



Wittur International Holding GmbH (former Paternoster Holding III GmbH)

as the Issuer of

€225,000,000 8.50% Senior Notes due 2023

Annual Report in Respect of the Results of Wittur International Holding GmbH

(former Paternoster Holding III GmbH) and the Issuer

for the Fiscal Year Ended December 31, 2016

Dated April 27, 2017

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ATTACHMENT: AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF WITTUR
INTERNATIONAL HOLDING GMBH (FORMER PATERNOSTER HOLDING III GMBH)

FORWARD-LOOKING STATEMENTS

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

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

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

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

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

CURRENCY PRESENTATION AND DEFINITIONS

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

Definitions

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

- references to the “**Acquisitions**” are to (1) the acquisition of Wittur Group by former Paternoster Holding IV GmbH, which took place in the financial year ended December 31, 2015 (“Bain Acquisition”) and to (2) the acquisition of Sematic Group by Wittur Italia Holding s.r.l and Elevate (BC) S.C.A., which took place in the financial year ended December 31, 2016 (“Sematic Acquisition”). *(Please refer to the Notes to the Consolidated Financial Statements for more details)*
- references to “**Asia**” with respect to our financial condition and results of operations are to the Asia Pacific region including China as per our financial statements presented elsewhere in this Annual Report;
- references to “**Bain Acquisition**” are to the acquisition of Wittur Group by former Paternoster Holding IV GmbH, which took place in the financial year ended December 31, 2015;
- references to “**Bain Capital**” are to Bain Capital Europe Fund IV, L.P.;
- references to the “**Collateral**” are to the Notes Collateral and the Shared Collateral;
- references to the “**Completion Date**” are to the date on which the Acquisition was consummated and the proceeds from the Offering were released from the Escrow Account;
- references to “**Europe**” with respect to our financial condition and results of operations are to the Europe & Africa region as per our financial statements presented elsewhere in this Annual Report;
- references to the “**European Union**” or the “EU” are to the European economic and political union;
- references to “**GDP**” are to gross domestic product;
- references to “**German GAAP**” are to the generally accepted accounting principles in Germany;
- references to “**Germany**” are to the Federal Republic of Germany;
- references to the “**Guarantees**” are to the guarantees to be issued by the Guarantors on a senior subordinated basis guaranteeing the Notes;
- references to the “**Guarantors**” are to Wittur Holding GmbH (former Paternoster Holding IV GmbH); Wittur GmbH (which is based in Austria); Wittur Austria Holding GmbH; Wittur Austria GmbH; Wittur Limited; Wittur Electric Drives GmbH; Wittur GmbH (which is based in Germany); Wittur Deutschland Vertrieb Holding GmbH; Wittur Italia Holding s.r.l.; Wittur S.p.A.; Wittur Elevator Components, S.A.U.; Wittur Sweden AB and Wittur Asansör San. ve Tic. A.Ş.; Sematic S.p.A; Sematic Hungary KFT; LM Liftmaterial GmbH.
- references to “**IFRS**” are to International Financial Reporting Standards as adopted by the European Union;
- references to “**Independents**” are to independent elevator installers active in a limited geographic market;
- references to the “**Intercreditor Agreement**” are to the intercreditor agreement entered into between, among others, the Issuer, the Issue Date Guarantors, the Trustee on behalf of the holders of the Notes, the Security Agents and the lenders under the Senior Facilities on or about the Issue Date, as amended, restated, novated, supplemented or otherwise modified or varied from time to time;
- references to “**Issue Date**” are to the date on which the Notes were issued;

- references to the “**Issuer**” are to Wittur International Holding GmbH (former Paternoster Holding III GmbH) and not its consolidated subsidiaries;
- references to “**LuxCo**” are to Elevate (BC) S.C.A.;
- references to a “**Member State**” are to a member state of the European Economic Area;
- references to a “**MNC**” are to a multinational corporation elevator installation business;
- references to the “**New Term Loan B Facility**” are to a €410.0 million term loan B facility under the Senior Facilities Agreement;
- references to the “**Notes**” are to the €225.0 million in aggregate principal amount Senior Notes due 2023;
- references to the “**Notes Collateral**” are to the collateral securing the Notes on a first-priority basis consisting of (A) the Escrow Charge, (B) a pledge of the shares of the Issuer and (C) a pledge of the bank accounts of the Issuer;
- references to the “**Notes Security Agent**” are to U.S. Bank Trustees Limited, as security agent in respect of the Notes Collateral;
- references to the “**Offering**” are to the offering of the Notes pursuant to the Offering Memorandum;
- references to the “**Offering Memorandum**” are to the Offering Memorandum pursuant to which the Notes were offered dated February 10, 2015;
- references to the “**Proceeds Loan**” are to the intercompany loan of the gross proceeds from the Offering to Paternoster Holding IV GmbH ;
- references to the “**Purchase Price**” are to the purchase price for the Acquisitions, excluding transaction fees and expenses and the repayment of third party financial debt, but including the repayment of shareholder loan;
- references to “**Regulation S**” are to Regulation S under the U.S. Securities Act;
- references to “**Rest of World**” with respect to our financial condition and results of operations are to the rest of world-region as per our financial statements presented elsewhere in this Annual Report;
- references to “**Revolving Credit Facility**” are to the €65.0 million senior secured, multi-currency revolving credit facility under the Senior Facilities Agreement;
- references to the “**SEC**” are to the United States Securities and Exchange Commission;
- references to the “**Security Agents**” are to Notes Security Agent and the Shared Security Agent;
- references to the “**Sellers**” are to Tri Way HoldCo AB and Way Equity GmbH & Co. KG;
- references to “**Sematic Acquisition**” are to the acquisition of Sematic Group by Wittur Italia Holding s.r.l and Elevate (BC) S.C.A., which took place in the financial year ended December 31, 2016;
- references to the “**Senior Facilities**” are to (i) the New Term Loan B Facility, (ii) the Revolving Credit Facility and (iii) any additional facility under the Senior Facilities Agreement;
- references to the “**Senior Facilities Agreement**” are to the agreement governing the Senior Facilities, dated as of the Issue Date, as amended from time to time, among Paternoster Holding IV GmbH , as borrower, Credit Suisse International, Barclays Bank PLC, Deutsche Bank AG, London Branch and Royal Bank of Canada, as mandated lead arrangers, Credit Suisse AG, London Branch as agent and security agent;
- references to the “**Shared Collateral**” are to the collateral securing the Notes on a second-priority basis and the Senior Facilities on a first-priority basis consisting of (i) a pledge of the shares of Paternoster Holding IV GmbH, (ii) a security interest in respect of the Proceeds Loan, (iii) a pledge of the bank accounts of Paternoster

Holding IV GmbH and (iv) the assignment of claims under the Acquisition Agreement (in each case, subject to the Agreed Security Principles);

- references to the “**Shared Security Agent**” are to Credit Suisse AG, London Branch, as security agent in respect of the Shared Collateral;
- references to the “**Transactions**” are to the Acquisitions, the Financing and the related transactions, including the repayment of all outstanding amounts under the Existing Senior Facilities and the cancelation thereof;
- references to “**Triton**” are to Triton Advisers Limited and its affiliates and direct or indirect subsidiaries;
- references to the “**Trustee**” are to U.S. Bank Trustees Limited;
- references to the “**U.S.**” are to the United States of America;
- references to the “**U.S. Exchange Act**” are to the United States Securities Exchange Act of 1934, as amended;
- references to the “**U.S. Securities Act**” are to the United States Securities Act of 1933, as amended;
- references to the “**Wittur Group**” and “**Wittur**” are to Wittur International Holding GmbH and its subsidiaries; and
- references to “**we**,” “**us**,” “**our**,” the “**Group**” and other similar terms are to the Issuer, Wittur and their respective subsidiaries after giving effect to the Transactions, except where expressly stated otherwise or where the context otherwise requires.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Financial Information

Unless otherwise indicated, the financial information as of and for the years ended December 31, 2016 and 2015 presented in this Annual Report has been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (“**IFRS**”). In this Annual Report, the terms “financial statements” and “financial information” refer to the financial statements and the financial information of Wittur Group. This Annual Report contains the audited consolidated financial statements of Wittur Group as of and for the year ended December 31, 2016 (“**Audited Consolidated Financial Statements**”), prepared in accordance with IFRS.

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

Wittur Group accounts 2016 show full year business operations including results of Sematic operations as of the acquisition date (April 1, 2016). Prior year figures are based on Wittur Group pro forma 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, excluding the accounts of Sematic companies, except where specified separately. Due to these pro forma figures, the prior year figures, except for balance sheet items, are not comparable with the information provided in the 2015 annual financial statements of Wittur Group.

Combined pro forma Wittur Group shows full year business operations including Sematic operations as of January 1, 2016. Sematic results of the first quarter 2016 are based on Italian GAAP and were not converted into IFRS unless otherwise stated, because management believes that the effects would have been insignificant.

On April 1, 2016, Wittur has successfully completed the acquisition process of Sematic. The Sematic acquisition is accounted for in accordance with the acquisition method of IFRS 3. For further information to the Sematic acquisition please refer to Sec “2.2 *Acquisitions*” in the Notes to the Consolidated Financial Statements.

Non-GAAP Financial Measures

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

“**EBITDA**” is defined as the consolidated net result for the period adding back finance expense, finance income, income taxes and depreciation and amortization

“**EBITDA Adjusted**” is defined as EBITDA as adjusted to reflect the extraordinary income and expenses, used for the reconciliation from EBITDA to EBITDA Adjusted, described in Footnote (1) of “*Summary Overview of Results — Other Financial and Data*”.

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

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

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

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

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

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

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

As Adjusted Financial Information

We present in this Annual Report certain as adjusted financial information for the Issuer, which is based on the financial information for the Wittur Group, on an as adjusted basis to reflect certain effects of the Transactions on the indebtedness, cash position and interest expense of the Issuer as of and for the year ended December 31, 2016.

The as adjusted financial information includes the following (pro forma) non-GAAP measures (the “(pro forma) non-GAAP measures”):

- “*Net financial debt*” of the Group means the gross financial debt less cash and cash equivalents; and
- “*Cash interest expense (pro forma)*” of the Group means the interest expense on the Notes, the New Term Loan B and other loans and borrowings for the year ended December 31, 2016, assuming that the Transactions had occurred on January 1, 2016. Pro forma cash interest expense is calculated based on assumed interest rates for the Notes, the Term Loan B and the other loans and borrowings.
- *LTM EBITDA Adjusted (pro forma)* of the Group means EBITDA Adjusted of the last twelve months including Sematic Italian GAAP results before April 1, 2016 (Sematic Acquisition).

These (pro forma) non-GAAP measures have been prepared for illustrative purposes only and do not represent what our actual interest expense would have been had the Transactions occurred on January 1, 2016, nor do they purport to project our indebtedness, cash position or interest expense at any future date. The (pro forma) non-GAAP measures have not been adjusted to reflect the impact of any changes to the income statement, balance sheet or cash flow statement that might occur as a result of the application of the acquisition method of accounting under IFRS (unless otherwise stated), which will affect the comparability of the Issuer’s future consolidated financial statements with the Wittur Group’s financial statements contained in this Annual Report.

Furthermore, we present in this report certain “as adjusted” financial information for the Issuer on an “as adjusted” basis for prior figures to reflect information for financial statements for the year ended December 31, 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 prior year. Pro forma numbers are based on Wittur 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 in accordance with IFRS for the financial year ended December 31, 2015. The pro forma financial information has been adjusted to reflect comparable information on the business activities as well as the financing activities of Wittur Group.

The as adjusted financial information has not been prepared in accordance with the requirements of Regulation S-X of the U.S. Securities Act, other SEC requirements, IFRS, German GAAP or other generally accepted accounting principles. Neither the assumptions underlying the (pro forma) adjustments nor the resulting (pro forma) non-GAAP measures have been audited or reviewed in accordance with any generally accepted auditing standards.

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

Non-Financial Operating Data

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

Rounding

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

PRESENTATION OF INDUSTRY AND MARKET DATA

In this Annual Report, we rely on and refer to information regarding our business and the markets in which we operate and compete. Certain economic and industry data, market data and market forecasts set forth in this Annual Report were extracted from market research, governmental and other publicly available information, independent industry publications, reports prepared by industry consultants and other external sources.

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

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

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

We cannot assure you that our estimates or any of the assumptions underlying our estimates are accurate or correctly reflect our position in the industry. None of our internal surveys or information has been verified by any independent sources. We do not make any representation or warranty as to the accuracy or completeness of this information. All of the information set forth in this Annual Report relating to the operations, financial results or market share of our competitors has been obtained from publicly available information or independent research. We have not independently verified this information and cannot guarantee its accuracy.

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

SUMMARY OVERVIEW OF RESULTS

Results Summary

Wittur Group

Wittur Group demonstrated significant growth in the fiscal year 2016, primarily driven by the contribution of the Sematic Group and a strong performance in Europe. Revenue of Wittur Group in 2016 amounts to €697.8 million, which is an increase of 18.2% compared to prior year. The year-on-year growth was particularly strong in Europe (+40.1%) and in the Rest of World region (+14.7%), whereas Asia shows a slight decrease of 1.6%. Organic growth, excluding effects from acquisitions and excluding exchange rate effects, was 3.0%.

EBITDA Adjusted reached €96.8 million in fiscal year 2016, representing an increase of 12.9% compared to prior year. The improved performance was due to the contribution of the Sematic Group, as well as the realization of synergies and a strong performance in Rest of World, and was partially offset by negative exchange rate effects. The EBITDA adjusted margin is 13.9% of revenues (2015: 14.5%). The slight decrease in EBITDA Adjusted margin was mainly driven by higher administrative expenses in Europe, whereas margins in Asia and Rest of World increased as a result of improved operating efficiency. Organic growth, excluding effects from acquisitions and excluding exchange rate effects was 3.4%.

Net cash flow before financing activities (excluding acquisitions in 2016 and 2015) increased by €25.2 million and has reached €40.4 million in 2016. The increase is a result of higher operating cash flows of €26.4 million compared to prior year, mainly based on an improved working capital management.

Combined Pro Forma Group (including Sematic Group for the full year in 2016 and 2015)

Revenue of Combined Pro Forma Group amounts to €731.4 million in 2016 compared to €733.6 million in 2015 (-0.3%). The Sematic entities contributed with a good performance in Europe and Rest of World, which was offset by a revenue decrease in the Asian region.

EBITDA Adjusted of the Combined Pro Forma Group grew by €2.8 million, or 2.9%, from €97.7 million in 2015 to €100.5 million in the year ended December 31, 2016. The Sematic entities showed a strong improvement compared to prior year due to productivity gains, purchase savings and improved structure costs.

Other Financial Data

Other Financial Data

	Year ended December 31,	
	2015	2016
	<i>in € million</i>	
	<i>(unaudited unless otherwise stated)</i>	
<u>Profit and Loss</u>		
Revenues	590.4	697.8
thereof Europe	259.4	363.4
thereof Asia	278.8	274.5
thereof Rest of World	52.2	59.8
EBITDA ⁽¹⁾	68.9	60.8
EBITDA Adjusted ⁽¹⁾	85.7	96.8
<i>EBITDA Adjusted margin⁽²⁾</i>	14.5%	13.9%
Gross profit ⁽³⁾	153.8	183.1
<i>Gross profit margin⁽³⁾</i>	26.1%	26.2%
<u>Cash Flow</u>		
Total capital expenditures ⁽⁴⁾	14.2	14.8
Net cash flow before financing activities excl. acquisitions ⁽⁵⁾	15.2	40.4
<i>Cash Conversion⁽⁶⁾</i>	83.4%	84.7%
<u>Credit Data</u>		
Net senior financial debt ⁽⁷⁾		424.7
Net financial debt ⁽⁸⁾		649.7
Cash interest expense (<i>Pro Forma</i>) ⁽⁹⁾		49.8
Ratio of net senior financial debt to LTM EBITDA Adjusted (<i>Pro Forma</i>) ⁽¹⁰⁾		3.99x
Ratio of net financial debt to LTM EBITDA Adjusted (<i>Pro Forma</i>) ⁽¹⁰⁾		6.11x
<i>LTM EBITDA Adjusted (Pro Forma)</i> ⁽¹⁰⁾		106.3
Ratio of LTM EBITDA Adjusted to cash interest expense (<i>Pro Forma</i>) ⁽¹⁰⁾		2.13x

Year ended December 31,

	2015	2016
	<i>in € million</i>	
	<i>(unaudited unless otherwise stated)</i>	
Net result for the period for continuing operations	(38.3)	(126.7)
Finance expense	52.5	54.6
Finance income	(1.2)	(16.5)
Income taxes	15.0	2.7
Share of profit of equity-accounted investees	0.0	(0.4)
EBIT	28.0	(86.4)
Depreciation and amortization	40.9	147.1
EBITDA	68.9	60.8
Project costs ^(A)	4.9	7.2
Reorganization costs ^(B)	0.0	9.0
Transaction costs ^(C)	10.1	16.3
Other cost ^(D)	1.8	3.5
EBITDA Adjusted	85.7	96.8

(A) Project costs in 2016 mainly relate to costs incurred in connection with one-off projects such as strategy, ERP roll-out, start-up costs for new product lines, product costing, transfer pricing and sales concept.

(B) Reorganization costs in 2016 relate to expenses incurred to reorganize our operations and include termination benefits, severance and redundancy costs, capitalized R&D costs disposed due to the reorganization as well as fees for legal advice related to employee restructuring measures.

(C) Transaction costs in 2016 relate to consultancy fees associated with the acquisition of Sematic in the financial year 2016 as well as subsequent costs related to the change of ownership at Wittur in the financial year 2015.

(D) Other costs in 2016 include mainly one-off expenses related to changes in accounting estimates resulting from the first-time inclusion of the Sematic entities, jubilee plans which were recognized for the first time as well as costs for a market study in China.

- (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.
- (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 this quarterly bond report for the quarters ended December 31, 2015 and December 31, 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 that is senior indebtedness (including structurally senior indebtedness of subsidiaries that are not Guarantors), minus cash and cash equivalents.

Senior secured Term Loan B	410.0
Non-current liabilities to banks	0.2
Non-current finance lease liabilities	3.3
Revolving Credit Facility	25.0
Ancillary Credit Facility	3.7
Current liabilities to banks	19.4
Current finance lease liabilities	0.5
	462.1
Less cash in Bank	-37.4
Net Senior Financial debt	424.7

- (8) Net financial debt represents the gross financial debt of the Wittur Group minus cash and cash equivalents.

High Yield Bond	225.0
Senior secured Term Loan B	410.0
Non-current liabilities to banks	0.2
Non-current finance lease liabilities	3.3
Revolving Credit Facility	25.0
Ancillary Credit Facility	3.7
Current liabilities to banks	19.4
Current finance lease liabilities	0.5
	<hr/>
	687.1
Less cash in Bank	<hr/>
	-37.4
Net Financial debt	<hr/>
	649.7

- (9) Pro forma cash interest expense represents the estimated interest expense on the net financial debt as of December 31, 2016, of the Wittur Group on a pro forma basis for the twelve months ended December 31, 2016.
- (10) Please note that the presented ratios are based on Wittur Group Net Senior Financial debt and Net Financial debt as well as combined pro forma Wittur 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 ratio of Net Financial Debt to combined pro forma LTM EBITDA Adjusted would be 6.46x excluding unrealized synergies of €5.8 million expected within the next six months.

Subsequent Events

For any material subsequent events please refer the section “Events after the balance sheet date” in the Notes to the consolidated financial statements of Wittur Group.

SUMMARY FINANCIAL STATEMENTS

Consolidated Statement of Comprehensive Income

	Year ended December 31,	
	2015	2016
	<i>in € million</i>	
	<i>(unaudited)</i>	<i>(audited)</i>
Revenues	590.4	697.8
Cost of sales	(436.6)	(514.7)
Gross profit	153.8	183.1
Selling expenses	(28.2)	(38.5)
Research & development expenses	(7.2)	(8.9)
Administrative expenses	(85.8)	(134.1)
Other income	2.6	3.9
Other expenses	(7.3)	(91.8)
Earnings before interest and taxes (EBIT)	28.0	(86.4)
Finance expense	(52.5)	(54.6)
Finance income	1.2	16.5
Share of profit of equity-accounted investees	0.0	0.4
Earnings before income taxes (EBT)	(23.3)	(124.0)
Income taxes	(15.0)	(2.7)
Net result for the period	(38.3)	(126.7)

Consolidated Balance Sheet

As of December 31,

	2015	2016
	<i>in € million</i>	
	<i>(unaudited)</i>	<i>(audited)</i>
Assets		
Intangible assets ⁽¹⁾	599.1	623.9
Property, plant and equipment	76.3	128.2
Investment properties	1.8	1.8
Other non-current financial assets	7.0	13.1
Equity-accounted investees	0.0	12.9
Other non-current assets	1.0	0.4
Deferred tax assets ⁽¹⁾	2.9	11.5
Non-current assets	688.1	791.7
Inventories	44.3	59.1
Trade and other receivables	108.5	137.4
Other current financial assets	0.2	0.0
Other current assets	9.0	13.2
Income tax liabilities	1.0	3.6
Cash and cash equivalents	24.4	37.4
Current assets	187.4	250.6
Total Assets	875.5	1,042.3
Equity and Liabilities		
Subscribed capital ⁽²⁾	0.0	0.0
Capital reserve	194.6	222.6
Retained earnings	-4.7	-43.1
Net result for the period	-38.3	-126.7
Other components of equity	-5.9	-13.6
Total equity	145.8	39.2
Non-current interest-bearing loans and borrowings	417.3	626.6
Provisions for pensions and other long-term employee benefits ⁽³⁾	11.2	13.5
Other non-current provisions ⁽³⁾	16.1	8.6
Other non-current financial liabilities	3.4	3.7
Deferred tax liabilities	121.3	131.3
Non-current liabilities	569.3	783.7
Current interest-bearing loans and borrowings	26.6	48.2
Trade and other payables	113.6	151.7
Other current provisions	8.7	5.3
Other current financial liabilities	4.4	8.0
Income tax liabilities	7.2	6.2
Current liabilities	160.5	219.4
Total equity and liabilities	875.5	1,042.3

- 1) Number for 2015 adjusted, see “6.13 Intangible assets” in the Notes to the consolidated financial statements of Wittur Group.
- 2) The subscribed capital in the years ended December 31, 2015 and December 31, 2016 amounted to €25,000.
- 3) Number for 2015 adjusted, see “6.26 Provisions for pensions and other long-term employee benefits” and “6.27 Other provisions” in the Notes to the consolidated financial statements of Wittur Group.

Consolidated Cash Flow Statement

Year ended December 31,

	2015	2016
	<i>in € million</i>	
	<i>(unaudited)</i>	<i>(audited)</i>
Operating activities		
Profit (loss) after Tax	(38.3)	(126.7)
Depreciation, Amortization and Impairment	40.9	147.1
Taxes	15.0	2.7
Interest	51.3	37.7
Gain/loss on sale of fixed assets	(0.1)	(0.1)
Losses from disposal of fixed assets	0.1	0.1
Cash generated from operations (excl. working capital changes)	68.9	60.8
Changes in working capital	(16.3)	6.1
Net movement in provisions, pension obligations and other liabilities	(7.6)	6.4
Net movement in other assets	1.2	0.5
Interest received	0.4	0.9
Income taxes paid	(18.8)	(20.5)
Net cash flow from operating activities	27.8	54.2
Investing activities		
Acquisition of business, net of cash acquired	(275.3)	(117.9)
Purchase of property, plant & equipment	(8.3)	(8.3)
Purchase of intangible assets	(5.9)	(6.6)
Disposal of assets	1.6	1.0
Net cash flow used in investing activities	(287.9)	(131.7)
Net cash flow before financing activities	(260.1)	(77.4)
Financing activities		
Repayment of shareholder loan	(133.6)	0.0
Transaction costs paid relating to loans and borrowings	(18.5)	(11.1)
Proceeds from borrowings	427.4	234.5
Proceeds from issue of shares to Paternoster Holding II	154.6	0.0
Repayment of borrowings	(160.1)	(87.9)
Purchase / sale of investments	0.0	(2.8)
Interest paid	(22.8)	(45.5)
Net cash flow used in financing activities	247.1	87.1
Net increase/(decrease) in cash	(13.0)	9.6
Effects of currency translation	3.4	3.4
Cash and cash equivalents at beginning of period	34.0	24.4
Cash and cash equivalents at the end of period	24.4	37.4

Combined Pro Forma Consolidated Statement of Comprehensive Income

	Year ended December 31,	
	2015 ⁽¹⁾	2016 ⁽²⁾
	<i>in € million</i>	
	<i>(unaudited)</i>	<i>(unaudited)</i>
Revenues	590.4	731.4
Cost of sales	(436.6)	(538.6)
Gross profit	153.8	192.9
Selling expenses	(28.2)	(40.9)
Research & development expenses	(7.2)	(9.5)
Administrative expenses	(85.8)	(143.6)
Other income	2.6	4.3
Other expenses	(7.3)	(92.2)
Earnings before interest and taxes (EBIT)	28.0	(89.1)
Finance expense	(52.5)	(57.2)
Finance income	1.2	17.0
Share of profit of equity-accounted investees	0.0	0.6
Earnings before income taxes (EBT)	(23.3)	(128.7)
Income taxes	(15.0)	(2.3)
Net result for the period	(38.3)	(131.0)

⁽¹⁾ Including consolidated results of Wittur International GmbH (former Paternoster Holding III GmbH) and its subsidiaries, assuming that the Bain acquisition occurred on January 1, 2015, but excluding Sematic Group results.

⁽²⁾ Including consolidated results of Sematic Group as of January 1, 2016. Sematic numbers in the first quarter of 2016 are prepared in accordance with Italian GAAP and were not adjusted to IFRS.

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

The following discussion and analysis of financial condition and results of operations are based on the Audited Consolidated Financial Statements of the Group as of and for the year ended December 31, 2016, and Pro Forma Numbers for the year ended December 31, 2015, which are all reproduced elsewhere in this Annual Report, as well as on the accounting records of Wittur and on the internal management accounts of Wittur. The 2016 Audited Consolidated Financial Statements were prepared in accordance with IFRS and were audited by PwC.

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

Trends

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

Population growth, urbanization and increasing wealth levels are drivers for new installations, which we expect to continue to be the main driver of the elevator component market, especially in urban areas. Global demand for new installations declined slightly in 2016 but is still on a very high level and we expect a positive development in the long-term, which is in line with the expectations of the main market players.

Increasing safety regulation, energy efficiency and environmental awareness are the main drivers for modernization and maintenance. The market showed strong growth in 2016 mainly due to growing installed base in emerging markets. We expect a sustainable annual growth rate of installed base for the future and increasing modernization opportunities driven by an ageing urban portfolio.

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

Key Factors Affecting Results of Operations and Financial Condition

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

- Global economic conditions and economic and political conditions in certain regions
- Demand for elevator modernization and maintenance
- Steel prices and our ability to pass on cost increases to our customers
- Expansion of operational footprint
- Operational improvement measures and supply chain optimization
- Innovation and investments
- Foreign currency exchange rates
- Customer concentration

Please refer to "Key Factors Affecting Results of Operations and Financial Condition" in our Annual Bond Report for the financial year 2015 for a detailed description of these factors.

Our geographic regions

We divide our operations into three regions, which include Europe, Asia and the 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

In the year ended December 31, 2016, we could successfully grow the business with our MNC customers. In Europe we generated 60.4% (2015: 57.8%) of our revenue through sales to our MNC customers and the remainder through sales to Independents. Sales of our core products elevator doors and door components increased significantly and accounted for 53.9% (2015: 52.2%) of our total revenue. This is followed by slings, safeties and drives, which accounted for 10.6% (2015:15.0%), 4.6% (2015: 6.1%) and 4.2% (2015: 5.9%), respectively.

Asia

In our Asia region, we generated 90.8% (2015: 92.5%) of our revenue through sales to our MNC customers in the year ended December 31, 2016. We generated the remainder of our Asia revenue through sales to Independents. In the year ended December 31, 2016, sales of elevator doors and door components accounted for 94.1% (2015: 94.4%) of our revenue for Asia, followed by minor sales of safeties with 2.1% (2015: 2.2%), drives with 1.7% (1.8%) and cars with 0.5% (2015: 0.4%).

Rest of World

In the year ended December 31, 2016, we generated 22.4% (2015: 24.7%) of our revenue in our Rest of World region through sales to our MNC customers. We generated the remaining 77.6% (2015: 75.3%) of our Rest of World revenue through sales to Independents. In the year ended December 31, 2016, sales of elevator doors and door components accounted for 57.2% (2015: 61.9%) of our revenue, followed by drives with 9.4% (2015: 14.7%), cars with 3.9% (2015: 5.3%) and slings with 2.7% (2015: 4.2%).

Results of operations

Please refer to “Explanation of Key Line Items” in our Annual Bond Report for the financial year 2015 for a detailed description of our key IFRS financial statement line items.

The following table provides an overview of our results of operations for the years ended December 31, 2015 and 2016. Please note that results are not comparable across periods due to material acquisitions in 2015 and 2016.

	Year ended December 31,		
	2015	2016	Change in %
	in € million		
	(unaudited)	(audited)	
Revenues	590.4	697.8	18.2%
Cost of sales	(436.6)	(514.7)	17.9%
Gross profit	153.8	183.1	19.0%
Selling expenses	(28.2)	(38.5)	36.6%
Research & development expenses	(7.2)	(8.9)	25.1%
Administrative expenses	(85.8)	(134.1)	56.3%
Other income	2.6	3.9	47.3%
Other expenses	(7.3)	(91.8)	>100%
Earnings before interest and taxes (EBIT)	28.0	(86.4)	>100%
Finance expense	(52.5)	(54.6)	4.0%
Finance income	1.2	16.5	>100%
Share of profit of equity-accounted investees	0.0	0.4	>100%
Earnings before income taxes (EBT)	(23.3)	(124.0)	25.6%
Income taxes	(15.0)	(2.7)	-82.2%
Net result for the period	(38.3)	(126.7)	>100%

Revenues

Revenues increased by €107.4, or 18.2%, from €590.4 million in the year ended December 31, 2015, to €697.8 million in the year ended December 31, 2016. Excluding the effects from the Sematic acquisition, we recorded a slight decrease in revenues of 1.4%. This decrease in revenues was primarily driven by adverse foreign exchange rate effects in our Asian region, and was offset by increased sales to our Western MNC customers Kone and Schindler in Europe.

Revenues by region

	Year ended December 31,			
	2015		2016	
	(audited)			
	in € millions	% of revenue	in € millions	% of revenue
	(in € millions)			
Europe	259.4	43.9	363.4	52.1
Asia	278.8	47.2	274.5	39.3
Rest of World	52.2	8.8	59.8	8.6
Total Revenue	590.4	100.0	697.8	100.0

Europe

Revenue in our Europe region increased by €104.0 million, or 40.1%, to €363.4 million in the year ended December 31, 2016, from €259.4 million in the year ended December 31, 2015. Excluding the effects of the Sematic acquisition, the former Wittur entities in the Europe region show a significant increase of 6.9% due to good growth of MNC business in Spain and Austria. The Schindler ramp-up for the supply of the Augusta EVO door was successfully completed in 2016. This resulted in a significant global contribution of +12.8% growth or €11.9 million. Further additional global business from Sematic was €67.3 million in 2016, which includes +3% growth on a pro-forma basis. Organic growth in Europe excluding effects from acquisition and foreign currency is 7.6%.

Asia

Revenue in our Asia region decreased by €4.3 million, or -1.6%, to €274.5 million in the year ended December 31, 2016, from €278.8 million in the year ended December 31, 2015. Excluding the effects of the Sematic acquisition, revenue in Asia decreased by 7.9%. This was predominantly caused by an adverse development of the Chinese Yuan Renminbi (CNY) and a weaker MNC business in China. Price is also a major factor, given the competitive landscape in China. Price erosion in 2016 was approximately -6.6%. The decline in China was partially offset by a strong revenue development in the Asia Pacific region (+16.4%). Organic growth in Asia excluding effects from acquisition and foreign currency is -2.8%.

Rest of World

Revenue in our Rest of World region increased by €7.7 million, or +14.7%, to €59.8 million in the year ended December 31, 2016, from €52.2 million in the year ended December 31, 2015. Excluding the effects of the Sematic acquisition, revenue in Rest of World decreased by 8.3%, predominantly caused by an adverse development of the Argentinian Peso (ARS) and the Turkish Lira (TRS). The weaker market development in Eurasia as a result of the political and economic crisis was more than offset by an increased export business to Middle East countries in the last quarter of 2016. The lack of recovery in the Russian markets also contributed towards stagnating results for Eurasia. Organic growth in Rest of World excluding effects from acquisition and foreign currency is 11.5%.

Cost of Sales

Cost of sales increased by €78.1 million, or 17.9%, to €514.7 million in the year ended December 31, 2016, from €436.6 million in the year ended December 31, 2015.

This increase in cost of sales is due to the inclusion of the Sematic entities and is in line with the overall revenue development of the Group. Excluding the effects of the Sematic acquisition, cost of sales decreased by -1.3%, driven by purchase savings.

Selling Expenses

Selling expenses increased by €10.3 million, or 36.6%, to €38.5 million in the year ended December 31, 2016, from €28.2 million in the year ended December 31, 2015. Excluding the effects of the Sematic acquisition, selling expenses decreased by -6.9% as a result of reduced marketing expenses for the Interlift trade fair, which takes place every other year and latest in 2015.

Research & Development Expenses

Research & Development (R&D) expenses increased by €1.8 million, or 25.1%, to €8.9 million in the year ended December 31, 2016, compared to €7.2 million in the year ended December 31, 2015. Excluding the effects of the Sematic acquisition, R&D expenses increased by 2.1% due to Wittur's continuous high investments in creating innovative elevator products.

Administrative Expenses

Administrative expenses increased by €48.3 million, or 56.3%, to €134.1 million in the year ended December 31, 2016, from €85.8 million in the year ended December 31, 2015. This development is mainly driven by one-off costs from the acquisition and integration of Sematic. Excluding the Sematic entities, administrative expenses of the former Wittur Group entities increased by 21.9%.

Total one-off and extraordinary costs amounted to €36.0 million in 2016, compared to €16.8 million in 2015. In 2016, transaction costs related to acquisitions amounts to €16.3 million and extraordinary expenses related to the reorganization of our business amount to €9.0 million. Besides, one-off project costs in an amount of €7.2 million incurred, which are mainly related to strategy, ERP roll-out and start-up of new product lines. Other one-off costs in an amount of €3.5 million mainly relate to changes in accounting estimates as a result of the first-time inclusion of the Sematic entities.

Other Income

Other income increased by €1.2 million, or 47.3%, to €3.9 million in the year ended December 31, 2016, from €2.6 million in the year ended December 31, 2015. This is mainly driven by foreign currency gains in the Rest of World region.

Other Expenses

Other expenses increased by €84.5 million to €91.8 million in the year ended December 31, 2016, from €7.3 million in the year ended December 31, 2015. This sharp increase is due to the goodwill impairment loss amounting to €88.5 million. Without this effect, other expenses would have decreased by €4.1 million in 2016.

Finance Expense

Finance expenses increased by €2.1 million, or 4.0% to €54.6 million in the year ended December 31, 2016, from €52.5 million in the year ended December 31, 2015. Interest expenses increased significantly through the raise of the Term Loan B and full year interest payments for the High Yield Bond but are offset by lower borrowing & consultancy costs and a positive fair value development of the bond repurchase option (embedded derivative).

Finance Income

Finance income increased by €15.3 million to €16.5 million in the year ended December 31, 2016, from €1.2 million in the year ended December 31, 2015. This increase is mainly driven by the fair value adjustment of a contingent purchase price obligation towards the former shareholder of the Group as well as the net gain on the positive fair value development of the bond repurchase option in 2016.

Income Taxes

Income tax expense decreased by €12.3 million, or 82.2%, to €2.7 million in the year ended December 31, 2016, from €15.0 million in the year ended December 31, 2015. This decrease was primarily due to the increase of deferred tax income by €12.0 million, because the Group was able to recognize deferred tax assets for taxable losses.

Liquidity and Capital Resources

Please refer to our Annual Bond Report for the financial year 2015 for an overview of the principal availability of liquidity as well as a description of our cash pooling arrangements.

Entrustment Loan Arrangements in China

Chinese regulation currently allows intercompany lending between subsidiaries within a group under certain conditions. In 2016, Wittur Holding GmbH, as borrower, entered into intercompany loans with Wittur China, as lender. Pursuant to the intercompany loan agreement, Wittur Holding GmbH can repay outstanding loans at any time, and we constantly monitor the liquidity requirements of Wittur China and respond to any liquidity shortfalls through repayments of outstanding intercompany loans. The intercompany loans mature between one week and

less than twelve months. As of December 31, 2016, €11.2 million had been drawn under the intercompany loans with Wittur China.

Working Capital

We define working capital as the sum of inventories, trade receivables and other current assets, less trade payables and other current liabilities. The following table provides an overview of our working capital as of December 31, 2015 and 2016:

	Year ended December 31,	
	2015	2016
	<i>in € million</i>	
	<i>(unaudited)</i>	<i>(unaudited)</i>
Inventories	44.3	59.1
Trade receivables	108.5	137.4
Trade payables	(79.5)	(108.8)
Other current assets	9.0	13.2
Other current liabilities	(34.1)	(39.5)
Working capital	48.3	61.3

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

Cash Flow

The following table sets forth consolidated cash flow data for the years ended December 31, 2015 and 2016:

	Year ended December 31,	
	2015	2016
	<i>in € million</i>	
	<i>(unaudited)</i>	<i>(audited)</i>
Operating activities		
Profit (loss) after Tax	(38.3)	(126.7)
Depreciation, Amortization and Impairment	40.9	147.1
Taxes	15.0	2.7
Interest	51.3	37.7
Gain/loss on sale of fixed assets	(0.1)	(0.1)
Losses from disposal of fixed assets	0.1	0.1
Cash generated from operations (excl. working capital changes)	68.9	60.8
Changes in working capital	(16.3)	6.1
Net movement in provisions, pension obligations and other liabilities	(7.6)	6.4
Net movement in other assets	1.2	0.5
Interest received	0.4	0.9
Income taxes paid	(18.8)	(20.5)
Net cash flow from operating activities	27.8	54.2
Investing activities		
Acquisition of business, net of cash acquired	(275.3)	(117.9)
Purchase of property, plant & equipment	(8.3)	(8.3)
Purchase of intangible assets	(5.9)	(6.6)
Disposal of assets	1.6	1.0
Net cash flow used in investing activities	(287.9)	(131.7)
Net cash flow before financing activities	(260.1)	(77.4)
Financing activities		
Repayment of shareholder loan	(133.6)	0.0
Transaction costs paid relating to loans and borrowings	(18.5)	(11.1)
Proceeds from borrowings	427.4	234.5
Proceeds from issue of shares to Paternoster Holding II	154.6	0.0
Repayment of borrowings	(160.1)	(87.9)
Purchase / sale of investments	0.0	(2.8)
Interest paid	(22.8)	(45.3)
Borrowing rating & consultancy costs paid	0.0	(0.2)
Net cash flow used in financing activities	247.1	87.1
Net increase/(decrease) in cash	(13.0)	9.6
Effects of currency translation	3.4	3.4
Cash and cash equivalents at beginning of period	34.0	24.4
Cash and cash equivalents at the end of period	24.4	37.4

Capital Expenditures

To support our business strategy and development plans as well as to further expand our business operations in new markets, such as China, we regularly incur capital expenditures. In the years ended December 31, 2015 and 2016, we incurred capital expenditures of €14.2 million, or 2.4% of revenue, and €14.8 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.

	Year ended December 31,	
	2015	2016
	<i>in € million</i>	
	<i>(unaudited)</i>	<i>(unaudited)</i>
Expansion capital expenditures	11.3	11.4
Maintenance capital expenditures	2.9	3.4
Capital expenditures	14.2	14.8

We incurred €14.8 million of capital expenditures in the year ended December 31, 2016, thereof €3.4 million for maintenance and €11.4 million for expansion measures. In 2016, the major portion of expansion capital expenditures was invested in Europe for the Schindler ramp-up and ERP roll-out. Our maintenance capital expenditures are typically concentrated at the end of a given year.

Contractual Obligations and Contingent Liabilities

The following contractual obligations and principal payments identify what we would have been obligated to make as of December 31, 2016. Also refer to “*Financial Risk Management – Liquidity Risk*” in the notes to our consolidated financial statements contained elsewhere herein.

<i>in € million</i>	Payments due by period (audited)			
	Total	Less than 1 year	1 to 5 years	More than 5 years
Notes	340.0	19.1	76.5	244.4
New Term Loan B Facility	565.4	29.6	118.5	417.3
Revolving Credit Facility	25.1	25.1		
Ancillary Credit Facility	3.8	3.8		
Trade and other payables	151.7	151.7		
Other financial liabilities	32.0	27.7	2.3	2.0
Sub-Total	1,118.0	257.1	197.2	663.7
Derivative financial instruments	(0.3)	(0.1)	(0.2)	
Total	1,117.7	256.9	197.1	663.7

The information presented in the tables above reflects our estimates of the contractual maturities of our obligations for Wittur Group as of December 31, 2016. These maturities may differ significantly from the actual maturity of these obligations. The tables above also mainly reflect those agreements and obligations that are customary and necessary in light of the activities in which we engage. We believe that our cash generated from operating activities and amounts available under our Revolving Credit Facility will be sufficient to satisfy present working capital requirements.

Off-Balance Sheet Arrangements

Our off-balance sheet commitments include operating leases relating to buildings, machinery and vehicles. Operating leases as of December 31, 2016 increased compared to December 31, 2015. The following table provides an overview of our scheduled minimum operating lease payments as of December 31, 2015 and 2016:

	Year ended December 31,	
	2015	2016
	<i>in € million</i>	
	<i>(audited)</i>	<i>(audited)</i>
Future minimum lease payments		
Due within 1 year	4.2	2.9
Due between 1 and 5 years	3.4	4.3
Due late than 5 years	5.1	6.0
Total	12.6	13.2

Pension Obligations

As of December 31, 2016, we had retirement and benefit obligations amounting to €3.6 million 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 €9.9 million.

Qualitative Disclosure on Market Risk

Please see “*Financial risk management—Market risk*” in the footnotes to our consolidated financial statements contained elsewhere herein.

Critical Accounting Policies

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

OUR BUSINESS

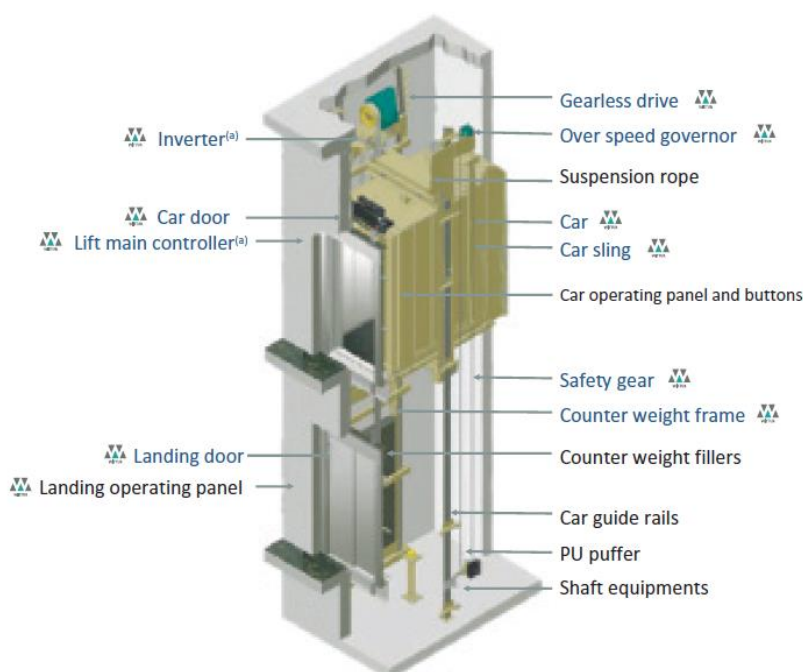
Our History

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

Our Products

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

Overview of Wittur product offering



Source: Company information.

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

Doors

Landing and Car Doors (including door operators and other door components) have historically been our core product. Doors and door components accounted for 70.0% (2015: 73.0%) of our revenue in the year ended December 31, 2016.

Our latest products in the doors-product group comply with the new European standard EN 81-20/50, which is the most relevant standard for elevators mainly in Europe and outside of Europe in a lot of countries. Production and installation are based on the “modular” concept, which optimizes the number of parts and installation time.

Slings and Counterweight Frames

Slings have historically been one of our other core products. Slings and counterweight frames accounted for 5.8% (2015: 7.0%) of our revenue in the year ended December 31, 2016. A sling (also known as car sling) is the supporting frame of the elevator car, to which the guide shoes, safety gear, load weighing device and traction ropes or hydraulic cylinder are attached.

Our product offering ranges from standard to highly customized high-end slings and special application slings.

The majority of our products in this product group comply with European standard EN 81-20/50. The remaining products were conformed at the Interlift 2015 fair which took place in October 2015.

Drives

Our product offering also includes standardized and customized gearless drives. Drives accounted for 3.6% (2015: 4.7%) of our revenue in the year ended December 31, 2016.

Our drives have a wide range of potential purposes, including for rated loads ranging from 275 kilograms to 9,800 kilograms and for rated speeds from 0.5 meters per second to 12.0 meters per second. We focus on high efficiency (lower energy consumption) products and high suspension load with our gearless drive range (which limits backlash, vibration and noise).

Safety Gears

We supply high speed safety gears and offer a complete product range of safety equipment, including safety gears and overspeed governors suitable for all common guide rail types. Safety gears, overspeed governors and safety brakes accounted for 3.4% (2015: 4.0%) of our revenue in the year ended December 31, 2016.

Our product range includes uni- and bi-directional safety gears in instantaneous and progressive safety execution, guide rail brakes, UCM-solutions, mechanical and electronic overspeed governors and compact tension weights. All types of applications are covered with a number of combinations for rated load, rated speed, travelling height, technical functionality, electronic overspeed detection and bi-directional features.

Cars

We offer a broad selection of cars, both for passenger and goods transportation, with applications from residential and commercial buildings to specialized industrial applications, and with capacities from 320 kilograms to 5,000 kilograms. Cars accounted for 1.4% (2015: 1.4%) of our revenue in the year ended December 31, 2016.

Our cars fulfill the new EN 81-20/50, are certified for vandal resistant applications according to EN 81-71, are integrated with complete elevators, have flexible configuration(s) and are easy to install. We offer a wide variety of cars with different possible combinations of rated load, usage, category, accessories and a number of entrances.

Complete Elevator

We offer complete elevator packages for Independents. Complete elevators accounted for 4.0% (2015: 4.5%) of our revenue in the year ended December 31, 2016.

MNCs also rely on our complete elevators for certain specialized applications. Our offering includes modular electric and hydraulic elevators with and without machine room, rated loads from 320 kilograms up to 10,000 kilograms. Our broad product offering includes standard and high performance applications with a large number of customizations from technical functionality, energy efficiency, end-use (home, commercial and high rise elevators), speed and load levels.

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

Our Regions

Please see “*Management’s Discussion and Analysis of Financial Condition and Results of Operations—Our geographic regions*”.

Our Customers

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

Western MNCs

Our largest customers, the Western MNCs Kone, Schindler, Otis and ThyssenKrupp Elevator accounted for approximately 68.8% (2015: 71.2%) of our revenue in the year ended December 31, 2016. Western MNC’s are the four largest market players which accounted for more than half (58%) of the global market in the financial year 2015. We manage these key customers through dedicated key account managers. Our close monitoring and management of our key customers enables us to meet their high expectations for quality and production process execution.

Independents

In the year ended December 31, 2016, we generated approximately 30.9% (2015: 28.7%) of our revenue from Independents. We believe that Independents accounted for approximately 24% of total revenue in the elevator industry in 2015. As opposed to our larger customers, Independents are typically interested in acquiring packages or complete elevators, given the increasing complexity and related challenges in meeting elevator industry norms and requirements. Independents usually require individualized solutions. They place a large emphasis on the solution as opposed to the technology that stands behind it. As a result, we offer support in the various relevant local languages for engineering and order processing through our local sales managers. Our full service offering to Independents includes commissioning of parts in our warehouses.

Asian MNCs

In the year ended December 31, 2016, we generated less than 1% of our global revenue from Asian MNCs, such as Toshiba, Mitsubishi Electric, Fujitec, Hitachi and Hyundai Elevator Co., Ltd. We believe that Asian MNCs accounted for approximately 18% of total sales in the elevator industry in 2015 without significant change in market share in 2016. We have not yet captured a significant share of the Asian MNC market because we first focused on the quality of our Asian products. However, we have recently increased our sales efforts and now have several volume or share agreements under negotiation with Asian MNCs. In line with our approach to our Western MNCs, we also manage our Asian MNCs via dedicated key accounts.

Material Agreements with Customers

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

Agreements with Customer 1

In 2014 we entered into a series of agreements with Customer 1, including a new framework supply agreement. This framework agreement stipulates the terms by which we supply our components to Customer 1, including warranty provisions and a spare parts purchase program that survives the term of this framework agreement. The agreement had a fixed term that runs until December 31, 2016. Thereafter, the agreement is automatically renewed on an annual basis, unless terminated by either party with 180 days’ prior notice. In addition, we have also entered into two product development agreements (PDAs) with Customer 1; one of the PDA require Customer 1 to source components developed under the product development agreements exclusively from us for a three-year period following initial delivery. Customer 1 has also granted us a license to use certain of its intellectual property in connection with the manufacturing of components sold to it. We also have an agreement in place to jointly develop and improve components with Customer 1. The framework supply agreement and the product development agreements contain change of control termination provisions, which will allow Customer 1 to terminate the agreements upon consummation of the Transactions. However, we believe that

given the mutual economic benefits and dependency, the risk of termination is extremely low. Customer 1 is our largest customer and we are by far the largest supplier.

Supply Agreement with Customer 2

We have entered into a supply agreement with Customer 2 for the manufacture and supply of automatic landing and car doors and other elevator components. This agreement stipulates the general terms for supply, including the specifications of the products, payment and delivery terms and terms regarding the delivery of spare parts. This agreement was amended to provide for delivery of our components in the Asia region, and to include a specific “share-of-wallet” purchase obligation for the years 2013 to 2016. The initial term of this agreement was set for three years, to December 31, 2016, then extended on yearly basis: up to the date we are still the only supplier for all commodity landing doors in Asia Pacific. In December 2015 we have further extended this supply agreement to provide all the outsourced landing doors for residential installations in Europe and neighborhood countries for the years 2016 (initiating from May) to 2019. The agreement is automatically renewed on an annual basis for subsequent one-year periods, unless earlier terminated by either party upon 6 months’ prior notice. The agreement also contains a change of control termination provision, which will allow Customer 2 to terminate the agreement upon consummation of the Transactions. However, we believe that given the economic benefit and mutual incentives of the agreement, the risk of termination is very low. While Customer 2 is not yet our largest customer, it represents a fast growing portion of our sales and, as such, we are also dependent on it to a significant degree.

Arrangements with Customer 3

We do not have a global agreement yet with Customer 3, but we signed in August 2016 a contract to supply all the car door operators for USA, Canada and Mexico new installations and modernization. The initial term of this agreement was set for three years, to August 1, 2019, then automatically renewed on an annual basis, unless terminated by either party with 180 days’ prior notice. Final negotiations are ongoing to sign a similar contract for the supply of residential landing doors in Brazil. We have also agreed to adhere to this customer’s code of conduct and global supplier manual.

Arrangements with Customer 4

We do not have a formal framework agreement with Customer 4, but instead most of our orders for this customer have typically been project-based. We are currently finalizing the terms of a frame supply agreement for the supply of residential landing doors to their Chinese plants, which will be the first of this kind with them. We have also entered into a number of local supply agreements with certain subsidiaries of Customer 4, which typically include fixed prices, no minimum purchase volumes, a penalty for delayed or defective delivery, a modified warranty scheme and limitations on our liability.

Sales and Marketing

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

- improved coverage and local support in local markets, such as China, India and the rest of Asia, by hiring 14 additional people;
- addressing local customer requirements through local engineering support for customized solutions and service in local language;
- “Wittur Academy” established as an ongoing effort to train our sales force on products, regulations and other relevant topics;
- harmonized central pricing and discount approach across different countries;
- support of our European sales force with iPad-based WEST (CRM customer relationship management tool with integrated product configurator), which allows real-time quoting at the customer site; and
- regular follow-ups at short intervals with local sales leaders to track number of customer visits, order activity and sales force effectiveness, including success of cross selling.

MNCs

We have key account managers specifically focused on MNCs. In the past 36 months, we have established additional local key account managers reporting to the global ones and have hired further staff to expand our sales and marketing coverage to previously not closely-covered Western MNCs as well as Asian MNCs.

Independents

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

Employees

The following tables set forth our headcount by region and function, respectively, as of December 31, 2015 and 2016 excluding temporary and leased head count:

	Year ended December 31,	
	2015	2016
	(unaudited)	
Europe	1,407	2,196
Asia	1,460	1,546
Rest of World	378	616
Total (*)	3,245	4,358

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

	Year ended December 31,	
	2015	2016
	(unaudited)	
Production	2,579	3,534
thereof: direct	1,699	2,227
thereof: indirect	880	1,307
Selling	277	341
General and administrative	272	334
R&D	117	149
Total (*)	3,245	4,358

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

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

We provide pension plans to certain employees based on a company agreement under which pension commitments are granted in compliance with the regulations of Austria, Italy and the German pension fund of the German government and the German states (*Versorgungsanstalt des Bundes und der Länder*). In addition, we have pension commitments towards former managing directors and their relatives. As of December 31, 2016, these pension obligations amounted to €13.5 million. See “*Management’s Discussion and Analysis of Financial Condition and Results of Operations—Pension Obligations*”.

Our Suppliers

Our top suppliers by spend are mostly based in China and Europe, respectively. We typically enter into contractual agreements with each of our main or critical suppliers. These agreements provide the framework for the key relevant aspects of the business relationship, including product specifications, logistic conditions, prices, payment terms and others. We strive to have a contractual base with our supply partners that protects our business in front of different scenarios such as quality or delivery issues, economic conditions changes, supply continuity, etc. In addition, our Purchasing General Terms & Conditions published in our website provide a base to all supply relationships.

Information Technology

Our most commonly used Enterprise Resource Planning (“ERP”) system is Baan, which is running in the following key countries: Turkey, Italy, Spain and China. Microsoft Dynamics AX is used for the Sematic entities. We are currently in the process of rolling out a standardized ERP system (“Infor-LN”) to some of our entities in Europe. As our central controlling and finance tool, we have established LucaNet.

Intellectual Property

Trademarks and Domains

As of December 31, 2016, we held 49 locally-protected trademarks (29 Wittur and 20 Sematic), 27 of which were considered strategic. “Wittur” and “5 triangles” are the two main trademarks and they are registered in more than 80 countries around the world. Trademark “Sematic” is protected in more than 70 countries in several configurations. “Liftmaterial” and “Tyler” trademarks are registered as well in the countries where their use is considered strategic. The most recently registered trademark “Safety in motion” is protected in the European Union as well as in all the other countries where we have production plants or trading companies.

We also registered our trademark “Wittur” under various country code top-level domains in more than 20 countries worldwide and under the generic top-level domains “.com”, “.org”, “.biz” and “.info”.

Patents

As of December 31, 2016, we owned 126 (89 Wittur and 37 Sematic) inventions (patents or utility models) locally protected in 21 countries for a total of more than 500 patents and utility models applications. The protected inventions are divided into five categories: System (8 patents), Cars (6 patents), Doors (86 patents), Safety devices (19 patents) and Electric Drives (7 patents). 48 of these patents are considered of high importance to us.

During the year ended 2016, we registered 3 patents and 2 utility models.

Licenses

As of December 31, 2016, we granted one exclusive know-how license regarding non-patented know-how in connection with our electric drives to a third party. We also have granted two non-exclusive patent licenses to a third party and received in turn two non-exclusive patent licenses from this party with regard to elevators with traction sheaves. We have also entered into a global license agreement with the trading companies within our group for the use of the trademarks “Wittur” and “5 triangles”.

Property, Plant and Equipment

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

As of December 31, 2016, we operated ten strategically-located production plants on three continents. We believe our global production platform allows us to maximize cost competitiveness, shorten lead times and limit transportation costs and import duties, while giving us close proximity to customers and enabling us to provide local support. Of our ten plants, five are located in Europe, one in Eurasia, one in China, one in India and two in Americas.

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

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

Production Plants

Location	Size of property in square meters	Thereof covered in square meters	Number of Employees	Owned or leased/ expiry dated for lease terms
Suzhou (China)	86.188	70.602	1.269	land-use right (until December 11, 2045, March 19, 2048, April 19, 2048 and June 10, 2054)
Parma (Italy)	57.930	27.664	327	owned
Zaragoza (Spain)	39.296	18.696	243	owned
Krupina (Slovakia)	37.516	12.645	189	Leased (until December 25, 2023) and partially owned (1 production hall)
Scheibbs (Austria)	34.160	15.535	406	owned
Londrina (Brazil)	23.400	11.400	103	rented (office - three months' notice period/October 2016; plant - December 1, 2030)
Istanbul (Turkey)	12.425	8.800	201	rented (Plant is until December 31, 2021, 300m2 warehouse is until 30.06.2017)
Dresden (Germany)	9.583	4.171	98	owned
Chennai (India)	24.281	9.042	139	rented (until March 31, 2020)
Buenos Aires (Argentina)	9.050	8.711	91	rented (until April 2018/March 2019)
Jiangsu (China)	41.266	14.443	120	owned
Nyíregyháza (Hungary)	20.762	18.475	284	owned
Tamil Nadu (India)	52.000	0	0	owned
Bergamo (Italy)	43.000	20.400	359	owned since 01.04.2016 (before rented)
Suisio (Italy)	15.200	6.300		partly rented
Monclova (Mexico)	22.447	5.575	204	owned

Trading Buildings (Office or Warehouse)

Location	Size of property in square meters	Thereof covered in square meters	Number of Employees	Owned or leased/ expiry dated for lease terms
Wiedenzhausen (Germany)	2.585	2.585	33	Leased by Wittur GmbH; owned by Wittur Holding GmbH (Size of property: 17.275; thereof covered: 10.294)
Evry (France)	9.245	4.065	28	owned
Almere (The Netherlands)	5.428	2.720	23	owned
Sydney (Australia)	4.401	2.168	8	owned
Plöning (Germany)	6.828	3.667	75	owned
Twinsburg, Ohio (USA)	15.904	3.066	14	owned

Research & Development

As of December 31, 2016, our R&D team consisted of 153 technical staff working in each of our regions, including in emerging markets. We closely cooperate with our core MNC customers on new product developments, benefiting from our in-house R&D and product testing facilities. In the year ended December 31, 2016, we spent €12.2 million on R&D, of which €3.2 million was capitalized. In 2015, we spent €10.4 million on R&D, of which €3.3 million was capitalized.

In 2016, we increased our product development focus on R&D, also improving coordination of resources and global know-how also resulting in elimination of duplication of work. We have completed 53 R&D projects, including e.g. 15 for landing and car doors, 9 for safeties and slings and 6 for drives. Our teams are supported by leading testing infrastructure, with dedicated laboratories for doors, drives and safeties. We also systematically analyze competitor products to improve our own products. Furthermore, existing test towers in Austria, China, Germany and Spain also give us a key advantage as an independent component manufacturer. We have eight R&D centers that focus on performance improvements, weight reduction, new materials, energy efficiency, new

technical normative requirements, reliability, maintenance reduction, installation speed and adjustability to new industry norms and regulations. We also hold more than 500 patents.

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

In addition, we believe global safety standards in the elevator industry are rising, and we are well-positioned to anticipate and swiftly adopt new norms and safety certification requirements. This is due to our representation on all key lift associations, including ELA and EEA in Europe, PALEA in the Asia Pacific region, VFA—VDMA in Germany, CEA in China and NEII in North America. We are the only selected components manufacturer allowed to work in global lift committees like CEN for the creation of lift norms for new and existing lifts.

Environmental Matters

Our sites are subject to international, national and local environmental laws and regulations. We are currently in substantial compliance with all applicable environmental, health and safety regulations. These laws and regulations are constantly changing, however, as are the priorities of those who enforce them. We believe we are currently not required to perform any material remedial actions under any applicable environmental laws, nor do we anticipate any material expenses for such actions in the foreseeable future. See *“Risk Factors—Legal, Taxation and Environmental Risks”*. We are subject to numerous laws and regulations in the many jurisdictions in which we operate, and we may be adversely affected by changes regarding applicable legal and regulatory requirements.

Insurance

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

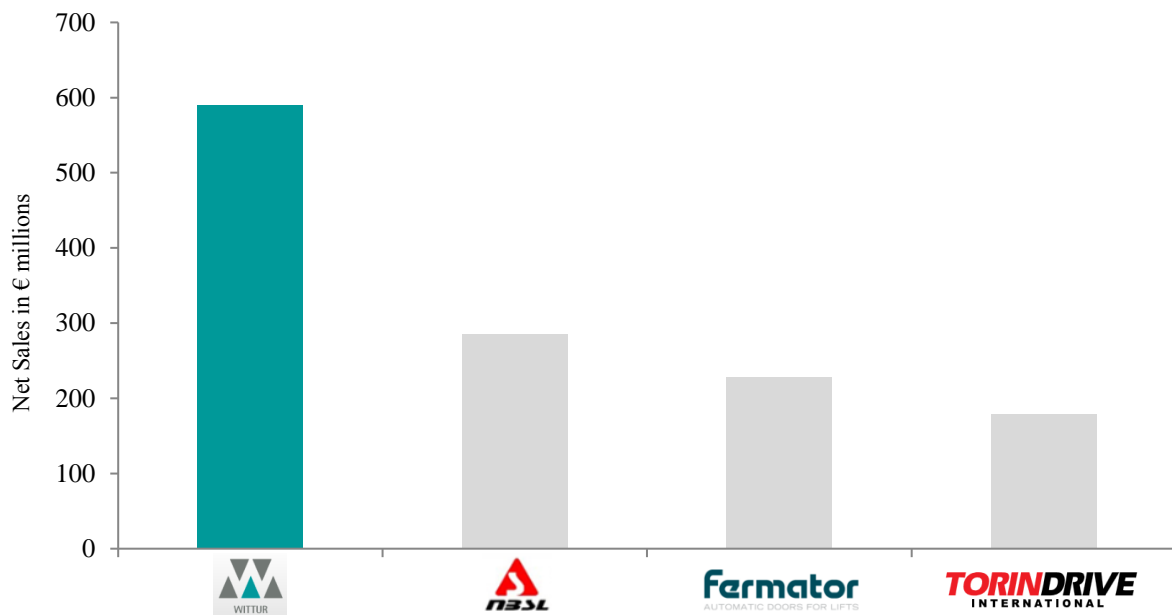
For the benefit of our directors and officers, we have entered into a global directors and officers (“D&O”) insurance policy. The policy covers our present, former and future directors and officers, general managers, authorized officers and senior staff. It applies globally and provides for an insured limit of €25.0 million per claim and per year. The D&O insurance covers financial losses due to wrongful acts in respect of claims filed against the insured persons in writing, as well as the defense of liability claims and their settlement. The insurance coverage does not extend to claims due to certain deliberate acts by the insurees and there is no insurance cover for contractual penalties, fines or punitive or exemplary damages, to the extent insurance is prohibited by law.

Legal Proceedings

We become involved from time to time in various claims and lawsuits arising in the ordinary course of our business, such as personal liability claims, employee claims, disputes with our suppliers or authorities and intellectual property disputes. However, we are currently not involved in any legal proceedings which, either individually or in the aggregate, are expected to have a material adverse effect on our financial position or results of operations. We note, however, that the outcome of legal proceedings can be extremely difficult to predict, and we offer no assurances in this regard.

Competitive Landscape

We believe that we are the largest elevator component producer, with €697.8 million in revenue in 2016. In 2015, we estimated that we generated twice as much revenue as our next relevant competitor. The closest competitors of Wittur, as far as financial data was available, are NBSL, Fermator and Torin Drive.



(Source: Global consulting company).

We consider the key buying criteria for elevator components to include safety, quality, partnership potential, delivery, sales and research and development. Out of these criteria, we believe our industry leadership in safety is the most valuable because safety is regarded as the single most critical buying criterion for elevator installers due to the damage elevator accidents can inflict on an elevator installer's brand value, reputation and sales. In our experience, the relevance of safety and high quality is particularly pronounced with respect to safety-critical components, which benefits us due to our focus on these components and our track-record of high investments in research and development to ensure the premium quality and reliability of our products. In addition, we believe global safety standards in the elevator components industry are rising and we are well-positioned to anticipate and swiftly adopt new standards and safety certification requirements. This is due to our representation on all key lift associations, including ELA and EEA in Europe, PALEA in the Asia Pacific region, VFA—VDMA in Germany, CEA in China and NEII in North America. Our excellence in delivery performance is another key factor to our market leadership. Elevators must typically be installed within a period of a few hours on a specific date that is determined on short notice. As a result, a supplier's timely delivery is critical to the installer's ability to complete the installation of the elevator within the specified time and on budget.

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

MANAGEMENT

Wittur

Wittur Holding GmbH is a limited liability company organized under the laws of Germany. Wittur Holding GmbH was incorporated on December 2, 2014 and is registered with the commercial register of the local court of Munich under number HRB 215478 and its registered office is Rohrbachstrasse 26-30, 85259 Sulzemoos, Germany. Wittur is managed by the managing director and its executive management team.

Managing Director

<u>Name</u>	<u>Age</u>	<u>Member since</u>	<u>Responsibility</u>
Patrik Wohlhauser	52	2016	Chief Executive Officer

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

The Issuer

The Issuer, a "Gesellschaft mit beschränkter Haftung" organized under the laws of Germany, was formed on December 2, 2014 and is registered with the commercial registry of Munich under number HRB 215485. The Issuer's business address is Rohrbachstraße 26-30, 85259 Sulzemoos, Germany.

Managing Director

<u>Name</u>	<u>Age</u>	<u>Member since</u>	<u>Responsibility</u>
Patrik Wohlhauser	52	2016	Chief Executive Officer

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

Share Ownership

Our management including our managing director and executive management team benefit from a management equity participation plan through investments in LuxCo following the consummation of the Acquisition. See "*Related party transactions*" and "*Share-based payments*" in the notes to our consolidated statements contained elsewhere herein.

Insurance for Directors and Officers

For the benefit of our directors and officers, we have entered into a global directors and officers (“D&O”) insurance policy. The policy covers our present, former and future directors and officers, general managers, authorized officers and senior staff. It applies globally and provides for an insured limit of €25.0 million per claim and per year. The D&O insurance covers financial losses due to wrongful acts in respect of claims filed, as well as the defense of liability claims and their settlement. The insurance coverage does not extend to claims due to certain deliberate acts by the insurees and there is no insurance cover for contractual penalties, fines and punitive or exemplary damages, or other claims to the extent insurance is prohibited by law.

Related Party Transactions

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

RISK FACTORS

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

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

Risks Related to the Industry in which We Operate

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

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

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

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

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

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

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

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

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

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

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

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

Risks Related to Our Business

We depend on large MNCs for the sale of our products and our failure to decrease our costs commensurately with our customers' demand for price reductions, could negatively affect our profit margin. In addition, if any of our

MNC customers becomes insolvent, discontinues its business relationship with us or terminates a supply contract prematurely, the original investments made by us to provide such products or outstanding claims against such customer could be wholly or partially lost.

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

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

We are exposed to fluctuations in prices of raw materials.

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

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

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

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

We may be unable to maintain our advanced technology.

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

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

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

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

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

We rely on the security of our information, Intellectual Property and Research and Development.

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

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

Legal, Taxation and Environmental Risks

We are exposed to warranty and product liability claims.

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

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

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

We might not have validly acquired employee inventions or could fail to validly acquire them in the future, which could result in claims against us for damages for the unauthorized use of our employees' inventions, the

enjoinment of our use of such inventions and our obligation to make payments in order to use such inventions in the future.

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

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

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

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

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

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

Risks Related to Our Financial Profile

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

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

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

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

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

We are exposed to liquidity risks.

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

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

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

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

DESCRIPTION OF MATERIAL DEBT INSTRUMENTS

The Financing of the Acquisition by Bain Capital

On March 31, 2015, entities controlled by Bain Capital acquired all the issued and outstanding capital stock of Wittur, as well as certain shareholder loans. The acquisition by Bain Capital required €593.3 million of debt and equity financing, excluding transaction fees and expenses, but including the repayment of the net debt of Wittur. The acquisition by Bain Capital was financed in part through the issuance of the Notes in an aggregate principal amount of €225.0 million by Wittur International Holding GmbH (formerly Paternoster Holding III GmbH) (“Wittur International Holding”) and a drawing of the New Term Loan B Facility under a senior facilities agreement (the “Senior Facilities Agreement”) in an aggregate principal amount of €195.0 million by Wittur Holding GmbH (formerly Paternoster Holding IV GmbH) (“Wittur Holding”). The Senior Facilities Agreement also provided for the Revolving Credit Facility under which borrowings in an aggregate principal amount of €65.0 million were originally made available. In addition, entities controlled by Triton Advisors Limited (the former owner of Wittur), as lenders, entered into loans ultimately borrowed by Paternoster Holding II GmbH, which resulted in the deferral of a part of the purchase price for the acquisition by Bain Capital equal to €40.0 million.

The Financing of the Sematic Acquisition

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

The Privately Placed Additional Facility to the New Term Loan Facility B

On July 7, 2016 Wittur Holding increased its New Term Loan Facility B by way of a fungible additional facility and the principal amount available under the New Term Loan B Facility was increased by €35.0 million to €410.0 million with the proceedings being used to refinancing existing drawings under the Revolving Credit Facility.

Repricing of the New Term Loan Facility B

On March 22, 2017 Wittur Holding repriced the New Term Loan Facility B by raising a new term loan (the “Refinancing Term Loan B Facility”) in an aggregate principal amount of €449 million to refinance the existing €410 million New Term Loan Facility B and €39 million of existing drawings under the Revolving Credit Facility. The terms of the Refinancing Term Loan B Facility mirror the terms of the existing New Term Loan Facility B with the exception of the margin, which was reduced, and the soft call protection, which was extended.

Notes

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

The Notes were issued in an aggregate principal amount of €225.0 million by Wittur International Holding, the parent company of Wittur Holding, on February 17, 2015. The Notes bear a fixed interest rate of 8.50% per annum, payable semi-annually in arrears on August 15 and February 15 of each year. The Notes were issued at par and in global form in denominations of €100,000 and in integral multiples of €1,000 in excess thereof, maintained in book-entry form. The maturity date of the Notes is February 15, 2023. The Notes are senior secured indebtedness of the Issuer and the Issuer’s obligations under the Notes are guaranteed by the Guarantors. The Guarantors initially included (i) Wittur Holding, which guaranteed the Notes with effect as of February 17, 2015 and (ii) Wittur GmbH (incorporated in Austria), Wittur Austria Holding GmbH, Wittur Austria GmbH, Wittur Limited, Wittur International Holding GmbH, Wittur Electric Drives GmbH, Wittur GmbH (incorporated in Germany), Wittur Deutschland Vertrieb Holding GmbH, Wittur Italia Holding s.r.l., Wittur S.p.A., Wittur Elevator Components, S.A.U., Wittur Sweden AB and Wittur Asansör San. ve Tic. A.S., which guaranteed the Notes with effect as of May 18, 2015. In connection with the Sematic Acquisition, the following entities acceded as additional Guarantors of the Notes with effect as of June 23, 2016: (i) LM Liftmaterial GmbH (formerly known as Wittur LM Holding GmbH), (ii) Sematic S.p.A. and (iii) Sematic Hungary Kft.. The Guarantees are senior subordinated obligations of each Guarantor and subordinated in right of payment to any existing and future senior indebtedness of such Guarantor, including the Senior Facilities and certain hedging obligations. The Notes and the Guarantees are secured by certain collateral including (i) on a first-priority basis, by a pledge of the shares of the Issuer and a

pledge of the bank accounts of the Issuer and (ii) on a second-priority basis pursuant to the Intercreditor Agreement to obligations under the Senior Facilities, by a pledge of the shares of Wittur Holding, a security interest in respect of a proceeds loan through which the Issuer on-lent the proceeds of the Notes to Wittur Holding, a pledge of the bank accounts of Wittur Holding, and an assignment of the claims of Wittur Holding under the acquisition agreement in respect of the acquisition by Bain Capital. Prior to February 15, 2018, the Issuer may redeem all or part of the Notes at a price equal to 100% of the principal amount of the Notes redeemed plus the applicable “make whole” premium. Thereafter, the Issuer can redeem the Notes at specified redemption prices. The Notes and the Guarantees are governed by the laws of the State of New York.

Senior Facilities

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

On February 17, 2015, Wittur Holding entered into the Senior Facilities Agreement with, among others, Credit Suisse AG, London Branch, as agent and security agent, and Credit Suisse International, Barclays Bank PLC, Deutsche Bank AG, London Branch and Royal Bank of Canada, as mandated lead arrangers. The Senior Facilities Agreement originally provided for (i) the €195.0 million New Term Loan B Facility and (ii) the €65.0 million Revolving Credit Facility. In connection with the Sematic Acquisition, the total commitment available under the New Term Loan B Facility was increased to €375.0 million and the total commitment available under the Revolving Credit Facility was increased to €80.0 million. The New Term Loan B Facility was further increased to €410.0 million on July 7, 2016 by an additional €35.0 million fungible additional facility. On March 22, 2017 the New Term Loan B Facility was re-priced by refinancing the entire New Term Loan B Facility with the proceeds from the Refinancing Term Loan B Facility.

Loans under the Senior Facilities Agreement bear interest at rates per annum equal to LIBOR or, for loans denominated in euro, EURIBOR, plus an applicable margin, which in each case will be subject to a decreasing margin ratchet based on the ratio of consolidated senior secured net debt to consolidated pro forma EBITDA (each as defined in the Senior Facilities Agreement). A commitment fee is payable on the aggregate undrawn and uncanceled amount of the Revolving Credit Facility from the Completion Date to the end of the availability period applicable of the Revolving Credit Facility at a rate of 40% of the applicable margin for the Revolving Credit Facility. Default interest will be calculated as an additional 1% on the defaulted amount. The Refinancing Term Loan B Facility will be repaid in full on March 31, 2022. In respect of the Revolving Credit Facility, each advance will be repaid on the last day of the interest period relating thereto, subject to an ability to roll over cash drawings. All outstanding amounts under the Revolving Credit Facility will be repaid on the March 31, 2021. Amounts repaid by the borrowers on loans made under the Revolving Credit Facility may be reborrowed, subject to certain conditions. The Senior Facilities Agreement provides for voluntary prepayments to be made (subject to de minimis amounts) and will require mandatory prepayment in full or in part in certain circumstances. The Senior Facilities benefit from substantially the same guarantees as the Notes, but on a senior basis. The Senior Facilities, unlike the Notes, also benefit from security granted by certain subsidiaries of Wittur International Holding GmbH, including security granted by certain subsidiaries incorporated in Austria, England and Wales, Germany, Italy, Spain, Sweden, Hungary and Turkey, over certain of their assets. The Senior Facilities Agreement contains customary representations, warranties, covenants and undertakings for a facility of its nature, including a springing financial covenant, measuring the ratio of consolidated senior secured net debt to consolidated pro forma EBITDA (each as defined in the Senior Facilities Agreement) solely for the benefit of the lenders under the Revolving Credit Facility. The financial covenant is only tested in the event that, on the relevant testing date, the amount of all cash loans outstanding under the Revolving Credit Facility exceeds 35% of the total commitments thereunder. The Senior Facilities Agreement is governed by English law

**ATTACHMENT: AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF WITTUR
INTERNATIONAL HOLDING GMBH (FORMER PATERNOSTER HOLDING III GMBH)**

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**IFRS Consolidated Financial Statements of
Wittur International Holding GmbH
(former Paternoster Holding III GmbH)
Sulzemoos, Germany**

**for the period from
January 1 to December 31, 2016**

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FINANCIAL STATEMENTS

Consolidated statement of comprehensive income for the year ended 31 December

KEUR	Note	2016	2015
Revenues	(6.1)	697.776	463.753
Cost of sales	(6.3)	-514.655	-342.059
Gross profit		183.121	121.694
Selling expenses	(6.4)	-38.493	-23.206
Research & development expenses	(6.5)	-8.944	-5.566
Administrative expenses	(6.6)	-134.136	-72.044
Other income	(6.8)	3.887	2.181
Other expenses	(6.9)	-91.786	-6.563
Finance expenses	(6.10)	-54.583	-48.213
Finance income	(6.11)	16.540	1.149
Share of profit of equity accounted investees	(6.17)	373	0
Earnings before income taxes		-124.021	-30.569
Income taxes	(6.12)	-2.663	-12.540
NET RESULT FOR THE PERIOD		-126.684	-43.108
Other comprehensive income			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		-7.423	-5.654
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Actuarial gains and losses		-447	-119
Income tax relating to the components of OCI		60	29
Other comprehensive income, net of tax		-7.810	-5.744
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		-134.494	-48.852

Consolidated balance sheet as at 31 December

ASSETS			
KEUR	Note	Dec. 31, 2016	Dec. 31, 2015
Intangible assets **	(6.13)	623.866	599.101
Property, plant and equipment	(6.14)	128.177	76.339
Investment properties	(6.15)	1.773	1.800
Other non-current financial assets	(6.16)	13.129	6.953
Equity-accounted investees	(6.17)	12.885	-
Other non-current assets	(6.18)	356	1.011
Deferred tax assets **	(6.12)	11.487	2.931
Non-current assets		791.672	688.135
Inventories	(6.19)	59.058	44.284
Trade and other receivables	(6.20)	137.403	108.502
Other current financial assets	(6.21)	0	164
Other current assets	(6.22)	13.161	9.047
Income tax receivables	(6.12)	3.586	1.044
Cash and cash equivalents	(6.23)	37.410	24.373
Current assets		250.618	187.413
Total assets		1.042.291	875.548
EQUITY AND LIABILITIES			
KEUR	Note	Dec. 31, 2016	Dec. 31, 2015
Subscribed capital	(6.24)	25	25
Capital reserves	(6.24)	222.565	194.640
Retained earnings	(6.24)	-43.112	-4
Net result for the period	(6.24)	-126.684	-43.108
Other components of equity	(6.24)	-13.554	-5.744
Total equity		39.240	145.810
Non-current interest-bearing loans and borrowings	(6.25)	626.626	417.297
Provisions for pensions and other long-term employee benefits *	(6.26)	13.453	11.158
Other non-current provisions *	(6.27)	8.593	16.128
Other non-current financial liabilities	(6.28)	3.670	3.400
Deferred tax liabilities	(6.12)	131.348	121.302
Non-current liabilities		783.690	569.285
Current interest-bearing loans and borrowings	(6.25)	48.187	26.636
Trade and other payables	(6.29)	151.696	113.553
Other current provisions	(6.27)	5.277	8.677
Other current financial liabilities	(6.30)	7.962	4.404
Income tax liabilities	(6.12)	6.238	7.182
Current liabilities		219.361	160.453
Total equity and liabilities		1.042.291	875.548

* Numbers for 2015 adjusted (reclassification from other non-current provisions to provisions for pensions and other long-term employee). Please refer to Note 6.26 "Provisions for pensions and other long-term employee benefits" and 6.27 "Other provisions".

** Numbers for 2015 adjusted. Please refer to Note 6.13 "Intangible assets".

Consolidated statement of cash flows for the year ended 31 December

KEUR	2016	2015
Operating activities		
Profit after Tax	-126.684	-43.108
Depreciation, Amortisation and Impairment	147.122	36.980
Taxes	2.663	12.540
Interest & financial net	37.670	47.064
Gain on sale of fixed assets	-51	-47
Losses from disposal of fixed assets	62	54
Cash generated from operations (excluding working capital changes)	60.782	53.482
Changes in working capital	6.115	-25.844
Net movement in provisions, pension obligations and other liabilities	6.413	-7.490
Net movement in other assets	494	821
Interest received	919	290
Income taxes paid	-20.481	-15.967
Net cash flow from operating activities	54.242	5.293
Investing activities		
Acquisition of business, net of cash acquired	-117.882	-275.271
Purchase of property, plant & equipment	-8.291	-7.949
Purchase of intangible assets	-6.551	-5.189
Disposal of assets	1.050	1.565
Net cash flow used in investing activities	-131.675	-286.844
Net cash flow before financing activities	-77.433	-281.551
Financing activities		
Transaction costs paid relating to loans and borrowings	-11.117	-18.491
Proceeds from borrowings	234.500	441.657
Proceeds from issue of shares to Paternoster Holding II	0	154.615
Repayment of borrowings	-87.947	-120.705
Repayment of loan to former shareholder	0	-133.607
Purchase / sale of investments	-2.833	0
Interest paid	-45.535	-20.951
Net cash flow from financing activities	87.067	302.518
Net increase in cash	9.635	20.967
Effects currency translation	3.402	3.356
Cash and cash equivalents at beginning of period	24.373	50
Cash and cash equivalents at the end of period	37.410	24.373

Consolidated statement of changes in equity for the year ended 31 December

	Attributable to owners of the parent					Total equity
	Subscribed capital	Capital reserves	Retained earnings	Other reserves		
KEUR				Currency translation	Valuation of pensions	
Balance as of Jan. 1, 2015	25	25	-4	-	-	46
Net result for the period	-	-	-43.108	-	-	-43.108
Other comprehensive income	-	-	-	-5.654	-90	-5.744
Total comprehensive income	-	-	-43.108	-5.654	-90	-48.852
Issue of shares	-	194.615	-	-	-	194.615
Balance as of Dec. 31, 2015	25	194.640	-43.112	-5.654	-90	145.810
Balance as of Jan. 1, 2016	25	194.640	-43.112	-5.654	-90	145.810
Net result for the period	-	-	-126.684	-	-	-126.684
Other comprehensive income	-	-	-	-7.423	-387	-7.810
Total comprehensive income	-	-	-126.684	-7.423	-387	-134.494
Contribution in kind	-	27.925	-	-	-	27.925
Balance as of Dec. 31, 2016	25	222.565	-169.795	-13.077	-477	39.240

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 Corporate information

1.1 Reporting entity

Wittur International Holding GmbH (former Paternoster Holding III GmbH, herein also referred to as “Wittur” or the “Company”) is a limited liability company domiciled in Sulzemoos, Germany. The address of the Company’s registered office is Rohrbachstraße 26-30, 85259 Sulzemoos, Germany. The consolidated financial statements of the Company as of and for the business year ended December 31, 2016 comprise the Company and its subsidiaries including the former Sematic Group companies as of April 1, 2016, the acquisition date (together referred to as “Wittur Group” or the “Group” and individually as “Group entities”). The acquisition of Sematic was closed on April 1, 2016 and was accounted for as Business Combination according to IFRS 3 (refer to Note 2.2 “Acquisitions”).

The parent company of Wittur International Holding GmbH is Paternoster Holding II GmbH, Sulzemoos, 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.

The exempting consolidated financial statements for the financial year ended December 31, 2016, are prepared by Elevate (BC) S.C.A. Findel, Luxembourg, Luxembourg and will be published in the commercial register (Registre du Commerce et des Sociétés Luxembourg).

Wittur Group is a leading independent solution provider for components, modules and systems for the elevator industry. It is a development partner and supplier to the major international elevator 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 elevator packages. Wittur Group does not install elevators and does not offer maintenance services for elevators.

1.2 Basis of preparation

The consolidated financial statements have been prepared in accordance and in conformity with all International Financial Reporting Standards (IFRS) and the publications of the International Financial Reporting Interpretations Committee (IFRIC) as adopted by the EU as of December 31, 2016.

These consolidated financial statements cover the business year from January 1, 2016 to December 31, 2016 and were authorised for issue by the Executive Board of the Company on March 24, 2017. The comparison period is the fiscal year January 1, 2015 to December 31, 2015.

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

The consolidated financial statements are presented in Euros which is functional currency of the Group. Unless otherwise noted, all amounts are rounded to the nearest thousands of Euros (KEUR). Totals in tables were calculated using precise figures and rounded to KEUR. Due to this, rounding differences may occur.

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

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

1.3 Basis of consolidation

The consolidated financial statements comprise the statement of Wittur International Holding GmbH and its subsidiaries as at December 31, 2016. Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Internal Group profit and loss, expenses and revenues as well as receivables and liabilities between consolidated companies are eliminated.

2 Group composition

2.1 List of subsidiaries

The Group's consolidated financial statements as of December 31, 2016 include, besides the parent company Wittur International Holding GmbH, a total of 38 subsidiaries.

In the third quarter of 2016, the composition of the Group has changed through three intragroup legal mergers:

Former Wittur International Holding GmbH and Wittur Holding GmbH were merged into former Paternoster Holding IV GmbH on August 5, 2016 with retroactive effect as of January 1, 2016. In a second step, former Paternoster Holding IV GmbH was renamed to Wittur Holding GmbH.

Furthermore, former Paternoster Holding III GmbH was renamed to Wittur International Holding GmbH on August 5, 2016 with retroactive effect as of January 1, 2016.

In addition, former LM Liftmaterial GmbH was merged into former Wittur LM Holding GmbH on July 11, 2016 with retroactive effect as of January 1, 2016. In a second step, former Wittur LM Holding GmbH was renamed to LM Liftmaterial GmbH.

As of December 31, 2016, the following companies were consolidated:

List of subsidiaries	Shareholding in % Dec. 31, 2016
Wittur International Holding GmbH, Sulzemoos, Germany (former Paternoster Holding III GmbH)	Parent Company
Wittur Holding GmbH, Sulzemoos, Germany (former Paternoster Holding IV GmbH)	100,00%
Wittur Germany Vertrieb Holding GmbH, Sulzemoos, Germany	100,00%
Wittur GmbH, Sulzemoos, Germany	100,00%
Wittur Electric Drives GmbH, Dresden, Germany	100,00%
Wittur Online GmbH, Sulzemoos, Germany	100,00%
LM Liftmaterial GmbH, Pliening, Germany	100,00%
Wittur Austria Holding GmbH, Scheibbs, Austria	100,00%
Wittur GmbH, Scheibbs, Austria	100,00%
Wittur Austria GmbH, Scheibbs, Austria	100,00%
Wittur s.r.o., Krupina, Slovakia	100,00%
Wittur Italia Holding s.r.l., Colorno, Italia	100,00%
Wittur S.p.A., Colorno, Italia	100,00%
Sematic S.p.A., Osio Sotto, Italy	100,00%
LM Liftmaterial Italia S.r.l., Suisio, Italy	100,00%
Sematic Hungária Kft, Nyíregyháza, Hungary	100,00%
Wittur Asansör San. ve Tic. A.Ş., Istanbul, Turkey	100,00%
Sematic Asansor San.Tic.Ltd.Sti, Istanbul, Turkey	100,00%
Wittur Elevator Components S.A.U., Zaragoza, Spain	100,00%
Wittur Ltd., Mold, Flintshire, Great Britain	100,00%
Sematic UK Ltd, Barnsley, Great Britain	100,00%
Wittur Sp. z o.o., Warsaw, Poland	100,00%
Wittur B.V., Almere, The Netherlands	100,00%
Wittur S.A.S. Evry, France	100,00%
Wittur AB, Spanga, Sweden	100,00%
Wittur Elevator Components (Suzhou) Co. Ltd., Wujiang, People's Republic China	100,00%
Wittur Ltd., Hong Kong, Special Administrative Region, People's Republic China	100,00%
Sematic Elevator Products (Changshu) Co. Ltd., Jiangsu, People's Republic China	100,00%

Sematic (Hong Kong) Ltd., Hong Kong, Special Administrative Region, People's Republic China	100,00%
Wittur Elevator Components India Pvt. Ltd., Sriperumbudur, India	100,00%
Sematic Elevator Products India Pvt Ltd, Pune, India	100,00%
Wittur Pte. Ltd., Singapore	100,00%
Sematic Singapore Pte Ltd, Singapore	100,00%
Wittur Pty. Ltd., Sydney, Australia	100,00%
Wittur Ltda., Sao Paulo, Brazil	100,00%
Wittur S.A., Buenos Aires, Argentina	100,00%
Wittur Colombia S.A.S., Barranquilla, Columbia	100,00%
Sematic Elevadores Mexico S. de R.L. de C.V., Coahuila, Mexico	100,00%
Sematic USA Inc. Tyler, Twinsburg, USA	100,00%

For a list of affiliated companies consolidated at equity (associates) in the consolidated financial statements as of December 31, 2016, please refer to Note 6.17 "Associates".

2.2 Acquisitions

Financial year 2016

On August 10, 2015, Wittur Group and Sematic S.p.A., Osio Sotto, Italy, ("Sematic") signed an agreement on the acquisition of 100% of the share capital of Sematic by Wittur Group. The agreement was conditional on obtaining merger control clearance by German and Austrian antitrust authorities. The transaction was cleared at the end of the calendar year 2015. On April 1, 2016, Wittur has successfully completed the acquisition process of Sematic.

Sematic Group is a leading supplier in the world of elevator components. 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, Hong Kong, India, Mexico and the USA.

The acquisition of Sematic, represented by the brands Sematic, Liftmaterial, and Tyler, will strengthen by a complementary range of products the market position of the Wittur group especially in Europe, North America and Asia and will provide excellent global growth opportunities by improving cross-selling features. Positive cash flows are expected by short term synergies from procurement, by efficiency gains and by rising diversity for products, geographic presence and customer relationship. Furthermore, future innovations will be generated by tailor-made R&D engineering services, which is representing a best-in-class position within the industrial sector.

The acquisition was structured in a way that Wittur Italia Holding s.r.l. acquired 92,36% of the shares in Sematic for a cash purchase price. The remaining 7,64% of the shares in Sematic were acquired by Elevate (BC) S.C.A., the ultimate parent company of Wittur International Holding GmbH, in exchange for the issuance of preference shares and ordinary shares to the sellers. Furthermore, Sematic S.p.A acquired Italian real estate from the former owners of Sematic S.p.A., where this purchase price is deferred. The seller contributed the purchase price receivable for the Italian real estate into Elevate (BC) S.C.A. in exchange for the issuance of preference shares and ordinary shares of Elevate (BC) S.C.A.

Subsequently, Elevate (BC) S.C.A. transferred all its shares in Sematic as well as the Italian premises purchase price receivable as a contribution in kind in the capital reserve down the chain to Wittur International GmbH.

Consideration transferred

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

KEUR	Apr. 1, 2016
Cash	134.507
Contribution in kind	11.652
Liability	8.772
Consideration transferred	154.932

The contribution in kind is valued at its fair value and consists of 7,64% of the Sematic S.p.A. shares. The fair value of the contribution of the Sematic S.p.A. shares is based on the total consideration transferred by Elevate (BC) S.C.A. Group for 100% of these shares. This consists out of a cash part and the equity instruments issued by Elevate (BC) S.C.A. in exchange for 7,64% of the Sematic S.p.A. shares. The Elevate (BC) S.C.A. shares have been valued by an external valuator using a market value valuation technique based on the business plan in place and the EBITDA multiples of Elevate's peer group. The liability incurred is due to the acquisition of the Italian premises, where the purchase price is deferred. The corresponding receivable to this liability is subsequently contributed to Wittur International Holding GmbH. However, this subsequent contribution is not considered part of the consideration transferred.

Share purchase price paid in cash	134.507
Cash acquired	-16.625
Acquisition of business, net of cash acquired	117.882

Acquisition-related costs of KEUR 4.735 for legal and consulting services have been included in ‘administrative expenses’.

The acquisition increased Wittur's net sales in 2016, from the date of acquisition, by KEUR 115.991 and decreased the net profit for the period by KEUR 13.799. If Sematic would have been consolidated as of January 1, 2016, Wittur Group's net sales would have been presented by approximately KEUR 731.450 and the net loss would have been stated by approximately KEUR 134.027 (unaudited pro forma numbers). The information is provided for illustrative purposes only and is not necessarily indicative of the results of the combined group that would have occurred had the purchase actually been made as of January 1, 2016, or indicative of future results of the combined Group.

The following table summarizes the recognized amounts of assets and liabilities acquired at the date of acquisition based on a preliminary purchase price allocation:

KEUR	Apr. 1, 2016
Customer relationships	44.311
Trademarks	14.658
Other intangible assets	5.549
Property, plant and equipment	57.312
Associates	12.512
Other non-current assets	273
Deferred tax assets	4.537
Inventories	16.490
Trade receivables	26.932
Other current assets	41.492
Cash and cash equivalents	16.625
Deferred tax liabilities	22.694
Other non-current liabilities	1.719
Trade and other payables	61.089
Other current liabilities	90.978
Fair value of net assets acquired	64.211
Consideration transferred	154.932
Goodwill	90.721

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

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

Trade receivables comprise gross contractual amounts due of KEUR 28.430 and related provisions for bad debts of KEUR 1.497 at the date of the acquisition. This approximates the fair value of the trade receivables.

The goodwill mainly reflects the complementary market and product coverage as well as the synergies expected to be achieved from integrating the company into Wittur's existing business. None of the goodwill recognized is deductible for tax purposes. The allocation of the purchase price for this acquisition is subject to estimates, assumptions and other uncertainties. Goodwill was allocated to cash-generating units (refer to Note 6.13 "Intangible assets"). The consolidated financial statements include the operating results of the acquired business since the date of acquisition.

3 Estimates and judgements

3.1 General provisions

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

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

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

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

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

3.3 Taxation

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

3.4 Estimates and assumptions

The key assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Impairment of non-financial assets

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

Deferred tax assets

Management judgment is required to determine the amount of deferred tax assets that can be recognised based upon the likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies. For further details refer to Note 6.12 "Income taxes".

Fair value of financial instruments

The Group measures financial instruments, such as, derivatives, at fair value at each balance sheet date. Also, fair values of financial instruments measured at amortised cost are disclosed in Note 8 "Additional disclosures on financial instruments".

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

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

The fair values of the derivatives are measured based on price information derived from active markets and commonly used valuation methods (fair value hierarchy 2).

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

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

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

Pension and other post-employment benefits

The carrying amount of defined benefit pensions plans and other post-employment benefits are based on actuarial valuations. The actuarial valuations involved making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long term nature of these plans, such estimates are subject to significant uncertainty. The net liability for pensions and similar obligations at December 31, 2016 is KEUR 13.453 (2015: KEUR 11.158). Further details are given in Note 6.26 “Provisions and other long-term employee benefits”.

Other provisions

Such provisions are recognised when it is considered probable that legal or factual obligations will result in future outflows of economic benefits, when the costs can be estimated reliably and the measures in question are not expected to result in future inflows of economic benefits. The estimate of future costs is subject to many uncertainties, including legal uncertainties based on the applicable laws and regulations and with uncertainties regarding to the actual conditions in the different countries and operating locations. In particular, estimates of costs are based on earlier experiences in similar cases, the conclusions of expert opinions commissioned by the Group, current costs and new developments that have a bearing on the costs. Any changes to these estimates could have an impact on the future results of the Group. At December 31, 2016, the carrying amount of recognised other provisions was KEUR 13.870 (2015: KEUR 24.805).

Acquisition of subsidiary

The fair value of assets acquired and liabilities assumed involves significant judgement and was determined on a provisional basis. Refer to Note “2.2 Acquisitions” for a description on valuation techniques.

4 Significant accounting policies

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

4.1 Basis of consolidation

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

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

4.2 Business combinations

Wittur applies IFRS 3 Business Combinations in connection with acquisitions. In business combinations, acquired assets and assumed liabilities are identified and classified at fair value on the date of acquisition. The acquisition analysis includes an assessment for intellectual properties like brands, customer relationship, customer contracts, order backlog, similar assets and other intangible assets like capitalized development. If the cost is higher compared to the net value of acquired assets, intellectual properties and assumed liabilities, the difference is recognized within goodwill. Any surplus value on property, plant and equipment is depreciated over the identified remaining useful life time of these assets. Goodwill and intellectual properties with a indefinite life will be tested for impairment on an annual basis. If the consideration transferred is contingent due to one or more future events, it is measured at fair value. Subsequently, all changes appearing in the contingent consideration (excluding financial instruments according to IFRS 9) will be recognised in the income statement. Transaction costs are expensed immediately. Companies acquired during the year are included in the consolidated financial statements from the acquisition date onwards.

4.3 Associates

Associates are companies in which the Group exercises a significant influence without the partly owned company being a subsidiary or a joint arrangement. Significant influence is the power to anticipate in the financial and operating policy decisions of the investee but is not control or joint control of those policies. Normally, this means that the Group owns between 20% and 50% of the votes. Accounting in associates is carried out according to the

equity method and the companies are initially measured at cost. Valuation of acquired assets and liabilities is performed in the same manner as for subsidiaries and the carrying amount for associates includes any goodwill and other Group adjustments. The Group's share of profit after tax arising in the associate after the acquisition is recognized on one line in the consolidated income statement. Share in profits is calculated on the basis of Wittur's share of equity in the respective associate.

4.4 New accounting standards and interpretations

A number of standards and amendments to standards and interpretations are effective for financial periods beginning after January 1, 2017 and have not been applied in preparing these consolidated financial statements for the period ended December 31, 2016:

Standard/ Interpretation	IASB effective Date	Endorsed by EU as of December 31, 2016	Impact on Wittur group
IFRS 14 Regulatory Deferral Accounts	January 1, 2016	No	No
Investment Entities: Applying the Consolidation exceptions (Amendments to IFRS 10, IFRS 12 and IAS 28)	January 1, 2016	Yes	No
Equity Method in Separate Financial Statements (Amendments to IAS 27)	January 1, 2016	Yes	No
Disclosure Initiative (Amendments to IAS 1)	January 1, 2016	Yes	Insignificant
Annual Improvements to IFRSs 2012-2014 Cycle	January 1, 2016	Yes	Insignificant
Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)	January 1, 2016	Yes	No
Accounting for Acquisitions of Interest in Joint Operations (Amendments to IFRS 11)	January 1, 2016	Yes	No

The following standards are published but were not adopted, as early adoption was not mandatory as of December 31, 2016:

Standard/ Interpretation	IASB effective Date	Endorsed by EU as of December 31, 2016	Impact on Wittur group
IFRS 15 Revenue from contracts with customers	January 1, 2018	Yes	In evaluation
IFRS 16 Leases	January 1, 2019	No	In evaluation
IFRS 9 Financial Instruments	January 1, 2018	Yes	In evaluation
Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealized losses	January 1, 2017	No	In evaluation
Amendments to IAS 7: Disclosure Initiatives	January 1, 2017	No	Yes
Clarifications to IFRS 15 Revenue from Contracts with Customers	January 1, 2018	No	preliminarily evaluated
Amendments to IFRS 2: Classification and Measurement of Share based payment Transactions	January 1, 2018	No	In evaluation
Amendments to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts	January 1, 2018	No	No
IFRIC 22 Foreign Currency Transactions and Advance Consideration - Transfers of Investment Property	January 1, 2018	No	In evaluation
Annual Improvement to IFRSs (2014-2016)	Amendments to IFRS 12 as of January 1, 2017 Amendments to IFRS 1 and IAS 28 as of January 1, 2018	No	No

IFRS 15 “Revenue from contracts with customers” amends revenue recognition and sets out the requirements for recognising revenue that apply to all contracts with customers (except those contracts that are within the scope of the standards on leases, insurance contracts and financial instruments). IFRS 15 replaces the previous revenue standards IAS 18 “Revenue” and IAS 11 “Construction Contracts” and the related Interpretations on revenue recognition.. IFRS 15 establishes a five step model to determine the timing and the amount of revenue recognition. Essentially, revenue is recognized when an entity transfers control of a good or service at the amount which the entity expects to be entitled. Revenue either is recognized either over time in order to best reflect the entities’ performance or at a certain point in time when goods or services have been transferred to the customer. The clarifications to IFRS 15 clarifies how to identify performance obligations on the basis of distinct goods or services, requires an entity to determine whether it acts as a principal or agent for each distinct good or service and specifies that licences can be transferred at a certain point in time or over a period of time.

Wittur has performed a preliminary assessment of IFRS 15, which is subject to changes arising from a more detailed ongoing analysis. Based on the preliminary assessment, there might be an impact on reported sales and partly on operating profit due to variable consideration agreements with customers which have to be deducted from revenue according to IFRS 15. At this stage, Wittur is not able to reliably estimate the quantitative impacts of the new standard on its financial statements. The Group will adopt the new standard for the fiscal year beginning on January 1, 2018 and will apply the modified retrospective transition method for IFRS 15.

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

No significant effects from the application of IFRS 9 are expected: Wittur does not expect the new guidance to have a significant impact on the classification and measurement of its financial assets. There will be no impact on Wittur’s accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and Wittur does not have any such liabilities. Wittur does not apply hedge accounting. However, the new impairment model may result in the earlier recognition of credit losses. At this stage, Wittur is not able to reliably estimate the quantitative impact.

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

The new standard will have impact on the debt ratio, even if there is no change in cash flows and business activities. Currently, the full impact on accounting practices is being reviewed.

IFRIC 22 states that foreign currency transactions, which involve an advance payment or receipt, should be translated using the exchange rate on the date the advance foreign currency consideration is received or paid and the prepayment or deferred income is recognized.

The amendments to IAS 7 require more detailed disclosure of the changes in the liabilities from financing liabilities.

The amendments to IFRS 2 pertain to three areas: measurement of cash-settled share based payments, classification of share based payments settled net of withholding tax and accounting for a modification of a share based payment from cash-settled to equity-settled. Cash-settled share based payments should be measured using the modified grant method. This method is also used to measure equity-settled share based payments. Market and non-vesting conditions have to be taken into account in measuring the fair value. The number of awards should also be adjusted for service and any non-market performance conditions. Share based payments settled net of withholding tax should be accounted for as equity settled if the arrangement permits or requires the transaction to be settled net by withholding a specific portion of the equity instrument to meet statutory withholding requirements or if the transaction would be classified as a share-based payment transaction if the net settlement condition would not exist. Lastly, if the awards are modified from cash- settled to equity settled, the liability for the original cash.-settled share based payments is derecognized and the equity-settled share based payment is measured at its fair value at the modification date. The difference between the two amounts is recognized in the income statement immediately.

The impact of the above mentioned amendments to IFRSs and IFRIC 22 on accounting practises is currently being reviewed. Early adoption of the new standards prior to the mandatory effective date is not planned.

4.5 Foreign currencies

The Group's consolidated financial statements are presented in Euros or thousands of Euros (KEUR), which is also the Group's functional currency. Each entity of the Group determines its functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency spot rate at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date. Differences arising on settlement or translation of monetary items are recognised in profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

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

Group companies

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

The following significant exchange rates have been applied:

1 EUR =

Currency	ISO Code	Rate at closing date		Average exchange rate	
		Dec. 31, 2016	Dec. 31, 2015	2016	2015
Chinese Yuan Renminbi	CNY	7,320	7,061	7,350	6,973
Hungarian Forint	HUF	309,830	315,980	311,459	309,898
Indian Rupee	INR	71,594	72,022	74,355	71,175
Turkish Lira	TRY	3,707	3,177	3,343	3,022
U.S. Dollar	USD	1,054	1,089	1,107	1,110

4.6 Revenue

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

4.7 Intangible assets

Purchased intangible assets

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

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

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

	Useful life in years
Intangible assets	3 - 20
thereof internally generated intangible assets	5
thereof trademarks	15
thereof customer relationships	12 - 20

Research and development costs

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

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

Goodwill

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

4.8 Property, plant and equipment

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

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

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

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

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

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets under finance leases are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end

of the lease term. Land is not depreciated. Depreciation methods, useful lives and residual values are reviewed at each reporting date.

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

	Useful life in years
Buildings	25-33
Plants	6-10
Factory equipment	4-6
Fixtures and fittings	4-8
Vehicles	4-5
IT equipment	3-5
IT equipment (networks)	8

4.9 Borrowing costs

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

4.10 Impairment of intangible assets and property, plant and equipment

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

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

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

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

4.11 Investment properties

Investment property is held to earn rentals and generates cash flows largely independently of the other assets held by the Group. This distinguishes investment property from owner-occupied property, for which IAS 16 is applied. Investment properties are measured at cost less accumulated depreciation and any accumulated impairment. An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognised in the profit or loss.

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

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

	Useful life in years
Investment properties	33

4.12 Inventories

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

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

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

4.13 Income taxes

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

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

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

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

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

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

4.14 Financial instruments

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

Cash and cash equivalents comprise cash balances, cash deposits and cash equivalents.

Financial assets are recognised initially at fair value and, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset. Subsequent measurement depends on the categorisation of the financial instrument as described below:

- *Loans and receivables* comprise trade receivables and other financial assets and are measured at amortised cost less any impairment losses. Impairment losses on trade receivables are measured in expectation of future cash flows and recognised using separate allowance accounts. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.
- *Financial instruments at fair value through profit or loss*: An instrument is classified at fair value through profit or loss, if it is held for trading or is designated as such upon initial recognition. Financial instruments are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's documented risk management or investment strategy. Upon initial recognition attributable transaction costs are recognised in profit or loss when incurred. Financial instruments at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value are presented in the income statement within finance income and expense in the period in which they arise. The Group does not apply the fair value option but has derivatives which fall into the sub-category held for trading.

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

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

Financial liabilities are derecognized when the obligation under the liability is discharged, cancelled or expired.

4.15 Finance income and expenses

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

Finance expenses comprise interest expense on borrowings, change of the discount on provisions and changes in the fair value of derivative financial instruments. All borrowing costs are recognised in profit or loss using the effective interest method.

4.16 Impairment of financial assets

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

When there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the trade receivable, it is generally written off against the allowance account (refer to Note 6.20 "Trade receivables"). Only if the trade receivable is considered absolutely uncollectible, it will be reduced directly. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the reversal of the previously recognized impairment loss is recognized in the consolidated income statement.

4.17 Provisions for pensions and other employee benefits

Wittur Group has both defined contribution plans and defined benefit plans.

For defined contribution plans, contributions are paid to publicly or privately administered pension plans on a voluntary, statutory or contractual basis. The contributions are recognized as personnel expenses.

Regarding defined benefit plans, provisions for pensions and other employee benefits are carried as liabilities in accordance with IAS 19.67 using the projected unit credit method. The Group accounts for actuarial gains and losses as part of remeasurements in other comprehensive income. The amount which has to be accounted for as a liability from a defined-benefit pension plan comprises of the cash value of the defined-benefit pension obligation less the fair value of the plan assets which exist for the direct fulfilment of obligations. Actuarial valuations for the obligations are drawn up annually on the balance sheet date. An actuarial valuation is made on the basis of various assumptions. Actuarial assumptions comprise the company's best assessment of the variables that determine the final cost for providing the benefits. Key assumptions and assessments include the discount rate, future salary increase, inflation and life expectancy. The discount rate is based on high quality corporate bonds issued in the currency in which the payments will be made that match the duration of the obligations. Inflation assumptions are based on a combination of central bank targets, implicit market expectations and long-term analyst forecasts. Assumptions regarding salary increases are based on market expectations and market research forecasts.

4.18 Other provisions

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

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

4.19 Leases

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

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

4.20 Government grants

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

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

4.21 Share-based payments

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

Share-based payments at the Group are equity-settled as the Group has no obligation to perform settlement. Fair value is measured at grant date and is expensed over the vesting period.

5 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 and other loans granted. The main purpose of these financial liabilities is the financing of the Group's business activities. Various financial assets such as trade receivables and cash which result directly from said business activities continue to be available to the Group.

Due to its business activities, the Group is exposed to the following financial risks:

- credit risk,
- liquidity risk and
- market risk

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

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

5.1 Credit risk

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

The Group's exposure to credit risk is mainly influenced by the individual characteristics of each customer. The Group only concludes business transactions with creditworthy third parties. All customers wishing to conclude business transactions with the Group on credit are subjected to a test of their creditworthiness. In addition to that the receivables are monitored continuously, so that the Group is not exposed to any substantial risks of non-payment.

In case of transactions are not carried out in the country of the operative unit concerned no credits are granted without prior approval from the head of accounts receivable controlling. Furthermore, latent credit and default risk from accounts receivables is taken into account through a bad debt allowance.

The entity has several customers, which together comprise a substantial share of the Group's trade receivables . These receivables do not, however, lead to a significant credit risk for Wittur Group. There are no indications that defaults in payment obligations will occur, which would lead to a decrease of net assets.

5.2 Liquidity risk

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

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

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

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

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

Dec. 31, 2016				
KEUR	< 1 year	1 - 5 years	over 5 years	Total
Interest-bearing loans and borrowings	97.286	195.146	661.683	954.115
Other financial liabilities	8.092	2.100	1.972	12.164
Trade and other payables	151.696	-	-	151.696
Sub-Total	257.074	197.246	663.655	1.117.975
Derivative financial instruments	-130	-169	-	-299
cash outflows related to gross settled derivatives	-	2.686	-	2.686
cash inflows related to gross settled derivatives	-	-2.855	-	-2.855
cash outflows related to net settled derivatives	-130	-	-	-130
Total	256.944	197.077	663.655	1.117.675

Dec. 31, 2015				
KEUR	< 1 year	1 - 5 years	over 5 years	Total
Interest-bearing loans and borrowings	46.999	161.343	425.049	633.392
Other financial liabilities	4.426	1.731	2.367	8.524
Trade and other payables	113.553	-	-	113.553
Sub-Total	164.978	163.074	427.416	755.469
Derivate financial instruments	20	-	-	20
cash outflows related to gross settled derivatives	2.959	-	-	2.959
cash inflows related to gross settled derivatives	-2.939	-	-	-2.939
cash outflows related to net settled derivatives	-	-	-	-
Total	164.998	163.074	427.416	755.489

Trade and other payables include payroll liabilities and advance payments (refer to Note 6.20 “Trade and other payables”).

5.3 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk of the Group comprises the following types of risk: foreign currency exchange rate risk and interest rate risk. There are no significant risk concentrations.

Foreign exchange risk

The Group operates internationally and is therefore exposed to a foreign exchange risk at different group companies. The foreign exchange risk arises from future commercial transactions, recognised financial assets and liabilities and internal financing activities which are denominated in a currency that is not the respective entity’s functional currency. A majority of the foreign exchange risks is naturally offset by cash inflows and outflows denominated in foreign currency. The major foreign exchange risk arise from intercompany loans between the holding company and any of its group companies with functional currency other than EUR. In general, the Foreign

exchange risk is concentrated in the holding company by denominating the intercompany loan in the functional currency of the respective group company. To manage the remaining foreign exchange risk Group treasury concludes derivative contracts.

Foreign currency exchange rate risks are presented by application of sensitivity analyses. These show the effects of hypothetical changes of relevant risk variables on result before tax as a consequence of upward revaluation and devaluation of EUR against the Group's material foreign currencies.

The scope of the sensitivity analyses are financial instruments of a monetary nature that are denominated in a currency other than the functional currency. Differences resulting from the translation of financial statements into the Group's presentation currency are not taken into consideration. Apart from effects on result before tax, there is no further impact on shareholders' equity. As hedge accounting is not applied, there are no effects on other comprehensive income relating to foreign exchange risk.

KEUR +5% increase of EUR	2016	2015
against CNY	499	310
against USD	-466	-43
against BRL	-355	177
against TRY	229	375
Total	-93	819

KEUR -5% decrease of EUR	2016	2015
against CNY	-831	-310
against USD	515	47
against BRL	392	-195
against TRY	-253	-375
Total	-177	-833

Interest rate risk

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

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

The interest rate sensitivity analyses are based on the following assumptions:

- Changes in the market interest rates of all non-derivative financial instruments with fixed interest rates that are carried at amortised cost are not subject to interest rate risk as defined in IFRS 7.
- Interest rate changes also impact profit or loss because of interest rate derivatives.
- Changes in market interest rates affect the interest income or expense of non-derivative variable-interest financial instruments and the interest payments which are not designated as hedged items of cash flow hedges against interest rate risks. As a consequence, they are included in the calculation of income-related sensitivities.

KEUR	Effect on earnings before income taxes
Scenario 1: increase in interest rate structure by 100 base points	
2016	-184
2015	-61
Scenario 2: decrease in interest rate structure by 100 base points	
2016	-
2015	-

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

6.1 Revenues

KEUR	2016	2015
Sales of goods		
Europe	363.429	200.582
Asia	274.504	222.511
Rest of World	59.843	40.661
Revenues	697.776	463.753

6.2 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 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 Group's Management Board consisting of the Chief Executive Officer and the Chief Financial Officer (until his resignation on December 12, 2016).

Due to the business model of the Group and its governance structure, the Group as a whole 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	2016	2015
China	248.718	205.749
Austria	102.732	76.705
Italy	80.383	36.400
Germany	62.931	26.995
Spain	34.893	21.259
Turkey	24.732	19.967
Other countries	143.387	76.678
Revenues	697.776	463.753

KEUR	Dec. 31, 2016	Dec.31, 2015
China	256.701	237.611
Italy	94.668	63.895
Austria	91.190	88.209
Germany	65.633	47.409
Other countries	245.628	241.129
Non-current assets*	753.820	678.252

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

For regional information on revenues please refer to Note 6.1 "Revenues".

Product information

Wittur Group's sales per product category were the following in financial year 2016:

KEUR	2016	2015
Doors	498.646	339.635
Other products	199.130	124.118
Revenues	697.776	463.753

Major customer

Wittur Group's customer base is diverse in regard to size of revenue as well as location of the customers. The two major customer of the Group represent KEUR 250.899 or 36% (2015: KEUR 213.235 or 46%) respectively KEUR 167.568 or 24% (2015: KEUR 76.438 or 16%) of total Group's revenue.

6.3 Cost of sales

KEUR	2016	2015
Direct material costs	334.316	227.491
Personnel expenses	97.286	59.123
Freight and packaging	50.359	35.863
Other costs	32.694	19.582
Cost of sales	514.655	342.059

6.4 Selling expenses

KEUR	2016	2015
Personnel expenses	20.514	11.787
Impairment of customer relationships and trademarks	11.110	6.344
Other costs	6.869	5.075
Selling expenses	38.493	23.206

6.5 Research and development expenses

KEUR	2016	2015
Personnel expenses	7.900	4.062
Other costs	1.044	1.504
Research and development expenses	8.944	5.566

6.6 Administrative expenses

Expenses by nature mainly consist of:

KEUR	2016	2015
Personnel expenses	40.851	17.363
Depreciation and amortization	43.093	27.591
Consulting	21.318	7.883
Impairment	4.371	-
Other costs	24.503	19.208
Administrative expenses	134.136	72.044

6.7 Employee benefit expense

KEUR	2016	2015
Wages and salaries	104.653	61.518
Social insurance contributions incl. defined contribution plan costs	24.864	14.383
Defined benefit pension costs	3.888	2.848
Employee benefit expense	133.405	78.749

The number of employees was 4.358 as of December 31, 2016 (2015: 3.482).

6.8 Other income

KEUR	2016	2015
Currency translation gain-loss	961	0
Government income for tax benefits, premiums and subsidies	941	545
Income from R&D or research funding	756	594
Income from rented property	368	289
Income from insurance companies	88	47
Income of indemnification for damages	81	230
Licence fee income	0	200
Gain on sale of fixed assets	51	47
Others	642	230
Other income	3.887	2.181

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

6.9 Other expenses

KEUR	2016	2015
Impairment of Goodwill	88.549	3.045
Other taxes	3.118	2.341
Currency translation loss - net	-	1.123
Others	120	54
Other expenses	91.786	6.563

6.10 Finance expenses

KEUR	2016	2015
Interest on borrowings	42.784	23.181
Borrowing rating & consultancy costs	3.031	10.119
Amortization of transaction costs	3.032	1.935
Discounting of provisions	2.240	1.518
Currency transaction loss on intercompany loans	0	844
Interest expenses for finance leases	111	88
Other financial expenses	3.071	1.619
Total finance expense that is not measured at fair value through profit and loss	54.269	39.303
Loss on financial instruments at fair value through profit or loss	314	8.909
Finance expense	54.583	48.213

Loss on financial instruments at fair value through profit or loss relates to foreign currency derivatives (KEUR 313) and to interest rate derivative (KEUR 1). The loss in 2015 comprises interest rate derivative (KEUR 25), foreign currency derivatives (KEUR 1.065) and the Bond repurchase option (KEUR 7.820).

6.11 Finance income

KEUR	2016	2015
Other interest income	364	182
Amortization of Bond repurchase option	1.401	967
Income from fair value adjustment of contingent consideration	8.038	-
Currency transaction gain on Intercompany loans	1.832	-
Total finance income that is not measured at fair value through profit and loss	11.635	1.149
Net gain on financial instruments at fair value through profit or loss	4.905	-
Finance income	16.540	1.149

Gain on financial instruments at fair value through profit or loss relates to the Bond repurchase option (KEUR 4.905).

Income from fair value adjustment of contingent consideration relates to the fair value adjustment of the warrant agreed in the SPA related to the acquisition of 100% of share capital of the initial Wittur Group in 2015. The seller of the initial Wittur Group to Bain will be entitled to receive an additional purchase price depending on the proceeds in the case of an exit of Bain (refer to Note 6.27 "Other provisions").

6.12 Income taxes

The following table provides a breakdown of deferred taxes:

KEUR	Dec. 31, 2016		Dec. 31, 2015	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Non-current assets	2.492	134.944	448	117.945
Intangible assets	223	127.615	11	114.049
Property, plant and equipment	1.553	6.031	350	3.815
Investment properties	2	51	-	51
Other non-current financial assets	714	1.247	88	30
Other non-current assets	-	-	-	0
Current assets	2.027	958	698	195
Inventories	1.155	43	272	-
Trade and other receivables	750	471	362	21
Other current financial assets	122	444	63	173
Cash and cash equivalents	-	-	0	0
Non-current liabilities	4.679	5.559	1.564	4.365
Non-current interest-bearing loans and borrowings	-	5.477	-	4.342
Provisions for pensions	1.955	-	183	5
Other non-current provisions	1.602	82	895	10
Derivative financial instruments	219	-	20	8
Other non-current liabilities	903	-	466	-
Current liabilities	1.548	14	219	183
Trade and other payables	1.206	14	138	183
Current interest-bearing loans and borrowings	-	-	19	-
Other current provisions / financial liabilities	342	-	62	-
Tax losses carried forward	10.868	-	1.388	-
Total before netting	21.614	141.475	4.317	122.687
Offsetting of deferred taxes	-10.127	-10.127	-1.386	-1.386
Presented in consolidated balance sheet *	11.487	131.348	2.931	121.302

* Numbers for 2015 adjusted

* In 2016, the Group noticed that in the course of the purchase price allocation in 2015, a deferred tax asset was recognized for a contingent consideration, even though this does not implicate any deferred taxes. As a consequence, deferred tax assets have been overstated by KEUR 4.081 and goodwill has been understated by the same amount. The comparative numbers for 2015 have been adjusted due to this prior period error. As this error relates to the purchase price allocation in 2015, there are no previous periods impacted and the adjustment resulted only in a reclassification from deferred tax assets to goodwill.

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

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

KEUR	Dec. 31, 2016	Dec. 31, 2015
Deferred tax assets:		
- Deferred tax assets to be recovered after more than 12 months	14.821	3.241
- Deferred tax asset to be recovered within 12 months	6.793	1.076
	21.614	4.317
Deferred tax liabilities:		
- Deferred tax liability to be recovered after more than 12 months	140.502	122.309
- Deferred tax liability to be recovered within 12 months	973	378
	141.475	122.687
Deferred tax liability (net)	119.861	118.370

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

The following table reconciles the expected income tax expense to the actual income tax expense presented in the consolidated financial statements. The effective tax expense results from the application of an income tax rate of 26,3% (2015: 26,3%) to consolidate profit for the period (before taxes) in accordance with IFRS. The income tax rate is made up of corporation tax at 15% (2015: 15%), a solidarity surcharge of 5,5% (2015: 5,5%) and trade tax at 10,5% (2015: 10,5%). The tax rate applied is the German tax rate.

KEUR	2016	2015
Current taxes	-19.178	-17.076
Deferred taxes	16.515	4.536
Income taxes	-2.663	-12.540
Earnings before income taxes (EBT)	-124.021	-30.569
Expected tax rate	26,3%	26,3%
Expected income taxes	32.655	8.049
Tax effects resulting from:		
Differences in tax rates	-23	23
Impairment and non-recognition of deferred tax assets and reversal	3.182	-2.355
Adjustments for current and deferred income taxes for prior years	-1.295	-1.190
Share of profit of equity accounted investees	98	-
Non-deductible expenses	-13.986	-16.428
Tax-exempt income	214	282
Impairment of goodwill	-23.315	-797
Changes to deferred taxes resulting from tax rate changes	649	-100
Other effects	-842	-23
Income taxes	-2.663	-12.540
Effective income tax rate	2,1%	41,0%

The non-deductible expenses result mainly from non-deductible interests (thereof Germany 2016: KEUR 21.803; 2015: KEUR 37.604) and non-refundable withholding taxes (thereof Germany 2016: 1.340 KEUR; 2015: KEUR 1.158 and Italy 2016: KEUR 3.069; 2015: KEUR 2.445).

The Group has tax loss carry forwards of KEUR 86.661 (2015: KEUR 38.028) that are available to offset against future taxable profits of the companies in which the losses arose. Deferred tax assets are recognised for tax loss carry forwards of KEUR 46.444 (2015: KEUR 8.018) to the extent that the realisation of the related tax benefit through future taxable profits are expected. Deferred tax assets amounting to KEUR 8.648 (2015: KEUR 1.388)

have been recognised in respect of these losses. The Group did not recognise deferred tax assets in respect of losses amounting to KEUR 40.217 (2015: KEUR 30.010). Losses will expire as described in the following table:

KEUR	Dec. 31, 2016	Dec. 31, 2015
Amounts of tax loss carry forwards that will expire		
- in 2016	-	8.793
- in 2017	18	-
- in 2021	739	-
- in 2022	1.420	-
- in 2023	994	-
- in 2024	1.636	-
- in 2025	520	-
- in 2026	1.473	-
- after more than 9 years	11.747	-
	18.547	8.793

For an unused tax credit deferred tax assets of kEUR 855 were capitalized.

The Group did not recognize deferred tax assets on interests carry forwards as it is not probable that these interests carry forwards can be utilised:

KEUR	Dec. 31, 2016	Dec. 31, 2015
Amounts of interests carry forwards		
- in Germany	59.407	37.604
- in Italy	6.388	-
	65.795	37.604

6.13 Intangible assets

KEUR	Goodwill	Customer relationship, licenses and other rights	Trademark	Development costs	Total
Cost					
At Dec. 31, 2015	157.181	327.810	133.419	8.503	626.913
Acquired in business combination	90.721	49.860	14.658	-	155.239
Additions	-	4.645	-	3.248	7.894
Transfers	-	-436	-	1	-435
Disposals	-	-55	-	-263	-318
Currency translation	-3.774	21	-	-20	-3.774
At Dec. 31, 2016	244.127	381.845	148.077	11.469	785.519
Accumulated amortisation					
At Dec. 31, 2015	3.045	23.859	-	907	27.811
Additions (amortisation)	-	30.642	152	1.475	32.269
Additions (impairment)	88.549	10.594	515	1.966	101.624
Transfers	-	-	-	-	-
Disposals	-	-49	-	-	-49
Currency translation	-	-4	-	1	-2
At Dec. 31, 2016	91.593	65.043	667	4.349	161.652
Carrying amount					
At Dec. 31, 2015	154.137	303.950	133.419	7.596	599.101
At Dec. 31, 2016	152.534	316.802	147.410	7.120	623.866

KEUR	Goodwill	Customer relationship, licenses and other rights	Trademark	Development costs	Total
Cost					
At Dec. 31, 2014	-	-	-	-	-
Acquired in business combination *	163.248	325.675	133.419	5.810	628.152
Additions	-	2.441	-	2.708	5.149
Transfers	-	40	-	-	40
Disposals	-	-318	-	-	-318
Currency translation	-6.067	-29	-	-15	-6.111
At Dec. 31, 2015 *	157.181	327.810	133.419	8.503	626.913
Accumulated amortisation					
At Dec. 31, 2014	-	-	-	-	-
Additions (amortisation)	-	17.762	-	907	18.669
Additions (impairment)	3.045	6.344	-	-	9.389
Transfers	-	-	-	-	-
Disposals	-	-244	-	-	-244
Currency translation	-	-3	-	-0	-3
At Dec. 31, 2015	3.045	23.859	-	907	27.811
Carrying amount					
At Dec. 31, 2014	-	-	-	-	-
At Dec. 31, 2015 *	154.137	303.950	133.419	7.596	599.101

* Numbers for 2015 adjusted

* In 2016, the Group noticed that in the course of the purchase price allocation in 2015, a deferred tax asset was recognized for a contingent consideration, even though this does not implicate any deferred taxes. As a consequence, deferred tax assets have been overstated by KEUR 4.081 and goodwill has been understated by the same amount. The comparative numbers for 2015 have been adjusted due to this prior period error. As this error relates to the purchase price allocation in 2015, there are no previous periods impacted and the adjustment resulted only in a reclassification from deferred tax assets to goodwill.

The transfers amounting to KEUR 435 (2015: KEUR 40) are transferred to property, plant and equipment which can be found in Note 6.14 "Property, plant and equipment".

Research and development spending amounted to KEUR 12.192 in financial year 2016 (2015: KEUR 8.274). Thereof KEUR 3.248 (2015: KEUR 2.708) self-produced intangible assets were capitalized in financial year 2016.

The Sematic acquisition was identified as triggering event for an evaluation of existing R&D projects with regards to their recoverability. For those projects, where the carrying amount exceeded the recoverable amount, an impairment loss amounting to KEUR 1.966 was recognized. In 2015, no impairment loss was recognized.

Furthermore, as a result of the annual goodwill impairment test, an impairment loss amounting to KEUR 99.658 was recognized for the CGU "Europe" and "Rest of World" ("RoW"). The CGU "Europe" contains business operations in Europe, whereas the CGU "RoW" contains business operations in North America and South America as well as in Turkey.

The impairments are mainly driven by the high degree of uncertainty in the market environment.

For the CGU "RoW" a total impairment loss of KEUR 30.825 was recognized. The total goodwill in the amount of KEUR 19.715 was written off. In addition, customer relationships in the amount of KEUR 10.594 and the Tylor brand name in the amount of KEUR 515 were impaired. For the CGU "Europe" a total impairment loss of KEUR 68.833 was recognized on goodwill. The impairment loss for goodwill is included in other expenses; the impairment losses for customer relationships and the Tylor brand are included in selling expenses.

The recoverable amount of the CGUs, determined as value in use, was as follows:

KEUR	Dec 31, 2016	Dec 31, 2015 adjusted*	Dec 31, 2015
Recoverable amount			
Europe	386.461	292.575	332.709
Asia Pacific (China / Asia Pacific)	494.737	299.386 / 67.498	307.922 / 69.551
Rest of World (Eurasia / Americas)	58.510	78.784 / 5.470	111.645 / 7.979

*In the prior year financial statements, no country risk premium was considered separately in the WACC calculation. In the table above can be found the recalculated December 31, 2015 recoverable amounts using adjusted WACC rates including country premium risk (see also disclosures about discount rates' adjustments below).

For the CGUs "Europe" and "RoW", the recoverable amount was lower than the carrying amount.

Goodwill

As a result of changes in Wittur's internal reporting structure and how goodwill is monitored internally, the CGU structure changed from previously five CGUs to three CGUs. The change in goodwill from January 1, 2016, to December 31, 2016 is due to the Sematic acquisition as well as exchange rate effects and recognized impairment losses in 2016.

Goodwill is allocated to CGUs as follows:

KEUR	Dec 31, 2016	Dec 31, 2015*	Dec 31, 2015
Analysis of Goodwill			
Asia Pacific	78.719	69.343	67.507
Europe	73.816	66.549	64.787
Rest of World	0	18.245	17.762
Total Goodwill	152.534	154.137	150.056

The table below shows the reconciliation of the carrying amount for the individual CGUs:

KEUR	January 1, 2016	Additions	Impair- ment	Exchange rate effect	Dec 31, 2016
Analysis of Goodwill					
Asia Pacific	69.343	11.069	-	-1.693	78.719
Europe	66.549	75.834	-68.833	265	73.816
Rest of World	18.245	3.817	-19.715	-2.346	0
Total Goodwill	154.137	90.721	-88.549	-3.774	152.534

Goodwill is tested for impairment at least once a year by comparing a cash generating unit's ("CGU") carrying amount with their value in use which reflects a CGUs condition as of valuation date. A CGU is defined to cover a region's business operations (e.g. Europe, Asia Pacific, etc.) and reflects the lowest level on which Wittur's business operations are monitored by management. Cash flows projections for each CGU are based on specific estimates for the next five years. The principal planning assumptions are expected market trends in relation to the company's development, changes in production and other costs. The assumptions are management's view based upon current performance and the mid-range plan. Summarized the assumptions can be outlined as follows:

- Average annual growth rate (CAGR) of net sales between 2% and 8% (2015: between 4% and 17%).
- Average annual growth rate (CAGR) of EBIT between 8% and 17% (2015: between 1% and 36%).

For all CGUs, the growth rate used for the terminal value was 1% p.a. (2015: 1%) The discount rate applied is the pre-tax weighted cost of capital for 2016 by CGU is as follows:

in %	Dec 31, 2016	Dec 31, 2015 adjusted*	Dec 31, 2015
Analysis of pre-tax Weighted Average Cost of Capital			
Europe	13,89%	12,47%	11,1%
Asia Pacific (China / Asia Pacific)	14,17%	10,93% / 11,27%	10,7% / 11,0%
Rest of World (Eurasia / Americas)	19,97%	13,24% / 14,98%	9,9% / 11,2%

*In the prior year financial statements, no country risk premium was considered separately in the WACC calculation. In the table above can be found the recalculated December 31, 2015 WACC rates including country premium risk. Furthermore, prior year WACC did not consider inflation differential due to the fact that business plans were currency converted with forward rates. In 2016, the inflation differential was as follows: Europe 0,6%, China 1,4%, Asia Pacific 1,4%, Eurasia 2,9% and Americas 2,9%.

Goodwill is impaired if the CGU's value in use is less than its carrying amount. The value in use of CGU "APAC" exceeded its carrying amount at the impairment test date. An adverse change in EBIT margin of 50 BP and in the discount rate of 50 BP would not lead to a write-down of goodwill in the CGU "APAC". Following the impairment loss in the CGUs "Europe" and "RoW", the recoverable amount was equal to the carrying amount. For the CGU "Europe", an adverse change in EBIT margin of 50 BP and in the discount rate of 50 BP would lead to a further write-down of goodwill of KEUR 41.746. For the CGU "RoW", an adverse change in EBIT margin of 50 BP and in the discount rate of 50 BP would lead to an additional need for impairment of KEUR 4.978.

Trademark

The trademark *Wittur* is recognized in Wittur Holding GmbH. Due to the localization of the trademark in the Wittur Holding GmbH there is no allocation of the trademark value to other Group companies. Due to the high degree of brand recognition in the elevator industry and its foundation a long time ago the trademark has an indefinite useful life. Therefore, it was subject of an impairment test which is carried out at least on an annual basis.

To identify any impairment the carrying amount of the trademarks was compared with its fair value less cost of disposal. This requires an estimation of the expected future brand specific cash flows. The future cash flows were calculated as difference of an estimated license payment based on estimated revenue and inherent tax expenses according to the relief of royalty method. In order to calculate the present value of those cash flows, an interest rate of 8,2% and growth in the terminal value of 1,0% were assumed.

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

In the course of the Sematic acquisition as of April 1, 2016 three further trademarks were acquired: Sematic, Tyler and Liftmaterial. These trademarks have a useful life of 15 years. The trademarks Sematic and Liftmaterial do not need to be tested for impairment on a yearly basis and no triggering event for impairment has been identified.

There were no impairments reversed in 2016 or 2015.

6.14 Property, plant and equipment

KEUR	Land and buildings	Plant and machinery	Furniture and equipment	Assets under Construction	Assets under Finance lease	Total
Cost						
At Dec. 31, 2015	42.704	20.799	7.180	5.168	4.410	80.261
Acquired in business combination	38.891	12.919	3.221	1.313	969	57.312
Additions	3.548	396	1.992	1.986	80	8.002
Transfers	1.675	3.984	797	-6.088	66	435
Disposals	-52	-1.275	-1.014	-34	-27	-2.401
Currency translation	161	34	-43	-65	-4	83
At Dec. 31, 2016	86.926	36.857	12.132	2.280	5.496	143.692
Accumulated depreciation						
At Dec. 31, 2015	1.348	1.988	477	-	109	3.922
Additions (depreciation)	4.119	2.893	3.589	-	222	10.823
Additions (impairment)	2.357		49			2.406
Transfers	-145	0	1	-	144	-
Disposals	-1	-878	-726	-	-15	-1.620
Currency translation	-0	-12	-2	-	-1	-16
At Dec. 31, 2016	7.678	3.991	3.387	-	459	15.514
Carrying amount						
At Dec. 31, 2015	41.356	18.811	6.703	5.168	4.301	76.339
At Dec. 31, 2016	79.248	32.866	8.746	2.280	5.037	128.177

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

In the course of the Sematic acquisition, the Group acquired land in Pune, India. Subsequently, the operating business was transferred from Sematic India to Wittur India, which was a triggering event for an impairment test of the land. The carrying amount exceeded the recoverable amount, which was determined as fair value less costs to sell. As a result, an impairment loss amounting to KEUR 1.975 was recognized. In addition, a test tower including equipment located in Spain became obsolete. Thus, its carrying amount of KEUR 431 was fully impaired. In 2015, no impairment losses were recognized. No impairments were reversed in 2016 or 2015.

Further details for assets under finance lease are included in Note 7 "Disclosures on leases".

6.15 Investment properties

KEUR	Investment Property
Cost	
At Dec. 31, 2015	1.821
Additions	-
Disposals	-
At Dec. 31, 2016	1.821
Accumulated depreciation	
At Dec. 31, 2015	20
Additions (depreciation)	28
Disposals	-
At Dec. 31, 2016	48
Carrying amount	
At Dec. 31, 2015	1.800
At Dec. 31, 2016	1.773

KEUR	Investment Property
Cost	
At Dec. 31, 2014	-
Acquired in business combination	3.251
Additions	-
Disposals	-1.431
At Dec. 31, 2015	1.821
Accumulated depreciation	
At Dec. 31, 2014	-
Acquired in business combination	-
Additions (depreciation)	39
Disposals	-19
At Dec. 31, 2015	20
Carrying amount	
At Dec. 31, 2014	-
At Dec. 31, 2015	1.800

KEUR	2016	2015
Rental income derived from investment properties	368	289
Direct operating expenses (including repairs and maintenance) generating rental income	-13	-25
Direct operating expenses (including repairs and maintenance) not generating rental income	-	-18
Net profit arising from investment properties carried at cost	355	245

The fair value based on external valuation of the investment property amounts to KEUR 1.864 (2015: KEUR 1.864) and represents Level 3 of the fair value measurements hierarchy (we refer regarding the definition of Level 3 to Note 8 “Additional disclosures on financial instruments”).

No impairment was recognised for investment properties during the business year 2016 (2015: no impairment recognized). There were no impairments reversed in 2016.

As of December 31, 2016, there existed no restrictions on the realisability of investment property or the remittance of income and proceeds of disposal.

6.16 Other non-current financial assets

KEUR	Dec. 31, 2016	Dec. 31, 2015
Bond repurchase option	11.714	6.809
Foreign currency derivatives	-	115
Guarantees and deposits	199	18
Investments	1.216	9
Other non-current financial assets	13.129	6.953

Wittur as the issuer of the high yield bond has the right to repurchase the bond at any time. The contractual conditions granted to Wittur define the repurchasing price as defined exercise prices plus accrued interest payable in this case. The embedded right to repurchase the bond forms a call option embedded in the Bond contract, which had to be separated from the host-contract and is measured at fair value.

The investments mainly consist of preferred equity certificates issued by Elevate (BC) Sca, the ultimate parent company of Wittur International Holding GmbH.

6.17 Associates

On April 1, 2016 Wittur Group acquired equity interests in 'NEW Lift Neue Elektronische Wege Steuerungsbau GmbH' and 'COMPUTEC S.R.L.' as part of the Sematic acquisition as at April 1, 2016. These interests are accounted for as associates using the equity method in accordance with IAS 28.

NEW Lift Neue Elektronische Wege Steuerungsbau GmbH and its' 51% subsidiary New Lift Service Center GmbH develop, produce and distribute electronic control systems, especially for conveyors. Furthermore, the companies provide maintenance and technical support for these systems.

COMPUTEC S.R.L. manufactures and distributes electronic board systems.

	Shareholding in % Dec. 31, 2016	Shareholding in % Dec. 31, 2015
Computec S.r.l., Brescia, Italy	36%	0%
New Lift Steuerungsbau GmbH, Gräfelfing, Germany	40%	0%

The following table summarizes the financial information of Computec and New Lift as included in its own financial statements, adjusted for fair value adjustments at acquisition. The information for 2016 includes the results only for the period from April 1 to December 31, 2016, because both associates were acquired on April 1, 2016. The financial information is preliminary because the financial statements of both associates for the year ended December 31, 2016, were not yet fully prepared at the time when these consolidated financial statements were prepared.

Computec S.r.l., Brescia, Italy :

KEUR	2016	2015
Revenue	6.424	-
Profit for the period	149	-
Group's share of profit for the period (36%)	54	-
Dividends received by the Group	-	-
Non-current assets	1.581	-
Current assets	6.293	-
Non-current liabilities	465	-
Current liabilities	1.822	-
Equity	5.595	-
Group's share in equity (36%)	2.014	-
Goodwill	1.557	-
Carrying amount of interests in associates	3.571	-

Teilkonzern - New Lift Steuerungsbau GmbH, Gräfelfing, Germany:

KEUR	2016	2015
Revenue	19.105	-
Profit for the period	858	-
Thereof parent company	799	-
Thereof minority interests	59	-
Group's share of profit for the period (40%)	319	-
Dividends received by the Group	-	-
Non-current assets	265	-
Current assets	8.602	-
Non-current liabilities	-	-
Current liabilities	963	-
Minority Interests	471	-
Equity	7.433	-
Group's share in equity (40%)	2.973	-
Goodwill	6.341	-
Carrying amount of interests in associates	9.314	-

Movement of the carrying amount in associates:

KEUR	Dec. 31, 2016	Dec. 31, 2015
At Jan. 1	-	-
Acquired in business combination	12.512	-
Group's share of profit for the period	373	-
Dividends received	-	-
Impairment	-	-
At Dec. 31	12.885	-

6.18 Other non-current assets

KEUR	Dec. 31, 2016	Dec. 31, 2015
VAT receivables long-term	268	944
Others	88	66
Other non-current assets	356	1.011

6.19 Inventories

KEUR	Dec. 31, 2016	Dec. 31, 2015
Raw materials and supplies	35.966	25.805
Finished goods and work in progress	22.994	18.223
Prepayments on inventory	98	256
Inventories	59.058	44.284

Inventories recognised as expense amounted to KEUR 334.316 (2015: KEUR 227.491). As of December 31, 2016 the write downs of inventories recognized as a valuation allowance amounted to KEUR 2.092 (2015: KEUR 391).

In 2016, write-downs on inventories in an amount of KEUR 3.045 (2015: KEUR 391) were recognized as expense, thereof an amount of KEUR 2.151 was recognized due to a change in estimates. In addition, KEUR 990 of write-downs were reversed. The write-downs and reversals are included in 'cost of sales'.

6.20 Trade receivables

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

KEUR	Dec. 31, 2016	Dec. 31, 2015
Not past due	112.554	87.061
Past due less than 60 days	15.201	15.318
Past due more than 60 days	20.199	14.916
Total	147.954	117.295

No allowance was recognised for trade receivables past due less than 60 days in 2016 (2015: KEUR 0). Allowance was recognized amounting to KEUR 10.551 (2015: KEUR 8.792) for trade receivables past due more than 60 days. In 2016, KEUR 785 (2015: KEUR 293) were past due more than 60 days but no allowance was recognised.

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

KEUR	Dec. 31, 2016	Dec. 31, 2015
Allowances at the beginning of the period	-8.792	-
Acquired in business combination	-	-7.193
Additions	-3.673	-3.193
Reversal	727	546
Use	1.428	387
Currency translation	-241	661
Individual allowances at the end of the period	-10.551	-8.792

The currency translation effect mainly relates to TRY.

KEUR	Dec. 31, 2016	Dec. 31, 2015
Trade receivables	137.403	108.502
Trade receivables	137.403	108.502

Receivables have been substantially pledged under the senior facility agreement (refer to Note 6.25 "Interest bearing loans and borrowings").

Factoring

A factoring agreement concluded in the reporting period concerning monthly revolving sales of trade receivables resulted in a reduction of the trade receivables. As of the end of the reporting period KEUR 3.006 trade receivables were sold to the bank and derecognised in full. The risks relevant for the risk assessment with respect to the receivables sold are the credit risk and the late payment risk. The credit risk represents substantially all the risks and rewards of ownership of the receivables and is transferred to the bank in full. The late-payment risk continues to be borne in full by the Group. The maximum exposure to loss is the payment of interests which has to be paid on the outstanding amount. The expected loss related to the late payment risk amounts to KEUR 4. In average, a nominal amount of KEUR 5.000 receivables was sold within the revolving factoring agreement during the reporting period. The factoring agreement was changed in December 2016 to an off-balance agreement resulting in a derecognition of trade receivables, because substantially all the risks were transferred to the factor. Before, the receivables sold to the factor were recognized in full as neither late payment risk nor the credit risk was transferred to the factor. As of December 31, 2015, trade receivables in an amount of KEUR 5.025 were sold but not derecognised. Thus, a corresponding liability of the same amount was recognized. Fees related to the factoring program in an amount of KEUR 114 (2015: KEUR 84) are included in 'finance expenses'.

6.21 Other current financial assets

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

6.22 Other current assets

KEUR	Dec. 31, 2016	Dec. 31, 2015
VAT receivable	8.081	5.508
Prepaid expenses	2.711	1.532
Withholding tax receivable	362	289
Tax benefit receivable	130	367
Others	1.877	1.351
Other current assets	13.161	9.047

6.23 Cash and cash equivalents

KEUR	Dec. 31, 2016	Dec. 31, 2015
Cash on hand, cheques and cash at banks	37.181	24.373
Cash in transit	228	-
Cash and cash equivalents according to consolidated balance sheet statement	37.410	24.373

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

Bank accounts have been substantially pledged under the senior facility agreement (refer to Note 6.25 “Interest bearing loans and borrowings”).

6.24 Equity

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

Subscribed capital

The subscribed capital consists of one share amounting to KEUR 25 (2015: KEUR 25) and is held by Paternoster Holding II GmbH, Sulzemoos, Germany. The share capital is fully paid in as of the balance sheet date.

Capital reserves

The increase of the capital reserve of KEUR 27.925 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 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.

The remaining amount of KEUR 20.425 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.

Other components of equity

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

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

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

2016 KEUR	before tax	tax credit	after tax
Exchange differences on translation of foreign operations	-7.423	-	-7.423
Actuarial gains and losses	-447	60	-387
Other comprehensive income	-7.870	60	-7.810

2015 KEUR	before tax	tax credit	after tax
Exchange differences on translation of foreign operations	-5.654	-	-5.654
Actuarial gains and losses	-119	29	-90
Other comprehensive income	-5.773	29	-5.744

Capital management

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

The Group considers both capital and net debt as relevant components of funding, hence, part of its capital management. The Group manages the equity as capital under IFRS amounting to KEUR 39.240 (2015: KEUR 145.810). The Group includes within net debt: interest bearing loans and borrowings from banks and finance leases; less cash and short-term deposits, excluding discontinued operations.

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

No changes were made in the objectives, policies or processes for managing capital during the years ended December 31, 2016 and 2015.

6.25 Interest bearing loans and borrowings

In February 2015, Wittur International Holding GmbH (former Paternoster Holding III GmbH) issued KEUR 225.000 in aggregate principal amount of its 8,5% Senior Notes (High Yield Bond) due in February 2023. Wittur Holding GmbH (former Paternoster Holding IV GmbH) entered into a Senior Facilities Agreement dated February 17, 2015. It initially received one term facility (Term Loan B) with a nominal amount of KEUR 195.000 on March 31, 2015. The maturity of the Term Loan B is March 31, 2022, where it will be repaid in full. The facility loan is bearing a variable interest rate plus a margin rate depending on the group leverage ratio. The reference rate is considered to be at least 1%. The interest rates were at 7,125% in 2016 (2015: 6%). The Term Loan B was extended by KEUR 180.000 on March 30, 2016 and by KEUR 35.000 on July 12, 2016. The terms and conditions of the existing Senior Facilities Agreement also apply to the term loan extensions.

The amount of amortized costs for Senior Notes and Term Loan B recognized as of December 31, 2016, in accordance with the effective interest method amounts to KEUR 20.800 (2015: KEUR 16.555). These borrowing costs consist of lawyer and consulting fees in connection with the extensions of the Term Loan B.

Together with the Term Loan B an additional revolving credit facility, including ancillary facilities, of originally KEUR 65.000 maximum, was granted. The maximum available revolving credit facility increased by

KEUR 15.000 to KEUR 80.000 with the extension dated March 30, 2016. The total revolving credit facility is split in an initial revolving credit facility and ancillary facilities. These credit and ancillary facilities are concluded with different banks. The revolving credit facilities are bearing a variable interest rate plus a margin depending on the group leverage ratio. The interest rate is based on an interest reference rate plus a margin depending on the group leverage ratio. The reference rate is considered to be at least 0%.

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

- Pledging of certain bank accounts KEUR 12.133 (2015: KEUR 6.276)
- General assignments concerning certain receivables, including insurance benefits KEUR 47.301 (2015: KEUR 73.175).
- Assignments of shares in subsidiaries KEUR 1.005.736 (2015: KEUR 875.548)

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

The loans contain a leverage financial covenant stating that at the end of each quarter the Group's Senior Secured Leverage Ratio may not exceed 5.00:1. The Group's Senior Secured Leverage Ratio is defined in the covenant as the ratio of Consolidated Senior Secured Net Debt to Consolidated Pro Forma EBITDA of the last twelve months. Senior Secured Net Debt means the principal amount of all borrowings of the Group under the Senior Facilities Agreement and certain additional debt. EBITDA means earnings before interest, taxes, depreciation and amortization.

Non-current interest bearing loans and borrowings

KEUR	Dec. 31, 2016	Dec. 31, 2015
Term Loan B	396.503	186.562
High Yield Bond	229.958	230.545
Non-current bank loans	165	190
Non-current interest-bearing loans and borrowings	626.626	417.297

Current interest bearing loans and borrowings

KEUR	Dec. 31, 2016	Dec. 31, 2015
Current bank loans	19.453	15.110
Revolving Credit Facility	25.000	5.500
Ancillary Credit Facility	3.734	6.027
Current interest-bearing loans and borrowings	48.187	26.636

6.26 Provisions for pensions and other long-term employee benefits

Post-employment benefit plans are classified as either defined contribution or defined benefit plans. Pension provisions are recognized as a result of commitments to pay future vested pension benefits and current pensions to former employees of the Wittur Group and their dependents. This category also includes termination indemnity benefits.

Other long-term benefits are employee benefits other than short-term employee benefits, post-employment benefits and termination benefits.

Defined contribution plans

Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further contributions if the fund does not

hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. Under defined contribution plans the entity's legal or constructive obligation is limited to the amount that it agrees to contribute to the fund. Thus, the amount of the post-employment benefits received by the employee is determined by the amount of contributions paid by an entity and perhaps also the employee to a post-employment benefit plan or to an insurance company, together with investment returns arising from the contributions. In consequence, actuarial risk that benefits will be less than expected and investment risk that assets invested will be insufficient to meet expected benefits fall, in substance, on the employee. The payments relating to defined contribution plans are recognized as an expense during the period the employees carry out the service to which the payment relates. For the Group arose expenses for defined contribution plans including direct related taxes in an amount of KEUR 12.432.

This includes statutory pension funds, e.g. the German statutory pension insurance scheme ("Deutsche Rentenversicherung"), the Group operates no employer-financed defined contribution plans. The Group has paid and expensed KEUR 877 during 2016 (2015: KEUR 529) for German statutory pension insurance scheme.

Defined benefit plans

Defined benefit pension plans are in majority characterized by the fact that payment is based on the period of employment and the employee's salary at, or just prior to, retirement. The actuarial and investment-related risks associated with defined benefit pension plans are carried by the company. The obligation is measured at the present value of the anticipated future cash flows using a discount rate. Actuarial gains and losses (re-measurements) are recognized directly in equity under other comprehensive income in the period in which they arise. The recognized cost for the defined benefit plans include service costs, as well as net interest items. Interest items comprise the discount rate calculated on the average net pension liability for the period. Past service costs arises where a new defined benefit plan has been introduced or changes the benefits payable under an existing plan appear, and will be recognized in the income statement in the period in which they arise.

The liability recognized in the balance sheet for defined benefit pension plans is the present value of the obligation on the balance sheet date is offset against plan assets measured at their fair value.

In certain countries, pension payments are subject to taxes or fees. In such cases, these are included in the calculation of the obligation for the defined benefit pension plans. These taxes or fees are recognized as an expense in profit or loss.

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

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

KEUR	2016	2015
Defined benefit obligation	13.487	11.158
Fair value of plan assets	-34	-
Provisions for pensions and similar obligations, net	13.453	11.158

*) Numbers for 2015 adjusted; no plan asset recognized

* Since 2016, provisions for pensions and other long-term employee benefits contain commitments for jubilee and long leave benefits, whereas until 2015, these commitments were accounted for as other non-current provision. As jubilee and long leave benefits are employee benefits which are subject to actuarial assumptions, Group decided to summarize these provision into one position.

The defined benefit obligation relates to current employees and pensioners as follows:

	Termination Indemnity		Pension Obligation		Jubilee & Long Leave Obligation	
KEUR	Dec 31, 2016	Dec 31, 2015	Dec 31, 2016	Dec 31, 2015	Dec 31, 2016	Dec 31, 2015
Current employees	9.826	8.610	166	138	2.241	1.260
Pensioners	-	-	1.221	1.150	-	-
Defined benefit obligation	9.826	8.610	1.387	1.288	2.241	1.260

Wittur has both defined contribution and defined benefit plans. Based on the accounting and valuation principles of IAS 19, the following present values for defined benefit plans have been recognized for the identified plan categories:

Provisions for pensions and similar obligations by plan – 2016:

KEUR	Termination Indemnity	Plan assets, fair value	Termination Indemnity Net	Pension Obligation	Jubilee & Long Leave Obligation	Total Plans Net	Duration of obligation, years *)
Austria	4.576	-	4.576	-	1.364	5.940	12,31
Australia	-	-	-	-	30	30	-
China	-	-	-	-	664	664	-
France	-	-	-	166	-	166	17,90
Germany	-	-	-	1.056	46	1.102	6,82
Netherlands	-	-	-	165	14	178	4,90
Hong Kong	-	-	-	-	40	40	-
Hungary	35	-	35	-	32	67	2,16
India	51	34	17	-	38	55	18,64
Italy	4.112	-	4.112	-	-	4.112	11,84
Slovakia	50	-	50	-	13	63	15,90
Turkey	1.036	-	1.036	-	-	1.036	11,45
Total	9.860	34	9.826	1.387	2.241	13.453	-

*) Duration not applicable for jubilee & long service obligations

KEUR	Termination Indemnity	Plan assets, fair value	Termination Indemnity Net	Pension Obligation	Jubilee & Long Leave Obligation	Total Plans Net	Duration of obligation, years *)
Austria	4.471	-	4.471	-	1.260	5.731	10,60
Australia	-	-	-	-	-	-	-
China	-	-	-	-	-	-	-
France	-	-	-	138	-	138	18,00
Germany	-	-	-	946	-	946	6,40
Netherlands	-	-	-	204	-	204	5,09
Hong Kong	-	-	-	-	-	-	-
India	45	-	45	-	-	45	18,85
Italy	3.099	-	3.099	-	-	3.099	13,40
Slovakia	4	-	4	-	-	4	-
Turkey	992	-	992	-	-	992	10,90
Total	8.610	0	8.610	1.288	1.260	11.158	-

*) Duration not applicable for jubilee & long service obligations

Net defined liability:

	DBO		Plan Assets		Asset Ceiling		Net Defined Liability	
KEUR	2016	2015	2016	2015	2016	2015	2016	2015
Jan. 1	11.158	10.597	-	-	-	-	11.158	10.597
Correction opening balance	-22	2	-20	-	-	-	-42	2
Current service costs	1.196	423	-	-	-	-	1.196	423
Interest expenses	340	303	-	-	-	-	340	303
Interest income	-	-	-2	-	-	-	-2	-
Past service costs arising from settlements	18	36	-	-	-	-	18	36
Remeasurement directly recognized in income statement	319	371	-	-	-	-	319	371
Acquired in business combination	1.180	-	-	-	-	-	1.180	-
Contributions by the employer	-	-	-19	-	-	-	-19	-
Benefits paid excluding settlements	-956	-536	6	-	-	-	-950	-536
Benefits paid settlements	-19	-51	-	-	-	-	-19	-51
Remeasurements financial assumptions	774	313	-	-	-	-	774	313
Remeasurements demographic assumptions	8	-	-	-	-	-	8	-
Remeasurements experience based assumptions	-336	-205	-	-	-	-	-336	-205
Remeasurements return in excess of recognized interest income	-	-	1	-	-	-	1	-
Local adjustment previous year	-	18	-	-	-	-	-	18
Translation differences	-174	-114	-	-	-	-	-174	-114
Dec. 31	13.487	11.158	-34	0	0	0	13.453	11.158

Defined benefit obligations:

	Pensions & Retirement	Termination indemnity	Jubilee & Long Leave	TOTAL DBO
KEUR	2016	2016	2016	2016
Value, January 1	1.288	8.610	1.260	11.158
Correction opening balance	-	-9	-13	-22
Current service costs	18	407	771	1.196
Interest expenses	25	268	47	340
Past service costs arising from settlements	-	18	-	18
Remeasurement directly recognized in income statement	-	-	319	319
Acquired in business combination	-	1.135	44	1.180
Benefits paid excluding settlements	-120	-658	-178	-956
Benefits paid settlements	-	-19	-	-19
Remeasurements financial assumptions	173	598	-	771
Remeasurements demographic assumptions	1	10	-	11
Remeasurements experience based assumptions	2	-339	-	-336
Translation differences	-	-163	-11	-174
Value, December 31	1.387	9.860	2.240	13.487

	Pensions & Retirement	Termination indemnity	Jubilee & Long Leave	TOTAL DBO
KEUR	2015	2015	2015	2015
Value, January 1	1.339	8.350	909	10.597
Correction opening balance	-6	9	-	2
Current service costs	14	352	58	423
Interest expenses	31	251	22	303
Past service costs arising from settlements	-	36	-	36
Remeasurement directly recognized in income statement	-	-	371	371
Benefits paid excluding settlements	-111	-327	-98	-536
Benefits paid settlements	-	-51	-	-51
Remeasurements financial assumptions	41	272	-	313
Remeasurements experience based assumptions	-26	-180	-	-205
Local Adjustment previous year	6	12	-	18
Translation differences	-	-114	-	-114
Value, December 31	1.288	8.610	1.260	11.158

*) Numbers for 2015 adjusted

Remeasurements in the defined benefit obligations comprise changes in financial assumptions, such as changes in the discount rate, any changes in demographic assumptions and experience-based deviations. Experience-based deviations include unexpectedly high or low employee turnover or salary increases.

Plan assets for termination indemnities:

KEUR	2016	2015
Value, January 1	-	-
Correction opening balance	20	-
Interest income	2	-
Contributions by the employer	19	-
Benefits paid excluding settlements	-6	-
Return in excess of recognized interest income	-1	-
Value, December 31	34	-

*) In 2015 no plan asset recognized

Contributions are spent to LIC, Life Insurance Corporation of India. There exists no active market for these plan assets.

Key assessment and assumptions

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

	Eurozone	Turkey
2016		
Discount rate	1,40	10,05
Expected salary increase	2,50	8,50
Expected price inflation	1,60	7,00

	Eurozone	Turkey
2015		
Discount rate	2,00	11,00
Expected salary increase	²⁾	8,50
Expected price inflation	³⁾	7,00

²⁾ Used rates: 0,0% Germany, Netherlands; 2,5% Austria, France; 3,0% Italy

³⁾ Used rates: 0,0% Germany, Austria, Netherlands, France; 2,0% Italy

The following mortality tables for defined benefit plans have been applied:

Country	Year	Description
Germany	2015/2016	Mortality Table 2005 G issued by Prof. K. Heubeck
		Mortality Table 2005 G issued by Prof. K. Heubeck
Austria	2015/2016	(with invalidity rate increased by 180%)
Italy	2015/2016	Istituto Nazionale di Statistica ISTAT 2014
Turkey	2015/2016	CSO80

Benefits of the different plans in detail:

Austria

The termination benefits, which is a legal obligation, are related to employment contracts started before 1st of January 2003. It is an extraordinary lump sum payment, employees are entitled to when the employment contract will cease. The disbursement will take place if the employee has performed at least three years of service and one of the following cases of termination appears:

- Notice of termination by the employer
- Unjustified resignation
- Entitled early withdrawal of contract
- Mutual annulment of contract
- Death of employee
- Termination due to lapse of time

The amount of benefits paid is related to the length of the given service and the gross salary of the last month of service. Thus employees will get two months extra salary after three years of service, three months extra salary after five years of service, four months extra salary after ten years of service, six months extra salary after fifteen years of service, nine months extra salary after twenty years of service and finally one year extra salary after 25 years of service.

Italy

Upon termination of employment for any reason, employers are legally obliged to pay a termination indemnity ('Trattamento di fine Rapporto' or TFR) to all employees. In Italy the TFR serves as a backup in the event of redundancy or as an additional pension benefit after retirement. Severance pay is calculated as 6.9% of each year's annual salary, revalued on the basis of 75% of inflation plus a fixed rate of 1.5% during the period of accrual, and is paid as a lump sum. Assuming that the TFR benefit is accumulated throughout a full career, it is expected to provide a pension of 10% to 15% of final pay.

Germany

By this pension plan monthly benefits, constant in time, without any indexation, are paid to one pensioner over the total life time.

Turkey

Severance pay including bonuses refers to a compensation that employers are required to provide all employees whose job contract is ended due to listed reasons under Turkish Labor Law No. 4857 article 6, which refers to Old Labor Law 1475 article 14 via article 120. Beneficiaries will get a maximum lump sum equal to final pensionable pay for each year of pensionable service on a monthly basis of 4.297 TRL (3.828 TRL), which will be revised periodically by the Turkish Government. Furthermore this type of benefit will be paid fully on death and disability in service, but also due to unjustified dismissal, marriage and military service.

Sensitivity analysis:

The sensitivity analysis provided below shows the extent to which - based on the appropriate review – the defined benefit obligation for pension-, retirement- and termination plans would have been affected by changes in the relevant assumptions that were possible at the end of the reporting period, if the other assumptions used in the calculation were kept constant. It is only possible, however, to aggregate sensitivities to a limited extent. Since the change in obligations does not follow a linear pattern, all estimates made on the basis of the specified sensitivities have to be made subject to this restriction. The calculation of sensitivities using ranges other than those specified could result in a non-proportional changes in the defined benefit obligation.

Change in defined benefit obligation:

		2016		2015
		KEUR	%	KEUR
Discount rate	increase of 0,25 %	-327	-2,9	-233
	decrease of 0,25 %	342	3,0	330
Inflation & Salary rate	increase of 0,25 %	305	2,8	292
	decrease of 0,25 %	-295	-2,7	-210
Average life expectation *)	increase of 1 year	81	6,6	-
	decrease of 1 year	-74	-6,0	-

*) Lump sum benefits are excluded

These defined benefit plans expose the Group to actuarial risks, such as longevity risk, currency risk, interest rate risk and market investment risk.

Expected cash flow in 2017

The expected benefit payments to be performed within the next 12 months result to KEUR 729 (2015: KEUR 327). The expected contribution to the external asset fund at LIC, Life Insurance Corporation of India result to KEUR 17 (2015: KEUR 18).

6.27 Other provisions

KEUR	Dec. 31, 2016	
	current	non-current
Warranty provisions	4.091	5.385
Others	1.186	3.209
Other current & non-current provisions	5.277	8.593

KEUR	Dec. 31, 2015	
	current	non-current
Warranty provisions	2.537	4.882
Indemnity for termination of employment	160	-
Others	5.979	11.246
Other current & non-current provisions	8.677	16.128

* Numbers for 2015 adjusted

* Since 2016, provisions for pensions and other long-term employee benefits contain commitments for jubilee and long leave benefits, whereas until 2015, these commitments were accounted for as other non-current provision. As jubilee and long leave benefits are employee benefits, which are subject to actuarial assumptions, Group decided to summarize these provision into one position.

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

Shown under "Others" in other non-current provisions and other current provisions are mainly two contingent considerations, which are related to the acquisition of the Wittur Group by Bain Capital in 2015. These contingent considerations are to be made to the former shareholder of the Wittur Group under certain conditions. The non-current portion amounting to KEUR 3.209 (2015: KEUR 11.246) is due in case of a subsequent sale of the shares in Wittur Group by Bain Capital within a defined period. Due to changes in assumptions in 2016 leading to a lower provision, an amount of KEUR 8.038 was released and is included in finance income. The second contingent

consideration was based on a future acquisition by the Wittur Group within a defined period exceeding a total enterprise value of KEUR 75.000. This contingent consideration became due as a result of the Sematic acquisition in 2016. The obligation was included in other current provisions (2015: KEUR 5.597) and was transferred to other current liabilities in 2016 before it was finally transferred to Paternoster Holding II GmbH in the context of an equity contribution into the capital reserve of Wittur Group (see Note 6.24 "Equity"). The liability was increased in 2016 before it was transferred to Paternoster Holding II GmbH to reflect the nominal amount of the obligation of KEUR 7.500. This increase of KEUR 1.903 is included in other finance expenses. In 2016, the other current provisions contain mainly provisions for restructuring (KEUR 338), provisions for litigation (KEUR 130) and provisions for customer rebates (KEUR 127).

Other non-current provisions

KEUR	Warranty provisions	Others
At Jan 1, 2016	4.882	11.246
Acquired in business combination	753	-
Additions	3.181	-
Use	-664	-
Reversals	-1.405	-8.038
Transfer	-1.145	-
Foreign exchange	-216	-
At Dec. 31, 2016	5.385	3.209

KEUR	Warranty provisions	Others
At Jan 1, 2015	-	-
Acquired in business combination	5.241	-
Additions	3.063	11.246
Use	-2.348	-
Reversals	-733	-
Transfer	-	-
Foreign exchange	-341	-
At Dec. 31, 2015	4.882	11.246

* Numbers for 2015 adjusted

Other current provisions

KEUR	Warranty provisions	Others
At Jan 1, 2016	2.537	6.140
Acquired in business combination	-	-
Additions	721	669
Use	-295	-21
Reversals	-18	-4
Transfer	1.145	-5.597
Foreign exchange	2	-1
At Dec. 31, 2016	4.091	1.186

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

6.28 Other non-current financial liabilities

KEUR	Dec. 31, 2016	Dec. 31, 2015
Non-current finance lease liabilities	3.304	3.251
FX derivatives	172	
Other non-current financial liabilities	194	150
Other non-current financial liabilities	3.670	3.400

Further details on finance leases are included in Note 7 “Disclosures on leases”.

6.29 Trade and other payables

KEUR	Dec. 31, 2016	Dec. 31, 2015
Trade accounts payable	108.801	79.471
Payroll liabilities	25.545	19.013
Advance payments received	7.140	4.445
Current liabilities to associated companies	1.005	-
VAT payable	1.433	1.072
Liabilities for the sale of fixed assets	259	-
Withholding tax payable	24	19
Others	7.488	9.533
Trade and other payables	151.696	113.553

The increase in trade and other payables is due to the Sematic acquisition. Current liabilities to associated companies are towards Computec S.r.l. and New Lift Steuerungsbaue GmbH, which were acquired in 2016 as part of the Sematic acquisition.

6.30 Other current financial liabilities

KEUR	Dec. 31, 2016	Dec. 31, 2015
Accrued interest	7.263	4.031
Current finance lease liabilities	480	250
Foreign currency derivatives	-	123
Other current financial liabilities	220	
Other current financial liabilities	7.962	4.404

7 Disclosures on leases

Finance Lease

The Group leases buildings and machineries under finance lease agreements. The net carrying amount of leased assets recognised under finance lease agreements is amounting to KEUR 4.157 for buildings (2015: KEUR 4.301) and KEUR 880 for machineries (2015: KEUR 0).

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

KEUR	Dec. 31, 2016	Dec. 31, 2015
Future minimum lease payments	4.487	4.343
Due within 1 year	609	395
Due between 1 and 5 years	1.906	1.581
Due later than 5 years	1.972	2.367
Discounting	703	842
Due within 1 year	129	145
Due between 1 and 5 years	94	279
Due later than 5 years	480	418
Net present value	3.784	3.501
Due within 1 year	480	250
Due between 1 and 5 years	1.812	1.302
Due later than 5 years	1.492	1.949

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

KEUR	Dec. 31, 2016	Dec. 31, 2015
Total falling due within one year	480	250
thereof due in the following time bands:		
< 30 days	40	21
30 - 90 days	80	42
90 - 180 days	120	62
180 days - 1 year	240	125

In 2016, KEUR 111 (2015: KEUR 88) were recognised as expense in the income statement in respect of finance lease.

Operating Lease

The Group has entered into commercial leases on certain motor vehicles. These leases have an average life of between three and five years with no renewal option included in the contracts. Furthermore, the Group entered into a commercial lease regarding the plant in Londrina, Brazil, which expires in 2030. There are no restrictions placed upon the Group by entering into these leases.

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

KEUR	Dec. 31, 2016	Dec. 31, 2015
Future minimum lease payments		
Due within 1 year	2.914	4.151
Due between 1 and 5 years	4.295	3.371
Due later than 5 years	5.993	5.125
Total	13.202	12.648

In 2016, operating lease expenses in an amount of KEUR 3.621 (2015: KEUR 4.472) were recognised in the income statement in the respective functional area.

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

KEUR	Dec. 31, 2016	Dec. 31, 2015
Future minimum lease income		
Due within 1 year	369	369
Due between 1 and 5 years	58	427
Due later than 5 years	-	-
Total	427	796

In 2016, KEUR 368 (2015: KEUR 289) were recognised as an income in the income statement in respect of operating leases.

8 Additional disclosures on financial instruments

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

KEUR	Category in accordance with IAS 39	Carrying amount Dec. 31, 2016	Amounts recognized in balance sheet according to IAS 39		Amounts recognized in balance sheet according to IAS 17	Amounts recognized in balance sheet not in scope of IFRS 7	Fair value Dec. 31, 2016
			Amortised cost	Fair Value			
Assets							
Non-current assets							
Other non-current assets							
VAT receivables long-term	n/a	268	268	-	-	-	n/a
Other receivables	LaR	88	88	-	-	-	88
Other non-current financial assets							
Interest rate derivatives	FAFV	-	-	-	-	-	-
Foreign currency derivatives	FAFV	-	-	-	-	-	-
Bond repurchase option	FAFV	11.714	-	11.714	-	-	11.714
Investments	AfS	1.207	-	1.207	-	-	1.207
Loans	LaR	9	9	-	-	-	9
Guarantees and deposits	LaR	199	199	-	-	-	199
Current assets							
Trade and other receivables	LaR	137.403	137.403	-	-	-	n/a*
Other current financial assets							
Foreign currency derivatives	FAFV	-	-	-	-	-	-
Interest rate derivative	FAFV	-	-	-	-	-	-
Loan	LaR	0	0	-	-	-	n/a*
Cash and cash equivalents	LaR	37.410	37.410	-	-	-	n/a*
Liabilities							
Non-current liabilities							
Interest-bearing loans and borrowings	FLAC	626.626	626.626	-	-	-	603.088
Other financial liabilities							
Finance lease obligations	n/a	3.304	-	-	3.304	-	3.712
Foreign currency derivatives	FLFV	172	-	172	-	-	172
Other financial liabilities	FLAC	194	194	-	-	-	193
Current liabilities							
Interest-bearing loans and borrowings	FLAC	48.187	48.187	-	-	-	n/a*
Trade and other payables	FLAC	151.696	108.801	-	-	42.895	n/a*
Other financial liabilities							
Finance lease obligations	n/a	480	-	-	480	-	n/a*
Other loans	FLAC	220	220	-	-	-	n/a*
Foreign currency derivatives	FLFV	-	-	-	-	-	-
Accrued interest	FLAC	7.263	7.263	-	-	-	n/a*
Aggregated by category in accordance with IAS 39							
Loans and receivables (LaR)		175.109					
Financial liabilities at fair value (FLFV) through profit or loss		172					
Financial assets at fair value (FAFV) through profit or loss		11.714					

Financial liabilities measured at amortized cost (FLAC)	834.185
Financial assets available-for-sale (AfS)	1.207

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	-	-	-	-	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
Loans	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 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	-	-	4.626	-	4.626
Loans and receivables (LaR)	-	-	-	-1.759	-1.759
Financial liabilities at fair value (FLFV) through profit or loss	-	-	-49	-	-49
Financial liabilities measured at amortised cost (FLAC)	-42.784	-	-	-	-42.784
Net income (loss) from financial instruments per category	-42.784	-	4.578	-1.759	-39.965

2015 KEUR	From interest	Currency translation	Changes in fair values	Impairment	Net result recognized in profit or loss
Financial assets at fair value (FAFV) through profit or loss	-	-	-8.786	-	-8.786
Loans and receivables (LaR)	-	-	-	-1.599	-1.599
Financial liabilities at fair value (FLFV) through profit or loss	-	-	-123	-	-123
Financial liabilities measured at amortised cost (FLAC)	-23.181	-	-	-	-23.181
Net income (loss) from financial instruments per category	-23.181	-	-8.909	-1.599	-33.689

The logic for calculating the net loss from impairments has been changed. In order to achieve comparability, the prior year table has been also changed.

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.

In general, the fair values of non-current financial instruments are calculated as the present values of the estimated future cash flows using a risk adjusted market interest rates for discounting. Except the fair values of non-current financial liabilities with variable interest rates are estimated to be approximately equal to their carrying amounts since the interest rates of the instrument and the interest rates available on the market do not significantly differ.

The fair value of interest rate caps is calculated by an external party using an applicable option pricing model.

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 Group would receive for an alternative financing. The refinancing rate as of December 31, 2016 is the market rate of 0,21% plus a specific risk premium of 13,29% based on the historical Credit-Default-Swap spreads of the rating category B. 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 on 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 the 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 fiscal year 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 December 31, 2016, the fair values for the High Yield Bond and the Bain Term Loan B were calculated. The nominal amounts are KEUR 225.000 (2015: KEUR 225.000) for the High Yield Bond and KEUR 410.000 (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 217.418 (2015: KEUR 208.373); the fair value of the Term Loan B amounts to KEUR 385.524 (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 December 31, 2016:

Dec. 31, 2016		Fair value measurement using			
KEUR		Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Date of valuation					
Assets measured at fair value:					
Non-current derivative financial assets	31.12.2016	-	11.714	-	11.714
Current derivative financial assets	31.12.2016	-	-	-	-
Assets for which fair values are disclosed:					
	31.12.2016	-	296	-	296

Quantitative disclosures fair value measurements hierarchy for liabilities as at December 31, 2016:

Dec. 31, 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	31.12.2016	-	-	-	-
Current derivative financial liabilities	31.12.2016	-	172	-	172
Liabilities for which fair values are disclosed:					
Interest bearing loans and borrowing	31.12.2016	-	606.994	-	606.994

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	-	94	-	-

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	-	374.938	-	374.938

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.

9 Related party transactions

The following transactions were carried out with related parties:

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

Contribution in kind from Paternoster Holding II GmbH

There were contributions in kind in total of KEUR 27.925, these have been measured at their fair value, for further details, please refer to Note 6.24 "Equity" and Note 2.2 "Acquisitions".

Purchase of services from Bain Capital

Wittur Group purchased advisory, management and transaction services from Bain Capital & related companies, holding the majority of the share capital of the parent company Elevate (BC) S.C.A. amounting to KEUR 4.820 in 2016 and 3.054 in 2015 respectively. All transactions were conducted at arm's length. There are no open balances as of the balance sheet date.

Purchase of shares and PECs from Elevate (BC) S.C.A.

In the financial year 2016 the following transactions relating class A-Shares, class B-shares and PECs (preferred equity certificates) of Elevate (BC) S.C.A. were executed between Wittur Holding GmbH and Elevate (BC) S.C.A., none of them resulting in an open balance as of the balance sheet date:

On April 1, 2016 Wittur Holding GmbH purchased 365.716 class A-shares for a price of KEUR 366 and 89.220 class B-shares for a price of KEUR 3 issued by Elevate (BC) S.C.A. in course of a capital increase.

On April 6, 2016 Wittur Holding GmbH subscribed for 22.490.709 PECs of Elevate (BC) S.C.A., paying an interest of 8% p.a., for a price of KEUR 225.

On September 16, 2016 Elevate (BC) S.C.A. bought back 464.336 class A-shares for KEUR 464 and 156.444 class B-Shares for KEUR 5, each of the share class prices equalling the original purchase price, from Wittur Holding GmbH. Furthermore Elevate (BC) S.C.A. bought back 17.774.789 PECs for KEUR 198 equalling the original subscription price plus the interest accrued. The price for the acquisition of class A-shares, class B-shares and PECs was deferred until the occurrence of a change of control and the total purchase price of KEUR 667 was converted into 66.739.246 PECs of a new series, subordinated to the PECs held by Wittur Holding so far, paying an interest of 8% p.a.

Reciprocal services with associates

In 2016 Wittur Group entered into the following transactions with the associated companies 'NEW Lift Neue Elektronische Wege Steuerungsbau GmbH' and 'COMPUTEC S.R.L.' which all were conducted at arm's length:

Computec S.R.L.

KEUR	2016	2015
Earnings / Expenses		
Purchase of finished or unfinished goods	4.234	-
Sale of finished or unfinished goods	20	-
Purchase of property or other assets	23	-
Purchase of services	54	-
Open balances as of Balance sheet date		
Trade receivables due from Computec S.R.L.	3	
Trade liabilities due to Computec S.R.L.	1.230	-

NEW Lift Neue Elektronische Wege Steuerungsbau GmbH

	KEUR	2016	2015
Earnings / Expenses			
Purchase of finished or unfinished goods		625	-
Open balances as of Balance sheet date			
Trade liabilities due to New Lift		205	-

Other related parties

The Group purchased consulting services amounting to KEUR 278 in 2016 (2015: 0) from Zetaplan srl, a company controlled by a member of the Board of Elevate (BC) S.C.A., resulting in trade payables of KEUR 78 as of the balance sheet date (2015:0).

Furthermore Wittur Group entered into a consulting service contract with Zetaplan UK, a company controlled by a member of the Board of Elevate (BC) S.C.A., purchasing services for KEUR 6 (2015: 0) in 2016. As of the balance sheet date a trade payable of KEUR 6 (2015: 0) is recognized in the balance sheet.

In December 2016 a member of the key management purchased a company car from Sematic UK LTD UK for a net book value of KEUR 29. There are no open balances as of 31. December 2016.

Remuneration of key management personnel:

Key management personnel consists of a total of 9 (2015: 13) individuals as of December 31, 2016. As a result of mergers in Germany, the Supervisory Board no longer exists in 2016. Thus, the number of key management personnel is reduced and includes exclusively members of the Executive Management Board.

KEUR	2016	2015
CEO and CFO	6.943	1.641
Salaries and other short-term employee benefits	2.029	1.615
Share-based payments	3	26
Termination benefits	4.910	-
Executive Management Board without CEO and CFO	5.660	2.050
Salaries and other short-term employee benefits	4.582	2.022
Benefits after termination of employment	45	17
Share-based payments	14	11
Termination benefits	1.019	-
Supervisory Board	-	18
Salaries and other short-term employee benefits	-	18
Total remuneration of key management personnel	12.603	3.709

As of December 31, 2016, KEUR 2.404 (2015: KEUR 1.510) of short-term employee benefits 2016 and 2015 have not yet been paid to key management personnel.

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

Loans to key management of the company:

KEUR	2016	2015
Jan. 1	-	-
Acquisition in subsidiary	250	475
Loans advanced during the year	-250	-475
Interests for the period	3	-
Dec. 31	-	-

The loan to key management personnel was advanced to a member of the Executive Management Board with an interest rate of 2%. The loan was fully repaid in September 2016.

10 Share-based payment

The executive managers of Wittur 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, in order to align the interest of the management with the development of the enterprise value of Wittur Group after closing.

In this context, the beneficiaries held 2.016.796 class A shares and 491.884 class B shares at the beginning of the reporting period equaling 13% of class A shares and 100% of class B shares of Elevate (BC) S.C.A. During the reporting period new beneficiaries have acquired 1.124.994 class A shares for a payment equal to the fair value of KEUR 1.125 and 240.892 class B shares with a fair value of KEUR 26 for a payment of KEUR 7. The fair values of the shares at grant 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. also assuming that there will be no dividend payments until settlement date anticipated in March 2019. Additionally beneficiaries ceased employment during the reporting period and sold back 1.390.968 class A shares and 348.940 class B shares. In total, the beneficiaries are holding 1,750,822 or 10% of class A shares and 383,836 or 90% of class B shares of Elevate (BC) S.C.A. as of the balance sheet date. These shareholdings do not consider the execution of the call option by Elevate (BC) S.C.A. in December 2016 to repurchase 365.068 class A shares and 78.124 class B shares from one beneficiary ceasing employment in late 2016 paying the initial purchase price, while the repurchase will occur in 2017. Holding shares in Elevate (BC) S.C.A., the beneficiaries benefit either from distributions of Wittur Group or from an appreciation of the share price on transfer of shares. Beneficiaries are restricted to dispose their shares, except if the majority shareholder disposes shares in Elevate (BC) S.C.A., which will entitle and require the beneficiaries to sell a proportionate amount of their shares to the new majority shareholder.

If and to the extent that a beneficiary ceases his employment before a disposal of his shares on an exit event, the majority shareholder of Elevate (BC) S.C.A. holds a call option to purchase all of the beneficiary’s shares (leaver shares). The purchase price for the leaver shares will be determined, depending on the reasons and the timing for leaving, at maximum at a price equal to the higher of the original cost and a market-related value of the leaver shares. The beneficiary’s entitlement to receive approximately a market-related value on a repurchase of their shares will vest in full at the earlier of the expiry of a 3,5 year period starting on the date of the acquisition of the shares, and the date of a public offering or the sale of a majority of shares anticipated from Management in March 2019.

Furthermore, Elevate (BC) S.C.A. issued to its main shareholder and to the beneficiaries Preferred Equity Certificates (“PEC’s”) bearing an annual interest rate of 8%. The interest rate is applied on the sum of the original cost of such PEC plus any unpaid PEC Return for all previous accrual periods. At the beginning of the reporting period 258.329.236 PECs representing 2 % of issued PECs with a Fair Value equalizing the purchase price of KEUR 2.583 had been assigned to beneficiaries. During the reporting period 181.873.610 PECs with a Fair Value equalizing the purchase price of KEUR 1.819 had been assigned to beneficiaries, whereas 198.460.179 PECs had been bought back for KEUR 2.132 equalizing the Fair Value as the sum of the original cost of such PEC plus any unpaid PEC Return for all previous accrual periods. As of December 31, 2016 the beneficiaries are holding 241.742.667 PECs representing 2 % of the issued PECs. The percentage does not consider the execution of the call option by Elevate (BC) S.C.A. in December 2016 to repurchase 73.258.948 PECs for a price of KEUR 773 from one beneficiary ceasing employment in late 2016, while the repurchase will occur in 2017. The returns of such PECs are paid out when the company has sufficient funds available or are capitalized if this is not the case. The PECs 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 III Group subject to IFRS 2, as Wittur Group has no obligation to settle the entitlements at any time (neither in case of a share transfer nor in case of a leaver event). Since all of 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.

11 Contingent liabilities

As of December 31, 2016, Wittur Austria has a pending tax audit with respect to the deduction of interest expenses. Wittur Group Management and external experts are of the opinion that the claim is not valid and that the company has a very good chance to prove this on court. As of December 31, 2016 there is no provision included in the financial statements covering the findings of the audit. The potential impact of the tax audit cannot yet be quantified.

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

12 Auditors' fees and services

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

KEUR	2016	2015
Auditing services	419	505
Other services	449	267
Tax services	277	12
Auditors' fees	1.144	784

Other services mainly consist of consulting services in relation to the Sematic acquisition.

13 Events after the balance sheet date

In January 2017, the Group decided within a European reorganization to establish in Germany a specific hub for complete systems. In the new hub, the different strengths deriving from Wittur, Sematic and LM Liftmaterial's past experience come together to provide an ever more outstanding customer experience and to further harmonize the product portfolio. As a result, business activities related to complete systems currently located in Spain will be relocated to Germany. The financial impact of this relocation cannot yet be quantified at the time these financial statements were completed.

Furthermore, in March 2017, the Group successfully refinanced by extending its existing Term Loan B from KEUR 410.000 to KEUR 449.000 at reduced interest rates. The proceeds of KEUR 39.000 will be used to refinance borrowings under the revolving credit facility, which was used, among other purposes, for the financing of the Sematic acquisition and related integration costs.

No further events occurred between December 31, 2016 and March 24, 2017, that would require adjustments to the amounts recognized in these consolidated financial statements or would need to be disclosed under this heading.

Sulzemoos, March 24, 2017

Patrik Wohlhauser

CEO

Copy of the Auditor's Report

Based on the final results of our audit we issued the following unqualified auditor's report dated March 30, 2017:

“Auditor's Report

To Wittur International Holding GmbH (former Paternoster Holding III GmbH), Sulzemoos:

We have audited the consolidated financial statements prepared by the Wittur International Holding GmbH (former Paternoster Holding III GmbH), Sulzemoos, comprising the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated statement of cash flows, the consolidated statement of changes in equity and the notes to the consolidated financial statements, for the business year from January 1 to December 31, 2016. The preparation of the consolidated financial statements in accordance with the IFRSs, as adopted by the EU, is the responsibility of the Company's Managing Director. Our responsibility is to express an opinion on the consolidated financial statements based on our audit.

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

Our audit has not led to any reservations.

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

At the point of time we completed our audit, we could not finally assess whether the utilization of the exemptions pursuant to § (Article) 264 Abs. (Paragraph) 3 HGB (Handelsgesetzbuch: German Commercial Code) was justified as the requirements of sentence 1 (inclusion in the consolidated financial statements of the parent), Nr. (subparagraph) 3 (preparation and audit of the consolidated financial statements and the management report of the parent according to the legal requirements of the country, in which the parent undertaking is registered, and EU Regulations), Nr. (subparagraph) 4 (disclosure of the exemption in the notes to the consolidated financial statements of the parent) and Nr. (subparagraph) 5 letter c) to e) (publication of the consolidated financial statements, group management report and the corresponding auditor's report of the parent) can by their nature only be met at a later point of time.“

Munich, March 30, 2017

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Dieter Wißfeld
Wirtschaftsprüfer
(German Public Auditor)

ppa. Stefanie Fink
Wirtschaftsprüferin
(German Public Auditor)