WITTUR

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 and the Issuer

for the Fiscal Year Ended December 31, 2015

Dated April 29, 2016

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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 Paternoster Holding IV GmbH 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 Paternoster Holding IV GmbH 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 "**Clearstream**" are to Clearstream Banking, société anonyme;

- references to the "**Collateral**" are to the Notes Collateral and the Shared Collateral;

- references to the "**Completion Date**" are to the date on which the Acquisition was consummated and the proceeds from the Offering were released from the Escrow Account;

- references to "**Deferred Consideration**" are to the subordinated loans made by the Sellers initially to Paternoster Holding II GmbH from Paternoster Holding IV GmbH through Paternoster Holding III GmbH on or about the Completion Date, in an aggregate principal amount of €40.0 million, representing deferred consideration in respect of the Acquisition;

- references to the "**Escrow Account**" are to the escrow account into which the gross proceeds of the Offering were deposited on the Issue Date;

- references to the "**Escrow Charge**" are to the escrow account charge to be dated as of the Issue Date between the Issuer and the Trustee, pursuant to which the initial funds deposited in the Escrow Account, and all other funds, securities, interest, dividends, distributions and other property and payments credited to the Escrow Account, will be charged on a first-ranking basis to secure the Notes;

- references to the "**Equity Contribution**" are to the €194.6 million contribution to the equity of the Issuer made by Paternoster Holding II GmbH on or about the Completion Date in connection with the Transactions and the funding of the purchase price for the Acquisition;

- references to "**Euroclear**" are to Euroclear Bank SA/NV;

- 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 the "**Financing**" are to the transactions described under "*Summary—The Transaction—The Financing*";

- 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 "**IFRS**" are to International Financial Reporting Standards as adopted by the European Union;

- references to the "**Indenture**" are to the indenture to be dated the Issue Date between, among others, the Issuer, the Issue Date Guarantor and the Trustee;

- 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 between, among others, the Issuer, the Issue Date 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 "**Issue Date**" are to the date on which the Notes were issued;

- 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 "**Member State**" are to a member state of the European Economic Area;

- 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 "**Notes Collateral**" are to the collateral securing the Notes on a first-priority basis consisting of (A) the Escrow Charge, (B) a pledge of the shares of the Issuer and (C) a pledge of the bank accounts of the Issuer;

- references to the "**Notes Security Agent**" are to U.S. Bank Trustees Limited, as security agent in respect of the Notes Collateral;

- references to the "**Offering**" are to the offering of the Notes pursuant to the Offering Memorandum;

- references to the "**Offering Memorandum**" are to the Offering Memorandum pursuant to which the Notes were offered dated February 10, 2015;

- references to the "**Paternoster III Group**" and "**Paternoster III**" are to Paternoster Holding III GmbH and its subsidiaries;

- references to the "**Paying Agent**" are to Elavon Financial Services, UK Branch and any of its successors and assigns;

- references to the "**Principal Paying Agent**" are to Elavon Financial Services, UK Branch and any of its successors and assigns;

- references to the "**Proceeds Loan**" are to the intercompany loan of the gross proceeds from the Offering to Paternoster Holding IV GmbH ;

- 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 "**Regulation S**" are to Regulation S under the U.S. Securities Act;

- references to "**Rest of 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 the "**Restricted Group**" are to the Issuer and its subsidiaries, unless designated as an unrestricted subsidiary in accordance with the Indenture;

- 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 "**Rule 144A**" are to Rule 144A under the U.S. Securities Act;

- references to the "**SEC**" are to the United States Securities and Exchange Commission;

- references to the "**Security Agents**" are to Notes Security Agent and the Shared Security Agent;

- 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 the Issue Date, as amended from time to time, among Paternoster Holding IV GmbH , 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 "**Shared Collateral**" are to the collateral securing the Notes on a second-priority basis and the Senior Facilities on a first-priority basis consisting of (i) a pledge of the shares of Paternoster Holding IV GmbH, (ii) a security interest in respect of the Proceeds Loan, (iii) a pledge of the bank accounts of Paternoster Holding IV GmbH and (iv) the assignment of claims under the Acquisition Agreement (in each case, subject to the Agreed Security Principles);

- references to the "**Shared Security Agent**" are to Credit Suisse AG, London Branch, as security agent in respect of the Shared Collateral;

- 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 cancelation thereof;

- references to "**Triton**" are to Triton Advisers Limited and its affiliates and direct or indirect subsidiaries;

- references to the "**Trustee**" are to U.S. Bank Trustees Limited;

- references to the "**U.S.**" are to the United States of America;

- references to the "**U.S. Exchange Act**" are to the United States Securities Exchange Act of 1934, as amended;

- 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, 2015 and 2014 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, 2015 ("**Wittur Audited Consolidated Financial Statements**") and the audited consolidated financial statements of the Issuer (the "**Issuer Audited Consolidated Financial Statements**" and together with the Wittur Audited Consolidated Financial Statements, the "**Audited Consolidated Financial Statements**"), prepared in accordance with IFRS.

Our income statements included in our Audited Consolidated Financial Statements has been prepared on the basis of IFRS, using the "cost of sales" method. In the nature of expense method, expenses are classified in the income statement according to their nature (for example, cost of materials and personnel expenses) and not among various functions within the entity (for example, cost of sales). As a result, income statements presented in accordance with the nature of expense method do not show gross profit. Income statements presented in accordance with the cost of sales method, by contrast, classify expenses according to their function as part of cost of sales, the costs of distribution or administrative activities. Profit, however, is unaffected regardless of whether the nature of expense or cost of sales method is chosen.

The Issuer was formed on December 2, 2014 for the purpose of facilitating the Transactions. The Acquisition was consummated on March 31, 2015. Therefore, the Issuer Audited Consolidated Financial Statements only include the operating results of the Wittur Group from April 1, 2015. For this reason, most of the income statement line items we present are drawn from the Wittur Audited Consolidated Financial Statements, with, in certain cases, commentary as to how these line items differ from those of the Issuer. References to "we," "us," "our" or the "Group" in respect of historical financial information in this Annual Report are to the Issuer, Wittur and their respective 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 has accounted for the Acquisition using the acquisition method of accounting under IFRS, which affects the comparability of the Issuer's future consolidated financial statements.

Wittur Group accounts show full year business operations without any major effects of financing activities. Paternoster III Group accounts also show full year but Wittur Group business operations are only included for the nine months period from April 2015 until December 2015. Furthermore, Paternoster III Group shows material amount of financing activities and extraordinary expenses in cash flow and profit and loss due to the Acquisition.

As of January 1, 2015, regional allocation of Wittur Poland changed from Eurasia, included in Rest of World, to Europe. The new regional split for Wittur Poland is also used for comparative data in 2014. Furthermore, categories of extraordinary income and expenses, used for the reconciliation from EBITDA to EBITDA Adjusted, changed within 2015, therefore, 2014 figures were adjusted accordingly.

On August 10, 2015 Wittur Group and Sematic S.p.A., Osio Sotto, Italy, ("Sematic") signed an agreement on the acquisition of 92% of the share capital of Sematic by Wittur Group. The agreement was conditional on obtaining merger control clearance by German and Austrian antitrust authorities. The transaction was cleared in late 2015. On April 1, 2016 Wittur has successfully completed the acquisition process of Sematic. The Sematic acquisition will be accounted for in according to the acquisition method of IFRS 3. For further information to the Sematic acquisition please refer to "*Summary of Results-Subsequent Events*".

Non-GAAP Financial Measures

This Annual Report contains non-GAAP financial measures and ratios (the "**non-GAAP measures**"), including EBITDA, EBITDA Adjusted, 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.

"**EBITDA Adjusted**" is defined as EBITDA as adjusted to reflect the extraordinary income and expenses, used for the reconciliation from EBITDA to EBITDA Adjusted, described in 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) EBITDA Adjusted, minus total capital expenditures, divided by (ii) EBITDA Adjusted.

"**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, 2015. See *"Summary—Summary Consolidated Financial and Other Information—Other Financial and Operating Data"*. The as adjusted financial information includes the following (pro forma) non-GAAP measures (the "(pro forma) non-GAAP measures"):

- "*Net financial debt*" of the Group means the gross financial debt less cash and cash equivalents; and
- "*Pro forma cash interest expense*" of the Group means the interest expense on the Notes and the New Term Loan B for the year ended December 31, 2015, assuming that the Transactions had occurred on January 1, 2015. Pro forma cash interest expense is calculated based on assumed interest rates for the Notes and the New Term Loan B.

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, 2015 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 and the Issuer 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. We do not 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. We have not 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

Wittur Group

The Wittur Group demonstrated respectable growth in the fiscal year 2015 based on the good development of the elevator industry. Revenue in 2015 rose to EUR 590.4 million, which was +13.1% above 2014 level. The year-on-year growth was particularly strong in Asia (+30.2%) 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 and maintenance elevator components showing encouraging signs of recovery with respectable revenue growth of 6.7%.

EBITDA Adjusted reached EUR 86.4 million in fiscal year 2015 and was 14.2% above previous year EBITDA Adjusted. The EBITDA adjusted margin has reached 14.6% of revenues (2014: 14.5%). The slight increase in EBITDA Adjusted margin was primarily from purchasing savings as a result of supply chain optimization measures.

Net cash flow before financing activities decreased by 32.6% mainly due to an increase in working capital and increased income taxes paid as a result of higher profit before taxes.

Paternoster III Group

Revenues of Paternoster III Group are €463.8 million in the year ended December 31, 2015. Reason for lower sales compared to Wittur Group is the fact that Paternoster III Group's business operations comprise only 9 months from April 2015 until December 2015.

EBITDA Adjusted of Paternoster III Group with €70.1 million is significantly lower compared to Wittur Group in the year ended December 31, 2015. As for the revenues, the difference is almost completely based on the time difference Wittur's business operations were included in the consolidated financial statements.

Net cash flow before financing activities amounts to €-281.6 million is mainly driven by the Acquisition, resulting in a cash outflow for the acquisition of business, net of cash acquired of €-275.3 million; this amount excludes repayment of the former shareholder loan which is included in the net cash flow used in financing activities with its fair value as of March 31, 2015 amounting to €133.6 million. The low net cash flow from operating activities amounting to €5.3 million, mainly resulting from the fact that Wittur Group is only included for 9-months period, is another reason for the significant difference of net cash flow before financing activities comparing Paternoster III Group and Wittur Group.

The Transaction

On March 31, 2015 Paternoster Holding IV GmbH, wholly owned subsidiary of Paternoster Holding III GmbH, acquired 100% of the shares and voting interests in Wittur International Holding GmbH and therefore obtained control from the former owner TryWay HoldCo AB, Stockholm, Sweden. The deal was based on the Share and Purchase Agreement (SPA) dated on December 22, 2014.

Taking control of Wittur International Holding GmbH, a worldwide leading producer and supplier of elevator components, is a strategic investment and the essential part of the newly founded group.

For the nine months ended December 31, 2015, Wittur International Holding GmbH contributed revenue of €463.8 million and profit of €22.4 million to the Group´s result. If the acquisition had occurred on January 1, 2015, management estimates that consolidated revenue would have been €590.4 million and consolidated profit for the year would have been €-38.3 million. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on January 1, 2015.

The Financing

€ million	Source of funds	€ million	Use of funds
Term Loan B	195.0	Purchase price	464.7
Notes	225.0	Net debt repayment	120.7
Third party debt	**420.0**	Transaction cost	16.1
Cash acquired	15.8	Surplus cash	28.9
Capital contribution from parent company	194.6		
Total source of funds	**630.5**	**Total use of funds**	**630.5**

As a result of the Wittur Group acquisition, capital reserves increased by €194.6 million which is due to a capital contribution of the parent company amounting to €154.6 million and the vendor loan of €40.0 million. The €40.0 million were a vendor loan originally issued by TryWay HoldCo AB to Paternoster Holding IV GmbH; then the vendor loan was transferred from Paternoster Holding IV GmbH through Paternoster Holding III GmbH to Paternoster Holding II GmbH in the context of a gratuitous assumption of debt resulting in an equity contribution of €40.0 million into free reserves from Paternoster Holding II GmbH to Paternoster Holding III GmbH and also from Paternoster Holding III GmbH to Paternoster Holding IV GmbH.

In addition to the transaction costs amounting to €16.1 million, further acquisition related costs for legal fees and due diligence incurred amounting to €16.8 million.

Consideration transferred

The following table summarizes the acquisition date fair value of each major class of consideration transferred.

€ million	As of March 31, 2015
Share purchase price	321.6
Interest accrued	9.5
Old shareholder loan	133.6
Purchase price	**464.7**
Contingent consideration	15.6
Consideration transferred	**480.3**
Contingent consideration	-15.6
Vendor loan	-40.0
Cash acquired	-15.8
Repayment of old shareholder loan (fair value)	-133.6
Consideration transferred settled in cash	**275.3**

€ million	As of March 31, 2015
Consideration transferred	480.3
Old shareholder loan	-133.6
Consideration transferred net of old shareholder loan	**346.7**

Interest accrued comprise interest on the share purchase price at a rate of 5% p.a. for the period from September 30, 2014 (Accounts date) to March 31, 2015 (Closing date).

The old shareholder was acquired by Paternoster Holding IV GmbH from TryWay HoldCo AB in the amount of €133.6 million at the first step. Hence, the old shareholder loan is part of the purchase price. As a result the old shareholder loan was redeemed and replaced with a new shareholder loan from Paternoster Holding IV GmbH issued to the Wittur Group.

As part of the SPA the Group has agreed to pay the selling shareholders two additional considerations, namely (i) in case of a future acquisition with a total enterprise value of more than €75.0 million within a defined period and (ii) for the subsequent sale of the shares within a defined period. The fair value of these two considerations at the date of acquisition amounted to €15.6 million and at the reporting date to €16.8 million.

If the exit value related to a possible subsequent sale of shares within a defined period would change on equal terms with +/-5%, this would result in a change of value of the deferred consideration amounting to€+/-2.1 million.

Identifiable assets acquired and liabilities assumed

The following table summarizes the recognized amounts of assets acquired and liabilities assumed at the date of acquisition.

€ million	As of March 31, 2015
Property, plant and equipment	75.7
Intangible assets	464.9
Other long-term receivables and non-current assets	1.2
Investment properties	3.3
Inventories	53.9
Trade receivables	101.6
Cash and cash equivalents	15.8
Prepaid expenses	2.8
Deferred taxes assets	5.8
Loans and borrowings	-247.6
Deferred tax liabilities	-124.3
Trade and other payables	-165.7
Total identifiable net assets acquired	**187.5**

The valuation techniques used for measuring the fair value of material assets acquired as follows.

Assets acquired	Valuation technique
Customer relationships	*Multi-period excess earnings method:* This method considers the present value of net cash flows expected to be generated by the customer relationships, by excluding any cash flows related to contributory assets.
Trademark	*Relief-from-royalty method:* The RfR method considers the discounted estimated royalty payments that are expected to be avoided as a result of the trademark being owned.
Property, plant and equipment	*Market comparison technique and cost technique:* The valuation model considers quoted market prices for similar items when they are available, and depreciated replacement costs when appropriate. Depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence.
Inventories	*Market comparison technique:* The fair value is determined based on the estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.

The trade receivables comprise gross contractual amounts due of €101.6 million, of which €7.2 million was expected to be uncollectible at the date of acquisition.

Fair value

The fair value of Wittur International Holding GmbH's tangible and intangible assets have been measured as a result of the independent valuation.

Goodwill

Goodwill arising from the acquisition has been recognized as follows:

€ million	As of March 31, 2015
Consideration transferred net of old shareholder loan	346.7
Fair value of identifiable assets	-187.5
Goodwill	**159.2**

The goodwill is mainly attributable to assets which are not separately recognized, such as workforce, market share and access to new customers and markets. None of the goodwill recognized is expected to be deductible for tax purposes.

Other Financial and Operating Data

Other Financial Data

	Year ended December 31,	
	2014	**2015**
	in € million	
	(unaudited unless otherwise stated)	
Profit and Loss		
Revenues	521.9	590.4
thereof Europe	243.2	259.4
thereof Asia	214.2	278.8
thereof Rest of World	64.5	52.2
EBITDA(1)	72.6	81.8
EBITDA Adjusted(1)	75.7	86.4
EBITDA Adjusted margin(2)	14.5%	14.6%
Gross profit(3)	135.5	153.8
Gross profit margin(3)	26.0%	26.1%
Cash Flow		
Total capital expenditures(4)	12.5	14.2
Net cash flow before financing activities (5)	50.3	34.0
Cash Conversion(6)	83.4%	83.6%
Credit Data		
*N*et senior financial debt(7)		(201.0)
*N*et financial debt(8)		(426.0)
Pro forma cash interest expense(9)		30.8
Ratio of net senior financial debt to EBITDA Adjusted		(2.3)x
Ratio of net financial debt to EBITDA Adjusted		(5.0)x
Pro forma EBITDA Adjusted		85.7
Ratio of EBITDA Adjusted to *pro forma* cash interest expense		2.8x

(1) 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 EBITDA Adjusted 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 and EBITDA Adjusted, in each case as defined by us, for the periods presented:

	Year ended December 31,	
	2014	2015
	in € million	
	(unaudited unless otherwise stated)	
Net result for the period for continuing operations	**21.3**	**27.2**
Finance expense	21.2	19.1
Finance income	(1.8)	(0.3)
Income taxes	16.3	19.9
EBIT	**57.0**	**66.0**
Depreciation and amortization	15.6	15.8
EBITDA	**72.6**	**81.8**
Project costs and consultant fees(A)	1.1	2.4
Reorganization costs(B)	0.2	-
Transaction costs(C)	1.3	0.4
Other cost (D)	0.5	1.8
EBITDA Adjusted	**75.7**	**86.4**

(A) Project costs and consultancy fees relate to costs and fees incurred in connection with one-off projects such as transfer pricing and non-capex costs in relation to backfill of resources for the ERP project in Europe.

(B) 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 group management, including interim management and recruitment costs related to the restructuring of our operations at our facility in Dresden, Germany in 2014.

(C) Transaction costs relate to consultancy fees associated with change of ownership in 2015 and in relation to the acquisition of Sematic in 2016.

(D) Other costs relate to initiatives to transfer of certain of our operations in Rome, Italy, as well as related severance expenses and a small amount of transaction fees for Shareholder loan refinancing and insolvency of a customer.

(2) EBITDA Adjusted margin represents, in any period, EBITDA Adjusted for such period, divided by revenues for such period.

(3) 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.

(4) Total capital expenditures represents the sum of purchase of property, plant & equipment and purchase of intangible assets for such period.

(5) Net cash flow before financing activities as presented in the cash flow statement included in the financial statements for the financial years ended December 31, 2014 and December 31, 2015. See *"Management's Decisions and Analysis of Financial Condition and Results of Operations – Liquidity and Capital Resources – Analysis of Cash Flows"*.

(6) Cash conversion represents a quotient equal to (i) EBITDA Adjusted, minus total capital expenditures, divided by (ii) EBITDA Adjusted.

(7) Net senior financial debt represents the gross financial debt of the Paternoster III Group that is senior indebtedness (including structurally senior indebtedness of subsidiaries that are not Guarantors, minus cash and cash equivalents, after giving effect to the Transactions that occurred on January 1, 2015.

(8) Net financial debt represents the gross financial debt of the Paternoster III Group, minus cash and cash equivalents, after giving effect to the Transactions that occurred on January 1, 2015.

(9) Pro forma cash interest expense represents the estimated interest expense of the Paternoster III Group on a pro forma basis for the year ended December 31, 2015, after giving effect to the Transaction that occurred on January 1, 2015.

Comparing the Wittur Group EBITDA reconciliation with the Paternoster III Group reconciliation for the year ended December 31, 2015 the following result comes up:

	2015	2015	Change	Change in %
	Wittur Group	**Paternoster III Group**		
	in € million (unaudited unless otherwise stated)			
Net result for the period for continuing operations	**27.2**	**(43.1)**	**(70.3)**	**-258.3%**
Finance expense	19.1	48.2	29.1	152.0%
Finance income	(0.3)	(1.1)	(0.9)	330.1%
Income taxes	19.9	12.5	(7.4)	-37.0%
EBIT	**66.0**	**16.5**	**(49.5)**	**-75.0%**
Depreciation and amortization	15.8	37.0	21.2	133.9%
EBITDA	**81.8**	**53.5**	**(28.3)**	**-34.6%**
Project costs and consultant fees(A)	2.4	4.7	2.3	93.7%
Reorganization costs(B)	-	-	-	-
Transaction costs(C)	0.4	10.1	9.7	2,396.2%
Other costs(D)	1.8	1.8	0.1	3.0%
EBITDA Adjusted	**86.4**	**70.1**	**(16.3)**	**-18.8%**

The Paternoster III Group net result for the period for continuing operations include nine months business operations from Wittur Group. Although Wittur Group result included in the Paternoster III Group this could only partially influence Paternoster III Group's negative result. Major reason of the negative net result for the period for continuing operations of Paternoster III Group are, as shown above, significant higher finance expenses, depreciation and extraordinary expenses.

The significant higher finance expenses in Paternoster III Group are due to the interest expenses for the Notes and the New Term Loan B facility. Furthermore, Paternoster III Group recognized costs related to the Acquisition of the Wittur Group as well as the amortization of the transaction costs capitalized. Further major effect results from change in fair value of derivatives within Paternoster III Group.

The higher depreciation and amortization recognized in Paternoster III Group is mainly for the step up of assets resulting from the purchase price allocation related to the Acquisition. Furthermore, the one-term effect amounting to €9.4 million resulting from an impairment of goodwill and customer relationship in "Americas", included in the region Rest of World, also increased the total depreciation and amortization recognized in Paternoster III Group.

The increase in extraordinary expenses in Paternoster III Group was also mainly a result of the Acquisition. The total amount of €16.7 million of extraordinary expenses included €10.1 million transaction costs paid related to the Acquisition; furthermore, all consulting and audit costs incurred in relation to the Acquisition e.g. audit of the opening balance are also recognized as extraordinary expenses.

Other Operating Data

	Year ended December 31,	
	2014	**2015**
	(unaudited)	
Number of doors sold (*units*), including door mechanisms	1,545,884	1,690,470
Number of employees (*heads*)(1)	3,250	3,474
Order intake (*in € million*)(2)	535.0	598.5
Order book at the end of the period (*in € million*)(3)	74.1	79.8

(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

General Subsequent Events

As of February 22, 2016 Dr. Daniel Wiest resigned as CFO .Frank Schulkes was declared as his successor.

As of March 7, 2016 Dr. Walter Rohregger resigned as CEO. Patrik Wohlhauser was declared as his successor and took over his responsibilities as CEO on April 11, 2016.

Sematic Acquisition

On August 10, 2015 Wittur Group and Sematic S.p.A., Osio Sotto, Italy, ("Sematic") signed an agreement on the acquisition of 92% of the share capital of Sematic by Wittur. The agreement was conditional on obtaining merger control clearance by German and Austrian antitrust authorities. The transaction was cleared in late 2015. On April 1, 2016 Wittur has successfully completed the closing process of Sematic.

Sematic's activities include the production and distribution of standard and special automatic elevator doors, rope and hydraulic complete elevators, subsystems and components, home lifts as well as cabins, car packages and entrances. It offers standard and one-of-a-kind solutions for high-rise, residential and civil buildings to marine, commercial and heavy-duty applications as well as specific solutions for modernization. It has more than 1,100 employees within its manufacturing facilities and commercial offices in Italy, UK, Germany, Hungary, Turkey, China, Singapore, Hong Kong, India, Mexico and the USA.

The financial statements of Sematic for the financial year of 2015 were prepared according to Italian GAAP. The total balance sheet summed up to €186.7 million as of December 31, 2015 with equity amounting to €58.0 million. In 2015 Sematic realized revenues of €145.0 million according to Italian GAAP.

Goodwill arising from the acquisition is attributable to the anticipated increase of Group's customer and geographic diversification, including its access to the North American market via Sematic's existing footprint. The acquisition also increases the presence of Wittur in the recurring aftermarket and modernization business. Benefits are also expected from improved cross-selling opportunities and synergies arising primarily from procurement and efficiency gains. In addition, the combined entity is expected to profit from its large scale, the sharing of best practices across its global footprint and best-in-class innovation resulting from the merging of R&D expertise.

Total consideration comprises of €209.5 million which was settled in cash. Further information on financing the Sematic acquisition please refer to *"Description of Material Debt Instruments"*.

Acquisition-related expenses amounting to €0.0 million for Wittur Group respectively €3.9 million for Paternoster III Group are recognized in selling expenses and finance expenses in the statement of comprehensive income in the year ended December 31, 2015.

No further events occurred between December 31, 2015 and April 29, 2016 that would require adjustments to the amounts recognised in these consolidated financial statements or would need to be disclosed under this heading.

SUMMARY FINANCIAL STATEMENTS

Consolidated Statement of Comprehensive Income

	Year ended December 31,	
	2014	**2015**
	in € million	
	(audited)	
Revenues	**521.9**	**590.4**
Cost of sales	(386.4)	(436.6)
Gross profit	**135.5**	**153.8**
Selling expenses	(19.0)	(21.8)
Research & development expenses	(5.8)	(7.2)
Administrative expenses	(52.9)	(57.2)
Other income	1.9	2.6
Other expenses	(2.6)	(4.3)
Earnings before interest and taxes (EBIT)	**57.0**	**66.0**
Finance expense	(21.2)	(19.1)
Finance income	1.8	0.3
Earnings before income taxes (EBT)	**37.5**	**47.1**
Income taxes	(16.3)	(19.9)
Net result for the period	**21.3**	**27.2**

Consolidated Balance Sheet

	As of December 31,	
	2014	2015
	in € million *(audited)*	
Assets		
Intangible assets	130.1	128.7
Property, plant and equipment	75.6	75.8
Investment properties	3.3	1.8
Other non-current financial assets	0.1	0.1
Other non-current assets	1.6	1.0
Deferred tax assets	4.5	2.6
Non-current assets	**215.1**	**210.0**
Inventories	43.1	44.3
Trade receivables	93.7	109.1
Other current financial assets	1.7	0.0
Other current assets	9.1	9.9
Cash and cash equivalents	34.0	24.3
Current assets	**181.6**	**187.6**
Total Assets	**396.7**	**397.6**
Equity and Liabilities		
Subscribed capital(1)	0.0	0.0
Capital reserve	22.0	22.0
Retained earnings	-24.5	-3.3
Net result for the period	21.3	27.2
Other components of equity	-5.2	-2.4
Total equity	**13.6**	**43.6**
Non-current interest-bearing loans and borrowings	72.3	181.8
Provisions for pensions	9.5	9.6
Other non-current provisions	4.7	6.1
Other non-current financial liabilities	3.6	3.4
Deferred tax liabilities	11.0	9.2
Non-current liabilities	**101.1**	**210.1**
Current interest-bearing loans and borrowings	165.1	23.3
Trade and other payables	107.8	109.7
Provisions for pensions	0.3	0.3
Other current provisions	3.1	3.1
Other current financial liabilities	0.3	0.4
Income tax liabilities	5.5	7.2
Current liabilities	**282.0**	**143.9**
Total equity and liabilities	**396.7**	**397.6**

1) The subscribed capital in the years ended December 31, 2014 and December 31, 2014 amounted to €25,000.

Consolidated Cash Flow Statement

	Year ended December 31,	
	2014	**2015**
	in € million	
	(audited)	
Operating activities		
Profit (loss) after Tax	**21.3**	**27.2**
Depreciation, Amortization and Impairment	15.6	15.8
Taxes	16.3	19.9
Interest	19.5	18.9
Gain/loss on sale of fixed assets	(0.1)	(0.1)
Losses from disposal of fixed assets	0.0	0.1
Cash generated from operations (excl. working capital changes)	**72.5**	**81.8**
Changes in working capital	6.7	(18.8)
Net movement in provisions, pension obligations and other liabilities	(0.7)	1.1
Net movement in other assets	(1.8)	0.9
Interest received	1.2	0.4
Income taxes paid	(16.7)	(18.8)
Net cash flow from operating activities	**61.2**	**46.5**
Investing activities		
Purchase of property, plant & equipment	(8.6)	(8.3)
Purchase of intangible assets	(3.9)	(5.9)
Disposal of assets	0.1	1.6
Proceeds from disposal of Group company & related assets	1.6	-
Net cash flow used in investing activities	**(10.9)**	**(12.6)**
Net cash flow before financing activities	**50.3**	**33.9**
Financing activities		
Repayment of shareholder loan	(2.5)	-
Proceeds from borrowings	-	120.1
Repayment of borrowings	(26.6)	(160.1)
Interest paid	(8.2)	(8.1)
Net cash flow used in financing activities	**(37.4)**	**(48.2)**
Net increase/(decrease) in cash	**13.0**	**(14.3)**
Effects of currency translation	1.0	4.6
Cash and cash equivalents at beginning of period	20.0	34.0
Cash and cash equivalents at the end of period	34.0	24.3

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 the Group as of and for the years ended December 31, 2015 and 2014 which are all reproduced elsewhere in this Annual Report, as well as on the accounting records of Wittur and on the internal management accounts of Wittur. The 2015 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. Urban populations surpassed rural populations in 2010 for the first time in history. While overall population growth in emerging markets significantly outpaces population growth in Europe and North America, we believe that the pace at which urbanization takes place in key emerging markets, such as China and India, is not substantially higher than the urbanization rates of more developed countries. We believe this suggests that the growth of the urban population in these emerging markets will continue in the future. Growing population and increasing urbanization have historically led to an increase in construction activity, which historically, has also benefited the elevator components industry.

Rising levels of wealth and GDP per capita also drive demand for elevators. We believe that urban residential floor space per capita is closely correlated to urban GDP per capita, and a gap still exists between developed economies in Europe and emerging market economies. As GDP per capita increases in emerging markets, demand for increased floor space per capita also increases, leading to a further increase in construction activity in urban areas.

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 China and India in the near future. See also "*Key Factors Affecting Results of Operations and Financial Condition—Demand for elevator modernization and maintenance*".

Rising energy costs, environmental awareness, as well as regulatory requirements to reduce the carbon footprint of new and modernized construction projects, are expected to increase the demand for energy efficient elevators equipped with, for example, gearless drive ranges (which also reduce backlash, vibration and noise) and high suspension loads. Continuation of these trends would further drive modernization of the installed elevator base.

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. We expect this trend to continue in the future.

Generally, Western MNCs have outsourced a high portion of their components, a trend that we expect to continue as a result of increasing standardization of platforms. In contrast, Asian MNCs have historically been more reluctant to outsource production on a large scale; however, we expect Asian MNCs to outsource business in target growth markets outside their traditional home markets Independents have historically outsourced the largest portion of component modules due to their lack of scale and in-house production capabilities, and we expect leading Independents to continue to require support from suppliers.

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 cyclicality 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 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, 2015, direct material costs accounted for €289.1 million, or 66.2% 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, 2015. As a result, the market price of steel impacts our results of operations. Other raw materials used in our business include aluminum 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 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 43.9% of our revenue in the year ended December 31, 2015. Sales in mature markets are typically driven by demand for modernization and maintenance of the installed elevator base, as well as spare parts. We also operate a significant part of our business in emerging markets (particularly, China, India, Eurasia and Americas) and our Asia and Rest of World regions accounted for 47.2% and 8.8% of our revenue for the year ended December 31, 2015, respectively. Sales in emerging markets have historically been driven by strong demand for new installations of elevators.

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 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. Although the pace of innovation in the elevator components industry is generally slower than it is in other high-tech industries, we also focus a significant portion of our R&D capabilities on developing new products and materials and adding innovative functions and applications to our existing product range.

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 conditions 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 footnotes to our consolidated financial statements contained elsewhere herein.

Customer concentration

Our business depends on, and is strongly aligned with the businesses of, our four largest customers. We generate approximately two-thirds of our revenues, with one of these four customers 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. Our long-standing relationships with each of these customers have allowed us to better understand these customers' needs and priorities, thereby enabling us to cater to their requirements, from conception, design and development to manufacturing and distribution of components to offering comprehensive after-sale services and technical support.

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. 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. These long-standing relationships have allowed us to better understand our customers' needs and priorities, thereby enabling us to cater to our customers from conception, design and development to manufacturing and distribution of components to offering comprehensive after-sale services and technical support. 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 World. As of 2015, Poland moved from Eurasia included in Rest of World to Europe; we adjusted regional figures of 2014 accordingly. 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, 2014 and 2015.

	Year ended December 31,					
	2014			2015		
	(audited)					
	Europe	Asia	Rest of World	Europe	Asia	Rest of World
	(in € millions)					
Revenue	243.2	214.2	64.5	259.4	278.8	52.2

Europe

Our Europe region represents our core market and comprises our European operations, including operations in Germany, Austria, Spain, Italy and Slovakia. Additionally, our Europe region includes our headquarters and certain holding company costs. In the year ended December 31, 2015, we generated revenue of €259.4 million, or 43.9% 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).

In the year ended December 31, 2015, we generated 57.8% 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, 2015, sales of elevator doors and door components accounted for 52.2% of our revenue, followed by slings, safeties and drives, which accounted for 15.0%, 6.1% and 5.9%, respectively.

Asia

Our Asia region has been the growth engine for our business and primarily comprises our operations in China, India, Hong Kong and Australia. In the year ended December 31, 2015, we generated revenue of €278.8 million, or 47.2% of our revenues, in our Asia region. This constituted an increase of €64.7 million, or

30.2%, compared to 2014. China accounted for 92.3% of our Asia revenue in the year ended December 31, 2015 and 92.6% of our Asia revenue in the year 2014.

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, 2015, we generated 92.5% 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, 2015, sales of elevator doors and door components accounted for 94.4% of our revenue for Asia, followed by slings, drives and electronics.

Rest of World

Our Rest of World region mainly comprises our operations in Americas (particularly, Brazil and Argentina) and Eurasia (Turkey only) and accounted for €52.2 million, or 8.8%, of our revenues in the year ended December 31, 2015.

Revenue declined in our Rest of World region as the result of both the political situation in Latin America with stagnating economic development, and significant decrease of sales to Russia and Iran due to political discrepancies resulting in sanctions for doing business in these countries.

In the year ended December 31, 2015, we generated 24.7% of our revenue in our Rest of World region through sales to our MNC customers. We generated the remaining 75.3% of our Rest of World revenue through sales to Independents. In the year ended December 31, 2015, sales of elevator doors and door components accounted for 61.9% of our revenue, followed by drives, cars and slings.

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 consists 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.

Results of operations

The following table provides an overview of our results of operations for the years ended December 31, 2014 and 2015:

	Year ended December 31,		
	2014	**2015**	**Change in %**
	in € million		
	(audited)	*(audited)*	
Revenues	**521.9**	**590.4**	**13.1%**
Cost of sales	(386.4)	(436.6)	13.0%
Gross profit	**135.5**	**153.8**	**13.5%**
Selling expenses	(19.0)	(21.8)	14.7%
Research & development expenses	(5.8)	(7.2)	22.4%
Administrative expenses	(52.9)	(57.2)	8.2%
Other income	1.9	2.6	41.3%
Other expenses	(2.6)	(4.3)	62.3%
Earnings before interest and taxes (EBIT)	**57.0**	**66.0**	**15.8%**
Finance expense	(21.2)	(19.1)	-9.9%
Finance income	1.8	0.3	-84.9%
Earnings before income taxes (EBT)	**37.5**	**47.1**	**25.6%**
Income taxes	(16.3)	(19.9)	22.2%
Net result for the period	**21.3**	**27.2**	**28.1%**

Revenues

Revenues increased by €68.5, or 13.1%, from €521.9 million in the year ended December 31, 2014, to €590.4 million in the year ended December 31, 2015. This increase in revenues was primarily driven by increased sales to our Western MNC customer Kone, Otis and Schindler in China, Austria and Hong Kong.

Revenues by region

	Year ended December 31,					
	2014			**2015**		
	(audited)					
	Europe	**Asia**	**Rest of World**	**Europe**	**Asia**	**Rest of World**
	(in € millions)					
Revenue	243.2	214.2	64.5	259.4	278.8	52.2

Europe

Revenue in our Europe region increased by €16.2 million, or 6.7%, to €259.4 million in the year ended December 31, 2015, from €243.2 million in the year ended December 31, 2014. This increase in revenue was primarily the result of growth in Austria, Germany and Italy. In the year ended December 31, 2015, sales to MNCs accounted for 57.8% of our revenue for Europe, a decrease of 3.9% from 2014, and sales to Independents contributed 42.2%, compared to 40.7% in 2014.

Asia

Revenue in our Asia region increased by €64.7 million, or 30.2%, to €278.8 million in the year ended December 31, 2015, from €214.2 million in the year ended December 31, 2014. This increase in revenue was primarily the result of an increase in new elevator installations and the growth in the construction industry. In the year ended December 31, 2015, sales to MNCs accounted for 92.5% of our revenue in Asia, and Independents contributed 7.5%.

Rest of World

Revenue in our Rest of World region decreased by €12.3 million, or -19.1%, to €52.2 million in the year ended December 31, 2015, from €64.5 million in the year ended December 31, 2014. This decrease in revenue was primarily the result of declining economic development in Latin America and political discrepancies resulting in sanctions which lead to a significant decrease of sales to Iran and Russia. In the year ended December 31, 2015, sales to MNCs accounted for 24.7% of our revenue in our Rest of World region, an decrease of 1.7 percentage points from 2014, and sales to Independents contributed 75.3% compared to 77.0% in 2014.

Cost of Sales

Cost of sales increased by €50.2 million, or 13.0%, to €436.6 million in the year ended December 31, 2015 from €386.4 million in the year ended December 31, 2014.

This increase in cost of sales was primarily due to sales growth. Cost of direct materials including change in work in progress and finished goods amounted to €289.1 million, or 66.2%, of our overall cost of sales in the year ended December 31, 2015, an increase of €28.0 million, or 10.7%, compared to 2014. 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 and freight, increased during the year ended December 31, 2015, compared to the same period in 2014, primarily due to sales growth as well as price and salary increase.

Gross Profit

Gross profit increased by €18.3 million, or 13.5%, to €153.8 million in the year ended December 31, 2015, from €135.5 million in the year ended December 31, 2014. This increase in gross profit was primarily due to sales growth and effects of our operational improvement measures.

Selling Expenses

Selling expenses increased by €2.8 million, or 14.7%, to €21.8 million in the year ended December 31, 2015, from €19.0 million in the year ended December 31, 2014. This increase was primarily due to additional expenses for the elevator fair Interlift that took place in autumn 2015 and due an increased number of full-time equivalent selling personnel.

Selling expenses for Paternoster Group include nine months of selling expenses of Wittur Group; furthermore, €6.3 million of expenses are recognized in selling expenses due to the impairment of customer relationship allocated to Americas in the context of the purchase price allocation.

Research & Development Expenses

Research & Development expenses increased by €1.3 million, or 22.4%, to €7.2 million in the year ended December 31, 2015, compared to €5.8 million in the year ended December 31, 2014. Research & Development expenses in the year ended December 31, 2015 primarily related to increasing number of projects the R&D department is developing and increased in the number of full-time equivalent employees.

Administrative Expenses

Administrative expenses increased by €4.3 million, or 8.2%, to €57.2 million in the year ended December 31, 2015, from €52.9 million in the year ended December 31, 2014. This decrease in administrative expenses was primarily due to increase in extraordinary income and expenses, increase in allowances for bad debt relating to trade receivables and increase in number of full-time equivalent employees in 2015 personnel related expenses due to raise of workforce.

Other Income

Other income increased by €0.8 million, or 41.3%, to €2.6 million in the year ended December 31, 2015, from €1.9 million in the year ended December 31, 2014. This increase was primarily due to increase in government income for tax benefits, premiums and subsidies as well as increasing income for R&D or research funding.

Other Expenses

Other expenses increased by €1.6 million, or 62.3%, to €4.3 million in the year ended December 31, 2015, from €2.6 million in the year ended December 31, 2014. This increase was primarily due to an increase in other taxes related to education tax and city construction tax in China and increase in exchange losses on foreign currency transactions mainly as a result of weaker Brazilian Real and Argentinian Peso.

Other expenses for Paternoster Group include nine months of other expenses of Wittur Group from ordinary business activities; furthermore, €3.0 million of expenses are recognized in other expenses due to the impairment of goodwill allocated to Americas in the context of the purchase price allocation.

Finance Expense

Finance expense decreased to €19.1 million in the year ended December 31, 2015, compared to €21.2 million in the year ended December 31, 2014. Finance expenses in 2015 consisted of shareholder loan interest of €13.8 million, €1.3 million of interest on borrowings, €1.2 million of currency transaction loss on intercompany loan and €1.2 million of loss on financial instruments at fair value through profit and loss.

The finance expenses of Paternoster III Group amount to €48.2 million in the year ended December 31, 2015 which is due to the interest expenses for the Notes and the New Term Loan B facility totaling to €23.2 million. Furthermore, Paternoster III Group shows costs related to the Acquisition of Wittur Group including amortization of capitalized transaction costs and borrowing rating and consultancy costs amounting to a total of €12.1 million. A further major effect results from fair value valuation of derivatives within Paternoster III Group in the amount of €8.9 million.

Finance Income

Finance income decreased by €1.5 million, or -84.9%, to €0.3 million in the year ended December 31, 2015, from €1.8 million in the year ended December 31, 2014. This decrease was primarily due decreased other interest income in Spain.

Income Taxes

Income taxes increased by €3.6 million, or 22.2%, to €19.9 million in the year ended December 31, 2015, from €16.3 million in the year ended December 31, 2014. This increase was primarily due to increased taxable income as a result of the factors described above. Our effective tax rate decreased slightly to 42.2% in the year ended December 31, 2015, due to effects of a different mix of profit contributions from entities in 2015 resulting in different blending of tax rates.

For Paternoster III Group, income taxes amounted to €12.5 million in the year ended December 31, 2015 due to the fact that only nine months of business operations are included and there is a significant higher deferred tax income amounting to €4.5 million compared to an expense in Wittur Group (€0.2 million). Both, the impairment of customer relationship for Americas and the monthly amortization of the step ups of assets resulting from the purchase price allocation related to the Acquisition resulted in the reversal of deferred tax liabilities.

Net Result for the Period

Net result for the period increased by €6.0 million to €27.2 million profit in the year ended December 31, 2015 from €21.3 million profit in the year ended December 31, 2014. This increase was primarily as a result of the factors described above.

The net result of the period for Paternoster III Group is amounting to €-43.1 million and included nine months business operations from Wittur Group. Major reason of the negative result of the Paternoster III Group are significant higher finance expenses as explained above, higher depreciation recognized due to the adjustment of the purchase price allocation as result of the Acquisition and the impairment as well as increased transaction related expenses incurred as a result of the Acquisition.

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, 2015, 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 12 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 regulation currently allows intercompany lending between subsidiaries within a group. In 2015, Wittur, as borrower, entered into intercompany loans with Wittur China, as lender. Pursuant to the intercompany 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 intercompany loans. The intercompany loans mature between 1 week and less than 12 months. As of December 31, 2015, €16.9 million had been drawn under the intercompany loans with Wittur China.

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, 2014 and 2015:

	Year ended December 31,	
	2014	**2015**
	in € million	
	(unaudited)	*(unaudited)*
Inventories	43.1	44.3
Trade receivables	93.7	109.1
Trade payables	(78.6)	(79.3)
Other current assets	9.1	9.9
Other current liabilities	(29.3)	(30.4)
Working capital	**38.1**	**53.5**

(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 distorted 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, 2014 and 2015:

	Year ended December 31,	
	2014	**2015**
	in € million (audited)	
Operating activities		
Profit (loss) after Tax	**21.3**	**27.2**
Depreciation, Amortization and Impairment	15.6	15.8
Taxes	16.3	19.9
Interest	19.5	18.9
Gain on sale of fixed assets	(0.1)	(0.1)
Losses from disposal of fixed assets	0.0	0.1
Cash generated from operations (excl. working capital changes)	**72.5**	**81.8**
Changes in working capital	6.7	(18.8)
Net movement in provisions, pension obligations and other liabilities	(0.7)	1.1
Net movement in other assets	(1.8)	0.9
Interest received	1.2	0.4
Income taxes paid	(16.7)	(18.8)
Net cash flow from operating activities	**61.2**	**46.5**
Investing activities		
Purchase of property, plant & equipment	(8.6)	(8.3)
Purchase of intangible assets	(3.9)	(5.9)
Disposal of assets	0.1	1.6
Proceeds from disposal of Group company & related assets	1.6	-
Net cash flow used in investing activities	**(10.9)**	**(12.6)**
Net cash flow before financing activities	**50.3**	**33.9**
Financing activities		
Repayment of shareholder loan	(2.5)	-
Proceeds from borrowings	-	120.1
Repayment of borrowings	(26.6)	(160.1)
Interest paid	(8.2)	(8.1)
Net cash flow used in financing activities	**(37.4)**	**(48.2)**
Net increase/(decrease) in cash	**13.0**	**(14.3)**
Effects of currency translation	1.0	4.6
Cash and cash equivalents at beginning of period	20.0	34.0
Cash and cash equivalents at the end of period	34.0	24.3

<u>Cash generated from operations (excluding working capital changes)</u>

Cash generated from operations (excluding working capital changes) increased by €9.3 million, or 12.8%, to €81.8 million in the year ended December 31, 2015, from €72.5 million in the year ended December 31, 2014. This increase was primarily due to increased profit after tax and increased income taxes.

<u>Net cash flow from operating activities</u>

Net cash flow from operating activities decreased by €14.7 million, or 24.0%, to €46.5 million in the year ended December 31, 2015, from €61.2 million in the year ended December 31, 2014. The decrease was mainly due to increased profit after tax offset by increase in working capital and higher taxes paid.

Net cash flow used in investing activities

Net cash flow used in investing activities increased by €1.7 million, or 16.1%, to €12.6 million in the year ended December 31, 2015, from €10.9 million in the year ended December 31, 2014. This increase was primarily due to increased purchases of intangible assets.

Net cash flow used in financing activities

Net cash flow used in financing activities increased by €10.8 million, or 29.0%, to €48.2 million in the year ended December 31, 2015, from €37.4 million in the year ended December 31, 2014. This increase was primarily due to the repayment of borrowings in course of the Transaction offset by proceeds of borrowings.

The following table compares the Wittur Group cash flow to the Paternoster III Group cash flow for the year ended December 31, 2015 the following result comes up:

	2015	**2015**	**Change**	**Change in %**
	Wittur Group	**Paternoster III Group**		
	in € million (audited)			
Operating activities				
Profit (loss) after Tax	**27.2**	**(43.1)**	**(70.3)**	**-258%**
Depreciation, Amortization and Impairment	15.8	37.0	21.2	134%
Taxes	19.9	12.5	(7.4)	-37%
Interest	18.9	47.1	28.2	150%
Gain/loss on sale of fixed assets	(0.1)	(0.0)	0.0	-8%
Losses from disposal of fixed assets	0.1	0.1	-0.0	-7%
Cash generated from operations (excl. working capital changes)	**81.8**	**53.5**	**(28.3)**	**-35%**
Changes in working capital	(18.8)	(25.8)	(7.0)	37%
Transaction costs relating to business combination		(8.8)	(8.8)	
Net movement in provisions, pension obligations and other liabilities	1.1	1.3	0.2	23%
Net movement in other assets	0.9	0.8	(0.0)	-4%
Interest received	0.4	0.3	(0.1)	-21%
Income taxes paid	(18.8)	(16.0)	2.8	-15%
Net cash flow from operating activities	**46.5**	**5.3**	**(41.2)**	**-89%**
Investing activities				
Acquisition of business, net of cash acquired		(275.3)	(275.3)	
Purchase of property, plant & equipment	(8.3)	(7.9)	0.3	-4%
Purchase of intangible assets	(5.9)	(5.2)	0.7	-12%
Disposal of assets	1.6	1.6	(0.0)	-1%
Net cash flow used in investing activities	**(12.6)**	**(286.8)**	**(274.2)**	**2177%**
Net cash flow before financing activities	**33.9**	**(281.6)**	**(315.5)**	**-930%**
Financing activities				
Repayment of shareholder loan	-	(133.6)	(133.6)	
Transaction costs paid relating to loans and borrowings	-	(18.5)	(18.5)	
Proceeds from issue of shares to Paternoster Holding II	-	154.6	154.6	
Repayment of borrowings	(160.1)	(120.7)	39.4	-25%
Proceeds from borrowings	120.1	441.7	321.6	268%
Interest paid	(8.1)	(20.9)	(12.8)	159%
Net cash flow used in financing activities	**(48.2)**	**302.5**	**350.7**	**-728%**
Net increase/(decrease) in cash	**(14.3)**	**21.0**	**35.2**	**-247%**
Effects of currency translation	4.6	3.4	(1.2)	-27%
Cash and cash equivalents at beginning of period	34.0	0.0	(34.0)	-100%
Cash and cash equivalents at the end of period	24.3	24.4	0.1	0%

Cash generated from operations (excluding working capital changes)

Cash generated from operations from Paternoster III Group is significantly lower than from Wittur Group as Paternoster III Group has a loss after tax and significant higher interest and depreciation, amortization and impairment expenses compared to Wittur Group.

Net cash flow from operating activities

Net cash flow from operating activities is lower in Paternoster III Group compared to Wittur Group €41.2 million with a total amount of €5.3 million in the year ended December 31, 2015. The first reason for this reduction is the significantly lower cash generated from operations (minus €28.3 million) as explained in previous paragraph. Furthermore, Paternoster III Group shows transaction costs which are related to the Acquisition and has higher change in working capital as business operations for Wittur Group are only included for nine months and Paternoster III Group had almost no working capital in previous year.

Net cash flow used in investing activities

Paternoster III Group's net cash flow used in investing activities amounting to €-286.8 million is significant lower compared to Wittur Group with €-12.6 million. The reason is the acquisition of business, net of cash acquired amounting to €-275.3 million due to the Acquisition of Wittur Group that took place in March 2015. This amount excludes the repayment of the old shareholder loan previously issued by TryWay to Wittur Group amounting to €133.6 million (fair value) which is presented as net cash flow used in financing activities.

Net cash flow used in financing activities

Net cash flow used in financing activities in Paternoster III Group is by €350.7 million higher at €302.5 million compared to Wittur Group with €-48.2 million. Proceeds from borrowing amount to €441.7 million which is an increase by €321.6 million compared to Wittur Group and includes the Notes, the New Term Loan B, the Ancillary Credit Facility, the Revolving Credit Facility and other current bank loans; these external financing instruments were used for financing the Acquisition as well as the ordinary business activities of the Group.

Further positions in the net cash flow used in financing activities are also a result of the Acquisition. The old shareholder was acquired by Paternoster Holding IV GmbH from TryWay HoldCo AB in the amount of €133.6 million; hence, the old shareholder loan is part of the purchase price and was redeemed. Furthermore, due to the Acquisition the Existing Senior Facilities amounting to €120.7 million were redeemed by Paternoster III Group. A last impact of the Acquisition is the increase in capital reserves of Paternoster Holding III GmbH by €154.6 million due to a capital contribution of the parent company.

Interest paid is lower by €12.8 million in Paternoster III Group (€-20.9 million) compared to Wittur Group (€-8.1 million) due to the just mentioned external financing activities.

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, 2014 and 2015, we incurred capital expenditures of €12.5 million, or 2.4% of revenue, and €14.2 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,	
	2014	2015
	in € million	
	(unaudited)	*(unaudited)*
Expansion capital expenditures	8.8	11.3
Maintenance capital expenditures	3.6	2.9
Capital expenditures	**12.4**	**14.2**

We incurred €14.2 million of capital expenditures in the year ended December 31, 2015, of which €2.9 million were maintenance capital expenditures, €11.3 million was expansion capital expenditure (of which €3.4 million related to capital expenditure for our plant in Austria and €1.8 million to capital expenditures of our plant in Italy). Typically, our maintenance capital expenditures are concentrated at the end of a given year.

For the year ending December 31, 2016, our management expects Paternoster III Group to incur capital expenditures in the amount of €14.2 million. Major projects in the year ending December 31, 2016 include investments in China, Austria, Spain and Italy. 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, 2015. Also refer to *"Financial Risk Management – Liquidity Risk"* in the notes to our consolidated financial statements contained elsewhere herein.

	Payments due by period (audited)			
in € million	Total	Less than 1 year	1 to 5 years	More than 5 years
Interest bearing loans and borrowings	716.4	25.1	42.1	649.1
Other financial liabilities	4.5	0.4	1.7	2.4
Trade and other payables	109.7	109.7	-	-
Sub-Total	**830.6**	**135.3**	**43.8**	**651.5**
Derivative financial instruments	0.1	0.1	-	-
Total	**830.7**	**135.4**	**43.8**	**651.5**

Paternoster III Group contingent liabilities and principal payments identifies as of December 31, 2015 are the following:

in € million	Payments due by period (audited)			
	Total	**Less than 1 year**	**1 to 5 years**	**More than 5 years**
Notes	341.9	19.1	95.6	227.2
New Term Loan B Facility	269.1	11.9	59.3	197.9
Revolving Credit Facility	5.5	5.5	-	-
Ancillary Credit Facility	6.4	0.2	6.1	-
Finance Lease	4.3	0.4	1.6	2.4
Other Bank Loans	10.6	10.2	0.4	-
Trade and other payables	113.6	113.6	-	-
Other financinal liabilities	4.0	4.0	-	-
Sub-Total	**755.5**	**165.0**	**163.1**	**427.4**
Derivative financial instruments	0.1	0.1	-	-
Total	**755.6**	**165.1**	**163.1**	**427.4**

The information presented in the tables above reflects our estimates of the contractual maturities of our obligations for Wittur Group and Paternoster III Group as of December 31, 2015. These maturities may differ significantly from the actual maturity of these obligations. The tables above also mainly reflect 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.

Due to the new financing as a result of the Acquisition, Paternoster III Group has significantly higher contingent liabilities as Wittur Group; this is mainly due to the Notes and the New Term Loan B facility.

The information presented in the tables above do not consider any financing necessary for Sematic acquisition respectively any debt rolled over from the Sematic acquisition that took place on April 1, 2016. For further information on Sematic Acquisition financing please refer to "*Description of Material Debt Instruments-The Financing of the Sematic Acquisition*".

Off-Balance Sheet Arrangements

Our off-balance sheet commitments include operating leases relating to buildings, machinery and vehicles. Operating leases as of December 31, 2015 increased compared to December 31, 2014, 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, 2014 and 2015:

	Year ended December 31,	
	2014	**2015**
	in € million	
	(audited)	*(audited)*
Future minimum lease payments		
Due within 1 year	4.4	4.1
Due between 1 and 5 years	4.7	3.4
Due late than 5 years	2.5	5.1
Total	**11.6**	**12.6**

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, 2015, 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 €7.4 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 footnotes 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 financial year is presented below.

Also see "*Estimates and assumptions*" and "*Significant accounting policies*" in the footnotes to our consolidated financial statements contained elsewhere herein.

OUR BUSINESS

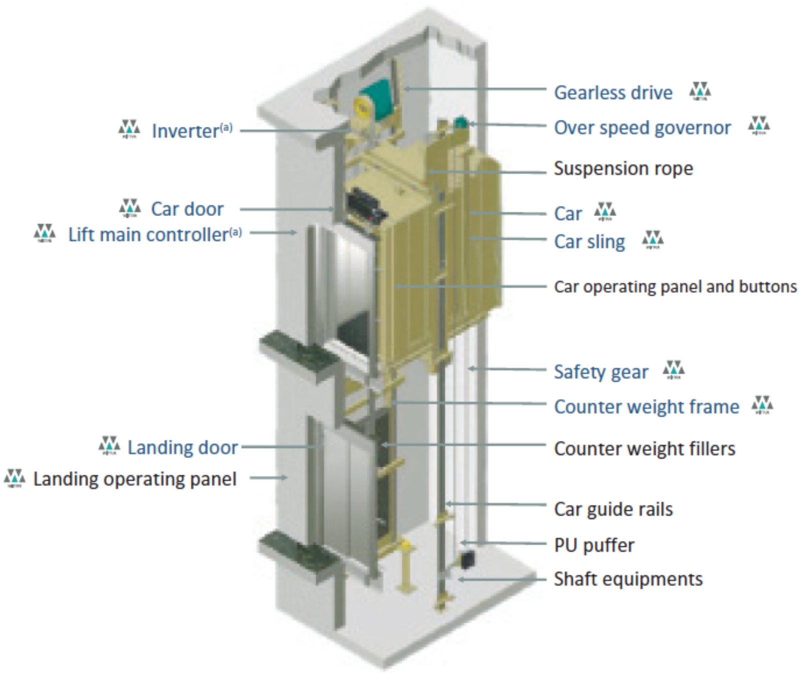
Our History

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 73.0% of our revenue in the year ended December 31, 2015.

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, 2015, our door product range included 21 different models of landing doors and 18 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 7.0% of our revenue in the year ended December 31, 2015. 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. The remaining products were conformed at the Interlift 2015 fair which took place in October 2015.

Drives

Our product offering also includes standardized and customized gearless drives. Drives accounted for 4.7% of our revenue in the year ended December 31, 2015.

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 4.0% of our revenue in the year ended December 31, 2015.

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, 2015.

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 4.5% of our revenue in the year ended December 31, 2015.

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 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 43.9% of our revenue in the year ended December 31, 2015. 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, 2015, we generated 57.8% of our revenue in our Europe region through sales to our MNC customers, with 52.2% 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 47.2% of our revenue for the year ended December 31, 2015. 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, 2015, we generated 92.3% of the revenue in our Asia region from our operations in China, with significant sales in India and Hong Kong 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, 2015, we generated 92.5% of our revenue in our Asia region through sales to our MNC customers, and doors and door components accounted for 94.4% 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 World

Our Rest of World region primarily includes Eurasia (Turkey) and Americas, and represented 8.8% of our revenue, with the potential for significant future growth. Business in our Rest of 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 World region are Independents, who made up 75.3% of our revenue in our Rest of World region in the year ended December 31, 2015. Our product mix is less reliant on doors and door components, which for the year ended December 31, 2015, made up 61.9% of our sales in our Rest of World Region. See also "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Our geographic regions—Rest of 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 71.2% of our revenue in the year ended December 31, 2015. We believe that Western MNCs accounted for approximately 44% of total revenue in the elevator industry in 2014 without significant change in market share in 2015. 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 delivery 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, 2015, we generated approximately 28.7% of our revenue from Independents. We believe that Independents accounted for approximately 39% of total revenue in the elevator industry in 2014 without significant change in market share in 2015. 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, 2015, we generated less than 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 without significant change in market share in 2015. 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

In 2014 we 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 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 (PDAs) with Customer 1; one of the PDA 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. On current year we have further extended this supply agreement to provide the delivery of all the outsourced landing doors for residential installations in Europe and neighborhood countries for the years 2016 (initiating from May) to 2019. The agreement is automatically renewed on an annual basis for subsequent one-year periods, unless earlier terminated by either party upon f 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 14 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

We have key account managers specifically focused on MNCs. In the past 36 months, we have established 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 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, 2014 and 2015:

	Year ended December 31,	
	2014	**2015**
	(unaudited)	
Europe	1,481	1,606
Asia	1,389	1,480
Rest of World	380	388
Total (*)	**3,250**	**3,474**

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

	Year ended December 31,	
	2014	**2015**
	(unaudited)	
Production	2,588	2,780
thereof: direct	1,856	1,986
thereof: indirect	732	794
Selling	270	284
General and administrative	280	281
R&D	112	129
Total (*)	**3,250**	**3,474**

(*) 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, 2015, these pension obligations amounted to €9.9 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 2015, our sales force management tool 'WEST' (CRM customer relationship management tool with integrated product configurator) was running in full operation in Europe and in Asia region roll-out of CRM functionality was started. In 2016, roll-out to Americas and Eurasia regions will follow.

Intellectual Property

Trademarks and Domains

As of December 31, 2015, we held 29 locally-protected trademarks, 19 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 ".com", ".org," ".biz" and ".info".

Patents

As of December 31, 2015, we owned 86 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 (8 patents), Cars (4 patents), Doors (49 patents), Safety devices (19 patents) and Electric Drives (6 patents). 48 of these patents are considered of high importance to us.

During the year ended 2015, we registered 4 patents and 8 utility models.

Licenses

As of December 31, 2015, 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, 2015, 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 Americas.

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	34,558	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)	37,516	12,645	240	Partially owned and leased (until December 25, 2023)
Scheibbs (Austria)	34,160	15, 535	451	owned
Londrina (Brazil)	23,400	11,400	100	rented (office - three months' notice period/October 2016; plant - December 1, 2030)
Istanbul (Turkey)	11,625	8,000	181	rented (until December 31, 2016)
Dresden (Germany)	9,583	4,171	132	owned
Chennai (India)	8,432	5,098	105	rented (until June 2016 and March 2020)
Buenos Aires (Argentina)	10,121	8,946	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
Wiedenzhausen (Germany)	17,275	owned
Evry (France)	4,065	owned
Almere (Netherlands)	2,720	owned
Sydney (Australia)	2,168	owned

Research & Development

As of December 31, 2015, our R&D team consisted of 129 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, 2015, we spent €10.4 million on R&D, of which €3.3 million was capitalized. In 2014, we spent €8.7 million on R&D, of which €2.9 million was capitalized.

In 2015, we 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 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 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.

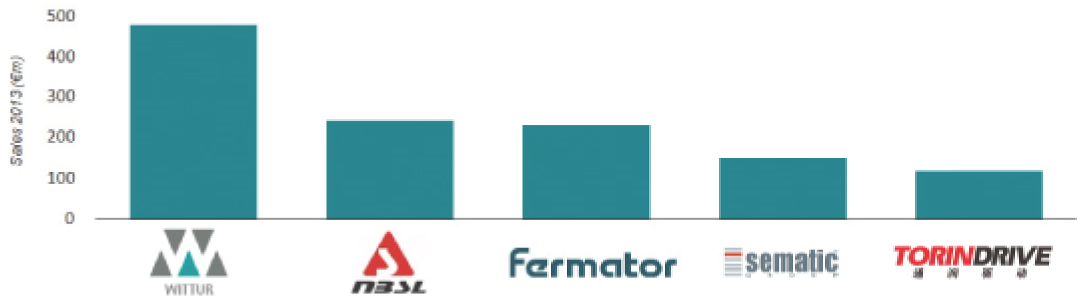
For the benefit of our directors and officers, we have entered into a global directors and officers ("D&O") insurance policy with three co-insurers based in Germany and England. The policy covers our present, former and future directors and officers, general managers, authorized officers and senior staff. 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 insurees 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. 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.

Competitive Landscape

We believe that we are the largest elevator component producer, with €590.4 million in revenue in 2015. In 2014, we estimated that we generated twice as much revenue as our next relevant competitor. The closest competitors of Wittur are NBSL, Fermator and Sematic.



(Source: Global consulting firm).

We consider the key buying criteria for elevator components to include safety, quality, partnership potential, delivery, sales and research and development. Out of these criteria, we believe our industry leadership in safety is the most valuable because safety is regarded as the single most critical buying criterion for elevator installers due to the damage elevator accidents can inflict on an elevator installer's brand value, reputation and sales. In our experience, the relevance of safety and high quality is particularly pronounced with respect to safety-critical components, which benefits us due to our focus on these components and our track-record of high investments in research and development to ensure the premium quality and reliability of our products. 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. Our excellence in delivery performance is another key factor to our market leadership. Elevators must typically be installed within a period of a few hours on a specific date that is determined on short notice. As a result, a supplier's timely delivery is critical to the installer's ability to complete the installation of the elevator within the specified time and on budget.

Our global market leadership leads to competitive advantages in our favor. We are, according to customers interviews carried out by a global consulting firm, leaders in quality, innovation, footprint, reputation and delivery performance, which results in our customers willing to pay a price premium for our products.

MANAGEMENT

Wittur

Wittur is a limited liability company organized under the laws of Germany. Wittur 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 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 (Beirat) at Wittur (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	48	2015	Chairman
Matthias Osthoff	37	2015	Board Member
Franz-Josef Seidensticker	50	2015	Board Member

Managing Directors

Name	Age	Member since	Responsibility
Patrik Wohlhauser	51	2016	Chief Executive Officer
Frank Schulkes	54	2016	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, a "Gesellschaft mit beschränkter Haftung" organized under the laws of Germany, was formed on December 2, 2014 and is registered with the commercial registry of Munich under number HRB 215485. The Issuer's principal business address is at Maximilianstraße 11, c/o Bain Capital Beteiligungsberatung GmbH, 80539 Munich, Germany.

Managing Directors

Name	Age	Member since	Responsibility
Patrik Wohlhauser	51	2016	Chief Executive Officer
Frank Schulkes	54	2016	Chief Financial Officer

The Issuer's managing directors can be contacted at the Issuer's business address: Paternoster Holding III GmbH, Rohrbachstrasse 26-30, 85259 Sulzemoos-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. See *"Related party transactions"* and *"Share-based payments"* in the notes to our consolidated statements contained elsewhere herein.

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 insurees 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 Eurozone 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 cyclicality 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 approximately 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 enjoinment 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 Notes Guarantees.

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

DESCRIPTION OF MATERIAL DEBT INSTRUMENTS

The Financing of the Acquisition by Bain Capital

On March 31, 2015, entities controlled by Bain Capital acquired all the issued and outstanding capital stock of Wittur, as well as certain shareholder loans. The acquisition by Bain Capital 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 by Bain Capital 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 under a senior facilities agreement (the "Senior Facilities Agreement") in an aggregate principal amount of €195.0 million. The Senior Facilities Agreement also provided for the Revolving Credit Facility under which borrowings in an aggregate principal amount of €65.0 million were originally made available. In addition, entities controlled by Triton Advisors Limited (the former owner of Wittur), as lenders, entered into loans ultimately borrowed by Paternoster Holding II GmbH, which resulted in the deferral of a part of the purchase price for the acquisition by Bain Capital equal to €40.0 million.

The Financing of the Sematic Acquisition

On April 1, 2016 Wittur acquired Sematic, with the former Sematic owner, the Zappa Family, receiving a minority interest in the combined entity. In connection with the Sematic Acquisition, the total commitments available under the Revolving Credit Facility were increased by €15.0 million to €80.0 million. In addition, the principal amount available under the New Term Loan B Facility was increased by €180.0 million to €375.0 million. The Sematic Acquisition was financed through a drawing on the increased New Term Loan B Facility in an amount equal to €180.0 million, as well as other liquidity available to Wittur (consisting of cash on hand and a drawing on the increased Revolving Credit Facility).

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, the parent company of Paternoster Holding IV GmbH 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. 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) Paternoster Holding IV GmbH, 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 Paternoster Holding IV GmbH, a security interest in respect of a proceeds loan through which the Issuer on-lent the proceeds of the Notes to Paternoster Holding IV GmbH, a pledge of the bank accounts of Paternoster Holding IV GmbH, and an assignment of Paternoster Holding IV GmbH's claims under the acquisition agreement in respect of the acquisition by Bain Capital. 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 the laws of the State of New York.

Senior Facilities

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

On February 17, 2015, Paternoster Holding IV GmbH 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 originally provided for (i) the €195.0 million New Term Loan B Facility and (ii) the €65.0 million Revolving Credit Facility. In connection with the Sematic Acquisition, the total commitment available under the New Term Loan B Facility was increased to €395.0 million and the total commitment available under the Revolving Credit Facility was increased to €80.0 million.

Loans under the Senior Facilities Agreement 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 uncancelled 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 March 31, 2022. 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 March 31, 2021. 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.

ATTACHMENT A: AUDITED FINANCIAL STATEMENTS OF WITTUR INTERNATIONAL HOLDING GMBH

Audit Certificate

WITTUR International Holding GmbH
Wiedenzhausen

Consolidated Financial Statements as of 31 December 2015

Auditor's Report

Translation - the German Text is authoritative

pwc

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IFRS Consolidated financial statements of

Wittur International Holding GmbH
Wiedenzhausen, Germany

for the period from
January 1 to December 31, 2015

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Consolidated statement of comprehensive income

KEUR	**Note**	**2015**	**2014**
Revenues	(5.1)	590.405	521.905
Cost of sales	(5.2)	-436.593	-386.394
Gross profit		**153.812**	**135.511**
Selling expenses	(5.2)	-21.840	-19.042
Research & development expenses	(5.2)	-7.151	-5.842
Administrative expenses	(5.2)	-57.198	-52.868
Other income	(5.4)	2.648	1.874
Other expenses	(5.5)	-4.276	-2.635
Earnings before interest and taxes (EBIT)		**65.996**	**56.998**
Finance expense	(5.6)	-19.129	-21.233
Finance income	(5.7)	267	1.774
Earnings before income taxes (EBT)		**47.134**	**37.539**
Income taxes	(5.8)	-19.899	-16.281
NET RESULT FOR THE PERIOD		**27.235**	**21.258**
Other comprehensive income			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		2.862	1.953
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Actuarial gains and losses		-119	-835
Income tax relating to the components of OCI		29	230
Other comprehensive income, net of tax		**2.772**	**1.347**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**30.007**	**22.606**

Consolidated balance sheet

ASSETS

KEUR	Note	Dec. 31, 2015	Dec. 31, 2014
Intangible assets	(5.9)	128.674	130.090
Property, plant and equipment	(5.10)	75.797	75.565
Investment properties	(5.11)	1.800	3.268
Other non-current financial assets	(5.12), (7)	143	56
Other non-current assets	(5.13)	1.011	1.561
Deferred tax assets	(5.8)	2.612	4.528
Non-current assets		**210.036**	**215.067**
Inventories	(5.14)	44.284	43.080
Trade receivables	(5.15)	109.118	93.721
Other current financial assets	(5.16), (7)	37	1.713
Other current assets	(5.17), (8)	9.859	9.143
Cash and cash equivalents	(5.18)	24.278	33.974
Current assets		**187.575**	**181.631**
Total assets		**397.611**	**396.698**

EQUITY AND LIABILITIES

KEUR	Note	Dec. 31, 2015	Dec. 31, 2014
Subscribed capital	(5.19)	25	25
Capital reserve		22.025	22.025
Retained earnings		-3.285	-24.544
Net result for the period		27.235	21.258
Other components of equity	(5.19)	-2.403	-5.175
Total equity		**43.597**	**13.589**
Non-current interest-bearing loans and borrowings	(5.20)	181.760	72.250
Provisions for pensions	(5.21)	9.571	9.458
Other non-current provisions	(5.22)	6.142	4.687
Other non-current financial liabilities	(5.23)	3.400	3.623
Deferred tax liabilities		9.203	11.048
Non-current liabilities		**210.075**	**101.066**
Current interest-bearing loans and borrowings	(5.20)	23.265	165.105
Trade and other payables	(5.24)	109.711	107.844
Provisions for pensions	(5.21)	327	291
Other current provisions	(5.22)	3.080	3.062
Other current financial liabilities	(5.25), (7)	373	252
Income tax liabilities	(5.8)	7.182	5.488
Current liabilities		**143.939**	**282.042**
Total equity and liabilities		**397.611**	**396.698**

Consolidated statement of cash flows

KEUR		2015	2014
Operating activities			
Profit after Tax		**27.235**	**21.258**
Depreciation and Amortisation		15.811	15.568
Taxes	(5.8)	19.899	16.281
Interest	(5.6), (5.7)	18.862	19.459
Gain on sale of fixed assets		-51	-54
Losses from disposal of fixed assets		58	26
Cash generated from operations (excluding working capital changes)		81.814	72.538
Changes in working capital		-18.816	6.654
Net movement in provisions, pension obligations and other liabilities		1.094	-691
Net movement in other assets		857	-1.791
Interest received		366	1.222
Income taxes paid		-18.799	-16.736
Net cash flow from operating activities		**46.517**	**61.197**
Investing activities			
Purchase of property, plant & equipment		-8.268	-8.623
Purchase of intangible assets		-5.912	-3.912
Disposal of assets		1.580	78
Proceeds from disposal of Group company & related assets		-	1.600
Net cash flow used in investing activities		**-12.600**	**-10.857**
Net cash flow before financing activities		**33.917**	**50.340**
Financing activities			
Repayment of Shareholder loan		-	-2.520
Repayment of borrowings		-160.133	-26.620
Proceeds from borrowings		120.054	-
Interest paid		-8.100	-8.221
Net cash flow used in financing activities		**-48.180**	**-37.361**
Net increase / (decrease) in cash		**-14.263**	**12.979**
Effects currency translation		4.566	998
Cash and cash equivalents at beginning of period		33.974	19.998
Cash and cash equivalents at the end of period		24.278	33.974

Consolidated statement of changes in equity

	Attributable to owners of the parent					
	Subscribed capital	Retained earnings	Capital reserves	Other reserves		Total equity
KEUR				Currency translation	Valuation of pensions	
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**
Balance as of Jan. 1, 2015	**25**	**-3.285**	**22.025**	**-3.456**	**-1.719**	**13.589**
Net result for the period	**-**	27.235	-	-	-	**27.235**
Other comprehensive income	**-**	-	-	2.862	-90	**2.772**
Total comprehensive income	**-**	**27.235**	**-**	**2.862**	**-90**	**30.007**
Balance as of Dec. 31, 2015	**25**	**23.949**	**22.025**	**-594**	**-1.809**	**43.597**

Other comprehensive income, net of tax KEUR 2.772 (2014: 1.347) consists of other reserves KEUR 2.772 (2014: KEUR 1.347).

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 business year ended December 31, 2015 comprise the Company and its subsidiaries (together referred to as "Wittur Group" or the "Group" and individually as "Group entities").

On March 31, 2015, Paternoster Holding IV GmbH, Wiedenzhausen, Germany, acquired 100% of the shares and voting interests in Wittur International Holding GmbH and therefore obtained control from the former owner TriWay HoldCo AB ("Triton"), Stockholm, Sweden. The deal was based on the Share and Purchase Agreement dated on December 22, 2014.

The parent company of Wittur International Holding GmbH is Paternoster Holding IV GmbH. 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 10, 2015 in connection with the acquisition by Bain Capital of the Wittur Group. The ultimate controlling party is Bain Capital Europe Fund IV, L.P, London, Great Britain.

The exempting consolidated financial statements for the financial year ended December 31, 2015, are prepared by Elevate (BC) S.c.A., Luxembourg, Luxembourg and will be published in the commercial register (Registre du Commerce et des Sociétés Luxembourg).

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 does not 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, 2015.

These financial statements cover the business year from January 1, 2015 to December 31, 2015 (comparison period: January 1, 2014 to December 31, 2014) and were authorised for issue by the Executive Board of the Company on April 26, 2016.

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 which is functional currency of the parent company. Unless otherwise noted, all amounts are rounded to the nearest thousands of Euros (KEUR). Totals in tables were calculated using precise figures and rounded to KEUR.

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

Balance sheet item	Measurement principle
Assets	
Non-current assets	
Intangible assets	Amortised cost
Property, plant and equipment	Amortised cost
Investment properties	Amortised cost
Other non-current financial assets	Amortised cost/Fair value for derivative financial instruments
Other non-current assets	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	Amortised cost
Other current assets	Amortised cost
Cash and cash equivalents	Amortised cost
Liabilities	
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 financial 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, 2015. 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, 2015 include, besides Wittur International Holding GmbH, a total of 26 subsidiaries. The regional allocation of our subsidiary Wittur Poland changed from Rest of World to Europe as at January 1, 2015. This new regional split is also used for comparative data in 2014.

As of December 31, 2015 the following companies were consolidated:

Wittur Group companies	**Shareholding in % Dec. 31, 2015**	**Shareholding in % Dec. 31, 2014**
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 Online GmbH, Wiedenzhausen, Germany	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, Italia	100,00%	100,00%
Wittur S.p.A., Colorno, Italia	100,00%	100,00%
Wittur Asansör San. ve Tic. A.Ş., Istanbul, Turkey	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., Warschau, Poland	100,00%	100,00%
Wittur B.V., Almere, The Netherlands	100,00%	100,00%
Wittur S.A.S. Evry, France	100,00%	100,00%
Wittur AB, Spanga, Sweden	100,00%	100,00%
Wittur Elevator Components (Suzhou) Co. Ltd., Wujiang, People's Republic China	100,00%	100,00%
Wittur Ltd., Hong Kong, Special Administrative Region, People's Republic 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, Columbia	100,00%	100,00%

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 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 financial 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 financial 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

Fair values of financial instruments 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, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

The Group measures derivatives at fair value at each balance sheet date. Fair Values for derivatives are measured based on price information derived from active markets and commonly used valuation methods supplied by issuing banks (fair value hierarchy level 2). The fair values of the derivatives are presented in the balance sheet on a gross basis.

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

For all non-current financial assets apart from FX derivatives the carrying amounts approximate the fair values.

The fair values of non-current financial liabilities with variable interest rates are also estimated to be equal to their carrying amounts since the interest rates are fixed and do not significantly differ from those available on the market. In case the interest rates are not fixed or retained the fair value is calculated as the present values of the estimated future cash flows using market interest rates for discounting (fair value hierarchy level 3).

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, 2015 is KEUR 9.898 (2014: KEUR 9.749). Further details are given in note 5.21 “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, 2015, the carrying amount of recognised other provisions were KEUR 9.222 (2014: KEUR 7.749).

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, 2015.

The following standards were applied as of December 31, 2015:

Improvements to IFRSs (2011–2013)

IFRIC21 – “Levies”

These changes had no material impact in results of operations, financial positions or cash flows for Wittur Group.

The information on the future application of standards and interpretations is based on whether at all and in what extent they are relevant for Wittur Group. In case that standards that need to be applied in future are not relevant for Wittur Group, the information on these standards will be entirely dispensed.

The following standards have been issued but have not been applied as their application was not required as of December 31, 2015:

IFRS 15 – “Revenue from contracts with customers” (effective date: 01.01.2018), IFRS 9 – “Financial Instruments” (effective date: 01.01.2018) and IFRS 16 – “Leases” (effective date: 01.01.2019) 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.

IFRS 16 “Leases” supersedes IAS 17 and requires lessees to recognize a lease liability reflecting future lease payments and a ‘right-of-use’ asset for virtually all lease contracts.

Early adoption of the three 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. Each entity of the Group determines its 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 2015, 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 closing 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:

1 EUR =					
Currency	**ISO Code**	**Rate at closing date**		**Average exchange rate**	
		31.12.2015	**31.12.2014**	**2015**	**2014**
Argentina Peso	ARS	14,195	10,377	10,257	10,763
Australian Dollar	AUD	1,490	1,483	1,476	1,473
Brazilian Real	BRL	4,312	3,221	3,692	3,123
Chinese Yuan Renminbi	CNY	7,061	7,536	6,973	8,188
Czech Koruna	CZK	27,023	27,735	27,285	27,536
British Pound	GBP	0,734	0,779	0,726	0,806
Hong Kong Dollar	HKD	8,438	9,417	8,602	10,305
Hungarian Forint	HUF	315,980	315,540	309,898	308,723
New Israeli Sheqel	ILS	4,248	4,720	4,313	4,747
Indian Rupee	INR	72,022	76,719	71,175	81,069
Polish Zloty	PLN	4,264	4,273	4,183	4,185
Swedish Krona	SEK	9,190	9,393	9,354	9,098
Singapore Dollar	SGD	1,542	1,606	1,525	1,683
Turkish Lira	TRY	3,177	2,832	3,022	2,907
U.S. Dollar	USD	1,089	1,214	1,110	1,329

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.

The indefinite useful life for the trademark *Wittur* is due to the fact that the trademark is existing since foundation of the company in 1968, historically replaced other trademarks (acquired or internally created) and the registration can be extended in the majorities of countries without any limitation.

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 balance sheet 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 costs of disposal 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 CGU or groups of CGU's that are expected to benefit from the business combination in which the goodwill arose.

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

Investment properties are measured at 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 measured in expectation of future cash flows and 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 liabilities are derecognized when the obligation under the liability is discharged or cancelled or expires.

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, change 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

Provisions for pensions 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.

If a possible obligation exists which is depending on whether some uncertain future event occurs or a present obligation exists for which a payment is not probable or the amount cannot be measured reliable a contingent liability is disclosed.

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.

3.18 Share-based payments

The Group applies IFRS 2 „Share-based Payment“ to its share-based payment transactions. Under IFRS 2, plans which result in share-based payments have to be accounted for as equity-settled transactions if the share awards granted are the receiving company’s own equity instruments or the receiving company has no obligation to perform settlement. For equity-settled share-based payment transactions, IFRS 2 requires the entity to account for the share-based payments to management as a personnel expense and a corresponding increase in the capital reserve. For such cash-settled share based payment transactions, IFRS 2 requires the entity to account for the share-based payments to management as personnel expense and a corresponding increase in other liabilities.

Share-based payments at the Group are equity-settled. Fair value is measured at grant date and is expensed over the vesting period.

4 Financial risk management

The financial liabilities used by the Company mainly comprise bank loans and overdrafts, finance leases, trade payables 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.

The latent credit and default risk from accounts receivables is taken into account through a bad debt allowance.

There are no substantial concentrations of non-payment risks in the Group concerning trade and other receivables as well as other financial assets that are neither past due nor impaired. There are no indications that defaults in payment obligations will occur, which would lead to a decrease of net assets.

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.

There are no substantial concentrations of non-payment risks in the Group.

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, 2015 **KEUR**	**< 1 year**	**1 - 5 years**	**over 5 years**	**Total**
Interest-bearing loans and borrowings	25.145	42.107	649.109	**716.361**
Other financial liabilities	395	1.731	2.367	**4.493**
Trade and other payables	109.711	-	-	**109.711**
Sub-Total	**135.251**	**43.838**	**651.476**	**830.565**
Derivative financial instruments	123	-	-	123
Total	**135.374**	**43.838**	**651.476**	**830.688**

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**

Trade and other payables include payroll liabilities and advance payments (refer to Note 5.24 "Trade and other payables").

The table above does not include shareholder loans for 2014. The contractual undiscounted payments for the shareholder loans in 2014 were amounting to KEUR 858.470. The change of the contractual undiscounted payments from 2014 to 2015 relate mainly to a reduction of the interest rate by 2% to 8% now.

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. 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. Differences resulting from the translation of financial statements into the Group’s presentation currency are not taken into consideration. Apart from effects on result before tax, there is no further impact on shareholders’ equity. As hedge accounting is not applied, there are no effects on other comprehensive income.

KEUR **+5% increase of EUR**	**2015**	**2014**
against CNY	314	-386
against TRY	375	501
Total	**689**	**116**

KEUR **-5% decrease of EUR**	**2015**	**2014**
against CNY	-314	386
against TRY	-375	-501
Total	**-689**	**-116**

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.

The decrease in interest rate does not affect the result before tax, because the applicable base rate was already negative as of December 31, 2015.

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	
2015	-56
2014	-1.693
Scenario 2: decrease in interest rate structure by 100 base points	
2015	-
2014	16

From fiscal year 2015 the interest rate sensitivities are determined without consideration of cash flows. For a better comparability the prior year figures were adjusted.

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

5.1 Revenues

KEUR	**2015**	**2014**
Europe	259.411	243.235
Asia	278.829	214.174
Rest of World	52.165	64.496
Sales of goods	**590.405**	**521.905**

The regional allocation of our subsidiary Wittur Poland changed from Rest of World to Europe as at January 1, 2015. The new regional split for Wittur Poland is also used for comparative data in 2014.

5.2 Expenses by nature

Expenses by nature mainly consist of:

KEUR	**2015**	**2014**
Direct material costs	289.076	263.954
Employee benefit expense	101.923	94.208
Depreciation, amortization and impairment charges	15.811	15.571

5.3 Employee benefit expense

KEUR	**2015**	**2014**
Wages and salaries	79.379	73.217
Social insurance contributions	18.923	18.411
Pension costs	3.621	2.580
Employee benefit expense	**101.923**	**94.208**

The number of employees was 3.474 as of December 31, 2015 (2014: 3.250).

5.4 Other income

KEUR	2015	2014
Government income for tax benefits, premiums and subsidies	700	485
Income from rented property	399	433
Income from R&D or research funding	746	184
Gain on sale of fixed assets	51	54
Income from insurance companies	57	80
Licence fee income	200	300
Others	494	338
Other income	**2.648**	**1.874**

“Others” contain many different items all each below KEUR 30.

5.5 Other expenses

KEUR	2015	2014
Other taxes	2.857	2.064
Currency translation loss - net	1.360	545
Others	58	26
Other expenses	**4.276**	**2.635**

5.6 Finance expenses

KEUR	2015	2014
Shareholder loan interest	13.779	6.582
Interest on borrowings	1.278	7.400
Amortization of transaction costs	454	6.436
Currency transaction loss on Intercompany loans	1.166	-
Interest expenses for finance leases	118	136
Discounting of provisions	300	275
Other financial expenses	836	383
Total finance expense that is not measured at fair value through profit and loss	**17.930**	**21.211**
Loss on financial instruments at fair value through profit or loss	1.198	22
Finance expense	**19.129**	**21.233**

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

5.7 Finance income

KEUR	2015	2014
Other interest income	267	1.238
Total finance income that is not measured at fair value through profit and loss	**267**	**1.238**
Gain on financial instruments at fair value through profit or loss	-	536
Finance income	**267**	**1.774**

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, 2015**		**Dec. 31, 2014**	
	Deferred tax assets	**Deferred tax liabilities**	**Deferred tax assets**	**Deferred tax liabilities**
Non-current assets	**448**	**10.254**	**869**	**15.750**
Intangible assets	11	5.560	34	10.595
Property, plant and equipment	350	4.612	835	5.095
Investment properties	-	51	-	58
Other non-current financial assets	88	30	-	2
Other non-current receivables	-	0	-	-
Current assets	**698**	**195**	**939**	**80**
Inventories	272	-	262	48
Trade receivables and other receivables	362	21	481	30
Other current financial assets	63	173	196	0
Cash and cash equivalents	0	0	-	2
Non-current liabilities	**1.246**	**23**	**3.083**	**128**
Interest-bearing loans and borrowings	-	-	293	105
Provisions for pensions	183	5	336	-
Other non-current provisions	576	10	1.394	13
Derivative financial instruments	20	8	-	-
Other non-current liabilities	466	-	1.061	11
Current liabilities	**219**	**118**	**376**	**172**
Trade and other payables	138	118	8	-
Current interest-bearing loans and borrowings	19	-	21	-
Other current provisions	62	-	346	172
Tax losses carried forward	**1.388**	**-**	**4.344**	**-**
Total before netting	**3.998**	**10.589**	**9.611**	**16.129**
Offsetting of deferred taxes	-1.386	-1.386	-5.082	-5.082
Presented in consolidated balance sheet	**2.612**	**9.203**	**4.528**	**11.047**

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, 2015**	**Dec. 31, 2014**
Deferred tax assets	**3.998**	**9.611**
- Deferred tax assets to be recovered after more than 12 months	2.921	8.078
- Deferred tax asset to be recovered within 12 months	1.076	1.532
Deferred tax liabilities	**10.589**	**16.129**
- Deferred tax liability to be recovered after more than 12 months	10.277	15.878
- Deferred tax liability to be recovered within 12 months	312	252
Deferred tax liability (net)	**6.591**	**6.519**

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% (2014: 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% (2014: 15%), a solidarity surcharge of 5,5% (2014: 5,5%) and trade tax at 10,5% (2014: 10,5%). The tax rate applied is the German tax.

KEUR	**2015**	**2014**
Current taxes	-19.691	-16.564
Deferred taxes	-208	283
Income taxes	**-19.899**	**-16.281**
Earnings before income taxes (EBT)	**47.134**	37.539
Expected tax rate	26,3%	26,3%
Expected income taxes	**-12.410**	**-9.882**
Tax effects resulting from:		
Differences in tax rates	30	339
Reduction for impairment or reversal of reductions for impairment on deferred tax assets on tax loss	-1.566	438
Adjustments for current and deferred income taxes for prior years	-1.190	-911
Non-recognition of deferred tax assets	0	-219
Non-deductible expenses	-4.884	-6.498
Tax-exempt income	285	42
Changes to deferred tax resulting from tax rate changes	-134	40
Other effects	-30	371
Income taxes	**-19.899**	**-16.281**
Effective income tax rate	-42,2%	-43,4%

The non-deductible expenses result mainly from non-refundable withholding taxes (thereof Germany 2015: KEUR 1.684; 2014: KEUR 1.278 and Italy 2015: KEUR 2.445; 2014: KEUR 1.406).

The Group has tax losses carried forward of KEUR 20.442 (2014: KEUR 23.563) 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 8.018 (2014: KEUR 17.155) to the extent that the realisation of the related tax benefit through future taxable profits are expected. The deferred tax assets amounting to KEUR 1.388 (2014: KEUR 4.344) have been recognised in respect of these losses. The Group did not recognise deferred tax assets in respect of losses amounting to KEUR 12.424 (2014: KEUR 6.408). Losses expire in 2016 to the amount of KEUR 8.793 (2014: no losses expired in 2015).

Apart from tax losses carry forward, no deferred tax assets on interest carry forwards amounting to KEUR 26.336 (2014: KEUR 28.719) were recognised in Germany as it is not probable that these interest carry forwards can be utilised.

5.9 Intangible assets

KEUR	Goodwill	Licenses, patents and other rights	Trademark	Development costs	Total
Cost					
At Dec. 31, 2014	**79.548**	**49.505**	**37.236**	**6.634**	**172.924**
Additions - internal development	-	2.580	-	3.292	**5.872**
Additions - acquired separately	-	-	-	-	**-**
Transfers	-	40	-	-	**40**
Disposals	-	-828	-	-	**-828**
Currency translation	-	-87	-	10	**-77**
At Dec. 31, 2015	**79.548**	**51.210**	**37.236**	**9.936**	**177.931**
Accumulated amortisation					
At Dec. 31, 2014	**-**	**41.625**	**-**	**1.209**	**42.834**
Additions (amortisation)	-	6.122	-	1.132	**7.254**
Transfers	-	-	-	-	**-**
Disposals	-	-752	-	-	**-752**
Currency translation	-	-79	-	0	**-78**
At Dec. 31, 2015	**-**	**46.917**	**-**	**2.341**	**49.257**
Carrying amount					
At Dec. 31, 2014	**79.548**	**7.880**	**37.236**	**5.425**	**130.090**
At Dec. 31, 2015	**79.548**	**4.294**	**37.236**	**7.596**	**128.674**

KEUR	Goodwill	Licenses, patents and other rights	Trademark	Development costs	Total
Cost					
At Dec. 31, 2013	**79.548**	**48.745**	**37.236**	**3.767**	**169.296**
Additions - internal development	-	-	-	2.889	**2.889**
Additions - acquired separately	-	999	-	-	**999**
Transfers	-	24	-	-	**24**
Disposals	-	-366	-	-25	**-391**
Currency translation	-	103	-	3	**107**
At Dec. 31, 2014	**79.548**	**49.505**	**37.236**	**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**
Currency translation	-	85	-	-	**85**
At Dec. 31, 2014	**-**	**41.625**	**-**	**1.209**	**42.834**
Carrying amount					
At Dec. 31, 2013	**79.548**	**13.846**	**37.236**	**3.337**	**133.968**
At Dec. 31, 2014	**79.548**	**7.880**	**37.236**	**5.425**	**130.090**

Research and development spending amounted to KEUR 10.443 in financial year 2015 (2014: KEUR 8.731). Of this amount, KEUR 3.292 (2014: KEUR 2.889) of self-produced intangible assets were capitalized in financial year 2015.

Goodwill

Goodwill is allocated to CGUs as follows:

KEUR	**Dec 31, 2015**	**Dec 31, 2014**
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 a cash generating unit´s (”CGU”) carrying amount with their value in use which reflects a CGU´s condition as of valuation date. A CGU is defined to cover a region´s business operations (e.g. Asia, Europe etc.) and reflects the lowest level on which Wittur´s business operations are monitored by management. Cash flows, based on the current five year forecast of each single CGU, are forecasted on the basis of revenue and cost projection. The principal planning assumptions are expected market trends in relation to the company's development, changes in production and other costs. 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 5% and for smaller regions between approx. 6% and 17%.
- Average annual growth rate (CAGR) of EBIT for significant regions is between approx. 1% and 13% and for smaller regions between approx. 15% and 36%.

For all Cash generating units, the growth rate used for the terminal value was 1% p.a. The discount rate applied is the pre-tax weighted cost of capital for 2015 by region is as follows:

in % **Analysis of pre-tax Weighted Average Cost of Capital**	**Dec 31, 2015**	**Dec 31, 2014**
Europe & Africa	11,1%	8,3%
Eurasia	9,9%	16,3%
Americas	11,2%	26,1%
China	10,7%	9,8%
Asia Pacific	11,0%	13,3%

Goodwill is impaired if the CGU'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. A change in the interest rate by 100 basis points would not lead to a write-down of goodwill in the CGUs Europe & Africa, China, Eurasia, Asia Pacific and Americas, neither would a decrease of the planned terminal growth rate by 50 basis points.

Trademark

The trademark *Wittur* is recognized in Wittur Holding GmbH. Due to the localization of the trademark in the Wittur Holding GmbH there is no allocation of the trademark value to other Group companies. Due to the high degree of brand recognition in the elevator industry and its foundation a long time ago the trademark has an indefinite useful life. Therefore, it was subject of an impairment test which is carried out at least on an annual basis. To identify any impairment the carrying amount of the trademark was compared with its fair value less cost of disposal. This requires an estimation of the expected future brand specific cash flows. The future cash flow was calculated as difference of an estimated license payment (license fee 2%) based on estimated revenue and inherent tax expenses. In order to calculate the present value of those cash flows an interest rate of 8,2% (2014: 6,3%) and growth in the terminal value of 1,0% (2014: 1,0%) were assumed.

The trademark is impaired if the fair value less cost of disposal is less than carrying amount. At impairment test date, the fair value less cost of disposal of the trademark exceeded its carrying amount. Reasonably possible changes in the key assumptions would not cause trademark impairment. Even if the terminal value growth rate is reduced to 0% and the cost of capital is increased by 100 basis points, there is no impairment requirement for the Wittur trademark.

No impairment was recognised for items of intangible assets during the business year 2015 (2014: no impairment). There were no impairments reversed in 2015.

5.10 Property, plant and equipment

KEUR	Land and buildings	Plant and machinery	Furniture & equipment	Assets under construction	Assets under Finance lease	Total
Cost						
At Dec. 31, 2014	**52.716**	**21.881**	**10.811**	**4.925**	**4.825**	**95.158**
Additions - acquired separately	327	1.634	525	5.822	-	**8.308**
Transfers	2.078	2.556	728	-5.401	-	**-40**
Disposals	-249	-757	-2.829	-48	-	**-3.882**
Currency translation	491	55	76	-130	0	**493**
At Dec. 31, 2015	**55.364**	**25.369**	**9.310**	**5.168**	**4.825**	**100.036**
Accumulated depreciation						
At Dec. 31, 2014	**9.289**	**6.208**	**3.830**	**0**	**266**	**19.593**
Additions (depreciation)	2.716	3.440	2.229	-	120	**8.505**
Transfers	-145	0	7	-	138	**-**
Disposals	-266	-743	-2.775	-	-	**-3.784**
Currency translation	171	-232	-14	0	0	**-75**
At Dec. 31, 2015	**11.765**	**8.672**	**3.277**	**0**	**524**	**24.239**
Carrying amount						
At Dec. 31, 2014	**43.427**	**15.673**	**6.981**	**4.925**	**4.560**	**75.565**
1. At Dec. 31, 2015	**2. 43 .5 99**	**16.696**	**6.033**	**5.168**	**4.301**	**75.797**

KEUR	Land and buildings	Plant and machinery	Furniture & equipment	Assets under construction	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**

In 2015 there were no material transfers. The net transfers of KEUR 2.819 in 2014 mainly amount to a reclassification from land and buildings to assets under finance lease with a net book value of KEUR 4.446 in 2014 for leased building and other reclassifications from assets under finance lease, mainly to land and building.

No impairment was recognised for items of property, plant and equipment during the business year 2015 (2014: no impairment). There were no impairments reversed in 2015.

5.11 Investment Properties

KEUR	Investment Property
Cost	
At Dec. 31, 2014	**3.861**
Additions - acquired separately	-
Transfers	
Disposals	-1.989
At Dec. 31, 2015	**1.872**
Accumulated depreciation	
At Dec. 31, 2014	**593**
Additions (depreciation)	56
Transfers	-
Disposals	-577
At Dec. 31, 2015	**72**
Carrying amount	
At Dec. 31, 2014	**3.268**
At Dec. 31, 2015	**1.800**

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

Disposal of cost with KEUR 1.989 (2014: KEUR 0) and depreciation KEUR 577 (2014: KEUR 0) relate to the sale of 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	2015	2014
Rental income derived from investment properties	390	383
Direct operating expenses (including repairs and maintenance) generating rental income	-33	-30
Direct operating expenses (including repairs and maintenance) that did not generate rental income	-19	-19
Net profit arising from investment properties carried at cost	**338**	**335**

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 1.864 (2014: KEUR 3.285) 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”). The fair value was calculated as the present value of the estimated future cash flows.

No impairment was recognised for investment properties during the business year 2015 (2014: no impairment). There were no impairments reversed in 2015.

As of December 31, 2015 no restrictions on the realizability of investment property nor the remittance of income and proceeds of disposal existed.

5.12 Other non-current financial assets

KEUR	Dec. 31, 2015	Dec. 31, 2014
Interest rate derivatives	-	8
Currency derivatives	115	-
Investments	9	26
Guarantees and deposits	18	22
Other non-current financial assets	**143**	**56**

5.13 Other non-current assets

KEUR	Dec. 31, 2015	Dec. 31, 2014
VAT receivables long-term	944	1.561
Others	66	-
Other non-current assets	**1.011**	**1.561**

5.14 Inventories

KEUR	Dec. 31, 2015	Dec. 31, 2014
Raw materials and supplies	25.805	24.876
Finished goods and work in progress	18.223	17.279
Prepayments on inventory	256	924
Inventories	**44.284**	**43.080**

Inventories recognised as expense amounted to KEUR 289.076 (2014: KEUR 263.954). As of December 31, 2015 inventory obsolescence allowance amounted to KEUR 4.455 (2014: KEUR 4.108).

5.15 Trade receivables

Following table shows the gross amount of trade receivables according to ageing.

KEUR	Dec. 31, 2015	Dec. 31, 2014
Not past due	87.676	73.219
Past due less than 60 days	15.318	15.875
Past due more than 60 days	14.916	11.393
Total	**117.910**	**100.487**

In 2015 write-offs of receivables amounted to KEUR 66 (2014: KEUR 281).

Receivables past due less than 60 days weren`t impaired in 2015 (2014: No impairment of receivables past due less than 60 days). Receivables past due more than 60 days were impaired by KEUR 8.792 in 2015 (2014: KEUR 6.766). The amount of receivables past due more than 60 days that wasn`t impaired in 2015 is KEUR 293 (2014: KEUR 322).

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

KEUR	Dec. 31, 2015	Dec. 31, 2014
Allowances at the beginning of the period	**-6.766**	**-6.317**
Additions	-3.453	-1.065
Reversal	546	466
Use	387	346
Currency translation	494	-195
Individual allowances at the end of the period	**-8.792**	**-6.766**

The currency translation effect in 2015 and 2014 mainly relates to TRY.

KEUR	Dec. 31, 2015	Dec. 31, 2014
Trade receivables	109.118	93.721
Trade receivables	**109.118**	**93.721**

5.16 Other current financial assets

KEUR	Dec. 31, 2015	Dec. 31, 2014
Loans	0	467
FX derivatives	37	1.246
Other current financial assets	**37**	**1.713**

5.17 Other current assets

KEUR	Dec. 31, 2015	Dec. 31, 2014
VAT receivable	4.847	4.372
Income tax receivables	1.044	830
Prepaid expenses	1.532	1.319
Withholding tax receivable	289	203
Government grant	367	213
Other	1.781	2.206
Other current assets	**9.859**	**9.143**

5.18 Cash and cash equivalents

KEUR	Dec. 31, 2015	Dec. 31, 2014
Cash on hand, cheques and cash at banks	24.278	33.974
Cash and cash equivalents according to consolidated balance sheet statement	**24.278**	**33.974**

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.

5.19 Equity

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

Subscribed capital

The subscribed capital consist of one share amounting to KEUR 25 (2014: KEUR 25) and is held by Paternoster Holding IV GmbH, Wiedenzhausen, Germany. 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 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	2.862		2.862
Actuarial gains and losses	-119	29	-90
Other comprehensive income	2.744	29	2.772

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.

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 +43.597 (2014: +13.589). 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 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 December 31, 2015 and 2014.

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

5.20 Interest bearing loans and borrowings

Wittur entered into a Senior Facility Agreement dated December 6, 2010. Initially two term facilities (A, B) with a nominal amount of KEUR 72.500 each were received. 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. As of December 31, 2014 these facilities were shown under current bank liabilities. The amount of borrowing costs capitalized at year end 2014 was KEUR 454. The loans A, B and C were repaid on March 31, 2015. At year end 2015 there were no borrowing costs capitalized for the repaid facilities.

Following tables show the non-current and current interest bearing loans and borrowings:

Non-current interest bearing loans and borrowings

KEUR	**Dec. 31, 2015**	**Dec. 31, 2014**
Non-current bank liabilities	190	29
Shareholder loans	181.570	72.221
Non-current interest-bearing loans and borrowings	**181.760**	**72.250**

Current interest bearing loans and borrowings

KEUR	**Dec. 31, 2015**	**Dec. 31, 2014**
Current bank liabilities	15.110	165.104
Shareholder loans and accrued interest	8.155	-
Current interest-bearing loans and borrowings	**23.265**	**165.105**

5.21 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 Renten-versicherung"), the Group operates no employer-financed defined contribution plans. The Group has paid and expensed KEUR 646 during 2015 (2014: KEUR 650) 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, 2015	Dec. 31, 2014
Present value of funded Defined Benefit Obligation (DBO)	9.898	9.749
Net liability	**9.898**	**9.749**

Of the figure shown for total benefit obligations as of December 31, 2015, KEUR 946 relates to the defined benefit plans in Germany, KEUR 4.471 to the plans in Austria, KEUR 3.035 to the plans in Italy and KEUR 992 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 327 (2014: KEUR 291) and made directly by the employer.

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

KEUR	2015	2014
Current service cost	402	275
Interest cost	278	255
Total	**680**	**531**

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

2015 KEUR	DBO	Plan assets	Net liability
Balance at the beginning of the period	**9.749**	**0**	**9.749**
Current service costs	402	-	402
Interest costs	278	-	278
Interest cost/income not included in interest costs	-	-	-
Employer`s payments to plan assets	-	-	-
Benefit payments	-546	-	-546
Actuarial (gains) / losses	120	-	120
thereof: gains/losses due to experience	-192	-	-192
thereof: gains/losses due to changes in demographic assumptions	-	-	-
thereof: gains/losses due to changes in financial assumptions	312	-	312
Discontinued operations	-	-	-
Curreny translation differences	-105	-	-105
Balance at the end of the period	**9.898**	**0**	**9.898**

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
Curreny translation differences	44	-	44
Balance at the end of the period	**9.749**	**0**	**9.749**

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, 2015	**Dec. 31, 2014**
Discount rate:		
Germany	2,00%	2,40%
Austria	2,00%	2,40%
Italy	2,00%	2,00%
Turkey	11,00%	10,00%
Salary increase:		
Germany	0,00%	0,00%
Austria	2,50%	2,50%
Italy	3,00%	3,00%
Turkey	8,50%	8,00%
Inflation rate:		
Germany	0,00%	0,00%
Austria	0,00%	0,00%
Italy	2,00%	2,00%
Turkey	7,00%	6,50%

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

Duration	**2015**	**2014**
Germany	6,40	7,90
Austria	10,60	11,70
Italy	13,40	13,90
Turkey	10,90	12,70

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 3.828 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 163 employees with an average age of 36 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 the retirement age according to the Austrian regulations. The termination benefit rises from 2 monthly wages after three 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 in KEUR is shown below:

2015	**Discount rate**		**Inflation rate**		**Salary rate**	
Sensitivity level	1% increase	1% decrease	1% increase	1% decrease	1% increase	1% decrease
Impact on the net DBO	-933	1.321	448	-394	721	-447

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

5.22 Other provisions

KEUR	**Dec. 31, 2015**	
	current	**non-current**
Warranty provisions	2.537	4.882
Indemnity for termination of employment	160	-
Jubiliee provisions	-	1.260
Others	382	-
Other current & non-current provisions	**3.080**	**6.142**

KEUR	Dec. 31, 2014 current	Dec. 31, 2014 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**

The warranty provisions are covering the expected warranties from the customers and are generally utilised within five years.

Starting 2015 jubilee provisions are separately shown under other non-current provisions as the period of their outflow relies to a certain level of uncertainty. In prior year, they were included in payroll liabilities (other current liabilities).

Following tables show the development of other non-current and current provisions:

Other non-current provisions

KEUR	Warranty provisions	Jubilee provisions
At Jan 1, 2015	**4.687**	**-**
Additions	3.134	54
Use	-2.451	-10
Reversals	-783	-
Transfers from other items	-	1.216
Foreign exchange	294	-
At Dec. 31, 2015	**4.882**	**1.260**

KEUR	Warranty provisions	Jubilee provisions
At Jan. 1, 2014	**6.109**	**-**
Additions - other	568	-
Use	-211	-
Reversals	-1.362	-
Transfers from other items	-795	-
Foreign exchange	379	-
At Dec. 31, 2014	**4.687**	**-**

Other current provisions

KEUR	Warranty provisions	Indemnity for termination of employment	Others
At Jan 1, 2015	**2.688**	**100**	**275**
Additions	104	187	422
Use	-241	-	-287
Reversals	-13	-100	-
Transfers	-	-	-
Foreign exchange	0	-26	-27
At Dec. 31, 2015	**2.537**	**160**	**382**

KEUR	Warranty provisions	Indemnity for termination of employment	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**

5.23 Other non-current financial liabilities

KEUR	Dec. 31, 2015	Dec. 31, 2014
Non-current finance lease liabilities	3.251	3.443
FX derivatives	-	27
Other non-current financial liabilities	150	153
Other non-current financial liabilities	**3.400**	**3.623**

5.24 Trade and other payables

KEUR	Dec. 31, 2015	Dec. 31, 2014
Trade accounts payable	79.288	78.551
Payroll liabilities	17.603	19.115
Advance payments received	4.445	3.498
VAT payable	1.072	2.056
Withholding tax payable	19	44
Others	7.285	4.580
Trade and other payables	**109.711**	**107.844**

In 2015 jubilee provisions are not shown under Trade and other payables but have been reclassified to Other non-current provisions (we refer to Note 5.22).

5.25 Other current financial liabilities

KEUR	Dec. 31, 2015	Dec. 31, 2014
Current finance lease liabilities	250	252
FX derivative	123	0
Other current financial liabilities	**373**	**252**

6 Disclosures on leases

Finance Lease

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 4.301 for buildings (2014: KEUR 4.548) and KEUR 0 for machineries (2014: KEUR 12).

Wittur Slovakia entered into a finance lease agreement with UniCredit Leasing Real Estate s.r.o. regarding land and building to set up the plant in Krupina. The total term of the lease agreement is 14 years. The agreement contains termination clauses related to delayed payments or bankruptcy as well as the customary purchase option.

KEUR	Dec. 31, 2015	Dec. 31, 2014
Future minimum lease payments	**4.343**	**4.750**
Due within 1 year	395	407
Due between 1 and 5 years	1.581	1.581
Due later than 5 years	2.367	2.762
Discounting	**843**	**1.055**
Due within 1 year	145	155
Due between 1 and 5 years	279	548
Due later than 5 years	418	352
Net present value	**3.500**	**3.695**
Due within 1 year	250	252
Due between 1 and 5 years	1.302	1.033
Due later than 5 years	1.949	2.410
Total falling due within one year	**250**	**252**
thereof due in the following time bands:		
< 30 days	21	31
30 - 90 days	42	40
90 - 180 days	62	60
180 days - 1 year	125	120

In 2015 KEUR 118 (2014: KEUR 136) were recognised as expense in the income statement in respect of finance lease.

Operating Lease

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. Furthermore, the Group entered into a commercial lease regarding the plant in Londrina, Brazil, which expires in 2030. 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, 2015	Dec. 31, 2014
Future minimum lease payments		
Due within 1 year	4.146	4.382
Due between 1 and 5 years	3.371	4.684
Due later than 5 years	5.125	2.530
Total	**12.642**	**11.596**

In 2015 KEUR 4.460 (2014: KEUR 4.484) were recognised as an expense in the income statement in respect of operating leases.

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

KEUR	Dec. 31, 2015	Dec. 31, 2014
Future minimum lease income		
Due within 1 year	369	390
Due between 1 and 5 years	427	810
Due later than 5 years	-	-
Total	**796**	**1.200**

In 2015 KEUR 390 (2014: KEUR 383) were recognised as an income 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, 2015	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, 2015
			Amortised cost	Fair Value			
Assets							
Non-current assets							
VAT receivables long-term	n/a	**944**	-	-	-	944	**n/a**
Other receivables	LaR	**66**	66	-	-	-	**66**
Other non-current financial assets							
Interest rate derivatives	FAFV	**-**	-	-	-	-	**-**
FX derivatives	FAFV	**115**		115	-	-	**115**
Investments	LaR	**9**	9	-	-	-	**9**
Guarantees and deposits	LaR	**18**	18	-	-	-	**18**
Current assets							
Trade receivables	LaR	**109.118**	109.118	-	-	-	**n/a***
Other current financial assets							
FX derivatives	FAFV	**37**		37	-	-	**37**
Loan	LaR	**0**	0	-	-	-	**n/a***
Cash and cash equivalents	LaR	**24.278**	24.278	-	-	-	**n/a***
Liabilities							
Non-current liabilities							
Interest-bearing loans and borrowings	FLAC	**190**	190	-	-	-	**n/a**
Other financial liabilities							
Finance lease obligations	n/a	**3.251**	-	-	3.251	-	**n/a**
FX derivatives	FLFV	**-**		-	-	-	**-**
Other financial liabilities	FLAC	**150**	150	-	-	-	**n/a**
Current liabilities							
Interest-bearing loans and borrowings	FLAC	**15.110**	15.110	-	-	-	**n/a***
Trade and other payables	FLAC	**109.711**	79.288	-	-	30.423	**n/a***
Other financial liabilities							
Finance lease obligations	n/a	**250**	-	-	250	-	**n/a***
FX derivatives	FLFV	**123**	-	123	-	-	**123**
Aggregated by category in accordance with IAS 39							
Loans and receivables (LaR)		**133.490**					
Financial liabilities at fair value (FLFV) through profit or loss		**123**					
Financial assets at fair value (FAFV) through profit or loss		**152**					
Financial liabilities measured at amortised cost (FLAC)		**125.161**					

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			
Assets							
Non-current assets							
VAT receivables long-term	n/a	**1.561**	-	-	-	1.561	**n/a**
Interest rate derivatives	FAFV	**8**	-	8	-	-	**8**
Other non-current financial assets							
Investments	LaR	**26**	26	-	-	-	**n/a**
Guarantees and deposits	LaR	**22**	22	-	-	-	**n/a**
Current assets							
Trade 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***
Liabilities							
Non-current liabilities							
Interest-bearing loans and borrowings	FLAC	**29**	29	-	-	-	**n/a**
Other financial liabilities							
Finance lease obligations	n/a	**3.443**	-	-	3.443	-	**n/a**
FX derivatives	FLFV	**27**	-	27	-	-	**27**
Other financial liabilities	FLAC	**153**	153	-	-	-	**n/a**
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	n/a	**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**					

* 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 tables above do not include shareholder loans (FLAC). The carrying amounts are KEUR 189.724 (2014: KEUR 72.221). The fair values of shareholder loans are KEUR 154.344 (2014: KEUR 131.456). The complete amount of FLAC is KEUR 314.885 (2014: KEUR 344.709).

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

2015 **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	**-**	**-**	**-1.102**	**-**	**-1.102**
Loans and receivables (LaR)	**-**	**-**		**-2.026**	**-2.026**
Financial liabilities at fair value (FLFV) through profit or loss	**-**	**-**	**-96**	**-**	**-96**
Financial liabilities measured at amortised cost (FLAC)	**-15.056**	**-**	**-**	**-**	**-15.056**
Net income (loss) from financial instruments per category	**-15.056**	**-**	**-1.198**	**-2.026**	**-18.280**

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**	**-448**	**-6.516**

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. There are no fair values derived according to the fair value hierarchy Level 1.

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'). The fair value of derivative instruments represents the Level 2. It is measured based on price information derived from active markets and commonly used valuation methods provided by issuing banks.

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.

As of December 31, 2015 there are two shareholder loans for which the fair values were calculated (carrying amount KEUR 181.570; December 31, 2014: KEUR 72.221) according to the fair value hierarchy level 3. The fair values have been derived based on discounted cash flow calculation with the interest rate assumed 10,0% p.a. The fair values amount to KEUR 146.189 as of December 31, 2015 (December 31, 2014: KEUR 131.456). For all remaining current shareholder loans the fair values equal the carrying amounts. Therefore, the total fair value of all shareholder loans is KEUR 154.344 as of December 31, 2015 (December 31, 2014: KEUR 131.456).

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 2015.

Quantitative disclosures fair value measurements hierarchy for assets as at December 31, 2015:

Dec. 31, 2015 KEUR		**Fair value measurement using**			
	Date of valuation	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	**Total**
Assets measured at fair value:					
Non-current derivative financial assets	31.12.2015	-	115	-	**115**
Current derivative financial assets	31.12.2015	-	37	-	**37**
Assets for which fair values are disclosed:					
		-	-	-	**-**

Quantitative disclosures fair value measurements hierarchy for liabilities as at December 31, 2015:

Dec. 31, 2015 KEUR		**Fair value measurement using**			
	Date of valuation	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	**Total**
Liabilities measured at fair value:					
Non-current derivative financial liabilities	31.12.2015	-	-	-	**-**
Current derivative financial liabilities	31.12.2015	-	123	-	**123**
Liabilities for which fair values are disclosed:					
Interest bearing loans and borrowing	31.12.2015	-	-	-	**-**

The table above do not include shareholder loans. The fair value hierarchy of the shareholder loans is Level 3 and the corresponding amount is KEUR 154.344.

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 shareholder loans which are Level 3 with a corresponding amount of KEUR 154.344.

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

Dec. 31, 2014 KEUR		**Fair value measurement using**			
	Date of valuation	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	**Total**
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**			
	Date of valuation	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	**Total**
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	-	-	-	**-**

The table above do not include shareholder loans, which mature in 2040. The fair value hierarchy of the shareholder loans is Level 3 and the corresponding amount is KEUR 131.456.

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 131.456.

8 Government grants

Wittur 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 5.17 Other current assets).

In 2015 the Group received government grants in Austria 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	2015 Purchases of goods & services	2014 Purchases of goods & services
Triton & related companies	250	514
Bain & related companies	3.054	-

Key management personnel consist of members of the Supervisory Board and the Executive Management Team, a total of 13 individuals as of December 31, 2015 (2014: 11).

Remuneration of key management personnel:

KEUR	2015	2014
Managing Directors		
Salaries and other short-term employee benefits	2.056	1.868
Share-based payments	26	-
Executive Management Board w/o Managing Directors		
Salaries and other short-term employee benefits	2.549	2.035
Post-employment benefits	21	9
Share-based payments	11	-
Supervisory Board		
Other short-term benefits	79	339
Total remuneration of key management personnel	**4.743**	**4.251**

As of December 31, 2015 KEUR 1.936 (2014: KEUR 1.943) of the Salaries and other short-term employee benefits were not paid out to key management.

The other short-term benefits to the Supervisory board include KEUR 10 related to the Board Members appointed by Bain in relation with their supervisory task starting as of April 2015 and were directly paid by Bain.

In 2016, benefits after termination of employment amounting to KEUR 1.468 for key management personnel that terminated employment after balance sheet date are due.

Regarding further information on share-based payments, please refer to Note 10.

Loans to key management of the company:

KEUR	2015	2014
At 1 January	466	429
Payments during the year	-475	-
Interests for the period	9	37
At period end	**-**	**466**

The loan to key management personnel advanced to a member of the Executive Management Board with an interest rate of 10% was repaid in April 2015.

Shareholder loans

As of December 31, 2015 Paternoster IV Holding GmbH had two shareholder loans outstand with Wittur Holding GmbH.

The first shareholder loan with a nominal amount of KEUR 73.963 has an accumulating structure with an interest rate of 8% p.a. Both the nominal value and the interest are due on maturity at December 20, 2040. The payment at this date will amount to KEUR 535.484. As of December 31, 2015 the loan amounted to KEUR 78.358.

The second shareholder loan with a nominal value of KEUR 120.554 has an interest rate of 8,5% p.a.. The repayment is due in February 2023 and the interest is paid on a semi-annually basis. Prepayments are possible at any time. Through early repayments the nominal value as of December 31, 2015 amounted to KEUR 103.212.

Both shareholder loans are subordinated.

For further details please refer to Notes 5.20 and 7.

10 Share-based payment

Since the acquisition of Wittur-Group through Paternoster Holding IV GmbH a new program for share-based payment is in place. Even before the acquisition a program was in place which is explained below before the new program for share-based payment is considered.

Executive managers working within the Group (hereafter referred to as “the beneficiaries”) hold indirectly 11,8% shares in Wittur International Holding GmbH as Limited Partners of a 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.

If and to the extent that a beneficiary ceases his employment before the occurrence of an exit event (so-called leaver event), the beneficiary 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 beneficiaries 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.

With the share purchase agreement (SPA) dated as of December 22, 2014 the shareholders of Wittur International Holding GmbH have sold all their shares and other financial instruments, i.e. shareholder loans to Blitz 14-474 GmbH, Wiedenzhausen (later renamed into: Paternoster Holding IV GmbH, Wiedenzhausen). The transaction was closed as of March 31, 2015 (Closing). The transfer of shares in the course of this share purchase agreement constitutes an exit event in terms of a trade sale.

The beneficiaries have indirectly sold their shares and other financial instruments via the Partnership. As Limited Partners of the Partnership the beneficiaries have received or shall receive the proceeds of the sale via the Partnership. The Partnership was a party to the SPA and has sold the shares and other financial instruments at the same terms and conditions as the other shareholders. After Closing the participation of the beneficiaries and the underlying shareholders agreement between the shareholders have been terminated.

From March 2015 onwards, the beneficiaries have been granted the right to acquire shares of Elevate (BC) S.c.A., a partnership limited by shares, which indirectly holds 100% of the shares in Wittur Group, in order to align the interest of the management with the development of the enterprise value of Wittur Group after closing. In this context, the beneficiaries have acquired 2.016.796 class A shares with a fair value of KEUR 1.988 for a payment of KEUR 2.017, and 491.884 class B shares with a fair value of KEUR 234 for a payment of KEUR 15. The fair values of the shares on the acquisition date have been determined on the basis of an option pricing model which reflects the preference entitlement of class A shares to receive distributions from Elevate (BC) S.c.A.. In total, the beneficiaries have acquired 13% of class A shares and 100% of class B shares of Elevate (BC) S.c.A..

Holding shares in Elevate (BC) S.c.A., the beneficiaries benefit either from distributions of Wittur Group or from an appreciation of the share price on transfer of shares. Beneficiaries are restricted to dispose their shares, except if the majority shareholder disposes shares in Elevate (BC) S.c.A., which will entitle and require the beneficiaries to sell a proportionate amount of their shares to the new majority shareholder.

If and to the extent that a beneficiary ceases his employment before a disposal of his shares on an exit event, the majority shareholder of Elevate (BC) S.c.A. holds a call option to purchase all of the beneficiary’s shares (leaver shares). The purchase price for the leaver shares will be determined, depending on the reasons and the timing for leaving, at maximum at a price equal to the higher of the original cost and a market-related value of the leaver shares. The beneficiary’s’ entitlement to receive approximately a market-related value on a repurchase of their shares will vest in full at the earlier of the expiry of a 3,5 year period starting on the date of the acquisition of the shares, and the date of a public offering or the sale of a majority of shares.

Furthermore, Elevate (BC) S.c.A. issued to its main shareholder and to the beneficiaries Preferred Equity Certificates (“PEC’s”) bearing an annual interest rate of 8%. The interest rate is applied on the sum of the original cost of such PEC plus any unpaid PEC Return for all previous accrual periods. Assigned to beneficiaries are 258.329.236 PEC’s representing 1.8% of issued PEC’s with a Fair Value equalizing the purchase price of KEUR 2.583. The returns of such PEC’s are paid out when the company has sufficient funds available or are capitalized if this is not the case. The PEC’s remain outstanding for 29 years following the date of issuance but the company is entitled to redeem any or all of the PEC’s on a certain date at a certain call price. This date is the date when a beneficiary leaves the Group. Similar to the shares purchased by beneficiaries, the strike price of the company’s call option depends on the reasons and the timing for leaving and is either a price per PEC equal to Fair Value or a price per PEC equal to the lower of original cost plus PEC return and Fair Value.

The purchases of shares and PECs by the beneficiaries qualify as equity-settled share-based payments of Wittur Group subject to IFRS 2, as Wittur Group has no obligation to settle the entitlements at any time (neither in case of a share transfer nor in case of a leaver event). Since the beneficiaries disbursed a price close to the grant date fair value on acquisition of the shares as well as a price equal to grand date fair value on the acquisition of the PECs and no material benefits were granted, the recognition of expenses has been omitted.

11 Contingent liabilities

As of December 31, 2015, Wittur Austria has a tax audit pending with respect to the deduction of interest expenses. Wittur Group Management and external experts are of the view that the claim is not valid and that the company has a very good chance to prove this in court. There is no provision included in the financial statements for this tax audit finding.

There are no other known legal or other proceedings against the Company which are not provided for within these financial statements.

12 Auditor’s fees and services

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

KEUR	**2015**	**2014**
Auditing services	149	190
Other services	12	9
Auditor's fees	**161**	**198**

13 Events after the balance sheet date

As of February 22, 2016 Dr. Daniel Wiest resigned as CFO and Frank Schulkes was declared as his successor.

As of March 7, 2016 Dr. Walter Rohregger resigned as CEO. Patrik Wohlhauser was announced as his successor and took over responsibilities as CEO on April 11, 2016.

Sematic Acquisition

On August 10, 2015 Wittur Group and Sematic S.p.A., Osio Sotto, Italy, ("Sematic") signed an agreement on the acquisition of 92% of the share capital of Sematic by Wittur Group. The agreement was conditional on obtaining merger control clearance by German and Austrian antitrust authorities which was presented by the end of 2015. On April 1, 2016 Wittur has successfully completed the acquisition process of Sematic.

Sematic's activities include the production and distribution of standard and special automatic elevator doors, rope and hydraulic complete elevators, subsystems and components, home lifts as well as cabins, car packages and entrances. It offers standard and one-of-a-kind solutions for high-rise, residential and civil buildings to marine, commercial and heavy-duty applications as well as specific solutions for modernization. It has more than 1.100 employees within its manufacturing facilities and commercial offices in Italy, UK, Germany, Hungary, Turkey, China, Singapore, Hong Kong, India, Mexico and the USA.

The financial statements of Sematic for the financial year of 2015 were prepared according to Italian-GAAP. The total balance sheet summed up to KEUR 186.701 as of December 31, 2015 with equity amounting to KEUR 58.002. In 2015 Sematic realized revenues of KEUR 145.034 according to Italian-GAAP.

Goodwill arising from the acquisition is attributable to the anticipated increase of Group's customer and geographic diversification, including its access to the North American market via Sematic's existing footprint. The acquisition also increases the presence of Wittur in the recurring aftermarket and modernization business. Benefits are also expected from improved cross-selling opportunities and synergies arising primarily from procurement and efficiency gains. In addition, the combined entity is expected to profit from its large scale, the sharing of best practices across its global footprint and best-in-class innovation resulting from the merging of R&D expertise.

Total consideration comprises of KEUR 209.500 paid in cash.

Acquisition-related costs included in administration and finance expenses in Paternoster's consolidated income statement for the year 2015 amounted to KEUR 3.

As the process of fair valuing the Sematic's business has not been completed as at April 26, 2016, the initial accounting for the business combination is incomplete. As a result, the Group is unable to disclose the following information regarding the acquisition:

- the gross contractual amount, fair value amount, or estimated contractual cash flows not expected to be collected of/from the receivables acquired
- the amounts recognised as of the acquisition date for each major class of assets and liabilities acquired/assumed
- the existence of or the values relating to any contingent liabilities recognised in accordance with IAS 37 on acquisition
- the amount of goodwill acquired and the amount of goodwill that is expected to be deductible for tax purposes.

No further events occurred between December 31, 2015 and April 26, 2016 that would require adjustments to the amounts recognised in these consolidated financial statements or would need to be disclosed under this heading.

Wiedenzhausen, April 26, 2016

Patrik Wohlhauser	Frank Schulkes
CEO	CFO

Our audit has led to the opinion quoted below dated April 26, 2016. Please note that this is only a translation of the wording of the opinion.

Auditor's Report

To WITTUR International Holding GmbH, Wiedenzhausen:

We have audited the consolidated financial statements prepared by the WITTUR International Holding GmbH, Wiedenzhausen, comprising the statement of financial position, the statement of comprehensive income, statement of changes in equity, cash flow statement and the notes to the consolidated financial statements, for the business year from January 1, 2015 to December 31, 2015. The preparation of the consolidated financial statements in accordance with the IFRS, as adopted by the EU, is the responsibility of the Company's Managing Directors. Our responsibility is to express an opinion on the consolidated financial statements based on our audit.

We conducted our audit of the consolidated financial statements in accordance with § (Article) 317 HGB ("Handelsgesetzbuch": "German Commercial Code") and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of the companies included in consolidation, the determination of the companies to be included in consolidation, the accounting and consolidation principles used and significant estimates made by the Company's Managing Directors, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion based on the findings of our audit the consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with the IFRS, as adopted by the EU.

At the point of time we completed our audit, we could not finally assess whether the utilization of the exemptions pursuant to Section 291 (1) HGB (Handlesgesetzbuch: German Commercial Code) was justified as the requirements of Section 291 (2) Sentence 1 No. 1 HGB (inclusion in the consolidated financial statements of the parent company), No. 2 (preparation and audit of the parent company's consolidated financial statements and consolidated management report) and Section 291 (1) Sentence 1 HGB (publishing of the parent company's consolidated financial statements and consolidated management report including the auditor's report in German language) can, by their nature, be met at a later point of time.

München, April 26, 2016

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Dieter Wißfeld	p.p. Stefanie Voss
Wirtschaftsprüfer	Wirtschaftsprüferin
(German Public Auditor)	German Public Auditor)

ATTACHMENT B: AUDITED FINANCIAL STATEMENTS OF PATERNOSTER HOLDING III GMBH

Audit Certificate

Paternoster Holding III GmbH
Wiedenzhausen

Consolidated Financial Statements as of 31 December 2015

Auditor's Report

Translation - the German Text is authoritative

pwc

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IFRS Consolidated financial statements of

Paternoster Holding III GmbH
Wiedenzhausen, Germany

for the period from
January 1 to December 31, 2015

CONTENT

FINANCIAL STATEMENTS

Consolidated statement of comprehensive income

KEUR	Note	2015	Dec. 2 – Dec. 31 2014
Revenues	(5.1)	463.753	-
Cost of sales	(5.3)	-342.059	-
Gross profit		**121.694**	-
Selling expenses		-23.206	-
Research & development expenses		-5.566	-
Administrative expenses		-72.044	-4
Other income	(5.5)	2.181	-
Other expenses	(5.6)	-6.563	-
Earnings before interest and taxes (EBIT)		**16.495**	**-4**
Finance expense	(5.7)	-48.213	-
Finance income	(5.8)	1.149	-
Earnings before income taxes (EBT)		**-30.569**	**-4**
Income taxes	(5.9)	-12.540	-
NET RESULT FOR THE PERIOD		**-43.108**	**-4**
Other comprehensive income			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		-5.654	-
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Actuarial gains and losses		-119	-
Income tax relating to the components of OCI		29	-
Other comprehensive income, net of tax		**-5.744**	**-**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**-48.852**	**-4**

Consolidated balance sheet

ASSETS			
KEUR	**Note**	**Dec. 31, 2015**	**Dec. 31, 2014**
Intangible assets	(5.10)	595.020	-
Property, plant and equipment	(5.11)	76.339	-
Investment properties	(5.12)	1.800	-
Other non-current financial assets	(5.13)	6.953	-
Other non-current assets	(5.14)	1.011	-
Deferred tax assets	(5.9)	7.012	-
Non-current assets		**688.135**	**-**
Inventories	(5.15)	44.284	-
Trade receivables	(5.16)	108.502	-
Other current financial assets	(5.17)	164	-
Other current assets	(5.18)	10.090	-
Cash and cash equivalents	(5.19)	24.373	50
Current assets		**187.413**	**50**
Total assets		**875.548**	**50**

EQUITY AND LIABILITIES			
KEUR	**Note**	**Dec. 31, 2015**	**Dec. 31, 2014**
Subscribed capital	(5.20)	25	25
Capital Reserve	(5.20)	194.640	25
Retained earnings	(5.20)	-4	-
Net result for the period	(5.20)	-43.108	-4
Other components of equity	(5.20)	-5.744	-
Total equity		**145.810**	**46**
Non-current interest-bearing loans and borrowings	(5.21)	417.297	-
Provisions for pensions	(5.22)	9.571	-
Other non-current provisions	(5.23)	17.388	-
Other non-current financial liabilities	(5.24)	3.400	-
Deferred tax liabilities	(5.9)	121.302	-
Non-current liabilities		**568.958**	**-**
Current interest-bearing loans and borrowings	(5.21)	26.636	-
Trade and other payables	(5.25)	113.553	4
Provisions for pensions	(5.22)	327	-
Other current provisions	(5.23)	8.677	-
Other current financial liabilities	(5.26)	4.404	-
Income tax liabilities	(5.9)	7.182	-
Current liabilities		**160.780**	**4**
Total equity and liabilities		**875.548**	**50**

Consolidated statement of cash flows

KEUR	**2015**	**Dec. 2 – Dec. 31 2014**
Operating activities		
Loss after Tax	**-43.108**	**-4**
Depreciation and Amortisation	36.980	-
Taxes	12.540	-
Interest	47.064	-
Gain on sale of fixed assets	-47	-
Losses from disposal of fixed assets	54	-
Cash generated from operations (excluding working capital changes)	53.482	-4
Changes in working capital	-25.844	4
Transaction costs relating to business combination	-8.836	-
Net movement in provisions, pension obligations and other liabilities	1.347	-
Net movement in other assets	821	-
Interest received	290	-
Income taxes paid	-15.967	-
Net cash flow from operating activities	**5.293**	**0**
Investing activities		
Acquisition of business, net of cash acquired	-275.271	-
Purchase of property, plant & equipment	-7.949	-
Purchase of intangible assets	-5.189	-
Disposal of assets	1.565	-
Net cash flow used in investing activities	**-286.844**	**-**
Net cash flow before financing activities	**-281.551**	**0**
Financing activities		
Transaction costs paid relating to loans and borrowings	-18.491	-
Proceeds from issue of shares to Paternoster Holding II	154.615	50
Repayment of borrowings	-120.705	-
Repayment of old shareholder loan due to acquisition (fair value)	-133.607	-
Proceeds from borrowings	441.657	-
Interest paid	-20.951	-
Net cash flow used in financing activities	**302.518**	**50**
Net increase in cash	**20.967**	**50**
Effects currency translation	3.356	-
Cash and cash equivalents at beginning of period	50	-
Cash and cash equivalents at the end of period	24.373	50

Consolidated statement of changes in equity

	Attributable to owners of the parent					
	Subscribed capital	**Retained earnings**	**Capital reserve**	**Other reserves**		
KEUR				**Currency translation**	**Valuation of pensions**	**Total equity**
Balance as of Dec. 2, 2014	**-**	**-**	**-**	**-**	**-**	**-**
Net result for the period	-	-4	-	-	-	-4
Other comprehensive income	**-**	-	-	-	-	**-**
Total comprehensive income	**-**	**-4**	**-**	**-**	**-**	**-4**
Proceeds from issue of shares	25	-	25	-	-	50
Balance as of Dec. 31, 2014	**25**	**-4**	**25**	**-**	**-**	**46**
Balance as of Jan. 1, 2015	**25**	**-4**	**25**	**-**	**-**	**46**
Net result for the period	**-**	-43.108	-	-	-	**-43.108**
Other comprehensive income	**-**	-	-	-5.654	-90	**-5.744**
Total comprehensive income	**-**	**-43.108**	**-**	**-5.654**	**-90**	**-48.852**
Proceeds from issue of shares	**-**	-	194.615	-	-	**194.615**
Balance as of Dec. 31, 2015	**25**	**-43.112**	**194.640**	**-5.654**	**-90**	**145.810**

Other comprehensive income, net of tax KEUR –5.744 (2014: KEUR 0) consists of other reserves KEUR -5.744 (2014: KEUR 0).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 Corporate information

1.1 Reporting entity

Paternoster Holding III GmbH ("Paternoster" 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 business year ended December 31, 2015 comprise the Company and its subsidiaries (together referred to as "Paternoster III Group" or the "Group" and individually as "Group entities").

The parent company of Paternoster Holding III GmbH is Paternoster Holding II GmbH, Wiedenzhausen, Germany. Paternoster Holding III GmbH, an indirect, wholly owned subsidiary of Bain Capital Europe Fund IV, L.P. ("Bain Capital"), has issued a High Yield Bond on February 10, 2015 in connection with the acquisition by Bain Capital of the Wittur Group. The ultimate controlling party is Bain Capital Europe Fund IV, L.P, London, Great Britain.

The exempting consolidated financial statements for the financial year ended December 31, 2015, are prepared by Elevate (BC) ScA, Luxembourg, Luxembourg and will be published in the commercial register (Registre du Commerce et des Sociétés Luxembourg).

Paternoster Holding III GmbH is the sole owner of Paternoster Holding IV GmbH which is the sole owner of Wittur Group since closing. The acquisition of Wittur Group was closed on March 31, 2015 and was accounted for as Business Combination according to IFRS 3 (refer to Note 3.2 "Business combinations").

Due to the acquisition of the Wittur Group the Paternoster III 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 Paternoster III Group does not install lifts and does not 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, 2015.

These consolidated financial statements cover the business year from January 1, 2015 to December 31, 2015 and were authorised for issue by the Executive Board of the Company on April 26, 2016. The comparison period is the short fiscal year December 2, 2014 to December 31, 2014 which is not comparable as Wittur Group was acquired in March 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 which is functional currency of the parent company. Unless otherwise noted, all amounts are rounded to the nearest thousands of Euros (KEUR). Totals in tables were calculated using precise figures and rounded to KEUR.

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/Fair value for derivative financial instruments
Other non-current assets	Amortised cost
Deferred tax assets	Non-discounted amount measured at the tax rate that is expected to apply to the period when the asset is realized
Current assets	
Inventories	Lower of net realisable value and cost
Trade receivables	Amortised cost
Other current financial assets	Amortised cost
Other current 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 financial liabilities	Amortised cost
Deferred tax liabilities	Non-discounted amount measured at the tax rate that is expected to apply to the period when the liability is 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 Paternoster Holding III GmbH and its subsidiaries as at December 31, 2015. 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, 2015 include, besides Paternoster Holding III GmbH, a total of 28 subsidiaries.

As of December 31, 2015 the following companies were consolidated:

Paternoster III Group companies	Shareholding in % Dec. 31, 2015	Shareholding in % Dec. 31, 2014
Paternoster Holding III GmbH, Wiedenzhausen, Germany	Parent Company	Parent Company
Paternoster Holding IV GmbH, Wiedenzhausen, Germany	100,00%	100,00%
Wittur International Holding GmbH, Wiedenzhausen, Germany	100,00%	-
Wittur Holding GmbH, Wiedenzhausen, Germany	100,00%	-
Wittur Germany Vertrieb Holding GmbH, Wiedenzhausen, Germany	100,00%	-
Wittur GmbH, Wiedenzhausen, Germany	100,00%	-
Wittur Electric Drives GmbH, Dresden, Germany	100,00%	-
Wittur Online GmbH, Wiedenzhausen, Germany	100,00%	-
Wittur Austria Holding GmbH, Scheibbs, Austria	100,00%	-
Wittur GmbH, Scheibbs, Austria	100,00%	-
Wittur Austria GmbH, Scheibbs, Austria	100,00%	-
Wittur s.r.o., Krupina, Slovakia	100,00%	-
Wittur Italia Holding s.r.l., Colorno, Italia	100,00%	-
Wittur S.p.A., Colorno, Italia	100,00%	-
Wittur Asansör San. ve Tic. A.Ş., Istanbul, Turkey	100,00%	-
Wittur Elevator Components S.A.U., Zaragoza, Spain	100,00%	-
Wittur Ltd., Mold, Flintshire, Great Britain	100,00%	-
Wittur Sp. z o.o., Warschau, Poland	100,00%	-
Wittur B.V., Almere, The Netherlands	100,00%	-
Wittur S.A.S. Evry, France	100,00%	-
Wittur AB, Spanga, Sweden	100,00%	-
Wittur Elevator Components (Suzhou) Co. Ltd., Wujiang, People's Republic China	100,00%	-
Wittur Ltd., Hong Kong, Special Administrative Region, People's Republic China	100,00%	-
Wittur Elevator Components India Pvt. Ltd., Sriperumbudur, India	100,00%	-
Wittur Pte. Ltd., Singapore	100,00%	-
Wittur Pty. Ltd., Sydney, Australia	100,00%	-
Wittur Ltda., Sao Paulo, Brazil	100,00%	-
Wittur S.A., Buenos Aires, Argentina	100,00%	-
Wittur Colombia S.A.S., Barranquilla, Columbia	100,00%	-

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 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 financial 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 that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial 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 5.9 “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 independently 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. These fair values are measured based on price information derived from active markets and commonly used valuation methods supplied by the issuing banks (fair value hierarchy 2).

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

For non-current financial assets apart from derivatives the carrying amounts approximate the fair values.

The fair values of non-current financial liabilities with variable interest rates are also estimated to be equal to their carrying amounts since the interest rates are fixed and do not significantly differ from those available on the market. In case the interest rates are not fixed or retained, the fair value is calculated as the present values of the estimated future cash flows using market interest rates for discounting (fair value hierarchy level 3).

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, 2015 is KEUR 9.898 (2014: KEUR 0). 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, 2015, the carrying amount of recognised other provisions were KEUR 26.065 (2014: KEUR 0).

3 Significant accounting policies

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

3.1 Basis of consolidation

Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

Any contingent consideration is measured at fair value at the date of acquisition. The contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognized on profit or loss.

3.2 Business combinations

On March 31, 2015, Paternoster Holding IV GmbH, wholly owned subsidiary of Paternoster Holding III GmbH, acquired 100% of the shares and voting interests in Wittur International Holding GmbH and therefore obtained control from the former owner TryWay HoldCo AB, Stockholm, Sweden. The deal was based on the Share and Purchase Agreement (SPA) dated on December 22, 2014.

Taking control of Wittur International Holding GmbH, a worldwide leading producer and supplier of elevator components, is a strategic investment and the essential part of the newly founded group.

For the nine months ended December 31, 2015, Wittur International Holding GmbH contributed revenue of KEUR 463.753 and profit of KEUR 22.397 to the Group´s result. If the acquisition had occurred on January 1, 2015, management estimates that consolidated revenue would have been KEUR 590.405 and consolidated profit for the year would have been KEUR -38.271. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on January 1, 2015.

Closing funds flow

KEUR	**Source of funds**	**KEUR**	**Use of funds**
Term Loan B	195.000	Purchase price	464.713
High Yield Bond	225.000	Net debt repayment	120.705
Third party debt	**420.000**	Transaction cost	16.100
Cash acquired	15.835	Surplus cash	28.932
Capital contribution from parent company	194.615		
Total source of funds	**630.450**	**Total use of funds**	**630.450**

As a result of the Wittur Group acquisition, capital reserves increased by KEUR 194.615 which is due to a capital contribution of the parent company amounting to KEUR 154.615 and the vendor loan of KEUR 40.000. The KEUR 40.000 were a vendor loan originally issued by TryWay HoldCo AB to Paternoster Holding IV GmbH; then the vendor loan was transferred from Paternoster Holding IV GmbH through Paternoster Holding III GmbH to Paternoster Holding II GmbH in the context of a gratuitous assumption of debt resulting in an equity contribution of KEUR 40.000 into free reserves from Paternoster Holding II GmbH to Paternoster Holding III GmbH and also from Paternoster Holding III GmbH to Paternoster Holding IV GmbH.

Consideration transferred

The following table summarizes the acquisition date fair value of each major class of consideration transferred.

KEUR	**Mar. 31, 2015**
Share purchase price	321.636
Interest accrued	9.450
Old shareholder loan	133.607
Purchase price	**464.713**
Contingent consideration	15.577
Consideration transferred	**480.290**
Contingent consideration	-15.577
Vendor loan	-40.000
Cash acquired	-15.835
Repayment of old shareholder loan (fair value)	-133.607
Consideration transferred settled in cash	**275.271**

KEUR	**Mar. 31, 2015**
Consideration transferred	480.290
Old shareholder loan	-133.607
Consideration transferred net of old shareholder loan	**346.683**

Interest accrued comprise interest on the share purchase price at a rate of 5% p.a. for the period from September 30, 2014 (Accounts date) to March 31, 2015 (Closing date).

The old shareholder loan was acquired by Paternoster Holding IV GmbH from TryWay HoldCo AB in the amount of KEUR 133.607 million at the first step. Hence, the old shareholder loan is part of the purchase price. As a result the old shareholder loan was redeemed and replaced with a new shareholder loan from Paternoster Holding IV GmbH issued to the Wittur Group.

As part of the SPA the Group has agreed to pay the selling shareholders two additional considerations, namely (i) in case of a future acquisition with a total enterprise value of more than KEUR 75.000 within a defined period and (ii) for the subsequent sale of the shares within a defined period. The fair value of these two considerations at the date of acquisition amounted to KEUR 15.577 and at the reporting date to KEUR 16.843.

If the exit value related to a possible subsequent sale of shares within a defined period would change on equal terms with +/-5%, this would result in a change of value of the deferred consideration amounting to €+/-2.1 million.

Acquisition-related costs

The Group incurred acquisition-related costs of KEUR 16.800 on legal fees and due diligence costs. These costs have been included in administration expenses and finance expenses.

Identifiable assets acquired and liabilities assumed

The following table summarizes the recognized amounts of assets acquired and liabilities assumed at the date of acquisition.

KEUR	**Mar. 31, 2015**
Property, plant and equipment	75.709
Intangible assets	464.909
Other long-term receivables and non-current assets	1.249
Investment properties	3.281
Inventories	53.855
Trade receivables	101.624
Cash and cash equivalents	15.835
Prepaid expenses	2.779
Deferred taxes assets	5.767
Loans and borrowings	-247.567
Deferred tax liabilities	-124.274
Trade and other payables	-165.651
Total identifiable net assets acquired	**187.516**

The valuation techniques used for measuring the fair value of material assets acquired as follows.

Assets acquired	**Valuation technique**
Customer relationships	*Multi-period excess earnings method:* This method considers the present value of net cash flows expected to be generated by the customer relationships, by excluding any cash flows related to contributory assets.
Trademark	*Relief-from-royalty method:* The RfR method considers the discounted estimated royalty payments that are expected to be avoided as a result of the trademark being owned.

Assets acquired	Valuation technique
Property, plant and equipment	*Market comparison technique and cost technique:* The valuation model considers quoted market prices for similar items when they are available, and depreciated replacement costs when appropriate. Depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence.
Inventories	*Market comparison technique:* The fair value is determined based on the estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.

The trade receivables comprise gross contractual amounts due of KEUR 101.624, of which KEUR 7.193 was expected to be uncollectible at the date of acquisition.

Fair value

The fair value of Wittur International Holding GmbH's tangible and intangible assets have been measured as a result of the independent valuation.

Goodwill

Goodwill arising from the acquisition has been recognized as follows:

KEUR	**Mar. 31, 2015**
Consideration transferred net of old shareholder loan	346.683
Fair value of identifiable assets	-187.516
Goodwill	**159.166**

The goodwill is mainly attributable to assets which are not separately recognized, such as workforce, market share and access to new customers and markets. None of the goodwill recognized is expected to be deductible for tax purposes.

3.3 New accounting standards and interpretations

Paternoster III 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 at the time the financial statements were being prepared.

The following standards were applied as of December 31, 2015:

- Improvements to IFRSs (2011–2013)
- IFRIC21 – "Levies"

These changes had no material impact in results of operations, financial positions or cash flows for Paternoster III Group.

The information on future application of standards and interpretations is based on whether at all and in what extent they are relevant for Paternoster III Group. In case standards that need to be applied in future are not relevant for Paternoster Holding III Group, the information on these standards will be entirely dispensed.

The following standards are published but were not adopted as early adoption was not mandatory as of December 31, 2015.

The impact of IFRS 15 "Revenue from contracts with customers" (effective date: January 1, 2018), IFRS 9 "Financial Instruments" (effective date: January 1, 2018) and IFRS 16 "Leases" (effective date: January 1, 2019) 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.

IFRS 16 “Leases” supersedes IAS 17 and requires lessees to recognize a lease liability reflecting future lease payments and a ‘right-of-use’ asset for virtually all lease contracts.

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

Paternoster III 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.

3.4 Foreign currencies

The Group’s consolidated financial statements are presented in euros (KEUR), which is also the parent company’s functional currency. Each entity of the Group determines its 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 2015, 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 other comprehensive income or profit or loss are also recognised in other comprehensive income 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 closing 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:

1 EUR =

Currency	**ISO Code**	**Rate at closing date**		**Average exchange rate**	
		Dec. 31, 2015	**Dec. 31, 2014**	**2015**	**2014**
Argentine Peso	ARS	14,195	10,377	10,257	10,763
Australian Dollar	AUD	1,490	1,483	1,476	1,473
Brazilian Real	BRL	4,312	3,221	3,692	3,123
Chinese Yuan Renminbi	CNY	7,061	7,536	6,973	8,188
British Pound	GBP	0,734	0,779	0,726	0,806
Hong Kong Dollar	HKD	8,438	9,417	8,602	10,305
Indian Rupee	INR	72,022	76,719	71,175	81,069
Polish Zloty	PLN	4,264	4,273	4,183	4,185
Swedish Krona	SEK	9,190	9,393	9,354	9,098
Singapore Dollar	SGD	1,542	1,606	1,525	1,683
Turkish Lira	TRY	3,177	2,832	3,022	2,907
U.S. Dollar	USD	1,089	1,214	1,110	1,329

3.5 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.

3.6 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.

The indefinite useful life for the trademark *Wittur* is due to the fact that the trademark is existing since foundation of the company in 1968, historically replaced other trademarks (acquired or internally created) and the registration can be extended in the majorities of countries without any limitation.

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

	Useful life
	in years
Intangible assets	3 - 20
thereof self-created intangible assets	5
thereof customer relationship	12 - 20

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.

3.7 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 January 1, 2001)	33
Plant	8
Factory equipment	5
Fixtures and fittings	4
IT equipment	3
IT equipment (networks)	8

3.8 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.

3.9 Impairment of intangible assets and 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 costs of disposal 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.

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.

3.10 Investment properties

Investment properties are measured at 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

3.11 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.

3.12 Income taxes

Income tax expense comprises of 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.

3.13 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 measured in expectation of future cash flows and 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 liabilities are derecognized when the obligation under the liability is discharged, cancelled or expired.

3.14 Finance income and expenses

Finance 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.

Finance expenses comprise interest expense on borrowings, change 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.

3.15 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 have occurred since the initial recognition of the asset (an incurred “loss event”), have 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.

3.16 Provisions for pensions and other employee benefits

Provisions for pensions 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.

3.17 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.

If a possible obligation exists which is depending on whether some uncertain future event occurs or a present obligation exists for which a payment is not probable or the amount cannot be measured reliable a contingent liability is disclosed.

3.18 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 expenses as they incur.

3.19 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.

3.20 Share-based payments

The Group applies IFRS 2 „Share-based Payment“ to its share-based payment transactions. Under IFRS 2, plans which result in share-based payments have to be accounted for as equity-settled transactions if the share awards granted are the receiving company’s own equity instruments or the receiving company has no obligation to perform settlement. For equity-settled share-based payment transactions, IFRS 2 requires the entity to account for the share-based payments to management as a personnel expense and a corresponding increase in the capital reserve. For such cash-settled share based payment transactions, IFRS 2 requires the entity to account for the share-based payments to management as personnel expense and a corresponding increase in other liabilities.

Share-based payments at the Group are equity-settled. Fair value is measured at grant date and is expensed over the vesting period.

4 Financial risk management

The financial liabilities used by the Company mainly comprise of High Yield Bond, Bain Term Loan B, other bank loans and overdrafts, finance leases, trade payables, 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 case of transactions 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. Furthermore, latent credit and default risk from accounts receivables is taken into account through a bad debt allowance.

There are no substantial concentrations of non-payment risks in the Group related to trade and other receivables as well as other financial assets that are neither past due nor impaired. There are no indications that defaults in payment obligations will occur which would lead to a decrease of net assets.

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.

There are no substantial concentrations of non-payment risks in the Group.

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, 2015 KEUR	**< 1 year**	**1 - 5 years**	**over 5 years**	**Total**
Interest-bearing loans and borrowings	46.999	161.343	425.049	**633.392**
Other financial liabilities	4.426	1.731	2.367	**8.524**
Trade and other payables	113.553	-	-	**113.553**
Sub-Total	**164.978**	**163.074**	**427.416**	**755.469**
Derivative financial instruments	123	-	-	123
Total	**165.101**	**163.074**	**427.416**	**755.592**

Dec. 31, 2014 KEUR	**< 1 year**	**1 - 5 years**	**over 5 years**	**Total**
Interest-bearing loans and borrowings	-	-	-	**-**
Other financial liabilities	-	-	-	**-**
Trade and other payables	-	-	-	**-**
Sub-Total	**-**	**-**	**-**	**-**
Derivative financial instruments	-	-	-	**-**
Total	**-**	**-**	**-**	**-**

Trade and other payables include payroll liabilities and advance payments (refer to Note 5.25 "Trade and other payables").

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 currency exchange rate risk

Foreign currency exchange rate 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 exchange rate 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 exchange rate 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 exchange rate risks are presented by application of sensitivity analyses. 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 scope of these analyses, financial instruments are being denominated in a currency that is not the functional currency and being of a monetary nature. Differences resulting from the translation of financial statements into the Group's presentation currency are not taken into consideration. Apart from effects on result before tax, there is no further impact on shareholders' equity. As hedge accounting is not applied, there are no effects on other comprehensive income.

KEUR **+5% increase of EUR**	**2015**	**2014**
against CNY	310	-
against TRY	375	-
Total	**685**	**-**

KEUR **-5% decrease of EUR**	**2015**	**2014**
against CNY	-310	-
against TRY	-375	-
Total	**-685**	**-**

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.
- 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	
2015	-61
2014	-
Scenario 2: decrease in interest rate structure by 100 base points	
2015	-
2014	-

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

5.1 Revenues

KEUR	2015	Dec. 2 – Dec. 31 2014
Sales of goods		
Europe	200.582	-
Asia	222.511	-
Rest of World	40.661	-
Revenues	**463.753**	**-**

5.2 Segmental reporting

The Group produces and sells elevator components such as automatic elevator doors, cabins, safety components, drives, elevator frames and complete elevators. Paternoster III Group products are used in new installations and modernizations. They are integrated in elevator systems for people, cargo and in special applications such as cruise ships.

Material operative decisions on a worldwide basis are made by the Management Board consisting of the Chief Executive Officer and the Chief Financial Officer.

Due to the business model of the Group and the governance structure, the Paternoster III Group is considered as one operating segment.

Geographic information

The below given geographic information of Group’s sales and non-current assets are split into the Group’s country of domicile and the other countries. All information provided are based on the geographic location of the supplier of the goods (Group companies) respectively the assets.

KEUR	2015	Dec. 2 – Dec. 31 2014
Germany	26.995	-
China	205.749	-
Austria	76.705	-
Other countries	154.304	-
Revenues	**463.753**	**-**

KEUR	Dec. 31, 2015	Dec.31, 2014
Germany	499.393	-
Austria	92.027	-
Other countries	82.750	-
Non-current assets*	**674.170**	**-**

*Non-current assets excluding financial assets and deferred taxes assets

The non-current assets overview includes the purchase price allocation as well as the trademark related to acquisition of the Wittur Group in the KEUR 499.393 for Germany as the allocation to single entities is not available and the cost to develop these information would be excessive.

For regional information on revenues please refer to Note 5.1 “Revenues”.

Product information

Paternoster III Group’s sales per product category were the following in financial year 2015:

KEUR	2015	Dec. 2 – Dec. 31 2014
Doors	339.635	-
Other products	124.118	-
Revenues	**463.753**	**-**

Major customer

Paternoster III Group’s customer base is diverse in regard to size of revenue as well as location of the customers. The two major customer of the Group represent KEUR 213.235 (2014: KEUR 0) respectively KEUR 76.438 (2014: KEUR 0) or 62% of total Group’s revenue.

5.3 Expenses by nature

Expenses by nature mainly consist of:

KEUR	2015	Dec. 2 – Dec. 31 2014
Direct material costs	227.491	-
Employee benefit expense	78.749	-
Depreciation, amortization and impairment charges	36.980	-

5.4 Employee benefit expense

KEUR	2015	Dec. 2 – Dec. 31 2014
Wages and salaries	61.518	-
Social insurance contributions	14.383	-
Pension costs	2.848	-
Employee benefit expense	**78.749**	**-**

The number of employees was 3.482 as of December 31, 2015 (2014: 0).

5.5 Other income

KEUR	**2015**	**Dec. 2 – Dec. 31 2014**
Income from R&D or research funding	594	-
Government income for tax benefits, premiums and subsidies	545	-
Income from rented property	289	-
Income of indemnification for damages	230	-
Licence fee income	200	-
Gain on sale of fixed assets	47	-
Income from insurance companies	47	-
Others	230	-
Other income	**2.181**	**-**

“Others” contain many different items each below KEUR 30.

5.6 Other expenses

KEUR	**2015**	**Dec. 2 – Dec. 31 2014**
Impairment of Goodwill	3.045	-
Other taxes	2.341	-
Currency translation loss - net	1.123	-
Others	54	-
Other expenses	**6.563**	**-**

5.7 Finance expenses

KEUR	**2015**	**Dec. 2 – Dec. 31 2014**
Interest on borrowings	23.181	-
Borrowing rating & consultancy costs	10.119	-
Amortization of transaction costs	1.935	-
Discounting of provisions	1.518	-
Currency transaction loss on intercompany loans	844	-
Interest expenses for finance leases	88	-
Other financial expenses	1.619	-
Total finance expense that is not measured at fair value through profit and loss	**39.303**	**-**
Loss on financial instruments at fair value through profit or loss	8.909	**-**
Finance expense	**48.213**	**-**

Loss on financial instruments at fair value through profit or loss relates to interest rate derivative (2015: KEUR 25, 2014: KEUR 0), to foreign currency derivatives (2015: KEUR 1.065, 2015: KEUR 0) and to the Bond repurchase option (2015: KEUR 7.820, 2014: KEUR 0).

5.8 Finance income

KEUR	2015	Dec. 2 – Dec. 31 2014
Other finance income	182	-
Amortization of Bond repurchase option	967	
Finance income	**1.149**	**-**

5.9 Income taxes

The following table provides a breakdown of deferred taxes:

KEUR	Dec. 31, 2015		Dec. 31, 2014	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Non-current assets	**448**	**117.945**	**-**	**-**
Intangible assets	11	114.049	-	-
Property, plant and equipment	350	3.815	-	-
Investment properties	-	51	-	-
Other non-current financial assets	88	30	-	-
Other non-current assets	-	0	-	-
Current assets	**698**	**195**	**-**	**-**
Inventories	272	-	-	-
Trade and other receivables	362	21	-	-
Other current financial assets	63	173	-	-
Cash and cash equivalents	0	0	-	-
Non-current liabilities	**5.645**	**4.365**	**-**	**-**
Non-current interest-bearing loans and borrowings	-	4.342	-	-
Provisions for pensions	183	5	-	-
Other non-current provisions	4.976	10	-	-
Derivative financial instruments	20	8	-	-
Other non-current liabilities	466	-	-	-
Current liabilities	**219**	**183**	**-**	**-**
Trade and other payables	138	183	-	-
Current interest-bearing loans and borrowings	19	-	-	-
Other current provisions / financial liabilities	62	-	-	-
Tax losses carried forward	**1.388**	**-**	**-**	**-**
Total before netting	**8.398**	**122.688**	-	-
Offsetting of deferred taxes	-1.386	-1.386	-	-
Presented in consolidated balance sheet	**7.012**	**121.302**	**-**	**-**

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 control 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, 2015**	**Dec. 31, 2014**
Deferred tax assets:		
- Deferred tax assets to be recovered after more than 12 months	7.321	-
- Deferred tax asset to be recovered within 12 months	1.076	-
	8.398	**-**
Deferred tax liabilities:		
- Deferred tax liability to be recovered after more than 12 months	122.310	-
- Deferred tax liability to be recovered within 12 months	378	-
	122.688	**-**
Deferred tax liability (net)	**114.290**	**-**

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% (2014: 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% (2014: 15%), a solidarity surcharge of 5,5% (2014: 5,5%) and trade tax at 10,5% (2014: 10,5%). The tax rate applied is the German tax.

KEUR	**2015**	**Dec. 2 – Dec. 31 2014**
Current taxes	-17.076	-
Deferred taxes	4.536	-
Income taxes	**-12.540**	**-**
Earnings before income taxes (EBT)	**-30.569**	**-**
Expected tax rate	26,3%	-
Expected income taxes	**8.049**	**-**
Tax effects resulting from:		
Differences in tax rates	23	-
Reduction for impairment or reversal of reductions for impairment on deferred tax assets on tax loss	-2.355	-
Adjustments for current and deferred income taxes for prior years	-1.190	-
Non-recognition of deferred tax assets	-	-
Non-deductible expenses	-16.428	-
Tax-exempt income	282	-
Impairment of goodwill	-797	-
Changes to deferred tax resulting from tax rate changes	-100	-
Other effects	-23	-
Income taxes	**-12.540**	**-**
Effective income tax rate	41,0%	-

The non-deductible expenses result mainly from non-deductible interest (thereof Germany 2015: KEUR 37.604; 2014: KEUR 0) and non-refundable withholding taxes (thereof Germany 2015: 1.158 KEUR; 2014: KEUR 0 and Italy 2015: KEUR 2.445; 2014: KEUR 0).

The Group has tax losses carried forward of KEUR 38.028 (2014: KEUR 6) 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 8.018 (2014: KEUR 17.155) to the extent that the realisation of the related tax benefit through future taxable profits are expected. The deferred tax assets amounting to KEUR 1.388 (2014: KEUR 0) have been recognised in respect of these losses. The Group did not recognise deferred tax assets in respect of losses amounting to KEUR 30.010 (2014: KEUR 0). Losses will expire in 2016 to the amount of KEUR 8.793 (2014: KEUR 0).

Apart from tax losses carried forward, no deferred tax assets on interest carried forward amounting to KEUR 37.604 (2014: KEUR 0) were recognised in Germany as it is not probable that these interests carried forward can be utilised.

5.10 Intangible assets

KEUR	**Goodwill**	**Customer relationship, licenses and other rights**	**Trademark**	**Development costs**	**Total**
Cost					
At Dec. 31, 2014	**-**	**-**	**-**	**-**	**-**
Acquisition in subsidiary	159.166	325.675	133.419	5.810	**624.071**
Additions	-	2.441	-	2.708	**5.149**
Transfers	-	40	-	-	**40**
Disposals	-	-318	-	-	**-318**
Currency translation	-6.067	-29	-	-15	**-6.111**
At Dec. 31, 2015	**153.100**	**327.810**	**133.419**	**8.503**	**622.832**
Accumulated amortization		-	-		
At Dec. 31, 2014	**-**	**-**	-	**-**	**-**
Acquisition in subsidiary	-	-	-	-	**-**
Additions (amortization)	-	17.762	-	907	**18.669**
Additions (impairment)	3.045	6.344	-	-	**9.389**
Transfers	-	-	-	-	**-**
Disposals	-	-244	-	-	**-244**
Currency translation	-	-3	-	-0	**-3**
At Dec. 31, 2015	**3.045**	**23.859**	**-**	**907**	**27.811**
Carrying amount					
At Dec. 31, 2014	**-**	**-**	**-**	**-**	**-**
At Dec. 31, 2015	**150.056**	**303.950**	**133.419**	**7.596**	**595.020**

The transfers amounting to KEUR 40 (2014: KEUR 0) are transferred from property, plant and equipment which can be found in Note 5.11 “Property, plant and equipment”.

Research and development spending amounted to KEUR 8.274 in financial year 2015 (2014: KEUR 0). Of this amount KEUR 2.708 (2014: KEUR 0) of self-produced intangible assets were capitalized in financial year 2015.

Impairment

In the course of impairment testing, an impairment loss amounting to KEUR 9.389 was determined for the CGU “Americas”. The CGU “Americas” is defined as the region’s business operations.

The impairment loss is allocated to the goodwill assigned to this CGU in the amount of KEUR 3.045 which is recognized in other expenses and to customer relationship (included in Customer relationship, licenses and other rights) in the amount of KEUR 6.344 recognized in selling expenses.

The reasons for the impairment loss are in particular the poor performance of the Latin American market which resulted in reduced revenues and sales forecast.

The recoverable amount of the CGU, which was determined based on value in use, amounted to KEUR 7.979 as of December 31, 2015. The fair value less cost of disposal was lower than calculated value in use.

Goodwill

Goodwill is allocated to CGUs as follows:

KEUR	Dec 31, 2015	Dec 31, 2014
Analysis of Goodwill		
Europe	64.787	-
Eurasia	17.762	-
Americas	-	-
China	55.264	-
Asia Pacific	12.243	-
Total Goodwill	**150.056**	**-**

The change in Goodwill from March 31, 2015 to December 31, 2015 is due to exchange rate changes as well as the recognized impairment on Goodwill and customer relationship for "Americas". Therefore, within this period in time Goodwill changed for the individual CGUs the following:

KEUR	Mar. 31, 2015	Impairment	Exchange rate effect	Dec 31, 2015
Analysis of Goodwill				
Europe	64.787	-	-	64.787
Eurasia	20.057	-	-2.295	17.762
Americas	3.045	-3.045	-	-
China	58.493	-	-3.229	55.264
Asia Pacific	12.785	-	-542	12.243
Total Goodwill	**159.166**	**-3.045**	**-6.067**	**150.056**

Goodwill is tested for impairment at least once a year by comparing a cash generating unit´s ("CGU") carrying amount with their value in use which reflects a CGU´s condition as of valuation date. A CGU is defined to cover a region´s business operations (e.g. Asia, Europe etc.) and reflects the lowest level on which Paternoster´s business operations are monitored by management. Cash flows, based on the current five year forecast of each single CGU, are forecasted on the basis of revenue and cost projection. The principal planning assumptions are expected market trends in relation to the company's development, changes in production and other costs. 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 in major regions between 4% and 5% and in the minor regions between 6% and 17%.
- Average annual growth rate (CAGR) of EBIT in major regions between 1% and 13% and in the minor regions between 15% and 36%.

For all cash generating units, the growth rate used for the terminal value was 1% p.a. The discount rate applied is the pre-tax weighted cost of capital for 2015 by region is as follows:

in %	Dec 31, 2015	Dec 31, 2014
Analysis of pre-tax Weighted Average Cost of Capital		
Europe	11,1%	-
Eurasia	9,9%	-
Americas	11,2%	-
China	10,7%	-
Asia Pacific	11,0%	-

Goodwill is impaired if the CGU's value in use is less than its carrying amount. The value in use of all CGUs except Americas exceeded their carrying values at the impairment test date. A change in the interest rate by +100 basis points would not lead to a write-down of goodwill in the CGUs Europe, China, Eurasia and Asia Pacific, neither would a decrease of the planned terminal growth rate by -50 basis points. For Americas, a decrease of the underlying EBITDA by -10% would result in an impairment amounting to KEUR 11.255, a change in interest rate by +100 base points in an impairment of KEUR 10.203 and the decrease in planned terminal growth rate by -50 base points in an impairment of KEUR 9.854.

Trademark

The trademark *Wittur* is recognized in Wittur Holding GmbH. Due to the localization of the trademark in the Wittur Holding GmbH there is no allocation of the trademark value to other Group companies. Due to the high degree of brand recognition in the elevator industry and its foundation a long time ago the trademark has an indefinite useful life. Therefore, it was subject of an impairment test which is carried out at least on an annual basis. To identify any impairment the carrying amount of the trademark was compared with its fair value less cost of disposal. This requires an estimation of the expected future brand specific cash flows. The future cash flow was calculated as difference of an estimated license payment based on estimated revenue and inherent tax expenses. In order to calculate the present value of those cash flows an interest rate of 8,2% and growth in the terminal value of 1,0% were assumed.

The trademark is impaired if the fair value less cost of disposal is less than carrying amount. At impairment test date, the fair value less cost of disposal of the trademark exceeded its carrying amount. Even if the terminal value growth rate is reduced to 0% and the cost of capital is increased by +100 basis points, there is no impairment requirement for the *Wittur* trademark.

No impairment was recognized for intangible assets during business year 2015 (2014: not applicable). There were no impairments reversed in 2015.

5.11 Property, plant and equipment

KEUR	Land and buildings	Plant and machinery	Furniture and equipment	Asset under Construction	Assets under Finance lease	Total
Cost						
At Dec. 31, 2014	**-**	**-**	**-**	**-**	**-**	**-**
Acquisition in subsidiary	40.726	18.695	7.512	4.187	4.410	**75.530**
Additions	328	1.615	403	5.643	-	**7.989**
Transfers	2.078	1.512	682	-4.312	-	**-40**
Disposals	-130	-472	-1.200	-47	-	**-1.849**
Currency translation	-298	-550	-217	-303	-	**-1.369**
At Dec. 31, 2015	**42.704**	**20.799**	**7.180**	**5.168**	**4.410**	**80.261**
Accumulated depreciation						
At Dec. 31, 2014	**-**	**-**	**-**	**-**	**-**	**-**
Acquisition in subsidiary	-	-	-	-	-	**-**
Additions (depreciation)	1.611	2.506	1.710	-	5	**5.833**
Transfers	-109	-	5	-	103	**-**
Disposals	-148	-462	-1.152	-	-	**-1.762**
Currency translation	-6	-57	-86	-	0	**-149**
At Dec. 31, 2015	**1.348**	**1.988**	**477**	**-**	**109**	**3.922**
Carrying amount						
At Dec. 31, 2014	**-**	**-**	**-**	**-**	**-**	**-**
At Dec. 31, 2015	**41.356**	**18.811**	**6.703**	**5.168**	**4.301**	**76.339**

No impairment was recognised for property, plant and equipment during the business year 2015 (2014: not applicable). There were no impairments reversed in 2015.

5.12 Investment properties

KEUR	Investment Property
Cost	
At Dec. 31, 2014	**-**
Acquisition in subsidiary	3.251
Additions - acquired separately	-
Transfers	-
Disposals	-1.431
Currency translation	-
At Dec. 31, 2015	**1.821**
Accumulated depreciation	
At Dec. 31, 2014	**-**
Acquisition in subsidiary	-
Additions (depreciation)	39
Transfers	-
Disposals	-19
Currency translation	-
At Dec. 31, 2015	**20**
Carrying amount	
At Dec. 31, 2014	**-**
At Dec. 31, 2015	**1.800**

Disposal of cost amounting to KEUR 1.431 (2014: KEUR 0) and depreciation amounting to KEUR -19 (2014: KEUR 0) relate to the sale of a building owned by Wittur Spain.

KEUR	2015	Dec. 2 – Dec. 31 2014
Rental income derived from investment properties	289	-
Direct operating expenses (including repairs and maintenance) generating rental income	-25	-
Direct operating expenses (including repairs and maintenance) not generating rental income	-18	-
Net profit arising from investment properties carried at cost	**245**	**-**

Investment properties are amortized on a straight line basis over their useful lives of 33 years. The fair value based on external valuation of the investment property amounts to KEUR 1.864 (2014: KEUR 0) 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”).

No impairment was recognised for investment properties during the business year 2015 (2014: not applicable). There were no impairments reversed in 2015.

As of December 31, 2015, there existed no restrictions on the realisability of investment property or the remittance of income and proceeds of disposal.

5.13 Other non-current financial assets

KEUR	Dec. 31, 2015	Dec. 31, 2014
Bond repurchase option	6.809	-
Foreign currency derivatives	115	-
Guarantees and deposits	18	-
Investments	9	-
Interest rate derivatives	0	-
Other non-current financial assets	**6.953**	**-**

5.14 Other non-current assets

KEUR	Dec. 31, 2015	Dec. 31, 2014
VAT receivables long-term	944	-
Others	66	-
Other non-current assets	**1.011**	**-**

5.15 Inventories

KEUR	Dec. 31, 2015	Dec. 31, 2014
Raw materials and supplies	25.805	-
Finished goods and work in progress	18.223	-
Prepayments on inventory	256	-
Inventories	**44.284**	**-**

Inventories recognised as expense amounted to KEUR 227.491 (2014: KEUR 0). As of December 31, 2015 the write downs of inventories recognized as expense amount to KEUR 391 (2014: KEUR 0).

5.16 Trade receivables

At the date of acquisition of Wittur Group, the trade receivables comprise gross contractual amounts due of KEUR 101.624, of which KEUR 7.193 was expected to be uncollectible.

Following table shows the gross amount of trade receivables according to ageing.

KEUR	Dec. 31, 2015	Dec. 31, 2014
Not past due	87.061	-
Past due less than 60 days	15.318	-
Past due more than 60 days	14.916	-
Total	**117.295**	**-**

No allowance was recognised for trade receivables past due less than 60 days in 2015 (2014: TEUR 0). Allowance was recognized amounting to KEUR 8.792 (2014: KEUR 0) for trade receivables past due more than 60 days. In 2015, KEUR 293 (2014: KEUR 0) were past due more than 60 days but no allowance was recognised.

Trade receivables amounting to KEUR 62 (2014: KEUR 0) were derecognised in 2015.

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

KEUR	Dec. 31, 2015	Dec. 31, 2014
Allowances at the beginning of the period	**-**	-
Acquistion in subsidiary	-7.193	-
Additions	-3.193	-
Reversal	546	-
Use	387	-
Currency translation	661	-
Individual allowances at the end of the period	**-8.792**	**-**

The currency translation effect in 2015 mainly relates to TRY.

KEUR	Dec. 31, 2015	Dec. 31, 2014
Trade receivables	108.502	-
Trade receivables	**108.502**	**-**

5.17 Other current financial assets

KEUR	Dec. 31, 2015	Dec. 31, 2014
Foreign currency derivatives	162	-
Interest rate derivatives	1	-
Other current financial assets	**164**	**-**

5.18 Other current assets

KEUR	Dec. 31, 2015	Dec. 31, 2014
VAT receivable	5.508	-
Prepaid expenses	1.532	-
Income tax receivables	1.044	-
Withholding tax receivable	289	-
Government grant	367	-
Others	1.351	-
Other current assets	**10.090**	**-**

5.19 Cash and cash equivalents

KEUR	Dec. 31, 2015	Dec. 31, 2014
Cash on hand, cheques and cash at banks	24.373	50
Cash and cash equivalents according to consolidated balance sheet statement	**24.373**	**50**

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 consists of one share amounting to KEUR 25 (2014: KEUR 25) and is held by Paternoster Holding II GmbH, Wiedenzhausen, Germany. The share capital is fully paid in as of the balance sheet date.

Capital reserves

As a result of the Wittur Group acquisition, capital reserves increased by KEUR 194.615 which is due to a capital contribution of the parent company amounting to KEUR 154.615 and, in the context of a gratuitous assumption of debt, the former vendor loan of KEUR 40.000. Please refer to Note 3.2 “Business combinations” for further explanations.

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 credit relating to components of other comprehensive income is as follows:

KEUR	**before tax**	**tax credit**	**after tax**
Exchange differences on translation of foreign operations	-5.654	-	-5.654
Actuarial gains and losses	-119	29	-90
Other comprehensive income	**-5.773**	**29**	**-5.744**

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. Paternoster III Group 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.

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 +145.810 (2014: KEUR +46). 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 Paternoster’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 Paternoster’s financing. External funding, as well as cash and cash equivalents, are managed centrally by 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 December 31, 2015 and 2014.

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

5.21 Interest bearing loans and borrowings

In February 2015, Paternoster Holding III GmbH issued KEUR 225.000 in aggregate principal amount of its 8,5% Senior Notes (High Yield Bond) due in February 2023. Paternoster Holding IV GmbH entered into a Senior Facilities Agreement dated February 17, 2015. Paternoster Holding IV GmbH initially received one term facility (Term Loan B) with a nominal amount of KEUR 195.000 on March 31, 2015. The maturity of the Term Loan B is March 31, 2022, where it will be repaid in full. The facility loan is bearing a variable interest rate based on the 1 month EURIBOR interest rate plus a margin rate. The 1 month EURIBOR is considered to be at least 1%. The effective interest rates were at 6% in 2015.

The amount of borrowing costs capitalized at year end 2015 for Senior Notes and Term Loan B was KEUR 16.555 (2014: KEUR 0).

Together with the Term Loan B an additional revolving credit facility, including ancillary facilities of KEUR 65.000 maximum, 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 reference rate is considered to be at least 0%.

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

- Pledging of certain bank accounts KEUR 6.276 (2014: KEUR 0)
- General assignments concerning certain receivables, including insurance benefits KEUR 73.175 (2014: KEUR 0).
- Assignments of assets KEUR 875.548 (2014: KEUR 50)

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, 2015**	**Dec. 31, 2014**
Term Loan B	186.562	-
High Yield Bond	230.545	-
Non-current bank loans	190	-
Non-current interest-bearing loans and borrowings	**417.297**	**-**

Current interest bearing loans and borrowings

KEUR	**Dec. 31, 2015**	**Dec. 31, 2014**
Current bank loans	15.110	-
Revolving Credit Facility	5.500	-
Ancillary Credit Facility	6.027	-
Current interest-bearing loans and borrowings	**26.636**	**-**

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 529 during 2015 (2014: KEUR 0) 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, 2015	Dec. 31, 2014
Present value of Defined Benefit Obligation (DBO)	9.898	-
Net liability	**9.898**	-

The total benefit obligations as of December 31, 2015, relate to the defined benefit plans in Germany in the amount of KEUR 946, to the plans in Austria in the amount of KEUR 4.471, to the plans in Italy in the amount of KEUR 3.035 and to the plans in Turkey in the amount of KEUR 992.

The expected payment to be made within the next 12 months (next annual reporting period) out of the defined benefit plan obligations are KEUR 327 (2014: KEUR 0) and made directly by the employer.

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

KEUR	2015	Dec. 2 – Dec. 31 2014
Current service cost	374	-
Interest cost	230	-
Total	**604**	**-**

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

2015 KEUR	DBO	Plan assets	Net liability
Balance at the beginning of the period	-	-	-
Acquistion in subsidiary	9.773	-	9.773
Current service costs	374	-	374
Interest costs	230	-	230
Interest cost/income not included in interest costs	-	-	
Employer`s payments to plan assets	-	-	
Benefit payments	-514	-	-514
Actuarial (gains) / losses	119	-	119
thereof: gains/losses due to experience	-193	-	-193
thereof: gains/losses due to changes in demographic assumptions	-	-	-
Thereof: gains/losses due to changes in financial assumptions	312	-	312
Discontinued operations	-	-	-
Curreny translation differences	-84	-	-84
Balance at the end of the period	**9.898**	**-**	**9.898**

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, 2015	Dec. 31, 2014
Discount rate:		
Germany	2,0%	-
Austria	2,0%	-
Italy	2,0%	-
Turkey	11,0%	-
Salary increase:		
Germany	0,0%	-
Austria	2,5%	-
Italy	3,0%	-
Turkey	8,5%	-
Inflation rate:		
Germany	0,0%	-
Austria	0,0%	-
Italy	2,0%	-
Turkey	7,0%	-

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

Duration	**2015**	**2014**
Germany	6,4	-
Austria	10,6	-
Italy	13,4	-
Turkey	10,9	-

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 (Abfertigungsleistung). 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 3.828 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 Labour Law No. 4857, which refers to Old Law No. 1475/14. The plan covers 163 employees with an average age of 36 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 in Austria is required by law and depending to the time of service. The onetime payment is paid in case the employer signs off the employee or the employee attains the retirement age according to the Austrian regulations. The termination benefit rises from 2 monthly wages after three 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 December 31, 2015 is shown below:

2015 KEUR	**Discount rate**		**Inflation rate**		**Salary rate**	
Sensitivity level	1% increase	1% decrease	1% increase	1% decrease	1% increase	1% decrease
Impact on the DBO	-933	1.321	448	-394	721	-447

2014 KEUR	**Discount rate**		**Inflation rate**		**Salary rate**	
Sensitivity level	1% increase	1% decrease	1% increase	1% decrease	1% increase	1% decrease
Impact on the DBO	-	-	-	-	-	-

5.23 Other provisions

KEUR	**Dec. 31, 2015**	
	current	**non-current**
Warranty provisions	2.537	4.882
Jubilee provision	-	1.260
Indemnity for termination of employment	160	-
Others	5.979	11.246
Other current & non-current provisions	**8.677**	**17.388**

KEUR	**Dec. 31, 2014**	
	current	**non-current**
Warranty provisions	-	-
Jubilee provision	-	-
Indemnity for termination of employment	-	-
Others	-	-
Other current & non-current provisions	-	-

Warranty provisions are covering expected warranty claims from customers and are usually utilized within five years.

Jubilee provisions are covering the employer's obligation regarding long-service anniversaries of employees. The outflow of the jubilee provision is underlying a certain level of uncertainty.

Indemnity for termination of employment is covering employer's obligations relating to employee's decision to accept voluntary redundancy. The outflow is expected to be within one year.

Shown under "others" in other non-current provisions and other current provisions are mainly two contingent considerations agreed in the SPA which are related to the acquisition of 100% of share capital of the Wittur Group and therefore, under certain conditions, the contingent consideration are to be made to the former shareholder. The non-current portion amounting to KEUR 11.246 is due in case of subsequent sale of the shares within a defined period whereas the current portion amounting to KEUR 5.597 is due in case of a future acquisition within a defined period with a total enterprise value of more than KEUR 75.000.

Other non-current provisions

KEUR	Warranty provisions	Jubilee Provision	Others
At Jan 1, 2015	**-**	**-**	**-**
Acquistion in subsidiary	5.241	1.216	-
Additions	3.063	54	11.246
Use	-2.348	-	-
Reversals	-733	-10	-
Foreign exchange	-341	-	-
At Dec. 31, 2015	**4.882**	**1.260**	**11.246**

Other current provisions

KEUR	Warranty provisions	Indemnity for termination	Others
At Jan 1, 2015	**-**	**-**	**-**
Acquistion in subsidiary	2.680	-	5.656
Additions	104	187	606
Use	-234	-	-251
Reversals	-13	-	-
Foreign exchange	-0	-26	-33
At Dec. 31, 2015	**2.537**	**160**	**5.979**

5.24 Other non-current financial liabilities

KEUR	Dec. 31, 2015	Dec. 31, 2014
Non-current finance lease liabilities	3.251	-
Other non-current financial liabilities	150	-
Other non-current financial liabilities	**3.400**	**-**

5.25 Trade and other payables

KEUR	Dec. 31, 2015	Dec. 31, 2014
Trade accounts payable	79.471	-
Payroll liabilities	19.013	-
Advance payments received	4.445	-
VAT payable	1.072	-
Withholding tax payable	19	-
Others	9.533	4
Trade and other payables	**113.553**	**4**

5.26 Other current financial liabilities

KEUR	**Dec. 31, 2015**	**Dec. 31, 2014**
Accrued interest	4.031	-
Current finance lease liabilities	250	-
Foreign currency derivatives	123	-
Other current financial liabilities	**4.404**	**-**

6 Disclosures on leases

Finance Lease

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 4.301 for buildings (2014: KEUR 0) and KEUR 0 for machineries (2014: KEUR 0).

Wittur Slovakia entered into a finance lease agreement with UniCredit Leasing Real Estate s.r.o. regarding land and building to set up the plant in Krupina. The total term of the lease agreement is 14 years. The agreement contains termination clauses related to delayed payments or bankruptcy as well as the customary purchase option.

KEUR	**Dec. 31, 2015**	**Dec. 31, 2014**
Future minimum lease payments	**4.343**	**-**
Due within 1 year	395	-
Due between 1 and 5 years	1.581	-
Due later than 5 years	2.367	-
Discounting	**842**	**-**
Due within 1 year	145	-
Due between 1 and 5 years	279	-
Due later than 5 years	418	-
Net present value	**3.501**	**-**
Due within 1 year	250	-
Due between 1 and 5 years	1.302	-
Due later than 5 years	1.949	-

The table below shows the current finance lease obligation and its time bands when it falls due:

KEUR	**Dec. 31, 2015**	**Dec. 31, 2014**
Total falling due within one year	**250**	**-**
thereof due in the following time bands:		
< 30 days	21	-
30 - 90 days	42	-
90 - 180 days	62	-
180 days - 1 year	125	-

In 2015, KEUR 88 (2014: KEUR 0) were recognised as expense in the income statement in respect of finance lease.

<u>Operating Lease</u>

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. Furthermore, the Group entered into a commercial lease regarding the plant in Londrina, Brazil, which expires in 2030. 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, 2015**	**Dec. 31, 2014**
Future minimum lease payments		
Due within 1 year	4.151	-
Due between 1 and 5 years	3.371	-
Due later than 5 years	5.125	-
Total	**12.648**	**-**

In o2015, KEUR 4.472 (2014: KEUR 0) were recognised as expense in the income statement in respect of operating leases.

For the leasing of buildings in Germany future minimum rentals receivables under non-cancellable operating leases are as f llows:

KEUR	**Dec. 31, 2015**	**Dec. 31, 2014**
Future minimum lease income		
Due within 1 year	369	-
Due between 1 and 5 years	427	-
Due later than 5 years	-	-
Total	**796**	**-**

In 2015, KEUR 289 (2014: KEUR 0) were recognised as an income 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 Paternoster, the breakdown is provided by balance sheet items:

KEUR	Category in accordance with IAS 39	Carrying amount Dec. 31, 2015	Amounts recognized in balance sheet according to IAS 39		Amounts recog-nized in balance sheet according to IAS 17	Amounts recog-nised in balance sheet not in scope of IFRS 7	Fair value Dec. 31, 2015
			Amortised cost	Fair Value			
Assets							
Non-current assets							
Other non-current assets							
VAT receivables long-term	n/a	**944**	-	-	-	-	**n/a**
Other receivables	LaR	**66**	66	-	-	-	**66**
Other non-current financial assets							
Interest rate derivatives	FAFV	**0**	-	0	-	-	**0**
Foreign currency derivatives	FAFV	**115**	-	115	-	-	**115**
Bond repurchase option	FAFV	**6.809**	-	6.809	-	-	**6.809**
Investments	LaR	**9**	9	-	-	-	**9**
Guarantees and deposits	LaR	**18**	18	-	-	-	**18**
Current assets							
Trade and other receivables	LaR	**108.502**	108.502	-	-	-	**n/a***
Other current financial assets							
Foreign currency derivatives	FAFV	**162**	-	162	-	-	**162**
Interest rate derivative	FAFV	**1**	-	1	-	-	**1**
Loan	LaR	**0**	0	-	-	-	**n/a***
Cash and cash equivalents	LaR	**24.373**	24.373	-	-	-	**n/a***
Liabilities							
Non-current liabilities							
Interest-bearing loans and borrowings	FLAC	**417.297**	417.297	-	-	-	**371.299**
Other financial liabilities							
Finance lease obligations	n/a	**3.251**	-	-	3.251	-	**3.639**
Foreign currency derivatives	FLFV	**-**	-	-	-	-	**-**
Other financial liabilities	FLAC	**150**	150	-	-	-	**149**
Current liabilities							
Interest-bearing loans and borrowings	FLAC	**26.636**	26.636	-	-	-	**n/a***
Trade and other payables	FLAC	**113.553**	79.471	-	-	34.082	**n/a***
Other financial liabilities							
Finance lease obligations	n/a	**250**	-	-	250	-	**n/a***
Foreign currency derivatives	FLFV	**123**	-	123	-	-	**123**
Accrued interest	FLAC	**4.031**	4.031	-	-	-	**n/a***
Aggregated by category in accordance with IAS 39							
Loans and receivables (LaR)		**132.969**					
Financial liabilities at fair value (FLFV) through profit or loss		**123**					
Financial assets at fair value (FAFV) through profit or loss		**7.089**					
Financial liabilities measured at amortized cost (FLAC)		**561.668**					

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			
Assets							
Non-current assets							
Other non-current assets							
VAT receivables long-term	n/a	-	-	-	-	-	-
Other receivables	LaR	-	-	-	-	-	-
Other non-current financial assets							
Interest rate derivatives	FAFV	-	-	-	-	-	-
Foreign currency derivatives	FAFV	-	-	-	-	-	-
Bond repurchase option	FAFV	-	-	-	-	-	-
Investments	LaR	-	-	-	-	-	-
Guarantees and deposits	LaR	-	-	-	-	-	-
Current assets							
Trade and other receivables	LaR	-	-	-	-	-	-
Other current financial assets							
Foreign currency derivatives	FAFV	-	-	-	-	-	-
Interest rate derivative	FAFV	-	-	-	-	-	-
Loan	LaR	-	-	-	-	-	-
Cash and cash equivalents	LaR	**50**	50	-	-	-	n/a*
Liabilities							
Non-current liabilities							
Interest-bearing loans and borrowings	FLAC	-	-	-	-	-	-
Other financial liabilities							
Finance lease obligations	n/a	-	-	-	-	-	-
Foreign currency derivatives	FLFV	-	-	-	-	-	-
Other financial liabilities	FLAC	-	-	-	-	-	-
Current liabilities							
Interest-bearing loans and borrowings	FLAC	-	-	-	-	-	-
Trade and other payables	FLAC	**4**	-	-	-	4	n/a*
Other financial liabilities							
Finance lease obligations	n/a	-	-	-	-	-	-
Foreign currency derivatives	FLFV	-	-	-	-	-	-
Accrued interest	FLAC	-	-	-	-	-	-
Aggregated by category in accordance with IAS 39							
Loans and receivables (LaR)		**50**					
Financial liabilities at fair value (FLFV) through profit or loss		**-**					
Financial assets at fair value (FAFV) through profit or loss		-					
Financial liabilities measured at amortized cost (FLAC)		**4**					

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

2015 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	-	-	-8.786	-	-8.786
Loans and receivables (LaR)	-	-	-	-8.792	-8.792
Financial liabilities at fair value (FLFV) through profit or loss	-	-	-123	-	-123
Financial liabilities measured at amortised cost (FLAC)	23.181	-	-	-	23.181
Net income (loss) from financial instruments per category	**23.181**	**-**	**-8.909**	**-8.792**	**5.479**

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	-	-	-	-	-
Loans and receivables (LaR)	-	-	-	-	-
Financial liabilities at fair value (FLFV) through profit or loss	-	-	-	-	-
Financial liabilities measured at amortised cost (FLAC)	-	-	-	-	-
Net income (loss) from financial instruments per category	-	-	-	-	-

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 fair value of the Bond repurchase option is measured the following:

- The benefit of exercising the repurchase option depends on the interest rate conditions Paternoster would receive for an alternative financing. The refinancing rate is the market rate plus a specific risk premium. This is compared to the implied yield of the loan, which is determined by the floating interest rate element. As a result, it is then economical to exercise the option, when the rate of the alternative financing is below the implied yield of the loan at the exercise date. Thus, the fair value of the derivative depends also mainly from this factor and its expected volatility.
- To determine the economic benefit of exercising the option, the yield and the default rate are simulated using a Hull and White single-factor model (1990). The input parameters of the valuation model are the yield and credit spread volatilities, the yield curve and benchmark credit default swap (CDS) rates at the respective valuation dates.

The following overview provides the fair value measurement hierarchy of the Group’s non-current assets and liabilities:

- 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.

In business year 2015 there are no fair values derived according to the fair value hierarchy Level 1. The fair value of derivative instruments represents the Level 2. It is measured based on price information derived from active markets and commonly used valuation methods provided by issuing banks.

As of December 31, 2015, the fair values for the High Yield Bond and the Bain Term Loan B were calculated. The carrying amounts to KEUR 225.000 (2014: KEUR 0) for the High Yield Bond and to KEUR 195.000 (2014: KEUR 0) for the Bain Term Loan B. The fair value is measured based on observable market data. The fair value of the High Yield Bond amounts to KEUR 208.373 (2014: KEUR 0); the fair value of the Term Loan B amounts to KEUR 162.926 (2014: KEUR 0).

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 2015.

Quantitative disclosures fair value measurements hierarchy for assets as at December 31, 2015:

Dec. 31, 2015 **KEUR**		**Fair value measurement using**			
	Date of valuation	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	**Total**
Assets measured at fair value:					
Non-current derivative financial assets	31.12.2015	-	6.925	-	**6.925**
Current derivative financial assets	31.12.2015	-	164	-	**164**
Assets for which fair values are disclosed:					
	31.12.2015	-	-	-	**-**

Quantitative disclosures fair value measurements hierarchy for liabilities as at December 31, 2015:

Dec. 31, 2015 KEUR		**Fair value measurement using**			
	Date of valuation	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	**Total**
Liabilities measured at fair value:					
Non-current derivative financial liabilities	31.12.2015	-	-	-	**-**
Current derivative financial liabilities	31.12.2015	-	123	-	**123**
Liabilities for which fair values are disclosed:					
Interest bearing loans and borrowing	31.12.2015	-	371.299	-	**371.299**

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.

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

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

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

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

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.

8 Government grants

Wittur 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 tax). The government grant is recognised in other income (refer to Note 5.5 “Other income”) and other current assets (refer to Note 5.18 “Other current assets”).

In 2015, the Group received government grants in Austria 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	2015	Dec. 2 – Dec. 31 2014
	Purchases of services	**Purchases of services**
Bain & related companies	3.054	-

Key management personnel consist of a total of 13 (2014: 0) individuals as of December 31, 2015. These are members of the Supervisory Board and the Executive Management Board

Remuneration of key management personnel:

KEUR	2015	Dec. 2 – Dec. 31 2014
CEO and CFO	**1.642**	-
Salaries and other short-term employee benefits	1.615	-
Share-based payments	26	-
Executive Management Board without CEO and CFO	**2.050**	-
Salaries and other short-term employee benefits	2.022	-
Benefits after termination of employment	17	-
Share-based payments	11	-
Supervisory Board	**18**	-
Salaries and other short-term employee benefits	18	-
Total remuneration of key management personnel	**3.711**	**-**

As of December 31, 2015, KEUR 1.510 (2014: KEUR 0) of short-term employee benefits have not yet been paid to key management personnel.

The presented other short-term employee benefits for the Supervisory Board include an amount of KEUR 10 (2014: KEUR 0) directly paid by Bain to the members of Supervisory Board dispatched by Bain for their surveillance activities as of April 2015.

In 2016, benefits after termination of employment amounting to KEUR 1.695 for key management personnel that terminated employment after balance sheet date are due.

Regarding any information on key management compensation, please refer to Note 10 “Share-based payments”.

Loans to key management of the company:

KEUR	Dec. 31, 2015	Dec. 31, 2014
As of Jan. 1,	-	-
Acquistion in subsidiary	475	-
Loans advanced during the year	-475	-
Interests for the period	-	-
At period end	**-**	**-**

The loan to key management personnel was advanced to a member of the Executive Management Board with an interest rate of 10%. The loan is fully repaid in April 2015.

Gratuitous assumption of debt

As a result of the Wittur Group acquisition a vendor loan amounting to KEUR 40.000 existed. The vendor loan in the amount of KEUR 40.000 was originally issued by TryWay HoldCo AB to Paternoster Holding IV GmbH; then the vendor loan was transferred from Paternoster Holding IV GmbH through Paternoster Holding III GmbH to Paternoster Holding II GmbH in the context of a gratuitous assumption of debt resulting in an equity contribution of KEUR 40.000 into free reserves from Paternoster Holding II GmbH to Paternoster Holding III GmbH and also from Paternoster Holding III GmbH to Paternoster Holding IV GmbH.

10 Share-based payment

The executive managers of Paternoster III Group entities (herein after referred to as “beneficiaries”) have been granted the right to acquire shares of Elevate (BC) ScA, a partnership limited by shares, which indirectly holds 100% of the shares in Paternoster III Group, in order to align the interest of the management with the development of the enterprise value of Paternoster III Group after closing. In this context, the beneficiaries have acquired 2.016.796 class A shares with a fair value of KEUR 1.988 for a payment of KEUR 2.017, and 491.884 class B shares with a fair value of KEUR 234 for a payment of KEUR 15. The fair values of the shares on the acquisition date have been determined on the basis of an option pricing model which reflects the preference entitlement of class A shares to receive distributions from Elevate (BC) ScA. In total, the beneficiaries have acquired 13% of class A shares and 100% of class B shares of Elevate (BC) ScA.

Holding shares in Elevate (BC) ScA, the beneficiaries benefit either from distributions of Paternoster III Group or from an appreciation of the share price on transfer of shares. Beneficiaries are restricted to dispose their shares, except if the majority shareholder disposes shares in Elevate (BC) ScA, which will entitle and require the beneficiaries to sell a proportionate amount of their shares to the new majority shareholder.

If and to the extent that a beneficiary ceases his employment before a disposal of his shares on an exit event, the majority shareholder of Elevate (BC) ScA holds a call option to purchase all of the beneficiary’s shares (leaver shares). The purchase price for the leaver shares will be determined, depending on the reasons and the timing for leaving, at maximum at a price equal to the higher of the original cost and a market-related value of the leaver shares. The beneficiary’s’ entitlement to receive approximately a market-related value on a repurchase of their shares will vest in full at the earlier of the expiry of a 3,5 year period starting on the date of the acquisition of the shares, and the date of a public offering or the sale of a majority of shares.

Furthermore, Elevate (BC) ScA issued to its main shareholder and to the beneficiaries Preferred Equity Certificates (“PEC’s”) bearing an annual interest rate of 8%. The interest rate is applied on the sum of the original cost of such PEC plus any unpaid PEC Return for all previous accrual periods. Assigned to beneficiaries are 258.329.236 PEC’s representing 1.8% of issued PEC’s with a Fair Value equalizing the purchase price of KEUR 2.583. The returns of such PEC’s are paid out when the company has sufficient funds available or are capitalized if this is not the case. The PEC’s remain outstanding for 29 years following the date of issuance but the company is entitled to redeem any or all of the PEC’s on a certain date at a certain call price. This date is the date when a beneficiary leaves the Group. Similar to the shares purchased by beneficiaries, the strike price of the company’s call option depends on the reasons and the timing for leaving and is either a price per PEC equal to Fair Value or a price per PEC equal to the lower of original cost plus PEC return and Fair Value.

The purchases of shares and PECs by the beneficiaries qualify as equity-settled share-based payments of Paternoster III Group subject to IFRS 2, as Paternoster III Group has no obligation to settle the entitlements at any time (neither in case of a share transfer nor in case of a leaver event). Since the beneficiaries disbursed a price close to the grant date fair value on acquisition of the shares as well as a price equal to grand date fair value on the acquisition of the PECs and no material benefits were granted, the recognition of expenses has been omitted.

11 Contingent liabilities

As of December 31, 2015, Wittur Austria has a pending tax audit with respect to the deduction of interest expenses. Wittur Group Management and external experts are of the opinion that the claim is not valid and that the company has a very good chance to prove this on court. As of December 31, 2015 there is no provision included in the financial statements covering the findings of the audit.

There are no other known legal or of proceedings against the Company which are not provided for within these financial statements.

12 Auditor’s fees and services

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

KEUR	**2015**	**Dec. 2 – Dec. 31 2014**
Auditing services	505	2
Other services	267	-
Tax services	12	-
Auditor's fees	**784**	**2**

13 Events after the balance sheet date

General Information

As of February 22, 2016 Dr. Daniel Wiest resigned as CFO .Frank Schulkes was declared as his successor.

As of March 7, 2016 Dr. Walter Rohregger resigned as CEO. Patrik Wohlhauser was declared as his successor and took over his responsibilities as CEO on April 11, 2016.

Sematic Acquisition

On August 10, 2015 Wittur Group and Sematic S.p.A., Osio Sotto, Italy, (“Sematic”) signed an agreement on the acquisition of 92% of the share capital of Sematic by Wittur Group. The agreement was conditional on obtaining merger control clearance by German and Austrian antitrust authorities. The transaction was cleared in late 2015. On April 1, 2016 Wittur has successfully completed the acquisition process of Sematic.

Sematic’s activities include the production and distribution of standard and special automatic elevator doors, rope and hydraulic complete elevators, subsystems and components, home lifts as well as cabins, car packages and entrances. It offers standard and one-of-a-kind solutions for high-rise, residential and civil buildings to marine, commercial and heavy-duty applications as well as specific solutions for modernization. It has more than 1.100 employees within its manufacturing facilities and commercial offices in Italy, UK, Germany, Hungary, Turkey, China, Singapore, Hong Kong, India, Mexico and the USA.

The financial statements of Sematic for the financial year of 2015 were prepared according to Italian GAAP. The total balance sheet summed up to KEUR 186.701 as of December 31, 2015 with equity amounting to KEUR 58.002. In 2015 Sematic realized revenues of KEUR 145.034 according to Italian GAAP.

Goodwill arising from the acquisition is attributable to the anticipated increase of Group's customer and geographic diversification, including its access to the North American market via Sematics existing footprint. The acquisition also increases the presence of Wittur in the recurring aftermarket and modernization business. Benefits are also expected from improved cross-selling opportunities and synergies arising primarily from procurement and efficiency gains. In addition, the combined entity is expected to profit from its large scale, the sharing of best practices across its global footprint and best-in-class innovation resulting from the merging of R&D expertise.

Total consideration comprises of KEUR 209.500 paid in cash.

Acquisition-related costs included in administration and finance expenses in Paternoster's consolidated income statement for the year 2015 amounted to KEUR 3.896.

As the process of fair valuing the Sematic's business has not been completed as at April 26, 2016, the initial accounting for the business combination is incomplete. As a result, the Group is unable to disclose the following information regarding the acquisition:

- the gross contractual amount, fair value amount, or estimated contractual cash flows not expected to be collected of/from the receivables acquired
- the amounts recognised as of the acquisition date for each major class of assets and liabilities acquired/assumed
- the existence of or the values relating to any contingent liabilities recognised in accordance with IAS 37 on acquisition
- the amount of goodwill acquired and the amount of goodwill that is expected to be deductible for tax purposes.

No further events occurred between December 31, 2015 and April 26, 2016 that would require adjustments to the amounts recognised in these consolidated financial statements or would need to be disclosed under this heading.

Wiedenzhausen, April 26, 2016

Patrik Wohlhauser	Frank Schulkes
CEO	CFO

Our audit has led to the opinion quoted below dated April 26, 2016. Please note that this is only a translation of the wording of the opinion.

Auditor's Report

To Paternoster Holding III GmbH, Wiedenzhausen:

We have audited the consolidated financial statements prepared by the Paternoster Holding III GmbH, Wiedenzhausen, comprising the statement of financial position, the statement of comprehensive income, statement of changes in equity, cash flow statement and the notes to the consolidated financial statements, for the business year from January 1, 2015 to December 31, 2015. The preparation of the consolidated financial statements in accordance with the IFRS, as adopted by the EU, is the responsibility of the Company's Managing Directors. Our responsibility is to express an opinion on the consolidated financial statements based on our audit.

We conducted our audit of the consolidated financial statements in accordance with § (Article) 317 HGB ("Handelsgesetzbuch": "German Commercial Code") and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of the companies included in consolidation, the determination of the companies to be included in consolidation, the accounting and consolidation principles used and significant estimates made by the Company's Managing Directors, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion based on the findings of our audit the consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with the IFRS, as adopted by the EU.

At the point of time we completed our audit, we could not finally assess whether the utilization of the exemptions pursuant to Section 291 (1) HGB (Handlesgesetzbuch: German Commercial Code) was justified as the requirements of Section 291 (2) Sentence 1 No. 1 HGB (inclusion in the consolidated financial statements of the parent company), No. 2 (preparation and audit of the parent company's consolidated financial statements and consolidated management report) and Section 291 (1) Sentence 1 HGB (publishing of the parent company's consolidated financial statements and consolidated management report including the auditor's report in German language) can, by their nature, be met at a later point of time.

München, April 26, 2016

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Dieter Wißfeld
Wirtschaftsprüfer
(German Public Auditor)

p.p. Stefanie Voss
Wirtschaftsprüferin
German Public Auditor)