WÜRTH FINANCE GROUP / WÜRTH FINANCE INTERNATIONAL B.V.

FINANCIAL STATEMENTS 2016

CONTENTS

WÜRTH FINANCE GROUP

FINANCIAL STATEMENTS 2016

CONSOLIDATED BALANCE SHEET
AT 31 DECEMBER BEFORE APPROPRIATION OF PROFITS

ASSETS

in TEUR	Notes	2016	2015
Non-current assets			
Intangible assets			
Software	3	891	795
Property, plant and equipment			
Operating equipment and furnishings	3	357	408
Financial assets			
Long-term loans to associated companies	4, 16	973,135	1,014,673
Other financial assets	5, 16	54,500	64,500
Deferred tax assets	15	2,496	2,143
Total non-current assets		**1,031,379**	**1,082,519**
Current assets			
Receivables from associated companies	16	737,409	605,636
Loans to family trusts	16	18,000	58,000
Positive fair values of derivative instruments	19b	4,649	11,624
Other receivables	6	2,835	2,688
Income tax receivables		4,299	4,580
Accrued income and prepaid expenses		5,507	4,676
Securities held for trading	7, 19a	74,742	69,823
Cash and cash equivalents		577,859	431,617
Total current assets		**1,425,300**	**1,188,644**
Total assets		**2,456,679**	**2,271,163**

EQUITY AND LIABILITIES

Shareholders' equity			
Capital subscribed and paid in		16,000	16,000
Retained earnings		259,697	251,595
Foreign exchange difference		–7	–98
Net profit for the year		26,378	28,455
Total shareholders' equity		**302,068**	**295,952**
Non-current liabilities			
Bonds issued	8	1,494,248	1,492,884
Payables to associated companies	16	0	2,488
Liabilities for pension plans	14	4,518	4,817
Payables to banks		4,650	4,617
Deferred tax liabilities	15	0	1
Total non-current liabilities		**1,503,416**	**1,504,807**
Current liabilities			
Payables to associated companies	16	601,295	430,436
Payables to banks		8,720	7,291
Provisions for taxes	15	2,396	2,449
Negative fair values of derivative instruments	19b	6,774	94
Other liabilities	9, 16	12,184	10,384
Accrued expenses and deferred income	16	19,826	19,750
Total current liabilities		**651,195**	**470,404**
Total equity and liabilities		**2,456,679**	**2,271,163**

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2016

in TEUR	Notes	2016	2015
Operating income			
Interest income	10	72,932	64,858
Interest expenses	10	-68,411	-62,247
Net interest income		**4,521**	**2,611**
Income from factoring activities		12,899	14,115
Income from commission and service fee activities	11	29,880	28,596
Income from trading activities and financial instruments	12	8,837	7,038
Other ordinary income	13	4,858	4,896
Total operating income		**60,995**	**57,256**
Operating expenses			
Personnel costs	14	-17,032	-15,557
Other administrative expenses		-11,679	-11,714
Depreciation and amortisation		-462	-252
Other ordinary expenses		10	0
Total operating expenses		**–29,183**	**–27,523**
Profit before taxes		**31,812**	**29,733**
Corporate taxes	15	-4,836	-570
Deferred taxes	15	-598	-708
Net profit for the year		**26,378**	**28,455**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016

in TEUR, net of tax	2016	2015
Profit for the year	**26,378**	**28,455**
Other comprehensive income to be reclassified to profit or loss in subsequent periods		
Foreign exchange difference	91	-161
Other comprehensive income not to be reclassified to profit or loss in subsequent periods		
IAS 19 obligation	249	-1,923
Other	187	0
Other comprehensive income for the year (OCI)	**527**	**–2,084**
Total comprehensive income for the year	**26,905**	**26,371**

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2016

in TEUR	2016	2015
Net profit for the year	**26,378**	**28,455**
Depreciation and amortisation	462	252
Adjustment to provision for taxes	-53	370
Decrease (increase) in deferred tax assets	-353	-328
Increase (decrease) in deferred tax liabilities	-1	-14
Other expenses and revenues without cash flows	-6,812	12,920
(Increase) decrease in operating assets		
Receivables from associated companies	-91,773	138,234
Positive fair values of derivative instruments	6,975	419
Income tax receivables	281	1,544
Other receivables and accrued income and prepaid expenses	-978	-686
Increase (decrease) in operating liabilities		
Payables to associated companies	168,371	-280,007
Negative fair values of derivative instruments	6,680	-4,822
Other liabilities and accrued expenses and deferred income	1,876	13,193
Net cash flows from operating activities	**111,053**	**-90,470**
Purchase of property, plant and equipment and intangible assets	-521	-1,000
Disposal of property, plant and equipment and intangible assets	16	32
Purchase of securities	-24,460	-164,683
Disposal of securities	21,396	167,587
Redemption of long-term loans to associated companies	275,501	154,504
Lending of long-term loans to associated companies	-227,667	-374,960
Sales of other financial assets	10,000	10,000
Net cash flows from investing activities	**54,265**	**-208,520**
Repayment of bonds issued	0	-180,208
Issue of bonds	0	497,066
Dividends paid	-20,505	-16,262
Net cash flows from financing activities	**-20,505**	**300,596**
Foreign exchange difference	-33	-75
Net increase (decrease) in cash and cash equivalents	**144,780**	**1,531**
Net cash and cash equivalents at the beginning of the year	**419,709**	**418,178**
Net cash and cash equivalents at the end of the year	**564,489**	**419,709**
Net increase (decrease) in cash and cash equivalents	**144,780**	**1,531**
Taxes paid	**5,394**	**1,110**
Interest received	**10,951**	**17,214**
Interest paid	**-73,025**	**-49,330**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016

in TEUR	Capital	Retained earnings	Currency adjustment	Total
At 1 January 2015	16,000	269,780	63	285,843
Net profit for the year		28,455		28,455
Other comprehensive income		–1,923	–161	–2,084
Total comprehensive income for the year		**26,532**	**–161**	**26,371**
Dividends paid		–16,262	0	–16,262
At 31 December 2015	**16,000**	**280,050**	**–98**	**295,952**
At 1 January 2016	16,000	280,050	–98	295,952
Net profit for the year		26,378		26,378
Other comprehensive income		436	91	527
Total comprehensive income for the year		**26,814**	**91**	**26,905**
Dividends paid		–20,789		–20,789
At 31 December 2016	**16,000**	**286,075**	**–7**	**302,068**

Würth Finance International B.V. has 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 2016, a dividend of TEUR 20,789 (EUR 650 per share) was paid for financial year 2015.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

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, the 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 (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 06 April 2017 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 the Würth Finance Group. Subsidiaries that are controlled directly or indirectly by the Group have been consolidated. Control is achieved when the 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 the 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 2016 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%

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 and transactions as well as income and expenses resulting from intra-Group transactions are fully eliminated.

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. 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.

The consolidated financial statements are presented in EUR thousands unless otherwise stated.

New and Amended Standards and Interpretations

The Group applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2016. The Group has not adopted any other standard, interpretation or amendment early that has been issued but is not yet effective.

The nature and the effect of these changes are disclosed below. Although these new standards and amendments applied for the first time in 2016, they did not have a material impact on the annual consolidated financial statements of the Group. The nature and the impact of each new standard or amendment is described below:

- IFRS 14 Regulatory Deferral Accounts
- Amendments to IFRS 11 Joint Arrangements: Accounting for Acquisitions of Interests
- Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation
- Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants
- Amendments to IAS 27: Equity Method in Separate Financial Statements
- Annual Improvements 2012–2014 Cycle
- Amendments to IAS 1 Disclosure Initiative
- Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception

Changes in Accounting Policies and Disclosures

As of 2015 the Group companies are valued at net present value in conformity with Part 9 of Book 2 of the Dutch Civil Code. Since changes in accounting policies are applied retrospectively, an adjustment is required in shareholders' reserves at the start of the comparative reporting period to restate the opening equity to the amount that would have been arrived at if the new accounting policy had always been applied.

Standards Issued but not Yet Effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the financial statements are disclosed below. The Würth Finance Group intends to adopt these standards, if applicable, when they become effective.

IFRS 9 Financial Instruments

In July 2014, the IASB issued IFRS 9 Financial Instruments, the standard that will replace IAS 39 for annual periods on or after 1 January 2018.

From a classification and measurement perspective, the new standard will require all financial assets, except equity instruments and derivatives, to be assessed based on a combination of the entity's business model for managing the assets and the instruments' contractual cash flow characteristics. The IAS 39 measurement categories will be replaced by: fair value through profit or loss (FVPL), fair value through other comprehensive income (FVOCI), and amortised cost. IFRS 9 will also allow entities to continue to irrevocably designate instruments that qualify for amortised cost or fair value through OCI instruments as FVPL, if doing so eliminates or significantly reduces a measurement or recognition inconsistency. Equity instruments that are not held for trading may be irrevocably designated as FVOCI, with no subsequent reclassification of gains or losses to the income statement.

The accounting for financial liabilities will largely be the same as the requirements of IAS 39, except for the treatment of gains or losses arising from an entity's own credit risk relating to liabilities designated as FVPL. Such movements will be presented in OCI with no subsequent reclassification to the income statement, unless an accounting mismatch in profit or loss would arise.

IFRS 9 will also fundamentally change the loan loss impairment methodology. The standard will replace IAS 39's incurred loss approach with a forward-looking expected loss (ECL) approach.

The Würth Finance Group is currently assessing the impact of the requirements of IFRS 9 on its financial statements.

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 del credere 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	2016	2015
US dollar (USD)	1.055	1.091
Swiss franc (CHF)	1.075	1.083
British pound (GBP)	0.859	0.737
Canadian dollar (CAD)	1.422	1.516
Chinese renminbi (CNH)	7.357	7.170
Norwegian krone (NOK)	9.088	9.603
Danish krone (DKK)	7.435	7.462
Swiss franc (CHF) – average exchange rate	1.090	1.068

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 are translation differences 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 comprise 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 are 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 on the basis of 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).

In addition to its ISDA agreements Würth Finance International B.V. signed 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. 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.

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. 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 payment for goods purchased by Würth Group companies, together with the del credere 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 2016

in TEUR	Acquisition cost 2015	Additions (disposals) incl. asset retirement 2016	Acquisition cost 2016	Accum. depreciation 2015	Asset retirement 2016	Depreciation for the year 2016	Accum. depreciation 2016	Currency translation difference 2016	Net book value 2016
Intangible assets									
Software	1,777	345	2,122	-963	0	-248	-1,211	-20	891
Total intangible assets	**1,777**	**345**	**2,122**	**–963**	**0**	**–248**	**–1,211**	**–20**	**891**
Property, plant and equipment									
Vehicles	738	4	742	-462	159	-176	-479	29	292
Art objects	34	0	34	0	0	0	0	0	34
Office equipment / installations	3,454	3	3,457	-3,388	0	-38	-3,426	0	31
Total property, plant and equipment	**4,226**	**7**	**4,233**	**–3,850**	**159**	**–214**	**–3,905**	**29**	**357**
Total	**6,003**	**352**	**6,355**	**–4,813**	**159**	**–462**	**5,116**	**9**	**1,248**

At 31 December 2015

in TEUR	Acquisition cost 2014	Additions (disposals) incl. asset retirement 2015	Acquisition cost 2015	Accum. depreciation 2014	Asset retirement 2015	Depreciation for the year 2015	Accum. depreciation 2015	Currency translation difference 2015	Net book value 2015
Intangible assets									
Software	1,062	715	1,777	-961	0	-2	-963	-19	795
Total intangible assets	**1,062**	**715**	**1,777**	**–961**	**0**	**–2**	**–963**	**–19**	**795**
Property, plant and equipment									
Vehicles	677	61	738	-451	156	-167	-462	33	309
Art objects	34	0	34	0	0	0	0	0	34
Office equipment / installations	3,767	-313	3,454	-3,725	420	-83	-3,388	-1	65
Total property, plant and equipment	**4,478**	**–252**	**4,226**	**–4,176**	**576**	**–250**	**–3,850**	**32**	**408**
Total	**5,540**	**463**	**6,003**	**–5,137**	**576**	**–252**	**–4,813**	**13**	**1,203**

4. Long-Term Loans to Associated Companies

in TEUR	2016	2015
Balance at 1 January	1,014,673	784,813
New loans granted, increase in existing loans, repayments	164,863	374,960
Currency and other adjustments	6,296	9,404
Term reclassification	-212,697	-154,504
Balance at 31 December	**973,135**	**1,014,673**

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:

	2016	2015
EUR	2.53%	2.77%
CHF	1.28%	1.63%
NOK	2.99%	4.70%
DKK	3.19%	3.09%

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 Internationales Bankhaus Bodensee AG (IBB). The following table shows the exposure for the year ended on 31 December:

in TEUR	2016	2015
Silent participation	35,000	45,000
Capital relinquishment	19,500	19,500
Balance at 31 December	**54,500**	**64,500**

These funds are not guaranteed.

6. Other Receivables

in TEUR	2016	2015
Receivables from third parties	2,660	2,582
Other receivables	175	106
Total other receivables	**2,835**	**2,688**

7. Securities

in TEUR	Market value 2016	Acquisition cost 2016	Market value 2015	Acquisition cost 2015
Equities	3,484	2,965	2,931	2,608
Bonds	53,166	52,145	48,790	48,077
Commodities	677	701	254	319
Investment funds	17,415	13,888	17,848	15,114
Total	**74,742**	**69,699**	**69,823**	**66,118**

Securities are recognised at market values.

8. Bonds Issued

In 2016, no new bonds were issued.

On 3 August 2015, the company repaid a CHF 225 million bond with a 3.875% coupon. In 2015, the company issued under its new EUR 3 billion EMTN programme a bond of EUR 500 million. The bond term runs from 19 May 2015 to 19 May 2022 and the coupon is 1%.

Overview of Bonds Issued at 31 December 2016

Maturity	Notional amount (in TEUR)	Premium / discount (in TEUR)	Own bonds (in TEUR)	Total at 31.12.2016 (in TEUR)	Coupon
Long-term					
25.05.2018	500,000	-955	0	499,045	3.750%
21.05.2020	500,000	-1,019	0	498,981	1.750%
19.05.2022	500,000	-2,261	-1,517	496,222	1.000%
Total book value long-term bond liabilities				**1,494,248**	
Total book value bonds issued				**1,494,248**	

Maturity	Notional (excluding own bonds) (in TEUR)	Market value (in TEUR)	Coupon
25.05.2018	500,000	525,300	3.750%
21.05.2020	500,000	529,500	1.750%
19.05.2022	498,500	515,299	1.000%
Total market value at 31 December		**1,570,099**	

Overview of Bonds Issued at 31 December 2015

Maturity	Notional amount (in TEUR)	Premium / discount (in TEUR)	Own bonds (in TEUR)	Total at 31.12.2015 (in TEUR)	Coupon
Long-term					
25.05.2018	500,000	–1,639	0	498,361	3.750%
21.05.2020	500,000	–1,319	0	498,681	1.750%
19.05.2022	500,000	–2,671	–1,487	495,842	1.000%
Total book value long-term bond liabilities				**1,492,884**	
Total book value bonds issued				**1,492,884**	

Maturity	Notional (excluding own bonds) (in TEUR)	Market value (in TEUR)	Coupon
25.05.2018	500,000	552,470	3.750%
21.05.2020	500,000	532,225	1.750%
19.05.2022	498,513	505,467	1.000%
Total market value at 31 December		**1,590,162**	

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, the bond of EUR 500 million maturing on 21 May 2020 as well as the bond of EUR 500 million maturing on 19 May 2022 are guaranteed by Adolf Würth GmbH & Co. KG, Künzelsau.

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

9. Other Liabilities

in TEUR	2016	2015
Payables for deliveries and services:	4,726	4,884
Of which to third parties	1,520	3,198
Of which to associated parties	3,206	1,686
Compensation-related liabilities	3,889	2,269
Other liabilities	3,569	3,231
Total other liabilities	**12,184**	**10,384**

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

10. Interest Income and Expenses

in TEUR	2016	2015
Interest income		
Interest income from financing activities (Würth Group)	35,769	33,090
Interest income from financing leasing activities (Würth Group)	4,220	4,729
Interest income from liquid assets	4,952	5,671
Interest income from current accounts (Würth Group)	4,565	4,863
Interest income from bank accounts, time deposits and money market funds (non-Group)	387	808
Interest income from financial instruments (non-Group)	27,991	21,368
Valuation income from interest rate and cross-currency swaps (realised)	13,013	4,935
Interest income from interest rate and cross-currency swaps	13,473	15,293
Other interest income from financial instruments	1,541	1,140
Total interest income	**72,932**	**64,858**

in TEUR	2016	2015
Interest expenses		
Interest expenses for current accounts and time deposits (Würth Group)	591	637
Interest expenses for bonds issued (non-Group)	36,884	38,270
Interest expenses from financial instruments (non-Group)	30,514	23,039
Valuation expenses from interest rate and cross-currency swaps (realised)	12,489	459
Valuation income from interest rate and cross-currency swaps (unrealised)	1,269	9,477
Interest expenses from interest rate and cross-currency swaps	13,637	11,224
Other interest expenses from financial instruments	3,119	1,879
Other interest expenses (non-Group)	422	301
Total interest expenses	**68,411**	**62,247**

11. Income from Commission and Service Fee Activities

in TEUR	2016	2015
Acquisition commissions, brokerage fees	9,814	9,510
Discount income	51	38
Collection and del credere agreements	20,015	19,048
Total income from commission and service fee activities	**29,880**	**28,596**

12. Income from Trading Activities and Financial Instruments

in TEUR	2016	2015
Income from securities transactions	401	-1,323
Income from foreign exchange transactions	8,436	8,361
Total income from trading activities and financial instruments	**8,837**	**7,038**

13. Other Ordinary Income

Other ordinary income comprises TEUR 4,858 (2015: TEUR 4,896) of income out of the funding relationship with IBB as well as fees charged to other Würth Group companies for services rendered.

14. Personnel Costs

At 31 December 2016, the Group had 118 members of staff (2015: 113).

Personnel costs were as follows:

in TEUR	2016	2015
Wages and salaries	13,947	12,618
Pension costs	942	1,009
Social security costs	1,328	1,308
Other employee costs	815	622
Total personnel costs	**17,032**	**15,557**

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 scheme is an addition to the statutory social security insurance.

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

In another scheme for authorised representatives and managing directors, the annual employee contributions amount to 50% of the total sum.

As per 2016, the pension plan in the Netherlands changed into a defined contribution plan (2015: defined benefit plan). The salary over which pension is built up is maximised at TEUR 89 (2015: TEUR 38). The premium is fully paid by the employer.

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 at 31 December:

in TEUR	2016	2015
Pension costs		
Current service costs	830	953
Net interest expense / (income)	36	25
Exchange difference	76	31
Pension costs recognised in income statement	**942**	**1,009**
Revaluation of defined benefit plan		
Actuarial (gains) / losses due to changes in assumptions	–448	780
Actuarial (gains) / losses due to changes based on experience	305	–1,297
Return on plan assets (less interest income)	–106	2,440
Revaluation recognised in OCI	**–249**	**1,923**
Liabilities for pension plan		
Benefit obligation at 31 December	25,780	22,353
Fair value of plan assets at 31 December	–21,262	–17,536
Net liabilities at 31 December	**4,518**	**4,817**
Changes in the benefit obligations		
Benefit obligation at 1 January	22,353	21,379
Interest expense	194	281
Current service costs	830	953
Contribution by plan participants	783	713
Actuarial (gains) / losses due to changes in assumptions	–448	780
Actuarial (gains) / losses due to changes based on experience	305	–1,297
Benefits paid	1,561	–2,802
Exchange differences	202	2,346
Benefit obligation at 31 December	**25,780**	**22,353**
Changes in the plan assets		
Fair value of plan assets at 1 January	17,536	18,659
Interest income	158	256
Return on plan assets (less interest income)	129	–2,253
Contributions by plan participants	783	713
Contributions by employer	925	883
Benefits paid	1,561	–2,787
Exchange differences	170	2,065
Fair value of plan assets at 31 December	**21,262**	**17,536**
Assumptions		
Discount rate (EUR/CHF)	0.70%	2.2% / 0.83%
Expected return on plan assets (EUR/CHF)	0.70%	2.2% / 1.25%
Future salary increases up to age 54 P/A	0.50%	0% – 1.3%
from age 55 P/A	0%	0%
Future pension increases	0%	0%
Probability of termination of service	BVG 2015 / Generation Table	

Sensitivity of benefit obligation

Defined changes in assumptions	Scenario	Defined benefit obligation in TEUR	Gross service cost in TEUR
Assumption at 31.12.2016		25,780	1,701
Discount rate	+0.25%	25,217	1,644
Discount rate	−0.25%	26,827	1,761
Expected salary increase	+0.50%	26,413	1,701
Expected salary increase	−0.50%	25,573	1,701

Breakdown of fair value of plan assets by asset category:

	2016	2015
Equities	28.6%	29.3%
Bonds	44.4%	42.0%
Real estate	24.0%	24.3%
Other	3.0%	4.4%
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 financial year 2017, the Group anticipates contributions to defined benefit pension plans amounting to approximately TEUR 910.

in TEUR	2016	2015
Compensation of key management personnel of the Group		
Short-term employee benefits	3,069	2,980
Total compensation paid to key management personnel	**3,069**	**2,980**

In 2016 and 2015, no other forms of compensation (post-employment benefits or other long-term benefits, termination benefits, share-based payments) were paid to key management staff.

In financial year 2016, fees of TEUR 240 were paid to members of the Board of Directors (2015: TEUR 240).

The Management comprises the members of the Board of Management of all the Group companies (2016: 7 persons; 2015: 7 persons).

Remuneration for the members of the management of the various Group companies totalled TEUR 3,069 in the year 2016 (2015: TEUR 2,980).

15. Corporate Taxes

The Group is subject to corporate taxes in the Netherlands and in Switzerland. All taxes that were due or are payable in the future relating to the financial years up to and including 2016 are accrued as at 31 December 2016.

The relevant tax rate for the Netherlands is 25% (2015: 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% (2015: 8.5%) on a federal level and maximum 17.8% (2015: 17.8%) on a cantonal level applicable for the Group. 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	2016	2015
Income before taxes	**31,812**	**29,733**
Tax expense using the assumed average tax rate (25%)	7,953	7,433
Effects on tax-free income / effect on non-taxable expenses	-2,834	-3,545
Difference between actual and assumed tax rates	-659	-753
Withholding tax paid	1,662	751
Recognition deferred taxes	-353	-342
Tax effects related to prior periods	-285	-2,266
Other effects (True-up 2015)	-50	0
Net effective tax expenses	**5,434**	**1,278**

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

in TEUR	2016	2015
Deferred tax assets from loss carry-forwards	140	214
Deferred tax assets from foreign withholding tax credit	2,356	1,929
Net deferred tax assets	**2,496**	**2,143**
Deferred tax liabilities on intangible assets	0	1
Deferred tax liabilities	**0**	**1**
Net deferred tax assets / liabilities	**2,496**	**2,143**

The Group has tax losses relating to the years 2008–2014 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 country and 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 related to foreign withholding tax. This asset can be offset against future taxable profits taking into account restrictions which mean that only a part of this nominal is accrued for.

Included in the balance sheet is a net amount of TEUR 1,903 classified as a tax asset (2015: TEUR 2,131) which reflects the current tax asset.

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	2016	2015
Receivables from associated parties		
Long-term loans to associated companies	973,135	1,014,673
Other financial assets	54,500	64,500
Loans to family trusts	18,000	58,000
Receivables from associated companies	737,409	605,636
Total receivables from associated parties	**1,783,044**	**1,742,809**
Payables to associated parties		
Payables to associated companies	601,295	430,436
Long-term payables to associated parties [1]	0	2,488
Other payables to associated parties	3,206	1,686
Total payables to associated parties	**604,501**	**434,610**

[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	2016	Share	2015	Share
Receivables from associated parties				
Wurth Group of North America Inc.	150,361	8.4%		
Würth S.r.l.	138,471	7.8%		
Würth Leasing AG	95,414	5.4%		
Würth Industrie Service GmbH & Co. KG	95,118	5.3%		
Würth Leasing GmbH & Co. KG	71,493	4.0%		
			2015	Share
Adolf Würth GmbH & Co. KG			141,468	8.1%
Wurth Group of North America Inc.			127,534	7.3%
Würth S.r.l.			117,128	6.7%
Würth Leasing AG			80,224	4.6%
Würth Industrie Service GmbH & Co. KG			80,037	4.6%

in TEUR	2016	Share	2015	Share
Payables to associated parties				
Würth Norge AS	46,157	7.6%		
Würth Reinsurance Company, S.A.	44,213	7.3%		
Würth Oy	38,975	6.4%		
Würth France SA	27,185	4.5%		
Wuerth International Trading (Shanghai) Co., Ltd.	16,575	2.7%		
			2015	Share
Würth Reinsurance Company, S.A.			42,217	9.7%
Würth France SA			41,663	9.6%
Würth Norge AS			37,091	8.5%
Würth Oy			30,015	6.9%
Wuerth International Trading (Shanghai) Co., Ltd.			17,931	4.1%

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 encompass the following loans:

in TEUR	2016	Maturity	Interest rate
Markus Würth Family Trust	8,000	30.06.2017	0.80%
Markus Würth Family Trust	10,000	30.06.2017	0.80%

in TEUR	2015	Maturity	Interest rate
Markus Würth Family Trust	8,000	30.04.2016	0.65%
Markus Würth Family Trust	10,000	31.01.2016	1.00%
Markus Würth Family Trust	10,000	31.01.2016	1.00%
Marion Würth Family Trust	10,000	31.01.2016	1.00%
Bettina Würth Family Trust	10,000	31.01.2016	1.00%
Carmen Würth Family Trust	10,000	31.01.2016	1.00%

These loans are unsecured.

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 Würth 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	2016	2015
Guarantees, letters of comfort, letters of credit	286,279	289,611
Total contingent liabilities	**286,279**	**289,611**

in TEUR	2016	2015
Not yet utilised, irrevocably guaranteed lending commitments	14,776	47,893
Total irrevocable lending commitments	**14,776**	**47,893**

18. Operating Lease Commitments

in TEUR	2016	2015
Due within one year	1,702	1,356
Due after one year but not more than six years	1,603	1,801

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.

	2016		2015	
Currency	Market scenario	Impact on profit (in TEUR)	Market scenario	Impact on profit (in TEUR)
CHF	10% - 10%	1,090 -1,090	10% - 10%	951 -753
USD	10% - 10%	215 -215	10% - 10%	260 -260
GBP	10% - 10%	84 -84	10% - 10%	94 -94
CAD	10% - 10%	118 -118	10% - 10%	114 -114
CNY	10% - 10%	1 -1	10% - 10%	2 -2
DKK	10% - 10%	35 -35	10% - 10%	65 -65
NOK	10% - 10%	158 -158	10% - 10%	186 -186

Balance Sheet by Currency at 31 December 2016

ASSETS

		Amounts in TEUR countervalue				
in TEUR	Total	EUR	USD	CHF	DKK	Other
Non-current assets						
Intangible assets						
Software	891	699	0	192	0	0
Property, plant and equipment						
Operating equipment and furnishings	357	-44	0	401	0	0
Financial assets						
Loans to associated companies	973,135	687,419	155,059	75,314	7,853	47,490
Other financial assets	54,500	54,500	0	0	0	0
Deferred tax assets	2,496	2,356	0	140	0	0
Total non-current assets	**1,031,379**	**744,930**	**155,059**	**76,047**	**7,853**	**47,490**
Current assets						
Receivables from associated companies	737,409	489,621	20,481	23,577	41,083	162,647
Loans to family trusts	18,000	18,000	0	0	0	0
Positive fair values of derivative instruments	4,649	4,649	0	0	0	0
Other receivables	2,835	1,147	0	1,688	0	0
Income tax receivables	4,299	4,299	0	0	0	0
Accrued income and prepaid expenses	5,507	5,139	-601	199	6	764
Securities held for trading	74,742	64,089	6,689	2,360	0	1,604
Cash and cash equivalents	577,859	293,030	879	251,945	11,059	20,946
Total current assets	**1,425,300**	**879,974**	**27,448**	**279,769**	**52,148**	**185,961**
Total assets	**2,456,679**	**1,624,904**	**182,507**	**355,816**	**60,001**	**233,451**

EQUITY AND LIABILITIES

Shareholders' equity						
Capital subscribed and paid in	16,000	16,000	0	0	0	0
Retained earnings	259,697	259,697	0	0	0	0
Foreign exchange difference	-7	-7	0	0	0	0
Net profit for the year	26,378	26,378	0	0	0	0
Total shareholders' equity	**302,068**	**302,068**	**0**	**0**	**0**	**0**
Non-current liabilities						
Bonds issued	1,494,248	1,494,248	0	0	0	0
Payables to associated companies	0	0	0	0	0	0
Liabilities for pension plans	4,518	-107	0	4,625	0	0
Payables to banks	4,650	0	0	4,650	0	0
Total non-current liabilities	**1,503,416**	**1,494,141**	**0**	**9,275**	**0**	**0**
Current liabilities						
Payables to associated companies	601,295	400,870	27,699	68,216	11,568	92,942
Payables to banks	8,720	418	0	0	0	8,302
Provisions for taxes	2,396	1,974	0	422	0	0
Negative fair values of derivative instruments	6,774	6,106	270	8	0	390
Other liabilities	12,184	5,285	1,590	4,321	0	988
Accrued expenses and deferred income	19,826	19,826	0	0	0	0
Total current liabilities	**651,195**	**434,479**	**29,559**	**72,967**	**11,568**	**102,622**
Total equity and liabilities	**2,456,679**	**2,230,688**	**29,559**	**82,242**	**11,568**	**102,622**
Balance sheet position		**-605,784**	**152,948**	**273,574**	**48,433**	**130,829**

Balance Sheet by Currency at 31 December 2015

ASSETS

		Amounts in TEUR countervalue				
in TEUR	Total	EUR	USD	CHF	DKK	Other
Non-current assets						
Intangible assets						
Software	795	634	0	161	0	0
Property, plant and equipment						
Operating equipment and furnishings	408	89	0	319	0	0
Financial assets						
Loans to associated companies	1,014,673	737,890	127,716	74,097	9,200	65,770
Other financial assets	64,500	64,500	0	0	0	0
Deferred tax assets	2,143	1,929	0	214	0	0
Total non-current assets	**1,082,519**	**805,042**	**127,716**	**74,791**	**9,200**	**65,770**
Current assets						
Receivables from associated companies	605,636	387,342	18,777	15,343	50,676	133,498
Loans to family trusts	58,000	58,000	0	0	0	0
Positive fair values of derivative instruments	11,624	-2,436	80	13,628	0	352
Other receivables	2,688	465	0	2,223	0	0
Income tax receivables	4,580	2,840	0	1,740	0	0
Accrued income and prepaid expenses	4,676	3,443	0	541	0	692
Securities held for trading	69,823	60,779	5,797	1,688	0	1,559
Cash and cash equivalents	431,617	243,517	360	179,542	27	8,171
Total current assets	**1,188,644**	**753,950**	**25,014**	**214,705**	**50,703**	**144,272**
Total assets	**2,271,163**	**1,558,992**	**152,730**	**289,496**	**59,903**	**210,042**

EQUITY AND LIABILITIES

	Total	EUR	USD	CHF	DKK	Other
Shareholders' equity						
Capital subscribed and paid in	16,000	16,000	0	0	0	0
Retained earnings	251,595	251,595	0	0	0	0
Foreign exchange difference	-98	-98	0	0	0	0
Net profit for the year	28,455	28,455	0	0	0	0
Total shareholders' equity	**295,952**	**295,952**	**0**	**0**	**0**	**0**
Non-current liabilities						
Bonds issued	1,492,884	1,492,884	0	0	0	0
Payables to associated companies	2,488	2,488	0	0	0	0
Liabilities for pension plans	4,817	-13	0	4,830	0	0
Payables to banks	4,617	0	0	4,617	0	0
Deferred tax liabilities	1	0	0	1	0	0
Total non-current liabilities	**1,504,807**	**1,495,359**	**0**	**9,448**	**0**	**0**
Current liabilities						
Payables to associated companies	430,436	229,757	33,170	76,102	11,601	79,806
Payables to banks	7,291	7,241	0	0	0	50
Provisions for taxes	2,449	2,232	0	217	0	0
Negative fair values of derivative instruments	94	-17,532	4,165	13,108	0	353
Other liabilities	10,384	3,701	1,813	3,899	6	965
Accrued expenses and deferred income	19,750	19,750	0	0	0	0
Total current liabilities	**470,404**	**245,149**	**39,148**	**93,326**	**11,607**	**81,174**
Total equity and liabilities	**2,271,163**	**2,036,460**	**39,148**	**102,774**	**11,607**	**81,174**
Balance sheet position		**-477,468**	**113,582**	**186,722**	**48,296**	**128,868**

Interest Rate Risk

The Group finances Würth Group companies all over the world and is consequently exposed to interest rate risks. 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 at 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 2016

in TEUR	Duration											
Currency	Change in basis points		≤6 months		6 months to 1 year		1–5 years		>5 years		**Total**	
EUR	100	–100	–1,567	1,602	–2,003	2,069	7,790	–8,132	18,207	–19,464	22,427	–23,925
USD	100	–100	92	–94	–38	39	–1,342	1,409	913	–965	–375	389
CHF	100	–100	358	–365	130	–134	–821	850	–14	15	–347	366
DKK	100	–100	11	–12	6	–6	9	–10	–227	240	–201	212
CNH	100	–100	1	–1	0	0	0	0	0	0	1	–1
NOK	100	–100	77	–79	–23	23	–9	10	0	0	45	–46
CAD	100	–100	11	–12	2	–2	–138	145	0	0	–125	131
GBP	100	–100	2	–2	–29	30	–25	27	0	0	–52	55
Others	100	–100	32	–33	–43	44	–23	25	0	0	–34	36

Sensitivity of Equity 2015

in TEUR	Duration											
Currency	Change in basis points		≤6 months		6 months to 1 year		1–5 years		>5 years		**Total**	
EUR	100	–100	–1,148	–101	–1,672	–93	13,389	–4,081	21,564	–12,666	32,133	–16,941
USD	100	–100	86	–57	–32	28	–1,189	1,252	591	–634	–544	589
CHF	100	–100	161	80	55	39	–792	–414	–386	–129	–962	–424
DKK	100	–100	1	3	0	0	–87	34	–72	37	–158	74
CNH	100	–100	–3	4	–2	2	1	–1	0	0	–4	5
NOK	100	–100	94	–97	–51	51	–59	57	0	0	–16	11
CAD	100	–100	15	–14	15	–12	–366	371	0	0	–336	345
GBP	100	–100	–1	3	–31	25	–80	84	0	0	–112	112
Others	100	–100	–29	5	–73	60	–102	75	0	0	–204	140

Balance Sheet by Maturity at 31 December 2016

ASSETS

in TEUR	Total	Sight	Maturity < 1 year	1–5 years	> 5 years
Non-current assets					
Intangible assets					
Software	891	891	0	0	0
Property, plant and equipment					
Operating equipment and furnishings	357	357	0	0	0
Financial assets					
Loans to associated companies	973,135	0	0	782,908	190,227
Other financial assets	54,500	0	0	0	54,500
Deferred tax assets	2,496	2,496	0	0	0
Total non-current assets	**1,031,379**	**3,744**	**0**	**782,908**	**244,727**
Current assets					
Receivables from associated companies	737,409	737,409	0	0	0
Loans to family trusts	18,000	0	18,000	0	0
Positive fair values of derivative instruments	4,649	4,649	0	0	0
Other receivables	2,835	2,835	0	0	0
Income tax receivables	4,299	4,299	0	0	0
Accrued income and prepaid expenses	5,507	5,507	0	0	0
Securities held for trading	74,742	74,742	0	0	0
Cash and cash equivalents	577,859	577,859	0	0	0
Total current assets	**1,425,300**	**1,407,300**	**18,000**	**0**	**0**
Total assets	**2,456,679**	**1,411,044**	**18,000**	**782,908**	**244,727**

EQUITY AND LIABILITIES

in TEUR	Total	Sight	< 1 year	1–5 years	> 5 years
Shareholders' equity					
Capital subscribed and paid in	16,000	16,000	0	0	0
Retained earnings	259,697	259,697	0	0	0
Foreign exchange difference	–7	–7	0	0	0
Net profit for the year	26,378	26,378	0	0	0
Total shareholders' equity	**302,068**	**302,068**	**0**	**0**	**0**
Non-current liabilities					
Bonds issued	1,494,248	0	0	998,026	496,222
Liabilities for pension plans	4,518	0	4,518	0	0
Payables to banks	4,650	0	0	4,650	0
Total non-current liabilities	**1,503,416**	**0**	**4,518**	**1,002,676**	**496,222**
Current liabilities					
Payables to associated companies	601,295	548,147	53,148	0	0
Payables to banks	8,720	8,720	0	0	0
Provisions for taxes	2,396	2,396	0	0	0
Negative fair values of derivative instruments	6,774	6,774	0	0	0
Other liabilities	12,184	7,458	4,726	0	0
Accrued expenses and deferred income	19,826	19,826	0	0	0
Total current liabilities	**651,195**	**593,321**	**57,874**	**0**	**0**
Total equity and liabilities	**2,456,679**	**895,389**	**62,392**	**1,002,676**	**496,222**
Balance sheet position		**515,655**	**–44,392**	**–219,768**	**–251,495**

Balance Sheet by Maturity at 31 December 2015

ASSETS

in TEUR	Total	Maturity Sight	< 1 year	1–5 years	> 5 years
Non-current assets					
Intangible assets					
Software	795	795	0	0	0
Property, plant and equipment					
Operating equipment and furnishings	408	408	0	0	0
Financial assets					
Loans to associated companies	1,014,673	0	0	870,782	143,891
Other financial assets	64,500	0	0	0	64,500
Deferred tax assets	2,143	2,143	0	0	0
Total non-current assets	**1,082,519**	**3,346**	**0**	**870,782**	**208,391**
Current assets					
Receivables from associated companies	605,636	605,636	0	0	0
Loans to family trusts	58,000	0	58,000	0	0
Positive fair values of derivative instruments	11,624	11,624	0	0	0
Other receivables	2,688	2,688	0	0	0
Income tax receivables	4,580	4,580	0	0	0
Accrued income and prepaid expenses	4,676	4,676	0	0	0
Securities held for trading	69,823	69,823	0	0	0
Cash and cash equivalents	431,617	431,617	0	0	0
Total current assets	**1,188,644**	**1,130,644**	**58,000**	**0**	**0**
Total assets	**2,271,163**	**1,133,990**	**58,000**	**870,782**	**208,391**

EQUITY AND LIABILITIES

Shareholders' equity					
Capital subscribed and paid in	16,000	16,000	0	0	0
Retained earnings	251,595	251,595	0	0	0
Foreign exchange difference	-98	-98	0	0	0
Net profit for the year	28,455	28,455	0	0	0
Total shareholders' equity	**295,952**	**295,952**	**0**	**0**	**0**
Non-current liabilities					
Bonds issued	1,492,884	0	0	997,042	495,842
Payables to associated companies	2,488	0	0	162	2,326
Liabilities for pension plans	4,817	0	2,097	2,720	0
Payables to banks	4,617	0	0	4,617	0
Deferred tax liabilities	1	-14	0	15	0
Total non-current liabilities	**1,504,807**	**–14**	**2,097**	**1,004,556**	**498,168**
Current liabilities					
Payables to associated companies	430,436	83,332	347,104	0	0
Payables to banks	7,291	7,291	0	0	0
Provisions for taxes	2,449	2,449	0	0	0
Negative fair values of derivative instruments	94	94	0	0	0
Other liabilities	10,384	5,500	4,884	0	0
Accrued expenses and deferred income	19,750	19,750	0	0	0
Total current liabilities	**470,404**	**118,416**	**351,988**	**0**	**0**
Total equity and liabilities	**2,271,163**	**414,354**	**354,085**	**1,004,556**	**498,168**
Balance sheet position		**719,636**	**–296,085**	**–133,774**	**–289,777**

Balance Sheet by Interest Rate Exposure at 31 December 2016

ASSETS

in TEUR	Total	Fixed interest rate	Variable interest rate	Non-interest bearing
Non-current assets				
Intangible assets				
Software	891	0	0	891
Property, plant and equipment				
Operating equipment and furnishings	357	0	0	357
Financial assets				
Loans to associated companies	973,135	973,135	0	0
Other financial assets	54,500	0	0	54,500
Deferred tax assets	2,496	0	0	2,496
Total non-current assets	**1,031,379**	**973,135**	**0**	**58,244**
Current assets				
Receivables from associated companies	737,409	453,612	171,859	111,938
Loans to family trusts	18,000	18,000	0	0
Positive fair values of derivative instruments	4,649	0	0	4,649
Other receivables	2,835	0	2,835	0
Income tax receivables	4,299	0	0	4,299
Accrued income and prepaid expenses	5,507	0	0	5,507
Securities held for trading	74,742	42,070	12,667	20,005
Cash and cash equivalents	577,859	0	577,859	0
Total current assets	**1,425,300**	**513,682**	**765,220**	**146,398**
Total assets	**2,456,679**	**1,486,817**	**765,220**	**204,642**

EQUITY AND LIABILITIES

	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	259,697	0	0	259,697
Foreign exchange difference	-7	0	0	-7
Net profit for the year	26,378	0	0	26,378
Total shareholders' equity	**302,068**	**0**	**0**	**302,068**
Non-current liabilities				
Bonds issued	1,494,248	1,494,248	0	0
Liabilities for pension plans	4,518	0	4,518	0
Payables to banks	4,650	4,650	0	0
Total non-current liabilities	**1,503,416**	**1,498,898**	**4,518**	**0**
Current liabilities				
Payables to associated companies	601,295	53,148	548,147	0
Payables to banks	8,720	0	8,720	0
Provisions for taxes	2,396	0	0	2,396
Negative fair values of derivative instruments	6,774	0	0	6,774
Other liabilities	12,184	0	0	12,184
Accrued expenses and deferred income	19,826	0	0	19,826
Total current liabilities	**651,195**	**53,148**	**556,867**	**41,180**
Total equity and liabilities	**2,456,679**	**1,552,046**	**561,385**	**343,248**
Balance sheet position		**–65,229**	**203,835**	**–138,606**

Balance Sheet by Interest Rate Exposure at 31 December 2015

ASSETS

in TEUR	Total	Fixed interest rate	Variable interest rate	Non-interest bearing
Non-current assets				
Intangible assets				
Software	795	0	0	795
Property, plant and equipment				
Operating equipment and furnishings	408	0	0	408
Financial assets				
Loans to associated companies	1,014,673	1,014,673	0	0
Other financial assets	64,500	0	0	64,500
Deferred tax assets	2,143	0	0	2,143
Total non-current assets	**1,082,519**	**1,014,673**	**0**	**67,846**
Current assets				
Receivables from associated companies	605,636	347,078	160,860	97,698
Loans to family trusts	58,000	58,000	0	0
Positive fair values of derivative instruments	11,624	0	7,780	3,844
Other receivables	2,688	0	0	2,688
Income tax receivables	4,580	0	0	4,580
Accrued income and prepaid expenses	4,676	0	0	4,676
Securities held for trading	69,823	34,162	14,629	21,032
Cash and cash equivalents	431,617	0	431,617	0
Total current assets	**1,188,644**	**439,240**	**614,886**	**134,518**
Total assets	**2,271,163**	**1,453,913**	**614,886**	**202,364**

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	251,595	0	0	251,595
Foreign exchange difference	-98	0	0	-98
Net profit for the year	28,455	0	0	28,455
Total shareholders' equity	**295,952**	**0**	**0**	**295,952**
Non-current liabilities				
Bonds issued	1,492,884	1,492,884	0	0
Payables to associated companies	2,488	162	0	2,326
Liabilities for pension plans	4,817	0	4,817	0
Payables to banks	4,617	4,617	0	0
Deferred tax liabilities	1	0	0	1
Total non-current liabilities	**1,504,807**	**1,497,663**	**4,817**	**2,327**
Current liabilities				
Payables to associated companies	430,436	15,246	415,190	0
Payables to banks	7,291	0	7,291	0
Provisions for taxes	2,449	0	0	2,449
Negative fair values of derivative instruments	94	0	-3,066	3,160
Other liabilities	10,384	0	0	10,384
Accrued expenses and deferred income	19,750	0	0	19,750
Total current liabilities	**470,404**	**15,246**	**419,415**	**35,743**
Total equity and liabilities	**2,271,163**	**1,512,909**	**424,232**	**334,022**
Balance sheet position		**–58,996**	**190,654**	**–131,658**

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 at 31 December 2016

in TEUR	Market value	Share
Equity / Equity funds	13,313	17.8%
Investment grade bonds / Bond funds	58,167	77.8%
Sub-investment-grade bonds	1,662	2.2%
Hedge funds	923	1.2%
Commodities	677	0.9%
Total	**74,742**	**100%**

Asset Allocation as at 31 December 2015

in TEUR	Market value	Share
Equity / Equity funds	12,383	17.7%
Investment grade bonds / Bond funds	55,638	79.7%
Sub-investment-grade bonds	1,548	2.2%
Commodities	254	0.4%
Total	**69,823**	**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 "BBB" (in terms of Standard & Poor's 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 del credere 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 at 31 December are covered by letters of comfort from the superordinate parent company.

in TEUR	Gross credit risks 2016	Gross credit risks 2015
Credit risks as at 31 December		
Total Würth Group long-term	**973,135**	**1,014,673**
Total Würth Group short-term	**737,409**	**605,636**
Cash and cash equivalents	577,859	431,617
Other financial assets	54,500	64,500
Loans to family trusts	18,000	58,000
Positive fair values of derivative instruments	4,649	17,725
Securities designated at fair value	74,742	69,823
Other receivables	2,835	2,688
Contingent liabilities	286,279	289,611
Irrevocable lending commitments	14,776	47,893
Total gross credit risk	**2,744,184**	**2,602,166**

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 "BBB". 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 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 15 July 2021 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 2016

in TEUR	Contract value or notional value	Positive fair value	Negative fair value
Foreign currency instruments			
Forward currency contracts	963,795	3,329	–6,085
Total foreign exchange instruments	**963,795**	**3,329**	**–6,085**
Interest rate instruments			
Interest rate swaps	362,137	6,209	–1,355
Cross-currency swaps	162,914	1,486	–8,541
Financial futures	27,154	23	–
Total interest rate instruments	**552,205**	**7,718**	**–9,896**
Reduction due to CSA		–6,398	9,207
Netting effect ISDA agreements		–	–
Total derivative financial instruments	**1,516,000**	**4,649**	**–6,774**

Positions at 31 December 2015

in TEUR	Contract value or notional value	Positive fair value	Negative fair value
Foreign currency instruments			
Forward currency contracts	793,888	5,169	–4,582
Currency options (OTC)	2,727	59	0
Total foreign exchange instruments	**796,615**	**5,228**	**–4,582**
Interest rate instruments			
Interest rate swaps	561,443	24,138	–16,035
Cross-currency swaps	275,297	2,396	–6,075
Financial futures	–	37	–
Total interest rate instruments	**836,740**	**26,571**	**–22,110**
Reduction due to CSA		–14,074	20,497
Netting effect ISDA agreements		–6,101	6,101
Total derivative financial instruments	**1,633,355**	**11,624**	**–94**

The total derivative financial instruments are presented gross per counterparty.

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 –3.0 million (2015: EUR –0.3 million) have a maturity date of less than 12 months and EUR 0.2 million (2015: EUR 0.9 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 eight years.

Offsetting Financial Instruments

in TEUR	Financial assets 2016 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	11,047	–6,398	4,649
Total	**11,047**	**–6,398**	**4,649**

in TEUR	Financial assets 2015 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	31,799	–20,175	11,624
Total	**31,799**	**–20,175**	**11,624**

in TEUR	Financial liabilities 2016 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	–15,981	9,207	–6,774
Total	**–15,981**	**9,207**	**–6,744**

in TEUR	Financial liabilities 2015 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	–26,692	26,598	–94
Total	**–26,692**	**26,598**	**–94**

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 immaterial and because the work involved is not justified by the significance of the expected information content.

c) Fair Value of Financial Instruments at 31 December

ASSETS

	Carrying amount		Fair value	
in TEUR	2016	2015	2016	2015
Non-current assets				
Financial assets				
Loans to associated companies	973,135	1,014,673	1,033,932	1,091,170
Other financial assets	54,500	64,500	56,283	73,603
Total non-current assets	**1,027,635**	**1,079,173**	**1,090,215**	**1,164,773**
Current assets				
Receivables from associated companies	737,409	605,636	742,335	610,976
Loans to family trusts	18,000	58,000	18,092	58,073
Positive fair values of derivative instruments	4,649	11,624	4,649	11,624
Securities held for trading	74,742	69,823	74,742	69,823
Cash and cash equivalents	577,859	431,617	578,301	432,032
Total current assets	**1,412,659**	**1,176,700**	**1,418,119**	**1,182,528**

EQUITY AND LIABILITIES

Non-current liabilities				
Bonds issued	1,494,248	1,492,884	1,570,099	1,590,162
Payables to banks	4,650	4,617	4,751	4,807
Payables to associated companies	0	2,488	0	5,073
Total non-current liabilities	**1,498,898**	**1,499,989**	**1,574,850**	**1,600,042**
Current liabilities				
Payables to associated companies	601,295	430,436	601,434	430,407
Payables to banks	8,720	7,291	8,720	7,291
Negative fair values of derivative instruments	6,774	94	6,774	94
Total current liabilities	**616,789**	**437,821**	**616,928**	**437,792**

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 at 31 December 2016

ASSETS

in TEUR	Level 1	Level 2	Level 3	Total fair value
Derivative financial instruments				
Interest rate swaps	0	6,209	0	6,209
Cross-currency swaps	0	1,486	0	1,486
Financial futures	0	23	0	23
Currency options (OTC)	0	0	0	0
Forward currency contracts	0	3,329	0	3,329
Reduction due to CSA	0	–6,398	0	–6,398
Total derivative financial instruments	**0**	**4,649**	**0**	**4,649**
Financial instruments held for trading				
Securities	74,742	0	0	74,742
Total financial instruments held for trading	**74,742**	**0**	**0**	**74,742**
Financial instruments at amortised cost				
Receivables from associated companies	0	1,776,267	0	1,776,267
Loans to family trusts	0	18,092	0	18,092
Cash and cash equivalents	578,301	0	0	578,301
Other financial assets	0	56,283	0	56,283
Total financial instruments at amortised cost	**578,301**	**1,850,642**	**0**	**2,428,943**

LIABILITIES

Derivative financial instruments				
Interest rate swaps	0	1,355	0	1,355
Cross-currency swaps	0	8,541	0	8,541
Forward currency contracts	0	6,085	0	6,085
Reduction due to CSA	0	–9,207	0	–9,207
Total derivative financial instruments	**0**	**6,774**	**0**	**6,774**
Other liabilities at amortised cost				
Bonds issued	0	1,570,099	0	1,570,099
Payables to associated companies	0	601,434	0	601,434
Payables to banks (long-term)	4,751	0	0	4,751
Payables to banks	8,720	0	0	8,720
Total other liabilities at amortised cost	**13,471**	**2,171,533**	**0**	**2,185,004**

Assets and Liabilities Measured at Fair Value at 31 December 2015

ASSETS

in TEUR	Level 1	Level 2	Level 3	Total fair value
Derivative financial instruments				
Interest rate swaps	0	24,138	0	24,138
Cross-currency swaps	0	2,396	0	2,396
Financial futures	0	37	0	37
Currency options (OTC)	0	59	0	59
Forward currency contracts	0	5,169	0	5,169
Reduction due to CSA	0	–14,074	0	–14,074
Netting effect ISDA agreements	0	–6,101	0	–6,101
Total derivative financial instruments	**0**	**11,624**	**0**	**11,624**
Financial instruments held for trading				
Securities	69,823	0	0	69,823
Total financial instruments held for trading	**69,823**	**0**	**0**	**69,823**
Financial instruments at amortised cost				
Receivables from associated companies	0	1,702,146	0	1,702,146
Loans to family trusts	0	58,073	0	58,073
Cash and cash equivalents	432,032	0	0	432,032
Other financial assets	0	73,603	0	73,603
Total financial instruments at amortised cost	**432,032**	**1,833,822**	**0**	**2,265,854**

LIABILITIES

Derivative financial instruments				
Interest rate swaps	0	16,035	0	16,035
Cross-currency swaps	0	6,075	0	6,075
Swaptions	0	0	0	0
Forward currency contracts	0	4,582	0	4,582
Reduction due to CSA	0	–20,497	0	–20,497
Netting effect ISDA agreements	0	–6,101	0	–6,101
Total derivative financial instruments	**0**	**94**	**0**	**94**
Other liabilities at amortised cost				
Bonds issued	0	1,590,162	0	1,590,162
Payables to associated companies	0	435,480	0	435,480
Payables to banks (long-term)	4,807	0	0	4,807
Payables to banks	7,291	0	0	7,291
Total other liabilities at amortised cost	**12,098**	**2,025,642**	**0**	**2,037,740**

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 2016, there were no transfers between level 1 and level 2 fair value measurements, and no transfers into or out of level 3 fair value measurements.

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 and Switzerland.

Balance Sheet by Segment at 31 December 2016

in TEUR	Group Financing	Trading	Portfolio Manage-ment	Services	Pension Plans / Insurance	Central Services	Elimination	Total
Balance sheet								
Segment assets	2,465,338	11,024	109,200	0	2,729	76,050	-207,663	2,456,679
Segment liabilities	2,275,978	15,975	77,126	0	2,729	292,533	-207,663	2,456,679
Number of employees	9	3	0	27	57	22	0	118
Additional segment information								
Investments	0	0	0	0	173	348	0	521

Balance Sheet by Segment at 31 December 2015

in TEUR	Group Financing	Trading	Portfolio Manage-ment	Services	Pension Plans / Insurance	Central Services	Elimination	Total
Balance sheet								
Segment assets	2,215,462	19,000	104,385	0	2,910	86,921	-157,514	2,271,163
Segment liabilities	2,055,498	17,848	66,250	0	2,910	286,172	-157,514	2,271,163
Number of employees	13	3	0	25	53	19	0	113
Additional segment information								
Investments	0	0	0	0	55	970	0	1,025

Income Statement by Segment at 31 December 2016

in TEUR	Group Financing	Trading	Portfolio Manage-ment	Services	Pension Plans / Insurance	Central Services	Elimination	Total
Income Würth Finance Group								
Interest income	335	0	15	0	0	0	–350	0
Interest expenses	–15	0	–317	0	–18	0	350	0
Net interest income	320	0	–302	0	–18	0	0	0
Income from commission and service fee activities	0	0	0	390	0	0	–390	0
Income from trading activities and financial instruments	0	91	45	0	0	0	–136	0
Segment income Würth Finance Group	**320**	**91**	**–257**	**390**	**–18**	**0**	**–526**	**0**
Income third parties								
Interest income	71,784	0	1,148	0	0	0	0	72,932
Interest expense	–67,751	0	–642	0	–18	0	0	–68,411
Net interest income	**4,033**	**0**	**506**	**0**	**–18**	**0**	**0**	**4,521**
Income from factoring activities	12,899	0	0	0	0	0	0	12,899
Income from commission and service fee activities	0	0	0	20,199	9,681	0	0	29,880
Income from trading activities and financial instruments	0	7,617	1,107	0	113	0	0	8,837
Other ordinary income	4,810	0	0	0	48	0	0	4,858
Total segment income third parties	**21,742**	**7,617**	**1,613**	**20,199**	**9,824**	**0**	**0**	**60,995**
Total segment income	**22,062**	**7,708**	**1,356**	**20,589**	**9,806**	**0**	**–526**	**60,995**
Expenses								
Personnel cost	–1,335	–808	0	–2,672	–7,673	–4,544	0	–17,032
Other administrative expenses	0	0	–22	0	–1,693	–10,354	390	–11,679
Depreciation and amortisation	0	0	0	0	–84	–378	0	–462
Segment expenses	**–1,335**	**–808**	**–22**	**–2,672**	**–9,450**	**–15,286**	**390**	**–29,183**
Segment result	**20,727**	**6,900**	**1,334**	**17,917**	**356**	**–15,286**	**–136**	**31,812**
Taxes	0	0	–274	0	–74	–5,086	0	–5,434
Net profit for the year, continued operations								26,378
Net profit for the year								**26,378**

Income Statement by Segment at 31 December 2015

in TEUR	Group Financing	Trading	Portfolio Manage-ment	Services	Pension Plans / Insurance	Central Services	Elimination	Total
Income Würth Finance Group								
Interest income	229	0	181	0	0	0	-410	0
Interest expenses	-181	0	-205	0	-24	0	410	0
Net interest income	48	0	-24	0	-24	0	0	0
Income from commission and service fee activities	0	0	0	157	0	0	-157	0
Segment income Würth Finance Group	**48**	**0**	**-24**	**157**	**-24**	**0**	**-157**	**0**
Income third parties								
Interest income	63,395	0	1,464	0	0	0	0	64,858
Interest expense	-61,497	0	-741	0	-9	0	0	-62,247
Net interest income	**1,898**	**0**	**723**	**0**	**-9**	**0**	**0**	**2,611**
Income from factoring activities	14,115	0	0	0	0	0	0	14,115
Income from commission and service fee activities	0	0	0	19,251	9,345	0	0	28,596
Income from trading activities and financial instruments	0	7,423	-342	0	-43	0	0	7,038
Other ordinary income	4,842	0	0	0	54	0	0	4,895
Total segment income third parties	**20,855**	**7,423**	**381**	**19,251**	**9,347**	**0**	**0**	**57,256**
Total segment income	**20,903**	**7,423**	**357**	**19,408**	**9,323**	**0**	**-157**	**57,256**
Expenses								
Personnel cost	-1,609	-927	0	-2,284	-7,427	-3,310	0	-15,557
Other administrative expenses	0	0	-294	0	-1,431	-10,145	157	-11,714
Depreciation and amortisation	0	0	0	0	-107	-145	0	-252
Segment expenses	**-1,609**	**-927**	**-294**	**-2,284**	**-8,965**	**-13,600**	**157**	**-27,522**
Segment result	**19,292**	**6,496**	**63**	**17,124**	**358**	**-13,600**	**0**	**29,733**
Taxes	0	0	-126	0	-45	-1,108	0	-1,278
Net profit for the year, continued operations								28,455
Net profit for the year								**28,455**

WÜRTH FINANCE INTERNATIONAL B.V.

FINANCIAL STATEMENTS 2016

BALANCE SHEET
FOR THE YEAR ENDED 31 DECEMBER 2016

before appropriation of profit

ASSETS

in TEUR	Notes	2016	2015
Non-current assets			
Intangible assets			
Software	1	887	775
Property, plant and equipment			
Operating equipment and furnishings	1	175	322
Financial assets			
Loans to associated companies		973,135	1,014,673
Participations in Group companies	2	26,966	25,615
Other financial assets		54,500	64,500
Deferred tax assets	3	2,311	1,929
Total non-current assets		**1,057,974**	**1,107,814**
Current assets			
Receivables from associated companies		926,966	744,811
Loans to family trusts		18,000	58,000
Positive fair values of derivative instruments		4,627	11,468
Other receivables	4	1,573	1,572
Income tax receivables	3	4,299	4,580
Accrued income and prepaid expenses		4,794	3,600
Cash and cash equivalents		437,479	339,157
Total current assets		**1,397,738**	**1,163,188**
Total assets		**2,455,712**	**2,271,002**

EQUITY AND LIABILITIES

	Notes	2016	2015
Shareholders' equity			
Capital subscribed and paid in		16,000	16,000
Retained earnings		259,690	251,497
Net profit for the year	7	26,378	28,455
Total shareholders' equity		**302,068**	**295,952**
Non-current liabilities			
Bonds issued	5	1,495,765	1,494,371
Payables to associated companies		0	2,488
Liabilities for pension plans		3,073	3,567
Payables to banks		4,650	4,617
Total non-current liabilities		**1,503,488**	**1,505,043**
Current liabilities			
Payables to associated companies		602,227	431,437
Payables to banks		8,720	7,291
Provisions for taxes	3	2,086	2,344
Negative fair values of derivative instruments		6,768	94
Other liabilities	6	10,520	9,081
Accrued expenses and deferred income		19,835	19,760
Total current liabilities		**650,156**	**470,007**
Total equity and liabilities		**2,455,712**	**2,271,002**

INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2016

in TEUR	2016	2015
Operating income		
Interest income	71,882	63,790
Interest expenses	–68,164	–62,287
Net interest income	**3,718**	**1,503**
Income from factoring activities	12,899	14,115
Income from commission and service fee activities	20,589	19,408
Income from trading activities and financial instruments	7,708	7,423
Other ordinary income	4,810	4,843
Total operating income	**49,724**	**47,292**
Operating expenses		
Personnel costs	–9,360	–7,681
Other administrative expenses	–9,874	–10,144
Depreciation and amortisation	–378	–145
Total operating expenses	**–19,612**	**–17,970**
Profit before taxes	**30,112**	**29,322**
Corporate taxes	–3,898	–439
Deferred taxes	–1,188	–668
Net profit after tax	**25,027**	**28,215**
Attributable to subsidiaries	1,351	240
Net profit for the year	**26,378**	**28,455**

ACCOUNTING POLICIES USED IN PREPARING THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

Basis of Preparation

The company financial statements have been prepared in accordance with Part 9 of Book 2 of the Dutch Civil Code. In accordance with the provisions of Section 362-8 of Book 2 of the Dutch Civil Code the accounting policies used are the same as those used in the notes to the consolidated financial statements, prepared under IFRS as adopted by the European Union, unless stated otherwise below. The financial statements were prepared on 06 April 2017.

Participations in Group Companies

Investments in subsidiaries are valued using the net asset value method, determined by applying the IFRS accounting policies as described in the consolidated financial statements. Under this method, subsidiaries are carried at the company's share in their net asset value plus its share in the results of the subsidiaries and its share of changes recognised directly in the equity of the subsidiaries as from the acquisition date, determined in accordance with the IFRS accounting policies disclosed in the consolidated financial statements, less its share in the dividend distributions from the subsidiaries. The company's share in the results of the subsidiaries is recognised in the profit and loss account. If and to the extent that the distribution of profits is subject to restrictions, these are included in a legal reserve.

If the value of the subsidiary under the net asset value method has become nil, this method is no longer applied, with the subsidiary being valued at nil as long as the net asset value remains negative. In connection with this, any long-term interests that, in substance, form part of the investor's net investment in the subsidiary are included. A provision is formed if and to the extent that the company stands surety for all or part of the debts of the subsidiary or if it has a constructive obligation to enable the subsidiary to repay its debts.

A subsequent share of the profit of the subsidiary is recognised only if and to the extent that the accumulated share of the previously unrecognised loss has been made good.

Information on the use of financial instruments and on related risks for the Group is provided in the notes to the consolidated financial statements.

The company financial statements are presented in EUR thousands unless otherwise stated.

Changes in Accounting Policies

For details of changes in accounting policies, please refer to the consolidated financial statements.

Equity Interests

Parent Company

Würth Finance International B.V., Amsterdam, is the parent company of the companies as listed below and includes the financial data of these companies in its consolidated financial statements, copies of which are available at cost from the head office of Würth Finance International B.V., Amsterdam.

Fully Consolidated Companies

- Würth Financial Services AG, Rorschach, Switzerland: wholly owned subsidiary (2015: 100%)

- Würth Invest AG, Chur, Switzerland: wholly owned subsidiary (2015: 100%)

The percentages stated represent the equity interests held.

NOTES TO THE BALANCE SHEET
FOR THE YEAR ENDED 31 DECEMBER 2016

1. Intangible Assets, Property, Plant and Equipment

Intangible assets, property, plant and equipment are composed as follows:

At 31 December 2016

in TEUR	Acquisition cost 2015	Additions (disposals) incl. asset retirement 2016	Acquisition cost 2016	Accum. depreciation 2015	Asset retirement 2016	Depreciation for the year 2016	Accum. depreciation 2016	Net book value 2016
Intangible assets								
Software	1,365	345	1,710	-590	0	-233	-823	887
Total intangible assets	**1,365**	**345**	**1,710**	**–590**	**0**	**–233**	**–823**	**887**
Property, plant and equipment								
Vehicles	470	-39	431	-220	34	-121	-307	124
Art objects	33	0	33	0	0		0	33
Office equipment / installations	2,012	3	2,015	-1,973	0	-24	-1,997	18
Total property, plant and equipment	**2,515**	**–36**	**2,479**	**–2,193**	**34**	**–145**	**2,304**	**175**
Total	**3,880**	**309**	**4,189**	**–2,783**	**34**	**–378**	**3,127**	**1,062**

At 31 December 2015

in TEUR	Acquisition cost 2014	Additions (disposals) incl. asset retirement 2015	Acquisition cost 2015	Accum. depreciation 2014	Asset retirement 2015	Depreciation for the year 2015	Accum. depreciation 2015	Net book value 2015
Intangible assets								
Software	651	714	1,365	-590	0	0	-590	775
Total intangible assets	**651**	**714**	**1,365**	**–590**	**0**	**0**	**–590**	**775**
Property, plant and equipment								
Vehicles	355	115	470	-190	93	-123	-220	250
Art objects	33	0	33	0	0	0	0	33
Office equipment / installations	2,384	-373	2,012	-2,371	420	-22	-1,973	39
Total property, plant and equipment	**2,772**	**–258**	**2,515**	**–2,561**	**513**	**–145**	**–2,193**	**322**
Total	**3,423**	**456**	**3,880**	**–3,151**	**513**	**–145**	**–2,783**	**1,097**

2. Participations in Group Companies

in TEUR	
Net book value at 1 January 2015	**25,375**
Share in profit/(loss) of participating interests	240
Net book value at 31 December 2015	**25,615**
Net book value at 1 January 2016	**25,615**
Share in profit/(loss) of participating interests	1'351
Net book value at 31 December 2016	**26,966**

3. Corporate Taxes

in TEUR	2016	2015
Deferred tax assets from foreign witholding tax credit	2,311	1,929
Total	**2,311**	**1,929**

Included in the balance sheet is a net amount of TEUR 2,213 classified as a tax asset (2015: TEUR 2,236) which reflects the current tax asset.

For other details see the consolidated statement note 15 Corporate Taxes.

4. Other Receivables

in TEUR	2016	2015
Receivables from third parties	604	477
Other receivables	969	1,095
Total other receivables	**1,573**	**1,572**

5. Bonds Issued

As per 2016 and 2015, there are no own bonds held by the company.

The total market value at 31 December 2016 amounted to TEUR 1,570,099 (2015: TEUR 1,591,670). As per 2016, the notional value of the bond maturing on 19 May 2022 (coupon 1.000%) was TEUR 500,000 (2015: TEUR 500,000) with a market value of TEUR 516,850 (2015: TEUR 506,975).

For other details see the consolidated statement note 8 Bonds Issued.

6. Other Liabilities

in TEUR	2016	2015
Payables for deliveries and services:	4,798	3,723
Of which to third parties	1,632	3,314
Of which to associated parties	3,166	409
Compensation-related liabilities	2,149	2,070
Other current liabilities	3,573	3,288
Total other receivables	**10,520**	**9,081**

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

7. Equity

The Board of Directors proposes to allocate the net income of EUR 26,378,220 to retained earnings.
For other details see the consolidated statement of changes in equity.

ARRANGEMENTS AND COMMITMENTS NOT SHOWN IN THE BALANCE
FOR THE YEAR ENDED 31 DECEMBER 2016

Personnel Costs
The average number of staff (in FTEs) employed by the company in 2016 was 62 (2015: 60)

Compensation for the members of Management amounted to TEUR 1,597 (2015: TEUR 1,450).

In 2016 and 2015, no other forms of compensation (post-employment benefits or other long-term benefits, termination benefits, share-based payments) were paid to key management staff.

In financial year 2016, fees of TEUR 240 were paid to members of the Board of Directors (2015: TEUR 240).

Audit Fees
The costs of the Group for the external auditor, the audit organisation and the entire network to which the audit organisation belongs charged to the financial year are set out below.

in TEUR	2016	2015
Ernst & Young		
Audit of the financial statements	226	220
Other audit engagements	23	9
Other non-audit services	0	39
Total	**249**	**268**

OTHER INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2016

Articles of Association Provisions Governing Profit Appropriation
The company's Articles of Incorporation provide for the net profit for the year to be fundamentally put at the disposal of the shareholders.

Other Branches
The company has the following branch:

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

Amsterdam and Rorschach, 06 April 2017

B. van Odijk	R. Fust
Managing Director	Managing Director

INDEPENDENT AUDITOR'S REPORT
TO: THE SHAREHOLDERS AND SUPERVISORY BOARD OF WÜRTH FINANCE INTERNATIONAL B.V.

Report on the audit of the financial statements 2016 included in the annual report

Our opinion
We have audited the financial statements 2016 of Würth Finance International B.V., based in Amsterdam. The financial statements include the consolidated financial statements and the company financial statements.

In our opinion:
- The accompanying consolidated financial statements give a true and fair view of the financial position of Würth Finance International B.V. as at 31 December 2016 and of its result and its cash flows for 2016 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 accompanying company financial statements give a true and fair view of the financial position of Würth Finance International B.V. as at 31 December 2016 and of its result for 2016 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The consolidated financial statements comprise:
- The consolidated balance sheet as at 31 December 2016
- The following statements for 2016: the consolidated income statement, the consolidated statements of comprehensive income, cash flows and changes in equity
- The notes comprising a summary of the significant accounting policies and other explanatory information

The company financial statements comprise:
- The balance sheet as at 31 December 2016
- The income statement for 2016
- The notes comprising a summary of the 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 financial statements" section of our report.

We are independent of Würth Finance International B.V. in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

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

Materiality

Materiality	EUR 1.5 million
Benchmark applied	5% of profit before taxes
Explanation	Based on our professional judgment and taken into account the users of the financial statements.

We have also taken misstatements into account and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We report to the supervisory board misstatements in excess of EUR 75 thousand, which are identified during the audit, as well as smaller misstatements that in our view must be reported on qualitative grounds.

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

Our group audit focused on all group entities. We have performed full audit procedures on the following group companies:

- Würth Finance International B.V.;
- Würth Financial Services AG;
- Würth Invest AG.

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 judgment, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the supervisory board. 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 financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our audit response
Transactions with related parties (intercompany balances) in notes 4 and 16	
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 notes 4 and 16 of the 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 placed 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 31 December 2016 and inquired about the reason and solution for these balances.
Credit risk of the Würth Group companies in note 19	
We consider the valuation of the long-term loans (EUR 973,1 million) and receivables (EUR 737,4 million) to associated companies, as disclosed in note 19 of the financial statements as a key audit matter. This is due to the significant number of transactions with the Würth Group companies and due to the size of the long-term loans and receivables and given that an impairment may have a material effect on the income statement. Long-term loans and receivables are initially recognized at fair value and subsequently measured at amortized cost less value adjustments using the effective interest rate method. The management did not identify any impairment triggers regarding the long-term loans and receivables to associated companies.	To address the credit risk of the Würth Group companies we obtained comfort letters from the group parent(s) for 26 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 EUR 100,000 to Würth Finance International B.V.
Income from commission and service fee activities in note 11	
The income from commission and service fee activities of EUR 29,9 million is a significant part of the income for the year and mainly relates to the payment of goods purchased by Würth Group companies, together with the delcredere and collection services for the Würth Group companies. Because of its significance in relating to the total operating income we addressed this as a key audit matter.	Würth Finance International B.V. has collection contracts with the Würth Group companies and the Company is responsible for the collection of the account receivables and receives a fee for these activities. The Company bears the delcredere risk on these receivables. The recalculation of the commission and service fee activities is an automated process. We tested the design and operating effectiveness IT-controls of this application. Furthermore the Company has a process in place for the quarterly reconciliation of the commission and services fees with the bank statements. For the material (sub)contracts we performed detailed audit procedures on the transactions and reconciled them with the contracts and invoices.

Report on other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- The management's board report, comprising the Report of the Management Würth Finance Group; Inhouse Banking; External Financial Services; and Report on Risks and Opportunities.
- Other information pursuant to Part 9 of Book 2 of the Dutch Civil Code
- Other information, comprising Key Events in 2016; The Würth Finance Group at a Glance; Key Figures of the Würth Finance Group; Report of the Board of Directors, Legal Structure; Executive Bodies; and Information for Investors.

Based on the following procedures performed, we conclude that the other information:

- Is consistent with the financial statements and does not contain material misstatements
- Contains the information as required by Part 9 of Book 2 of the Dutch Civil Code

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements. By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the other information, including the management board's report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information pursuant to Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Engagement

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

Description of responsibilities for the financial statements

Responsibilities of management and the supervisory board for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and 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 financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the 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 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 financial statements.

The supervisory board is responsible for overseeing the company's financial reporting process.
Our responsibilities for the audit of the 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 material errors and fraud.

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 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.

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 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 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 a company to cease to continue as a going concern
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

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 or review had to be carried out on the complete set of financial information or specific items.

We communicate with the supervisory board 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 supervisory board 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 supervisory board, we determine those matters that were of most significance in the audit of the 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.

Maastricht, 06 April 2017

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