



Wittur International Holding GmbH
(former Paternoster Holding III GmbH)
as the Issuer of
€225,000,000 8.50% Senior Notes due 2023

Financial results of Wittur International Holding GmbH
(former Paternoster Holding III GmbH)
for the six months ended June 30, 2016

Dated August 29, 2016

TABLE OF CONTENTS

	Page
SUMMARY OVERVIEW OF RESULTS.....	1
MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.....	5
FORWARD-LOOKING STATEMENTS.....	13
CURRENCY PRESENTATION AND DEFINITIONS.....	14
PRESENTATION OF FINANCIAL AND OTHER INFORMATION.....	14
PRESENTATION OF INDUSTRY AND MARKET DATA.....	15
RISK FACTORS.....	16
UNAUDITED IFRS CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS OF JUNE 30, 2016.....	17
UNAUDITED SEMATIC GROUP ITALIAN GAAP CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS OF JUNE 30, 2016.....	43

SUMMARY OVERVIEW OF RESULTS

Change of name

Paternoster Holding III GmbH was renamed to Wittur International Holding GmbH. The change of name became effective as of August 3, 2016. This report already considers the renaming and therefore is stated on Wittur International Holding GmbH.

Consolidation level

The following report and supporting financial statements for the six months ended June 30, 2016 are based on Wittur International Holding GmbH's (former Paternoster Holding III GmbH) consolidated accounts excluding Sematic companies ("Wittur Group standalone", "Wittur standalone"). Prior year figures, except cash flow and balance sheet items, are based on pro forma numbers to ensure comparability of the operational business and KPIs in the actual period to the first six months of the prior year. Pro forma numbers are based on Wittur Group standalone (former Paternoster III Group) numbers assuming that the Bain acquisition occurred on January 1, 2015 so that initial Wittur Group's business operations are included as of January 1, 2015. Due to these pro forma figures the prior year figures, except for cash flow and balance sheet items, are not comparable with the information provided in the consolidated interim financial statements of Wittur Group standalone (former Paternoster III Group).

The following report and supporting financial statements for the six months ended June 30, 2016 do not include any financial accounts of the former Sematic Group. Sematic Group standalone consolidated accounts according to Italian GAAP are included as an appendix to this report.

Results Summary

In the first two quarters of 2016, the Wittur Group's standalone revenues amounted to €282.8 million which was a decrease of 2.3% compared to revenue generated in the same period of prior year. A major influence of this development was adverse foreign exchange effects of €14.3 million. At comparable exchange rates, Wittur standalone recorded a growth of 2.7% in the reporting period.

The European business of Wittur standalone delivered respectable revenue growth of 3.6% to €130.7 million in the first half of 2016 (6M 2015: €126.1 million) with good performance in Spain, Austria and Scandinavia. During the same period, the Asian operations contributed €128.7 million to Group revenue, which represents a reduction of 5.7% over the prior year's figure of €136.4 million. Increased sales to Independent customers and strong growth in Asia Pacific were offset by lower sales in China, as well as negative currency translation impact on the back of a strengthening euro. The Rest of World region generated €23.3 million in the first six months of 2016, down 12.7% over the prior year's figure of €26.7 million due to a continuing weakness in Russia caused by the weak economic climate and only limited sales to Iran after the lifting of US sanctions at the beginning of 2016.

EBITDA Adjusted of the Wittur standalone business came in at €40.3 million in the period under review, a reduction of 6.2% over the prior year's figure of €42.9 million. This development was mainly influenced by adverse FX effects, increased SG&A expenses and costs related to the Schindler contract ramp-up partially offset by decreased cost of sales. EBITDA Adjusted margin was 14.2% compared to 14.8% in the prior year.

Net cash flow before financing activities changed significantly in the six months ended June 30, 2016 (€-171.4 million) compared to the first six months of 2015 (€-277.2 million) due to the acquisition of Sematic on April 1, 2016 and the acquisition of the initial Wittur Group on March 31, 2015, included in the prior year figure. The net cash flow before financing activities of Wittur standalone for the first six months in 2016 was €29.7 million, excluding the acquisition of Sematic, whereas the net cash flow of the initial Wittur Group was €26.9 million in 2015 – including six months of operative business activities but excluding the former Paternoster entities and the initial Wittur Group acquisition. Please refer to "*Management's discussion and analysis of financial condition and results of operations-Explanation of key line items-Result of operations-Cash generated from operations (excluding working capital changes)*" for further comparison of operational business figures excluding the initial Wittur Group acquisition.

Other Financial and Operating Data

Other Financial Data

	Period ended June 30,	
	2015	2016
	<i>in € million</i>	
	<i>(unaudited unless otherwise stated)</i>	
<u>Profit and Loss*</u>		
Revenues	289.3	282.8
thereof Europe	126.1	130.7
thereof Asia	136.4	128.7
thereof Rest of World	26.7	23.3
EBITDA ⁽¹⁾	35.0	30.7
EBITDA Adjusted ⁽¹⁾	42.9	40.3
EBITDA Adjusted margin ⁽²⁾	14.8%	14.2%
Gross profit ⁽³⁾	75.9	74.0
Gross profit margin ⁽³⁾	26.2%	26.2%
<u>Cash Flow</u>		
Total capital expenditures ^{(4)*}	3.4	6.0
Net cash flow before financing activities ^{(5)**}	(277.2)	(171.4)
Cash Conversion ^{(6)*}	92.2%	85.2%
<u>Credit Data</u>		
Net senior financial debt ⁽⁷⁾		406.2
Net financial debt ⁽⁸⁾		631.2
Cash interest expense ⁽⁹⁾		41.6
Ratio of net senior financial debt to LTM EBITDA Adjusted ⁽¹⁰⁾		4.888x
Ratio of net financial debt to LTM EBITDA Adjusted ⁽¹⁰⁾		7.595x
LTM EBITDA Adjusted ⁽¹⁰⁾		83.1
Ratio of EBITDA Adjusted to cash interest expense		1.997x

* prior year figures represent pro forma numbers based on Wittur Group standalone (former Paternoster III Group) numbers assuming that the Bain acquisition occurred on January 1, 2015

** prior year figures are based on actual figures for Wittur Group standalone (former Paternoster III Group)

- (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.

	Period ended June 30,	
	2015	2016
	in € million (unaudited)	
Net result for the period for continuing operations	(24.8)	(7.9)
Finance expense	30.1	27.4
Finance income	(0.4)	(6.3)
Income taxes	14.5	1.5
EBIT	19.4	14.8
Depreciation and amortization	15.6	15.9
EBITDA	35.0	30.7
Project costs ^(A)	0.5	1.8
Transaction costs ^(B)	6.5	5.5
Other costs ^(C)	1.0	2.2
EBITDA Adjusted	42.9	40.3

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

(C) Other costs relate mainly to severance and redundancy payments in 2016.

- (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 excluding depreciation, divided by (ii) revenues for such period.
- (4) Total capital expenditures represent the sum of purchase of property, plant & equipment, intangible assets and capitalized development costs for such period.
- (5) Net cash flow before financing activities as presented in the cash flow statement included in the financial statements for the quarters ended June 30, 2015 and June 30, 2016. See “*Management’s Discussion 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 Wittur Group standalone (former Paternoster III Group) that is senior indebtedness (including structurally senior indebtedness of subsidiaries that are not Guarantors), minus cash and cash equivalents.

Senior secured Term Loan B	375.0
Non-current liabilities to banks	0.2
Non-current finance lease liabilities	3.1
Revolving Credit Facility	52.3
Ancillary Credit Facility	0.0
Current bank accounts	14.4
Current finance lease liabilities	0.3
	<u>445.2</u>
Less cash in Bank	<u>39.0</u>
Net Senior Financial debt	<u>406.2</u>

- (8) Net financial debt represents the gross financial debt of the Wittur Group standalone (former Paternoster III Group), minus cash and cash equivalents.

High Yield Bond	225.0
Senior secured Term Loan B	375.0
Non-current liabilities to banks	0.2
Non-current finance lease liabilities	3.1
Revolving Credit Facility	52.3
Ancillary Credit Facility	0.0
Current bank accounts	14.4
Current finance lease liabilities	0.3
	<u>670.2</u>
Less cash in Bank	<u>39.0</u>
Net Financial debt	<u>631.2</u>

- (9) Cash interest expense represents the interest expense of the Wittur Group standalone (former Paternoster III Group) last twelve months ended June 30, 2016.

- (10) Please note that the presented ratios are based on Wittur Group standalone (former Paternoster III Group) Net Senior Financial debt and Net Financial debt as well as Wittur Group standalone (former Paternoster III Group) LTM EBITDA Adjusted. Net Senior Financial debt and Net Financial debt include the significant raise of Term Loan B to finance the Sematic acquisition. The ratios are significantly lower when including Sematic LTM EBITDA Adjusted. For the combined Group including Sematic, on a pro forma basis, the ratio of Net Financial Debt to LTM EBITDA Adjusted would be 6.41x excluding synergies and 5.85x including run-rate synergies expected in 2016.

Other Operating Data

	Period ended June 30,	
	2015	2016
	<i>(unaudited)</i>	
Number of doors sold (<i>units</i>), including door mechanisms ⁽⁴⁾	809.943	810.410
Number of employees (<i>heads</i>) ⁽¹⁾⁽⁴⁾	3.460	3.636
Order intake (<i>in € million</i>) ⁽²⁾⁽⁴⁾	304.1	296.7
Order book at the end of the period (<i>in € million</i>) ⁽³⁾⁽⁴⁾	87.3	88.0

- (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.
- (4) Prior year figures represent pro forma numbers based on Wittur Group standalone (former Paternoster III Group) numbers assuming that the Bain acquisition occurred on January 1, 2015.

Subsequent Events

At the beginning of July 2016, the Wittur Group standalone successfully concluded a €35 million add-on to its existing €375 million Term loan B facility. The proceeds are intended for the repayment of borrowings under the revolving credit facility (RCF) used to partly finance the acquisition of Sematic. This will free up Wittur standalone's RCF to be used for its main purpose of financing ordinary business transactions and working capital. The terms and conditions of the existing Senior Facility Agreement also apply on the term loan add-on.

With retroactive effect from January 1, 2016 the Paternoster Holding IV GmbH, Wiedenzhausen, merged with Wittur International Holding GmbH, Wiedenzhausen, Germany, and Wittur Holding GmbH, Wiedenzhausen, Germany. In this context, Paternoster Holding IV GmbH is renamed to Wittur Holding GmbH with effect from August 5, 2016. At the same time, Paternoster Holding III GmbH, Wiedenzhausen, Germany was renamed to Wittur International Holding GmbH with effect from August 3, 2016.

No relevant events occurred between June 30, 2016 and August 29, 2016 that would require adjustments to the amounts recognised in these consolidated financial statements or would need to be disclosed under this heading.

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 unaudited condensed consolidated interim financial statements as of June 30, 2016, which are all reproduced elsewhere in this report for the six months ended June 30, 2016, as well as on the accounting records and internal management accounts of Wittur standalone. The unaudited condensed consolidated financial statements as of June 30, 2016 were prepared in accordance with IFRS.

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".

Our geographic regions

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

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 two quarters ended June 30, 2016, we generated €130.7 million (46.2%) of our revenues in our Europe region. Growth in our Europe region was 3.6% in the six months ended June 30, 2016 compared to the first six months of 2015.

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.

In the first half year ended June 30, 2016, we generated 57.9% of our revenue in our Europe region through sales to our MNC customers, which represents the same level compared to the same period in 2015, and the remainder through sales to Independent customers.

Asia

Our Asia region recorded a revenue decrease compared to the two quarters of the previous year. It primarily consists of our operations in China, Hong Kong and India. In the two quarters ended June 30, 2016 Asia generated €128.7 million (45.5%) of our total revenue. This constituted a decrease of €7.7 million (-5.7%) compared to the quarters ended June 30, 2015. At comparable exchange rates, the decrease was only 0.2%. China accounted for 90.7% of our Asia revenue in the six months ended June 30, 2016 and 92.5% in the two quarters of 2015.

The stable revenue level, at comparable exchange rates, in our Asia region was 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. Increased sales to Independent customers were offset by weaker business with Multinationals, particularly in China, as well as a negative currency translation impact on the back of a strengthening euro.

In the six months ended June 30, 2016, we generated 91.1% of our revenue in our Asia region through sales to our MNC customers, which was slightly lower compared to the same period in 2015 (92.8%). We generated the remainder of our Asia revenue through sales to Independent customers.

Rest of World

Our Rest of World region mainly consists of our operations in Latin America and Eurasia. Our Rest of World region accounted for €23.3 million (8.3%) of our revenues in the quarters ended June 30, 2016. This constituted a decrease of €3.4 million (-12.7%) compared to the quarters ended June 30, 2015. This decrease would actually become a growth of 11.3% when considering prior year exchange rates.

Revenue in the six months ended June 30, 2016, in our Rest of World region was positively affected by sales growth to Turkey and Iraq but adversely affected by the still limited sales to Iran after the lifting of US sanctions at the beginning of the year and slow performance of our Russian operations as a result of the economic climate.

In the six months ended June 30, 2016, we generated 79.1% of our revenue in our Rest of World region through sales to our Independent customers, an increase of 3.6 percentage points from the six months ended June 30, 2015. We generated the remaining 20.9% of our Rest of World revenue through sales to Multinational customers.

Explanation of Key Line Item

For description of our key IFRS financial statements line items refer to Wittur Group standalone (former Paternoster III Group) 2015 Annual Bond Report.

Results of Operations

The following table provides an overview of our results of operations for the six months ended June 30, 2015 and 2016:

	Period ended June 30,		
	2015*	2016	Change in %
	in € million		
	(unaudited)	(unaudited)	(unaudited)
Revenues	289.3	282.8	-2.3%
Cost of sales	(213.4)	(208.8)	-2.2%
Gross profit	75.9	74.0	-2.5%
Selling expenses	(10.3)	(10.5)	1.3%
Research & development expenses	(3.2)	(3.3)	3.5%
Administrative expenses	(42.2)	(45.2)	7.1%
Other income	0.9	1.5	76.4%
Other expenses	(1.6)	(1.7)	5.4%
Earnings before interest and taxes (EBIT)	19.4	14.8	-23.6%
Finance expense	(30.1)	(27.4)	-8.9%
Finance income	0.4	6.3	1.437.5%
Earnings before income taxes (EBT)	(10.3)	(6.3)	-38.8%
Income taxes	(14.5)	(1.5)	-89.3%
Net result for the period	(24.8)	(7.9)	-68.3%

* prior year figures represent pro forma numbers based on Wittur Group standalone (former Paternoster III Group) numbers assuming that the Bain acquisition occurred on January 1, 2015

Revenues

Revenues decreased by €6.5 million (-2.3%) from €289.3 million in the six months ended June 30, 2015, to €282.8 million in the six months ended June 30, 2016. The decrease was mainly driven by decreased sales to our MNC customers in Asia and offset by increasing sales to our MNC and Independent customers in Europe. At comparable exchange rates, Wittur standalone recorded a 2.7% growth in the first six months of 2016.

Revenues by region

	Period ended June 30,			
	2015*		2016	
	<i>in € million</i>	<i>% of revenue</i>	<i>in € million</i>	<i>% of revenue</i>
Europe	126.1	43.6	130.7	46.2
Asia	136.4	47.2	128.7	45.5
Rest of the World	26.7	9.2	23.3	8.3
Revenue	289.3	100.0	282.8	100.0

* prior year figures represent pro forma numbers based on Wittur Group standalone (former Paternoster III Group) numbers assuming that the Bain acquisition occurred on January 1, 2015

Europe

Revenue in our Europe region increased by €4.6 million (+3.6%) to €130.7 million in the six months ended June 30, 2016, from €126.1 million in the six months ended June 30, 2015. In the six months ended June 30, 2016, there were encouraging signs of growth in sales to both MNC customers and Independent customers.

Asia

Revenue in our Asia region decreased by €7.7 million (-5.7%) to €128.7 million in the six months ended June 30, 2016, from €136.4 million in the six months ended June 30, 2015. In the six months ended June 30, 2016, sales to MNCs accounted for 91.1% of our revenue in Asia, which was on a slightly lower level compared to 2015. Owing to our increased focus on Independent customers, sales to Independents increased to 8.9% in the six months ended June 30, 2016 from 7.2% in the prior year period.

Rest of World

Revenue in our Rest of World region decreased by €3.4 million (-12.7%) to €23.3 million in the six months ended June 30, 2016 from €26.7 million in the six months ended June 30, 2015. This decrease in revenue was mainly due to the weak economic situation in Russia and only limited business in Iran after the lifting of the US sanctions at the beginning of 2016. In the six months ended June 30, 2016, sales to Independents increased to 79.1% of revenue in our Rest of World region compared to 75.5% in 2015, whereas sales to MNCs decreased by 3.6 percentage points of revenue from 24.5% in 2015 to 20.9% of revenue in the six months ended June 30, 2016.

Cost of Sales

Cost of sales decreased by €4.6 million (-2.2%) to €208.8 million in the six months ended June 30, 2016 from €213.4 million in the six months ended June 30, 2015. This is mainly due to a decrease in material costs of €8.3 million (-5.8%) which was partially offset by increased labour costs and increased other production costs.

Gross Profit

Gross profit decreased by €1.9 million (-2.5%) to €74.0 million in the six months ended June 30, 2016, from €75.9 million in the six months ended June 30, 2015. This was primarily a result of decreased sales due to adverse FX effects.

Selling Expenses

Selling expenses slightly increased by €0.2 million (+1.3%) to €10.5 million in the six months ended June 30, 2016, from €10.3 million in the six months ended June 30, 2015.

Research & Development Expenses

Research & Development expenses slightly increased by €0.1 million (+3.5%) to €3.3 million in the first two quarters of 2016, from €3.2 million in the six months ended June 30, 2015.

Administrative Expenses

Administrative expenses increased by €3.0 million (+7.1%) to €45.2 million in the six months ended June 30, 2016 compared to €42.2 million in the same period in 2015. This increase was mainly due to increased consulting costs and other administration costs.

Other Income

Other income increased to €1.5 million (+76.4%) in the six months ended June 30, 2016 compared to €0.9 million in the first six months of 2015. This increase is a result of currency translation gains and the release of provisions.

Other Expenses

Other expenses slightly increased by €0.1 million (+5.4%) to €1.7 million in the first six months of 2016 compared to the same period of 2015.

EBIT

EBIT declined by 23.6% to €14.8 million in comparison to €19.4 million in the first six months of 2015. The development was mainly influenced by the lower gross profit due to negative foreign exchange impact and increased SG&A expenses.

Finance Expense

Finance expense decreased by €2.7 million (-8.9%) to €27.4 million in the six months ended June 30, 2016 from €30.1 million in the six months ended June 30, 2015 mainly due to lower borrowing rating and consultancy costs offset by increased interest payments.

Finance Income

Finance income increased by €5.9 million to €6.3 million in the six months ended June 30, 2016 from €0.4 million in the six months ended June 30, 2015. The increase is a result of gains on financial instruments measured at fair value and increased FX gains.

Income Taxes

The income tax expenses decreased by €13.0 million (-89.3 %) to €1.5 million in the six months ended June 30, 2016, from €14.5 million in the six months ended June 30, 2015. The decrease in income taxes is due to the deferred tax liabilities recognized in 2015 as a result of the acquisition of initial Wittur Group by Bain. In 2016, income taxes represent the application of a forecasted group tax rate to the recorded quarterly result of the group in accordance with IAS 34.

Net Result for the Period

Net result for the period increased by €16.9 million to €7.9 million loss in the six months ended June 30, 2016 from €24.8 million loss in the six months ended June 30, 2015. This increase was as a result of the factors described above.

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, 2015 and June 30, 2016:

	As of December 31,	As of June 30,
	2015	2016
	<i>in € million</i>	
	<i>(unaudited)</i>	<i>(unaudited)</i>
Inventories	44.3	47.3
Trade receivables	108.5	112.0
Trade payables	(79.5)	(100.7)
Other current assets	10.1	13.1
Other current liabilities	(34.1)	(33.4)
Working capital	49.3	38.3

(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 the Group to maintain working capital requirements below 10% of LTM revenues since 2012.

Analysis of Cash Flows

The following table sets forth consolidated cash flow data for the six months ended June 30, 2015 and 2016. There is no pro forma cash flow used for the six months ended June 30, 2015, but Wittur Group standalone (former Paternoster III Group) cash flow:

	Period ended June 30,	
	2015	2016
	in € million	
	(unaudited)	(unaudited)
Operating activities		
Profit (loss) after tax	(29.6)	(7.9)
Depreciation, amortization and impairment	11.7	15.9
Taxes	12.0	1.5
Interest	25.5	21.1
Gain/loss on sale of fixed assets	(0.0)	(0.0)
Losses from disposal of fixed assets	0.0	0.0
Cash generated from operations (excl. working capital changes)	19.5	30.7
Changes in working capital	(6.3)	12.5
Transaction costs relating to business combinations	(5.2)	0.0
Net movement in provisions, pension obligations and other liabilities	(1.8)	(0.8)
Net movement in other assets	0.0	(0.2)
Interest received	0.2	0.2
Income taxes paid	(6.2)	(6.8)
Net cash flow from operating activities	0.3	35.6
Investing activities		
Acquisition of business, net of cash acquired	(275.3)	(201.2)
Purchase of property, plant & equipment	(1.1)	(2.0)
Purchase of intangible assets	(1.2)	(3.9)
Disposal of assets	0.1	0.1
Net cash flow used in investing activities	(277.5)	(207.1)
Net cash flow before financing activities	(277.2)	(171.4)
Financing activities		
Repayment of shareholder loan	(133.6)	0.0
Transaction costs paid relating to loans and borrowings	(18.5)	(8.1)
Proceeds from issue of shares to Paternoster Holding II	154.6	0.0
Repayment of borrowings	(120.7)	0.0
Proceeds from borrowings	428.2	216.0
Purchase / sale of investments	0.0	(3.2)
Interest paid	(1.7)	(17.0)
Net cash flow used in financing activities	308.3	187.6
Net increase/(decrease) in cash	31.1	16.2
Effects of currency translation	3.1	(1.5)
Cash and cash equivalents at beginning of period	0.0	24.4
Cash and cash equivalents at the end of period	34.3	39.0

The comparison of original Wittur Group standalone (former Paternoster III Group) cash flows is limited to net cash flow used in financing activities since initial Wittur Group was not included in the Group in the first quarter of 2015 and therefore, the cash flow related to operational business provides limited information. Please refer for the analysis of cash flow from operational business to the following sections: “Cash generated from operations (excluding working capital changes)”, “Net cash flow from operating activities” and “Net cash flow used in investing activities”.

Net cash flow used in financing activities

Net cash flow used in financing activities decreased by €120.7 million (-39.1%) to €187.6 million in the six months ended June 30, 2016, from €308.3 million in the six months ended June 30, 2015.

This decrease was primarily due to the financing activities in March 2015 related to the acquisition of initial Wittur Group. The acquisition was financed with proceeds from the Notes (€225.0 million) and the New Term Loan B (€195.0 million). The cash used in financing activities in the first six months of 2016 mainly refers to a raise of Term Loan B amounting to €180 million to finance the acquisition of Sematic Group.

Cash generated from operations (excluding working capital changes)

The comparison period for cash generated from operations (excluding working capital changes) is the actual figures for the first six months 2015 of initial Wittur Group. This enables comparison of the operative business activities for the six months ended in 2015 and 2016.

	Period ended June 30,	
	2015	2016*
	in € million	
	(unaudited)	(unaudited)
Operating activities		
Profit (loss) after Tax	10.9	(7.9)
Depreciation, Amortization and Impairment	7.9	15.9
Taxes	12.6	01.5
Interest	10.1	21.1
Gain/loss on sale of fixed assets	(0.0)	(0.0)
Losses from disposal of fixed assets	0.0	0.0
Cash generated from operations (excl. working capital changes)	41.4	30.7
Changes in working capital	(0.4)	12.5
Net movement in provisions, pension obligations and other liabilities	(2.6)	(0.8)
Net movement in other assets	0.5	(0.2)
Interest received	0.2	0.2
Income taxes paid	(9.0)	(6.8)
Net cash flow from operating activities	30.2	35.6
Purchase of property, plant & equipment	(1.4)	(2.0)
Purchase of intangible assets	(1.9)	(3.9)
Disposal of assets	0.1	0.1
Net cash flow used in investing activities	(3.3)	(5.9)
Net cash flow before financing activities	26.9	29.7

* 2016 Net cash flow used in investing activities excludes the cash outflow for Sematic acquisition of €201.2 million

Cash generated from operations (excluding working capital changes) decreased by €10.7 million (-25.8%) to €30.7 million in the six months ended June 30, 2016, from €41.4 million in the six months ended June 30, 2015. This decrease is mainly due to decreased net sales and increased consulting costs.

Net cash flow from operating activities

Net cash flow from operating activities increased by €5.4 million (18.0%) to €35.6 million in the six months ended June 30, 2016, from €30.2 million in the six months ended June 30, 2015. The increase is a result of significant positive changes in working capital and decreased income taxes paid.

Net cash flow used in investing activities

For comparison reasons, net cash flow used in investing activities for the first six months 2016 excludes the cash outflow for Sematic acquisition of €201.2 million. Net cash flow used in investing activities of €-5.9 million in the six months ended June 30, 2016 decreased by €2.6 million from €-3.3 million in the six months

ended June 30, 2015. The high use of cash is due to higher expenditure in connection with the purchase of intangible assets as well as property, plant and equipment partially related to the Schindler contract ramp-up.

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 expansion of capital expenditures. In the six months ended June 30, 2015 and 2016, we incurred capital expenditures of €3.4 million, or 1.2% of revenue, and €6.0 million, or 2.1% 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.

	Period ended June 30,	
	2015	2016
	<i>in € million</i>	
	<i>(unaudited)</i>	<i>(unaudited)</i>
Expansion capital expenditures	2.8	4.8
Maintenance capital expenditures	0.6	1.1
Capital expenditures	3.4	6.0

We incurred €6.0 million of capital expenditures in the six months ended June 30, 2016, of which €4.8 million were expansion capital expenditures and €1.1 million were maintenance capital expenditures. Typically, our maintenance capital expenditures are concentrated in the last quarter of a year.

For the year ending December 31, 2016, our management expects to incur capital expenditures of approximately €14.2 million. Major projects in the year ending December 31, 2016 include investments related to the Schindler ramp-up as well as investments into the ERP implementation and projects in emerging economies, such as China and India to further expand our business operations in these growing markets. 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 are obliged to pay as at June 30, 2016 after giving effect to the Transactions. Also see “*Financial Risk Management*” in the notes to our consolidated financial statements contained elsewhere herein.

<i>in € million</i>	Payments due by period (unaudited)			
	Total	Less than 1 year	1 to 5 years	More than 5 years
Notes	341.0	19.1	76.5	245.3
New Term Loan B Facility	520.0	25.2	100.9	393.9
Revolving Credit Facility	52.3	52.3	0.0	0.0
Ancillary Credit Facility	0.0	0.0	0.0	0.0
Trade and other payables	134.1	134.1	0.0	0.0
Other financial liabilities	26.3	22.2	2.0	2.2
Sub-Total	1.073.7	252.9	179.3	641.4
Derivative financial instruments	0.2	0.1	0.1	0.0
Total	1.073.9	253.1	179.4	641.4

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 at June 30, 2016, 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 in 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*” in the notes to our consolidated financial statements contained elsewhere herein.

Critical Accounting Policies

Wittur standalone (former Paternoster) accounting policies year to date June 30, 2016 remain consistent with and unchanged from 2015. See Wittur Group standalone (former Paternoster III Group) 2015 Annual Bond Report “*Critical Accounting Policies*”.

FORWARD-LOOKING STATEMENTS

This six months ended financial report contains certain forward looking statements, such as statements about expectations, beliefs, plans, objectives, intentions, assumptions and other statements which are not statements of historical fact.

Forward-looking statements are subject to known and unknown risks and uncertainties and are based upon potentially inaccurate assumptions that could cause results to differ materially from those expected or implied by the forward-looking statements.

The statements outlined in “*Forward-Looking Statements*” in the 2015 Annual Bond Report continue to apply to any forward-looking statements contained in this financial report.

CURRENCY PRESENTATION AND DEFINITIONS

In this Financial Report for the six months ended June 30, 2016, 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

All definitions outlined “*Currency Presentation and Definitions*” in the 2015 Annual Bond Report continue to apply in this Financial Report for the six months ended June 30, 2016.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Financial information

Unless otherwise indicated, the financial information as at and for the periods ended June 30, 2016 and 2015 presented in this Financial Report for the six months ended June 30, 2016 has been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (“IFRS”). In this Financial Report for the six months ended June 30, 2016, the terms “financial statements” and “financial information” refer to the financial statements and the financial information of Wittur standalone (former Paternoster). This Financial Report as at June 30, 2016 contains unaudited IFRS condensed consolidated financial statements of Wittur standalone (former Paternoster) as at and for the six months ended June 30, 2016 and 2015 (“Unaudited IFRS condensed consolidated interim financial statements”), prepared in accordance with IFRS.

A temporary exemption thereof is the accordance of these interim financial statements with ‘IFRS 10 - Consolidated Financial Statements’ as the Sematic companies are not fully consolidated despite Wittur standalone obtained control over Sematic Group by the acquisition on April 1, 2016.

Financial information presented in this Financial Report for the six months ended June 30, 2016 is that of Wittur standalone (former Paternoster) and its subsidiaries excluding the Sematic entities; accordingly, all references to “we”, “us”, “our” or the “Group” in respect of historical financial information in this Financial Report for the six months ended June 30, 2016 are related to Wittur standalone (former Paternoster) and its subsidiaries on a consolidated basis excluding Sematic entities.

On August 10, 2015 Wittur Group standalone and Sematic S.p.A., Osio Sotto, Italy, (“Sematic”) signed an agreement on the acquisition of the share capital of Sematic by Wittur Group standalone. 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 standalone has successfully completed the acquisition process of Sematic. The Sematic acquisition will be accounted for according to the acquisition method of IFRS 3. As the processes of converting Sematic’s opening balance into IFRS as well as the purchase price allocation are ongoing, the Sematic companies are not fully consolidated or consolidated at equity in this report.

Non-GAAP financial measures

This Financial Report for the six months ended June 30, 2016 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.

For definitions of these terms and further disclosure on non-GAAP financial measures see “*Presentation of financial and other information*” in Annual Bond Report 2015. There are no changes to definitions of non-GAAP financial measures in this Financial Report for the six months ended June 30, 2016 from the 2015 Annual Bond Report.

As adjusted financial information

We present in this report certain “as adjusted” financial information for the Issuer on an “as adjusted” basis to reflect information for profit and loss figures for the six months ended June 30, 2015. The pro forma financial information is based on pro forma numbers to ensure comparability of the operational business and KPI’s in the actual period to the first two quarters of the prior year. Pro forma numbers are based on Wittur

Group standalone (former Paternoster III Group) numbers assuming that the Bain acquisition occurred on January 1, 2015 so that initial Wittur Group's business operations are included as of January 1, 2015.

This pro forma financial information has been prepared for illustrative purposes only and do not represent our actual financial information of Wittur Group standalone (Paternoster III Group) in accordance with IFRS for the six months ended June 30, 2015. The pro forma financial information has been adjusted to reflect comparable information on the business activities of Wittur Group standalone (former Paternoster III Group) including initial Wittur Group for the six months ended June 30, 2015.

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 financial information have been audited or reviewed in accordance with any generally accepted auditing standards.

Although this pro forma financial information is based on IFRS 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 financial information, as provided in this report, may not be comparable to similarly titled measures as presented by other companies due to differences in the financial information.

Non-Financial Operating Data

Certain key performance indicators and other non-financial operating data included in this Financial Report for the six months ended June 30, 2016, 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 Financial Report for the six months ended June 30, 2016, 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 Financial Report for the six months ended June 30, 2016 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 standalone (former Paternoster) or the tabular presentation of other information (subject to rounding) contained in this Financial Report for the six months ended June 30, 2016, as applicable, and not using the numerical data in the narrative description thereof.

PRESENTATION OF INDUSTRY AND MARKET DATA

In this Financial Report for the six months ended June 30, 2016, 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 Financial Report for the six months ended June 30, 2016 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 standalone (former Paternoster III) in connection with the Acquisition, and as such may not be fully independent views on the industry or the market.

For further information regarding industry and market data see "*Presentation of Industry and Market Data*" in 2015 Annual Bond Report.

RISK FACTORS

The risks and uncertainties we describe in the 2015 Audited Consolidated Financial Statements 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 in 2015 Annual Bond Report 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.

With Wittur Group standalone (former Paternoster III Group) conducting its business worldwide it is exposed to numerous potential risks. In order to achieve targets and maximize value management's role is to continually identify these risks and minimize potential exposure to these risks.

Wittur Group standalone (former Paternoster III Group) management continuously review both internal and external risks in all business areas and subsidiaries, evaluates them and with respect to exposure and probability of occurrence and ensures, where appropriate, provisions are recognized on the Balance Sheet to cover such exposure.

A detailed risk report describing the most relevant risks is included in the 2015 Annual Bond Report (see "Risk Factors").

UNAUDITED IFRS CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS OF JUNE
30, 2016

**Unaudited IFRS condensed
consolidated interim financial statements
of**

**Wittur International Holding GmbH
(former Paternoster Holding III GmbH)
Wiedenzhausen, Germany**

for the six months ended June 30, 2016

Content

FINANCIAL STATEMENTS	20
Consolidated statement of comprehensive income	20
Consolidated balance sheet	21
Consolidated statement of cash flows	22
Consolidated statement of changes in equity	23
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	24
1 Corporate information	24
1.1 Reporting entity	24
1.2 Basis of preparation	24
2 Significant accounting policies	25
3 Estimates and judgements	26
4 Changes in the composition of the Group	26
5 Significant events and transactions	27
6 Seasonality or cyclicity of interim operations	28
7 Financial risk management	28
8 Notes to the consolidated statement of comprehensive income and balance sheet	29
8.1 Revenues	29
8.2 Segmental reporting	29
8.3 Expenses by nature	30
8.4 Other income	30
8.5 Other expenses	30
8.6 Finance expenses	31
8.7 Finance income	31
8.8 Income taxes	31
8.9 Intangible assets	31
8.10 Property, plant and equipment	32
8.11 Other non-current financial assets	32
8.12 Other non-current assets	32
8.13 Inventories	32
8.14 Equity	33
8.15 Other current financial assets	33
8.16 Other current assets	33
8.17 Interest bearing loans and borrowings	33
8.18 Provision for pensions	34
8.19 Other provisions	34
8.20 Other non-current financial liabilities	34
8.21 Trade and other payables	35
8.22 Other current financial liabilities	35
9 Additional disclosures on financial instruments	36
10 Share-based payment	40
11 Events after the balance sheet date	41

FINANCIAL STATEMENTS

Consolidated statement of comprehensive income

KEUR	Note	Jan. 1 – June 30, 2016	Jan. 1 – June 30, 2015
Revenues	(8.1)	282.763	162.633
Cost of sales	(8.3)	-208.788	-118.873
Gross profit		73.975	43.760
Selling expenses		-10.471	-5.353
Research & development expenses		-3.328	-1.631
Administrative expenses		-45.173	-28.417
Other income	(8.4)	1.524	406
Other expenses	(8.5)	-1.699	-856
Earnings before interest and taxes (EBIT)		14.828	7.909
Finance expense	(8.6)	-27.426	-25.911
Finance income	(8.7)	6.294	418
Earnings before income taxes (EBT)		-6.304	-17.585
Income taxes	(8.8)	-1.547	-12.035
NET RESULT FOR THE PERIOD		-7.851	-29.620
Other comprehensive income			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		-2.751	1.639
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Actuarial gains and losses		-	-
Income tax relating to the components of OCI		-	-
Other comprehensive income, net of tax		-2.751	1.639
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		-10.602	-27.981

Consolidated balance sheet

ASSETS

KEUR	Note	June 30, 2016	Dec. 31, 2015
Intangible assets	(8.9)	586.815	595.020
Property, plant and equipment	(8.10)	74.112	76.339
Investment properties		1.786	1.800
Other non-current financial assets	(8.11)	241.347	6.953
Other non-current assets	(8.12)	1.030	1.011
Deferred tax assets		4.802	7.012
Non-current assets		909.892	688.135
Inventories	(8.13)	47.325	44.284
Trade receivables		112.005	108.502
Other current financial assets	(8.14)	137	164
Other current assets	(8.15)	13.133	10.090
Cash and cash equivalents		39.022	24.373
Current assets		211.623	187.413
Total assets		1.121.515	875.548

EQUITY AND LIABILITIES

KEUR	Note	June 30, 2016	Dec. 31, 2015
Subscribed capital		25	25
Capital Reserve		228.825	194.640
Retained earnings		-43.112	-4
Net result for the period		-7.851	-43.108
Other components of equity		-8.494	-5.744
Total equity		169.393	145.810
Non-current interest-bearing loans and borrowings	(8.16)	592.684	417.297
Provisions for pensions	(8.17)	9.467	9.571
Other non-current provisions	(8.18)	13.320	17.388
Other non-current financial liabilities	(8.19)	3.310	3.400
Other non-current liabilities		152	-
Deferred tax liabilities		120.699	121.302
Non-current liabilities		739.632	568.958
Current interest-bearing loans and borrowings	(8.16)	66.679	26.636
Trade and other payables	(8.20)	134.141	113.553
Provisions for pensions	(8.17)	400	327
Other current provisions	(8.18)	2.867	8.677
Other current financial liabilities	(8.21)	7.659	4.404
Income tax liabilities		742	7.182
Current liabilities		212.490	160.780
Total equity and liabilities		1.121.515	875.548

Consolidated statement of cash flows

KEUR	Jan. 1 – June 30, 2016	Jan. 1 – June 30, 2015
Operating activities		
Loss after Tax	-7.851	-29.620
Depreciation and Amortisation	15.887	11.663
Taxes	1.547	12.035
Interest	21.132	25.494
Gain on sale of fixed assets	-15	-41
Losses from disposal of fixed assets	2	16
Cash generated from operations (excluding working capital changes)	30.701	19.547
Changes in working capital	12.506	-6.266
Transaction costs relating to business combination	0	-5.186
Net movement in provisions, pension obligations and other liabilities	-756	-1.779
Net movement in other assets	-163	35
Interest received	170	160
Income taxes paid	-6.828	-6.187
Net cash flow from operating activities	35.630	324
Investing activities		
Acquisition of business, net of cash acquired	-201.170	-275.271
Purchase of property, plant & equipment	-2.036	-1.124
Purchase of intangible assets	-3.927	-1.190
Disposal of assets	65	91
Net cash flow used in investing activities	-207.068	-277.495
Net cash flow before financing activities	-171.438	-277.171
Financing activities		
Transaction costs paid relating to loans and borrowings	-8.135	-18.491
Proceeds from issue of shares to Paternoster Holding II	0	154.615
Repayment of borrowings	0	-120.705
Proceeds from borrowings	215.969	428.169
Purchase of Investments	-3.203	0
Repayment of old shareholder loan due to acquisition (fair value)	0	-133.607
Interest paid	-17.003	-1.689
Net cash flow used in financing activities	187.628	308.292
Net increase in cash	16.191	31.121
Effects currency translation	-1.541	3.087
Cash and cash equivalents at beginning of period	24.373	50
Cash and cash equivalents at the end of period	39.022	34.258

Consolidated statement of changes in equity

KEUR	Attributable to owners of the parent					
	Subscribed capital	Retained earnings	Capital reserve	Other reserves		Total equity
				Currency translation	Valuation of pensions	
Balance as of Jan. 1, 2015	25	-4	25	-	-	46
Net result for the period	-	-29.620	-	-	-	-29.620
Other comprehensive income	-	-	-	1.639	-	1.639
Total comprehensive income	-	-29.620	-	1.639	-	-27.981
Issue of shares	-	-	194.615	-	-	194.615
Balance as of June 30, 2015	25	-29.624	194.640	1.639	-	166.681
Balance as of Jan. 1, 2016	25	-43.112	194.640	-5.654	-90	145.810
Net result for the period	-	-7.851	-	-	-	-7.851
Other comprehensive income	-	-	-	-2.751	-	-2.751
Total comprehensive income	-	-7.851	-	-2.751	-	-10.602
Issue of shares	-	-	34.185	-	-	34.185
Balance as of June 30, 2016	25	-50.963	228.825	-8.404	-90	169.393

Other comprehensive income, net of tax KEUR -8.494 (2015: KEUR -5.744) consists of other reserves KEUR -8.494 (2015: KEUR -5.744).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 Corporate information

1.1 Reporting entity

With effect from August 3, 2016 Paternoster Holding III GmbH was renamed to Wittur International Holding GmbH. These Notes to the consolidated Financial Statements already consider the renaming of the company and are stated on Wittur International Holding GmbH.

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 interim financial statements of the Company as of and for the period ended June 30, 2016 comprise the Company and its subsidiaries excluding the Sematic Group companies as a temporary exemption (together referred to as “Wittur Group standalone” or the “Group standalone” and individually as “Group entities”).

The parent company of Wittur International Holding GmbH is Paternoster Holding II GmbH, Wiedenzhausen, Germany. Wittur International Holding 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 initial Wittur Group. The ultimate controlling party is Bain Capital Europe Fund IV, L.P., London, Great Britain.

Wittur International Holding GmbH is the sole owner of Wittur Holding GmbH (former Paternoster Holding IV GmbH) which is the sole owner of the initial Wittur Group since closing in 2015. The acquisition of the initial Wittur Group was closed on March 31, 2015, and was accounted for as Business Combination according to IFRS 3.

Due to the acquisition, Wittur Group standalone 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. Wittur Group standalone does not install lifts and does not offer maintenance services for lifts.

1.2 Basis of preparation

The consolidated interim financial statements have been prepared in accordance and in conformity with IAS 34 “Interim financial reporting”. These consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended December 31, 2015, which was prepared in accordance and 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.

A temporary exemption thereof is the accordance of these interim financial statements with ‘IFRS 10 - Consolidated Financial Statements’ as the Sematic Group companies are not consolidated despite Wittur standalone obtained control over Sematic Group by the acquisition on April 1, 2016 (please refer to Note 5 “Significant events and transactions”).

The consolidated interim financial statements were authorised for issue by the Executive Board of the Company on August 29, 2016.

These consolidated interim financial statements cover the six months period from January 1, 2016 to June 30, 2016. The comparison period is January 1, 2015 to June 30, 2015, which is not comparable as the initial Wittur Group was acquired in March 2015, and therefore, for the period from January 1, 2015 until June 30, 2015, only business operations for the three months period from April to June 2015 are included.

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.

These condensed consolidated interim financial statements have not been audited.

2 Significant accounting policies

Wittur Group standalone (former Paternoster III Group) has applied the same accounting principles in preparation of these interim financial statements as in the financial statements for the business year 2015, except for IFRS 10 related to the Sematic Group companies and the adoption of new standards and interpretations effective during 2016 that are relevant to its operations.

Wittur Group standalone 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.

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

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	
		June 30, 2016	Dec. 31, 2015	Jan. 1 – June 30, 2016	Jan. 1 – June 30, 2015
Argentine Peso	ARS	16,556	14,195	15,968	9,850
Australian Dollar	AUD	1,493	1,490	1,522	1,426
Brazilian Real	BRL	3,590	4,312	4,135	3,308
Chinese Yuan Renminbi	CNY	7,376	7,061	7,294	6,941
British Pound	GBP	0,827	0,734	0,779	0,733
Hong Kong Dollar	HKD	8,614	8,438	8,665	8,652
Indian Rupee	INR	74,960	72,022	74,978	70,122
Polish Zloty	PLN	4,436	4,264	4,369	4,140
Swedish Krona	SEK	9,424	9,190	9,297	9,342
Singapore Dollar	SGD	1,496	1,542	1,540	1,506
Turkish Lira	TRY	3,206	3,177	3,259	2,862
U.S. Dollar	USD	1,110	1,089	1,116	1,116

The Projected Unit Credit method was used for the valuation of pension provisions. The interest rates used to calculate the present value of pension provisions for the Group's plans are shown below:

	June 30, 2016	Dec. 31, 2015
Discount rate:		
Germany	2,0%	2,0%
Austria	2,0%	2,0%
Italy	2,0%	2,0%
Turkey	11,0%	11,0%
Salary increase:		
Germany	0,0%	0,0%
Austria	2,5%	2,5%
Italy	3,0%	3,0%
Turkey	8,5%	8,5%
Inflation rate:		
Germany	0,0%	0,0%
Austria	0,0%	0,0%
Italy	2,0%	2,0%
Turkey	7,0%	7,0%

3 Estimates and judgements

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.

In preparing these consolidated interim financial statements, the significant judgements made by management in applying the group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements for the business year ended December 31, 2015.

4 Changes in the composition of the Group

Due to the acquisition of Sematic Group on April 1, 2016 the number of group companies of the Wittur Group standalone changed. As the processes of converting Sematic's opening balance into IFRS as well as the purchase price allocation are ongoing, the Sematic companies are not fully consolidated or consolidated at equity in the interim financial statements as of June 30, 2016.

The consolidated interim financial statements as of June 30, 2016 include, besides Wittur International Holding GmbH (former Paternoster Holding III GmbH), 27 fully consolidated subsidiaries.

Subsidiaries fully consolidated in the consolidated interim financial statements as of June 30, 2016	Shareholding in % June 30, 2016	Shareholding in % Dec. 31, 2015
	Parent Company	Parent Company
Wittur International Holding GmbH, Wiedenzhausen, Germany (former Paternoster Holding III GmbH)		
Wittur Holding GmbH, Wiedenzhausen, Germany (former Paternoster Holding IV GmbH)	100,00%	100,00%
Wittur Germany 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%	100,00%
Wittur LM Holding GmbH, Wiedenzhausen, Germany	100,00%	0,00%
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 (former Wittur Asansör Sanayi ve Ticaret Ltd.Sti.)	100,00%	100,00%
Wittur Elevator Components S.A.U., Zaragoza, Spain	100,00%	100,00%
Wittur Ltd., Mold, Flintshire, Great Britain	100,00%	100,00%
Wittur Sp. z o.o., 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%

Subsidiaries fully consolidated in the consolidated interim financial statements as of June 30, 2016	Shareholding in % June 30, 2016	Shareholding in % Dec. 31, 2015
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%

Not included in the consolidated interim financial statements, due to the reasons mentioned above, are the Sematic Group companies shown in the tables below.

Subsidiaries not consolidated in the consolidated interim financial statements as of June 30, 2016	Shareholding in % June 30, 2016	Shareholding in % Dec. 31, 2015
Sematic S.p.A., Osio Sotto, Italy	100,00%	0,00%
LM Liftmaterial Italia S.r.l., Suisio, Italy	100,00%	0,00%
LM Liftmaterial GmbH, Pliening, Germany	100,00%	0,00%
Sematic UK Ltd, Barnsley, Great Britain	100,00%	0,00%
Sematic Hungária Kft, Nyíregyháza, Hungary	100,00%	0,00%
Sematic Asansor San.Tic.Ltd.Sti, Istanbul, Turkey	100,00%	0,00%
Sematic Elevadores Mexico S. de R.L. de C.V., Coahuila, Mexico	100,00%	0,00%
Tyler Elevator Products, a div. of Sematic USA Inc., Twinsburg, USA	100,00%	0,00%
Sematic Elevator Products (Changshu) Co. Ltd., Jiangsu, People's Republic China	100,00%	0,00%
Sematic (Hong Kong) Ltd., Hong Kong, Special Administrative Region, People's Republic China	100,00%	0,00%
Sematic Elevator Products India Pvt Ltd, Pune, India	100,00%	0,00%
Sematic Singapore Pte Ltd, Singapore	100,00%	0,00%

Affiliated companies not consolidated at equity in the consolidated interim financial statements as of June 30, 2016	Shareholding in % June 30, 2016	Shareholding in % Dec. 31, 2015
Computec S.r.l., Brescia, Italy	36%	0,00%
New Lift Steuerungsbau GmbH, Gräfelfing, Germany	40%	0,00%

5 Significant events and transactions

On August 10, 2015 Wittur Group standalone and Sematic S.p.A., Osio Sotto, Italy, ("Sematic") signed an agreement on the acquisition of 100% of the share capital of Sematic by the 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 standalone 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 as of June 30, 2016 were prepared according to Italian GAAP. The total balance sheet summed up to KEUR 181.724 as of June 30, 2016 with equity amounting to KEUR 56.181. In the first two quarters of 2016 Sematic realized revenues of KEUR 72.540 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.

The total consideration for 100% of Sematic Group net of cash acquired amounts to KEUR 226.830.

As the purchase price allocation for the Sematic's business has not been completed as at August 29, 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.

6 Seasonality or cyclicity of interim operations

The financial results of the interim financial statements of the Group are not materially affected by seasonal or cyclical events.

7 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 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

The condensed consolidated interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the Group's annual financial statements as of December 31, 2015.

There have been no changes in the risk management department or in any risk management policies since the end of business year.

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

8.1 Revenues

KEUR	Jan. 1 – June 30, 2016	Jan. 1 – June 30, 2015
Sales of goods		
Europe	130.729	67.303
Asia	128.692	80.086
Rest of World	23.342	15.244
Revenues	282.763	162.633

8.2 Segmental reporting

The Group produces and sells elevator components such as automatic elevator doors, cabins, safety components, drives, elevator frames and complete elevators. Wittur Group standalone 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 Wittur Group standalone 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	Jan. 1 – June 30, 2016	Jan. 1 – June 30, 2015
Germany	18.009	8.912
China	116.682	74.668
Austria	50.053	25.758
Other countries	98.019	53.295
Revenues	282.763	162.633

KEUR	June 30, 2016	Dez. 31, 2015
Germany	488.187	499.393
Austria	93.116	92.027
Other countries	82.440	82.750
Non-current assets	663.743	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 initial Wittur Group in the KEUR 488.187 (2015: 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 8.1 "Revenues".

Product information

Wittur Group standalone's sales per product category were the following in six months periods of 2016 and 2015:

KEUR	Jan. 1 – June 30, 2016	Jan. 1 – June 30, 2015
Doors	203.969	121.505
Other products	78.794	41.129
Revenues	282.763	162.633

Major customer

Wittur Group standalone's customer base is diverse in regard to size of revenue as well as location of the customers. The two major customers of the Group represent KEUR 126.327 (2015: KEUR 76.396) respectively KEUR 43.652 (2015: KEUR 27.291) or 60% (2015: 64%) of total Group's revenue.

8.3 Expenses by nature

Expenses by nature mainly consist of:

KEUR	Jan. 1 – June 30, 2016	Jan. 1 – June 30, 2015
Direct material costs	135.935	82.676
Employee benefit expense	53.597	26.480
Depreciation, amortization and impairment charges	15.887	11.663

8.4 Other income

KEUR	Jan. 1 – June 30, 2016	Jan. 1 – June 30, 2015
Currency translation gain – net	239	-
Release of provisions and allowances	337	-
Government income for tax benefits, premiums and subsidies	275	131
Income from rented property	189	97
Income of indemnification for damages	28	4
Licence fee income	189	100
Gain on sale of fixed assets	15	41
Income from insurance companies	32	6
Others	220	27
Other income	1.524	406

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

8.5 Other expenses

KEUR	Jan. 1 – June 30, 2016	Jan. 1 – June 30, 2015
Other taxes	1.214	755
Currency translation loss - net	0	85
Others	485	16
Other expenses	1.699	856

8.6 Finance expenses

KEUR	Jan. 1 – June 30, 2016	Jan. 1 – June 30, 2015
Interest on borrowings	18.799	7.777
Borrowing rating & consultancy costs	2.948	8.828
Amortization of transaction costs	1.334	453
Discounting of provisions	2.264	117
Interest expenses for finance leases	57	30
Other financial expenses	1.242	1.019
Total finance expense that is not measured at fair value through profit and loss	26.645	18.224
Loss on financial instruments at fair value through profit or loss	781	7.688
Finance expense	27.426	25.911

Loss on financial instruments at fair value through profit or loss relates to an interest rate derivative (2016: KEUR 1, 2015: KEUR 12), to foreign currency derivatives (2016: KEUR 241, 2015: KEUR 1.487) and to the Bond repurchase option (2016: KEUR 539, 2015: KEUR 6.189).

8.7 Finance income

KEUR	Jan. 1 – June 30, 2016	Jan. 1 – June 30, 2015
Other finance income	807	52
Amortization of Bond repurchase option	667	272
Currency transaction gain on Intercompany loans	1.155	93
Income from fair value adjustment of contingent consideration	3.665	-
Finance income	6.294	418

8.8 Income taxes

The income taxes amount to KEUR -1.547 (2015: KEUR -12.035). The decrease in income taxes is due to the deferred tax liabilities recognized in 2015 as a result of the acquisition of initial Wittur Group by Bain. In 2016, income taxes represent the application of a forecasted group tax rate to the recorded quarterly result of the group in accordance with IAS 34.

8.9 Intangible assets

KEUR	June 30, 2016	Dec. 31, 2015
Goodwill	150.056	150.056
Customer relationship, licenses and other rights	294.271	303.950
Trademark	133.419	133.419
Development costs	9.069	7.596
Intangible assets	586.815	595.020

8.10 Property, plant and equipment

KEUR	June 30, 2016	Dec. 31, 2015
Land and buildings	41.095	41.356
Plant and machinery	20.081	18.811
Furniture and equipment	5.963	6.703
Prepayments and construction in progress	2.700	5.168
Assets under Finance lease	4.272	4.301
Intangible assets	74.112	76.339

8.11 Other non-current financial assets

KEUR	June 30, 2016	Dec. 31, 2015
Participation Sematic	231.847	-
Bond repurchase option	6.270	6.809
Foreign currency derivatives	-	115
Guarantees and deposits	18	18
Investments	3.212	9
Interest rate derivatives	-	0
Other non-current financial assets	241.347	6.953

8.12 Other non-current assets

KEUR	June 30, 2016	Dec. 31, 2015
VAT receivables long-term	936	944
Others	94	66
Other non-current assets	1.030	1.011

8.13 Inventories

KEUR	June 30, 2016	Dec. 31, 2015
Raw materials and supplies	28.233	25.805
Finished goods and work in progress	18.707	18.223
Prepayments on inventory	385	256
Inventories	47.325	44.284

Inventories recognised as expense amounted to KEUR 135.935 as of June 30, 2016 (June 30, 2015: KEUR 82.676). As of June 30, 2016 the write downs of inventories recognized as expense amount to KEUR 229 (June 30, 2015: KEUR -497).

8.14 Other current financial assets

KEUR	June 30, 2016	Dec. 31, 2015
Loan	0	0
Foreign currency derivatives	136	162
Interest rate derivatives	0	1
Other current financial assets	137	164

8.15 Other current assets

KEUR	June 30, 2016	Dec. 31, 2015
VAT receivable	5.684	5.508
Prepaid expenses	3.286	1.532
Income tax receivables	1.113	1.044
Withholding tax receivable	582	289
Government grant	412	367
Deposits	351	-
Others	1.705	1.351
Other current assets	13.133	10.090

8.16 Equity

The increase of the capital reserve of KEUR 34.185 results from the Sematic acquisition on April 1, 2016. As part of the share purchase agreement of the 2015 initial Wittur Group acquisition, the Wittur Group standalone (former Paternoster Holding III GmbH) has agreed to pay an additional consideration of KEUR 7.500 in case of a future acquisition with a total enterprise value of more than KEUR 75.000 within a defined period. The KEUR 7.500 are an add-on to the vendor loan of KEUR 40.000, originally issued by TriWay Holdco AB to Wittur Holding GmbH (former Paternoster Holding IV GmbH) and was transferred from Wittur Holding GmbH (former Paternoster Holding IV GmbH) through Wittur International Holding GmbH (former 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 7.500 from Paternoster Holding II GmbH into the capital reserve of Wittur Group standalone (former Paternoster Holding III Group).

The remaining amount of KEUR 26.685 arises from a capital contribution in kind from Paternoster Holding II GmbH to Wittur International Holding's (former Paternoster Holding III GmbH) capital reserve in order to carry out the structured financing of the Sematic acquisition.

8.17 Interest bearing loans and borrowings

Non-current interest bearing loans and borrowings

KEUR	June 30, 2016	Dec. 31, 2015
Term Loan B	362.230	186.562
High Yield Bond	230.257	230.545
Non-current bank loans	197	190
Non-current interest-bearing loans and borrowings	592.684	417.297

Current interest bearing loans and borrowings

KEUR	June 30, 2016	Dec. 31, 2015
Current bank loans	14.426	15.110
Revolving Credit Facility	52.250	5.500
Ancillary Credit Facility	3	6.027
Current interest-bearing loans and borrowings	66.679	26.636

8.18 Provision for pensions

KEUR	June 30, 2016	Dec. 31, 2015
Present value of Defined Benefit Obligation (DBO)	9.867	9.898
Net liability	9.867	9.898

8.19 Other provisions

KEUR	June 30, 2016	
	current	non-current
Warranty provisions	2.572	4.281
Jubilee provision		1.320
Indemnity for termination of employment	-	-
Others	295	7.719
Other current & non-current provisions	2.867	13.320

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

8.20 Other non-current financial liabilities

KEUR	June 30, 2016	Dec. 31, 2015
Non-current finance lease liabilities	3.093	3.251
FX derivatives	68	-
Other non-current financial liabilities	150	150
Other non-current financial liabilities	3.310	3.400

8.21 Trade and other payables

KEUR	June 30, 2016	Dec. 31, 2015
Trade accounts payable	100.741	79.471
Payroll liabilities	19.735	19.013
Advance payments received	2.714	4.445
VAT payable	3.817	1.072
Withholding tax payable	26	19
Others	7.109	9.533
Trade and other payables	134.141	113.553

8.22 Other current financial liabilities

KEUR	June 30, 2016	Dec. 31, 2015
Accrued interest	7.265	4.031
Current finance lease liabilities	269	250
Foreign currency derivatives	126	123
Other current financial liabilities	7.659	4.404

9 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 standalone, the breakdown is provided by balance sheet items:

KEUR	Category in accordance with IAS 39	Carrying amount June 30, 2016	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 June 30, 2016
			Amortised cost	Fair Value			
Assets							
Non-current assets							
Other non-current assets							
VAT receivables long-term	n/a	936	-	-	-	936	n/a
Other receivables	n/a	94	-	-	-	94	n/a
Other non-current financial assets							
Interest rate derivatives	FAFV	-	-	-	-	-	-
Foreign currency derivatives	FAFV	-	-	-	-	-	-
Bond repurchase option	FAFV	6.270	-	6.270	-	-	6.270
Investments	LaR	235.059	235.059	-	-	-	235.059
Guarantees and deposits	LaR	18	18	-	-	-	18
Current assets							
Trade and other receivables	LaR	112.005	112.005	-	-	-	n/a*
Other current financial assets							
Foreign currency derivatives	FAFV	136	-	136	-	-	136
Interest rate derivative	FAFV	-	-	-	-	-	-
Loan	LaR	0	0	-	-	-	n/a*
Cash and cash equivalents	LaR	39.022	39.022	-	-	-	n/a*
Liabilities							
Non-current liabilities							
Interest-bearing loans and borrowings	FLAC	592.684	592.684	-	-	-	522.343
Other financial liabilities							
Finance lease obligations	n/a	3.093	-	-	3.093	-	3.573
Foreign currency derivatives	FLFV	68	-	68	-	-	68
Other financial liabilities	FLAC	150	150	-	-	-	150
Current liabilities							
Interest-bearing loans and borrowings	FLAC	66.679	66.679	-	-	-	n/a*
Trade and other payables	FLAC	134.141	100.741	-	-	33.401	n/a*
Other financial liabilities							
Finance lease obligations	n/a	269	-	-	269	-	n/a**
Foreign currency derivatives	FLFV	126	-	126	-	-	126
Accrued interest	FLAC	7.265	7.265	-	-	-	n/a*
Aggregated by category in accordance with IAS 39							
Loans and receivables (LaR)		386.104					
Financial liabilities at fair value (FLFV) through profit or loss		194					
Financial assets at fair value (FAFV) through profit or loss		6.407					
Financial liabilities measured at amortized cost (FLAC)		767.518					

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							
Other 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	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					

* 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 current finance lease obligations largely corresponds to the fair value.

2016 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	-	-	-682	-	-682
Loans and receivables (LaR)	-	-	-	211	211
Financial liabilities at fair value (FLFV) through profit or loss	-	-	-99	-	-99
Financial liabilities measured at amortised cost (FLAC)	-18.799	-	-	-	-18.799
Net income (loss) from financial instruments per category	-18.799	-	-781	211	-19.369

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	-	-	-7.424	-	-7.424
Loans and receivables (LaR)	-	-	-	-1.312	-1.312
Financial liabilities at fair value (FLFV) through profit or loss	-	-	-264	-	-264
Financial liabilities measured at amortised cost (FLAC)	-7.777	-	-	-	-7.777
Net income (loss) from financial instruments per category	-7.777	-	-7.688	-1.312	-16.777

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 Wittur standalone 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 the period until June 30, 2016 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 June 30, 2016, the fair values for the High Yield Bond and the Bain Term Loan B were calculated. The nominal amount amounts to KEUR 225.000 (2015: KEUR 225.000) for the High Yield Bond and KEUR 375.000 (2015: KEUR 195.000) 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 203.715 (2015: KEUR 208.373); the fair value of the Term Loan B amounts to KEUR 318.628 (2015: KEUR 162.926).

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 2016.

Quantitative disclosures fair value measurements hierarchy for assets as at June 30, 2016:

June 30, 2016		Fair value measurement using			
KEUR					
	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	30.06.2016	-	6.270		6.270
Current derivative financial assets	30.06.2016	-	136		136
Assets for which fair values are disclosed:					
Other non-current financial assets	30.06.2016	-	235.076		235.076

Quantitative disclosures fair value measurements hierarchy for liabilities as at June 30, 2016:

June 30, 2016		Fair value measurement using			
KEUR					
	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	30.06.2016	-	68		68
Current derivative financial liabilities	30.06.2016	-	126		126
Liabilities for which fair values are disclosed:					
Non-current interest bearing loans and borrowings	30.06.2016	-	522.343		522.343
Other non-current financial liabilities	30.06.2016		3.723		3.723

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, 2015:

Dec. 31, 2015		Fair value measurement using			
KEUR					
	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		Fair value measurement using			
KEUR					
	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.

10 Share-based payment

Description of the program

Through the Management Participation Program (MPP) the executive managers of Wittur Group standalone (former Paternoster Holding III Group) entities (herein after referred to as “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 standalone, in order to align the interest of the management with the development of the enterprise value of Wittur Group standalone after closing.

Holding shares in Elevate (BC) S.C.A, the beneficiaries benefit either from distributions of Wittur Group standalone 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 ("PECs") 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. 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 PECs 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 standalone subject to IFRS 2, as Wittur Group standalone 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 grant date fair value on the acquisition of the PECs and no material benefits were granted, the recognition of expenses has been omitted.

Changes in the Management Participation Program

In 2015, the beneficiaries initially 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. Additionally, the beneficiaries were holding 258.329.236 PEC's with a fair value equalizing the purchase price of KEUR 2.583.

During the reporting period, beneficiaries ceased employment and the majority shareholder of Elevate (BC) S.C.A. exercised its call option to repurchase all leaver shares and leaver PECs. In this context 1.289.256 class A shares, 324.136 class B shares and 166.016.671 PECs were repurchased.

The new executive managers joining the Group in the second quarter of 2016 have also been granted the right to participate in the MPP by acquiring shares in Elevate (BC) S.C.A as well as PECs. The new beneficiaries purchased 967.428 class A shares, 202.476 class B shares and 165.775.996 PECs. The purchase prices equaled the conditions of the original beneficiaries of the MPP in 2015.

As these changes in the key management personnel and the corresponding exercising of the call option are classified to be an exceptional case, these changes do not have an effect on the qualification of the MPP as equity-settled share-based payment program.

11 Events after the balance sheet date

At the beginning of July 2016, the Group has successfully concluded a KEUR 35.000 add-on to its existing KEUR 375.000 Term Loan B facility. The proceeds are intended for the repayment of borrowings under the revolving credit facility (RCF) which was used to partly finance the acquisition of Sematic. This will free up Wittur standalone's RCF to be used for its main purpose of financing ordinary business transactions and working capital. The terms and conditions of the existing Senior Facility Agreement also apply on the term loan add-on.

With retroactive effect from January 1, 2016 the Paternoster Holding IV GmbH, Wiedenzhausen, merged with Wittur International Holding GmbH, Wiedenzhausen, Germany, and Wittur Holding GmbH, Wiedenzhausen, Germany. In this context, Paternoster Holding IV GmbH was renamed to Wittur Holding GmbH with effect from August 5, 2016. At the same time, Paternoster Holding III GmbH, Wiedenzhausen, Germany, was renamed to Wittur International Holding GmbH with effect from August 3, 2016.

No further events occurred between June 30, 2016 and August 29, 2016, which would require adjustments to the amounts recognized in these consolidated financial statements or would need to be disclosed under this heading.

Wiedenzhausen, August 29, 2016

Patrik Wohlhauser
CEO

Frank Schulkes
CFO

UNAUDITED SEMATIC GROUP ITALIAN GAAP CONSOLIDATED INTERIM FINANCIAL
STATEMENTS AS OF JUNE 30, 2016

**Unaudited Italian GAAP
consolidated interim financial statements of**

**Sematic S.p.A.
Osio Sotto, Italy**

for the quarter and the six months ended June 30, 2016

FINANCIAL STATEMENTS

Consolidated income statement

KEUR	Apr. 1 - June 30, 2016	Jan. 1 - June 30, 2016	Jan. 1 - June 30, 2015
Revenues	38.370	72.540	70.008
Change in stocks of finished goods and work in progress	-146	374	189
Other operating income	853	1.384	1.147
Total Production Value	39.077	74.298	71.344
Raw materials and consumables	-18.112	-34.614	-36.274
Other external charges - services	-4.737	-9.578	-10.977
Other external charges - rents	-344	-1.017	-1.407
Staff cost	-9.735	-18.701	-20.793
Depreciation and other amounts written off tangible and intangible fixed assets	-4.005	-9.112	-7.083
Change in stocks of raw materials	-571	-952	1.708
Provision for risks	-3	-3	-
Other provisions	-185	-192	-44
Other operating charges	-813	-1.091	-897
Total Industrial Costs	-38.505	-75.259	-75.768
Operating Profit	572	-962	-4.423
Income from shares in group undertakings:	0	0	149
Other financial income	2	6	14
Interest payable and similar charges	-746	-2.535	-1.673
Gains and Losses on exchange rate	491	155	1.115
Total Income and Financial Charges	-253	-2.374	-396
Revaluations	-44	144	615
Total Amounts Written Off Investments	-44	144	615
Income	14	140	1.807
Charges	0	0	-2.606
Total Extraordinary Income and Charges	14	140	-799
Earnings before Tax	262	-3.052	-5.003
Taxes	-474	-405	2.119
Profit (Loss) of the Period	-213	-3.457	-2.884

Consolidated balance sheet - ASSETS

ASSETS			
KEUR	June 30, 2016	Mar. 31, 2016	Dez. 31, 2015
TOTAL NON-CURRENT ASSETS	117.910	112.186	122.205
TOTAL INTANGIBLE ASSETS	65.553	68.938	72.871
Development costs	41	44	47
Industrial property rights	3.349	3.530	3.885
Concessions, Licenses, Trade Marks and similar rights	13.438	14.228	15.041
Goodwill	46.642	48.018	49.393
Construction in progress	3	7	4
Other intangible assets	2.080	3.113	4.499
TOTAL TANGIBLE ASSETS	48.059	38.804	45.064
Land and Building	35.005	25.317	30.732
Plant and Machinery	8.690	9.086	9.317
Fixtures, Fittings, Tools and Equipment	1.171	1.167	1.233
Other Facilities	1.817	1.923	2.080
Construction in progress - Payment in advance	1.375	1.312	1.702
TOTAL LONG TERM INVESTMENTS	4.298	4.444	4.270
Total Shareholdings	4.120	4.164	3.976
Shareholdings in Sister Companies	4.120	4.164	3.976
Total Financial Credits	178	280	294
Other long terms Loan or Investments within 12 months	13	13	28
Other long terms loan or investments more than 12 months	165	267	267
TOTAL CURRENT ASSETS	62.920	69.456	63.917
INVENTORY	15.543	16.307	16.296
Raw Material and Consumables Inventory	12.648	12.998	13.448
Semifinished Products Inventory	1.414	1.438	1.199
Finished Products and Purchased goods Inventory	1.481	1.786	1.568
Advance payments to Suppliers	-	85	81
TOTAL ACCOUNTS RECEIVABLES	38.310	36.565	31.720
Total accounts Receivables (within 12 months)	28.308	25.961	22.352
Accounts Receivables Sister Companies (within 12 months)	7	512	501
Tax Credits	5.914	6.330	5.384
Tax Credits within 12 months	5.521	5.937	4.991
Tax Credits more than 12 months	393	393	393
Prepaid taxes	3.304	3.112	2.971
Prepaid taxes within 12 months	444	462	479
Prepaid taxes more than 12 months	2.860	2.650	2.493
Other Receivables (within 12 months)	776	650	513
TOTAL CASH AND CASH EQUIVALENT	9.067	16.585	15.901
Cash at Bank	8.988	16.564	15.686
Checks	68	9	-
Petty Cash	10	12	215
TOTAL PREPAYMENTS AND ACCRUED INCOME	894	1.006	580
Accruals and Prepayments	894	1.006	580
TOTAL ASSETS	181.724	182.649	186.701

Consolidated balance sheet - EQUITY and LIABILITIES

EQUITY and LIABILITIES			
KEUR	June 30, 2016	Mar. 31, 2016	Dez. 31, 2015
TOTAL CONSOLIDATED EQUITY	56.181	53.740	58.002
Shareholders Capital	1.029	1.000	1.000
Additional paid-in Capital	78.752	75.414	75.414
Total other Reserves	-768	-54	964
Retained Earnings / Losses	-19.375	-19.375	-
Profit (Losses) of the period	-3.457	-3.245	-19.375
TOTAL GROUP EQUITY	56.181	53.740	58.002
LIABILITIES AND RISK FUNDS	125.543	128.909	128.699
TOTAL RISK FUNDS	5.960	5.915	6.279
Tax funds	4.723	4.748	5.064
Other risk funds	1.237	1.168	1.215
Accumulated retirement bonus	1.011	1.022	1.020
TOTAL LIABILITIES	112.046	113.716	114.130
Liabilities to Banks (within 12 months)	10.021	89.829	86.570
Liabilities to other investors (within 12 months)	-	-	1
Advance payments received (within 12 months)	494	1.102	1.606
Accounts Payable (within 12 months)	17.573	16.489	18.918
Accounts Payable sister Companies (within 12 months)	976	703	1.273
Accounts Payable parent Companies (within 12 months)	76.677	0	-
Income Tax payable (within 12 months)	1.912	1.433	1.333
Liabilities for social expenses (within 12 months)	719	967	1.564
Other Liabilities (within 12 months)	3.674	3.193	2.864
Accruals and Prepayments	6.526	8.255	7.269
TOTAL LIABILITIES AND EQUITY	181.724	182.649	186.701

Sematic Italian GAAP Group accounting policies

Accounting Standards & Principles

The accounting policies adopted to prepare the consolidated financial statements comply with article 2426 and following articles of the Italian Civil Code, interpreted in the context of and integrated by the accounting standards issued by the Italian Accounting Standard Setter (*Organismo Italiano di Contabilità*, OIC) (the “OIC accounting standards”).

The financial statements items have been measured in line with the general concepts of prudence and accruals and on a going-concern basis, also taking into consideration the economic function of the asset or liability.

In compliance with the prudence principle, the several elements comprised within an asset or liability line item are measured individually, so that losses that should be recognised are not offset against not yet realised income. Specifically, income is only recognised if it is realised before the reporting date. However, risks and losses assigned to the respective period are recognised, even if they are realised after balance sheet date.

In line with the accruals concept, effects of each transaction are recognised in the period in which they are incurred and not in the period in which the payments are made.

No special circumstances have arisen during the reporting period requiring a deviation from accounting policies as permitted by article 2423.4 of the Italian Civil Code in order to provide a true and fair view of the group’s financial position, results of operations and cash flows. Likewise, the individual subsidiaries did not carry out any asset revaluations pursuant to special legislation.

The preparation of financial statements requires estimates to be made which affect the asset and liability values and the related financial statements disclosures. Actual results may differ. The estimates are reviewed periodically and the effects of any changes thereto, if not due to incorrect estimates, are taken to the profit and loss account of the year and also subsequent years in which they are necessary and appropriate.

The accounting policies used to prepare the consolidated financial statements are consistent with the requirements of article 2426 of the Italian Civil Code and remain unchanged compared to those of the previous reporting period.

Intangible and tangible fixed assets

Intangible fixed assets are stated at purchase or production cost, including related charges, less of accumulated amortisation. Amortisation is calculated on the base of the asset’s income generating potential.

The amortisation rates applied to the intangible fixed assets by Sematic S.p.A., except for leasehold improvements, which are amortised over the residual term of the contract, are as follows:

Description	Rate
Start-up and capital costs	20%
Industrial patents and intellectual property rights	20%
Concessions, licences, trademarks and similar rights	20%
Goodwill	10%

If there are indications that an intangible asset may have to be impaired as of reporting date, it is tested for impairment and written down to its recoverable amount if this is less than its carrying amount.

With the exception of goodwill and deferred costs, the original amount is reinstated in subsequent years if the reasons for such write-down cease to exist.

Tangible fixed assets are recognised at purchase or production cost. They are stated net of accumulated depreciation. Purchase cost includes ancillary costs. Production cost includes all costs which are directly-related and other costs that can be allocated to the production of the asset and bringing the asset in its present location and condition.

Costs incurred to expand, upgrade or improve structural elements of a tangible fixed asset, including changes made to increase the asset's consistency with its intended use, are capitalised if they give rise to a significant and quantifiable increase in the asset's production capacity, safety or useful life. If such costs do not produce these effects, they are treated as ordinary maintenance and expensed.

Tangible fixed assets are revalued to the extent of their recoverable amount only where required or permitted by special laws.

Tangible fixed assets are depreciated on a straight-line basis using the following rates, which have been calculated based on the assets' residual useful lives. These rates are halved in the year in which the asset becomes available for use to approximate the asset's shorter period of use. Depreciation is also calculated on unused assets.

Depreciation commences from the time the asset is available and ready for use. The depreciation rates used by Sematic S.p.A. are as follows:

Description	Rate
Operating buildings	3%
Industrial molds	25%
Plant and machinery	from 10% to 15,5%
Industrial and commercial equipment	25%
Other assets:	
- Office furniture and equipment	12%-20%
- Cars	25%
- Trolleys	20%

If, at the reporting date, there are indications of impairment losses on assets, the recoverable amount of such assets is estimated.

If the recoverable amount, being the higher of value in use and fair value less costs to sell, is lower than the corresponding carrying amount, the assets are written down.

The original amount is reinstated in subsequent years if the reasons for such write-down cease to exist.

Leasing

Italian GAAP does not distinguish between finance leases and operating leases. Financial leases are accounted for similar to operating leases. The lease payments are recognised as expense in Profit & Loss and accounted for over the lease term.

Financial fixed assets

Equity investments, debt instruments and own shares which the group intends and has the capacity to hold in the long term, are recognised under financial fixed assets. Otherwise, they are recognised under current assets.

Transfers in or out of the two categories are recognised in accordance with the accounting policies applicable to the portfolio which the asset comes from.

Receivables are recognised under fixed or current assets depending on their intended use in relation to the

company's ordinary activities that generate them. Accordingly, financial receivables are recognised under financial fixed assets, whereas trade receivables are recognised under current assets, regardless of their due date. They are measured as described in section "Receivables".

Investment in an associate is measured by using the equity method. The minority interest is measured at cost. Other financial fixed assets mainly consist of financial receivables recognised at their nominal amount, which is deemed to reflect their estimated realisable value.

Inventory

Inventory is initially recognised at purchase or production cost and subsequently measured at the lower of cost and realisable value based on market trends.

Purchase cost is the actual cost paid upon purchase including related charges, less financial charges.

The purchase cost of raw materials includes their price, transport costs, customs and other duties and other directly attributable costs.

Production cost is purchase costs plus manufacturing costs and includes the portion of direct and indirect costs reasonably attributable (based on normal production capacity) to the asset construction until the asset is in the condition of its intended use.

Cost is determined as the weighted average cost, as follows:

- raw materials, merchandise, finished products are recognised at the weighted average cost of the year;
- work in progress are measured based on their progress;
- stocks of consumables and spare parts are recognised at their weighted average cost for the year;

Market value is the replacement cost of raw materials and supplies and the current market price for goods and finished products.

Obsolete and slow-moving items are written down to reflect their estimated possibility of use or sale.

The classification of inventory was changed during the year to better present the stage of progress reached; previous year figures were reclassified accordingly to ensure comparability of data.

Receivables

Receivables recognised in the financial statements represent rights to collect liquid funds from customers or other third parties. They are measured at estimated realisable value. Therefore, the nominal amount is adjusted to reflect the estimated risk of non-collection, invoicing adjustments, discounts and allowances and other reasons leading to a lower realisation.

When the group identifies expected losses for irrecoverable amounts, it writes down the receivable's nominal amount through the provision for bad debts, in order to account for the possibility that a debtor may partially default. The write-downs are estimated on an individual basis, by calculating the expected loss for each irregular position already existing or reasonably foreseeable at the reporting date, based on past trends and any other useful information about expected additional losses at the reporting date. The write-downs recognised in the provision for bad debts for receivables covered by guarantees consider the effects of enforcing the guarantees.

Invoicing adjustments are considered on an accruals and prudent basis by providing for credit notes to be issued and adjusting receivables and related revenues accordingly. Trade discounts and allowances that the group expects to grant upon collection as well as other reasons leading to a lower realisation are also specifically provided for. Cash discounts and allowances are recognised upon collection.

Factored receivables are derecognised when the contractual rights to receive the related cash flows are extinguished, or title thereto is transferred, along with substantially all risks related to the receivable. All contractual clauses are taken into consideration in evaluating the transfer of the risks. When the above-mentioned conditions are met and the receivable is derecognised, any difference between the amount collected and the receivable's carrying amount (i.e., its nominal amount, net of accumulated impairment losses) is recognised as a loss in the profit and loss account, unless another classification may be identified based on the transfer agreement.

Liquid funds

These are the positive balances of bank and postal accounts and cheques, as well as the cash-on-hand and cash equivalents at year end.

Bank and postal account deposits and cheques are recognised at their estimated realisable value, cash and revenue stamps at their nominal amount, while foreign currency is measured at the closing rate.

Prepayments, accrued income, accrued expenses and deferred income

Accrued income and expense are portions of income and expenses attributable to the actual year but that will be collected/paid in subsequent years.

Prepayments and deferred income are portions of expenses and income collected/paid during the actual year but attributed to one or more subsequent years.

Accordingly, these items comprise only portions of expense and income relating to two or more years, whose amount varies on a time or economic accruals basis.

The company analyses the conditions underlying their initial recognition and makes any necessary adjustments. Specifically, the balance of accrued income varies not only over time, but also based on the expected realisable value, whereas the balance of prepayments is based on the future economic benefits of the deferred costs arising therefrom.

Provisions for risks and charges

Provisions for risks and charges are recognised to cover specific liabilities that are certain or probable, but whose amount or due date is unknown at the reporting date.

Accruals to provisions for risks and charges are recognised in the profit and loss account section to which the transaction relates, privileging the classification of costs by nature.

The amount of the accruals to the provisions is based on the best estimate of costs, including the legal expenses, at each reporting date and is not discounted. If the measurement of the accruals gives a range of values, the accrual represents the best possible estimate between the upper and lower thresholds of the range.

The provision is subsequently used directly and solely for those costs and liabilities for which it was originally set up. If the provision is not sufficient or is redundant, the shortfall or surplus is recognised in the profit and loss account in line with the original accrual.

Risks for which the incurrence of a liability is considered uncertain are disclosed in the notes without making an accrual to a provision.

Employees' leaving entitlement

The Employees' leaving entitlement is the benefit employees are entitled to in any case of termination of employment.

The related liability is the amount that the company would have paid if all employees had left at the reporting date.

The amounts due to employees who had already left the company at the reporting date but that will be paid in the following year are reclassified to payables.

Payables

Payables are stated at their nominal value.

Trade payables are initially recognised when the significant risks, charges and benefits relating to ownership have been transferred. Payables relating to services are recognised once the services have been provided.

Loans and borrowings and payables unrelated to the procurement of goods and services are recognised when the group has an obligation vis-a-vis the counterparty.

In the event of early settlement, the difference between the residual outstanding amount and the overall outlay to settle the obligation is recognised as financial income or charge.

Trade payables that are due within one year after initial recognition and do not bear interest or bear interest at unreasonably low rates are recognised at their nominal amount. The balancing entry in the profit and loss account is recognised by separating the portion related to the purchase of goods or the provision of services at market conditions with short-term due dates from the portion of interest implicitly arising from the payment extension.

Foreign currency transactions, assets and liabilities

Assets and liabilities generated through foreign currency transactions are initially recorded in the reporting currency of the companies included in the consolidation scope, applying the year-end spot rate between the local and foreign currency to the foreign currency amount.

Foreign currency items are translated at the spot exchange rates ruling at year end, and the related gains and losses are taken to the profit and loss account.

Non-monetary foreign currency assets and liabilities are maintained in the balance sheet at the exchange rate ruling at their date of purchase; consequently, the exchange rate gains and losses do not give rise to an independent and separate recognition.

Any net gain deriving from the exchange rate adjustment of the foreign currency monetary items forms part of the net profit or loss for the year; on the approval of the financial statements and consequent allocation of the net profit or loss for the year, any amount not used to cover any loss for the year is recognised in a specific reserve.

Memorandum and contingency accounts

The memorandum and contingency accounts show the group's guarantees, commitments, and third party assets with the group and group assets with third parties. They do not include items that have already been recognised in the balance sheet, profit and loss account or notes, such as group assets with third parties.

Guarantees are recognised at the amount of the guarantee given or, if undetermined, at the best estimate of the risk taken on considering the current situation. Commitments are recognised at their nominal amount. Third party assets with group companies are recognised at their nominal amount, fair value or the amount inferred from supporting documentation, depending on the type of asset. The amounts shown in memorandum and contingency accounts are reviewed at each reporting date.

Revenues and costs

Revenues and income, costs and charges are stated net of returns, allowances, discounts and premiums, in compliance with the accruals and prudence concepts.

Revenues from the sale of goods or rendering of services are recognised when the production process of goods or services has been completed and the exchange has already taken place i.e., upon the substantial rather than formal transfer of title.

Revenues, income, costs and charges arising from foreign currency transactions are measured at the spot exchange rate ruling at the transaction date.

Grants received

Government grant received for new asset investments are recognised under the profit and loss account caption, “Other revenues and income”, in line with the depreciation rates of the assets to which they relate, and the portion pertaining to subsequent years under deferred income. The grant received to purchase land, which is not depreciated, has been deducted from the purchase cost of the land.

Income taxes

Income taxes are recognised based on a calculation of the tax base under current legislation. Deferred tax assets are recognised under the caption of such name based on the estimated rates enacted at the time the temporary differences will reverse. Likewise, deferred tax liabilities are recognised under liabilities in the provision for deferred taxation. Deferred tax assets are only recognised if their recovery is reasonably certain.

Deferred tax assets on deductible temporary differences are recognised and maintained only when their future recoverability is reasonably certain, through the availability of future taxable profits against which the deferred tax assets may be used or the availability of sufficient taxable temporary differences to recover them in the years in which they reverse.