

WÜRTH FINANCE GROUP

UNAUDITED INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS
AS OF 30 JUNE 2017

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INTERIM MANAGEMENT REPORT AS OF 30 JUNE 2017

The core activities of the Würth Finance Group (Würth Finance International B.V., Würth Invest AG and Würth Financial Services AG) comprise financing and executing all kinds of financial transactions with domestic and foreign companies throughout the Würth Group, as well as providing advisory and other services to private clients and SMEs in relation to pension funds and insurance.

1. Business activity

The first six months of 2017 were characterised by visibly increasing, broadly supported momentum in the real economy in Europe and in those industries relevant to the Würth Group. This positive overall mood also continued in the financial markets, although interest rates only moved sideways.

Boosted by the positive trends in the global economy during the first half of 2017, the revenues of the Würth Group grew by almost 8% in the same period. This had a positive impact on intercompany business within the Würth Finance Group, particularly due to greater volumes for supplier payments and intercompany transactions. Projected income from trading and securities investments was surpassed even though equities and bonds held showed weaker performance than in the extraordinarily strong first six months of 2016. Reducing the commitment in Internationalen Bankenhaus Bodensee AG (IBB) meant less income from that source than in 1H16. In the external insurance brokerage business, the growth of in-force and new business is reflected in the ongoing increase in premium income. In the period under review, the Würth Finance Group reported total revenue of EUR 37.7 million¹, an increase of TEUR 300 compared to the previous year.

Operating expenses rose slightly by about 1% to EUR 15.0 million, in line with projections. As of the end of June 2017, the company employed 115 full-time equivalents, on a par with the prior-year period.

The result before tax rose slightly to EUR 22.7 million¹ (1H16: EUR 22.6 million). The management is satisfied with these developments.

1.1 Inhouse banking

(Würth Finance International B.V./Würth Invest AG)

During the period under review, the company generated revenue totalling EUR 28.9 million¹, (in 2016: 29.3 million).

in millions of EUR	Revenue YTD 2017	Change against 1H16
Group financing	10.8 ¹	+0.4
Central settlement	10.4	+0.9
Trading income	3.8	+0.3
Income from IBB participation	3.3	-0.8
Securities investments	0.7	-1.0

1.1.1 Group financing

As at 30 June 2017, the total assets of the Würth Finance Group came in at EUR 2,628 million (EUR 2,457 million as of 31 December 2016). The increase in total assets is attributable primarily to the EUR 174 million increase in receivables and from EUR 189 million increase in liabilities to Group companies.

Some of the growth-related increase in financing needs for the core business of the Würth Group could be met with greater cash flow. In addition, liquidity assets were subject to zero and negative interest rates, which had a negative impact on the interest income of Würth Finance International B.V. All in all, the income from Group financing rose by just over 4% year-on-year to total EUR 10.8 million. As is evident from the IFRS income statement, in the first half of 2017 the Group faced valuation losses of approx. EUR 3.2 million on interest derivatives (1H16: valuation losses of EUR 6.0 million).

1.1.2 Central settlement

The income from the central settlement and delcredere business reached EUR 10.4 million in the first half of 2017, an increase of around 9% as against the same period of 2016. This positive development was attributable to the rise in the purchasing volume of the Würth Group.

1.1.3 Income from IBB participation

The revenue from the silent participation in IBB, totalling EUR 2.7 million for the 2016 financial year, was recognised at the time the resolution on the distribution of profit was passed at the annual shareholders' meeting in the spring of 2017. Further revenue amounting to EUR 0.6 million was generated under the capital provision agreement with IBB.

¹ This figure does not include the EUR -3.2 million effect for the mark-to-market measurement of interest rate derivatives used to hedge interest rate risk as recognised in the IFRS accounts (1H16: EUR -6.0 million).

1.1.4 Trading with financial instruments

With no change in conservative risk policies, the greater need for hedging group operating companies in trading with financial instruments resulted in an increase to EUR 3.8 million in trading income in the first half of the financial year (YTD June 2016: EUR 3.5 million).

1.1.5 Securities investments

The market expectations of less expansive monetary policy in the US with interest rates tending to move sideways and increasingly higher valuations in the equities markets have heightened the risks of share price corrections over the last few months. In this challenging market environment, Würth Invest AG has relied on a conservative strategy for securities investments focused on fixed-income instruments with short maturities, partially hedging the stock portfolio, and selectively diversifying in real estate and alternative assets such as commodities and hedge funds. Given rising share prices, this cautious investment strategy was only profitable to a limited extent. The performance of the securities investments up to the end of June 2017 amounted to EUR 0.7 million.

1.2 External financial services (Würth Financial Services AG)

Würth Financial Services AG achieved revenue of TCHF 9,382 in the first half of 2017, up by almost 5% on the level seen in the previous year (TCHF 8,944). This trend was supported, among other things, by the constant focus on acquiring new clients, which was a direct result of the moves to establish an external sales force, as well as the successful expansion of the "Pension fund administration" (Pensionskassen-Verwaltung) department. Würth Financial Services AG reported an operating result of TCHF 3,518 at the end of June 2017, more than 6% higher than in the year before.

2. Key risks and opportunities for the Würth Finance Group

The Würth Group has a three-tier, Group-wide risk management system (RMS) that enables opportunities and risks to be identified, analysed, evaluated and communicated: the internal audit monitoring system, Group controlling and the early warning system. The Central Managing Board determines the principles of the risk policy and the risk strategy for the Würth Group. Responsibility for the establishment of a functioning and efficient risk management system lies with the respective management of each entity within the Group.

At the Würth Finance Group, entering into, managing and controlling risk are central components of the business. The objective is not to eliminate all risks, but to achieve a balanced relationship between risk and return. Potential risks that might have a negative effect on assets, the financial position and the earnings situation are seen in the following risk categories:

2.1 Business model risks and opportunities

The Würth Finance Group generates around 40% of its revenue with internal counterparties. As a result, there is a direct correlation between its operating result and the course of business of the Würth Group as a whole. At the same time, the company is in competition with external financial services companies. However, because it is part of the Würth Group, the Würth Finance Group has a significant information advantage over its competitors, an advantage it has utilised for many years to gain market share.

2.2 Financial risks and opportunities

The financial risks of the Würth Group are largely measured, monitored and controlled by the Würth Finance Group. The business activities of the Würth Finance Group expose it to developments in the financial markets. Changes in exchange rates, interest rates, stock market prices and, to a lesser degree, commodity prices can all affect the company's revenue. Furthermore, there are credit risks relating to financial assets and contingent liabilities. The Würth Finance Group measures, controls and monitors financial risks by means of a systematic risk management process. Secure auditing and transparency of information are ensured by strictly segregating the functions of the risk-taking and risk-monitoring bodies. In order to control financial risk and optimise income, the Würth Finance Group uses derivative financial instruments, which it values and monitors on a daily basis.

Credit risk

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. In order to minimise credit risks, transactions are conducted only with first-class external counterparties. Banks are required to have a minimum rating of "BBB" (in terms of Standard & Poor's rating categories). For each rating level, binding counterparty limits are defined. Their absolute value is scrutinised regularly by the supervisory bodies and adjusted if necessary. ISDA agreements, including a Credit Support Annex (CSA), are concluded with those external counterparties with whom the Würth Finance Group carries out transactions within the framework of financial risk management. The counterparty risks relating to delcredere business are transferred in full to insurance companies.

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 are granted a credit limit. Any credit risks relating to loans to individual Würth Group companies with negative equity as at 31 December are covered by letters of comfort from the superordinate parent company.

The corresponding credit ratings of the internal and external counterparties and the limitation on aggregated individual party risks are constantly monitored.

Interest rate risk

The Würth Finance Group deems interest rate risk to mean the negative impact on the assets and earnings situation arising from changes in the interest rates in all currencies. A significant proportion of loans to Würth Group companies are refinanced by fixed-interest bonds with varying 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 interest rates in the individual currencies by 100 basis points, the maximum loss potential is expressed in relation to equity. The Würth Finance Group limits the impact of interest rate changes on the equity capital base or on the asset and earnings situation. It aims to achieve an equity sensitivity of 4% over the medium term. Furthermore, the Group makes use of interest rate derivatives to manage its exposure.

Liquidity risk

The objective of 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 corporate credit rating of A/stable/A1) allows the Würth Finance Group to raise liquid funds in the international capital markets based on favourable conditions. In order to be able to meet its payment obligations at all times, the Würth Finance Group has also arranged credit facilities with various banks to cover any potential liquidity requirements.

Further information about the risks arising from financial instruments and their management can be found in the notes to financial statements on the website (www.wuerthfinance.net).

The expected effects on the results and/or the financial position and the sensitivity analysis can be found in note 19 to the financial statements. The Würth Finance Group has the critical mass and financial strength to meet the increasing regulatory requirements for providers of financial and insurance brokerage services.

This enables it to better position itself in relation to clients and to gain market share. The financial strength of the Würth Finance Group is founded on equity of EUR 302 million, net profit of 26.4 million and assets of EUR 2,457 million (as at 31 December 2016).

2.3 Technological risks and opportunities

As the Würth Group's "payment factory", the Würth Finance Group handles large payment volumes, meaning that it relies on high-performance IT systems and networks. Consequently, the IT systems and IT security are continually being enhanced and are monitored as part of an information security management system. The Würth Finance Group also makes use of a business disaster recovery system: if the information and communications technology (ICT) network were to fail, all Inhouse Banking operations for the Würth Group could resume within a short space of time at another site. The ICT infrastructure is highly scalable, enabling additional business volumes to be dealt with cost-effectively and with a high level of processing quality.

2.4 Operational risks and opportunities

The Würth Finance Group deems an operational risk to constitute a risk of loss due to inadequate or failed internal processes, persons or systems, or as a result of external events. The Würth Finance Group's internal control system (ICS) assesses, documents and optimises potential events based on the probability and frequency of their occurrence as well as their impact. The desire to continuously improve the quality, efficiency and reliability of core processes – a self-evident aspect of the corporate culture – strengthens the competitiveness of the Würth Finance Group on a long-term basis.

2.5 Overall assessment

The risks at the Würth Finance Group are limited by the risk management system that has been put in place. The existing risks are systematically monitored and mitigated by measures which ensure the continuation of the company's activities, and the existing opportunities will enable further profitable growth.

Basic principles of the Würth Finance Group risk management system:

- The Management bears the responsibility for all risks incurred as a result of the company's business activities and seeks to achieve a healthy balance between risk and returns.
 - An independent control process forms an integral part of the corporate structure.
 - Employees are familiar with and draw attention to the main risks specific to their area of activity.
 - A central element of risk control is the comprehensive, transparent and objective disclosure of risks to the Group and company Management, owners, supervisory authorities and other stakeholders.
 - Revenue is protected on the basis of risk tolerance – the maximum risk that the Würth Finance Group can bear given its financial and earning power.
 - Ultimately, the Würth Finance Group's reputation depends on effective risk management and control.
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3. Outlook

The Management of the Würth Finance Group expects to see continued revenue growth in the central settlement and inter-company factoring areas in the second half of the year. Trading income should also match or exceed the prior-year level, considering the stable transaction volumes of foreign exchange transactions with Group companies. The Management anticipates increasing financing needs and a rise in net lending to the group operating companies over the next few months, which should have a positive impact on the interest result. For the purposes of increasing liquidity reserves in the Würth Group and considering the EUR 500 million bond due in May 2018, the committed credit line of EUR 200 million should be boosted to EUR 400 million in the second half of 2017.

Additional hires to expand the external sales force of Würth Financial Services AG are planned for the second half of 2017.

Thanks to the optimum structures in the individual branches, Würth Financial Services AG has set itself the target of investing in the personal development of young employees and expanding the sales force over the coming months. The new client pipeline also remains full thanks to the acquisition efforts and the on-site events on specialist topics.

The Management projects costs remain relatively stable in the second half of 2017. Should there be no unexpected developments, it is realistic to expect earnings before taxes for the full 2017 financial year to increase compared to 2016.

On the other hand, the results reported in accordance with the IFRS will continue to be shaped to a considerable degree by long-term interest rate trends. If these remain stable until the end of the year, the IFRS result of the Würth Finance Group will be slightly lower due to the valuation of the hedging of derivative financial transactions.

ZWISCHENLAGEBERICHT PER 30. JUNI 2017

Zu den Kernaktivitäten der Würth Finance Group (Würth Finance International B.V., Würth Invest AG, Würth Financial Services AG) gehören einerseits die Finanzierung und die Durchführung von Finanzgeschäften aller Art mit in- und ausländischen Gesellschaften der gesamten Würth-Gruppe, sowie andererseits die Erbringung von Beratungs- und anderen Dienstleistungen in den Bereichen Vorsorge und Versicherung – sowohl gegenüber Privatpersonen, als auch gegenüber kleinen- und mittelständischen Unternehmen.

1. Geschäftsgang

Das erste Halbjahr 2017 war geprägt durch eine spürbar zunehmende, breit abgestützte Dynamik der Realwirtschaft in Europa und in den für die Würth-Gruppe relevanten Industrien. Auch an den Finanzmärkten hat sich die grundsätzlich positive Grundstimmung fortgesetzt, wobei sich die Zinssätze seitwärts bewegten.

Unterstützt durch die positive Entwicklung der weltweiten Konjunktur im ersten Halbjahr 2017 sind die Umsätze der Würth-Gruppe im ersten Halbjahr 2017 um knapp 8% gewachsen. Dies beeinflusste das vom Konzern abhängige Geschäft der Würth Finance Group positiv, insbesondere durch höhere Volumen bei den Lieferantenzahlungen und den Intercompany-Transaktionen. Im Trading und mit den Wertschriftenanlagen wurden die angestrebten Erträge übertroffen, auch wenn mit den Engagements in Aktien und Anleihen eine geringere Performance erreicht wurde als im ausserordentlich starken ersten Halbjahr 2016. Aufgrund von Reduktion der Beteiligung an der Internationalen Bankhaus Bodensee AG (IBB) reduzierten sich die Erträge daraus im Vorjahresvergleich. Im externen Versicherungs-Brokerage-Geschäft spiegelt sich das wachsende Bestandes- und Neugeschäft in weiterhin steigenden Pämieneträgen wider. Im Berichtszeitraum hat die Würth Finance Group insgesamt ein Ertrag in Höhe von EUR 37,7 Mio.¹ erwirtschaftet, was gegenüber dem ersten Halbjahr 2016 einer Erhöhung um TEUR 300 entspricht.

Der Geschäftsaufwand ist leicht um rund 1% auf EUR 15,0 Mio. gestiegen. Die Aufwände liegen damit auf Plan. Per Ende Juni 2017 waren 115 Vollzeitstellen (unverändert zum Vorjahreswert) besetzt.

Das Ergebnis vor Steuern hat sich leicht auf EUR 22,7 Mio.¹ erhöht (Vorjahr: EUR 22,6 Mio.). Das Management ist mit der Entwicklung zufrieden.

1.1 Inhouse Banking

(Würth Finance International B.V./ Würth Invest AG)

Im Berichtszeitraum wurde insgesamt ein Ertrag in Höhe von EUR 28,9 Mio.¹ erwirtschaftet, (Vorjahr: EUR 29,3 Mio.).

In Mio. EUR	Ertrag YTD 2017	Veränderung zu Vorjahresperiode
Konzernfinanzierung	10,8 ¹	+0,4
Zentralregulierung	10,4	+0,9
Trading-Erfolg	3,8	+0,3
Beteiligungserfolg IBB	3,3	-0,8
Wertschriftenanlagen	0,7	-1,0

1.1.1 Konzernfinanzierung

Zum 30.06.2017 belief sich die Bilanzsumme der Würth Finance Group auf EUR 2 628 Mio. (EUR 2 457 Mio. per 31.12.2016). Die Bilanzverlängerung ist hauptsächlich auf die Zunahme der Forderungen sowie Verbindlichkeiten gegenüber Konzerngesellschaften um EUR 174 Mio. resp. EUR 189 zurückzuführen.

Teilweise konnte die wachstumsbedingte Ausweitung des Finanzbedarfs im Kerngeschäft der Würth-Gruppe durch einen höheren Cashflow finanziert werden. Zudem wirkten sich die Null- resp. Negativzinsen auf den Liquiditätsanlagen negativ auf das Zinsergebnis der Würth Finance International B.V. aus. Insgesamt nahm das Ergebnis aus Konzernfinanzierung im Vergleich zur Vorjahresperiode um knapp 4% auf EUR 10,8 Mio. zu. Im IFRS-Abschluss sind im ersten Halbjahr 2017 erfolgswirksame Bewertungsverluste auf derivativen Zinsinstrumenten in Höhe von rund EUR 3,2 Mio. angefallen (Vorjahr: Bewertungsverlust EUR 6,0 Mio.).

1.1.2 Zentralregulierung

Der Zentralregulierungs- und Delkredereertrag erreichte im ersten Halbjahr 2017 EUR 10,4 Mio., was einem Anstieg gegenüber dem Ergebnis im Vergleichszeitraum des Vorjahres um rund 9% entspricht. Diese positive Entwicklung verlief parallel zum steigenden Einkaufsvolumen der Würth-Gruppe.

1.1.3 Beteiligungserfolg IBB

Die Erträge aus der stillen Beteiligung an der IBB über EUR 2,7 Mio. für das Geschäftsjahr 2016 wurden zum Zeitpunkt des Gewinnausschüttungsbeschlusses im Frühling 2017 im Rahmen der Jahresversammlung der Anteilseigner verbucht. Aus dem Kapitalüberlassungsvertrag mit der IBB fielen weitere Erträge in der Höhe von EUR 0,6 Mio. an.

¹ Nicht berücksichtigt sind die im IFRS-Abschluss ergebniswirksamen, ausserordentlichen Effekte aus der Marktbewertung von derivativen Zinsinstrumenten zur Absicherung von Zinsänderungsrisiken im Umfang von EUR -3,2 Mio. (Vorjahr: Bewertungsverlust EUR -6,0 Mio.).

1.1.4 Trading mit Finanzinstrumenten

Bei einer unverändert konservativen Risikopolitik wurde dank des höheren Absicherungsbedarfs seitens der operativen Konzerngesellschaften im Trading mit Finanzinstrumenten in der ersten Hälfte dieses Geschäftsjahres ein Trading-Ertrag von EUR 3,8 Mio. (YTD Juni 2016: EUR 3,5 Mio.) erreicht.

1.1.5 Wertschriftenanlagen

Die Antizipation einer weniger expansiven Geldpolitik in den USA an den Märkten mit seitwärts tendierenden Zinssätzen sowie zunehmend hohe Bewertungen an den Aktienmärkten haben die Risiken für Kurskorrekturen in den letzten Monaten erhöht. In diesem herausfordernden Marktumfeld agierte die Würth Invest AG bei den Wertschriftenanlagen mit einer konservativen Anlagestrategie mit Schwerpunkt auf kurz laufenden festverzinslichen Anlagen, der Teilabsicherung des Aktien-Portfolios und einer selektiven Diversifikation in Immobilien und alternative Anlagen wie Rohstoffe und Hedge Fonds. Diese vorsichtige Anlagestrategie hat sich angesichts der weiter gestiegenen Aktienkurse bisher nur bedingt auszahlt. Die YTD-Performance per Ende Juni 2017 belief sich auf EUR 0,7 Mio.

1.2 Externe Finanzdienstleister (Würth Financial Services AG)

Die Würth Financial Services AG hat in der ersten Jahreshälfte 2017 einen Umsatz von TCHF 9 382 erzielt und liegt damit knapp 5% über Vorjahresniveau (TCHF 8 944). Dazu beigetragen haben unter anderem die stetige Fokussierung auf Neukunden, welche eine unmittelbare Folge des Aufbaus vom Aussendienst ist, sowie der erfolgreiche Ausbau des Bereichs «Pensionskassen-Verwaltung». Die Würth Financial Services AG wies per Ende Juni 2017 ein Betriebsergebnis von TCHF 3 518 aus, womit eine Steigerung gegenüber dem Vorjahr von über 6% erzielt wurde.

2. Hauptrisiken und -chancen der Würth Finance Group

Die Würth-Gruppe verfügt über ein dreistufiges, konzernweites Risikomanagementsystem (RMS), das ermöglicht, Chancen und Risiken zu identifizieren, zu analysieren, zu bewerten und zu kommunizieren: Das Überwachungssystem der Internen Revision, das Konzerncontrolling sowie das Frühwarnsystem. Die Konzernführung setzt die risikopolitischen Grundsätze und die Risikostrategie der Würth-Gruppe fest. Die Verantwortung für die Umsetzung eines funktionsfähigen und effizienten Risikomanagementsystems liegt bei der jeweiligen Geschäftsführung. Bei der Würth Finance Group sind das Eingehen, Bewirtschaften und Kontrollieren von Risiken zentrale Bestandteile des Geschäfts. Es ist nicht das Ziel, alle Risiken zu eliminieren. Vielmehr soll ein ausgewogenes Verhältnis zwischen Risiko und Rendite erreicht werden. Potenzielle Risiken, die eine negative Auswirkung auf die Vermögens-, Finanz- und Ertragslage haben könnten, werden in den nachfolgenden Risikofeldern gesehen:

2.1 Geschäftsmodell Risiken und Chancen

Die Würth Finance Group generiert rund 40 Prozent ihrer Erträge mit gruppeninternen Gegenparteien. Somit ist ihr Ergebnis zu einem grossen Teil direkt mit dem Geschäftsverlauf der ganzen Würth-Gruppe verbunden. Dabei steht das Unternehmen im Wettbewerb mit externen Finanzdienstleistungsunternehmen. Die Würth Finance Group verfügt aber durch die Zugehörigkeit zur Würth-Gruppe gegenüber der Konkurrenz über einen deutlichen Informationsvorsprung, den sie seit vielen Jahren zum Gewinn von Marktanteilen nutzt.

2.2 Finanzielle Risiken und Chancen

Messung, Überwachung und Steuerung der finanziellen Risiken der Würth-Gruppe erfolgen grösstenteils bei der Würth Finance Group. Mit ihren Geschäftsaktivitäten ist sie gegenüber den Entwicklungen auf den Finanzmärkten exponiert. Wechselkurs-, Zins- und Börsenkursschwankungen und zu einem geringeren Teil auch Rohstoffpreisveränderungen beeinflussen die Erträge des Unternehmens. Zudem bestehen Kreditrisiken auf den Finanzaktiva und Eventualverbindlichkeiten. Die Würth Finance Group misst, steuert und überwacht die finanziellen Risiken durch einen systematischen Risikomanagementprozess. Revisionssicherheit und Informationstransparenz werden durch eine strikte Funktionstrennung zwischen Risiko eingehenden Stellen und Risiko überwachenden Stellen gewährleistet. Zur Steuerung der finanziellen Risiken und zur Ertragsoptimierung setzt die Würth Finance Group derivative Finanzinstrumente ein, die sie täglich bewertet und überwacht.

Kreditrisiken

Das maximale Kreditrisiko entspricht dem Wert sämtlicher finanzieller Aktiva Eventualverbindlichkeiten sowie nicht beanspruchter, unwiderruflicher Kreditzusagen, die in der Jahresrechnung ausgewiesen werden. Um die Kreditrisiken zu minimieren, werden nur Geschäftsbeziehungen mit erstklassigen Gegenparteien aufgenommen. Bei Banken bedeutet dies z.B. gemäss Klassifizierung von Standard & Poor's ein Mindestrating von «BBB». Für jede Ratingstufe sind verbindliche Gegenparteilimiten definiert. Deren absolute Höhe wird von den Aufsichtsgremien regelmässig geprüft und wenn nötig angepasst. Mit denjenigen externen Gegenparteien, mit denen im Rahmen des finanziellen Risikomanagements Transaktionen abgeschlossen werden, bestehen ISDA-Rahmenverträge inklusive Credit Support Annex (CSA). Die Gegenparteiern aus dem Delkredere-Geschäft werden zu 100 Prozent an Versicherungsgesellschaften abgetreten. Konzerninterne Gegenparteien werden von der Würth Finance International B.V. zusammen mit dem zuständigen Konzernführungsmitglied überwacht und mit einer Kreditlimite versehen. Für allfällige Kreditrisiken in Bezug auf Ausleihungen gegenüber einzelnen Würth-Gruppengesellschaften mit negativem Eigenkapital per 31. Dezember bestehen Patronatserklärungen der übergeordneten Muttergesellschaft. Die entsprechenden Bonitätseinstufungen der internen und externen Gegenparteien und die Limitierung aggregierter Einzelparteierisiken werden kontinuierlich überwacht.

Zinsrisiken

Unter Zinsrisiko versteht die Würth Finance Group negative Auswirkungen auf die Vermögens- und Ertragslage, die sich aus Zinssatzänderungen in allen Währungen ergeben können. Ein grosser Anteil der Ausleihungen an die Konzerngesellschaften wird mittels festverzinslicher Anleihen refinanziert, die unterschiedliche Laufzeiten und Zinsbindungen aufweisen. Die maximale Risikobereitschaft im Zinsbereich ist mit einer Sensitivität in Bezug auf das Eigenkapital definiert. Bei adversen Veränderungen der Zinssätze der einzelnen Währungen um 100 Basispunkte wird das maximale Verlustpotenzial ins Verhältnis zum Eigenkapital gesetzt. Die Würth Finance Group hält die Auswirkungen von Zinssatzänderungen auf die Eigenkapitalbasis beziehungsweise auf die Vermögens- und Ertragslage niedrig und orientiert sich mittelfristig an einer Eigenkapitalsensitivität von 4 Prozent. Die Steuerung der Finanzstruktur erfolgt durch den Einsatz von derivativen Zinsinstrumenten.

Liquiditätsrisiken

Das Ziel des Liquiditätsmanagements ist die Sicherstellung der Zahlungsfähigkeit des Würth-Konzerns. Die Liquiditätssituation wird durch den Bereich Cash Management der Würth Finance International B.V. überwacht.

Die hohe internationale Kreditwürdigkeit des Würth-Konzerns (Standard & Poor's beurteilt die langfristigen Verbindlichkeiten mit einem Rating von «A/stabil/A1») erlaubt der Würth Finance Group die günstige Beschaffung von liquiden Mitteln an den internationalen Kapitalmärkten. Um ihren Zahlungsverpflichtungen auch in ausserordentlichen Situationen jederzeit nachkommen zu können, pflegt die Würth Finance Group zusätzlich mit unterschiedlichen Banken Kreditlinien zur Abdeckung eventueller Liquiditätsbedürfnisse.

Nähere Angaben zu Risiken aus Finanzinstrumenten und deren Management sind in den Erläuterungen des separaten Finanzberichts im Internet (wuethfinance.net) zu finden. Die erwarteten Auswirkungen auf die Ergebnisse und/oder die Finanzlage sowie die Sensitivitätsanalyse finden sich in Erläuterung 19 zur Jahresrechnung.

Die Würth Finance Group verfügt über die kritische Grösse und Finanzkraft, um die zunehmenden regulatorischen Anforderungen im Finanz- und Versicherungsbrokerage-Geschäft zu erfüllen.

Dadurch kann sie sich bei den Kunden besser positionieren und Marktanteile gewinnen. Die wirtschaftliche Kraft der Würth Finance Group ist mit einem Eigenkapital von EUR 302 Mio., einem Reingewinn von EUR 26,4 Mio. und Aktiven von EUR 2 457 Mio. begrenzt (per 31.12.2016).

2.3 Technologische Risiken und Chancen

In ihrer Funktion als «Payment Factory» der Würth-Gruppe führt die Würth Finance Group ein sehr grosses Volumen an Zahlungen aus, das ohne leistungsfähige IT-Systeme und Netzwerke nicht möglich wäre. Darum werden die IT-Systeme und die IT-Sicherheit kontinuierlich ausgebaut und über ein Information Security Management System kontrolliert. Zudem verfügt die Würth Finance Group über ein Business Disaster Recovery System, das bei einem kompletten Ausfall der gesamten Informations- und Kommunikationstechnologie (ICT) die Funktion als Inhouse-Bank der Würth-Gruppe zeitnah an einem anderen Standort wiederherstellt. Die hohe Skalierbarkeit der ICT-Infrastruktur ermöglicht es, zusätzliches Geschäftsvolumen kosteneffizient und mit hoher Prozessqualität abzuwickeln.

2.4 Operationelle Risiken und Chancen

Unter operationellem Risiko versteht die Würth Finance Group ein Verlustrisiko, das infolge eines Mangels oder Versagens von internen Prozessen, Menschen oder Systemen oder aufgrund externer Ereignisse entsteht. Im Rahmen des internen Kontrollsystems (IKS) der Würth Finance Group werden mögliche Ereignisse nach der Wahrscheinlichkeit ihrer Häufigkeit und ihrer Auswirkungen eingeschätzt, dokumentiert und optimiert. Das in der Unternehmenskultur verankerte Selbstverständnis, Qualität, Effizienz und Sicherheit in den Kernprozessen kontinuierlich zu verbessern, stärkt die Wettbewerbsstärke der Würth Finance Group nachhaltig.

2.5 Gesamtbeurteilung

Die Risiken für die Würth Finance Group sind aufgrund des bestehenden RMS begrenzt. Vorhandene Risiken werden konsequent überwacht und mit Massnahmen belegt, die den Fortbestand des Unternehmens sicherstellen. Die vorhandenen Chancen ermöglichen ein weiteres profitables Wachstum.

Risikomanagementgrundsätze der Würth Finance Group

- Die Geschäftsführung verantwortet sämtliche durch die Geschäftstätigkeit eingegangenen Risiken und strebt nach einem ausgewogenen Verhältnis von Risiko und Rendite.
 - Ein unabhängiger Kontrollprozess ist ein integraler Teil der Unternehmensstruktur.
 - Die Mitarbeitenden kennen die wesentlichen Risiken in ihrem Tätigkeitsfeld und werden für diese sensibilisiert.
 - Zentrales Element der Risikokontrolle ist eine umfassende, transparente und objektive Offenlegung der Risiken gegenüber Geschäftsleitung, Konzernleitung, Eigentümern, Aufsichtsbehörden und anderen Anspruchsgruppen.
 - Erträge werden gemäss der Risikofähigkeit (Höhe des Risikos, das die Würth Finance Group aufgrund ihrer Finanz- und Ertragskraft tragen kann) geschützt.
 - Die Reputation der Würth Finance Group hängt letztlich von der wirksamen Bewirtschaftung und Kontrolle der Risiken ab.
-

3. Aussichten und Perspektiven

Das Management der Würth Finance Group erwartet für die zweite Jahreshälfte weiterhin wachsende Erträge in den Bereichen Zentralregulierung und Intercompany-Factoring. Auch bezüglich des Trading-Erfolgs kann angesichts der stabilen Transaktionsvolumen aus dem Währungsgeschäft mit Konzerngesellschaften ein Ergebnis mindestens auf Vorjahresniveau erwartet werden. Das Management erwartet in den nächsten Monaten zunehmenden Finanzbedarf und eine Zunahme der Netto-Ausleihungen an die operativen Konzerngesellschaften, was sich positiv auf das Zinsergebnis auswirken sollte. Zur Verstärkung der Liquiditätsreserven der Würth-Gruppe und im Hinblick auf die im Mai 2018 fällige EUR 500 Mio. Anleihe soll im zweiten Halbjahr die fest zugesagte Kreditlinie über EUR 200 Mio. im aktuell attraktiven Marktumfeld auf EUR 400 Mio. verstärkt werden.

Bei der Würth Financial Services AG sind für das zweite Halbjahr 2017 weitere Einstellungen im Aussendienst geplant. Dank

den optimalen Strukturen in den einzelnen Niederlassungen hat sich die Würth Financial Services AG zum Ziel gesetzt, in die Weiterentwicklung junger Mitarbeitender und in den Ausbau des Aussendienstteams zu investieren. Auch die Neukunden-Pipeline ist weiterhin gut gefüllt. Dabei helfen neben den Akquisebemühungen auch Veranstaltungen zu Fachthemen an allen Standorten.

Das Management rechnet im zweiten Halbjahr 2017 mit einer relativ stabilen Kostenentwicklung. Treten keine ausserordentlichen Entwicklungen auf, ist für das Gesamtjahr 2017 im Vergleich zum Vorjahr eine Steigerung des Gewinns vor Steuer realistisch.

Hingegen wird das IFRS-Ergebnis auch künftig stark von der Entwicklung der langfristigen Zinssätze beeinflusst. Sollten diese bis Ende des Jahres stabil bleiben, wird das IFRS-Ergebnis der Würth Finance Group durch die Bewertung der Absicherung von derivativen Finanzgeschäften leicht negativ beeinflusst.

UNAUDITED INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS
AS OF 30 JUNE 2017

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

AS OF 30 JUNE 2017

ASSETS

in TEUR	Notes	30.06.2017	31.12.2016
Non-current assets			
Intangible assets			
Software		924	891
Property, plant and equipment			
Operating equipment and furnishings		421	357
Financial assets			
Long-term loans to associated companies	6	962,622	973,135
Other financial assets	6	54,500	54,500
Deferred tax assets		2,380	2,496
Total non-current assets		1,020,847	1,031,379
Current assets			
Receivables from associated companies	6	910,924	737,409
Loans to family trusts	6	18,000	18,000
Positive fair values of derivative instruments		8,152	4,649
Other receivables		4,940	2,835
Income tax receivables		1,430	4,299
Accrued income and prepaid expenses		6,032	5,507
Securities held for trading		78,976	74,742
Cash and cash equivalents		578,356	577,859
Total current assets		1,606,810	1,425,300
Total assets		2,627,657	2,456,679

EQUITY AND LIABILITIES

Shareholders' equity			
Capital subscribed and paid in		16,000	16,000
Retained earnings		266,055	259,697
Foreign exchange difference		16	-7
Net profit for the year		16,344	26,378
Total shareholders' equity		298,415	302,068
Non-current liabilities			
Bonds issued	4	995,582	1,494,248
Liabilities for pension plans		4,418	4,518
Payables to banks		0	4,650
Deferred tax liabilities		24	0
Total non-current liabilities		1,000,024	1,503,416
Current liabilities			
Bonds issued	4	499,383	0
Payables to associated companies	6	790,830	601,295
Payables to banks		15,345	8,720
Provisions for taxes		2,065	2,396
Negative fair values of derivative instruments		3,735	6,774
Other liabilities	7	14,492	12,184
Accrued expenses and deferred income		3,368	19,826
Total current liabilities		1,329,218	651,195
Total equity and liabilities		2,627,657	2,456,679

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

AS OF 30 JUNE 2017

in TEUR	Notes	YTD 2017	YTD 2016
Operating income			
Interest income		19,894	18,010
Interest expenses		-18,946	-19,214
Net interest income		948	-1,204
Income from other operating activities			
Income from factoring activities		7,281	6,578
Income from commission and service fee activities		19,228	17,576
Income from trading activities and financial instruments		3,728	4,244
Other ordinary income	5	3,305	4,208
Total operating income		34,490	31,402
Operating expenses			
Personnel costs		-8,973	-8,937
Other administrative expenses		-5,846	-5,791
Depreciation and amortisation		-210	-155
Total operating expenses		-15,029	-14,883
Profit before taxes		19,461	16,519
Corporate taxes		-2,979	-3,040
Deferred taxes		-138	-92
Net profit		16,344	13,387

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

AS OF 30 JUNE 2017

in TEUR, net of tax	YTD 2017	YTD 2016
Net profit	16,344	13,387
Other comprehensive income to be reclassified to profit or loss in subsequent periods		
Foreign exchange difference	23	101
Net (loss)/gain on cash flow hedges	30	0
Other comprehensive income not to be reclassified to profit or loss in subsequent periods		
IAS 19 obligation	0	-2,123
Other comprehensive income (OCI)	53	-2,022
Total comprehensive income	16,397	11,365

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

INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT

AS OF 30 JUNE 2017

in TEUR	YTD 2017	YTD 2016
Net profit	16,344	13,387
Depreciation and amortisation	210	155
Adjustment to provision for taxes	-331	-410
Other expenses and revenues without cash flows	15,064	1,973
(Increase) Decrease in operating assets		
Receivables from associated companies	-173,515	-134,569
Positive fair values of derivative instruments	-3,503	-527
Income tax receivables	2,869	-441
Other receivables and accrued income and prepaid expenses	-2,630	2,296
Increase (Decrease) in operating liabilities		
Payables to associated companies	189,535	98,052
Negative fair values of derivative financial instruments	-3,039	1,102
Other liabilities and accrued expenses and deferred income	-14,126	7,418
Net cash flows from operating activities	26,878	-11,564
Purchase of property, plant and equipment and intangible assets	-311	-388
Disposal of property, plant and equipment and intangible assets	23	17
Purchase of securities	-19,767	-18,655
Disposal of securities	15,590	2,408
Redemption of long-term loans to associated companies	195,960	144,286
Lending of long-term loans to associated companies	-199,817	-127,760
Net cash flows from investing activities	-8,322	-92
Dividends paid	-20,050	-
Net cash flows from financing activities	-20,050	-
Foreign exchange difference	16	97
Net increase (decrease) in cash and cash equivalents	-1,478	-11,559
Net cash and cash equivalents at the beginning of the period	564,489	419,709
Net cash and cash equivalents at the end of the period	563,011	408,150
Net increase (decrease) in cash and cash equivalents	-1,478	-11,559
Taxes paid	-369	-1,871
Interest received	6,520	7,602
Interest paid	-39,398	-39,359

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS OF 30 JUNE 2017

The table below shows the changes in equity in 2016 and in the first half of 2017.

in TEUR	Capital	Retained earnings	Currency adjustment	Total
At 1 January 2016	16,000	280,050	-98	295,952
Net profit for the period (01.01.2016 - 30.06.2016)		13,387		13,387
Other comprehensive income		-2,123	101	-2,022
Total comprehensive income for the period		11,264	101	11,365
Dividends paid		0		0
At 30 June 2016	16,000	291,314	3	307,317
At 1 July 2016	16,000	291,314	3	307,317
Net profit for the period (01.07.2016 - 31.12.2016)		12,991		12,991
Other comprehensive income		2,559	-10	2,549
Total comprehensive income for the period		15,550	-7	15,540
Dividends paid		-20,789		-20,789
At 31 December 2016	16,000	286,075	-7	302,068
At 1 January 2017	16,000	286,075	-7	302,068
Net profit for the period (01.01.2017 - 30.06.2017)		16,344		16,344
Other comprehensive income		30	23	53
Total comprehensive income for the period		16,374	23	16,397
Dividends paid		-20,050		-20,050
At 30 June 2017	16,000	282,399	16	298,415

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 2017 a dividend of TEUR 20,050 (EUR 627 per share) was paid for the 2016 financial year.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2017

1. Business activities and consolidated companies

1.1 Business activities

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 and also has several subsidiaries in Switzerland.

The companies belonging to the Würth Finance Group (hereinafter 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 Group's core activities comprise providing finance and executing all financial transactions for Würth Group companies in the Netherlands, Switzerland and abroad, but also providing advisory and other services to private clients and SMEs in relation to pension funds and insurance.

1.2 Consolidated companies

The interim condensed consolidated financial statements include the financial statements for Würth Finance International B.V., Amsterdam, and its subsidiaries, which are presented as a single commercial entity: the Würth Finance Group. Subsidiaries that are controlled directly or indirectly by the Group have been consolidated. Subsidiaries are consolidated from the date on which they were acquired by the Group and are deconsolidated from the date of disposal.

1.3 Method of consolidation

The financial statements comprise the financial statements of Würth Finance International B.V., Amsterdam and its subsidiaries. The financial statements of the subsidiaries are prepared for the same reporting period 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 used in this report

The unaudited interim condensed consolidated financial statements for the Würth Finance Group as of 30 June 2017 have been prepared in accordance with IAS 34 Interim Financial Reporting.

The Group's audited Annual Report for 2016 was approved by the Management on 6 April 2017 and can be obtained from the head office of Würth Finance International B.V. These interim financial statements as of 30 June 2017 were approved by the Management of Würth Finance International B.V. on 31 August 2017 and are also available at the head office of Würth Finance International B.V. All reports are also published online on the Würth Finance International B.V. website: www.wuerthfinance.net.

The interim condensed consolidated financial statements do not include all the statutory information and disclosures contained in the annual financial statements and should therefore be read in conjunction with the 2016 audited consolidated financial statements of the Würth Finance Group.

The accounting principles used to produce the interim report are consistent with the principles used to produce the audited annual financial statements for 2016 except for the adoption of IAS 39 Hedge Accounting. Würth Finance Group has not adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Derivative financial instruments and hedge accounting

The Würth Finance Group uses derivative financial instruments, such as forward currency contracts and interest rate swaps, to hedge its foreign currency risks and interest rate risks respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are recognised directly in profit or loss, except for the effective portion of cash flow hedges, which is recognised in OCI and later reclassified to profit or loss when the hedged item affects profit or loss. For the purpose of hedge accounting, hedges are classified as:

■ Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment

■ Cash flow hedges when hedging the exposure to variability in cash flows that is attributable either to a particular risk associated with a recognised asset or liability or to a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment

At the inception of a hedge relationship, the Würth Finance Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting, as well as the risk management objective and strategy for undertaking the hedge. The documentation includes identifying the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine whether they have actually been highly effective throughout the financial reporting periods for which they were designated.

Hedges that meet the strict criteria for hedge accounting are accounted for as described below:

Fair value hedges

The change in the fair value of a hedging instrument is recognised in the statement of profit or loss. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying amount of the hedged item and is also recognised in the statement of profit or loss.

For fair value hedges relating to items carried at amortised cost, any adjustment to the carrying amount is amortised through profit or loss over the remaining term of the hedge using the EIR method. EIR amortisation can begin as soon as an adjustment has to be made and at the latest, when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged. If the hedged item is derecognised, the unamortised fair value is recognised immediately in profit or loss.

When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in profit and loss.

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit or loss.

The Würth Finance Group uses forward currency contracts to hedge its exposure to foreign currency risk in forecast transactions and firm commitments. The ineffective portion relating to foreign currency contracts is recognised in profit or loss.

Amounts recognised as OCI are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or if the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognised in OCI remains separately in equity until the forecast transaction occurs or the foreign currency firm commitment is met.

Foreign exchange translation

The 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 on the balance sheet date, are recognised in the income statement. 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 on the balance sheet date. The individual items in 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 are translation differences recognised in the income statement as part of the sales 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 on the balance sheet date.

Conversion rates	30.06.2017	31.12.2016	30.06.2016
US Dollar (USD)	1.142	1.055	1.112
Swiss Franc (CHF)	1.093	1.075	1.087
British Pound (GBP)	0.880	0.859	0.827
Canadian Dollar (CAD)	1.481	1.422	1.438
Chinese Renminbi (CNH)	7.749	7.357	7.415
Norwegian Krone (NOK)	9.582	9.088	9.312
Danish Krone (DKK)	7.436	7.435	7.439
Swiss Franc (CHF) – average exchange rate	1.077	1.090	1.096

3. Segment reporting

As there were no significant organisational changes in the first half of 2017: the segments remained unchanged. The interim financial statements do not contain segment reports.

4. Bonds

The company has not issued any bonds.

5. Other ordinary income

Other ordinary income for the first half of 2017 comprises EUR 3,305 in income arising from the funding relationship with IBB as well as fees charged to other Würth Group companies for services rendered. (1H16: EUR 4,163).

6. Transactions with related parties

As the operational 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 of 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	30.06.2017	31.12.2016
Receivables from associated parties		
Long-term loans to associated companies	962,622	973,135
Other financial assets	54,500	54,500
Loans to family trusts	18,000	18,000
Receivables from associated companies	910,924	737,409
Total receivables from related parties	1,946,046	1,783,044
Payables to associated parties		
Payables to associated companies	790,830	601,295
Other payables to associated companies	2,674	3,206
Total payables to related parties	793,504	604,501

Transactions with related parties conform to the usual market terms and conditions.

¹ Atypical silent partnership of Reinhold Würth Holding GmbH according to §230 et. seq. German Commercial Code (HGB))

7. Other liabilities

in TEUR	30.06.2017	31.12.2016
Payables for deliveries and services	5,988	4,726
Of which to third parties	3,304	1,520
Of which to associated parties	2,684	3,206
Compensation-related liabilities	3,648	3,889
Other liabilities	4,856	3,569
Total other liabilities	14,492	12,184

Other liabilities primarily comprise accruals for services received but not invoiced during the financial year.

8. Hedging activities and derivatives

Cash flow hedges

Cross-currency swaps are used to protect against exposure to variability in future cash flows and principal cash flows on non-trading foreign currency positions due to changes in interest risk and/or foreign currency risk. Some cross-currency swaps are designated as hedging instruments in cash flow hedges and are measured at fair value through OCI. The Würth Finance Group also enters into other cross-currency swaps with the intention of reducing the changes in interest risk and/or foreign currency risk. These other contracts are not designated in hedge relationships and are measured at fair value through profit or loss.

in TEUR	30.06.2017		31.12.2016	
	Assets	Liabilities	Assets	Liabilities
Foreign currency forward contracts designated as hedging instruments				
Fair value	266	0	0	0

The terms of the cross-currency swap contracts match the terms of the expected highly probable forecast transactions. As a result, there is no hedge ineffectiveness to be recognised in the statement of profit or loss.

The amounts retained in OCI at 30 June 2017 are expected to mature and affect the statement of profit or loss in 2017. Reclassifications of gains or losses to profit or loss during the year included in OCI are shown in the condensed consolidated statement of comprehensive income.

As of 31 December 2016 all cross-currency swap contracts designed to reduce the interest risk and/or foreign-currency risk of expected transactions are not designated in hedge relationships and are measured at fair value through profit or loss.

9. Commitments and Contingencies

The Group has issued guarantees, letters of comfort and letters of credit. These represent commitments and contingencies in favour of third parties for associated company liabilities. They include contractual commitments linked to borrowings by Würth Group of North America Inc. (private placement). Irrevocable lending commitments that have already been made but have not yet been utilised reported at the nominal value.

in TEUR	30.06.2017	31.12.2016
Guarantees, letters of comfort, letters of credit	291,690	286,279
Total contingent liabilities	291,690	286,279

in TEUR	30.06.2017	31.12.2016
Not yet utilised, irrevocable guaranteed lending commitments	16,973	14,776
Total irrevocable lending commitments	16,973	14,776

10. Significant transactions after the reporting date

At the time of publication, no transactions have been identified that would have a material impact on the unaudited interim condensed consolidated financial statements of the Würth Finance Group.

STATEMENT BY THE MANAGEMENT

To the best of our knowledge, the interim condensed consolidated financial statements present a true and fair view of the assets, liabilities, financial position and earnings of the Würth Finance Group in accordance with the reporting principles for interim financial reporting. The interim management report

accurately presents the Group's performance and position and describes the main projected opportunities and risks for the remainder of the financial year.

's-Hertogenbosch & Rorschach, 31 August 2017

Roman Fust
Managing Director
Würth Finance International B.V.

Björn van Odijk
Managing Director
Würth Finance International B.V.