of and for the year ended December 31, 2014 (“**Audited Consolidated Financial Statements**”), prepared in accordance with IFRS.

The Issuer was formed on December 19, 2014 for the purpose of facilitating the Transactions. The Issuer does not have any business operations or material assets or liabilities other than those incurred in connection with its incorporation and the Transactions. Consequently, limited historical financial information relating to the Issuer is available, and no financial information with respect to the Issuer is included in this Annual Report, except for certain limited as adjusted financial data presented on a consolidated basis as adjusted to reflect certain effects of the Transactions and the Offering. All historical financial information presented in this Annual Report is that of Wittur and its subsidiaries; accordingly, all references to “we,” “us,” “our” or the “Group” in respect of historical financial information in this Annual Report are to Wittur and its subsidiaries on a consolidated basis.

In the future, we will report our financial results at the level of the Issuer, on a consolidated basis. The Issuer will account for the Acquisition using the acquisition method of accounting under IFRS, which will affect the comparability of the Issuer’s future consolidated financial statements.

The financial statements included in this Annual Report are those of the Wittur Group and have not been adjusted to reflect the impact of any changes to the income statement, balance sheet or cash flow statement that might occur as a result of application of purchase accounting adjustments to be applied as a result of the Acquisition, nor have they been adjusted to reflect the impact of any changes to the balance sheet as a result of any limitation on our ability to use certain net operating loss carry forwards for tax purposes following the Acquisition. We expect that the carrying value for certain deferred tax assets on our balance sheet will be reduced upon consummation of the Acquisition as a result of these limitations. In addition, the application of purchase accounting could result in different carrying values for existing assets and assets we may add to our balance sheet, which may include intangible assets, such as goodwill, and different amortization and depreciation expenses, which could be significant. Our financial statements could be materially different from the financial statements included in this Annual Report once the adjustments are made.

The Acquisition will be accounted for using the purchase method of accounting. Under IFRS 3 “Business Combinations,” the cost of an acquisition is measured as the fair value of the assets transferred, liabilities incurred and the equity interests issued by the acquirer, including the fair value of any asset or liability incurred and the equity interests issued by the acquirer, including the fair value of any asset or liability resulting from a contingent consideration arrangement. 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 market values at the acquisition date. The excess of the consideration transferred over the fair value if the acquirer’s share of the identifiable net assets acquired is recorded as goodwill. Since the Acquisition was consummated on March 31, 2015, we have not identified the fair value of assets acquired and liabilities to be assumed prior to the date of the Acquisition. In accordance with IFRS, we have up to twelve months from the Completion Date to finalize the allocation of the purchase price.

Non-GAAP Financial Measures

This Annual Report contains non-GAAP financial measures and ratios (the “**non-GAAP measures**”), including EBITDA, Historic Adjusted EBITDA, Cash Conversion, gross profit, working capital and leverage and interest coverage ratios that are not required by, or presented in accordance with, IFRS or other generally accepted accounting principles.

“**EBITDA**” is defined as the consolidated net result before transfer of profit or losses for the period adding back interest, taxes on income, amortization and depreciation.

“**Historic Adjusted EBITDA**” is defined as EBITDA for the period after making certain other adjustments as described under Footnote (2) of “Summary—Summary Consolidated Financial and Other Information—Other Financial and Operating Data.”

“**Cash Conversion**” is defined as a quotient equal to (i) Historic Adjusted EBITDA, minus total capital expenditures, divided by (ii) Historic Adjusted EBITDA.

“**gross profit**” has been calculated in accordance with IFRS and the cost of sales method.

“**working capital**” is defined as the sum of inventories, trade receivables and other current assets, less trade payables and other payables and other current liabilities.

We present the non-GAAP measures because we believe that they and similar measures are widely used by certain investors, securities analysts and other interested parties as supplemental measures of performance and liquidity. The non-GAAP measures may not be comparable to other similarly titled measures of other companies.

The non-GAAP measures have limitations as analytical tools, and you should not consider them in isolation or as a substitute for analysis of our results or any performance measures under IFRS as set forth in our financial statements. Some of these limitations of non-GAAP measures are:

- they do not reflect our cash expenditures or future requirements for capital commitments;
- they do not reflect changes in, or cash requirements for, our working capital needs;
- they do not reflect the interest expense or cash requirements necessary to service interest or principal payments on our debt;
- they do not reflect any cash income taxes that we may be required to pay;
- they are not adjusted for all non-cash income or expense items that are reflected in our consolidated income statement;
- they do not reflect the impact of earnings or charges resulting from certain matters we consider not to be indicative of our ongoing operations;
- assets are depreciated or amortized over differing estimated useful lives and often have to be replaced in the future, and these measures do not reflect any cash requirements for such replacements; and
- other companies in our industry may calculate these measures differently than we do, limiting their usefulness as comparative measures.

Because of these limitations, the non-GAAP measures should not be considered as measures of discretionary cash available to us to invest in the growth of our business or as measures of cash that will be available to us to meet our obligations. You should compensate for these limitations by relying primarily on our financial statements and using these non-GAAP measures only on a supplemental basis to evaluate our performance.

As Adjusted Financial Information

We present in this Annual Report certain as adjusted financial information for the Issuer, which is based on the financial information for the Wittur Group, on an as adjusted basis to reflect certain effects of the Transactions on the indebtedness, cash position and interest expense of the Issuer as of and for the year ended December 31, 2014. See “*Summary—Overview of Results—Results Summary—Other Financial and Operating Data.*” The as adjusted financial information includes the following pro forma non-GAAP measures (the “pro forma non-GAAP measures”):

- “*Pro forma net financial debt*” of the Group means the pro forma gross financial debt less pro forma cash and cash equivalents, assuming that the Transactions had occurred on December 31, 2014; and
- “*Pro forma cash interest expense*” of the Group means the interest expense on the pro forma net financial debt for the year ended December 31, 2014, assuming that the Transactions had occurred on January 1, 2014. Pro forma cash interest expense is calculated based on assumed interest rates for the Notes.

These pro forma non-GAAP measures have been prepared for illustrative purposes only and do not represent what our actual interest expense would have been had the Transactions occurred on January 1, 2014 or what our actual cash position, indebtedness or secured indebtedness would have been had the Transactions occurred on December 31, 2014, nor do they purport to project our indebtedness, cash position or interest expense at any future date. The pro forma non-GAAP measures have not been adjusted to reflect the impact of any changes to the income statement, balance sheet or cash flow statement that might occur as a result of application of the acquisition method of accounting under IFRS, which will affect the comparability of the Issuer’s future consolidated financial statements with the Wittur Group’s financial statements contained in this Annual Report. The as adjusted financial information has not been prepared in accordance with the requirements of Regulation S-X of the U.S. Securities Act, other SEC requirements, IFRS, German GAAP or other generally accepted accounting principles. Neither the assumptions underlying the pro forma adjustments nor the resulting pro forma non-GAAP measures have been audited or reviewed in accordance with any generally accepted auditing standards.

These pro forma non-GAAP measures are not measures determined based on IFRS, or any other internationally accepted accounting principles, and you should not consider such items as an alternative to the historical financial position or results or other indicators of our position or performance based on IFRS measures. The pro forma non-GAAP measures, as provided for in this Annual Report, may not be comparable to similarly titled measures as presented by other companies due to differences in the way our pro forma non-GAAP measures are calculated. Even though these types of measures are commonly used by investors, they have important limitations as analytical tools, and you should not consider them in isolation or as substitutes for analysis of our position or results as reported under IFRS.

Non-Financial Operating Data

Certain key performance indicators and other non-financial operating data included in this Annual Report, including (i) number of doors sold (units), including mechanisms, (ii) number of employees (heads), (iii) order intake and (iv) order book at the end of the period, are derived from management estimates, are not part of our financial statements or financial accounting records, and have not been audited or otherwise reviewed by outside auditors, consultants or experts. Our use or computation of these terms may not be comparable to the use or computation of similarly titled measures reported by other companies. Any or all of these terms should not be considered in isolation or as an alternative measure of performance under IFRS.

Rounding

Certain numerical figures set out in this Annual Report, including financial information presented in millions and percentages describing market shares, have been subject to rounding and, as a result, the totals of the data in this Annual Report may vary slightly from the actual arithmetic totals of such information. Percentages and amounts reflecting changes over time periods relating to financial and other information set forth in “Management’s Discussion and Analysis of Financial Condition and Results of Operations” are calculated using the numerical data in each of the Consolidated Financial Statements of Wittur or the tabular presentation of other information (subject to rounding) contained in this Annual Report, as applicable, and not using the numerical data in the narrative description thereof.

PRESENTATION OF INDUSTRY AND MARKET DATA

In this Annual Report, we rely on and refer to information regarding our business and the markets in which we operate and compete. Certain economic and industry data, market data and market forecasts set forth in this Annual Report were extracted from market research, governmental and other publicly available information, independent industry publications, reports prepared by industry consultants and other external sources (including two global consulting firms). Some of these reports were commissioned by the Sellers or Wittur in connection with the Acquisition, and as such may not be fully independent views on the industry or the market.

Industry publications, surveys, reports and forecasts generally state that the information contained therein has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed. We believe that these industry publications, surveys, reports and forecasts, to the extent quoted or referred to herein, are reliable, but we have not independently verified them and cannot guarantee their accuracy or completeness.

While we accept responsibility for accurately summarizing the information from these external sources, and as far as we are aware and able to ascertain no facts have been omitted which would render this information inaccurate or misleading, we accept no further responsibility in respect of such information.

Certain information in this Annual Report, including statements regarding the industry in which we operate, our position in the industry, our market share and the market shares of various industry participants, are based on our internal estimates and analyses and based in part on third-party sources.

We cannot assure you that our estimates or any of the assumptions underlying our estimates are accurate or correctly reflect our position in the industry. None of our internal surveys or information has been verified by any independent sources. Neither we nor the Initial Purchasers make any representation or warranty as to the accuracy or completeness of this information. All of the information set forth in this Annual Report relating to the operations, financial results or market share of our competitors has been obtained from publicly available information or independent research. Neither we nor the Initial Purchasers have independently verified this information and cannot guarantee its accuracy.

Certain market share information and other statements presented herein regarding our position relative to our competitors with respect to the manufacture or distribution of particular products are not based on published statistical data or information obtained from independent third parties, but reflect our best estimates. We have based these estimates upon information obtained from our customers, trade and business organizations and associations and other contacts in our industry.

SUMMARY OVERVIEW OF RESULTS

Results Summary

The Wittur Group demonstrated respectable growth in the fiscal year 2014 based on the good development of the elevator industry. Revenue in 2014 rose to €521.9 million, which was +8.8% above 2013 level, and also closing the year with a particularly strong 4th quarter contributing 27% of annual revenue. The year-on-year growth in revenue was particularly strong in Asia (+19.3%) primarily as a result of new elevator installations, which are driven by increased population growth, urbanization and increasing demand for higher square footage per capita, especially in China. Europe is a mature market consisting of modernization & maintenance elevator components which is showing encouraging signs of recovery with respectable revenue growth of 1.9%.

Historic Adjusted EBITDA reached €75.7 million in fiscal year 2014 and was +17.7% above the previous year Historic Adjusted EBITDA. The Historic Adjusted EBITDA margin has reached 14.5% of revenues (2013: 13.4%). The improvement in Historic Adjusted EBITDA margin was primarily from purchasing savings as a result of the supply chain optimization measures, effects of our sustainable improvements in operational efficiencies which also included organizational realignment and also from reduced cost of warranty claims as a consequence of improved quality of our core products.

Net cash flow before financing activities increased by 115.9% mainly due to increased profits after tax and improved working capital management offset by higher taxes paid as a result of higher profits.

Other Financial and Operating Data

Other Financial Data

	Year ended December 31,	
	2013	2014
	in € million	
	(unaudited unless otherwise stated)	
<u>Profit and Loss</u>		
Revenues	479.8	521.9
thereof Europe	233.4	238.0
thereof Asia	179.5	214.2
thereof Rest of World	66.9	69.8
Revenues (excl. Iran) ⁽¹⁾	474.7	514.5
EBITDA ⁽²⁾	61.2	72.6
Historic Adjusted EBITDA ⁽²⁾	64.3	75.7
Historic Adjusted EBITDA margin ⁽³⁾	13.4%	14.5%
Gross profit ⁽⁴⁾	121.9	135.5
Gross profit margin ⁽⁴⁾	25.4%	26.0%
<u>Cash Flow</u>		
Total capital expenditures ⁽⁵⁾	12.9	12.5
Net cash flow before financing activities ⁽⁶⁾	23.3	50.3
Cash Conversion ⁽⁷⁾	79.9%	83.4%
<u>Credit Data</u>		
Pro forma net senior financial debt ⁽⁸⁾		198.7
Pro forma net financial debt ⁽⁹⁾		423.7
Pro forma cash interest expense ⁽¹⁰⁾		30.8
Ratio of pro forma net senior financial debt to Historic Adjusted EBITDA		2.626x
Ratio of pro forma net financial debt to Historic Adjusted EBITDA		5.599x
Ratio of Historic Adjusted EBITDA to pro forma cash interest expense		2.457x

(1) Revenues (excl. Iran) represents, for any period, consolidated net revenues of the group, excluding sales into Iran, which we are discontinuing in connection with the Transactions.

- (2) We define EBITDA as the consolidated net result for the period adding back finance expense, finance income, income taxes and depreciation and amortization. We define Historic Adjusted EBITDA as EBITDA as adjusted to reflect the extraordinary income and expenses described below. We believe that these EBITDA-based measures are useful to investors in evaluating our operating performance and our ability to incur and service our indebtedness. These EBITDA-based measures are not indicators of performance recognized under IFRS or German GAAP. These EBITDA-based measures are not necessarily comparable to the performance figures published by other companies. You should exercise caution in comparing these EBITDA-based measures as reported by us to EBITDA-based measures of other companies. For more information, see “*Presentation of Financial and Other Information—Non-GAAP Financial Measures*.” The following table is a reconciliation of net result for the period to EBITDA, Historic Adjusted EBITDA, in each case as defined by us, for the periods presented:

	Year ended December 31,	
	2013	2014
	<i>in € million</i>	
	<i>(unaudited unless otherwise stated)</i>	
Net result for the period for continuing operations	11.0	21.3
Finance expense	21.4	21.2
Finance income	(0.8)	(1.8)
Income taxes	10.2	16.3
EBIT	41.7	57.0
Depreciation and amortization	19.5	15.6
EBITDA	61.2	72.6
Reorganization costs ^(A)	0.5	0.4
Severance and recruitment costs ^(B)	0.8	0.1
Project costs and consultant fees ^(C)	0.8	2.5
Shareholder loan refinancing costs ^(D)	1.0	0.0
Historic Adjusted EBITDA	64.3	75.7

(A) Reorganization costs relate to expenses incurred to reorganize certain aspects of our operations. These reorganization costs were incurred in connection with new initiatives put in place by our new group management in 2012, including:

- in the year ended December 31, 2013: severance and redundancy costs and consultancy fees related to the transfer of certain operations from Italy and Spain to Slovakia; consultancy and legal fees related to the merger of certain subsidiaries in Germany and the demerger of certain subsidiaries in Austria for tax optimization purposes; the release of a provision for severance and redundancy costs which resulted from certain employees who agreed to relocate from our closed Madrid plant; and
- in the year ended December 31, 2014: interim management and recruitment costs related to the restructuring of our operations at our facility in Dresden, Germany.

(B) Severance and recruitment costs relate to the hiring of our new group management in 2012 and initiatives put in place by our new group management, including:

- in the year ended December 31, 2013: severance payments, transaction expenses and legal fees paid in connection with the replacement of certain other of our senior managers; severance and redundancy costs in connection with headcount rationalization in our Argentina office in 2013; and severance and redundancy costs paid in connection with headcount rationalization in our norms and patent department; and
- in the year ended December 31, 2014: the transfer of certain of our operations in Rome, Italy, as well as related severance expenses.

(C) Project costs and consultancy fees relate to costs and fees incurred in connection with one-off projects, including:

- in the year ended December 31, 2013: consultancy fees paid to consultants who advised us on our transition from German GAAP to IFRS and for the implementation of new consolidation software and new consolidation processes; consultancy fees related to one-off tax optimization projects, in particular optimization of tax treatment in China; consulting fees related to our now-abandoned plans to sell our facility in Dresden, Germany; consultancy fees paid to an affiliate of one of our existing shareholders for purposes of such shareholder implementing purchasing savings and strategies across its portfolio; and incremental expenses attributable to the larger-than-normal supervisory board that our existing shareholders maintained; and
- in the year ended December 31, 2014: fees and expenses paid in connection with our sale process.

(D) Shareholder loan refinancing costs relate to stamp taxes and consulting, legal and other uncapped expenses incurred in relation to the refinancing of a shareholder loan in 2013.

- (3) Historic Adjusted EBITDA margin represents, in any period, Historic Adjusted EBITDA for such period, divided by revenues for such period.
- (4) Gross profit margin represents a quotient equal to (i) revenues for such period, minus costs of goods sold for such period, divided by (ii) revenues for such period.

- (5) Total capital expenditures represents the sum of purchase of property, plant & equipment and purchase of intangible assets for such period.
- (6) Net cash flow before financing activities as presented in the cash flow statement included in the financial statements for the years ended December 31, 2013 and 2014. See “*Management’s Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources— Analysis of Cash Flows*”.
- (7) Cash conversion represents a quotient equal to (i) Historic Adjusted EBITDA, minus total capital expenditures, divided by (ii) Historic Adjusted EBITDA.
- (8) Pro forma net senior financial debt represents the pro forma gross financial debt of the Group that is senior indebtedness (including structurally senior indebtedness of subsidiaries that are not Guarantors, minus pro forma cash and cash equivalents, after giving effect to the Transactions as if they had occurred on December 31, 2014.
- (9) Pro forma net financial debt represents the pro forma gross financial debt of the Group, minus pro forma cash and cash equivalents, after giving effect to the Transactions as if they had occurred on December 31, 2014.
- (10) Pro forma cash interest expense represents the estimated interest expense of the Group on a pro forma basis for the year ended December 31, 2014, after giving effect to the Transactions as if they had occurred on January 1, 2014.

Other Operating Data

	Year ended December 31,	
	2013	2014
	(unaudited)	(unaudited)
Number of doors sold (<i>units</i>), including door mechanisms	1,381,809	1,545,884
Number of employees (<i>heads</i>) ⁽¹⁾	2,957	3,250
Order intake (<i>in € million</i>) ⁽²⁾	488.0	535.0
Order book at the end of the period (<i>in € million</i>) ⁽³⁾	63.1	74.1

- (1) Employee figures are headcount figures. Employee figures are based on the number at period-end for all periods presented.
- (2) We count order intake upon execution of a definitive contract and one of (i) receipt of the agreed down-payment or (ii) confirmation of committed financing; Order intake represents a gross number, which includes certain changes of existing orders that are counted as a new order (with the original order being deemed cancelled, but not netted off against the gross number of order intakes).
- (3) Order book at the end of the period represents orders for products and services where no contingencies remain before we and the customer are required to perform. Order book does not include prospective orders where customer-controlled contingencies remain, such as customers receiving approval from their board of directors or shareholders and the completion of financing arrangements. All such contingencies must be satisfied or must have expired prior to recording an order in the backlog, even if satisfying such conditions is highly certain. However, orders may still be cancelled and any replacement orders are not required to have the same value.

Subsequent Events

The Acquisition

On December 22, 2014, Bidco, an entity indirectly owned by Bain Capital and the direct, wholly-owned subsidiary of the Issuer, entered into the Acquisition Agreement with TriWay HoldCo AB, Way Equity GmbH & Co KG and Way Shareholder Loan I GmbH & Co KG to acquire all the issued and outstanding capital stock of Wittur and certain shareholder loans. The consummation of the Acquisition occurred on March 31, 2015.

Pursuant to the Acquisition, Wittur became the direct, wholly-owned subsidiary of Bidco, with its ultimate parent entity LuxCo indirectly holding the entire share capital of Wittur. Bain Capital controls LuxCo and holds substantially all (subject to management equity) of LuxCo’s total share capital, which includes ordinary shares and Preferred Equity Certificates. In addition, the Sellers, as lenders, entered into loans with HoldCo, as the ultimate borrower, which resulted in the deferral of a part of the Purchase Price equal to €40.0 million.

As part of the Acquisition, Bain Capital (i) established a management equity participation program under which management holds approximately 15% of the ordinary shares of LuxCo, subject to vesting periods, and (ii) syndicated a portion of its securityholdings in LuxCo to third-party investors.

Following the consummation of the Acquisition, we may enter into transaction and consulting services agreements from time to time with Bain Capital pursuant to which we will make certain payments to Bain Capital for management, consulting, monitoring or advisory services and related expenses.

The Financing

The Acquisition required €593.3 million of debt and equity financing, excluding transaction fees and expenses, but including the repayment of the net debt of Wittur. The Acquisition was financed in part through the issuance

of the Notes in an aggregate principal amount of €225.0 million and a drawing of the New Term Loan B Facility in an aggregate principal amount of €195.0 million. In addition, the New Senior Facilities Agreement provides for the Revolving Credit Facility under which borrowings in an aggregate principal amount of €65.0 million will be available.

Notes

Set forth below is a brief summary of certain terms of the Notes:

The Notes were issued in an aggregate principal amount of €225.0 million by Paternoster Holding III GmbH, a parent company of BidCo and, following the Acquisition, of Wittur, incorporated under the laws of Germany, on February 17, 2015. The Notes bear a fixed interest rate of 8.50% per annum, payable semi-annually in arrears on August 15 and February 15 of each year, except for the first interest payment, which will be payable on October 15, 2015. The Notes were issued at par and in global form in denominations of €100,000 and in integral multiples of €1,000 in excess thereof, maintained in book-entry form. The maturity date of the Notes is February 15, 2023. The Notes are senior secured indebtedness of the Issuer and the Issuer's obligations under the Notes are guaranteed by the Guarantors. The Guarantors include (i) BidCo, which guaranteed the Notes with effect as of February 17, 2015 and (ii) Wittur GmbH (incorporated in Austria), Wittur Austria Holding GmbH, Wittur Austria GmbH, Wittur Limited, Wittur International Holding GmbH, Wittur Electric Drives GmbH, Wittur GmbH (incorporated in Germany), Wittur Holding GmbH, Wittur Deutschland Vertrieb Holding GmbH, Wittur Italia Holding s.r.l., Wittur S.p.A., Wittur Elevator Components, S.A.U., Wittur Sweden AB and Wittur Asansör San. ve Tic. A.S., which guaranteed the Notes with effect as of May 18, 2015. The Guarantees are senior subordinated obligations of each Guarantor and subordinated in right of payment to any existing and future senior indebtedness of such Guarantor, including the Senior Facilities and certain hedging obligations. The Notes and the Guarantees are secured by certain collateral including (i) on a first-priority basis, by a pledge of the shares of the Issuer and a pledge of the bank accounts of the Issuer and (ii) on a second-priority basis pursuant to the Intercreditor Agreement to obligations under the Senior Facilities, by a pledge of the shares of BidCo, a security interest in respect of a proceeds loan through which the Issuer on-lent the proceeds of the Notes to BidCo, a pledge of the bank accounts of BidCo, and an assignment of BidCo's claims under the Acquisition Agreement. Prior to February 15, 2018, the Issuer may redeem all or part of the Notes at a price equal to 100% of the principal amount of the Notes redeemed plus the applicable "make whole" premium. Thereafter, the Issuer can redeem the Notes at specified redemption prices. The Notes and the Guarantees are governed by New York State law.

Senior Facilities

Set forth below is a brief summary of certain terms of the Senior Facilities:

On February 17, 2015, BidCo entered into the Senior Facilities Agreement with, among others, Credit Suisse AG, London Branch, as agent and security agent, and Credit Suisse International, Barclays Bank PLC, Deutsche Bank AG, London Branch and Royal Bank of Canada, as mandated lead arrangers. The Senior Facilities Agreement provides for (i) the €195.0 million New Term Loan B Facility and (ii) the €65.0 million Revolving Credit Facility. Loans under the Senior Facilities Agreement will initially bear interest at rates per annum equal to LIBOR or, for loans denominated in euro, EURIBOR, plus an applicable margin, which in each case will be subject to a decreasing margin ratchet based on the ratio of consolidated senior secured net debt to consolidated pro forma EBITDA (each as defined in the Senior Facilities Agreement). A commitment fee is payable on the aggregate undrawn and uncanceled amount of the Revolving Credit Facility from the Completion Date to the end of the availability period applicable of the Revolving Credit Facility at a rate of 40% of the applicable margin for the Revolving Credit Facility. Default interest will be calculated as an additional 1% on the defaulted amount. The New Term Loan B Facility will be repaid in full on the date that is seven years from the Completion Date. In respect of the Revolving Credit Facility, each advance will be repaid on the last day of the interest period relating thereto, subject to an ability to roll over cash drawings. All outstanding amounts under the Revolving Credit Facility will be repaid on the date falling six years from the Completion Date. Amounts repaid by the borrowers on loans made under the Revolving Credit Facility may be reborrowed, subject to certain conditions. The Senior Facilities Agreement provides for voluntary prepayments to be made (subject to de minimis amounts) and will require mandatory prepayment in full or in part in certain circumstances. The Senior Facilities benefit from substantially the same guarantees as the Notes, but on a senior basis. The Senior Facilities, unlike the Notes, also benefit from security granted by certain subsidiaries of Wittur International Holding GmbH, including security granted by certain subsidiaries incorporated in Austria, England and Wales, Germany, Italy, Spain, Sweden and Turkey, over certain of their assets. The Senior Facilities Agreement contains customary representations, warranties, covenants and undertakings for a facility of its nature, including

a financial covenant, measuring the ratio of consolidated senior secured net debt to consolidated pro forma EBITDA (each as defined in the Senior Facilities Agreement). The financial covenant is only tested in the event that, on the relevant testing date, the amount of all cash loans outstanding under the Revolving Credit Facility exceeds 35% of the total commitments thereunder. The Senior Facilities Agreement is governed by English law.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of financial condition and results of operations are based on the Audited Consolidated Financial Statements of Wittur as of and for the years ended December 31, 2014 and 2013 which are all reproduced elsewhere in this Annual Report, as well as on the accounting records and internal management accounts of Wittur. The 2013 and 2014 Audited Consolidated Financial Statements were prepared in accordance with IFRS and were audited by PwC.

Some of the statements contained below relate to future revenues, costs, capital expenditures, acquisitions and financial condition and include forward-looking statements. Because such statements involve inherent uncertainties, actual results may differ materially from the results expressed in or implied by such forward-looking statements. A discussion of such uncertainties can be found in "Forward-Looking Statements." In addition, investing in the Notes involves risks. Such risks are discussed in "Risk Factors". See also "Presentation of Financial and Other Information".

Trends

A number of global trends affect the dynamics of the elevator components industry, including population growth and urbanization, increasing wealth levels, increased safety regulation and environmental awareness, and increased outsourcing.

Population growth, urbanization and increasing wealth levels as drivers for new installations

We expect new installations of elevators, particularly in urban areas, to continue to be the main driver of the elevator components market. Demand for new installations of elevators is primarily influenced by continued population growth, as well as an increase in the global urbanization rate. Rising levels of wealth and GDP per capita also drive demand for elevators.

Increasing safety regulation, energy efficiency and environmental awareness as drivers for modernization and maintenance

Increased regulation and changing safety norms, as well as consciousness for energy efficiency and environmental protection, have historically supported elevator modernization and maintenance, and we expect these trends will continue to drive demand for elevator components to modernize and support the existing global installed elevator base. We also expect demand for elevator maintenance to continue to be supported by an existing, mature installed elevator base in Europe, as well as maturing installed elevator bases in Asia in the near future.

Increased outsourcing

The outsourcing of the production of elevator components by global MNCs and Independents to suppliers is an ongoing trend which has historically driven demand for elevator parts and we expect this trend to continue in the future.

Key Factors Affecting Results of Operations and Financial Condition

Factors affecting our results of operations and financial condition include the following:

Global economic conditions and economic and political conditions in certain regions

We offer our customers a large range of elevator components for elevator installation and servicing. We also offer complete elevators. Customer demand for elevator components is primarily driven by new elevator installations, both in newly constructed buildings and existing structures, as well as the need for modernization and maintenance of the installed base. These factors are affected by general global economic conditions and the economic and political conditions in the regions in which we operate our business.

Demand for new elevator installations in any geographic market, particularly for new construction, is largely driven by the activity in the construction industry in that market.

Elevator modernization and maintenance have historically been less cyclical in nature than the construction industry in general, and the level of cyclicity is primarily driven by the size and age of the installed base of a particular region, as well as by regulation and energy efficiency requirements in such region.

Demand for elevator modernization and maintenance

We sell elevator components for use in both new elevator installations and for modernizations, upgrades and maintenance spare parts. The share of our business constituting modernizations, upgrades and maintenance spare parts compared to new elevator installations varies by region, depending on the age of the installed base of elevators and the pace of new installation.

While the installed elevator base in Europe is relatively old, with approximately 60% of installed elevators older than 10 years, and thus unlikely to further age on an average basis, only 10% of installed elevators in China and 20% of installed elevators in India are older than 10 years.

We expect that regulatory overhaul will drive elevator modernization as MNCs and other manufacturers of elevators will be required to comply with EU Directive EN 81 20/15 from 2017 and that this trend will be exacerbated by an increasing regulatory focus on energy efficiency and environmental protection.

Steel prices and our ability to pass on cost increases to our customers

Direct material costs (the accounting term used in our accounts to represent raw material costs) constitute a large portion of our production costs, and fluctuations in the price of our raw materials affect our results of operations. In the year ended December 31, 2014, direct material costs accounted for €261.1 million, or 67.6% of our cost of sales. The primary raw materials used in our production processes are metal sheets and coils, carbon steel and stainless steel, but we also purchase other steel products such as steel rolled profiles. Steel products are our most important raw material and we estimate that steel products accounted for approximately one third of our raw material costs in the year ended December 31, 2014. As a result, the market price of steel impacts our results of operations. Other raw materials used in our business include aluminium and titanium, and exhibit similar market dynamics as those exhibited by the market for steel.

Generally, the price for steel correlates to general economic conditions.

We currently do not hedge against fluctuations in steel prices, but our management has adopted new policies in 2012, such as pass through mechanisms, pursuant to which we manage these costs.

Expansion of operational footprint

We operate a significant part of our business in the mature markets of Europe, which accounted for 45.6% of our revenue in the year ended December 31, 2014. We also operate a significant part of our business in emerging markets (particularly, China, India, Eurasia and Latin America) and our Asia and Rest of the World regions accounted for 41.0% and 13.4% of our revenue for the year ended December 31, 2014, respectively.

We have expanded our global footprint, in particular in emerging markets, significantly over the recent past and such expansion has affected our results of operations, including our capital expenditures and cost base in a number of ways. First, the period during which we enter a new market is usually characterized by increased capital expenditures necessary to establish an operational footprint in that market. Second, while our operations in a new market are still in the start-up phase, these operations usually contribute negative EBITDA to our consolidated results, mainly as a result of a lack in generated revenue to offset costs, such as costs related to marketing, establishing a sales force or general legal and administrative expenses. However, once we have solidified our operations in an emerging market and fully established a local presence and local workforce, our operations usually benefit from a lower cost base compared to our more mature markets.

Operational improvement measures and supply chain optimization

Our results of operations are affected by operational improvement measures that we undertake, and in the past we successfully developed, implemented and executed various restructuring and improvement measures to reduce fixed costs and increase operational efficiency. The focus of these measures was mainly on the transfer of production to lower cost locations and headcount reductions in the manufacturing area. In addition, we appointed a global supply chain manager in 2012 to optimize our supply chain and further increase overall product quality and safety, and realized substantial procurement cost savings through the creation of a centralized global procurement platform and the consolidation of our supplier base.

Innovation and investments

In order to support our leading positions in our markets and maintain our technological advantage, we are required to continually develop new products and improve existing products. Our R&D activities primarily focus on optimizing the quality and complementary nature of our existing product portfolio maintaining compliance with our industry's strict regulatory and safety requirements and ensuring continued acceptance of our products by our customers.

To expand our business operations in new markets, such as China, and to acquire property plant and equipment, we typically incur substantial capital expenditures.

Foreign currency exchange rates

Our reported results of operation and financial condition are affected by exchange rate fluctuation and we are exposed to both transactional and translational risk due to these fluctuations. See “*Financial risk management—Market risk—Foreign exchange risk*” in the notes to our consolidated financial statements contained elsewhere herein.

Customer concentration

Our industry is marked by a relatively small number of large customers, and we expect this high concentration of customers to continue for the foreseeable future. Our business depends on, and is strongly aligned with the businesses of, our four largest customers. We generate approximately two-thirds of our revenues from these four customers, with one of them accounting for a significant proportion of those revenues and another one of these four customers also representing a significant and growing portion of our revenues.

The high level of customer concentration in our industry entails a high degree of dependence on our key customers. If we were to lose any of our key customers, we may be unable to find an alternative customer of similar size, or otherwise compensate for such loss, in a timely manner, or at all. Additionally, customers in our industry face time and cost-related barriers to selecting new suppliers for their elevators, as changing suppliers requires new homologation of such components and the review and adjustment of all maintenance manuals. However, these cost-related barriers also partly insulate us against the risk of losing any of our key customers, as any of our customers would incur significant switching costs if it decided to terminate our business relationship and source its components from one of our competitors. In addition, we have long-standing relationships with each of these key customers, which we have maintained over the past 15 to 30 years. Another factor mitigating the risk of losing any of our MNCs as customers is that MNCs put substantial efforts into long-term product standardization in order to simplify and reduce complexity in the maintenance and breakdown service process. For these reasons, elevator installers prefer to remain with selected components and suppliers. Doing so reduces failure rates and maintenance cost, improves productivity and minimizes safety risks.

Our geographic regions

We divide our operations into three regions, which include Europe, Asia and the Rest of the World. These regions describe the geographic region in which we manufacture our products, but do not necessarily correspond to their end-market.

The following table provides a breakdown by revenue for the years ended December 31, 2013 and 2014.

	Year ended December 31,					
	2013			2014		
			(unaudited)			
	Europe	Asia	Rest of the World	Europe	Asia	Rest of the World
			(in € millions)			
Revenue	233.4	179.5	66.9	238.0	214.2	69.8

Europe

Our Europe region represents our core market and comprises our European operations, including operations in Germany, Austria, Spain, and Italy as well as our operations in Africa. Additionally, our Europe region includes our headquarters and certain holding company costs. In the year ended December 31, 2014, we generated revenue of €238.0 million, or 45.6% of our revenues in our Europe region.

Historically, revenue growth in our Europe region has been supported by a mature installed base, which drives modernization and maintenance, as well as demand for innovative elevator components designed to further increase elevator safety and energy efficiency. We have also expanded our operations in Africa in recent years through direct sales (primarily from Spain) and a new trading unit.

In the year ended December 31, 2014, we generated 60.5% of our revenue in our Europe region through sales to our MNC customers and the remainder through sales to Independents. In the year ended December 31, 2014, sales of elevator doors and door components accounted for 51.7% of our revenue, followed by slings, drives and electronics, which accounted for 15.0%, 5.3% and 2.4%, respectively.

Generally speaking, our operations in our Europe region benefit from high margins, primarily due to high gross profit margins, which are partially offset by a higher cost base as a result of, for example, high marketing costs.

Asia

Our Asia region has been the growth engine for our business and primarily comprises our operations in China, India, and Korea. In the year ended December 31, 2014, we generated revenue of €214.2 million, or 41.0% of our revenues, in our Asia region. This constituted an increase of €34.7 million, or 19.3%, compared to 2013. China accounted for 92.6% of our Asia revenue in the year ended December 31, 2014 and 93.0% of our Asia revenue in the year 2013.

Revenue growth in our Asia region is primarily the result of new elevator installations, which are driven by increased population growth, urbanization and increasing demand for higher square footage per capita, especially in China. Additionally, our business has benefited from our close cooperation with market-leading Western MNCs and their expansion in Asia, particularly in China.

In the year ended December 31, 2014, we generated 92.3% of our revenue in our Asia region through sales to our MNC customers. We generated the remainder of our Asia revenue through sales to Independents. In the year ended December 31, 2014, sales of elevator doors and door components accounted for 94.5% of our revenue for Asia, followed by slings, drives and electronics.

Generally speaking, our operations in the Asia region are characterized by margins roughly comparable to our operations in our Europe region.

Rest of the World

Our Rest of the World region mainly comprises our operations in Latin America (particularly, Brazil) and Eurasia and accounted for €69.8 million, or 13.4%, of our revenues in the year ended December 31, 2014.

Revenue growth in our Rest of the World region is both the result of new elevator installations, particularly in Latin America, which accounted for 8% of estimated global elevator market value in 2014, and demand for modernization and maintenance, particularly in Russia, which is driven by an ageing installed base.

In the year ended December 31, 2014, we generated 21.6% of our revenue in our Rest of the World region through sales to our MNC customers. We generated the remaining 78.4% of our Rest of the World revenue through sales to Independents. In the year ended December 31, 2014, sales of elevator doors and door components accounted for 61.1% of our revenue, followed by slings, drives and electronics.

Generally speaking, our operations in the Rest of the World region are characterized by margins roughly comparable to our operations in our Europe region and Asia region.

Explanation of Key Line Items

The following section provides a description of our key IFRS financial statement line items:

Revenues

Revenue is primarily generated from the manufacture and provision of components, drives and systems for the elevator industry. This includes elevator components, such as automatic elevator doors, cabins, safety components, drives, elevator frames and complete elevators, used both in new installations and modernizations. These components are integrated into elevator systems for public elevators, cargo elevators and also in shipping.

Revenue is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognized when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods and the amount of revenue can be measured reliably.

Cost of sales

Cost of sales includes direct and indirect production costs attributable to the production process and relating to the products sold, including costs of materials, labor, freight, packaging and other costs. We exclude from cost of sales personnel costs for employees in research and development, selling and distribution and general and administration functions and instead record these costs in research and development costs, selling expenses and general administration costs, respectively. Cost of sales also includes income and costs resulting from changes in warranty provisions.

Selling expenses

Selling expenses primarily consists of salaries, wages and incidental costs for sales and marketing personnel, costs related to trade fairs, travel expenses related to our sales and marketing operations and other marketing costs.

Research and development expenses

Research and development expenses primarily consist of personnel-related costs and other costs directly linked to research and development throughout our business. We capitalize research and development costs related to product or process enhancements if the completion of the product or process is technically and economically feasible, the developed product or process is marketable, the expenditures can be measured reliably, and if we have adequate resources available to complete the development of the project or process. We recognize all other costs related to product or process development as an expense. We report capitalized development expenditures for completed projects at cost less cumulative amortization and impairment losses. We test capitalized development costs for intangible assets not yet available for use for impairment once a year.

Administrative expenses

Administrative expenses consists of compensation and associated expenses for administrative functions such as finance, legal, information technology, human resource and general management costs, audit fees, bank fees, tax and legal consultancy costs and costs of bad debt allowances and bad debt write offs, as well as depreciation and amortization of tangible and intangible assets.

Other income

Other income primarily includes gains related to foreign currency transactions, rental income from leased property, grants and government subsidies received.

Other expenses

Other expenses primarily include losses related to foreign currency transactions, and non-corporate taxes expensed.

Finance income

Finance income includes interest income on receivables, cash investments and marketable securities, gains on fair value adjustments of financial instruments and other interest income.

Finance expenses

Finance expenses includes interest expenses on loans and borrowings, amortization of capitalized transaction costs, interest cost from discounting of defined benefit obligations, losses on fair value adjustments of financial instruments and other interest expenses.

Income taxes

Income tax expense includes current and deferred corporate income taxes and withholding taxes on dividend payments.

Discontinued operations

Discontinued operations related to the sale of Wittur Hydraulic Drives based in Bagnatica, Italy, in 2013 and includes losses for the year and loss on disposal of the subsidiary including all related disposal costs.

Results of Operations

The following table provides an overview of our results of operations for the years ended December 31, 2013 and 2014, as reported pursuant to IFRS.

	Year ended December 31,	
	2013	2014
	<i>in € million</i>	
	<i>(audited)</i>	<i>(audited)</i>
Revenues	479.8	521.9
Cost of sales	(357.9)	(386.4)
Gross profit	121.9	135.5
Selling expenses	(19.7)	(19.0)
Research & development expenses	(5.8)	(5.8)
Administrative expenses	(55.6)	(52.9)
Other income	2.8	1.9
Other expenses	(1.7)	(2.6)
Earnings before interest and taxes (EBIT)	41.7	57.0
Finance expense	(21.4)	(21.2)
Finance income	0.8	1.8
Earnings before income taxes (EBT)	21.2	37.5
Income taxes	(10.2)	(16.3)
Net result for the period for continuing operations	11.0	21.3
Loss after taxes for Discontinued Operations	(0.6)	0.0
Net result for the period	10.4	21.3

Year Ended December 31, 2013 Compared to the Year Ended December 31, 2014

The following table provides an overview of our results of operations for the year ended December 31, 2013 and 2014:

	Year ended December 31,		
	2013	2014	Change in %
	in € million		
	(audited)	(audited)	(unaudited)
Revenues	479.8	521.9	8.8%
Cost of sales	(357.9)	(386.4)	8.0%
Gross profit	121.9	135.5	11.2%
Selling expenses	(19.7)	(19.0)	-3.6%
Research & development expenses	(5.8)	(5.8)	0.9%
Administrative expenses	(55.6)	(52.9)	-5.0%
Other income	2.8	1.9	-32.4%
Other expenses	(1.7)	(2.6)	51.9%
Earnings before interest and taxes (EBIT)	41.7	57.0	36.5%
Finance expense	(21.4)	(21.2)	-0.7%
Finance income	0.8	1.8	111.1%
Earnings before income taxes (EBT)	21.2	37.5	77.0%
Income taxes	(10.2)	(16.3)	59.0%
Net result for the period for continuing operations	11.0	21.3	93.8%
Loss after taxes for Discontinued Operations	(0.6)	0.0	-100.0%
Net result for the period	10.4	21.3	105.2%

Revenues

Revenues increased by €42.1 million, or 8.8%, from €479.8 million in the year ended December 31, 2013, to €521.9 million in the year ended December 31, 2014. This increase in revenues was primarily driven by increased sales to our Western MNC customers Kone, Otis and Schindler in China and Turkey, mainly as a result of new installations.

Revenues by region

	Year ended December 31,			
	2013		2014	
	in € million	% of revenue	in € million	% of revenue
Europe	233.4	48.6	238.0	45.6
Asia	179.5	37.4	214.2	41.0
Rest of the World	66.9	13.9	69.8	13.4
Revenue	479.8	100.0	521.9	100.0

Europe

Revenue in our Europe region increased by €4.5 million, or 1.9%, to €238.0 million in the year ended December 31, 2014, from €233.4 million in the year ended December 31, 2013. This increase in revenue was primarily the result of increased sales to Independent customers. In year ended December 31, 2014, sales to MNCs accounted for 60.5% of our revenue for Europe, a decrease of 1.3% from 2013, and sales to Independents contributed 39.5%, compared to 38.2% in 2013.

Asia

Revenue in our Asia region increased by €34.7 million, or 19.3%, to €214.2 million in the year ended December 31, 2014, from €179.5 million in the year ended December 31, 2013. This increase in revenue was primarily the result of an increase in new elevator installations which outpaced overall GDP growth and the growth in the construction industry, particularly in China. In the year ended December 31, 2014, sales to MNCs accounted for 92.3% of our revenue in Asia, and Independents contributed 7.7%.

Rest of World

Revenue in our Rest of the World region increased by €2.9 million, or 4.3%, to €69.8 million in the year ended December 31, 2014 from €66.9 million in the year ended December 31, 2013. This increase in revenue was primarily the result of an increase in revenue from key emerging markets in this region, including Brazil, driven by new installations and modernization projects by both Independents and MNCs. In the year ended December 31, 2014, sales to MNCs accounted for 21.6% of our revenue in our Rest of the World region, an increase of 0.1% from 2013, and sales to Independents contributed 78.4% compared to 78.5% in 2013.

Cost of Sales

Cost of sales increased by €28.5 million, or 8.0%, to €386.4 million in the year ended December 31, 2014 from €357.9 million in the year ended December 31, 2013.

This increase in cost of sales was primarily due to sales growth, primarily in Asia, and was partially offset by purchasing savings, effects of our operational improvement measures and reduced cost of warranty claims. Cost of direct materials amounted to €261.1 million, or 67.6%, of our overall cost of sales in the year ended December 31, 2014, an increase of €21.0 million, or 8.7%, compared to 2013. This increase in direct material costs, consumables and merchandise was primarily the result of increased sales volumes. Other cost of sales, including certain labour costs and costs for packaging & freight, increased during the year ended December 31, 2014, compared to the same period in 2013, primarily due to sales growth.

Gross Profit

Gross profit increased by €13.6 million, or 11.2%, to €135.5 million in the year ended December 31, 2014, from €121.9 million in the year ended December 31, 2013. This increase in gross profit was primarily due to the sales growth, our purchasing savings, effects of our operational improvement measures and reduced cost of warranty claims.

Selling Expenses

Selling expenses decreased by €0.7 million, or 3.6%, to €19.0 million in the year ended December 31, 2014, from €19.7 million in the year ended December 31, 2013. This decrease was primarily due to expenses related to the biennial Interlift fairs that occurred in year ended December 31, 2013.

Research & Development Expenses

Research & Development expenses remained relatively constant at €5.8 million in the year ended December 31, 2014, compared to €5.8 million in the year ended December 31, 2013. Research and development expenses in the year ended December 31, 2014 primarily related to the R&D function's strategically alignment with the business after its reorganization in 2013.

Administrative Expenses

Administrative expenses decreased by €2.8 million, or 5.0%, to €52.9 million in the year ended December 31, 2014, from €55.6 million in the year ended December 31, 2013. This decrease in administrative expenses was primarily due to the reduced depreciation of purchase price allocation assets, partially offset by increased

labour costs as a result of an increase in the number of our full-time equivalent employees in 2014, allowances for bad debt relating to trade receivables and increased IT consultancy costs.

Other Income

Other income decreased by €0.9 million, or 32.4%, to €1.9 million in the year ended December 31, 2014, from €2.8 million in the year ended December 31, 2013. This increase was primarily due to decrease in exchange gains on foreign currency transactions as a result of a weaker euro in 2014 compared to 2013.

Other Expenses

Other expenses increased by €0.9 million, or 51.9%, to €2.6 million in the year ended December 31, 2014, from €1.7 million in the year ended December 31, 2013. This increase was primarily due to an increase in other taxes which related to education tax and city construction tax in China and increase in exchange losses on foreign currency transactions as a result of a weaker euro in 2014 compared to 2013.

Finance Expense

Finance expense remained relatively constant at €21.2 million in the year ended December 31, 2014, compared to €21.4 million in the year ended December 31, 2013. Finance expenses in 2014 consisted of shareholder loan interest expense of €6.6 million, interest on borrowings of €7.4 million and amortization of transaction costs of €6.4 million related to the financing put in place in connection with our Existing Senior Facilities.

Finance Income

Finance income increased by €0.9 million, or 111.1%, to €1.8 million in the year ended December 31, 2014, from €0.8 million in the year ended December 31, 2013. This increase was primarily due to a one-off receipt in Spain of interest in relation to a tax dispute relating to 1993 settled in December 2014.

Income Taxes

Income taxes increased by €6.0 million, or 59%, to €16.3 million in the year ended December 31, 2014, from €10.2 million in the year ended December 31, 2013. This increase was primarily due to increased taxable income as a result of the factors described above. The effective tax rate decreased from 48.3% in 2013 to 43.4% in the year ended December 31, 2014, due to higher non-recurring tax items in 2013 than in 2014 in relation to one-off events such as prior year tax payments, and results of tax audits, combined with the effect of a different mix of profit contribution from entities in 2014 resulting in a different blending of tax rates.

Loss after Taxes for Discontinued Operations

Loss after taxes for discontinued operations was only relevant in 2013 of €0.6 million. There were no discontinued operations in 2014.

Net Result for the Period

Net result for the period increased by €10.9 million to €21.3 million profit in the year ended December 31, 2014 from €10.4 million profit in the year ended December 31, 2013. This increase was primarily as a result of the factors described above.

Liquidity and Capital Resources

Overview

Our principal source of liquidity on an ongoing basis has been our cash flows from operations. Our principal source of liquidity is expected to be our cash flows from operations, as well as drawings under our Revolving Credit Facility. We used the proceeds from the Offering of the Notes together with the proceeds of the New Term Loan B Facility and the Equity Contribution to fund the consideration payable for the shares of Wittur, repay all amounts outstanding under the Existing Senior Facilities Agreement and certain other debt of Wittur's subsidiaries and pay the estimated fees and expenses incurred in connection with the Transactions.

Our ability to generate sufficient cash for our ongoing operations depends on our operating performance, which in turn depends to some extent on general economic, financial, industry, regulatory and other factors, many of which are beyond our control, as well as other factors discussed in “Risk Factors.” We believe that, based on our current level of operations as reflected in our results of operations for the year ended December 31, 2014, our cash flows from operating activities, cash on hand and the availability of borrowings under our Revolving Credit Facility will be sufficient to fund our operations, capital expenditures and debt service for at least the next twelve months.

We have had access to funds under our Senior Facilities since March 31, 2015. The availability of the Senior Facilities, including the Revolving Credit Facility, is subject to certain conditions. We anticipate that we will be highly leveraged for the foreseeable future, and under certain circumstances, obligated to comply with a financial maintenance covenant. Our high level of debt may have important negative consequences for you. See “Risk Factors”. There are also limitations on our ability to obtain additional debt or equity financing. In addition, any additional indebtedness that we do incur could reduce the amount of our cash flow available to make payments on our then existing indebtedness, including under the Notes offered hereby, and increase our leverage.

For a description of our material debt instruments see “Notes to the consolidated statement of comprehensive income and balance sheet—Interest bearing loans and other borrowings” in the notes to our consolidated financial statements contained elsewhere herein.

Cash Pooling Arrangements

We implemented a zero-balancing cash pool for our subsidiaries located in the euro zone in June 2011. The master account holder is Wittur Holding GmbH, and all Wittur Group members located in the euro zone are connected via their local banks to the cash pool. Local positive bank balances are transferred automatically to Wittur Holding GmbH at the end of a German bank working day and bank balances at local banks are automatically balanced by Wittur Holding GmbH at the end of a German bank working day. As needed, we also have other credit lines, including, following consummation of the Transactions, under the Revolving Credit Facility, available for utilization.

Entrustment Loan Arrangements in China

Chinese regulations currently severely restrict intercompany lending between subsidiaries within a group, which in turn limits our ability to extract the cash generated by our Chinese operations. Currently, the only authorized means of intercompany borrowing is by way of an entrustment loan using an international bank as entrustment facilitator. In 2013, Wittur, as borrower, entered into an entrustment loan agreement with Wittur China, as lender, and Commerzbank Shanghai, as entrustment facilitator, pursuant to which several tranches of loans up to an aggregate of RMB 150.0 million can be drawn. Under the entrustment loan agreement, Wittur China makes a payment to Commerzbank Shanghai which in turn transfers the funds received to Wittur’s RMB-denominated account with Commerzbank Munich, where the funds are translated into euro. Commerzbank Shanghai does not assume any loan risk but collects certain handling charges and the entrustment loan bears interest at a fixed rate of 4.2%, which is set by the People’s Bank of China. In November 2014, Wittur, as borrower, entered into an additional entrustment loan agreement with Wittur China, as lender, and Skandinaviska Enskilda Banken AB (publ) Shanghai Branch as entrustment facilitator, pursuant to which several tranches of loans up to an aggregate of RMB 130.0 million can be drawn. Pursuant to the entrustment loan agreement, Wittur can repay outstanding loans at any time, and we constantly monitor the liquidity requirements of Wittur China and respond to any liquidity shortfalls through repayments of outstanding entrustment loans. The entrustment loan arrangement is currently scheduled to expire in 2018. As of December 31, 2014, €18.7 million had been drawn under the entrustment loan.

Working Capital

We define working capital as the sum of inventories, trade receivables and other current assets, less trade payables and other current liabilities. The following table provides an overview of our working capital as of December 31, 2013 and 2014:

	Year ended December 31,	
	2013	2014
	<i>in € million</i>	
	<i>(audited)</i>	<i>(audited)</i>
Inventories	37.9	43.1
Trade and other receivables	85.2	93.7
Trade payables	(63.0)	(78.6)
Other current assets	12.6	9.1
Other current liabilities	(26.9)	(29.3)
Working capital	45.8	38.1

(1) Working capital is a Non-GAAP financial measure and, as such, has not been audited for any of the periods presented.

Our effective management of working capital levels, particularly through sharing best practices among different jurisdictions, and the large proportion of our revenues derived globally operating MNCs, has allowed us to maintain our working capital requirements below 10% of our revenues since 2012. In 2013, we undertook a policy of active working capital management which included delaying payments of receivables and early payment of payables and so distorts the working capital changes in 2013.

Analysis of Cash Flows

The following table sets forth consolidated cash flow data for the years ended December 31, 2013 and 2014:

	Year ended December 31,	
	2013	2014
	<i>in € million</i>	
	<i>(audited)</i>	<i>(audited)</i>
Operating activities		
Profit (loss) after Tax	10.4	21.3
Depreciation, Amortization and Impairment	19.8	15.6
Taxes	9.2	16.3
Interest	21.0	19.5
Loss on sale of discontinued operations	0.3	-
Gain/loss on sale of fixed assets	(0.2)	(0.1)
Losses from disposal of fixed assets	0.2	0.0
Cash generated from operations (excl. working capital changes)	60.7	72.5
Changes in working capital	(14.1)	6.7
Net movement in provisions, pension obligations and other liabilities	0.3	(0.7)
Net movement in other assets	0.1	(1.8)
Interest received	0.3	1.2
Income taxes paid	(12.6)	(16.7)
Net cash flow from operating activities	34.6	61.2
Investing activities		
Purchase of property, plant & equipment	(10.6)	(8.6)
Purchase of intangible assets	(2.3)	(3.9)
Disposal of assets	0.7	0.1
Proceeds from disposal of Group company & related assets	-	1.6
Proceeds from disposal of Group company	0.9	-
Net cash flow used in investing activities	(11.3)	(10.9)
Net cash flow before financing activities	23.3	50.3
Financing activities		
Repayment of shareholder loan	(70.0)	(2.5)
Proceeds from borrowings	73.4	0.0
Repayment of borrowings	(16.1)	(26.6)
Payment of refinancing fees	(3.3)	-
Interest paid	(9.1)	(8.2)
Net cash flow used in financing activities	(25.2)	(37.4)
Net increase/(decrease) in cash	(1.9)	13.0
Effects of currency translation	(0.5)	1.0
Cash and cash equivalents at beginning of period	22.4	20.0
Cash and cash equivalents at the end of period	20.0	34.0

Year Ended December 31, 2013 Compared to Year Ended December 31, 2014

Cash generated from operations (excluding working capital changes)

Cash generated from operations (excluding working capital changes) increased by €11.9 million, or 19.6%, to €72.5 million in the year ended December 31, 2014, from €60.7 million in the year ended December 31, 2013. This increase was primarily due to increased profit after tax.

Net cash flow from operating activities

Net cash flow from operating activities increased by €26.6 million, or 76.7%, to €61.2 million in the year ended December 31, 2014, from €34.6 million in the year ended December 31, 2013. The increase was mainly due to increased profit after tax and improvement in working capital, partially offset by higher taxes paid.

Net cash flow used in investing activities

Net cash flow used in investing activities decreased by €0.5 million, or 4.1%, to €10.9 million in the year ended December 31, 2014, from €11.3 million in the year ended December 31, 2013. This decrease was primarily due to the completion of our plant in Slovakia, which had increased purchase of property, plant & equipment in year ended December 31, 2013.

Net cash flow used in financing activities

Net cash flow used in financing activities increased by €12.2 million, or 48.4%, to €37.4 million in the year ended December 31, 2014, from €25.2 million in the year ended December 31, 2013. This increase was primarily due to the repayment of our ancillary bank facility in January 2014.

Capital Expenditures

To support our business strategy and development plans and to further expand our business operations in new markets, such as China, we regularly incur capital expenditures. In the years ended December 31, 2013 and 2014, we incurred capital expenditures of €12.9 million, or 2.7% of revenue, and €12.5 million, or 2.4% of revenue, respectively.

The following table presents our capital expenditures by period. Expansion capital expenditures mainly relate to entering and establishing production facilities and a sales force in new markets, expanding production of our existing facilities and entering into production of new products. Maintenance capital expenditures mainly relate to maintaining our existing operations and replacing existing property, plant & equipment.

	Year ended December 31,	
	2013	2014
	<i>in € million</i>	
	<i>(unaudited)</i>	<i>(unaudited)</i>
Expansion capital expenditures	8.0	8.8
Maintenance capital expenditures	4.9	3.6
Capital expenditures	12.9	12.5

We incurred €12.5 million of capital expenditures in the year ended December 31, 2014, of which €3.6 million were maintenance capital expenditures, €8.8 million was expansion capital expenditure (of which €3.0 million related to capital expenditure for our plant in Slovakia). Typically, our maintenance capital expenditures are concentrated at the end of a given year.

For the year ending December 31, 2015, our management expects to incur capital expenditures in the amount of €11.5 million. Major projects in the year ending December 31, 2015 include investments in emerging economies, such as China, Brazil, and India, to further expand our business operation in these fast-growing markets. Furthermore, we anticipate capital expenditures in future periods to amount to approximately 2% of revenue, which we believe will be sufficient to support the ongoing growth of our business.

Contractual Obligations and Contingent Liabilities

The following contractual obligations and principal payments identify what we would have been obligated to make as of December 31, 2014 after giving effect to the Transactions. Also see “*Financial Risk Management—Liquidity Risk*” in the notes to our consolidated financial statements contained elsewhere herein

in € million	Payments due by period (unaudited)			
	Total	Less than 1 year	1 to 5 years	More than 5 years
New Term Loan B Facility	195.0	-	-	195.0
Notes	225.0	-	-	225.0
Finance Lease	3.7	0.3	1.0	2.4
Total	423.7	0.3	1.0	422.4

The information presented in the table above reflects our estimates of the contractual maturities of our obligations. These maturities may differ significantly from the actual maturity of these obligations. The table above also mainly reflects those agreements and obligations that are customary and necessary in light of the activities in which we engage. We believe that our cash generated from operating activities and amounts available under our Revolving Credit Facility will be sufficient to satisfy present working capital requirements.

Off-Balance Sheet Arrangements

Our off-balance sheet commitments include operating leases relating to buildings, machinery and vehicles. Operating leases as of December 31, 2014 increased compared to December 31, 2013, primarily as a result of our execution of a 15-year operating lease relating to a new plant in Brazil. The following table provides an overview of our scheduled minimum operating lease payments as of December 31, 2013 and 2014:

	Year ended December 31,	
	2013	2014
	in € million	
	(audited)	(audited)
Future minimum lease payments		
Due within 1 year	2.2	4.4
Due between 1 and 5 years	3.1	4.7
Due late than 5 years	0.0	2.5
Total	5.3	11.6

Pension Obligations

We offer various types of retirement benefits to certain of our employees worldwide, either directly or by contributing to independently administered funds. In particular, we have defined benefit pension plans in Austria and Italy. As of December 31, 2014, we had retirement and benefit obligations and obligations relating to indemnities for the termination of employment contracts in accordance with applicable local law (mainly Italian and Austrian law) in an amount of €2.5 million and €7.2 million, respectively.

We have historically funded payments required to be made under these pension plans with cash flow from operating activities, and we anticipate continuing doing so going forward.

Qualitative Disclosure on Market Risk

We are exposed to a number of financial risks arising from the ordinary course of business, such as credit risks, foreign exchange risk and interest rate risks. Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk consists of the following types of risk: foreign currency exchange rate risk and interest rate risk. Financial instruments exposed to market risk include interest-bearing loans and derivative financial instruments. See “*Financial risk management—Market risk*” in the Notes to our consolidated financial statements contained elsewhere herein.

Critical Accounting Policies

When applying our accounting policies, management must make assumptions and estimates concerning the future that affect the carrying amounts of assets and liabilities at the statement of financial position date, the disclosure of contingencies that existed at the balance sheet date and the amounts of net sales and expenses recognized during the accounting period. Such assumptions and estimates are based on factors such as historical experience, the observance of trends in the industries in which we operate and information available from our customers and other outside sources.

Due to the inherent uncertainty involved in making assumptions and estimates, actual outcomes could differ from those assumptions and estimates. An analysis of the key sources of estimation uncertainty at the statement of financial position date that have a significant risk of causing a material adjustment to the carrying amounts of our assets and liabilities in the next fiscal year is presented at “*Estimates and judgments*” and “*Significant accounting policies*” in the Notes to our consolidated financial statements;

OUR BUSINESS

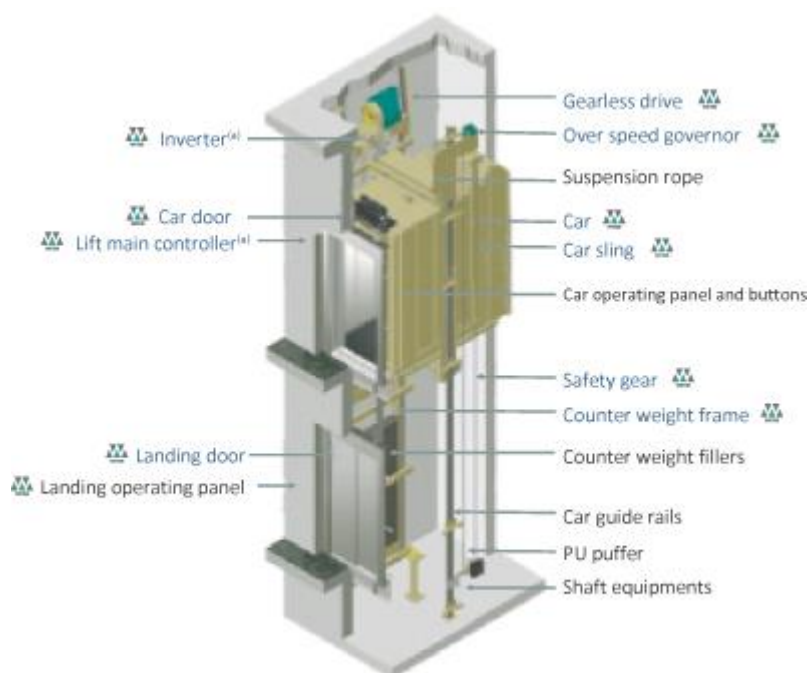
Our History

We were founded in 1968 by Horst Wittur in Wiedenzhausen (Bavaria, Germany) as a manufacturer and distributor of elevator swing doors and as a trader of elevator components focusing on the local market. Since then, we have continuously expanded our product portfolio and production footprint, both organically and through acquisitions (mainly by way of outsourcing transactions, such as recently taking over the Scheibbs, Austria, facility from Kone in 2000). We have been early entrants into a number of emerging markets with local production, such as Turkey (1993), China (1995), Argentina and Brazil (both 2000), Slovakia (2009) and India (2010). Today, we believe we are the largest independent manufacturer of elevator components, modules and complete elevators with an extensive global manufacturing footprint and sales network as well as a broad range of products.

Our Products

We produce elevator cabin and landing doors (including door operators) and offer a wide range of gearless drives, slings, safety gears and cars, while also offering complete elevators. Our in-house product portfolio covers the vast majority of critical and technologically complex components necessary for elevator installation, modernization and maintenance.

Overview of Wittur product offering



Source: Company information.

(a) Designed and branded by Wittur, manufactured by third party.

Doors

Doors (including door operators and other door components) have historically been our core product. Doors and door components accounted for 70.5% of our revenue in the year ended December 31, 2014.

We supply customers across all market segments with solutions ranging from standardized doors to highly customized, bespoke door applications with different combinations of performance and technical functionality. As of December 31, 2014, our door product range included 19 different models of landing doors and 15 different models of car doors, available for all applications and geographies. Different models are designed to accommodate distinctive customer needs in terms of traffic flows and sizes (including different speeds, as well as traffic flows and elevator loads ranging from 250 kilograms to 10,000 kilograms). Standard installations are available for residential buildings and modernization projects, while a broad set of customizations is available to meet specific customer demands.

Doors are the leading reason for unscheduled maintenance calls, accounting for what one of our customers has estimated to be 40% of maintenance activities. Given elevator installers' focus on service, high reliability and a low degree of maintenance are key to elevator installers' ability to differentiate themselves from their competitors. This factor benefits our business due to our focus on high quality and reliability. Moreover, despite their relevance to maintenance costs, doors only account for between 14% and 21% of the total cost of an elevator, so elevator installers may be less likely to compromise quality over price.

Our latest products in the doors-product group comply with European standard EN81 20/50, which is the most relevant standard for elevators in Europe. Production and installation are based on the "modular" concept, which optimizes the number of parts and installation time.

Slings and Counterweight Frames

Slings have historically been one of our other core products. Slings and counterweight frames accounted for 7.4% of our revenue in the year ended December 31, 2014. A sling (also known as car sling) is the supporting frame of the elevator car, to which the guide shoes, safety gear and hoisting ropes or hydraulic cylinder are attached.

We offer a broad range of car and counterweight slings for diverse applications combining different features for load and technical functionality (these include standard and cantilever slings). In addition, we offer a range of accessories, including safety gears, suspension pulleys, compensation chains and traveling cable hangers, allowing configurations suitable for different shaft layouts, elevator designs and speeds. Our product offering ranges from standard to highly customized high-end slings and special application slings.

The majority of our products in this product group comply with European standard EN81-20/50. We expect the remaining products will be confirmed by the Interlift 2015 fair, scheduled for October 2015.

Drives

Our product offering also includes standardized and customized gearless drives. Drives accounted for 5.0% of our revenue in the year ended December 31, 2014.

Our drives have a wide range of potential purposes, including for loads ranging from 275 kilograms to 5,500 kilograms and for speeds from 0.5 meters per second to 5.0 meters per second. We focus on high efficiency (lower energy consumption) products and high suspension load with our gearless drive range (which limits backlash, vibration and noise).

Safety Gears

We supply high speed safety gears and offer a complete product range of safety equipment, including safety gears and overspeed governors suitable for all common guide types. Safety gears, overspeed governors and safety brakes accounted for 4.5% of our revenue in the year ended December 31, 2014.

Our product range includes uni- and bi-directional safety gears and instantaneous and progressive safety gears. All types of applications are covered with a number of combinations for load, speed, travelling height, technical functionality, electronic overspeed detection and bi-directional features.

Cars

We offer a broad selection of cars, both for passenger and goods transportation, with applications from residential and commercial buildings to specialized industrial applications, and with capacities from 320 kilograms to 5,000 kilograms. Cars accounted for 1.4% of our revenue in the year ended December 31, 2014.

Our cars are integrated with complete elevators, have flexible configuration(s) and are easy to install. We offer a wide variety of cars with different possible combinations of load, usage, category, accessories and a number of entrances.

Complete Elevator

We offer complete elevator packages for Independents. Complete elevators accounted for 4.9% of our revenue in the year ended December 31, 2014.

MNCs also rely on our complete elevators for certain specialized applications. Our offering includes modular elevators, bearing loads from 320 kilograms up to 10,000 kilograms. Our broad product offering includes standard and high performance applications with a large number of customizations from technical functionality, end-use (home, commercial and high rise elevators), speed and load levels.

For complete elevators, we source certain elements from third parties (e.g., guide rails, controllers, counterweight fillers) and sell them together as part of the entire system or, in some cases, we sell complete elevators directly as a distributor.

Our Regions

We divide our operations into three geographical regions, which include Europe, Asia and the Rest of the World. We measure output from our regions on the basis of origination of our products, not their destination.

Europe

Our Europe region includes our operations in Africa and represents our core market, accounting for 45.6% of our revenue in the year ended December 31, 2014. We also believe our business in Europe has upside potential as Southern European economies recover. Our operations in Europe are characterized by a mature installed elevator base, with our sales approximately evenly split between new installations, on the one hand, and upgrades, modernizations, maintenance and spare parts, on the other hand. For the year ended December 31, 2014, we generated 60.5% of our revenue in our Europe region through sales to our MNC customers, with 51.7% of our revenue derived from sales of doors and door components. See also “*Management’s Discussion and Analysis of Financial Condition and Results of Operations—Our geographic regions—Europe*”.

Asia

Our Asia region provides the growth engine for our business, and represented 41.0% of our revenue for the year ended December 31, 2014. This growth is driven by increased urbanization and other favorable trends in China, with the potential to grow spare parts sales in China as the market there matures. For the year ended December 31, 2014, we generated 92.6% of the revenue in our Asia region from our operations in China, with significant sales in India and South Korea as well. Our Asia business is characterized by provision of components in connection with new elevator installation, and close cooperation with market-leading Western MNCs active in China. In the year ended December 31, 2014, we generated 92.3% of our revenue in our Asia region through sales to our MNC customers, and doors and door components accounted for 94.5% of our sales in Asia. See also “*Management’s Discussion and Analysis of Financial Condition and Results of Operations—Our geographic regions—Asia*”.

Rest of the World

Our Rest of the World region primarily includes Eurasia, Turkey, the Middle East and Latin America, and represented 13.4% of our revenue, with the potential for significant future growth. Business in our Rest of the World region is primarily based on new elevator installations, except for in Russia, where a significant component involves elevator modernization and maintenance. Most of our customers in our Rest of the World region are Independents, who made up 78.4% of our revenue in our Rest of the World region in the year ended December 31, 2014. Our product mix is less reliant on doors and door components, which for the year ended December 31, 2014, made up 61.1% of our sales in our Rest of the World region. See also “*Management’s Discussion and Analysis of Financial Condition and Results of Operations—Our geographic regions—Rest of the World*”.

Our Customers

Our key customers are MNCs, including both Western MNCs and Asian MNCs. Our largest customers are Kone, Schindler, Otis and ThyssenKrupp Elevator. We also serve Independents, which are typically active in a limited geographic market.

Western MNCs

Our largest customers, the Western MNCs Kone, Schindler, Otis and ThyssenKrupp Elevator accounted for approximately 68.1% of our revenue in the year ended December 31, 2014. We believe that Western MNCs accounted for approximately 43% of total revenue in the elevator industry in 2014. We manage these key customers through dedicated key account managers. Our close monitoring and management of our key customers enables us to meet their high expectations for quality and production process execution. During the past five years, we have negotiated framework contracts and supply agreements with Kone, Schindler and ThyssenKrupp Elevator, which typically run for a term of three years. We believe that through our quick response time and high quality of service we are able to meet our key customers' high expectations in part due to global presence, which allows us to provide services and supplies on a local level. This global presence, combined with the engineering, quality and sales leadership that we offer, we are able to meet the market demands of our MNC customers.

Some of our contracts include "share-of-wallet" volume share undertakings with a term until 2016. These contracts constitute legal commitments by our customers to guarantee a minimum "share-of-wallet" for their product requirements to us, meaning that we provide a specified percentage of all of their requirements for certain specified products. Pursuant to these agreements, MNCs typically share their order intake and production forecasts with us, which improves the visibility on future volumes in the short and medium term.

Services are the most profitable part of elevator installers' business and, as a result, the reliability of components is key to their profitability. Elevator installers enter into service and maintenance agreements with their customers when they newly install elevators or modernize existing elevators. These agreements typically take one of two forms, depending on whether the customer opts for a standard or premium service agreement. The standard type of service agreement is an all-inclusive contract pursuant to which the customer pays a fixed fee for inspection, maintenance and repair, minus penalties for any periods during which the elevator experiences downtime. The premium service agreement likewise provides for a fixed fee for periodic inspections but the elevator installer can additionally claim an hourly rate and materials costs for repairs, plus a mark-up on these costs. As a result, both types of service agreement incentivize elevator installers to use high quality, premium components to maximize their profits, due to the all-in fee under the standard contract and the cost mark-up under the premium contract. The penalties for downtime further increase the installer's incentive to use high quality components because its all-in fee gets reduced as a function of the length and frequency of downtime, both of which can be minimized through the use of higher quality components. Due to these penalties elevator installers also attach high value to their suppliers' ability to deliver components quickly and reliably. This further benefits our business because we believe our delivery times are among the best in our industry.

In addition, we believe that MNCs benefit from limiting their suppliers, which benefits our position as an established and trusted supplier. We estimate that MNCs typically take approximately eight months to enter into a relationship with a new supplier, taking into account the process of searching for eligible suppliers, evaluating competitors, contract negotiation and the qualification of that supplier's specific components and maintenance manuals. By contrast, MNCs can create important efficiencies by building long-standing relationships with a select few trusted suppliers. These efficiently include greater economies of scale in training of suppliers, simpler servicing due to a higher degree of product standardization and guaranteed capacity at their suppliers for their requirements due to long-term contracts. We believe that these reasons account, in part, for our long-standing relationship with all our key MNCs.

We have had a relationship with Kone for more than 15 years, and our relationships with Schindler, Otis and ThyssenKrupp Elevator date back to the 1980s. Our long-standing relationships with our key customers and our collaborative work with them throughout the value chain from the conception, design, development, manufacturing and distribution of products to offering a comprehensive portfolio of after-sale services and technical support have allowed us to develop a deep understanding of our customers' needs, as well as the experience to supply appropriate solutions.

We believe that our reputation, based on years of quality, delivery and cost performance, is a key factor in the success of our business, and therefore we keep the development of new and exclusive products confidential, reinforcing our commercial ties with our customers and allowing us to work with customers competing in the same market segment simultaneously.

Independents

In the year ended December 31, 2014, we generated approximately 31.6% of our revenue from Independents. We believe that Independents accounted for approximately 39% of total revenue in the elevator industry in 2014. As opposed to our larger customers, Independents are typically interested in acquiring packages or complete elevators, given the increasing complexity and related challenges in meeting elevator industry norms and requirements. Independents usually require individualized solutions. They place a large emphasis on the solution as opposed to the technology that stands behind it. As a result, we offer support in the various relevant local languages for engineering and order processing through our local sales managers. Our full service offering to Independents includes commissioning of parts in our warehouses.

Asian MNCs

In the year ended December 31, 2014, we generated approximately 1% of our global revenue from Asian MNCs, such as Toshiba, Mitsubishi Electric, Fujitec, Hitachi and Hyundai Elevator Co., Ltd. We believe that Asian MNCs accounted for approximately 18% of total sales in the elevator industry in 2014. We have not yet captured a significant share of the Asian MNC market because we first focused on the quality of our Asian products. However, we have recently increased our sales efforts and now have several volume or share agreements under negotiation with Asian MNCs. In line with our approach to our Western MNCs, we also manage our Asian MNCs via dedicated key accounts.

Material Agreements with Customers

We have entered into a number of contracts and other agreements with our key elevator installation customers to provide our products to them. The terms of these agreements are commercially highly sensitive. Below we describe our contractual and order relationships with the four major Western MNCs, which are our largest customers and account and together account for approximately two-thirds of our revenues.

Agreements with Customer 1

We recently entered into a series of agreements with Customer 1, including a new framework supply agreement. This framework agreement stipulates the terms by which we supply our components to Customer 1, including warranty provisions and a spare parts purchase program that survives the term of this framework agreement. The agreement has a fixed term that runs until December 31, 2016. Thereafter, the agreement is automatically renewed on an annual basis, unless terminated by either party with 180 days' prior notice. We have also entered into "share-of-wallet" agreements with Customer 1 in respect of Customer 1's requirements for certain components in certain regions, which run for a three-year period from 2014 to 2016. In addition, we have also entered into two product development agreements with Customer 1 that require Customer 1 to source components developed under the product development agreements exclusively from us for a three-year period following initial delivery. Customer 1 has also granted us a license to use certain of its intellectual property in connection with the manufacturing of components sold to it. We also have an agreement in place to jointly develop and improve components with Customer 1. The framework supply agreement and the product development agreements contain change of control termination provisions, which will allow Customer 1 to terminate the agreements upon consummation of the Transactions. However, we believe that given the economic benefit and mutual incentives of the agreement, the risk of termination is low. Customer 1 is our largest customer upon whom we are substantially dependent.

Supply Agreement with Customer 2

We have entered into a supply agreement with Customer 2 for the manufacture and supply of automatic landing and car doors and other elevator components. This agreement stipulates the general terms for supply, including the specifications of the products, payment and delivery terms and terms regarding the delivery of spare parts. This agreement was amended to provide for delivery of our components in the Asia region, and to include a specific "share-of-wallet" purchase obligation for the years 2013 to 2016. The initial term of this agreement runs for three years, to December 31, 2016. The agreement is automatically renewed on an annual basis for subsequent one-year periods, unless earlier terminated by either party upon 12 months' prior notice. The agreement also contains a change of control termination provision, which will allow Customer 2 to terminate the agreement upon consummation of the Transactions. However, we believe that given the economic benefit and mutual incentives of the agreement, the risk of termination is low. While Customer 2 is not our largest customer, it represents a growing portion of our sales and, as such, we are also dependent on it to a significant degree.

Arrangements with Customer 3

We do not have a formal framework agreement with Customer 3, but instead supply this customer on an individual order basis. We have also agreed to adhere to this customer's code of conduct and global supplier manual.

Arrangements with Customer 4

We do not have a formal framework agreement with Customer 4, but instead supply this customer on an individual order basis. Most of our orders for this customer are project-based. We are currently negotiating the terms of a global supply agreement with this customer. We have also entered into a number of local supply agreements with certain subsidiaries of Customer 4, which typically include fixed prices, no minimum purchase volumes, a penalty for delayed or defective delivery, a modified warranty scheme and limitations on our liability.

Sales and Marketing

The organization and size of our sales force has been significantly upgraded in the last two years aimed at building a strong foundation for the future. Key upgrades include:

- improved coverage and local support in local markets, such as China, India and the rest of Asia, by hiring 28 additional people;
- addressing local customer requirements through local engineering support for customized solutions and service in local language;
- "Wittur Academy" established as an ongoing effort to train our sales force on products, regulations and other relevant topics;
- harmonized central pricing and discount approach across different countries;
- technological support of our sales force with new iPad-based WEST tool, which allows real-time quoting at the customer site; and
- regular follow-ups at short intervals with local sales leaders to track number of customer visits, order activity and sales force effectiveness, including success of cross selling.

MNCs

As of December 31, 2014, we had 11 key account managers specifically focused on MNCs. In the past 24 months, we have established 3 new key account functions and have hired further staff to expand our sales and marketing coverage to previously not closely-covered Western MNCs as well as Asian MNCs.

Independents

We are present in all significant geographic regions other than North America, with our own sales force (110 employees as of December 31, 2014) supported by the local production facilities as well as trading companies and offices. Our sales force provides local support across all regions directed specifically at Independents. Independents demand more modules and complete elevators with a higher level of complexity and requirements for local certifications compared to our MNC customers.

Employees

The following tables set forth our headcount by region and function, respectively, as of December 31, 2013 and 2014:

	As of December 31,	
	2013	2014
	(unaudited)	
Europe (including Africa)	1,391	1,466
Asia	1,185	1,389
Rest of World	381	395
Total^(*)	2,957	3,250

(*) Employee figures are headcount figures. Employee figures are based on the number at period-end for all periods presented.

	As of December 31,	
	2013	2014
	(unaudited)	
Production	2,337	2,588
<i>thereof: direct</i>	1,617	1,856
<i>thereof: indirect</i>	720	732
Selling	264	270
General and administrative	254	280
R&D	102	112
Total^(*)	2,957	3,250

(*) Employee figures are headcount figures. Employee figures are based on the number at period-end for all periods presented.

There is no central works council for the entire Group. However, many of our employees are represented by works councils, particularly in Austria, Italy and Germany (at our operations in Dresden). We consider our relations with employees, works councils and unions to be satisfactory.

We provide pension plans to certain employees based on a company agreement under which pension commitments are granted in compliance with the regulations of Austria, Italy and the German pension fund of the German government and the German states (*Versorgungsanstalt des Bundes und der Länder*). In addition, we have pension commitments towards former managing directors and their relatives. As of December 31, 2014, these pension obligations amounted to €9.7 million. See “*Management’s Discussion and Analysis of Financial Condition and Results of Operations—Pension Obligations*”.

Our Suppliers

Our top ten suppliers are based in China and Austria, respectively. We typically enter into framework agreements with each of our suppliers. These agreements provide for an initial term of one year and are subsequently automatically renewed for additional one year terms, unless earlier terminated. As a general rule, either party can terminate our supply agreements subject to 90 days’ prior notice. Our suppliers usually provide payment terms requiring payment within 90 days. The warranty period under our supply agreements, in most cases, three years from delivery. Our supply agreements typically provide that the parties may renegotiate and adjust the price payable under the agreement, if a material change in the price of raw materials occurs. See “*Management’s Discussion and Analysis of Financial Condition and Results of Operations—Key Factors Affecting Results of Operations and Financial Condition—Steel Prices and Our Ability to Pass on Cost Increases to Our Customers*”.

Information Technology

Our most commonly used Enterprise Resource Planning (“ERP”) system is Baan, which is running in the following key countries: Turkey, Italy, Spain and China. We recently have established LucaNet as our central controlling and finance tool. We are currently in the process of rolling out a global standardized ERP system (“Infor-LN”) to our regions and subsidiaries. Infor-LN will allow steering of trading units, sales and plants. In addition, our new customer relationship management (“CRM”) tool ‘WEST’ (CRM & product configurator) has been rolled-out as a pilot in Europe in 2014 and other regions will follow in 2015 and 2016.

Intellectual Property

Trademarks and Domains

As of December 31, 2014, we held 29 locally-protected trademarks, 18 of which were considered strategic. “Wittur” and “5 triangles” are the two main trademarks and they are registered in more than 80 countries around the world. The most recently registered trademark “Safety in motion” is protected in the European Union as well as in all the other countries where we have production plants or trading companies. We also registered our trademark “wittur” under various country code top-level domains in more than 20 countries worldwide and under the generic top-level domains “.org”, “.biz” and “.info”.

Patents

As of December 31, 2014, we owned 76 inventions (patents or utility models) locally protected in 13 countries for a total of more than 300 local patents and utility models. The protected inventions are divided into five categories: System (7 patents), Cars (3 patents), Doors (46 patents), Safety devices (14 patents) and Electric Drives (6 patents). 39 of these patents are considered of high importance to us.

During the year ended 2014, we registered one patent and 3 utility models.

Licenses

As of December 31, 2014, we granted one exclusive know-how license regarding non-patented know-how in connection with our electric drives to a third party. We also have granted two non-exclusive patent licenses to a third party and received in turn two non-exclusive patent licenses from this party with regard to elevators with traction sheaves. We have also entered into a global license agreement with the trading companies within our group for the use of the trademarks “Wittur” and “5 triangles”.

Property, Plant and Equipment

Our headquarters are situated in Wiedenzhausen, Germany. We fully own the building and area immediately surrounding the building with a surface area of 17,275 square meters.

As of December 31, 2014, we operated ten strategically-located production plants on three continents. We believe our global production platform allows us to maximize cost competitiveness, shorten lead times and limit transportation costs and import duties, while giving us close proximity to customers and enabling us to provide local support. Of our ten plants, five are located in Europe, one in Eurasia, one in China, one in India and two in Latin America.

Construction of our plant in Krupina, Slovakia was completed in 2009 and, since then, we have gradually expanded its capacity.

The following table provides an overview of our ten plants, four trading buildings (office or warehouses) and sole building held for sale in order of the total size of the property.

Production Plants

Location	Size of property in square meters	Thereof covered in square meters	Number of Employees	Owned or leased/ expiry dated for lease terms
Suzhou (China)	86,187	33,305	1,277	land-use right (until December 11, 2045; March 19, 2048; April 19, 2048 and June 10, 2054)
Parma (Italy)	57,930	31,980	353	owned
Zaragoza (Spain)	39,296	18,696	252	owned
Krupina (Slovakia)	35,500	8,900	240	leased (until December 25, 2023)
Scheibbs (Austria)	31,419	15,942	451	owned
Londrina (Brazil)	21,435	3,435	100	rented (three months' notice period/August 2015 and July 2017)

Location	Size of property in square meters	Thereof covered in square meters	Number of Employees	Owned or leased/ expiry dated for lease terms
Istanbul (Turkey)	11,625	8,000	181	rented (until December 31, 2016)
Dresden (Germany)....	9,583	4,171	132	owned
Chennai (India)	8,432	5,088	105	rented (until March 31, 2020)
Buenos Aires (Argentina)	6,100	6,100	95	rented (until April 2017/ December 2016)

Trading Buildings (Office or Warehouse)

Location	Thereof covered in square meters	Owned or leased/ expiry dated for lease terms
Wienenzhausen (Germany)	17,275	owned
Evry (France)	9,245	owned
Almere (Netherlands)	2,708	owned
Sydney (Australia)	2,168	owned
Madrid (Spain)	4,444	Owned, building held for sale

Research & Development

As of December 31, 2014, our R&D team consisted of 112 engineers working in each of our regions, including in emerging markets. We closely cooperate with our core MNC customers on new product developments, benefiting from our in-house R&D and product testing facilities. In the year ended December 31, 2014, we spent €8.7 million on R&D, of which €2.9 million was capitalized. In 2013, we spent €7.6 million on R&D, of which €1.8 was capitalized.

In 2014, we further increased our product development focus on R&D, also improving coordination of resources and global know-how also resulting in elimination of duplication of work. Our teams are supported by leading testing infrastructure, with dedicated laboratories for doors, drives and safeties. We also systematically analyze competitor products to improve our own products. Furthermore, existing test towers in Austria, China, Germany and Spain (currently under construction), also give us a key advantage as an independent component manufacturer. We have eight R&D centers that focus on performance improvements, weight reduction, energy efficiency, reliability, maintenance reduction, installation speed and adjustability to new industry norms and regulations. We also hold more than 300 patents.

We have a network focused on global cooperation with major universities that gives us access to innovative new technologies at an early stage. In addition, we have established a close interlink between our R&D department and our product certification team, thereby ensuring not only a short lead time for required certifications for new product innovations, but also allowing for very quick responses to new regulatory standards. Our R&D work focuses on a “mechatronic” (the combination of mechanical and electrical engineering) design approach, which enables us to develop intelligent components with monitoring and diagnostic capabilities, and optimizes installation time. As a result, the individual life cycle of our components is prolonged, which further supports our customers’ profitability, and therefore their loyalty to us.

In addition, we believe global safety standards in the elevator components industry are rising, and we are well-positioned to anticipate and swiftly adopt new standards and safety certification requirements. This is due to our representation on all key standard-setting organizations, including ELA and EEA in Europe, PALEA in the Asia Pacific region, VFA—VDMA in Germany, CEA in China and NEII in North America.

Environmental Matters

Our sites are subject to international, national and local environmental laws and regulations. We are currently in substantial compliance with all applicable environmental, health and safety regulations. These laws and regulations are constantly changing, however, as are the priorities of those who enforce them. We believe we

are currently not required to perform any material remedial actions under any applicable environmental laws, nor do we anticipate any material expenses for such actions in the foreseeable future. See “*Risk Factors—Legal, Taxation and Environmental Risks*—We are subject to numerous environmental laws and regulations in the many jurisdictions in which we operate, and we may be adversely affected by changes regarding applicable legal and regulatory requirements”.

Insurance

We have taken out industry-standard insurance coverage under liability and property/business interruption insurance policies. All of our policies are underwritten by reputable insurance providers, and we conduct periodic reviews of our insurance coverage, both in terms of coverage limits and deductibles. We also actively monitor all key conditions under our policies and have systems in place to ensure that we remain in compliance with those conditions. We believe that our insurance coverage is sufficient for the risks associated with our operations.

For the benefit of our directors and officers, we have entered into a global directors and officers (“D&O”) insurance policy with three co-insurers based in Germany and England. The policy covers our present, former and future directors and officers, general managers, authorized officers and senior staff. It applies globally and provides for an insured limit of €10.0 million per claim and per year. The D&O insurance covers financial losses due to wrongful acts in respect of claims filed against the insured persons in writing, as well as the defense of liability claims and their settlement. The insurance coverage does not extend to claims due to certain deliberate acts by the insureds and there is no insurance cover for contractual penalties, fines or punitive or exemplary damages, to the extent insurance is prohibited by law.

Legal Proceedings

We become involved from time to time in various claims and lawsuits arising in the ordinary course of our business, such as personal liability claims, employee claims, disputes with our suppliers or authorities and intellectual property disputes. For example, we are currently litigating a claim brought by one of our customers in relation to a product manufactured by our subsidiary Wittur Electric Drives GmbH. Our customer asserts that servo motors produced and delivered by Wittur Electric Drives GmbH failed to comply with certain quality requirements and claims damages of approximately €1.2 million. However, we are currently not involved in any legal proceedings which, either individually or in the aggregate, are expected to have a material adverse effect on our financial position or results of operations. We note, however, that the outcome of legal proceedings can be extremely difficult to predict, and we offer no assurances in this regard.

MANAGEMENT

Wittur International Holding GmbH

Wittur International Holding GmbH is a limited liability company organized under the laws of Germany. Wittur International Holding GmbH was incorporated on May 12, 2011 and is registered with the commercial register of the local court of Munich under number HRB 192091 and its registered office is Rohrbachstrasse 26-30, 85259 Wiedenzhausen, Germany. Wittur International Holding GmbH is managed by its managing directors and its executive management team.

Supervisory Board

Following the consummation of the Acquisition, Bain Capital established a supervisory board (Aufsichtsrat) at Wittur Holding GmbH (the “Supervisory Board”). The Supervisory Board is responsible for certain key operational decisions of the Group in accordance with the constitutional documents and resolutions of the shareholders’ meeting of the relevant entity. The Supervisory Board is also entrusted with the ultimate direction of the Group, as well as the supervision and control of the management. The principal functions of the Supervisory Board are to debate and authorize the strategic orientation of the Group. The executive address of the members of the Supervisory Board is Rohrbachstrasse 26-30, 85259 Sulzemoos-Wiedenzhausen, Germany.

As of the date of this Annual Report the Supervisory Board is comprised of the following members:

Name	Age	Member since	Responsibility
Dr. Michael Siefke	47	2015	Chairman
Matthias Osthoff	36	2015	Board member
Jeffrey Scherer	39	2015	Observer

Management

Managing Directors

Name	Age	Member since	Responsibility
Dr. Walter Rohregger.....	55	2012	Chief Executive Officer
Dr. Daniel Wiest	51	2012	Chief Financial Officer

The managing directors can be contacted at Wittur’s business address: Wittur International Holding GmbH, Rohrbachstrasse 26-30, 85259 Sulzemoos-Wiedenzhausen, Germany.

The Issuer

The Issuer, Paternoster Holding III GmbH, a Gesellschaft mit beschränkter Haftung organized under the laws of Germany, was formed on December 19, 2014 and is registered with the commercial registry of Munich under number HRB 215485. The Issuer’s principal business address is at Rohrbachstr. 26-30, 85259 Wiedenzhausen, Germany.

Share Ownership

Our management including our managing directors and executive management team benefit from a management equity participation plan through investments in LuxCo following the consummation of the Acquisition.

Insurance for Directors and Officers

For the benefit of our directors and officers, we have entered into a global directors and officers (“D&O”) insurance policy with three co-insurers based in Germany and England. The policy covers our present, former and future directors and officers, general managers, authorized officers and senior staff. It applies globally and provides for an insured limit of €10.0 million per claim and per year. The D&O insurance covers financial losses due to wrongful acts in respect of claims filed, as well as the defense of liability claims and their settlement. The insurance coverage does not extend to claims due to certain deliberate acts by the insureds and there is no insurance cover for contractual penalties, fines and punitive or exemplary damages, or other claims to the extent insurance is prohibited by law.

Related Party Transactions

See “*Related party transactions*” in the notes to our consolidated financial statements contained elsewhere herein.

RISK FACTORS

The risks and uncertainties we describe below are not the only ones we face. Additional risks and uncertainties of which we are not aware or that we currently believe are immaterial may also adversely affect our business, financial condition and results of operations and our ability to fulfill our obligations under the Notes and Guarantees. If any of the possible events described below were to occur, our business, financial condition and results of operations could be materially and adversely affected. If that happens, the trading prices of the Notes could decline, we may not be able to pay interest or principal on the Notes when due and you could lose all or part of your investment.

This Annual Report also contains “forward-looking” statements that involve risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors, including the risks described below and elsewhere in this Annual Report. Please see “Forward-Looking Statements.”

Risks Related to the Industry in which We Operate

Our industry exhibits correlation to new construction in the commercial and residential real estate markets and any downturn in the commercial and residential real estate markets could cause demand for new elevators to decline, which in turn could cause demand for the elevator components we manufacture that are used in new elevator installations to decline.

We are dependent on a small number of significant customers and, as a result, we may lose some, or all, of the sales volume to one or more of our MNC customers to another of their key suppliers.

We are exposed to substantial risks associated with macroeconomic conditions, including the performance of the global economy and the euro zone debt crisis and we are exposed to a decrease in demand resulting from potential economic downturns.

We are exposed to the risk of underutilization or lack of capacity due to the cyclicity of our industry.

The outsourcing trend in our industry may not continue, and may even reverse, which could result in the stagnation or decrease in demand for our products and a deterioration of our business, financial position and results of operations.

We face competitive pressures from the potential expansion of our local competitors into the global market and our inability to compete effectively in a more competitive environment could have a material adverse effect on our business, financial position, results of operations and our ability to fulfill our obligations under the Notes and the Guarantees.

We face risks in the regions in which we operate, including in emerging markets. If such risks materialize, this could have an adverse effect on the general level of economic activity, which could also indirectly lead to reduced sales opportunities for us and adversely affect our growth prospects.

Our efforts to expand in certain markets are subject to a variety of business, economic, legal and political risks.

Our international activities increase the compliance risks associated with economic and trade sanctions imposed by the United States, the EU and other jurisdictions.

Our business, in particular our project business, is dependent on financing being available to our customers.

Our industry is characterized by a significant amount of competition, which could reduce our revenue or put continued pressure on our sales prices.

We are exposed to risks associated with market trends and developments and our failure to anticipate and/or follow these trends could result in the loss of growth opportunities, existing customers and all or part of our R&D expenses.

Risks Related to Our Business

We depend on large MNCs for the sale of our products and our failure to decrease our costs commensurately with our customers' demand for price reductions, could negatively affect our profit margin. In addition, if any of our MNC customers becomes insolvent, discontinues its business relationship with us or terminates a supply

contract prematurely, the original investments made by us to provide such products or outstanding claims against such customer could be wholly or partially lost.

We depend on four customers for two-thirds of our revenues, with one customer providing us with a significant proportion of such revenues, and the loss of, or a significant reduction in orders from, any of these customers would significantly impair our operating results and cash flows.

We depend on a limited number of key suppliers for certain products and any supply delays could result in interruptions in our production and lead to order cancellations, claims for damages and damage to our long-term relationships with MNC customers.

We are exposed to fluctuations in prices of raw materials.

We may not be successful in executing our growth strategy of expanding in growing emerging markets.

We are exposed to risks in connection with past and future acquisitions, local sales force, investments and reorganizations, as well as strategic partnerships.

Our future business success depends on our ability to deliver high quality products in a timely manner.

Since some of our products have higher profit margins than others, changes in our product mix or our portfolio of large projects may have a significant impact on our profit margins.

We may be unable to maintain our advanced technology.

We depend on our ability to secure sufficient funding for our research and development efforts.

Our business could be disrupted or severely impacted by natural disasters.

Our business could be adversely impacted by strikes and other labor disputes.

The safety of our workers is regularly in jeopardy due to the nature of our operations, and we could face material adverse effects as a result.

Our operations rely on complex IT systems and networks, and an extended unanticipated interruption of our systems or networks could have a material adverse effect on our business, financial position, results of operations and our ability to fulfill our obligations under the Notes and the Guarantees.

We rely on the security of our information, intellectual property and Research and Development.

We are dependent on our ability to attract and retain highly qualified senior management, key employees and personnel and the loss of any such key personnel or the inability to attract and retain highly skilled employees required for our activities could have an adverse effect on our business, financial condition and results of operations and our ability to fulfill our obligations under the Notes and the Guarantees.

Property loss and unforeseen business or transportation interruption could adversely affect us.

Legal, Taxation and Environmental Risks

We are exposed to warranty and product liability claims.

Antitrust or competition-related claims or investigations could result in changes to business procedure and defending such claims could be costly.

We could be unsuccessful in adequately protecting our intellectual property and technical expertise.

There is a risk that we infringe intellectual property rights of third parties. Any materialization of this risk could result in infringement claims or claims for damages by third parties and require us to cease manufacturing, using or marketing the relevant technologies or products in certain countries.

We might not have validly acquired employee inventions or could fail to validly acquire them in the future, which could result in claims against us for damages for the unauthorized use of our employees' inventions, the enjoinder of our use of such inventions and our obligation to make payments in order to use such inventions in the future.

We may incur additional costs as a result of works council and industry collective bargaining agreements applicable to some of our European employees.

We are subject to mandatory pension liabilities required by domestic laws in both Austria and Italy.

We are subject to risks from legal, administrative and arbitration proceedings.

We are subject to numerous laws and regulations in the many jurisdictions in which we operate, and we may be adversely affected by changes regarding applicable legal and regulatory requirements.

We could incur liabilities under environmental laws and regulations, including liability for soil, water or groundwater contamination or for risks related to hazardous materials.

We could become subject to additional burdensome or costly environmental, safety or other regulations and additional regulation could adversely affect demand for our products and services.

Risks Related to Our Financial Profile

Our substantial leverage and debt service obligations could adversely affect our business and prevent us from fulfilling our obligations with respect to the Notes and the Guarantees.

The Issuer is dependent upon cash flow from subsidiaries to meet its obligations on the Notes and the Guarantees.

We are subject to restrictive debt covenants that may limit our ability to finance our future operations and capital needs and to pursue business opportunities and activities.

We require a significant amount of cash to meet our obligations under our indebtedness and to sustain our operations, which we may not be able to generate or raise.

Despite our current level of indebtedness, we may still be able to incur substantially more debt in the future, which may make it difficult for us to service our debt, including the Notes, and impair our ability to operate our businesses.

We are exposed to liquidity risks.

Market perceptions concerning the instability of the euro, the potential re-introduction of individual currencies within the euro zone, or the potential dissolution of the euro entirely could have adverse consequences for us with respect to our outstanding debt obligations, such as the Notes, that are euro-denominated.

We are exposed to risks associated with changes in currency exchange rates and hedging.

We may have to repay investment grants and subsidies, or previously awarded investment grants may not be disbursed in part or at all.

Also see “*Financial risk management*” in the notes to our consolidated financial statements contained elsewhere herein.

AUDITED CONSOLIDATED 2014 FINANCIAL STATEMENTS OF WITTUR

IFRS Consolidated financial statements of

**Wittur International Holding GmbH,
Wiedenzhausen, Germany**

**for the period from
January 1 to December 31, 2014**

Content

<u>FINANCIAL STATEMENTS</u>	3
<u>Consolidated statement of comprehensive income</u>	3
<u>Consolidated balance sheet</u>	4
<u>Consolidated statement of cash flows</u>	4
<u>Consolidated statement of changes in equity</u>	6
<u>NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS</u>	7
<u>1</u> <u>Corporate information</u>	7
1.1 <u>Reporting entity</u>	7
1.2 <u>Basis of preparation</u>	7
1.3 <u>Basis of consolidation</u>	8
1.4 <u>Consolidated companies</u>	8
<u>2</u> <u>Estimates and judgements</u>	9
2.1 <u>General provisions</u>	9
2.2 <u>Economic useful lives of property, plant and equipment and intangible assets</u>	9
2.3 <u>Taxation</u>	10
2.4 <u>Estimates and assumptions</u>	10
<u>3</u> <u>Significant accounting policies</u>	11
3.1 <u>New accounting standards and interpretations</u>	11
3.2 <u>Foreign currencies</u>	11
3.3 <u>Revenue</u>	12
3.4 <u>Intangible assets</u>	12
3.5 <u>Property, plant and equipment</u>	13
3.6 <u>Borrowing costs</u>	14
3.7 <u>Impairment of intangible assets and of property, plant and equipment</u>	14
3.8 <u>Investment Properties</u>	14
3.9 <u>Inventories</u>	15
3.10 <u>Income taxes</u>	15
3.11 <u>Financial instruments</u>	16
3.12 <u>Financial income and expenses</u>	16
3.13 <u>Impairment of financial assets</u>	16
3.14 <u>Provisions for pensions and other employee benefits</u>	17
3.15 <u>Other provisions</u>	17
3.16 <u>Leases</u>	17
3.17 <u>Government grants</u>	17
<u>4</u> <u>Financial risk management</u>	17
4.1 <u>Credit risk</u>	18

4.2	<u>Liquidity risk</u>	18
4.3	<u>Market risk</u>	19
5	<u>Notes to the consolidated statement of comprehensive income and balance sheet</u>	21
5.1	<u>Revenues</u>	21
5.2	<u>Expenses by nature</u>	21
5.3	<u>Employee benefit expense</u>	21
5.4	<u>Other income</u>	21
5.5	<u>Other expenses</u>	22
5.6	<u>Financial expenses</u>	22
5.7	<u>Finance income</u>	22
5.8	<u>Income taxes</u>	23
5.9	<u>Discontinued operations</u>	26
5.10	<u>Intangible assets</u>	27
5.11	<u>Property, plant and equipment</u>	29
5.12	<u>Investment Properties</u>	30
5.13	<u>Other non-current financial assets</u>	31
5.14	<u>Other non-current assets</u>	31
5.15	<u>Inventories</u>	31
5.16	<u>Trade and other receivables</u>	31
5.17	<u>Other current financial assets</u>	32
5.18	<u>Other current assets</u>	32
5.19	<u>Cash and cash equivalents</u>	32
5.20	<u>Equity</u>	33
5.21	<u>Interest bearing loans and borrowings</u>	34
5.22	<u>Provisions for pensions</u>	35
5.23	<u>Other provisions</u>	38
5.24	<u>Other non-current financial liabilities</u>	40
5.25	<u>Trade and other payables</u>	40
5.26	<u>Other current financial liabilities</u>	40
6	<u>Disclosures on leases</u>	40
7	<u>Additional disclosures on financial instruments</u>	41
8	<u>Government grants</u>	45
9	<u>Related party transactions</u>	45
10	<u>Share-based payment</u>	46
11	<u>Auditor's fees and services</u>	46
12	<u>Events after the balance sheet date</u>	47

FINANCIAL STATEMENTS

Consolidated statement of comprehensive income

KEUR	Note	2014	2013
Revenues	(5.1)	521.905	479.775
Cost of sales	(5.2)	-386.394	-357.905
Gross profit		135.511	121.870
Selling expenses	(5.2)	-19.042	-19.749
Research & development expenses	(5.2)	-5.842	-5.787
Administrative expenses	(5.2)	-52.868	-55.625
Other income	(5.4)	1.874	2.771
Other expenses	(5.5)	-2.635	-1.734
Earnings before interest and taxes (EBIT)		56.998	41.744
Finance expense	(5.6)	-21.233	-21.377
Finance income	(5.7)	1.774	840
Earnings before income taxes (EBT)		37.539	21.207
Income taxes	(5.8)	-16.281	-10.240
NET RESULT FOR THE PERIOD FOR CONTINUING OPERATIONS		21.258	10.968
Loss after taxes for Discontinued Operations	(5.9)	-	-607
NET RESULT FOR THE PERIOD		21.258	10.360
Other comprehensive income			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		1.953	-4.854
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Remeasurements		-835	515
Income tax relating to the components of OCI		230	-93
Other comprehensive income, net of tax		1.347	-4.431
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		22.606	5.929
Attributable to equity shareholders arises from:			
Continuing operations		22.606	6.536
Discontinued operations		-	-607

Consolidated balance sheet

ASSETS			
KEUR	Note	Dec 31, 2014	Dec 31, 2013
Intangible assets	(5.10)	130.090	133.968
Property, plant and equipment	(5.11)	75.565	74.759
Investment properties	(5.12)	3.268	1.845
Other non-current financial assets	(5.13), (7)	56	766
Other non-current receivables		1.561	-
Deferred tax assets	(5.8)	4.528	5.461
Non-current assets		215.067	216.798
Inventories	(5.15)	43.080	37.945
Trade and other receivables	(5.16)	93.721	85.179
Other current financial assets	(5.17), (7)	1.713	429
Other current assets	(5.18), (8)	9.143	12.599
Cash and cash equivalents	(5.19)	33.974	19.998
Current assets		181.631	156.150
Assets classified as held for sale	(5.9)	-	1.600
Total assets		396.698	374.549
EQUITY AND LIABILITIES			
KEUR	Note	Dec 31, 2014	Dec 31, 2013
Subscribed capital	(5.20)	25	25
Retained earnings		-24.544	-34.904
Net result for the period		21.258	10.360
Other components of equity	(5.20)	16.850	15.502
Total equity		13.589	-9.016
Non-current interest-bearing loans and borrowings	(5.21)	72.250	221.536
Provisions for pensions	(5.22)	9.458	8.361
Other non-current provisions	(5.23)	4.687	6.109
Other non-current financial liabilities	(5.24), (7)	3.623	3.790
Deferred tax liabilities		11.048	12.549
Non-current liabilities		101.066	252.346
Current interest-bearing loans and borrowings	(5.21)	165.105	31.491
Trade and other payables	(5.25)	107.844	89.971
Provisions for pensions	(5.22)	291	424
Other current provisions	(5.23)	3.062	2.082
Other current financial liabilities	(5.26), (7)	252	707
Income tax liabilities	(5.8)	5.488	6.543
Current liabilities		282.042	131.219
Total equity and liabilities		396.698	374.549

Consolidated statement of cash flows

KEUR	Note	2014	2013
Operating activities			
Profit after Tax		21.258	10.360
Depreciation and Amortisation		15.568	19.781
Taxes	(5.8)	16.281	9.199
Interest	(5.6), (5.7)	19.459	20.959
Loss on sale of discontinued operations		-	317
Gain/loss on sale of fixed assets		-54	-173
Losses from disposal of fixed assets		26	213
Cash generated from operations (excluding working capital changes)		72.538	60.656
Changes in working capital		6.654	-14.068
Net movement in provisions, pension obligations and other		-691	261
Net movement in other assets		-1.791	64
Interest received		1.222	349
Income taxes paid		-16.736	-12.637
Net cash flow from operating activities		61.197	34.625
Investing activities			
Purchase of property, plant & equipment		-8.623	-10.581
Purchase of intangible assets		-3.912	-2.330
Disposal of assets		78	674
Proceeds from disposal of Group company & related assets		1.600	-
Proceeds from disposal of Group company		-	920
Net cash flow used in investing activities		-10.857	-11.317
Net cash flow before financing activities		50.340	23.309
Financing activities			
Repayment of shareholder loan		-2.520	-70.000
Proceeds from borrowings		0	73.379
Repayment of borrowings	(5.21)	-26.620	-16.114
Payment of refinancing fees		-	-3.300
Interest paid		-8.221	-9.137
Net cash flow used in financing activities		-37.361	-25.172
Net increase / (decrease) in cash		12.979	-1.863
Effects currency translation		998	-544
Cash and cash equivalents at beginning of period		19.998	22.405
Cash and cash equivalents at the end of period		33.974	19.998

Consolidated statement of changes in equity

KEUR	Subscribed capital	Retained earnings	Capital reserves	Other reserves		Reserves of disposal group classified as held for sale	Total equity
				Currency translation	Valuation of pensions		
Balance as of Jan 1, 2013	25	-34.904	22.025	-1.495	-556	-41	-14.945
Net result for the period	-	10.360	-	-	-	-	10.360
Other comprehensive income	-	-	-	-3.915	-558	41	-4.431
Total comprehensive income	-	10.360	-	-3.915	-558	41	5.929
Balance as of Dec. 31, 2013	25	-24.544	22.025	-5.409	-1.113	-	-9.016
Balance as of Jan 1, 2014	25	-24.544	22.025	-5.409	-1.113	-	-9.016
Net result for the period	-	21.258	-	-	-	-	21.258
Other comprehensive income	-	-	-	1.953	-606	-	1.347
Total comprehensive income	-	21.258	-	1.953	-606	-	22.606
Balance as of Dec. 31, 2014	25	-3.285	22.025	-3.456	-1.719	-	13.589

Other comprehensive income, net of tax KEUR 1.347 (2013: -4.431) consists of other reserves KEUR 1.347 (2013: KEUR -4.472).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 Corporate information

1.1 Reporting entity

Wittur International Holding GmbH ("Wittur" or the "Company") is a limited liability company domiciled in Wiedenzhausen, Germany. The address of the Company's registered office is Rohrbachstraße 26-30, 85259 Wiedenzhausen, Germany. The consolidated financial statements of the Company as of and for the fiscal year ended December 31, 2014 comprise the Company and its subsidiaries (together referred to as "Wittur Group" or the "Group" and individually as "Group entities").

The parent company of Wittur International Holding GmbH is TriWay HoldCo AB, Stockholm. The ultimate controlling party is Way Luxco S.a.r.l., Luxembourg. The entity owners or others do not have the power to amend the financial statements after issue.

The Wittur Group is a leading independent solution provider for components, modules and systems for the lift industry. It is a development partner and supplier to the major international lift companies, as well as small and medium-sized manufacturers. Its range of products comprises mainly the development and manufacture of doors, cars, safety components, gearless drives, hydraulic, frames and complete lift packages. The Wittur Group does not install lifts and doesn't offer maintenance services for lifts.

1.2 Basis of preparation

The consolidated financial statements have been prepared in accordance and in conformity with all International Financial Reporting Standards (IFRS) and the publications of the International Financial Reporting Interpretations Committee (IFRIC) as adopted by the EU as of December 31, 2014.

These financial statements cover the fiscal year from January 1, 2014 to December 31, 2014 (comparison period: January 1, 2013 to December 31, 2013) and were authorised for issue by the Executive Board of the Company on April 30, 2015.

The consolidated financial statements have been prepared under the historical cost convention, as modified by financial assets and financial liabilities.

The consolidated statement of comprehensive income is prepared based on the cost of sales method.

The consolidated financial statements are presented in Euros. Unless otherwise noted, all amounts are shown in thousands of Euros (KEUR) in accordance with the commercial rounding practices. The parent company's functional currency is Euro.

Key assets and liabilities shown in the consolidated financial statements are measured as follows:

Assets	
Balance sheet item	Measurement principle
Non-current assets	
Intangible assets	Amortised cost
Property, plant and equipment	Amortised cost
Investment properties	Amortised cost
Other non-current financial assets	Amortised cost
Other non-current receivables	Amortised cost
Deferred tax assets	Non-discounted amount measured at the tax rate that are expected to apply to the period when the asset is realized or the liability settled
Current assets	
Inventories	Lower of net realisable value and cost
Trade receivables and other receivables	Amortised cost
Other current financial assets	Amortised cost
Cash and cash equivalents	Amortised cost
Liabilities	
Balance sheet item	Measurement principle
Non-current liabilities	
Non-current interest-bearing loans and borrowings	Amortised cost
Provisions for pensions	Actuarial projected unit credit method
Other non-current provisions	Present value of the settlement amount
Derivative financial instruments	Fair value
Other non-current liabilities	Amortised cost
Deferred tax liabilities	Non-discounted amount measured at the tax rate that are expected to apply to the period when the asset is realized or the liability settled
Current liabilities	
Trade and other payables	Amortised cost
Current interest-bearing loans and borrowings	Amortised cost
Provisions for pensions	Actuarial projected unit credit method
Other current provisions	Present value of the settlement amount
Income tax liabilities	Amount expected to be paid to the taxation authorities, using the tax rate that have been enacted or substantively enacted by the end of the reporting period

1.3 Basis of consolidation

The consolidated financial statement comprises the statement of Wittur International Holding GmbH and its subsidiaries as at December 31, 2014. Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Internal Group profit and loss, expenses and revenues as well as receivables and liabilities between consolidated companies are eliminated.

1.4 Consolidated companies

The Group's consolidated financial statements as of December 31, 2014 include, besides Wittur International Holding GmbH, a total of 28 subsidiaries. In 2014 three companies were liquidated. As of December 31, 2014 the following companies were consolidated:

Wittur Group companies	Share- holding in % Dec. 31, 2014	Share- holding in % Dec. 31, 2013
Wittur International Holding GmbH, Wiedenzhausen, Germany	Parent Company	Parent Company
Wittur Holding GmbH, Wiedenzhausen, Germany	100,00%	100,00%
Wittur Deutschland Vertrieb Holding GmbH, Wiedenzhausen, Germany	100,00%	100,00%
Wittur GmbH, Wiedenzhausen, Germany	100,00%	100,00%
Wittur Electric Drives GmbH, Dresden, Germany	100,00%	100,00%
Wittur Austria Holding GmbH, Scheibbs, Austria	100,00%	100,00%
Wittur GmbH, Scheibbs, Austria	100,00%	100,00%
Wittur Austria GmbH, Scheibbs, Austria	100,00%	100,00%
Wittur s.r.o., Krupina, Slovakia	100,00%	100,00%
Wittur Italia Holding s.r.l., Colorno, Italy	100,00%	100,00%
Wittur S.p.A., Colorno, Italy	100,00%	100,00%
Wittur Asansör San. ve Tic. A.Ş., Istanbul, Turkey (formerly: Wittur Asansör Sanayi ve Ticaret Ltd.Sti.)	100,00%	100,00%
Wittur Elevator Components S.A.U., Zaragoza, Spain	100,00%	100,00%
Wittur Ltd., Mold, Flintshire, Great Britain	100,00%	100,00%
Wittur Sp. z o.o., Warsaw, Poland	100,00%	100,00%
Wittur B.V., Almere, Netherlands	100,00%	100,00%
Wittur S.A.S. Evry, France	100,00%	100,00%
Wittur AB, Spanga, Sweden	100,00%	100,00%
Wittur s.r.o., Hustopece, Czech Republic ¹⁾	100,00%	100,00%
Wittur kft., Budapest, Hungary ¹⁾	100,00%	100,00%
Wittur Ltd., Natanya, Israel ¹⁾	100,00%	100,00%
Wittur Elevator Components (Suzhou) Co. Ltd., Wujiang, People's Republic of China	100,00%	100,00%
Wittur Ltd., Hong Kong, Special Administrative Region, Peoples's Republic of China	100,00%	100,00%
Wittur Elevator Components India Pvt. Ltd., Sriperumbudur, India	100,00%	100,00%
Wittur Pte. Ltd., Singapore	100,00%	100,00%
Wittur Pty. Ltd., Sydney, Australia	100,00%	100,00%
Wittur Ltda., Sao Paulo, Brazil	100,00%	100,00%
Wittur S.A., Buenos Aires, Argentina	100,00%	100,00%
Wittur Colombia S.A.S., Barranquilla, Colombia	100,00%	100,00%

1) Liquidated in 2014

2 Estimates and judgements

2.1 General provisions

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The assumptions and estimates principally relate to the consolidation of business combinations, the assessment of the recoverability of the carrying amount of intangible assets (in particular goodwill), the group-wide determination of useful lives of material assets, taxation and the recognition of deferred tax assets and the measurement and recognition of provisions for pensions and other provisions. Assumptions and estimates are based on premises derived from knowledge at the time.

Within the scope of business combinations, general estimates are also made when determining the fair values of the assets acquired. In principle fair value is determined based on the prognosis of future cash flow.

2.2 Economic useful lives of property, plant and equipment and intangible assets

The applied economic useful lives of non-current assets are based on estimates of the management. The Group reviews the estimated economic useful lives of property, plant and equipment and intangible assets at the end of every fiscal year.

2.3 Taxation

The Company and its subsidiaries are subject to routine tax audits and also a process whereby tax computations are discussed and agreed with the respective authorities. Whilst the ultimate outcome of such tax audits and discussions cannot be determined with certainty, management estimates the level of provisions required for both current and deferred tax on the basis of professional advice and the nature of current discussions with the tax authority concerned. In respect of disclosed uncertain income tax positions a best estimate of the expected tax payment is made.

2.4 Estimates and assumptions

The key assumptions concerning the future economic situation and other key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next fiscal year are discussed below.

Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Goodwill is tested for impairment annually and at other times when such indicators exist. Other non-financial assets are tested for impairment when there are indications that the carrying amounts may not be recoverable.

Deferred tax assets

Management judgment is required to determine the amount of deferred tax assets that can be recognised based upon the likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies. For further details refer to note 5.8 Income taxes.

Fair value of financial instruments

The Group measures financial instruments, such as, derivatives, at fair value at each balance sheet date. Also, fair values of financial instruments measured at amortised cost are disclosed in Note 7 Additional disclosures on financial instruments.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

The fair values of the derivatives are presented in the balance sheet on a gross basis.

Pension and other post-employment benefits

The carrying amount of defined benefit pensions plans and other post-employment benefits are based on actuarial valuations. The actuarial valuations involved making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long term nature of these plans, such estimates are subject to significant uncertainty. The net pension liability at December 31, 2014 is KEUR 9.749 (2013: KEUR 8.785). Further details are given in note 5.22 Provisions for pensions.

Other provisions

Such provisions are recognised when it is considered probable that economical, legal, ecological and decommissioning obligations will result in future outflows of economic benefits, when the costs can be estimated reliably and the measures in question are not expected to result in future inflows of economic benefits. The estimate of future costs is subject to many uncertainties, including legal uncertainties based on the applicable laws and regulations and with uncertainties regarding to the

actual conditions in the different countries and operating locations. In particular, estimates of costs are based on earlier experiences in similar cases, the conclusions of expert opinions commissioned by the Group, current costs and new developments that have a bearing on the costs. Any changes to these estimates could have an impact on the future results of the Group. At December 31, 2014, the carrying amount of recognised other provisions were KEUR 7.749 (2013: KEUR 8.191).

3 Significant accounting policies

The accounting policies set out below have been applied consistently by all Group entities.

3.1 New accounting standards and interpretations

Wittur Group applied all effective standards and interpretations issued by the IASB and the IFRIC for preparation of the consolidated financial statements if their application was required as of December 31, 2014.

The impact of IFRS 15 – “Revenue from contracts with customers” (effective date: 01.01.2017) and IFRS 9 – “Financial Instruments” (effective date: 01.01.2018) on accounting practices is currently being reviewed.

IFRS 15 “Revenue from contracts with customers” amends revenue recognition and sets out the requirements for recognising revenue that apply to all contracts with customers (except those contracts that are within the scope of the standards on leases, insurance contracts and financial instruments). IFRS 15 establishes principles for reporting information about the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. IFRS 15 replaces the previous revenue standards IAS 18 “Revenue” and IAS 11 “Construction Contracts” and the related Interpretations on revenue recognition.

IFRS 9 “Financial Instruments” replaces the guidance in IAS 39 “Financial Instruments”. IFRS 9 includes requirements on classification and measurement of financial assets and liabilities, will require a forward-looking model (expected credit losses model) for impairments and will change the approach to hedging financial exposure and also the recognition of certain fair value changes.

Early adoption of the two standards prior to the mandatory effective date is not planned.

Wittur Group does not expect any material changes in results of operations, financial position or cash flows caused by any other published but not yet applied standards.

3.2 Foreign currencies

The Group’s consolidated financial statements are presented in euros (KEUR), which is also the parent company’s functional currency. For each entity the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency spot rate at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date. Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group’s net investment of a foreign operation. As of December 2014, no net investment hedges are designated. These are recognised in other comprehensive income until the net investment is disposed of, at which time, the cumulative amount is classified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary measured at fair value is treated in line with the recognition of gain or loss on change in fair value in the item (i.e., the

translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

Group companies

The assets and liabilities of foreign operations are translated into euros at the rate of exchange prevailing at the reporting date and their income statements are translated at exchange rates prevailing at the monthly average exchange rates. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the income statement.

The exchange rates of certain significant currencies versus the Euro changed as follows:

Currency	ISO Code	Rate at closing date		Average exchange rate	
		Dec 31, 2014	Dec. 31, 2013	2014	2013
Argentine Peso	ARS	10,377	8,955	10,763	7,265
Australian Dollar	AUD	1,483	1,542	1,473	1,377
Brazilian Real	BRL	3,221	3,258	3,123	2,867
Chinese Yuan Renminbi	CNY	7,536	8,349	8,188	8,166
Czech Koruna	CZK	27,735	27,427	27,536	25,984
British Pound	GBP	0,779	0,834	0,806	0,849
Hong Kong Dollar	HKD	9,417	10,693	10,305	10,302
Hungarian Forint	HUF	315,540	297,040	308,723	296,941
New Israeli Sheqel	ILS	4,720	4,788	4,747	4,795
Indian Rupee	INR	76,719	85,366	81,069	77,875
Polish Zloty	PLN	4,273	4,154	4,185	4,197
Swedish Krona	SEK	9,393	8,859	9,098	8,651
Singapore Dollar	SGD	1,606	1,741	1,683	1,662
Turkish Lira	TRY	2,832	2,961	2,907	2,533

3.3 Revenue

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods and the amount of revenue can be measured reliably.

3.4 Intangible assets

Purchased intangible assets

Purchased intangible assets are recognised at cost or, if acquired in a business combination, at their respective fair values. They are amortised on a straight line basis over their useful lives. With the exception of goodwill and the trademark Wittur no intangible asset with indefinite useful life is recognised. Intangible assets with indefinite useful lives are subject to an annual impairment test and not to scheduled amortisation.

Scheduled amortisation of intangible assets may take place over the following useful life period:

	Useful life
	in years
Intangible assets	3 - 10
thereof self-created intangible assets	5

Research and development costs

Expenditure on research activities, undertaken with purpose of gaining new scientific or technical knowledge and understanding, is recognised in profit or loss when incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset.

Goodwill

Goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess is negative (badwill) it is recognised immediately in profit or loss. Capitalized goodwill is not subject to amortisation. It is assessed annually for impairment and can be assessed more frequently, if there might be any indication for impairment during the year.

3.5 Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use and the costs of dismantling and removing the items.

If parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within other operating income or other operating expenses in profit or loss.

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item, if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets under finance leases are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated. Depreciation methods, useful lives and residual values are reviewed at each reporting date.

The estimated useful lives for the current and comparative periods are as follows:

	Useful life in years
Buildings	25
Buildings (constructed after 1st Jan 2001)	33
Plant	8
Factory equipment	5
Fixtures and fittings	4
IT equipment	3
IT equipment (networks)	8

3.6 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

3.7 Impairment of intangible assets and of property, plant and equipment

The carrying amounts of the Group's intangible assets and items of property, plant and equipment are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For goodwill and trademark the recoverable amount is estimated at least once in a year at the same time.

The recoverable amount is defined as the higher of the attributable fair value less the costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the carrying amount exceeds the recoverable amount, the difference is recognised as an impairment loss in the income statement. For the impairment test, assets are reflected at the lowest level for which cash flows are separately identifiable. If the cash flow for an asset is not separately identifiable, the impairment test is conducted on the basis of the cash-generating unit (CGU) to which the asset belongs. Goodwill is allocated to CGU's to perform an annual impairment test on goodwill. The allocation is made to those CGU's or groups of CGU's that are expected to benefit from the business combination in which the goodwill arose identified according to operating segment.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGUs and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed even in case of subsequent increase in value. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed, if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.8 Investment Properties

IAS 16 and IAS 40 permit investment properties to be cost less accumulated depreciation and any accumulated impairment. An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognised in the profit or loss.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the income statement in the period of derecognition.

The estimated useful live for the current and comparative periods is as follows:

	Useful life in years
Investment properties	33

3.9 Inventories

Inventories include raw materials and supplies, work in progress, semi-finished goods, finished goods and merchandise.

Inventories are measured at the lower of cost or net realisable value. The cost of inventories includes expenditure incurred in acquiring the inventories, production costs and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost of inventories includes direct material and production costs and an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses.

3.10 Income taxes

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset, if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income taxes levied by the same tax authority on the same taxable entity or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3.11 Financial instruments

Financial instruments comprise trade and other receivables, cash and cash equivalents, other financial assets, loans and borrowings, trade and other payables as well as other financial liabilities.

Cash and cash equivalents comprise cash balances and cash deposits.

Financial assets are recognised initially at fair value and, for instruments not at fair value through profit or loss, any directly attributable transaction costs. 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. Subsequent measurement depends on the categorisation of the financial instrument as described below:

Loans and receivables comprise trade receivables and other financial assets and are measured at amortised cost less any impairment losses. Impairment losses on trade receivables are recognised using separate allowance accounts. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

Financial instruments at fair value through profit or loss: An instrument is classified at fair value through profit or loss, if it is held for trading or is designated as such upon initial recognition. Financial instruments are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's documented risk management or investment strategy. Upon initial recognition attributable transaction costs are recognised in profit or loss when incurred. Financial instruments at fair value through profit or loss are measured at fair value and changes therein are recognised in profit or loss. The Group does not apply the fair value option but has derivatives which fall into the sub-category held for trading.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership.

Financial liabilities are measured at fair value on initial recognition. For all financial liabilities not subsequently measured at fair value through profit or loss, the transaction costs directly attributable to the acquisition are also recognised. Trade payables and other financial liabilities are generally measured at amortised cost using the effective interest method.

Financial assets and liabilities are offset and the net amount is shown in the Group's balance sheet only if, at the relevant balance sheet date, there is a legitimate claim to offset the amounts accounted for against each other and if it is intended that a settlement be made on a net basis or that the liability in question be extinguished at the same time by realising the asset concerned.

3.12 Financial income and expenses

Financial income comprises interest income on funds invested and changes in the fair value of derivative financial instruments. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Financial expenses comprise interest expense on borrowings, unwinding of the discount on provisions, changes in the fair value of derivative financial instruments, impairment losses recognised on financial assets. All borrowing costs are recognised in profit or loss using the effective interest method.

3.13 Impairment of financial assets

The Group assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event'), has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Objective evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and

observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

3.14 Provisions for pensions and other employee benefits

Pensions for provisions and other employee benefits are carried as liabilities in accordance with IAS 19.67 using the projected unit credit method. The Group accounts for actuarial gains and losses as part of remeasurements in other comprehensive income. The amount which has to be accounted for as a liability from a defined-benefit pension plan comprises of the cash value of the defined-benefit pension obligation less the fair value of the plan assets which exist for the direct fulfilment of obligations. Actuarial valuations for the obligations are drawn up annually on the balance sheet date. An actuarial valuation is made on the basis of various assumptions. These include the calculation of the discount rates for unaccrued interest, future wage and salary increases, the mortality rate and future pension increases. Because the valuation and the assumptions on which it is based are complex and long-term, a performance-related obligation reacts very sensitively indeed to any change in said assumptions. All assumptions are thus reviewed on each annual financial statement date.

3.15 Other provisions

A provision is recognised, if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect of discounting is material, provisions are measured at their present value. The amount assumed to flow out in the subsequent year is recognised as current portion of the provision.

3.16 Leases

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability.

Rental and lease payments made by the Group under operating leases are recognised in other operating expenses as they incur.

3.17 Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When the Group receives grants of non-monetary assets, the asset and the grant are recorded at nominal amounts and released to profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset by equal annual instalments. When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a government grant.

4 Financial risk management

The financial liabilities used by the Company mainly comprise bank loans and overdrafts, finance leases, debts from supply and performance and hire purchase contracts and other loans granted. The main purpose of these financial liabilities is the financing of the Group's business activities. Various financial assets such as trade receivables and cash which result directly from said business activities continue to be available to the Group.

The Group is exposed to the following risks from financial instruments:

- credit risk,
- liquidity risk, and
- market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk and the Group's management of capital.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits.

4.1 Credit risk

Credit risk is the risk of financial loss to the Group, if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The carrying amount of financial assets represents the maximum credit exposure.

The Group's exposure to credit risk is mainly influenced by the individual characteristics of each customer. The Group only concludes business transactions with creditworthy third parties. All customers wishing to conclude business transactions with the Group on credit are subjected to a test of their creditworthiness. In addition to that, the receivables are monitored continuously, so that the Group is not exposed to any substantial risks of non-payment. In the case of transactions which are not carried out in the country of the operative unit concerned no credits are granted without prior approval from the head of accounts receivable controlling. There are no substantial concentrations of non-payment risks in the Group. The Group does not see a credit risk for financial assets that are neither past due nor impaired.

4.2 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due, e.g. settlement of its financial debt and paying its suppliers. The Group's approach of managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group continuously monitors the risk of a liquidity bottleneck using a liquidity planning tool. It is the aim of the Group to maintain a balance between ongoing coverage of the need for funds and the guarantee of flexibility by the use of overdrafts, loans, finance leases and hire purchase contracts.

Beyond effective working capital and cash management, the Group mitigates liquidity risk by having undrawn credit facilities.

Future cash outflows arising from financial liabilities that are recognised and unrecognised in the consolidated balance sheet are presented in the following table. This includes payments to settle the liabilities and interest payments. Financial liabilities that are repayable on demand are included on the basis of the earliest date of repayment. Cash flows for instruments with a variable interest rate are determined with reference to the market conditions at the balance sheet date.

Dec. 31, 2014				
KEUR	< 1 year	1 - 5 years	over 5 years	Total
Interest-bearing loans and borrowings	166.858	31	-	166.889
Other financial liabilities	552	1.581	2.762	4.895
Trade and other payables	107.844			107.844
Sub-Total	275.253	1.612	2.762	279.628
Derivative financial instruments	-	27		27
Total	275.253	1.639	2.762	279.655

Dec. 31, 2013				
KEUR	< 1 year	1 - 5 years	over 5 years	Total
Interest-bearing loans and borrowings	39.057	182.228	-	221.285
Other financial liabilities	658	1.593	3.158	5.408
Trade and other payables	89.971	-	-	89.971
Sub-Total	129.687	183.820	3.158	316.665
Derivative financial instruments	327	-	-	327
Total	130.014	183.820	3.158	316.992

Trade and other payables include payroll liabilities and advance payments (5.25).

The table above does not include the shareholder loan, which matures in 2040. The contractual undiscounted payments of 10 % p.a. for the shareholder loan are KEUR 858.470 (2013: KEUR 891.211). The change of the contractual undiscounted payments from 2013 to 2014 relate to the repayment of the shareholder loan of KEUR 2.520 in 2014 and the undiscounted interest on it of KEUR 29.951.

4.3 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises the following types of risk: foreign currency exchange rate risk and interest rate risk. Financial instruments exposed to market risk include interest-bearing loans and derivative financial instruments.

Foreign exchange risk

Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations. Foreign currency exposures of individual affiliates are managed and optimised against the functional currency of the respective entity.

Foreign currency risks exist as there are sales and purchases in different currencies. Management is in process to analyse the underlying risks and to implement adequate instruments to mitigate these risks.

Foreign currency risks the Group is exposed to result from its operating activities. Although Group entities mainly operate in their individual functional currency, some Group entities are exposed to foreign currency risks based on planned payments in a currency other than their functional currency.

Foreign currency risks are presented by application of sensitivity analyses required by IFRS 7. These show the effects of hypothetical changes of relevant risk variables on result before tax as a consequence of upward revaluation and devaluation of EUR against CNY and EUR against TRY which are material for the group. All other currencies are not material. In the scope of these analyses are financial instruments being denominated in a currency that is not the functional currency and being of a monetary nature. According to the requirements of IFRS 7 differences resulting from the translation of financial statements into the Group's presentation currency are not taken into consideration. No effects, except for those from result before tax, resulted on shareholders' equity. As hedge accounting is not applied, there are no effects on other comprehensive income.

KEUR	2014	2013
+5% increase of EUR		
against CNY	-386	95
against TRY	501	583
Total	116	678

KEUR		
-5% decrease of EUR	2014	2013
against CNY	386	-95
against TRY	-501	-583
Total	-116	-678

Interest rate risk

Interest rate risk is the risk of fair values and / or cash flows being negatively affected by changes in interest rates.

The Group is exposed to interest rate risks from loans with variable interest rates. Interest rate risks are presented by way of sensitivity analyses in accordance with IFRS 7. These show the effects of changes in market interest rates on finance income and expense. The interest rate sensitivity analyses are based on the following assumptions:

Changes in the market interest rates of all non-derivative financial instruments with fixed interest rates that are carried at amortised cost are not subject to interest rate risk as defined in IFRS 7.

Where a decrease of interest rates by 1,0% could result in a negative interest rate, the floating rate was set at 0% for simulation purposes.

Interest rate changes also impact profit or loss because of interest rate derivatives.

Changes in market interest rates affect the interest income or expense of non-derivative variable-interest financial instruments and the interest payments which are not designated as hedged items of cash flow hedges against interest rate risks. As a consequence, they are included in the calculation of income-related sensitivities.

KEUR	effect on result before tax
Scenario 1: increase in interest rate structure by 100 base points	
2014	-437
2013	-1.415
Scenario 2: decrease in interest rate structure by 100 base points	
2014	101
2013	176

5 Notes to the consolidated statement of comprehensive income and balance sheet

5.1 Revenues

KEUR	2014	2013
Sales of goods		
Europe & Africa	237.951	233.406
Asia	214.174	179.481
Rest of world	69.780	66.889
Revenues	521.905	479.775

5.2 Expenses by nature

Expenses by nature mainly consist of:

KEUR	2014	2013
Raw material, consumables used and merchandise	263.954	243.275
Employee benefit expense	94.208	90.850
Depreciation, amortization and impairment charges	15.571	19.715

5.3 Employee benefit expense

KEUR	2014	2013
Wages and salaries	73.217	71.355
Social insurance contributions	18.411	17.322
Pension costs	2.580	2.173
Employee benefit expense	94.208	90.850

The number of employees was 3,250 as of December 31, 2014 (2013: 2,957).

5.4 Other income

KEUR	2014	2013
Government income for tax benefits, premiums & subsidies	485	564
Income from rented Property	433	289
Licence fee Income	300	-
Income from research funding & R&D	184	305
Gain on sale of fixed assets	54	173
Income from insurance companies	80	78
Currency translation gain - net	0	764
Others	338	597
Other income	1.874	2.771

"Others" contain many different items all each below KEUR 30.

5.5 Other expenses

KEUR	2014	2013
Other taxes	2.064	1.521
Currency translation loss - net	545	-
Others	26	213
Other expenses	2.635	1.734

5.6 Financial expenses

KEUR	2014	2013
Interest on borrowings	7.400	7.184
Shareholder loan interest	6.582	11.470
Amortization of transaction costs	6.436	1.602
Interest expenses for finance leases	136	153
Discounting of provisions	275	345
Other financial expenses	383	623
Total interest expense that is not measured at fair value through profit and loss	21.211	21.377
Net loss on financial instruments at fair value through profit or loss	22	-
Finance expense	21.233	21.377

Net loss on financial instruments at fair value through profit or loss relates to interest rate and FX derivatives.

5.7 Finance income

KEUR	2014	2013
Other interest income	1.238	411
Total interest income that is not measured at fair value through profit and loss	1.238	411
Net gain on financial instruments at fair value through profit or loss	536	429
Finance income	1.774	840

Net gain on financial instruments at fair value through profit or loss relates to interest rate and FX derivatives.

5.8 Income taxes

The following table provides a breakdown of deferred taxes:

KEUR	Dec. 31, 2014		Dec. 31, 2013	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Non-current assets	869	15.750	2.300	18.907
Intangible assets	34	10.595	85	14.402
Property, plant and equipment	835	5.095	1.310	4.506
Investment properties	-	58	-	-
Other non-current financial assets	-	2	898	-
Other non-current receivables	-	-	7	-
Current assets	939	80	1.318	196
Inventories	262	48	894	-
Trade receivables and other receivables	481	30	425	-
Other current financial assets	196	0	-	196
Cash and cash equivalents	-	2	-	-
Non-current liabilities	3.083	128	3.104	291
Non-current interest-bearing loans and borrowings	293	105	326	27
Provisions for pensions	336	-	279	21
Other non-current provisions	1.394	13	1.124	-
Derivative financial instruments	-	-	-	-
Other non-current liabilities	1.061	11	1.375	244
Current liabilities	376	172	527	63
Trade and other payables	8	-	3	18
Current interest-bearing loans and borrowings	21	-	2	-
Other current provisions	346	172	522	45
Tax losses carried forward	4.344	-	5.120	-
Total before netting	9.611	16.129	12.370	19.458
Offsetting of deferred taxes	-5.082	-5.082	-6.909	-6.909
Presented in consolidated balance sheet	4.528	11.047	5.461	12.549

A deferred tax liability for all taxable temporary differences associated with investments in subsidiaries, branches and associates is not recognized because it is probable that the temporary difference will not reverse in the foreseeable future and the company is able to controls the timing of the reversal of the temporary differences.

The following table shows the amount of the deferred taxes before netting to be expected to be recovered or settled prior / after more than 12 months:

KEUR	Dec. 31, 2014	Dec. 31, 2013
Deferred tax assets:		
- Deferred tax assets to be recovered after more than 12 months	8.078	10.268
- Deferred tax asset to be recovered within 12 months	1.532	2.102
	9.611	12.370
Deferred tax liabilities:		
- Deferred tax liability to be recovered after more than 12 months	15.878	19.199
- Deferred tax liability to be recovered within 12 months	252	259
	16.129	19.458

Deferred tax liability (net)	6.519	7.089
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Deferred taxes are recognised only to the extent that it is more likely than not that the related tax benefits will be realisable. Country-specific tax rates were used in each case to calculate deferred taxes.

The following table reconciles the expected income tax expense to the actual income tax expense presented in the consolidated financial statements. The effective tax expense results from the application of an income tax rate of 26,3% (2013: 26,3%) to consolidate profit for the period (before taxes) in accordance with IFRS. The income tax rate is made up of corporation tax at 15% (2013: 15%), a solidarity surcharge of 5,5% (2013: 5,5%) and trade tax at 10,5% (2013: 10,5%) The tax rate applied is the German tax.

KEUR	2014	2013
Current taxes	-16.564	-14.159
Deferred taxes	283	3.919
Income taxes	-16.281	-10.240

Earnings before income taxes (EBT)	37.539	21.207
Expected tax rate	26,3%	26,3%
Expected income taxes	-9.882	-5.583
Tax effects resulting from:		
Differences in tax rates	339	1.288
Reduction for impairment or reversal of reductions for impairment on deferred tax assets on tax loss	438	0
Adjustments for current and deferred income taxes for prior years	-911	804
Non-recognition of deferred tax assets	-219	-726
Non-deductible expenses	-6.498	-6.313
Tax-exempt income	42	48
Changes to deferred tax resulting from tax rate changes	40	45
Other effects	371	198
Income taxes	-16.281	-10.240
Effective income tax rate	-43,4%	-48,3%

The non-deductible expenses result mainly from non-deductible interest (thereof Germany 2014: KEUR 3.373; 2013: KEUR 2.324) and non-refundable withholding taxes (thereof Germany 2014: KEUR 1.278; 2013: KEUR 485 and Italy 2014: KEUR 1.406; 2013: KEUR 1.150).

The Group has tax losses carried forward of KEUR 23.563 (2013: KEUR 26.470) that are available for offset against future taxable profits of the companies in which the losses arose. Deferred tax assets are recognised for tax losses carry-forward of KEUR 17.155 (2013: KEUR 21.892) to the extent that the realisation of the related tax benefit through future taxable profits are expected. The deferred tax assets amounting to KEUR 4.344 (2013: KEUR 5.120) have been recognised in respect of these losses. The Group did not recognise deferred tax assets in respect of losses amounting to KEUR 6.408 (2013: KEUR 4.578). No losses expire in 2015 (2013: losses expire in 2014 KEUR 171).

Apart from tax losses carry forward, no deferred tax assets on interest carry forwards amounting to KEUR 28.719 (2013: KEUR 25.394) were recognised in Germany as it is not probable that these interest carry forwards can be utilised.

5.9 Discontinued operations

The sale of the land and building to Omar Lift was completed in January 2014. No income and expenses were realized in 2014.

KEUR	Dec 31, 2014	Dec 31, 2013
ASSETS		
Intangible assets		-
Property, plant and equipment		1.600
Inventories		-
Trade receivables and other receivables		-
Other current financial assets		-
Cash and cash equivalents		-
Assets classified as held for sale		1.600
LIABILITIES		
Provisions for pensions		-
Deferred tax liabilities		-
Trade and other payables		-
Provisions for pensions		-
Income tax liabilities		-
Liabilities associated with the assets classified as held for sale		-
Net assets directly associated with disposal group		-
INCLUDED IN OTHER COMPREHENSIVE INCOME		
Other reserves		-
Reserves of disposal group classified as held for sale		-

5.10 Intangible assets

KEUR	Goodwill	Licences, patents, trademarks and other rights	Development costs	Total
Cost				
At Dec. 31, 2013	79.548	85.981	3.767	169.296
Additions - internal development	-		2.889	2.889
Additions - acquired separately	-	999		999
Transfers	-	24	-	24
Disposals	-	-366	-25	-391
Change in consolidation	-	-	-	-
Currency translation	-	103	3	107
At Dec. 31, 2014	79.548	86.741	6.634	172.924
Accumulated amortisation				
At Dec. 31, 2013	-	34.899	430	35.329
Additions (amortisation)	-	6.991	779	7.770
Transfers	-	17	-	17
Disposals	-	-366	-	-366
Change in consolidation	-	-	-	-
Currency translation	-	85	-	85
At Dec. 31, 2014	-	41.625	1.209	42.834
Carrying amount				
At Dec. 31, 2013	79.548	51.083	3.337	133.968
At Dec. 31, 2014	79.548	45.116	5.425	130.090

KEUR	Goodwill	Licences, patents, trademarks and other rights	Development costs	Total
Cost				
At Dec. 31, 2012	79.548	85.772	2.071	167.391
Additions - internal development	-		1.777	1.777
Additions - acquired separately	-	530		530
Transfers	-	18	-	18
Disposals	-	-67	-56	-123
Change in consolidation	-	-34	-	-34
Currency translation	-	-239	-24	-263
At Dec. 31, 2013	79.548	85.981	3.767	169.296
Accumulated amortisation				
At Dec. 31, 2012	-	23.403	198	23.600
Additions (amortisation)	-	11.798	257	12.055
Transfers	-	0	-	0
Disposals	-	-60	-	-60
Change in consolidation	-	-34	-	-34
Currency translation	-	-208	-25	-233
At Dec. 31, 2013	-	34.899	430	35.329
Carrying amount				
At Dec. 31, 2012	79.548	62.370	1.873	143.791
At Dec. 31, 2013	79.548	51.083	3.337	133.968

Research and development spending amounted to KEUR 8.731 in fiscal year 2014 (2013: KEUR 7.553). Of this amount, KEUR 2.889 (2013: KEUR 1.777) of self-produced intangible assets were capitalized in fiscal year 2014.

Goodwill is allocated to regions as follows:

KEUR	Dec 31, 2014	Dec 31, 2013
Analysis of Goodwill		
Europe & Africa	38.777	38.777
Eurasia	6.897	6.897
Americas	1.235	1.235
China	30.025	30.025
Asia Pacific	2.614	2.614
Total Goodwill	79.548	79.548

Goodwill is tested for impairment at least once a year by comparing the carrying amounts of the regions to which goodwill is allocated with their value in use. Value in use is determined using the discounted cash flow method based on the current five year planning for the region concerned. The principal planning assumptions are expected market trends in relation to the company's development, changes in production and other cost, changes in discount rates. The assumptions are management's view based upon current performance and the mid-range plan. Summarized the assumptions can be outlined as follows:

- Average annual growth rate (CAGR) of net sales for significant regions is between approx. 4% and 7% and for smaller regions between approx. 11% and 25%.
- Average annual growth rate (CAGR) of EBIT for significant regions is between approx. 2% and 8% and for smaller regions between approx. 15% and 30%.

For all Cash generating units, the growth rate used for the terminal value was 1% p.a (2013: 1%). Cash flows are forecasted on the basis of revenue and cost projections for each region to which goodwill is allocated. The discount rate applied is the pre-tax weighted cost of capital for 2014 by region is as follows:

in %	Dec 31, 2014	Dec 31, 2013
Analysis of pre-tax Weighted Average Cost of Capital		
Europe & Africa	8,3%	8,6%
Eurasia	16,3%	14,9%
Americas	26,1%	20,0%
China	9,8%	10,3%
Asia Pacific	13,3%	10,9%

Goodwill is impaired if the region's value in use is less than its carrying amount. The value in use of all CGUs exceeded their carrying values at the impairment test date. Reasonably possible changes in the key assumptions would not cause goodwill impairment.

The remaining useful live for significant other intangible assets is as follows:

	Useful life in years
Intangible assets	3 - 10

5.11 Property, plant and equipment

KEUR	Land and buildings	Plant and machinery	Furniture & equipment	Prepayments & construction in progress	Assets under Finance lease	Total
Cost						
At Dec. 31, 2013	53.361	18.182	9.472	4.497	1.972	87.483
Additions - acquired separately	440	1.192	530	6.432	-	8.594
Transfers	-1.886	1.685	1.434	-6.040	2.847	-1.959
Disposals	-24	-410	-1.188	-9	-0	-1.630
Currency translation	826	1.232	562	45	6	2.670
At Dec. 31, 2014	52.716	21.881	10.811	4.925	4.825	95.158
Accumulated depreciation						
At Dec. 31, 2013	7.227	3.138	2.179	0	181	12.725
Additions (depreciation)	2.535	2.916	2.258	-	55	7.765
Transfers	-795	1	219	-	28	-547
Disposals	-20	-408	-1.178	-	-0	-1.606
Currency translation	342	561	352	-	2	1.257
At Dec. 31, 2014	9.289	6.208	3.830	0	266	19.593
Carrying amount						
At Dec. 31, 2013	46.134	15.044	7.293	4.497	1.791	74.759
At Dec. 31, 2014	43.427	15.673	6.981	4.925	4.560	75.565

The net transfers KEUR 2.819 (2013: KEUR 0) mainly amount to a reclassification from land and buildings to assets under finance lease with a net book value of KEUR 4.446 (2013: KEUR 4.590) for leased building and other reclassifications from assets under finance lease, mainly to land and building. If the reclassification from land and buildings to assets under finance lease had been done in December 2013 the land and buildings would be KEUR 41.544 and assets under finance lease would be KEUR 6.381.

KEUR	Land and buildings	Plant and machinery	Furniture & equipment	Prepayments & construction in progress	Assets under Finance lease	Total
Cost						
At Dec. 31, 2012	53.771	15.609	8.741	4.724	1.944	84.790
Additions - acquired separately	281	1.464	1.459	7.355	30	10.588
Transfers	2.327	3.600	1.654	-7.598	-	-18
Disposals	-67	-1.298	-1.613	-3	-	-2.981
Change in consolidation	-2.331	-14	-25	-	-	-2.369
Currency translation	-620	-1.180	-743	20	-2	-2.525
At Dec. 31, 2013	53.361	18.182	9.472	4.497	1.972	87.483
Accumulated depreciation						
At Dec. 31, 2012	5.000	2.561	1.680	0	82	9.324
Additions (depreciation)	2.606	2.612	2.328	-	100	7.646
Disposals	-57	-1.259	-1.369	-	-	-2.685
Change in consolidation	-2	-14	-25	-	-	-41
Currency translation	-320	-763	-436	-	-1	-1.519
At Dec. 31, 2013	7.227	3.138	2.179	0	181	12.725
Carrying amount						
At Dec. 31, 2012	48.771	13.048	7.060	4.724	1.863	75.466
At Dec. 31, 2013	46.134	15.044	7.294	4.497	1.791	74.759

No impairment was recognised for items of property, plant and equipment during the fiscal year 2014 (2013: no impairment).

5.12 Investment Properties

KEUR	Investment Property
Cost	
At Dec. 31, 2013	1.872
Additions - acquired separately	54
Transfers	1.935
Disposals	-
Currency translation	-
At Dec. 31, 2014	3.861
Accumulated depreciation	
At Dec. 31, 2013	27
Additions (depreciation)	36
Transfers	531
Disposals	-
Currency translation	-
At Dec. 31, 2014	593
Carrying amount	
At Dec. 31, 2013	1.845
At Dec. 31, 2014	3.268

Cost transfers (KEUR 1.935) and depreciation transfers (KEUR 531) relate to a building owned by Wittur Spain. In 2014 it was decided to rent the building, thus the respective amounts have been reclassified from property plant and equipment to investment properties.

KEUR	Investment Property
Cost	
At Dec. 31, 2012	1.872
Additions - acquired separately	-
Transfers	-
Disposals	-
Currency translation	-
At Dec. 31, 2013	1.872
Accumulated depreciation	
At Dec. 31, 2012	14
Additions (depreciation)	14
Transfers	-
Disposals	-
Currency translation	-
At Dec. 31, 2013	27
Carrying amount	
At Dec. 31, 2012	1.858
At Dec. 31, 2013	1.845

KEUR	2014	2013
Rental income derived from investment properties	383	288
Direct operating expenses (including repairs and maintenance) generating rental income	-30	-15
Direct operating expenses (including repairs and maintenance) that did not generate rental income	-19	-
Net profit arising from investment properties carried at cost	335	273

Investment properties are amortized on a straight line basis over their useful lives. The fair value based on external valuation of the investment property amounts to KEUR 3.285 (2013: KEUR 1.845) and represents Level 3 of the fair value measurements hierarchy (we refer regarding the definition of Level 3 to note 7 Additional disclosures on financial instruments).

5.13 Other non-current financial assets

KEUR	Dec 31, 2014	Dec 31, 2013
Guarantees and deposits	22	22
Investments	26	26
Interest rate derivatives	8	718
Other non-current financial assets	56	766

5.14 Other non-current assets

KEUR	Dec 31, 2014	Dec 31, 2013
VAT receivables long-term	1.561	-
Other non-current financial assets	1.561	-

5.15 Inventories

KEUR	Dec 31, 2014	Dec 31, 2013
Raw materials and supplies	24.876	23.718
Finished goods and work in progress	17.279	13.836
Prepayments on inventory	924	392
Inventories	43.080	37.945

Inventories recognised as expense amounted to KEUR 261.056 (2013: KEUR 239.881). As of December 31, 2014, the write downs of inventories recognised as expense amount to KEUR 4.108 (2013: KEUR 3.906).

5.16 Trade and other receivables

KEUR	Dec 31, 2014	Dec 31, 2013
Not past due	73.219	65.680
Past due less than 60 days	15.875	15.636
Past due more than 60 days	11.393	10.180
Total	100.487	91.496

The following table shows the development of allowances on trade receivables:

KEUR	Dec 31, 2014	Dec 31, 2013
Allowances at the beginning of the period	-6.317	-7.914
Additions	-1.065	-2.343
Reversal	466	353
Use	346	2.513
Currency translation	-195	1.074
Individual allowances at the end of the period	-6.766	-6.317

The currency translation effect in 2014 and 2013 mainly relates to TRY.

KEUR	Dec 31, 2014	Dec 31, 2013
Trade receivables	93.721	85.179
Trade and other receivables	93.721	85.179

5.17 Other current financial assets

KEUR	Dec 31, 2014	Dec 31, 2013
Loans	467	429
FX derivatives	1.246	-
Other current financial assets	1.713	429

5.18 Other current assets

KEUR	Dec 31, 2014	Dec 31, 2013
VAT receivable	4.372	7.482
Income tax receivables	830	1.926
Prepaid expenses	1.319	721
Withholding tax receivable	203	240
Government grant	213	619
Other	2.206	1.611
Other current assets	9.143	12.599

5.19 Cash and cash equivalents

KEUR	Dec 31, 2014	Dec 31, 2013
Cash on hand, cheques and cash at banks	33.974	19.998
Short term deposits at banks	0	0
Cash and cash equivalents according to consolidated balance sheet statement	33.974	19.998

In the consolidated statement of cash flows, cash and cash equivalents includes cash on hand. Overdrafts at banks are shown under current interest bearing loans and borrowings in the consolidated balance sheets.

5.20 Equity

For a detailed movement of the changes in equity refer to the consolidated statement of changes in equity.

Subscribed capital

The subscribed capital amounts to KEUR 25 (2013: KEUR 25) and is held by TriWay HoldCo AB, Stockholm. The share capital is fully paid in as of the balance sheet date.

Other components of equity

Currency translation differences: The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

Remeasurements comprise of actuarial gains and losses recognised in other comprehensive income according to IAS 19.

The tax (charge)/credit relating to components of other comprehensive income is as follows:

KEUR	before tax	Tax (Charge / credit)	After tax
Exchange differences on translation of foreign operations	1.953	-	1.953
Actuarial gains and losses	-835	230	-606
Other comprehensive income	1.118	230	1.347

Capital management

The primary objective of the Group's capital management is to maintain a capital structure that contributes to the creation of shareholder value. Wittur aims to manage its capital in a way that supports the profitable growth of operations by securing an adequate liquidity and capitalization of the group at all times ensuring the ability to meet the financial obligations.

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

The Group considers both capital and net debt as relevant components of funding, hence, part of its capital management. The Group manages the equity as capital under IFRS amounting to KEUR +13.589 (2013: KEUR -9.016).

The Group includes within net debt: interest bearing loans and borrowings from banks and finance leases; less cash and short-term deposits, excluding discontinued operations.

The assets employed in Wittur's business consist principally of net working capital, fixed assets, and investments which are funded by equity and net debt. Cash flow from operations is the principal source of Wittur's financing. External funding, as well as cash and cash equivalents, are managed centrally by the Group Treasury according to the Group Treasury Policy. Liquid assets are invested only in counterparties with high creditworthiness and deposits to ensure continuous access to the funds.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2014 and 2013.

No Group companies were subject to minimum capital requirements requested by external parties.

5.21 Interest bearing loans and borrowings

Wittur entered into a Senior Facility Agreement dated December 6, 2010. Wittur initially received two term facilities (A, B) with a nominal amount of KEUR 72.500 each on December 22, 2010. The maturity of facility A is December 6, 2016; the maturity of facility B is December 6, 2017. At September 5, 2013 the Senior Facility Agreement was amended. Wittur received a term facility (C) with a nominal amount of KEUR 60.000 at the reporting date. The maturity of facility C is December 20, 2018. The facility A is repaid according to a pre-defined repayment table on June 30th and December 30th each year. The facility loans are bearing a variable interest rate based on the 1 month- EURIBOR interest rate plus a margin rate. The effective interest rates are in the range of 2,76% to 4,52% (2013: 3,23% to 4,48%). The repayment of facility B and C is done on the respective termination dates. The loans A, B and C were repaid after closing on the 31, March 2015.

The amount of borrowing costs capitalized at year end 2014 for facility (A, B and C) was KEUR 454 (2013: KEUR 6.891).

Together with the term loan facilities an additional revolving credit facility including ancillary facilities of KEUR 30.000 max. was granted. The total revolving credit facility is split in an initial revolving credit facility and ancillary facilities. These credit and ancillary facilities are concluded with different banks. The revolving credit facilities are bearing a variable interest rate. The interest rate is based on an interest reference rate plus a margin.

The Senior Facility Agreement contains financial covenants as leverage cover, interest cover, CAPEX limitation and cash flow cover. Wittur is in compliance with all these covenants.

The following collateral was provided under the above mentioned Senior Facility Agreement:

- Pledging of certain bank accounts KEUR 19.363 (2013: KEUR 19.998)
- General assignments concerning certain receivables, including insurance benefits KEUR 66.465 (2013: KEUR 68.828).
- Mortgages (KEUR 46.000 in 2014 and 2013)
- Assignments of assets KEUR 396.698 (2013: KEUR 374.549)

Given the positive economic situation in key markets, the position of the individual Group companies in the respective markets and positive results of operations, it is currently not expected that the collateral will be utilized.

Non-current interest bearing loans and borrowings

KEUR	Dec 31, 2014	Dec 31, 2013
Non-current bank loans	29	153.377
Shareholder loan	72.221	68.160
Non-current interest-bearing loans and borrowings	72.250	221.536

Current interest bearing loans and borrowings

KEUR	Dec 31, 2014	Dec 31, 2013
Current bank loans	165.104	31.491
Current interest-bearing loans and borrowings	165.104	31.491

The shareholder loan is a second-order loan.

5.22 Provisions for pensions

Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognised as employee benefit expense in the profit or loss when they are due. Prepaid contributions are recognised as asset to the extent that a cash refund or a reduction in future payments is available.

Beside statutory pension funds, e.g. the German statutory pension insurance scheme ("Deutsche Rentenversicherung"), the Group operates no employer-financed defined contribution plans. The Group has paid and expensed KEUR 650 during 2014 (2013: KEUR 640) for German statutory pension insurance scheme.

Defined benefit plans

The Company operates various defined benefit pension schemes. Beneficiaries of these plans are employees in different countries, in particular in Germany, Austria, Italy and Turkey.

The amounts recognised in the balance sheet are determined as follows:

KEUR	Dec. 31, 2014	Dec. 31, 2013
Present value of funded Defined Benefit Obligation (DBO)	9.749	12.419
Fair value of plan assets	-	-3.634
Net liability	9.749	8.785

Of the figure shown for total benefit obligations as of December 31, 2014, KEUR 981 relates to the defined benefit plans in Germany, KEUR 4.194 to the plans in Austria, KEUR 3.152 to the plans in Italy and KEUR 969 to the plans in Turkey.

The expected payment to be made within the next 12 months (next annual reporting period) out of the defined benefit plan obligations are KEUR 291 (2013: KEUR 424) and made directly by the employer.

The amounts recognised in the income statement concerning defined benefit plans were as follows:

KEUR	2014	2013
Current service cost	275	1.278
Interest cost	255	323
Total	531	1.601

The movement in the DBO and in the fair value of plan assets over the year was as follows:

2014			
KEUR	DBO	Plan assets	Net liability
Balance at the beginning of the period	12.419	-3.634	8.785
Current service costs	275	-	275
Interest costs	255	-	255
Interest cost/income not included in interest costs	-	-	-
Employer's payments to plan assets	-	-	-
Benefit payments	-4.108	-3.634	-474
Actuarial (gains) / losses	864	-	864
thereof: gains/losses due to experience	-253	-	-253
thereof: gains/losses due to changes in demographic assumptions	-	-	-
Thereof: gains/losses due to changes in financial assumptions	1.116	-	1.116
Discontinued operations	0	-	0
Currency translation differences	44	-	44
Balance at the end of the period	9.749	-	9.749

2013			
KEUR	DBO	Plan assets	Net liability
Balance at the beginning of the period	12.289	-2.691	9.598
Current service costs	1.278	-	1.278
Interest costs	323	-81	242
Interest cost/income not included in interest costs	-	-189	-189
Employer's payments to plan assets	-	-673	-673
Benefit payments	-766	-	-766
Actuarial (gains) / losses	-430	-	-430
thereof: gains/losses due to experience	27	-	27
thereof: gains/losses due to changes in demographic assumptions	-	-	-
Thereof: gains/losses due to changes in financial assumptions	-457	-	-457
Discontinued operations	0	-	0
Currency translation differences	-274	-	-274
Balance at the end of the period	12.419	-3.634	8.785

The Projected Unit Credit method was used for the valuation of pension provisions. The principal assumptions used in determining pension provisions for the Group's plans are shown below:

	Dec. 31, 2014	Dec. 31, 2013
Discount rate:		
Germany	2,40%	3,40%
Austria	2,40%	3,40%
Italy	2,00%	3,40%
Turkey	10,00%	8,60%
Salary increase:		
Germany	0,00%	0,00%
Austria	2,50%	2,50%
Italy	3,00%	3,00%
Turkey	8,00%	8,60%
Inflation rate:		
Germany	0,00%	0,00%
Austria	0,00%	0,00%
Italy	2,00%	2,00%
Turkey	6,50%	5,60%

The duration for the Group's plans are shown below:

2014 KEUR	2014 Duration	2013 Duration
Germany	7,90	7,70
France	18,50	18,80
Italy	13,90	13,10
Netherlands	6,10	6,20
Austria	11,70	11,40
Turkey	12,70	12,90

As biometric bases, the 2005G mortality tables by Klaus Heubeck are used for Germany and Austria, the RG48 tables and C.N.R. of the University of Rome are used for Italy, and the CSO80 and EVK00 tables are used for Turkey.

The defined benefit plans for employee termination payments are in accordance with Turkish social legislation, Italian TFR legislation and Austrian severance legislation (Abfertigungsrückstellung). The benefits of the plans in Austria and Turkey are dependent on the final salary and respective length of service. The benefits of the Italian plan are dependent on salary.

Benefits of the different plans in detail:

- The Turkish plan is a leaving service benefit. Benefit is the final average monthly pay including bonuses subject to ceiling published by the Government. The maximum ceiling on final pensionable pay equal to KTRY 3.438 at the calculation date. The ceiling is revised periodically by the Government. There is no minimum benefit for the Turkish plan. In Turkey the defined benefit plan relate to the benefits of the employee retirement indemnities as they are described in the Turkish Labor Law No.4857, which refers to Old Law No. 1475/14. The plan covers 185 employees with an average age of 35 years.
- Italian Trattamento di Fine Rapporto (TFR) benefit is a deferred compensation item established by Italian law. Employers are required to provide a benefit to employees when, for any reason, their employment is terminated, i.e. in the case of retirement, death, disability and turnover. The benefit paid as a lump sum is related to fictive contributions defined by a

percentage of the pensionable pay and a recalculation of the accrued amount at the time of payment.

- The termination benefit Austria is required by law and depending to the time of service. The one time payment is paid in case the employer signs off the employee or the employee attains age 65. The termination benefit rises from 2 monthly wages after two years of service to 12 monthly wages after 25 years of service.
- In Germany there are pensioners with a monthly paid lifetime pension without indexation.

The obligation of the company to pay benefits arising out of the plans described above is related to the turnover rate, mortality respectively longevity, risk of invalidity and the development of salaries respectively inflation rate. Differences between the assumptions mentioned above and the actual situation regarding this point could lead to higher or lower obligations to be covered by the company.

In the following sensitivities are shown for the major plans and risks. Sensitivities are calculated by the variation of assumptions for both increase and decrease. The shown variation of assumptions leads to strong predictions in case of interpolation of the assumption. In case of extrapolation the use of the sensitivities leads to acceptable results. The extrapolation predictions get weaker with a rising distance from the calculated sensitivities.

The quantitative sensitivity analysis for significant assumptions as at 31. December 2014 is shown below:

2014 KEUR	Discount rate		Inflation rate		Salary rate	
Sensitivity level	1,0 % increase	1,0 % decrease	1,0 % increase	1,0 % decrease	1,0 % increase	1,0 % decrease
Impact on the net DBO	-1.164	1.387	477	-418	682	-578

2013 KEUR	Discount rate		Inflation rate		Salary rate	
Sensitivity level	1,0 % increase	1,0 % decrease	1,0 % increase	1,0 % decrease	1,0 % increase	1,0 % decrease
Impact on the net DBO	-1.198	1.428	487	-426	696	-590

5.23 Other provisions

KEUR	Dec. 31, 2014	
	current	non-current
Warranty provisions	2.688	4.687
Indemnity for termination of employment	100	-
Others	275	-
Other current & non-current provisions	3.062	4.687

KEUR	Dec. 31, 2013	
	current	non-current
Warranty provisions	984	6.109
Indemnity for termination of employment	600	-
Others	498	-
Other current & non-current provisions	2.082	6.109

Other non-current provisions

KEUR	Warranty provisions	Indemnity for termination	Others
At Jan 1, 2014	6.109	-	-
Additions	568	-	-
Use	-211	-	-
Reversals	-1.362	-	-
Transfer	-795	-	-
Foreign exchange	379	-	-
At Dec. 31, 2014	4.687	-	-

KEUR	Warranty provisions	Indemnity for termination	Others
At Jan. 1, 2013	5.482	-	-
Additions	1.307	-	-
Use	-	-	-
Reversals	-612	-	-
Foreign exchange	-68	-	-
At Dec. 31, 2013	6.109	-	-

Other current provisions

KEUR	Warranty provisions	Indemnity for termination	Others
At Jan 1, 2014	984	600	498
Additions	944	-	138
Use	-24	-151	-322
Reversals	-12	-349	-
Transfer	795	-	-
Foreign exchange	1	-	-39
At Dec. 31, 2014	2.688	100	275

KEUR	Warranty provisions	Indemnity for termination	Others
At Jan 1, 2013	1.111	550	215
Additions	984	500	453
Use	-1.111	-214	-96
Reversals	-	-232	-58
Foreign exchange	-	-4	-16
At Dec. 31, 2013	984	600	498

The warranty provisions are covering the expected warranties from the customers.

5.24 Other non-current financial liabilities

KEUR	Dec 31, 2014	Dec 31, 2013
Non-current finance lease liabilities	3.443	3.694
FX derivatives	27	-
Other non-current financial liabilities	153	96
Other non-current financial liabilities	3.623	3.790

5.25 Trade and other payables

KEUR	Dec 31, 2014	Dec 31, 2013
Trade accounts payable	78.551	63.040
Payroll liabilities	19.115	17.198
Advance payments received	3.498	3.324
VAT payable	2.056	2.493
Withholding tax payable	44	51
Others	4.580	3.865
Trade and other payables	107.844	89.971

5.26 Other current financial liabilities

KEUR	Dec 31, 2014	Dec 31, 2013
Current finance lease liabilities	252	380
FX derivative	0	327
Other current financial liabilities	252	707

6 Disclosures on leases

The Group leases buildings and machineries under finance lease agreements. The net carrying amount of leased assets recognised under finance lease agreements is amounting to KEUR 4.548 for buildings (2013: KEUR 1.714) and KEUR 12 for machineries (2013: KEUR 78).

KEUR	Dec 31, 2014	Dec 31, 2013
Future minimum lease payments	4.750	5.312
Due within 1 year	407	562
Due between 1 and 5 years	1.581	1.593
Due later than 5 years	2.762	3.158
Discounting	1.055	1.238
Due within 1 year	155	182
Due between 1 and 5 years	548	476
Due later than 5 years	352	579
Net present value	3.695	4.074
Due within 1 year	252	380
Due between 1 and 5 years	1.033	1.116
Due later than 5 years	2.410	2.578

KEUR	Dec 31, 2014	Dec 31, 2013
Total falling due within one year	252	380
thereof due in the following time bands:		
< 30 days	31	32
30 - 90 days	40	63
90 - 180 days	60	95
180 days - 1 year	120	190

The Group has entered into commercial leases on certain motor vehicles. These leases have an average life of between three and five years with no renewal option included in the contracts. There are no restrictions placed upon the Group by entering into these leases.

Future minimum rentals payable under non-cancellable operating leases are as follows:

KEUR	Dec 31, 2014	Dec 31, 2013
Future minimum lease payments		
Due within 1 year	4.382	2.151
Due between 1 and 5 years	4.684	3.110
Due later than 5 years	2.530	9
Total	11.596	5.270

Payments amounting to KEUR 4.484 (2013: KEUR 2.463) were recognised as an expense in the income statement in respect of operating leases.

7 Additional disclosures on financial instruments

Set out below is a comparison by class of the carrying amounts and fair value of the Group's financial instruments. The disclosures have to be made in accordance with the characteristics of the financial instruments. At Wittur, the breakdown is provided by balance sheet items:

KEUR	Category in accordance with IAS 39	Carrying amount Dec. 31, 2014	Amounts recognised in balance sheet according to IAS 39		Amounts recognised in balance sheet according to IAS 17	Amounts recognised in balance sheet not in scope of IFRS 7	Fair value Dec. 31, 2014
			Amortised cost	Fair Value			
Financial assets							
Non-current assets							
Other non-current financial assets							
VAT receivables long-term	LaR	1.561				1.561	
Interest rate derivatives	FAFV	8	-	8	-	-	8
Investments	LaR	26	26	-	-	-	26
Guarantees and deposits	LaR	22	22	-	-	-	22
Current assets							
Trade and other receivables	LaR	93.721	93.721	-	-	-	n/a
Other current financial assets							
FX derivatives	FAFV	1.246		1.246			1.246
Loan	LaR	467	467	-	-	-	n/a
Cash and cash equivalents	LaR	33.974	33.974	-	-	-	n/a
Financial liabilities							
Non-current liabilities							
Interest-bearing loans and borrowings	FLAC	29	29	-	-	-	29
Other financial liabilities							
Finance lease obligations	FLAC	3.443	-	-	3.443	-	n/a
FX derivatives	FLFV	27	-	27	-	-	27
Other financial liabilities	FLAC	153	153	-	-	-	153
Current liabilities							
Interest-bearing loans and borrowings	FLAC	165.105	165.105	-	-	-	n/a
Trade and other payables	FLAC	107.844	78.551	-	-	29.293	n/a
Other financial liabilities							
Finance lease obligations	FLAC	252	-	-	252	-	n/a
FX derivatives	FLFV	0	-	0	-	-	0
Aggregated by category in accordance with IAS 39							
Loans and receivables (LaR)		129.771					
Financial liabilities at fair value (FLFV) through profit or loss		27					
Financial assets at fair value (FAFV) through profit or loss		1.254					
Financial liabilities measured at amortised cost (FLAC)		276.825					

KEUR	Category in accordance with IAS 39	Carrying amount Dec. 31, 2013	Amounts recognised in balance sheet according to IAS 39		Amounts recognised in balance sheet according to IAS 17	Amounts recognised in balance sheet not in scope of IFRS 7	Fair value Dec. 31, 2013
			Amortised cost	Fair Value			
Financial assets							
Non-current assets							
Other non-current financial assets							
Interest rate derivatives	FAFV	718	-	718	-	-	718
Investments	LaR	26	26	-	-	-	26
Guarantees and deposits	LaR	22	22	-	-	-	22
Current assets							
Trade and other receivables	LaR	85.179	85.179	-	-	-	n/a
Other current financial assets							
Loan	LaR	429	429	-	-	-	n/a
Cash and cash equivalents	LaR	19.998	19.998	-	-	-	n/a
Financial liabilities							
Non-current liabilities							
Interest-bearing loans and borrowings	FLAC	153.377	153.377	-	-	-	153.377
Other financial liabilities							
Finance lease obligations	FLAC	3.694	-	-	3.694	-	n/a
Other financial liabilities	FLAC	96	96	-	-	-	96
Current liabilities							
Interest-bearing loans and borrowings	FLAC	31.491	31.491	-	-	-	n/a
Trade and other payables	FLAC	89.971	63.040	-	-	26.931	n/a
Other financial liabilities							
Finance lease obligations	FLAC	380	-	-	380	-	n/a
Interest rate derivatives	FLFV	327	-	327	-	-	327
Aggregated by category in accordance with IAS 39							
Loans and receivables (LaR)		105.655					
Financial liabilities at fair value (FLFV) through profit or loss		327					
Financial assets at fair value (FAFV) through profit or loss		718					
Financial liabilities measured at amortised cost (FLAC)		279.009					

The tables above do not include the shareholder loan (FLAC), which matures in 2040. The carrying amounts are KEUR 72.221 (2013: KEUR 68.160). The fair values of the shareholder loan are KEUR

131.456 (2013: KEUR 106.364). The complete amount of FLAC is KEUR 344.709 (2013: KEUR 347.169).

The carrying amount of the finance lease obligations largely corresponds to the fair value.

2014 KEUR	From interest	Currency translation	Changes in fair values	Impairment	Net result recognized in profit or loss
Financial assets at fair value (FAFV) through profit or loss	-	-	536		536
Loans and receivables (LaR)	-	-	-	-448	-448
Financial liabilities at fair value (FLFV) through profit or loss	-	-	-22		-22
Financial liabilities measured at amortised cost (FLAC)	-6.582	-	-		-6.582
Net income (loss) from financial instruments per category	-6.582	-	514		-6.516

2013 KEUR	From interest	Currency translation	Changes in fair values	Impairment	Net result recognized in profit or loss
Financial assets at fair value (FAFV) through profit or loss	-	-	86		86
Loans and receivables (LaR)	-	-	-	1.597	1.597
Financial liabilities at fair value (FLFV) through profit or loss	-	-	343		343
Financial liabilities measured at amortised cost (FLAC)	-18.655	-	-		-18.655
Net income (loss) from financial instruments per category	-18.655	-	429		-16.629

For financial instruments with current maturities including cash and cash equivalents, accounts receivable and payable as well as other receivables and payables it is assumed that their carrying amounts approximate their fair values.

The fair values of non-current financial instruments are calculated as the present values of the estimated future cash flows using market interest rates for discounting.

The fair values of non-current financial liabilities with variable interest rates are estimated to be equal to their carrying amounts since the interest rates agreed and those available on the market do not significantly differ.

The fair value of interest rate caps is calculated using the applicable option pricing formulas. The fair value of forward foreign exchange contracts is determined using a net present value calculation based on quoted forward exchange rates at the balance sheet date.

The following table provides the fair value measurement hierarchy of the Group's non-current assets and liabilities.

The different hierarchy levels have been defined as follows:

Level 1 inputs are quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date. A quoted market price in an active market provides the most reliable evidence of fair value and is used without adjustment to measure fair value whenever available, with limited exceptions.

Level 2 inputs are inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability and inputs that are derived principally from or corroborated by observable market data by correlation or other means ('market-corroborated inputs').

Level 3 inputs are unobservable inputs for the asset or liability. Unobservable inputs are used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. An entity develops unobservable inputs using the best information available in the circumstances, which might include the entity's own data, taking into account all information about market participant assumptions that is reasonably available.

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period. There have been no transfers between Level 1, Level 2 and Level 3 during 2014.

Quantitative disclosures fair value measurements hierarchy for assets as at December 31, 2014:

Dec. 31, 2014 KEUR		Fair value measurement using			
		Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Date of valuation					
Assets measured at fair value:					
Other non-curr. financial assets/derivative financial assets	31.12.2014		8		8
Other curr. financial assets/derivative financial assets	31.12.2014		1.246		1.246
Assets for which fair values are disclosed:					

Quantitative disclosures fair value measurements hierarchy for liabilities as at December 31, 2014:

Dec. 31, 2014 KEUR		Fair value measurement using			
		Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Date of valuation					
Liabilities measured at fair value:					
Non-current derivative financial liabilities	31.12.2014		27		27
Current derivative financial liabilities	31.12.2014		0		0
Liabilities for which fair values are disclosed:					
Interest bearing loans and borrowing	31.12.2014			29	29

The table above does not include the shareholder loan, which matures in 2040. The fair value hierarchy of the shareholder loan is Level 3 and the corresponding amount is KEUR 72.221.

For each financial position which is not measured at fair value in the statement of financial position but for which a fair value is disclosed, the fair value is categorised within Level 2, exceptional the shareholder loan which is Level 3 with a corresponding amount of KEUR 72.221.

Quantitative disclosures fair value measurements hierarchy for assets as at December 31, 2013:

Dec. 31, 2013 KEUR		Fair value measurement using			
		Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Date of valuation					
Assets measured at fair value:					
Derivative financial assets	31.12.2013		718		718
Assets for which fair values are disclosed:					

Quantitative disclosures fair value measurements hierarchy for liabilities as at December 31, 2013:

Dec. 31, 2013 KEUR	Date of valuation	Fair value measurement using			Total
		Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Liabilities measured at fair value:					
Liabilities for which fair values are disclosed:					
Interest bearing loans and borrowing	31.12.2013			153.377	153.377

The table above does not include the shareholder loan, which matures in 2040. The fair value hierarchy of the shareholder loan is Level 3 and the corresponding amount is KEUR 293.798.

For each financial position which is not measured at fair value in the statement of financial position but for which a fair value is disclosed, the fair value is categorised within Level 2, exceptional the shareholder loan which is Level 3 with a corresponding amount of KEUR 293.798.

8 Government grants

Wittur S.A., Buenos Aires, Argentina receives a tax benefit of 14% on sales of complete systems in the local market. The main objective of this tax benefit is to promote the national industry. This tax benefit can be used to offset taxes (income tax, VAT import) The government grant is recognised in other income (please see 5.4 Other income) and other current assets (please see 5.18 Other current assets).

In 2014 the Group received government grants in Austria of KEUR 2 (2013: KEUR 225) in relation to R&D.

9 Related party transactions

The following transactions were carried out with related parties:

The Group entered into the following arm's length transactions with related parties who are not members of the Group (parent company and other related companies) and had the following associated balances for the relevant financial year:

KEUR		Purchases of goods & services	Payables
Triton & related companies	2014	514	0
Triton & related companies	2013	298	0

Key management personnel consist of members of the Supervisory Board and the Executive Management Board, a total of 11 individuals as 31 December 2014 (2013: 12).

Remuneration of key management personnel:

KEUR	2014	2013
Salaries & other short-term employee benefits	4.251	4.527
Termination benefits	-	673
Total remuneration of key management personnel	4.251	5.200

Loans to key management of the company:

KEUR	Dec 31, 2014	Dec 31, 2013
Loans to key management of the company		
At 1 January 2014	429	367
Interest for the period	37	62
At 31 December 2014	466	429

The loan to key management personnel was advanced to a member of the Executive Management Board with an interest rate of 10%.

10 Share-based payment

Executive managers working within the Group hold indirectly 11,8% shares in Wittur International Holding GmbH as Limited Partners of a so-called Partnership to benefit from increase of Enterprise value on an exit event.

An exit event occurs if the shares of the investor falls below 50,1 % by a trade sale or an IPO. In case of a trade sale, tag along and drag rights will be applied (that means that the executive manager will sell their shares to the new majority shareholder).

The purchase price is equivalent to the price of all other shares. The shares got sold by the trade sales December 2014 (we refer to note 12).

If and to the extent that a manager ceases his employment before the occurrence of an exit event (so-called leaver event), the executive manager grants the General Partner of the Partnership the right to purchase and acquire all of his shares (leaver shares). The purchase price for the leaver shares will be determined, depending on the reasons for and time of leaving, as the higher or lower of the fair market value of the leaver shares or the cost of investment plus interest on these equity instruments.

The vesting period depends on the exit event.

As the reporting entity has no obligation to settle the entitlements at any time (neither in case of an exit nor in case of a leaver event), the award is accounted for as equity-settled share-based payment transaction according to IFRS 2. Since the executive managers had to pay the fair market value of the shares in course of the accession, no quantifiable benefits were granted. Therefore, no expenses have to be recognised at any time.

11 Auditor's fees and services

The following table provides a breakdown of professional fees recognised as expenses for the Group auditor:

KEUR	2014	2013
Audit services	190	142
Other assurance/attestation services	9	7
Auditor's fees	198	149

12 Events after the balance sheet date

On December 22nd, 2014 a private equity fund managed by Bain Capital signed a Share Purchase Agreement agreeing to buy 100% of Wittur Group shares from its current shareholders. The closing process was completed on the 31, March 2015. Paternoster Holding III GmbH, an indirect, wholly owned subsidiary of Bain Capital Europe Fund IV, L.P. ("Bain Capital"), has secured a High Yield Bond on February 10th, 2015 in connection with the acquisition by Bain Capital of the Wittur Group. Additionally, in connection to this, Paternoster Holding IV GmbH, a direct, wholly owned subsidiary of Paternoster Holding III GmbH, signed a long-term loan agreement.

Wiedenzhausen, April 30, 2015

Dr. Walter Rohregger
CEO

Dr. Daniel Wiest
CFO