WÜRTH GROUP

FINANCIAL STATEMENTS 2014

WÜRTH FINANCE GROUP

CONTENTS

CONSOLIDATED BALANCE SHEET
AT 31 DECEMBER BEFORE APPROPRIATION OF PROFITS

ASSETS

in TEUR	Notes	2014	2013
Non-current assets			
Intangible assets			
Software	3	122	108
Other intangible assets	3	0	1,209
Property, plant and equipment			
Operating equipment and furnishings	3	336	455
Financial assets			
Long-term loans to associated companies	4, 16	784,813	739,202
Other financial assets	5, 16	74,500	65,000
Deferred tax assets	15	1,815	356
Total non-current assets		**861,586**	**806,330**
Current assets			
Receivables from associated companies	16	743,870	809,470
Loans to family trusts	16	58,000	46,250
Positive fair values of derivative instruments	19b	12,043	15,986
Other receivables	6, 16	2,384	2,795
Income tax receivables		6,124	4,680
Accrued income and prepaid expenses		4,294	6,113
Securities held for trading	7	72,637	128,987
Cash and cash equivalents		423,574	597,473
Total current assets		**1,322,926**	**1,611,754**
Total assets		**2,184,512**	**2,418,084**

EQUITY AND LIABILITIES

Shareholders' equity			
Capital subscribed and paid in		16,000	16,000
Retained earnings		231,942	237,684
Foreign exchange difference		63	24
Net profit for the year		37,838	7,718
Total shareholders' equity		**285,843**	**261,426**
Non-current liabilities			
Bonds issued, long-term	8	996,062	1,149,444
Long-term payables to associated companies	16	2,326	2,440
Provisions for pension plans	14	2,720	675
Long-term payables to banks		4,158	0
Deferred tax liabilities	15	15	237
Total non-current liabilities		**1,005,281**	**1,152,796**
Current liabilities			
Bonds issued, short-term	8	157,609	275,429
Payables to associated companies	16	710,605	678,576
Payables to banks		1,238	912
Provision for taxes	15	2,079	337
Negative fair values of derivative instruments	19b	4,916	8,023
Other liabilities	9, 16	9,465	13,660
Accrued expenses and deferred income		7,476	26,925
Total current liabilities		**893,388**	**1,003,862**
Total equity and liabilities		**2,184,512**	**2,418,084**

The accompanying notes are an integral part of this balance sheet.

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER

in TEUR	Notes	2014	2013
Operating income			
Interest income	10	76,808	53,127
Interest expenses	10	-56,926	-61,203
Net interest income		**19,882**	**-8,076**
Income from factoring activities		13,331	12,877
Income from commission and service fee activities	11	24,994	24,029
Income from trading activities and financial instruments	12	7,288	4,321
Other ordinary income	13	682	5,495
Total operating income		**66,177**	**38,646**
Operating expenses			
Personnel costs	14	-13,410	-14,860
Other administrative expenses		-10,577	-11,109
Depreciation and amortisation		-1,487	-1,495
Total operating expenses		**-25,474**	**-27,464**
Profit before taxes		**40,703**	**11,182**
Corporate taxes	15	-3,615	-3,975
Deferred taxes	15	750	511
Net profit for the year		**37,838**	**7,718**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER

in TEUR, net of tax	2014	2013
Profit for the year	**37,838**	**7,718**
Other comprehensive income to be reclassified to profit or loss in subsequent periods		
Foreign exchange difference	39	-42
Other comprehensive income not to be reclassified to profit or loss in subsequent periods		
IAS 19 obligation	-2,160	1,566
Other comprehensive income for the year (OCI)	**-2,121**	**1,524**
Total comprehensive income for the year	**35,717**	**9,242**

The accompanying notes are an integral part of these income statements.

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER

in TEUR	2014	2013
Net profit for the year	**37,838**	**7,718**
Depreciation and amortisation	1,487	1,495
Adjustment to provision for taxes	1,742	-774
Decrease (increase) in deferred tax assets	-1,459	-193
Increase (decrease) in deferred tax liabilities	-222	-323
Other expenses and revenues without cash flows	1,873	5,487
(Increase) decrease in operating assets		
Receivables from associated companies	53,850	-112,137
Positive fair values of derivative instruments	3,943	24,827
Income tax receivables	-1,444	320
Other receivables and accrued income and prepaid expenses	2,230	10,840
Increase (decrease) in operating liabilities		
Payables to associated companies	31,915	16,170
Negative fair values of derivative instruments	-3,107	-4,504
Other liabilities and accrued expenses and deferred income	-23,644	348
Net cash flows from operating activities	**105,002**	**-50,726**
Purchase of property, plant and equipment and intangible assets	-220	-465
Disposal of property, plant and equipment and intangible assets	124	123
Purchase of securities	-621,651	-270,533
Disposal of securities	680,180	191,786
Redemption of long-term loans to associated companies	232,577	328,992
Lending of long-term loans to associated companies	-278,012	-229,938
Purchase of other financial assets	-19,500	0
Sales of other financial assets	10,000	0
Net cash flows from investing activities	**3,498**	**19,965**
Repayment of bonds issued	-275,550	-277,839
Issue of bonds	0	497,925
Dividends paid	-11,300	-6,500
Net cash flows from financing activities	**-286,850**	**213,586**
Foreign exchange difference	-34	-24
Net increase (decrease) in cash and cash equivalents	**-178,383**	**182,802**
Net cash and cash equivalents at the beginning of the year	**596,561**	**413,759**
Net cash and cash equivalents at the end of the year	**418,178**	**596,561**
Net increase (decrease) in cash and cash equivalents	**-178,383**	**182,802**
Taxes paid	**-3,318**	**-1,867**
Interest received	**65,011**	**51,642**
Interest paid	**-52,706**	**-58,026**

The funds for this cash flow statement are presented by cash and cash equivalents (net).

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER

in TEUR	Capital	Retained earnings	Currency adjustment	Total
At 1 January 2013	16,000	242,618	66	258,684
Net profit for the year		7,718		7,718
Other comprehensive income		1,566	–42	1,524
Total comprehensive income for the year		**9,284**	**–42**	**9,242**
Dividends paid		–6,500	0	–6,500
At 31 December 2013	**16,000**	**245,402**	**24**	**261,426**
At 1 January 2014	16,000	245,402	24	261,426
Net profit for the year		37,838		37,838
Other comprehensive income		–2,160	39	–2,121
Total comprehensive income for the year		**35,678**	**39**	**35,717**
Dividends paid		–11,300		–11,300
At 31 December 2014	**16,000**	**269,780**	**63**	**285,843**

Würth Finance International B.V. has an authorised share capital of EUR 80,000,000 consisting of 160,000 share certificates with a nominal value of EUR 500. Of this authorised share capital, 32,000 share certificates have been subscribed and fully paid in, corresponding to EUR 16,000,000.

In 2014 a dividend of TEUR 11,300 (EUR 353 per share) was paid for the business year 2013. The dividend payment foreseen for the business year 2014 is TEUR 16,100 (EUR 503 per share).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

1. Business Activity

Würth Finance International B.V. (in these consolidated financial statements together with its subsidiaries referred to as Würth Finance Group) was incorporated in 1987 and is domiciled in Amsterdam, Netherlands. The address of the company is Het Sterrenbeeld 35, P. O. Box 344, NL-5201 AH ’s-Hertogenbosch. The Company has a branch in Rorschach, Switzerland (before 1 April 2013 the branch was located in Küsnacht, Switzerland) and also has several subsidiaries in Switzerland and Liechtenstein.

The companies belonging to the Würth Finance Group (subsequently referred to as “the Group”) are part of the internationally active Würth Group. All share certificates pertaining to Würth Finance International B.V., Amsterdam are held by Reinhold Würth Holding GmbH, Künzelsau, Germany, which is ultimately owned by family trusts.

The core activities of the Group include providing financing to, and carrying out a wide range of financial activities with companies, both at home and abroad, belonging to the entire Würth Group, as well as providing consulting and other services in the spheres of pension funds and insurance to both private persons and small and medium-sized enterprises.

The Annual Report of the Group was approved by the Management on 20 March 2015 and can be obtained from Würth Finance International B.V., Amsterdam or downloaded from its website (www.wuerthfinance.net).

Fully Consolidated Companies
The consolidated financial statements include the financial statements of Würth Finance International B.V., Amsterdam and its subsidiaries, which are represented as a single business entity known as Würth Finance Group. Subsidiaries that are controlled directly or indirectly by the Group have been consolidated. Control is achieved when Würth Finance Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Control is assumed if Würth Finance Group holds more than 50% of the voting rights of the investee. Newly acquired subsidiaries are consolidated from the date on which such control was transferred, and deconsolidated from the date on which control ended.

The scope of consolidation of the Group at 31 December 2014 is composed as follows:

Company	Core activities	Share capital		Quota
Würth Finance International B.V., Amsterdam	Treasury activities for the Würth Group	TEUR	16,000	100%
Würth Invest AG, Chur	Asset management	TCHF	23,000	100%
Würth Financial Services AG, Rorschach	Financial and pension plan consulting / insurance brokerage for corporate and private clients	TCHF	1,500	100%
Würth Financial Services (Liechtenstein) AG, Triesen	Financial and pension plan consulting / insurance brokerage for corporate and private clients	TCHF	250	100%

Method of Consolidation
The consolidated financial statements comprise the financial statements of Würth Finance International B.V., Amsterdam and its subsidiaries as at 31 December each year. The financial statements of the subsidiaries are prepared for the same reporting year as the parent company, using consistent accounting policies.

All intra-group balances, transactions as well as income and expenses resulting from intra-group transactions are eliminated in full.

2. Accounting Principles

General
The Company prepares its consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), as adopted by the European Union, and with Part 9 of Book 2 of the Dutch Civil Code. The main accounting principles are described in this section in order to show how their application influences the stated results and information for the Company.

In addition to these consolidated financial statements, the Company prepares company financial statements as required by IFRS (sub-consolidation). The company financial statements can be obtained from the Company's head office or can be downloaded from the Company's website (www.wuerthfinance.net).

The consolidated financial statements are presented in EUR.

Changes in Accounting Policies
The applied accounting and valuation methods are consistent with the methods used in the previous financial year. The accounting policies are consistent with those of the previous financial year, except for the following amendments to IFRS effective as of 1 January 2014:

- Offsetting Financial Assets and Financial Liabilities - Amendments to IAS 32 Financial Instruments: Presentation

- Recoverable Amount Disclosures for Non-Financial Assets – Amendments to IAS 36 Impairment of Assets

- IFRIC 21 Levies

- Improvements to IFRSs – 2010–2012 Cycle: Amendments to IFRS 13 – Short-term receivables and payables

The individual changes resulting from amendments of IFRSs did not have any material impact on the accounting policies, financial position or performance of the Company.

None of the accounting standards issued but not yet applied is expected to have a significant impact on the financials of the Company.

Assumptions and Estimates
The IFRS include guidelines that require the Group to make assumptions and estimates when preparing its consolidated financial statements. These estimates and assumptions are continuously reviewed and are based on past experience and other factors, including expectations regarding likely future developments. The most important assumptions and estimates relate to the actuarial calculations for pensions and other post-employment benefits as well as to the provisions.

Recognition of Business Transactions
Purchases and sales of financial assets and liabilities are recognised on the transaction day. Transactions are thus recognised in the balance sheet on the trading date and not on the subsequent settlement date. All concluded transactions are recorded and evaluated. Any unrealised gains or losses resulting from valuing transactions at market value are recognised in the income statement.

Accrual of Earnings and Expenses
Interest income and interest expenses are accrued as earned and recognised as income or expenses respectively. Dividends are recognised as from the date when payment is received. Premiums and discounts arising from the issuance of bonds are amortised over their residual term using the effective interest rate method. Factoring fees are charged when the receivable is assigned to the Group. Collection and delcredere charges are levied when the supplier's invoice is paid. Income from services is in principle recorded when the service is rendered. Brokerage, consulting fees and other such income are recognised on a pro rata basis throughout the time the service is rendered. Revenue from new brokerage mandates is recognised with effect from the signature date on the basis of past experience.

Foreign Exchange Translation
The consolidated financial statements are presented in EUR, which is the Group's functional currency. Transactions in foreign currencies are initially recorded at the functional currency rate applicable on the date of the transaction. Exchange differences arising from such transactions, as well as income resulting from converting monetary assets and monetary liabilities denominated in foreign currencies at the rate of exchange applicable at the balance sheet date, are recognised in the income statement.

Conversion rates at 31 December	2014	2013
US Dollar (USD)	1.215	1.377
Swiss Franc (CHF)	1.203	1.226
British Pound (GBP)	0.780	0.832
Canadian Dollar (CAD)	1.408	1.466
Chinese Renminbi (CNH)	7.569	8.339
Norwegian Krone (NOK)	8.997	8.373
Danish Krone (DKK)	7.444	7.460
Swiss Franc (CHF) – average exchange rate	1.215	1.231

Within the framework of the consolidation, all assets and liabilities of the subsidiaries – with the exception of shareholders' equity – are translated into the presentation currency of the Group at the rate of exchange applicable at the balance sheet date. The individual positions on their income statements are translated into the Group's presentation currency at the average exchange rates for the year. The exchange differences arising on the translation are taken directly to a separate component of equity (foreign exchange difference). Only when a subsidiary is disposed of, translation differences are recognised in the income statement as part of the sale revenue for that particular foreign operation.

Goodwill and fair value adjustments arising from the acquisition of foreign companies are treated as assets and liabilities of these foreign companies and are translated at the rate of exchange applicable at the balance sheet date.

Financial Instruments
Financial instruments are deemed to be all assets and liabilities, as well as off-balance-sheet positions, which fundamentally have a monetary character.

Cash and Cash Equivalents
Cash and cash equivalents comprises sight and time deposits at European banks. Cash and cash equivalents have a maximum maturity of six months and are valued at amortised cost.

Securities
Within the scope of its management and performance measurement activities relating to a documented risk management and investment strategy, the Würth Group applies the fair value option according to IAS 39 for its securities: unrealised and realised profit and loss is reported in the income statement under "Income from trading activities and financial instruments" (fair value through profit or loss). The fair value of securities that are actively traded in organised financial markets is determined by reference to quoted market prices. For securities where there is no active market, fair value is determined using valuation techniques such as price quotations from securities brokers or price models. The valuations are by their very nature dependent on the assumptions on which they are based.

Loans and Receivables
All loans and receivables are initially recognised at their actual cost, which corresponds to the fair value at the time of the loan being granted. After initial recognition, loans and receivables are subsequently measured at amortised cost less value adjustments using the effective interest rate method.

Derivative Instruments
Derivative instruments are recognised at fair value and reported in the balance sheet under "Positive fair values of derivative instruments" or "Negative fair values of derivative instruments". The fair value is calculated by reference to quoted market values or recognised valuation models (discounted cash flow method or the Black-Scholes option pricing model).

Würth Finance International B.V. signed in addition to its already existing ISDA agreements Credit Support Annex (CSA) agreements which lead to a frequent cash settlement of positive and negative fair values with its counterparties once a defined threshold is reached. The fair values recognised in the balance sheet reflect the net fair value of the instruments after the cash settlement.

The Group does not use the accounting principles relating to hedge accounting in accordance with IAS 39. As a result, realised and unrealised gains and losses are always recognised as income.

Bonds Issued
Bonds represent non-current liabilities. As soon as the remaining term is less than 12 months, the respective bond is reported as a current liability. Bonds are stated at amortised cost using the effective interest rate method. The amortisation of bond-issuing costs (discount) is recognised in the income statement over the duration of the term using the effective interest method.

Property, Plant and Equipment
Property, plant and equipment comprise office furniture, interior installations, vehicles, EDP systems and works of art. These assets are capitalised if their acquisition or production cost can be reliably determined, if they will bring future economic benefit, and if the anticipated usage extends beyond the reporting period.

Property, plant and equipment are stated at cost, less accumulated depreciation. Depreciation is calculated on a straight-line basis over the estimated useful life of the assets:

Office furniture and equipment	2 – 5 years
Interior installations	5 years
Vehicles	3 – 4 years
ICT hardware	2 – 3 years

No depreciation is calculated on works of art.

The depreciation periods and amortisation methods are reviewed at least at each financial year-end.

Intangible Assets
Intangible assets fundamentally comprise software and other intangible items. The latter mainly encompass client lists and contracts that are identified and capitalised in the context of corporate acquisitions which are fully amortised as at end of 2014.

Intangible assets are amortised over their useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and amortisation method are reviewed at least at each financial year-end.

Intangible assets are carried at cost less any accumulated depreciation. Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets:

EDP software	5 years

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the assets are accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates.

The amortisation expense is recognised in the income statement in the expense category, “Depreciation and amortisation”.

Leases
The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

As a lessee, the Group has entered into a number of operating lease agreements, which mainly concern the rental of office premises, furniture and office equipment. The relevant expense is reported on an accrual basis as operating expenses.

Goodwill
Goodwill acquired in a business combination is initially measured at cost, being the excess of the costs of the business combination over the Group’s interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Goodwill is recognised in the balance sheet and is reviewed annually for impairment. It is initially reported in the original currency and translated at the rate of exchange applicable at the balance sheet date.

Impairment of Assets
The value of property, plant and equipment, financial assets and other fixed assets (including goodwill and intangible assets) is reviewed for impairment at least once a year or if significant events or changes in circumstances suggest that their book value is too high. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. An asset’s recoverable amount is the higher of an asset’s or cash-generating unit’s fair value less the cost to sell and its value in use.

Provisions
Provisions are recognised in the balance sheet when the Group has a present obligation to a third party as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Taxes and Deferred Taxes
Current income taxes are calculated based on the applicable tax laws in The Netherlands and Switzerland, and are recognised as an expense in the period in which the income is earned. They are stated as income tax receivables and provisions for taxes in the balance sheet.

Tax effects arising from temporary differences between the carrying value of assets and liabilities reported in the balance sheet and their corresponding tax values are recognised separately as deferred tax assets and deferred tax liabilities respectively. Deferred income tax assets arising from temporary differences and from loss carry-forwards eligible for offset are recognised only if it seems likely that in future sufficient taxable profits will be available against which those loss carry-forwards can be offset.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the asset is realised or the liability is settled.

Pensions and Other Post-Employment Benefits
The Group operates a number of pension plans for its employees. These are treated as defined benefit plans in accordance with IAS 19. As a result of the amendments to IAS 19, actuarial gains and losses must be booked directly under other comprehensive income. The impact of the effect is shown in the “Consolidated Statement of Comprehensive Income”.

For separately funded defined benefit plans, the degree of coverage of the fair value of the benefit obligations compared with the plan’s assets, valued at market prices, is reported in the balance sheet as a liability or an asset, taking into consideration claims that still have to be offset and unrecorded actuarial gains or losses (“the projected unit credit method”).

Transactions with Associated Companies
The Group is responsible for concentrating and optimising the worldwide cash flows within the Würth Group, managing the financial risks and handling the Würth Group financing. In this connection, by its very nature the Group carries out a very wide variety of transactions with associated companies, that is, with companies belonging to the Würth Group. Only a relatively small proportion of transactions are carried out with third parties outside the Würth Group.

Transactions performed within the group are eliminated for the purpose of these consolidated financial statements. All intra-group transactions are consolidated within the framework of the consolidated financial statements of the Würth Group.

Segments
The Group generates income through a wide range of activities, which are divided into the following segments: *Group Financing, Trading, Services, Portfolio Management, Pension Plans & Insurance* and *Central Services.* This structure forms the basis for the primary segment reporting. Segment reporting by geographic area is not considered meaningful as the services are only provided from The Netherlands, Liechtenstein and Switzerland.

The *Group Financing* segment borrows funds from the money and capital markets and places them at the disposal of the Würth Group companies in the form of loans and credits. The *Trading* segment purchases and sells currency and interest rate instruments, as well as securities for the purpose of generating financial income and capital gains. The activities relating to the payment of goods purchased by Würth Group companies, together with the delcredere and collection services for suppliers of goods, are summarised under *Services.* Some of the Group’s excess funds are allocated to a securities portfolio which is managed through Würth Invest AG. The results of these asset management activities are disclosed in the segment *Portfolio Management*. The *Pension Plans & Insurance* segment comprises the services provided by Würth Financial Services AG.

Direct revenue and expense are allocated to the appropriate segment. Transfers between the business units are reported at fair value, which corresponds to the amounts that would be charged to third parties for similar services. Revenue and expense arising from activities that are not directly attributable to the segments are booked to *Central Services*.

3. Intangible Assets / Property, Plant and Equipment

Intangible assets / property, plant and equipment comprise the following items:

At 31 December 2014

in TEUR	Acquisition cost 2013	Additions (disposals) incl. asset retirement 2014	Acquisition cost 2014	Accum. depreciation 2013	Asset retirement (depreciation) 2014	Depreciation for the year 2014	Accum. depreciation 2014	Currency translation difference 2014	Net book value 2014
Intangible assets									
Software	1,001	61	1,062	-915	0	-46	-961	21	122
Goodwill	991	0	991	-952	0	0	-952	-39	0
Other intangible assets	9,542	0	9,542	-9,574	0	-1,233	-10,807	1,265	0
Total intangible assets	**11,534**	**61**	**11,656**	**-11,441**	**0**	**-1,279**	**-12,766**	**1,247**	**122**
Property, plant and equipment									
Vehicles	746	-69	677	-451	152	-152	-451	34	260
Art objects	34	0	34	0	0	0	0	0	34
Office equipment / installations	3,765	2	3,767	-3,669	0	-56	-3,725	0	42
Total property, plant and equipment	**4,545**	**-67**	**4,478**	**-4,120**	**152**	**-208**	**-4,176**	**34**	**336**
Total	**16,079**	**-6**	**16,134**	**-15,561**	**152**	**-1,487**	**-16,942**	**1,281**	**458**

At 31 December 2013

in TEUR	Acquisition cost 2012	Additions (disposals) incl. asset retirement 2013	Acquisition cost 2013	Accum. depreciation 2012	Asset retirement (depreciation) 2013	Depreciation for the year 2013	Accum. depreciation 2013	Currency translation difference 2013	Net book value 2013
Intangible assets									
Software	988	13	1,001	-870	0	-45	-915	22	108
Goodwill	991	0	991	-952	0	0	-952	-39	0
Other intangible assets	9,542	0	9,542	-8,366	0	-1,208	-9,574	1,241	1,209
Total intangible assets	**11,521**	**13**	**11,534**	**-10,188**	**0**	**-1,253**	**-11,441**	**1,224**	**1,317**
Property, plant and equipment									
Vehicles	635	111	746	-378	90	-163	-451	25	320
Art objects	34	0	34	0	0	0	0	0	34
Office equipment / installations	3,965	-200	3,765	-3,861	271	-79	-3,669	5	101
Total property, plant and equipment	**4,634**	**-89**	**4,545**	**-4,239**	**361**	**-242**	**-4,120**	**30**	**455**
Total	**16,155**	**-76**	**16,079**	**-14,427**	**361**	**-1,495**	**-15,606**	**1,254**	**1,772**

Other intangible assets consist essentially of identified client lists and contracts secured within the framework of company acquisitions which are fully amortised as at end of 2014.

4. Long-Term Loans to Associated Companies

in TEUR	2014	2013
Balance at 1 January	739,202	843,139
New loans granted, increase in existing loans, repayments	229,684	188,279
Currency and other adjustments	176	-4,882
Term reclassification	-184,249	-287,334
Balance at 31 December	**784,813**	**739,202**

Long-term loans to associated companies, granted in foreign currencies, are translated into EUR at the year-end conversion rates. The average interest rates for the major currencies at 31 December are:

	2014	2013
EUR	3.21%	3.63%
CHF	1.60%	1.88%
NOK	4.65%	4.59%
DKK	3.80%	3.51%

5. Other Financial Assets

In its function to provide funds to other Würth Group companies to operate their business, the Group established a funding relationship with the "Internationales Bankhaus Bodensee AG" (IBB). The following table shows the exposure for the year ended on 31 December:

in TEUR	2014	2013
Silent participation Internationales Bankhaus Bodensee AG	55,000	55,000
Profit participation certificate Internationales Bankhaus Bodensee AG	0	10,000
Agreement on the surrender of capital Internationales Bankhaus Bodensee AG	19,500	0
Balance at 31 December	**74,500**	**65,000**

These funds are not guaranteed.

6. Other Receivables

in TEUR	2014	2013
Receivables from third parties	2,273	2,701
Withholding tax	111	94
Total other receivables	**2,384**	**2,795**

7. Securities

in TEUR	Market value 2014	Acquisition cost 2014	Market value 2013	Acquisition cost 2013
Equities	2,386	2,149	2,787	2,647
Bonds	50,787	48,894	49,769	47,871
Commodities	172	211	86	122
Investment funds	19,292	16,822	76,345	75,630
Total	**72,637**	**68,076**	**128,987**	**126,270**

Securities are recognised at market values.

8. Bonds Issued

In the financial year 2014 the Group did not issue any new bonds.

On 12 June 2014 the Group repaid a bond of EUR 300 million with an annual coupon of 4.75%.

Overview of the bonds issued at 31 December 2014

Maturity	Notional amount	Notional in TEUR	Premium / discount	Own bonds	Total at 31.12.2014	Coupon
Long-term						
25.05.2018	TEUR 500,000	500,000	–2,320	0	497,680	3.750%
21.05.2020	TEUR 500,000	500,000	–1,618	0	498,382	1.750%
Total book value long-term bond liabilities					**996,062**	
Short-term						
03.08.2015	TCHF 225,000	187,095	–76	–29,410	157,609	3.875%
Total book value short-term bond liabilities					**157,609**	
Total book value bonds issued					**1,153,671**	

Maturity	Notional in TEUR (excluding own bonds)	Market value	Coupon
03.08.2015	157,685	161,138	3.875%
25.05.2018	500,000	556,275	3.750%
21.05.2020	500,000	532,950	1.750%
Total market value at 31 December		**1,250,363**	

Overview of the bonds issued at 31 December 2013

Maturity	Notional amount	Notional in TEUR	Premium / discount	Own bonds	Total at 31.12.2013	Coupon
Long-term						
03.08.2015	TCHF 225,000	183,464	–205	–28,895	154,364	3.875%
25.05.2018	TEUR 500,000	500,000	–3,002	0	496,998	3.750%
21.05.2020	TEUR 500,000	500,000	–1,918	0	498,082	1.750%
Total book value long-term bond liabilities					**1,149,444**	
Short-term						
12.06.2014	TEUR 300,000	300,000	–103	–24,468	275,429	4.750%
Total book value short-term bond liabilities					**275,429**	
Total book value bonds issued					**1,424,873**	

Maturity	Notional in TEUR (excluding own bonds)	Market value	Coupon
12.06.2014	275,532	280,511	4.750%
03.08.2015	154,569	163,440	3.875%
25.05.2018	500,000	545,505	3.750%
21.05.2020	500,000	488,470	1.750%
Total market value at 31 December		**1,477,926**	

The market values shown in the tables are calculated as the sum of all discounted cash flows based on the swap curves (source: Bloomberg).

The issued bonds are irrevocably and unconditionally guaranteed by joint and several guarantees. The EUR 500 million bond maturing on 25 May 2018 as well as the bond of EUR 500 million maturing on 21 May 2020 are guaranteed by Adolf Würth GmbH & Co. KG, Künzelsau. The bond of CHF 225 million is additionally guaranteed by Reinhold Würth Holding GmbH, Künzelsau.

The effective interest rates do not significantly differ from the nominal interest rates.

9. Other Liabilities

in TEUR	2014	2013
Payables to third parties for deliveries and services	3,656	2,296
Payables to related parties for deliveries and services	1,132	5,639
Other current liabilities	2,354	2,531
Withholding tax liabilities	314	1,421
Other accrued expenses and deferred income	2,009	1,773
Total other liabilities	**9,465**	**13,660**

Other accrued expenses and deferred income primarily comprise accruals for services received but not invoiced during the business year.

10. Interest Income and Expenses

in TEUR	2014	2013
Interest income		
Interest income from financing activities (Würth Group)	32,801	38,387
Interest income from financing leasing activities (Würth Group)	5,232	5,801
Interest income from liquid assets	7,711	7,297
Interest income from current accounts (Würth Group)	6,349	6,244
Interest income from bank accounts, time deposits and money market funds (non-Group)	1,362	1,053
Interest income from financial instruments (non-Group)	31,064	1,642
Valuation income from interest rate and cross-currency swaps	9,779	-16,464
Interest income from interest rate and cross-currency swaps	19,605	16,464
Other interest income from financial instruments	1,680	1,642
Total interest income	**76,808**	**53,127**

in TEUR	2014	2013
Interest expenses		
Interest expenses for bonds issued (non-Group)	42,871	50,005
Interest expenses for current accounts and time deposits (Würth Group)	857	1,205
Other interest expenses (non-Group)	500	398
Interest expenses from financial instruments (non-Group)	12,698	9,595
Total interest expenses	**56,926**	**61,203**

11. Income from Commission and Service Fee Activities

in TEUR	2014	2013
Acquisition commissions, brokerage fees	7,852	8,524
Discount income	48	58
Collection and delcredere agreements	17,094	15,447
Total income from commission and service fee activities	**24,994**	**24,029**

12. Income from Trading Activities and Financial Instruments

in TEUR	2014	2013
Income from securities transactions	-39	-1,859
Income from foreign exchange transactions	7,327	6,180
Total income from trading activities and financial instruments	**7,288**	**4,321**

13. Other Ordinary Income

Other ordinary income comprises TEUR 521 (2013: TEUR 4,091) of interest out of the profit participating certificates with IBB as well as fees charged to other Würth Group companies for services rendered (in 2013 including interest out of the silent participation IBB (see note 5)).

14. Personnel Costs

At 31 December 2014 the Group had 112 members of staff (2013: 110), of whom 20 (2013: 9) were employed on a part-time basis.

Personnel costs were as follows:

in TEUR	2014	2013
Wages and salaries	11,020	11,896
Pension costs	481	909
Social security costs	1,218	1,296
Other employee costs	691	759
Total personnel costs	**13,410**	**14,860**

The Group has no direct or indirect share or option-based remuneration in favour of employees.

In Switzerland the individual Group companies participate in a semi-autonomous pension scheme in which several Swiss Würth entities participate. In this plan actuarial risks (longevity, disability and death) are vested in an insurance company. The investment risks remain with the pension scheme, which is responsible for the asset management. The pension plan is an addition to the statutory social security insurance.

The employees pay savings contributions amounting to 1.5% – 10% of their insured annual salary. The employees' contribution amount is age-related. In addition, the employees have the possibility of paying voluntary contributions.

Furthermore, the Group offers management insurance for the CEOs and senior executives, whereby the employees pay 50% of the additional contributions. In another scheme for CEOs, the annual employee contributions amount to 50% of the total sum.

In The Netherlands there is a pension plan with an insurance company. The salary over which pension is built up is maximised at TEUR 38. The premium is fully paid by the employer. In another scheme for managing directors, the annual employer's contribution amounts to 25% of the premium due, up to an insured salary of TEUR 100.

Due to the factual risks carried by the companies and in particular the legislative basis in The Netherlands and Switzerland, these plans are deemed to be defined benefit plans. All liabilities and assets are actuarially revalued every year by independent experts.

The following figures provide an overview of the financial situation regarding these defined benefit plans as of 31 December:

in TEUR	2013	2014
Pension costs		
Current service costs	700	485
Past service costs	174	–12
Net interest expense / (income)	35	8
Pension costs recognised in income statement	**909**	**481**

Revaluation of defined benefit plan	2013	2014
Actuarial (gains) / losses due to changes in assumptions	–872	2,484
Actuarial (gains) / losses due to changes based on experience	–1,291	1,362
Return on plan assets (less interest income)	597	–1,686
Revaluation recognised in OCI	**–1,566**	**2,160**

Liabilities for pension plan	2010	2011	2012	2013	2014
Benefit obligation at 31 December	21,094	21,267	21,932	16,575	21,379
Fair value of plan assets at 31 December	–19,914	–19,963	–19,522	–15,889	–18,659
Net liabilities at 31 December	**1,180**	**1,304**	**2,410**	**686**	**2,720**

Changes in the benefit obligations	2013	2014
Benefit obligation at 1 January	21,932	16,575
Interest expense	342	335
Current service costs	700	485
Contribution by plan participants	544	608
Actuarial (gains) / losses due to changes in assumptions	–872	2,484
Actuarial (gains) / losses due to changes based on experience	–1,291	1,362
Past service costs	174	–12
Benefits paid	–4,669	–769
Exchange differences	–285	311
Benefit obligation at 31 December	**16,575**	**21,379**

Changes in the plan assets	2013	2014
Fair value of plan assets at 1 January	19,522	15,889
Interest income	307	327
Return on plan assets (less interest income)	–597	1,686
Contributions by plan participants	544	608
Contributions by employer	1,096	585
Benefits paid	–4,669	–769
Exchange differences	–314	333
Fair value of plan assets at 31 December	**15,889**	**18,659**

Assumptions	2013	2014
Discount rate (EUR/CHF)	3.5% / 2.0%	2.2% / 1.2%
Expected return on plan assets (EUR/CHF)	3.2% / 1.75%	2.2% / 1.75%
Future salary increases up to age 54	1% – 1.3%	1% – 1.3%
from age 55	0%	0%
Future pension increases	0%	0%
Probability of termination of service	BVG 2010 / Generation Table	

Sensitivity of Benefit Obligation

Defined changes in assumptions	Scenario	Defined benefit obligation	Gross service cost 2015
Assumption at 31 December 2014		21,379	1,643
Discount rate	+0.25%	20,542	1,569
Discount rate	-0.25%	22,467	1,714
Expected salary increase	+0.50%	21,776	1,684
Expected salary decrease	-0.50%	21,202	1,598

Breakdown of fair value of plan assets by asset category:

	2014	2013
Equities	28.1%	28.0%
Bonds	43.6%	36.5%
Real estate	23.2%	27.7%
Other	5.1%	7.8%
Total	**100.0%**	**100.0%**

The plan assets of the pension funds consist either of credit balances with an insurance company or a semi-autonomous pension scheme.

For the business year 2015, the Group anticipates contributions to defined benefit pension plans amounting to approximately TEUR 970.

15. Corporate Taxes

The Group is subject to corporate taxes in The Netherlands, in Liechtenstein and in Switzerland. All taxes that were due or are payable in the future relating to the business years up to and including 2014 are accrued as of 31 December 2014.

The relevant tax rate for The Netherlands is 25% (2013: 25%). Due to separate taxation of the head office in The Netherlands, the branch office in Switzerland and the subsidiaries in accordance with the valid guidelines in the corresponding countries, there is a difference between the effective tax rate and the relevant tax rate for The Netherlands.

The tax rates in Switzerland are 8.5% (2013: 8.5%) on a federal level and 12.6% (2013: 12.6%) on a cantonal level. In Switzerland the branch office of Würth Finance International B.V. has established tax rulings. As a consequence there is a difference between the taxable profit and the net profit for the year as shown in the income statement and allocated to the branch office. The subsidiaries do not have a special tax status. In Switzerland taxes are treated as a taxable expense.

For tax purposes the operating income and expenses are split based on their origin. The bonds issued by Würth Finance International B.V. are kept in the books in The Netherlands. Therefore also the valuation effects of certain derivative instruments used to mitigate financial risks are allocated accordingly. This leads to a high volatility of the taxable result in The Netherlands. No hedge accounting is applied for tax purposes.

The reconciliation of income taxes is composed as follows:

in TEUR	2014	2013
Income before taxes	**40,703**	**11,182**
Tax expense at the relevant tax rate (25%)	10,176	2,796
Effects of different tax rates in other countries	-3,949	-2,012
Foreign withholding tax	-499	2,562
Increase in tax receivable	1,445	0
Deferred taxes	-395	0
Adjustment related to prior years	0	627
Utilisation of previously unrecognised tax losses	-3,940	0
Other effects	27	2
Net effective tax expenses	**2,865**	**3,975**

The difference from the current tax rate is due to differences between taxation in The Netherlands, Switzerland and Liechtenstein.

in TEUR	2014	2013
Deferred tax assets from loss carry-forwards	387	356
Deferred tax assets from foreign withholding tax credit	1,428	0
Net deferred tax assets	**1,815**	**356**
Deferred tax liabilities on intangible assets	15	237
Deferred tax liabilities	**15**	**237**
Net deferred tax assets / liabilities	**1,800**	**119**

The Group has tax losses relating to the years 2007 – 2014 that are available for a maximum period of seven years for offset against future taxable profits. These tax losses can only be recognised in the subsidiaries in which the losses occurred. They may not be used to offset taxable profits elsewhere in the Group.

Based on the applicable tax law in The Netherlands Würth Finance International B.V. has a deferred tax asset relating to the year 2013 when the company suffered a Dutch taxable loss of TEUR 16,340. This loss can be offset against future taxable profits.

Included in the balance sheet is a net amount of TEUR 4,045 classified as a tax asset (2013: TEUR 4,343). The amount reflects the current tax asset for 2014 and prior years.

16. Transactions with Related Parties

As the operative treasury unit of the Würth Group, the Group is responsible for concentrating and optimising the worldwide flow of payments, managing the financial risks and handling the financing of the Würth Group companies. In addition to all the companies belonging to the Würth Group, the "related parties" also include the members of the Board of Directors and Management of the Group, as well as their families and companies closely associated with them.

in TEUR	2014	2013
Receivables from related parties		
Long-term loans to associated companies	784,813	739,202
Other financial assets	74,500	65,000
Loans to family trusts	58,000	46,250
Receivables from associated companies	743,870	809,470
Total receivables from related parties	**1,661,183**	**1,659,922**
Payables to related parties		
Payables to associated companies	710,605	678,576
Long-term payables to associated parties [1]	2,326	2,440
Other payables to related parties	1,132	5,639
Total payables to related parties	**714,063**	**686,655**

[1] Atypical silent partnership of Reinhold Würth Holding GmbH ("atypische stille Gesellschaft" according to §230 et. seq. German Commercial Code (HGB))

The following tables show the five most significant individual positions with related parties as well as their share of the total amounts:

in TEUR	2014	Share	2013	Share
Receivables from related parties				
Adolf Würth GmbH & Co. KG	207,188	12.5%		
Würth S.r.l.	140,163	8.4%		
Würth Leasing AG	86,068	5.2%		
Würth Industrie Service	66,592	4.0%		
Würth Leasing GmbH & Co. KG	61,926	3.7%		
Adolf Würth GmbH & Co. KG			216,907	13.1%
Würth S.r.l.			131,600	7.9%
Reinhold Würth Holding GmbH			100,000	6.0%
Würth Leasing AG			77,339	4.7%
Internationales Bankhaus Bodensee AG			74,500	4.5%

in TEUR	2014	Share	2013	Share
Payables to related parties				
Würth International AG	286,220	40.1%		
Würth Reinsurance Company, S.A.	45,061	6.3%		
Würth France SA	41,828	5.9%		
Würth Norge AS	39,852	5.6%		
Würth OY	29,727	4.2%		
Würth International AG			261,826	38.1%
Würth France SA			41,907	6.1%
Würth Reinsurance Company, S.A.			41,839	6.1%
Würth Group of North America Inc.			36,302	5.3%
Würth Norge AS			35,396	5.2%

Transactions with related parties conform to the usual market terms and conditions. Regarding interest income and expenses we refer to the disclosures in note 10.

Loans to family trusts of the Würth Group shareholders contain the following loans:

in TEUR	2014	Maturity	Interest rate
Markus Würth Family Trust	8,000	30.04.2015	1.22%
Markus Würth Family Trust	10,000	30.06.2015	1.00%
Markus Würth Family Trust	10,000	30.06.2015	1.00%
Marion Würth Family Trust	10,000	30.06.2015	1.00%
Bettina Würth Family Trust	10,000	30.06.2015	1.00%
Carmen Würth Family Trust	10,000	30.06.2015	1.00%

in TEUR	2013	Maturity	Interest rate
Markus Würth Family Trust	10,000	31.07.2014	1.19%
Markus Würth Family Trust	3,500	31.01.2014	0.80%
Markus Würth Family Trust	8,000	31.01.2014	0.80%
Markus Würth Family Trust	6,188	10.01.2014	0.85%
Marion Würth Family Trust	6,188	10.01.2014	0.85%
Bettina Würth Family Trust	6,188	10.01.2014	0.85%
Carmen Würth Family Trust	6,188	10.01.2014	0.85%

These loans are unsecured.

Compensation of key management personnel of the Group in TEUR	2014	2013
Short-term employee benefits	2,560	3,212
Total compensation paid to key management personnel	**2,560**	**3,212**

The short-term employee benefits to related parties comprise pension fund contributions amounting to TEUR 0 (2013: TEUR 341).

In 2014 and 2013, no other forms of compensation (post employment or other long-term benefits, termination benefits, share-based payments) were paid to key management staff.

The Management comprises the members of the Board of Management of all the Group companies (2014: 7 persons; 2013: 7 persons).

In the business year 2014, fees of TEUR 200 were paid to members of the Board of Directors (2013: TEUR 175). Remuneration for the members of the management of the various group companies totalled TEUR 2,560 in the year 2014 (2013: TEUR 3,212).

17. Commitments and Contingencies

Würth Finance International B.V. has issued guarantees, letters of comfort and letters of credit. They represent commitments and contingencies in favour of third parties for associated company liabilities. The contingent liabilities include contractual commitments in connection with loans received by the Wurth Group of North America Inc. (private placement).

The lending commitments, which have been unconditionally and irrevocably guaranteed, but not yet utilised, are disclosed at the nominal value.

in TEUR	2014	2013
Guarantees, letters of comfort, letters of credit	255,597	228,436
Total contingent liabilities	**255,597**	**228,436**

in TEUR	2014	2013
Not yet utilised, irrevocably guaranteed lending commitments	52,184	64,692
Total irrevocable lending commitments	**52,184**	**62,692**

18. Operating Lease Commitments

in TEUR	2014	2013
Due within one year	1,564	1,749
Due after one year but not more than six years	3,103	5,891

19. Financial Instruments and Risk Management

a) Financial Risk Management
Financial risks are inherent in the Group's business activities but are carefully measured, controlled and monitored by means of a systematic risk management process. To provide secure auditing and transparent information, a strict segregation is made between the functions of bodies that take risks and those that monitor risks. The financial risks are measured and monitored without restriction by the Group's risk controlling bodies. The control of financial risks is effected on the basis of internal directives defined in writing or with reference to strategic guidelines for action. Amendments to the internal directives are made by a defined process and must be approved by the Group's supervisory bodies.

In order to mitigate the financial risks and optimise income on the financial resources, the Group enters into derivative financial instrument transactions. The Group expects that any reduction in value of one such instrument will generally be compensated by a corresponding increase in the value of the underlying hedged transaction.

The financial risks are limited by determining the authorised instruments and by adhering to a limit system on a daily basis. Corresponding reporting by the bodies which control the risk for the attention of management is effected daily. The management of market risks (foreign currency, interest rate, security price), credit risks and liquidity risks is described below.

Foreign Currency Risk
Due to its operating activities the Group enters into foreign currency transactions for companies of the Würth Group worldwide and is therefore exposed to exchange rate fluctuations. The Group deems foreign currency risks to mean the loss risk on the reported assets and revenues arising from the change in the relationship between exchange rates of the exposure currency and the balance sheet currency EUR.

For the control of foreign currency risks, individual limits are set for each currency or for each geographical region. To control the currency risks, spot transactions, forward transactions, currency swaps, cross-currency swaps and currency options are used. The positions are valued and monitored on a daily basis.

Sensitivity Analysis for Material Foreign Currency Positions at 31 December
The following table discloses the sensitivity of the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities) triggered by a reasonably possible change in the exchange rate, with all other variables held constant. The table reflects the most important currencies for loans and deposits in terms of volumes for the Würth Finance Group. Compared to the previous year, volumes in currencies other than the EUR and CHF have increased. However, interest rate risks have been kept minimal.

	2014		2013	
Currency	Market scenario	Impact on P/L in TEUR	Market scenario	Impact on P/L in TEUR
CHF	10% - 10%	1,169 -1,169	10% - 10%	335 -335
USD	10% - 10%	495 -495	10% - 10%	-398 398
GBP	10% - 10%	58 -58	10% - 10%	19 -19
CAD	10% - 10%	90 -90	10% - 10%	33 -33
CNY	10% - 10%	38 -38	10% - 10%	-2 2
DKK	10% - 10%	109 -109	10% - 10%	144 -144
NOK	10% - 10%	200 -200	10% - 10%	127 -127

Currencies for the year 2013 extended to add comparable currencies to the year 2014.

BALANCE SHEET BY CURRENCY
AT 31 DECEMBER 2014

ASSETS

		Amounts in TEUR countervalue				
in TEUR	Total	EUR	USD	CHF	DKK	Other
Non-current assets						
Intangible assets						
Software	122	61	0	61	0	0
Other intangible assets	0	0	0	0	0	0
Property, plant and equipment						
Operating equipment and furnishings	336	1	0	335	0	0
Financial assets						
Long-term loans to associated companies	784,813	629,173	5,320	82,668	13,014	54,638
Other financial assets	74,500	74,500	0	0	0	0
Deferred tax assets	1,815	1,573	0	242	0	0
Total non-current assets	**861,586**	**705,308**	**5,320**	**83,306**	**13,014**	**54,638**
Current assets						
Receivables from associated companies	743,870	545,861	23,712	13,874	38,265	122,158
Loans to family trusts	58,000	58,000	0	0	0	0
Positive fair values of derivative instruments	12,043	12,043	0	0	0	0
Other receivables	2,384	2,384	0	0	0	0
Income tax receivables	6,124	5,100	0	1,024	0	0
Accrued income and prepaid expenses	4,294	3,356	0	938	0	0
Securities held for trading	72,637	61,518	4,499	4,948	0	1,672
Cash and cash equivalents	423,574	140,063	41,285	170,694	40,874	30,658
Total current assets	**1,322,926**	**828,325**	**69,496**	**191,478**	**79,139**	**154,488**
Total assets	**2,184,512**	**1,533,633**	**74,816**	**274,784**	**92,153**	**209,126**

EQUITY AND LIABILITIES

Shareholders' equity						
Capital subscribed and paid in	16,000	16,000	0	0	0	0
Retained earnings	231,942	231,942	0	0	0	0
Foreign exchange difference	63	63	0	0	0	0
Net profit for the year	37,838	37,838	0	0	0	0
Total shareholders' equity	**285,843**	**285,843**	**0**	**0**	**0**	**0**
Non-current liabilities						
Bonds issued	996,062	996,062	0	0	0	0
Long-term payables to associated companies	2,326	2,326	0	0	0	0
Provisions for pension plans	2,720	6	0	2,714	0	0
Payables to banks (long-term)	4,158	0	0	4,158	0	0
Deferred tax liabilities	15	0	0	15	0	0
Total non-current liabilities	**1,005,281**	**998,394**	**0**	**6,887**	**0**	**0**
Current liabilities						
Bonds issued, short-term	157,609	0	0	157,609	0	0
Payables to associated companies	710,605	510,584	26,930	90,034	5,723	77,334
Payables to banks	1,238	1,217	0	0	0	21
Provision for taxes	2,079	1,703	0	376	0	0
Negative fair values of derivative instruments	4,916	-4,769	203	9,482	0	0
Other liabilities	9,465	3,363	1,700	3,434	1	967
Accrued expenses and deferred income	7,476	4,580	0	2,896	0	0
Total current liabilities	**893,388**	**516,678**	**28,833**	**263,831**	**5,724**	**78,322**
Total equity and liabilities	**2,184,512**	**1,800,915**	**28,833**	**270,718**	**5,724**	**78,322**
Balance sheet position		**-267,282**	**45,983**	**4,066**	**86,429**	**130,804**

BALANCE SHEET BY CURRENCY
AT 31 DECEMBER 2013

ASSETS

		Amounts in TEUR countervalue				
in TEUR	Total	EUR	USD	CHF	DKK	Other
Non-current assets						
Intangible assets						
Software	108	0	0	108	0	0
Other intangible assets	1,209	0	0	1,209	0	0
Property, plant and equipment						
Operating equipment and furnishings	455	89	0	366	0	0
Financial assets						
Long-term loans to associated companies	739,202	583,012	7,320	79,213	17,298	52,359
Other financial assets	65,000	65,000	0	0	0	0
Deferred tax assets	356	0	0	356	0	0
Total non-current assets	**806,330**	**648,101**	**7,320**	**81,252**	**17,298**	**52,359**
Current assets						
Receivables from associated companies	809,470	660,481	16,846	6,172	30,637	95,334
Loans to family trusts	46,250	46,250	0	0	0	0
Positive fair values of derivative instruments	15,986	15,986	0	0	0	0
Other receivables	2,795	0	0	2,795	0	0
Income tax receivables	4,680	3,342	0	1,338	0	0
Accrued income and prepaid expenses	6,113	4,425	0	1,230	0	458
Securities held for trading	128,987	117,609	3,869	7,509	0	0
Cash and cash equivalents	597,473	302,733	4,639	204,516	72,176	13,409
Total current assets	**1,611,754**	**1,150,826**	**25,354**	**223,560**	**102,813**	**109,201**
Total assets	**2,418,084**	**1,798,927**	**32,674**	**304,812**	**120,111**	**161,560**

EQUITY AND LIABILITIES

Shareholders' equity						
Capital subscribed and paid in	16,000	16,000	0	0	0	0
Retained earnings	237,684	237,684	0	0	0	0
Foreign exchange difference	24	24	0	0	0	0
Net profit for the year	7,718	7,718	0	0	0	0
Total shareholders' equity	**261,426**	**261,426**	**0**	**0**	**0**	**0**
Non-current liabilities						
Bonds issued	1,149,444	995,080	0	154,364	0	0
Long-term payables to associated companies	2,440	2,440	0	0	0	0
Provisions for pension plans	675	22	0	653	0	0
Deferred tax liabilities	237	0	0	237	0	0
Total non-current liabilities	**1,152,796**	**997,542**	**0**	**155,254**	**0**	**0**
Current liabilities						
Bonds issued, short-term	275,429	275,429	0	0	0	0
Payables to associated companies	678,576	517,494	56,389	15,634	12,217	76,842
Payables to banks	912	858	54	0	0	0
Provision for taxes	337	0	0	337	0	0
Negative fair values of derivative instruments	8,023	3,021	426	4,462	0	114
Other liabilities	13,660	9,003	1,339	2,478	0	840
Accrued expenses and deferred income	26,925	24,084	0	2,841	0	0
Total current liabilities	**1,003,862**	**829,889**	**58,208**	**25,752**	**12,217**	**77,796**
Total equity and liabilities	**2,418,084**	**2,088,857**	**58,208**	**181,006**	**12,217**	**77,796**
Balance sheet position		**–289,930**	**–25,534**	**123,806**	**107,894**	**83,764**

GBP replaced by DKK for the year 2013 to show comparable amounts for 2014.

Interest Rate Risk

The Group finances Würth Group companies all over the world and is consequently exposed to interest rate risk. The Group deems interest rate risk to mean the negative impact on the financial position and the earnings situation arising from changes in the interest rates in all currencies. Loans to Würth Group companies are partially refinanced by fixed-interest bonds with similar interest and maturity structures. The maximum willingness to take risks in the interest rate sector is defined by a sensitivity in relation to the equity capital. In the event of adverse changes in the interest rates on the individual currencies by 100 basis points, the maximum loss potential is related to equity. The Group keeps the impact of interest rate changes on the equity capital base or on the asset and income situation relatively low and is guided in the medium term by an equity sensitivity of 4%. Furthermore, the Group enters into derivative financial instruments to optimise its interest rate exposure.

Sensitivity Analysis of Equity as of 31 December

The following table discloses the sensitivity of the Group's equity to a parallel shift of the interest rates, with all other variables held constant. The sensitivity has only an immaterial impact in relation to the Group's equity. The table reflects the most important currencies for loans and deposits in terms of volumes for the Würth Finance Group. Compared to the previous year, volumes in currencies other than the EUR and CHF have increased. However, interest rate risks have been kept minimal.

Sensitivity of Equity 2014

in TEUR			Duration									
Currency	Change in basis points		≤6 months		6 months to 1 year		1–5 years		>5 years		**Total**	
EUR	100	–100	–639	76	–1,790	202	–1,943	–286	21,020	–8,152	16,648	–8,160
USD	100	–100	34	–10	–28	14	–53	32	–25	25	–72	61
CHF	100	–100	65	3	613	39	–924	–74	–691	–17	–937	–49
DKK	100	–100	32	–10	–75	32	–216	98	–9	5	–268	125
CNH	100	–100	14	–15	–1	1	–2	2	0	0	11	–12
NOK	100	–100	48	–50	–2	3	–142	147	0	0	–96	100
CAD	100	–100	8	–9	–18	19	–38	41	0	0	–48	51
GBP	100	–100	–7	5	–15	11	–39	35	0	0	–61	51
Others	100	–100	–21	19	13	–27	–90	61	0	0	–98	53

Sensitivity of Equity 2013

in TEUR			Duration									
Currency	Change in basis points		≤6 months		6 months to 1 year		1–5 years		>5 years		**Total**	
EUR	100	–100	–699	215	–516	240	–1,118	–2,421	4,138	–3,889	1,805	–5,855
USD	100	–100	20	–6	–3	1	–110	60	–29	29	–121	84
CHF	100	–100	–47	1	–52	5	678	219	0	0	579	225
DKK	100	–100	46	–20	–20	9	–364	330	0	0	–338	319
CNH	100	–100	–2	2	2	–2	–1	1	0	0	–1	1
NOK	100	–100	89	–92	0	0	–211	220	0	0	–122	127
CAD	100	–100	3	–3	–5	5	–107	111	0	0	–109	113
GBP	100	–100	–4	3	–12	9	–59	61	0	0	–76	73
Others	100	–100	–32	35	7	–8	–383	361	0	0	–407	387

Currencies for the year 2013 extended to add comparable currencies to the year 2014.

BALANCE SHEET BY MATURITY
AT 31 DECEMBER 2014

ASSETS

			Maturity		
in TEUR	Total	Sight	< 1 year	1–5 years	> 5 years
Non-current assets					
Intangible assets					
Software	122	122	0	0	0
Other intangible assets	0	0	0	0	0
Property, plant and equipment					
Operating equipment and furnishings	336	336	0	0	0
Financial assets					
Long-term loans to associated companies	784,813	0	0	655,087	129,726
Other financial assets	74,500	0	0	0	74,500
Deferred tax assets	1,815	1,815	0	0	0
Total non-current assets	**861,586**	**2,273**	**0**	**655,087**	**204,226**
Current assets					
Receivables from associated companies	743,870	396,884	346,986	0	0
Loans to family trusts	58,000	0	58,000	0	0
Positive fair values of derivative instruments	12,043	12,043	0	0	0
Other receivables	2,384	2,384	0	0	0
Income tax receivables	6,124	6,124	0	0	0
Accrued income and prepaid expenses	4,294	4,294	0	0	0
Securities held for trading	72,637	72,637	0	0	0
Cash and cash equivalents	423,574	182,253	241,321	0	0
Total current assets	**1,322,926**	**676,619**	**646,307**	**0**	**0**
Total assets	**2,184,512**	**678,892**	**646,307**	**655,087**	**204,226**

EQUITY AND LIABILITIES

Shareholders' equity					
Capital subscribed and paid in	16,000	16,000	0	0	0
Retained earnings	231,942	231,942	0	0	0
Foreign exchange difference	63	63	0	0	0
Net profit for the year	37,838	37,838	0	0	0
Total shareholders' equity	**285,843**	**285,843**	**0**	**0**	**0**
Non-current liabilities					
Bonds issued, long-term	996,062	0	0	497,680	498,382
Long-term payables to associated companies	2,326	0	0	0	2,326
Provisions for pension plans	2,720	0	0	2,720	0
Payables to banks (long-term)	4,158	0	0	4,158	0
Deferred tax liabilities	15	0	0	15	0
Total non-current liabilities	**1,005,281**	**0**	**0**	**504,573**	**500,708**
Current liabilities					
Bonds issued, short-term	157,609	0	157,609	0	0
Payables to associated companies	710,605	411,139	299,466	0	0
Payables to banks	1,238	1,238	0	0	0
Provision for taxes	2,079	2,079	0	0	0
Negative fair values of derivative instruments	4,916	4,916	0	0	0
Other liabilities	9,465	3,576	5,889	0	0
Accrued expenses and deferred income	7,476	7,476	0	0	0
Total current liabilities	**893,388**	**430,424**	**462,964**	**0**	**0**
Total equity and liabilities	**2,184,512**	**716,267**	**462,964**	**504,573**	**500,708**
Balance sheet position		**–37,375**	**183,343**	**150,514**	**–296,482**

BALANCE SHEET BY MATURITY
AT 31 DECEMBER 2013

ASSETS

in TEUR	Total	Sight	Maturity < 1 year	Maturity 1–5 years	Maturity > 5 years
Non-current assets					
Intangible assets					
Software	108	108	0	0	0
Other intangible assets	1,209	0	1,209	0	0
Property, plant and equipment					
Operating equipment and furnishings	455	455	0	0	0
Financial assets					
Long-term loans to associated companies	739,202	0	0	595,338	143,864
Other financial assets	65,000	0	0	10,000	55,000
Deferred tax assets	356	356	0	0	0
Total non-current assets	**806,330**	**919**	**1,209**	**605,338**	**198,864**
Current assets					
Receivables from associated companies	809,470	413,629	395,841	0	0
Loans to family trusts	46,250	0	46,250	0	0
Positive fair values of derivative instruments	15,986	15,986	0	0	0
Other receivables	2,795	2,795	0	0	0
Income tax receivables	4,680	4,680	0	0	0
Accrued income and prepaid expenses	6,113	6,113	0	0	0
Securities held for trading	128,987	128,987	0	0	0
Cash and cash equivalents	597,473	262,481	334,992	0	0
Total current assets	**1,611,754**	**834,671**	**777,083**	**0**	**0**
Total assets	**2,418,084**	**835,590**	**778,292**	**605,338**	**198,864**

EQUITY AND LIABILITIES

in TEUR	Total	Sight	Maturity < 1 year	Maturity 1–5 years	Maturity > 5 years
Shareholders' equity					
Capital subscribed and paid in	16,000	16,000	0	0	0
Retained earnings	237,684	237,684	0	0	0
Foreign exchange difference	24	24	0	0	0
Net profit for the year	7,718	7,718	0	0	0
Total shareholders' equity	**261,426**	**261,426**	**0**	**0**	**0**
Non-current liabilities					
Bonds issued, long-term	1,149,444	0	0	651,362	498,082
Long-term payables to associated companies	2,440	0	0	2,440	0
Provisions for pension plans	675	0	675	0	0
Deferred tax liabilities	237	237	0	0	0
Total non-current liabilities	**1,152,796**	**237**	**675**	**653,802**	**498,082**
Current liabilities					
Bonds issued, short-term	275,429	0	275,429	0	0
Payables to associated companies	678,576	576,642	99,494	2,440	0
Payables to banks	912	912	0	0	0
Provision for taxes	337	337	0	0	0
Negative fair values of derivative instruments	8,023	8,023	0	0	0
Other liabilities	13,660	13,660	0	0	0
Accrued expenses and deferred income	26,925	26,925	0	0	0
Total current liabilities	**1,003,862**	**626,499**	**374,923**	**2,440**	**0**
Total equity and liabilities	**2,418,084**	**888,162**	**375,598**	**656,242**	**498,082**
Balance sheet position		**–52,572**	**402,694**	**–50,904**	**–299,218**

BALANCE SHEET BY INTEREST RATE EXPOSURE
AT 31 DECEMBER 2014

ASSETS

in TEUR	Total	Fixed interest rate	Variable interest rate	Non-interest bearing
Non-current assets				
Intangible assets				
Software	122	0	0	122
Other intangible assets	0	0	0	0
Property, plant and equipment				
Operating equipment and furnishings	336	0	0	336
Financial assets				
Long-term loans to associated companies	784,813	784,813	0	0
Other financial assets	74,500	0	0	74,500
Deferred tax assets	1,815	0	0	1,815
Total non-current assets	**861,586**	**784,813**	**0**	**76,773**
Current assets				
Receivables from associated companies	743,870	356,941	286,446	100,483
Loans to family trusts	58,000	58,000	0	0
Positive fair values of derivative instruments	12,043	0	10,733	1,310
Other receivables	2,384	0	455	1,929
Income tax receivables	6,124	0	0	6,124
Accrued income and prepaid expenses	4,294	0	0	4,294
Securities held for trading	72,637	51,545	18,706	2,386
Cash and cash equivalents	423,574	0	423,574	0
Total current assets	**1,322,926**	**466,486**	**739,914**	**116,526**
Total assets	**2,184,512**	**1,251,299**	**739,914**	**193,299**

EQUITY AND LIABILITIES

in TEUR	Total	Fixed interest rate	Variable interest rate	Non-interest bearing
Shareholders' equity				
Capital subscribed and paid in	16,000	0	0	16,000
Retained earnings	231,942	0	0	231,942
Foreign exchange difference	63	0	0	63
Net profit for the year	37,838	0	0	37,838
Total shareholders' equity	**285,843**	**0**	**0**	**285,843**
Non-current liabilities				
Bonds issued, long-term	996,062	996,062	0	0
Long-term payables to associated companies	2,326	0	0	2,326
Provisions for pension plans	2,720	0	2,720	0
Payables to banks (long-term)	4,158	4,158	0	0
Deferred tax liabilities	15	0	0	15
Total non-current liabilities	**1,005,281**	**1,000,220**	**2,720**	**2,341**
Current liabilities				
Bonds issued, short-term	157,609	157,609	0	0
Payables to associated companies	710,605	299,466	411,139	0
Payables to banks	1,238	0	1,238	0
Provision for taxes	2,079	0	0	2,079
Negative fair values of derivative instruments	4,916	0	0	4,916
Other liabilities	9,465	0	0	9,465
Accrued expenses and deferred income	7,476	0	0	7,476
Total current liabilities	**893,388**	**457,075**	**412,377**	**23,936**
Total equity and liabilities	**2,184,512**	**1,457,295**	**415,097**	**312,120**
Balance sheet position		**–205,996**	**324,817**	**–118,821**

BALANCE SHEET BY INTEREST RATE EXPOSURE
AT 31 DECEMBER 2013

ASSETS

in TEUR	Total	Fixed interest rate	Variable interest rate	Non-interest bearing
Non-current assets				
Intangible assets				
Software	108	0	0	108
Other intangible assets	1,209	0	0	1,209
Property, plant and equipment				
Operating equipment and furnishings	455	0	0	455
Financial assets				
Long-term loans to associated companies	739,202	739,202	0	0
Other financial assets	65,000	0	0	65,000
Deferred tax assets	356	0	0	356
Total non-current assets	**806,330**	**739,202**	**0**	**67,128**
Current assets				
Receivables from associated companies	809,470	395,842	335,092	78,536
Loans to family trusts	46,250	46,250	0	0
Positive fair values of derivative instruments	15,986	0	11,810	4,176
Other receivables	2,795	0	2,795	0
Income tax receivables	4,680	0	0	4,680
Accrued income and prepaid expenses	6,113	0	0	6,113
Securities held for trading	128,987	104,536	11,235	13,216
Cash and cash equivalents	597,473	0	597,473	0
Total current assets	**1,611,754**	**546,628**	**963,085**	**102,041**
Total assets	**2,418,084**	**1,285,830**	**963,085**	**169,169**

EQUITY AND LIABILITIES

Shareholders' equity				
Capital subscribed and paid in	16,000	0	0	16,000
Retained earnings	237,684	0	0	237,684
Foreign exchange difference	24	0	0	24
Net profit for the year	7,718	0	0	7,718
Total shareholders' equity	**261,426**	**0**	**0**	**261,426**
Non-current liabilities				
Bonds issued, long-term	1,149,444	1,149,444	0	0
Long-term payables to associated companies	2,440	0	0	2,440
Provisions for pension plans	675	0	675	0
Deferred tax liabilities	237	0	0	237
Total non-current liabilities	**1,152,796**	**1,149,444**	**675**	**2,677**
Current liabilities				
Bonds issued, short-term	275,429	275,429	0	0
Payables to associated companies	678,576	101,124	577,452	0
Payables to banks	912	0	912	0
Provision for taxes	337	0	0	337
Negative fair values of derivative instruments	8,023	0	7,502	521
Other liabilities	13,660	0	0	13,660
Accrued expenses and deferred income	26,925	0	0	26,925
Total current liabilities	**1,003,862**	**376,553**	**585,866**	**41,443**
Total equity and liabilities	**2,418,084**	**1,525,997**	**586,541**	**305,546**
Balance sheet position		**–240,167**	**376,544**	**–136,377**

Security Price Risk
Due to its investment activities, the Group is exposed to security price risks. The Group deems security price risks to mean the exposure to loss resulting from changes in the prices of listed securities.

Basically, a minimum rating of BBB- (Standard & Poor's) is required when selecting bonds. The trend of the rating is monitored on a daily basis. In the event of the bond being downgraded, it is immediately disposed of. However, the Group has a limit of 5% of the total portfolio which can be invested in "sub investment grade bonds". Furthermore, the Group uses derivative instruments to hedge security price risks.

The composition of the portfolio is monitored on a daily basis. The allocation is shown in the table below:

Asset Allocation as of 31 December 2014

in TEUR	Market value	Share
Equities / funds	11,926	16.4%
Money market funds	0	0.0%
Bonds	58,344	80.3%
Sub investment grade bonds	2,195	3.0%
Hedge funds	0	0.0%
Commodities	172	0.2%
Total	**72,637**	**100%**

Asset Allocation as of 31 December 2013

in TEUR	Market value	Share
Equities / funds	13,132	10.2%
Money market funds	66,000	51.2%
Bonds	46,575	36.1%
Sub investment grade bonds	3,194	2.5%
Hedge funds	0	0.0%
Commodities	86	0.1%
Total	**128,987**	**100%**

Credit Risk
In order to minimise credit risks, transactions are only conducted with first-class external counterparties. Banks are required to have a minimum rating of "A-" (in terms of Standard & Poor's Terms nomenclature). For each rating level, binding counterparty limits are defined. Their absolute value is subject to regular critical reviews by the supervisory bodies and is adjusted if necessary. Würth Group counterparties are monitored by Würth Finance International B.V., together with the appropriate member of the Würth Group's Central Managing Board, and granted a credit limit. ISDA agreements are concluded with external counterparties with whom the Group carries out transactions within the framework of financial risk management. The corresponding credit rating of the internal and external counterparties and the limitation on aggregated individual party risks are constantly monitored.

The counterparty risks relating to delcredere business were transferred in full to insurance companies.

The maximum credit risk corresponds to the value of all the financial assets, contingent liabilities and unused irrevocable credit commitments stated in the annual accounts. Any credit risks relating to loans to individual Würth Group companies with negative equity as of 31 December are covered by letters of comfort from the superordinate parent company.

Credit risks as of 31 December in TEUR	Gross credit risks 2014	Gross credit risks 2013
Würth Group companies, long-term		
Trade	295,164	284,154
Financial services	199,488	203,204
Production	83,053	89,781
Administration / Holding	76,019	44,264
Electrical wholesale	57,259	42,000
Industry	56,036	64,000
Electronics	17,794	11,799
Total Würth Group long-term	**784,813**	**739,202**
Würth Group companies, short-term		
Trade	487,175	489,882
Production	89,178	60,780
Industry	48,188	41,706
Financial services	43,967	32,806
Administration / Holding	20,077	116,571
Electrical wholesale	16,243	27,787
Electronics	4,885	13,394
IT	99	418
Miscellaneous current accounts	34,058	26,126
Total Würth Group short-term	**743,870**	**809,470**
Cash and cash equivalents	423,574	597,473
Other financial assets	74,500	65,000
Loans to family trusts	58,000	46,250
Positive fair values of derivative instruments	12,043	15,986
Securities designated at fair value	72,637	128,987
Other receivables	2,384	2,795
Contingent liabilities	255,597	228,436
Irrevocable lending commitments	52,184	64,692
Total gross credit risk	**2,479,602**	**2,698,291**

There is only a difference between the gross and net credit risk for derivative transactions which can be netted based on the ISDA agreements. In principle cash and cash equivalents are invested at banks with a minimal rating of “A-”. Within the credit risk category no overdue or impaired positions are included. Therefore no value adjustments were accounted for or are required.

Liquidity Risk

The Würth Group needs sufficient liquidity to fulfil its financial obligations. In compliance with the superordinate Würth Group policy, Würth Group companies are required to transfer their excess liquidity to Würth Finance International B.V. and, with the latter’s support, to make it available to other Würth Group companies to bridge any potential shortages in liquidity.

The objective of the liquidity management is to ensure that the Würth Group is able to meet its payment obligations. The liquidity situation is monitored by the Cash Management department of Würth Finance International B.V.

The high international creditworthiness of the Würth Group (Standard & Poor’s has awarded a Senior Unsecured “A” rating to Adolf Würth GmbH & Co. KG) allows the Group to raise liquid funds in the international capital markets on favourable conditions. Würth Finance International B.V. has established a committed credit line of EUR 200 million. The syndicate providing the funds consists of ten banks. The credit line is granted until 26 February 2018 and is guaranteed by Adolf Würth GmbH & Co. KG, Künzelsau. Additionally the Group has arranged credit lines with various banks to cover any potential liquidity requirements.

b) Derivative Financial Instruments

Positions at 31 December 2014

in TEUR	Contract value or notional value	Positive fair value	Negative fair value
Foreign currency instruments			
Forward currency contracts	972,492	1,270	–5,434
Total foreign exchange instruments	**972,492**	**1,270**	**–5,434**
Interest rate instruments			
Interest rate swaps	576,757	35,257	–10,282
Cross-currency swaps	50,568	75	0
Financial futures	22,705	41	
Total interest rate instruments	**650,030**	**35,373**	**–10,282**
Reduction due to CSA		–24,600	10,800
Total derivative financial instruments	**1,622,522**	**12,043**	**–4,916**

Positions at 31 December 2013

in TEUR	Contract value or notional value	Positive fair value	Negative fair value
Foreign currency instruments			
Forward currency contracts	705,429	4,176	–520
Total foreign exchange instruments	**705,429**	**4,176**	**–520**
Interest rate instruments			
Interest rate swaps	887,204	24,334	–15,269
Cross-currency swaps	47,039	10,676	–114
Swaptions	25,000	0	–320
Total interest rate instruments	**959,243**	**35,010**	**–15,703**
Reduction due to CSA		–23,200	8,200
Total derivative financial instruments	**1,664,672**	**15,986**	**–8,023**

ISDA master agreements with a CSA are concluded with those counterparties with whom transactions are carried out within the framework of financial risk management. For this reason, the positive and negative fair values of the derivative financial instruments are recorded in the financial statements (balance sheet, income statement) in net terms, considering also the cash settlement based on the CSAs.

The foreign currency instruments are mainly used to hedge the currency positions in USD, CHF and DKK recorded in the balance sheet. The net positions of the fair values are as follows: EUR –3.7 million (2013: EUR 3.4 million) have a maturity date of less than 12 months and EUR –0.4 million (2013: EUR 0.1 million) mature in 1 – 5 years.

The interest rate instruments are mainly used to hedge currency and interest rate risks on non-congruent asset and liability positions in EUR, USD and CHF. The maximum maturity is nine years.

Offsetting Financial Instruments

	Financial assets 2014		
in TEUR	Gross carrying amounts (before offsetting)	Gross amounts offset in accordance with the offsetting criteria	Net amount presented in statement of financial position
Derivative financial instruments	36,643	–24,600	12,043
Total	**36,643**	**–24,600**	**12,043**

	Financial assets 2013		
in TEUR	Gross carrying amounts (before offsetting)	Gross amounts offset in accordance with the offsetting criteria	Net amount presented in statement of financial position
Derivative financial instruments	39,186	–23,200	15,986
Total	**39,186**	**–23,200**	**15,986**

	Financial liabilities 2014		
in TEUR	Gross carrying amounts (before offsetting)	Gross amounts offset in accordance with the offsetting criteria	Net amount presented in statement of financial position
Derivative financial instruments	–15,716	10,800	–4,916
Total	**–15,716**	**10,800**	**–4,916**

	Financial liabilities 2013		
in TEUR	Gross carrying amounts (before offsetting)	Gross amounts offset in accordance with the offsetting criteria	Net amount presented in statement of financial position
Derivative financial instruments	–16,223	8,200	–8,023
Total	**–16,223**	**8,200**	**–8,023**

Offsetting rights that do not meet some or all of the criteria for offsetting in the statement of financial position are not disclosed since the effects are considered to be not material and because of a lacking ratio between effort and significance of the expected information content.

c) Fair Value of Financial Instruments at 31 December

ASSETS

	Carrying amount		Fair value	
in TEUR	2014	2013	2014	2013
Non-current assets				
Financial assets				
Long-term loans to associated companies	784,813	739,202	855,942	804,190
Other financial assets	74,500	65,000	91,839	84,190
Total non-current assets	**859,313**	**804,202**	**947,781**	**888,380**
Current assets				
Receivables from associated companies	743,870	809,470	750,434	810,588
Loans to family trusts	58,000	46,250	58,256	46,332
Positive fair values of derivative instruments	12,043	15,986	12,043	15,986
Securities held for trading	72,637	128,987	72,637	128,987
Cash and cash equivalents	423,574	597,473	423,574	597,473
Total current assets	**1,310,124**	**1,598,166**	**1,316,944**	**1,599,366**

EQUITY AND LIABILITIES

Non-current liabilities				
Bonds issued, long-term	996,062	1,149,444	1,089,225	1,197,415
Payables to banks, long-term	4,158	0	4,384	0
Long-term payables to associated companies	2,326	2,440	5,167	4,772
Total non-current liabilities	**1,002,546**	**1,151,884**	**1,098,776**	**1,202,187**
Current liabilities				
Bonds issued, short-term	157,609	275,429	161,138	280,511
Payables to associated companies	710,605	678,576	710,290	673,843
Payables to banks	1,238	912	1,238	912
Negative fair values of derivative instruments	4,916	8,023	4,916	8,023
Total current liabilities	**874,368**	**962,940**	**877,582**	**963,289**

A majority of the financial instruments were generated by the Group itself and are valued at amortised cost. The "fair value through profit & loss" category as laid down in IAS 39 is solely applied to securities and derivative financial instruments. On the other hand, the categories "held-to-maturity" and "available-for-sale", are not applied by the Group.

The fair value of long-term receivables and liabilities is calculated using the DCF method.

Fair Value Hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

Assets and Liabilities Measured at Fair value as at 31 December 2014

ASSETS

in TEUR	Level 1	Level 2	Level 3	Total fair value
Derivative financial instruments				
Interest rate swaps	0	35,257	0	35,257
Cross-currency swaps	0	75	0	75
Currency options (OTC)	0	41	0	41
Forward currency contracts	0	1,270	0	1,270
Reduction due to CSA	0	–24,600	0	–24,600
Total derivative financial instruments	**0**	**12,043**	**0**	**12,043**
Financial instruments held for trading				
Securities	72,637	0	0	72,637
Total financial instruments held for trading	**72,637**	**0**	**0**	**72,637**
Financial instruments at amortised costs				
Receivables from associated companies	0	1,606,376	0	1,606,376
Loans to family trusts	0	58,256	0	58,256
Cash and cash equivalents	423,574	0	0	423,574
Other financial assets	0	91,839	0	91,839
Total financial instruments at amortised costs	**423,574**	**1,756,471**	**0**	**2,180,045**

LIABILITIES

in TEUR	Level 1	Level 2	Level 3	Total fair value
Derivative financial instruments				
Interest rate swaps	0	10,282	0	10,282
Forward currency contracts	0	5,434	0	5,434
Reduction due to CSA	0	–10,800	0	–10,800
Total derivative financial instruments	**0**	**4,916**	**0**	**4,916**
Other liabilities at amortised costs				
Bonds issued	0	1,250,363	0	1,250,363
Payables to associated companies	0	715,457	0	715,457
Payables to banks (long-term)	4,384	0	0	4,384
Payables to banks	1,238	0	0	1,238
Total other liabilities at amortised costs	**5,622**	**1,965,820**	**0**	**1,971,442**

Assets and Liabilities Measured at Fair value as at 31 December 2013

ASSETS

in TEUR	Level 1	Level 2	Level 3	Total fair value
Derivative financial instruments				
Interest rate swaps	0	24,334	0	24,334
Cross-currency swaps	0	10,676	0	10,676
Forward currency contracts	0	4,176	0	4,176
Reduction due to CSA	0	–23,200	0	–23,200
Total derivative financial instruments	**0**	**15,986**	**0**	**15,986**
Financial instruments held for trading				
Securities	128,987	0	0	128,987
Total financial instruments held for trading	**128,987**	**0**	**0**	**128,987**
Financial instruments at amortised costs				
Receivables from associated companies	0	1,613,660	0	1,613,660
Loans to family trusts	0	46,250	0	46,250
Cash and cash equivalents	597,473	0	0	597,473
Other financial assets	0	84,190	0	84,190
Total financial instruments at amortised costs	**597,473**	**1,744,100**	**0**	**2,341,573**

LIABILITIES

Derivative financial instruments				
Interest rate swaps	0	15,269	0	15,269
Cross-currency swaps	0	114	0	114
Swaptions	0	320	0	320
Forward currency contracts	0	520	0	520
Reduction due to CSA	0	–8,200	0	–8,200
Total derivative financial instruments	**0**	**8,023**	**0**	**8,023**
Other liabilities at amortised costs				
Bonds issued	0	1,477,926	0	1,477,926
Payables to associated companies	0	678,576	0	678,576
Payables to banks	912	0	0	912
Total other liabilities at amortised costs	**912**	**2,156,502**	**0**	**2,157,414**

For all financial instruments categorised within levels 2 and 3, a description of the valuation techniques and the inputs used in the valuation (e.g. interest rates, volatilities, market price of the underlying, price in a similar transaction etc.) is prepared. If there is a change in valuation technique, the reason for it has to be disclosed.

The fair value of securities that are actively traded on organised financial markets is determined by reference to quoted market prices. For securities where there is no active market, fair value is determined using valuation techniques such as price quotations from securities brokers or the Black-Scholes pricing model. These valuations are by their nature dependent on the assumptions on which they are based.

During the reporting period ending 31 December 2014, there were no transfers between level 1 and level 2 fair value measurements, and no transfers into and out of level 3 fair value measurements. The 2013 fair value hierarchy levels of forward foreign exchange contracts were restated to be level 2.

Capital Management
The primary objective of the Group's capital management is to ensure a strong credit rating towards external parties. The Group manages its capital structure and makes adjustments to it based on the equity ratio and the return on equity.

20. Segment Information

The Group provides segment reporting by business line. Segment reporting by geographic areas is not considered meaningful as the Group only provides services from The Netherlands, Liechtenstein and Switzerland.

Balance Sheet by Segment at 31 December 2014

in TEUR	Group Financing	Trading	Portfolio Management	Services	Pension Plans / Insurance	Central Services	Elimination	Total
Balance sheet								
Segment assets	2,195,540	11,413	91,298	0	2,978	71,438	-188,155	2,184,512
Segment liabilities	2,030,096	15,079	83,525	0	2,978	240,989	-188,155	2,184,512
Number of employees	9	3	0	25	55	20	0	112
Additional segment information								
Investments	0	0	0	0	44	176	0	220

Balance Sheet by Segment at 31 December 2013

in TEUR	Group Financing	Trading	Portfolio Management	Services	Pension Plans / Insurance	Central Services	Elimination	Total
Balance sheet								
Segment assets	2,450,621	4,176	88,928	0	4,286	64,480	-194,407	2,418,084
Segment liabilities	2,253,319	521	72,274	0	4,286	282,091	-194,407	2,418,084
Number of employees	12	4	0	24	53	17	0	110
Additional segment information								
Investments	0	0	0	0	147	195	0	342

Income Statement by Segment at 31 December 2014

in TEUR	Group Financing	Trading	Portfolio Manage-ment	Services	Pension Plans / Insurance	Central Services	Elimination	Total
Income Würth Finance Group								
Interest income	614	0	757	0	1	0	–1,372	0
Interest expense	–758	0	–613	0	–1	0	1,372	0
Net interest income	–144	0	144	0	0	0	0	0
Income from commission and service fee activities	0	0	0	468	146	0	–614	0
Segment income Würth Finance Group	**–144**	**0**	**144**	**468**	**146**	**0**	**–614**	**0**
Income third parties								
Interest income	74,833	0	1,975	0	0	0	0	76,808
Interest expense	–56,185	0	–741	0	0	0	0	–56,926
Net interest income	**18,648**	**0**	**1,234**	**0**	**0**	**0**	**0**	**19,882**
Income from factoring activities	13,331	0	0	0	0	0	0	13,331
Income from commission and service fee activities	0	0	0	17,264	7,729	0	0	24,994
Income from trading activities and financial instruments	0	6,757	531	0	0	0	0	7,288
Other ordinary income	524	0	0	0	158	0	0	682
Total segment income third parties	**32,503**	**6,757**	**1,765**	**17,264**	**7,887**	**0**	**0**	**66,177**
Total segment income	**32,359**	**6,757**	**1,909**	**17,732**	**8,033**	**0**	**–614**	**66,177**
Expenses								
Personnel cost	–979	–575	0	–1,597	–6,191	–4,068	0	–13,410
Other administrative expenses	0	0	–564	0	–1,560	–9,067	614	–10,577
Depreciation and amortisation	0	0	0	0	–1,354	–133	0	–1,487
Segment expenses	**–979**	**–575**	**–564**	**–1,597**	**–9,105**	**–13,268**	**614**	**–25,474**
Segment result	**31,381**	**6,182**	**1,345**	**16,135**	**–1,072**	**–13,268**	**0**	**40,703**
Taxes	0	0	–407	0	104	–2,562	0	–2,865
Net profit for the year continued operations								37,838
Net profit for the year								**37,838**

Income Statement by Segment at 31 December 2013

in TEUR	Group Financing	Trading	Portfolio Manage-ment	Services	Pension Plans / Insurance	Central Services	Elimination	Total
Income Würth Finance Group								
Interest income	320	0	1,150	0	0	0	–1,470	0
Interest expense	–1,150	0	–320	0	0	0	1,470	0
Net interest income	**–830**	**0**	**830**	**0**	**0**	**0**	**0**	**0**
Income from commission and service fee activities	0	0	0	424	355	0	–779	0
Segment income Würth Finance Group	**–830**	**0**	**830**	**424**	**355**	**0**	**–779**	**0**
Income third parties								
Interest income	51,202	0	1,925	0	0	0	0	53,127
Interest expense	–61,019	0	–182	0	–2	0	0	–61,203
Net interest income	**–9,817**	**0**	**1,743**	**0**	**–2**	**0**	**0**	**–8,076**
Income from factoring activities	12,877	0	0	0	0	0	0	12,877
Income from commission and service fee activities	0	0	0	16,593	7,436	0	0	24,029
Income from trading activities and financial instruments	0	4,724	–428	0	25	0	0	4,321
Other ordinary income	5,359	0	0	0	136	0	0	5,495
Total segment income third parties	**8,419**	**4,724**	**1,315**	**16,593**	**7,595**	**0**	**0**	**38,646**
Total segment income	**7,589**	**4,724**	**2,145**	**17,017**	**7,950**	**0**	**–779**	**38,646**
Expenses								
Personnel cost	–1,324	–905	0	–2,227	–6,223	–4,181	0	–14,860
Other administrative expenses	0	0	–539	0	–1,466	–9,883	779	–11,109
Depreciation and amortisation	0	0	0	0	–1,321	–174	0	–1,495
Segment expenses	**–1,324**	**–905**	**–539**	**–2,227**	**–9,010**	**–14,238**	**779**	**–27,464**
Segment result	**6,265**	**3,819**	**1,606**	**14,790**	**–1,060**	**–14,238**	**0**	**11,182**
Taxes	0	0	–334	0	510	–3,640	0	–3,464
Net profit for the year continued operations								7,718
Net profit for the year								**7,718**

OTHER INFORMATION
ADDITIONAL INFORMATION AS OF 31 DECEMBER 2014

1. In 2015 it is planned to transform Würth Financial Services Liechtenstein, a 100% subsidiary of Würth Financial Services AG Schweiz, into a branch office (“Zweigniederlassung”).

2. The Company’s Articles of Incorporation provide for the net profit for the year to be fundamentally put at the disposal of the shareholders.

3. The Board of Directors proposes to allocate the net income of EUR 37,837,694 to retained earnings.

4. The Company has the following branch:

   Würth Finance International B.V.
   Rorschach Branch
   Churerstrasse 30
   9400 Rorschach
   Switzerland

Amsterdam and Rorschach, 20 March 2015

S. Versleijen	R. Fust
Managing Director	Managing Director

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF
WÜRTH FINANCE INTERNATIONAL B.V.

Report on the audit of the consolidated financial statements 2014

Our opinion
We have audited the consolidated financial statements 2014 which are part of the financial statements of Würth Finance International B.V. (the Company or Würth Finance Group), based in Amsterdam.

In our opinion the consolidated financial statements give a true and fair view of the financial position of Würth Finance Group as at December 31, 2014, and of its result and its cash flows for 2014 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.

The consolidated financial statements comprise:

1 the consolidated statement of financial position as at December 31, 2014;
2 the following statements for 2014: the consolidated income statement, the consolidated statements of comprehensive income, cash flows and changes in equity; and
3 the notes comprising a summary of the significant accounting policies and other explanatory information.

Basis for our opinion
We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the "Our responsibilities for the audit of the consolidated financial statements" section of our report.

We are independent of Würth Finance Group in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Materiality
Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

Based on our professional judgment we determined the materiality for the financial statements as a whole at EUR 2.0 million. The materiality is based on 5% of profit before taxes. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for qualitative reasons.

Scope of the group audit
Würth Finance International B.V. is head of a group of entities. The financial information of this group is included in the consolidated financial statements of Würth Finance Group.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit had to be carried out on the complete set of financial information or specific items.

Our group audit mainly focused on significant group entities. We have performed audit procedures on the following group companies:
• Würth Finance International B.V.;
• Würth Financial Services Ltd;
• Würth Invest Ltd.

By performing the procedures mentioned above at group entities, together with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion about the consolidated financial statements.

Our key audit matters
Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements. We have communicated the key audit matters to the management. The key audit matters are not a comprehensive reflection of all matters discussed.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Intercompany balances
The systematic reconciliation of receivables and payables from Würth Group companies is a crucial part of the company's internal control system and financial statement closing process. An overview of the intercompany receivables and payables is outlined in Note 16 to the consolidated financial statements. The intercompany reconciliation is an automated process performed by a consolidation application run centrally at the Würth Group level. For the testing of design and operating effectiveness of this application control we place reliance on the auditor of the parent company. As part of our substantive audit procedures we investigated if there were any non-reconciling balances as at December 31, 2014 and inquired about the reason and solution for these balances. To address the credit risk of the intercompany counterparties we obtained comfort letters from the group parent for 27 companies with increased credit risk. An increased credit risk is defined for those companies which have a negative equity as per the balance sheet and for those companies who owe an amount higher than € 100,000 to Würth Finance Group. We agree with the intercompany balances as presented in the consolidated balance sheet as at December 31, 2014.

Consolidated financial statements as part of the (complete) financial statements
The financial statements include the consolidated financial statements and the company financial statements. The company financial statements have been included in a separate report. For a proper understanding of the financial position and result the consolidated financial statements must be considered in connection with the company financial statements. On 20 March 2015 we issued a separate auditor's report on the company financial statements.

Responsibilities of management for consolidated financial statements
Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code, and for the preparation of the report of the management in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the consolidated financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, management should prepare the consolidated financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the consolidated financial statements.

Our responsibilities for the audit of the consolidated financial statements
Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not have detected all errors and fraud.

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.:

- Identifying and assessing the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a

material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company ceasing to continue as a going concern.
- Evaluating the overall presentation, structure and content of the consolidated financial statements, including the disclosures; and
- Evaluating whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

We provide the management with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the management, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Report on other legal and regulatory requirements

Report on the report of the management and the other information

Pursuant to legal requirements of Part 9 of Book 2 of the Dutch Civil Code (concerning our obligation to report about the report of the management report and other information):

- We have no deficiencies to report as a result of our examination whether the report of the management, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of the Dutch Civil Code, and whether the information as required by Part 9 of Book 2 of the Dutch Civil Code has been annexed.
- We report that the report of the management, to the extent we can assess, is consistent with the consolidated financial statements.

Appointment

We were engaged by the management as auditor of Würth Finance International B.V., as of the audit for year 2002 and have operated as statutory auditor ever since that year.

Maastricht, 20 March 2015

Ernst & Young Accountants LLP
/s/ N.A.J. Silverentand