Financial Report 2014

Group Management Report

Consolidated financial statement

Notes to the consolidated financial statement

Translation - the German text is authoritative

Group Management Report of UNIWHEELS AG

(until 24 Nov 2014: UNIWHEELS Holding (Germany) GmbH), Bad Dürkheim,

for Fiscal Year 2014

1. Background of the Group

1.1 Business Model

UNIWHEELS AG, Bad Dürkheim (hereinafter referred to as: the "Company") is one of Europe's leading manufacturers of high-quality aluminium wheels. It is active on two sales markets - the accessories market as a manufacturer of alloy wheels and in the automotive market as one of Europe's largest manufacturers of wheels for the automobile industry. In addition, the Group equips professional motorsport race series with high-tech wheels.

The production for both markets occurs at the facilities of UNIWHEELS Production (Germany) GmbH, Bad Dürkheim, and at UNIWHEELS Production (Poland) Sp. z.o.o. (hereinafter referred to as UPP), Stalowa Wola, Poland. In addition, ATS Leichtmetallräder GmbH based in Bad Dürkheim produces alloy wheels using casting methods.

Within the UNIWHEELS Group, UNIWHEELS Automotive (Germany) GmbH, Bad Dürkheim, performs the central sales function, the development of new types of wheels and designs, and the production resource management for delivering wheels to OEMs.

With its global brands, ATS, RIAL, ALUTEC and ANZIO, the UNIWHEELS Group also serves all segments of the accessory market, from premium to economy. Most of the brands are distributed by UNIWHEELS Leichtmetallräder (Germany) GmbH from its location in Bad Dürkheim, where the central logistics hub for the Accessory division is based.

The UNIWHEELS Group also maintains sales locations in Europe from which it distributes its products to chains of tyre and wheel distributors as well as retailers and car dealerships.

The UNIWHEELS Group had 2,460 employees on the reporting date (prior year: 2,214). The annual average headcount was 2,366 (prior year: 2,141).

UNIWHEELS Trading (Poland) Sp. z o.o., Stalowa Wola, Poland was merged with UPP effective 31 January 2014. This transaction was internal within the group and did not have any impact on the financial position, financial performance or cash position of the UNIWHEELS Group.

By notarized contract dated 10 June 2014 the 52% stake in UPP held by the shareholder, UNIWHEELS Holding (Malta) Ltd. (hereinafter referred to as: UHM), Sliema, Malta, was contributed to the Company, partly as a contribution in kind and partly as a sale. Directly thereafter the Company transferred the 52% in UPP to UNIWHEELS Investment (Germany) GmbH (hereinafter referred to as UIG), Bad Dürkheim, a wholly-owned subsidiary of the Company, as a contribution in kind. Consequently, UIG now holds all the shares in UPP. As a result, the Company obtained indirect and full control of all the significant entities of the UNIWHEELS Group and has prepared the first set of consolidated financial statements pursuant to IFRS that also, according to Sec. 264 (3) HGB, exempt the subsidiaries for the first time from the need to publish their own financial statements.

Upon being entered in the commercial register on 24 November 2014, UNIWHEELS Holding (Germany) GmbH, Bad Dürkheim, was converted into UNIWHEELS AG. This change in legal form (from a limited liability company under German law to a stock corporation (AG)) lays the structural and organizational foundation for the planned growth in the coming years.

As a stock corporation under German law, the decision-making bodies of UNIWHEELS AG are subject to strict segregation between the executive (the management board) and the oversight functions (the supervisory board).

As the executive, the management board is responsible for the strategic and operating policies of the Group. The management board is made up of the chairman, Mr. Ralf Schmid, (Swieqi, Malta) and the Chief Financial Officer, Dr. Karsten Obenaus, Neustadt/Weinstrasse. At its constitutive meeting on 15 October 2014, the supervisory board of UNIWHEELS AG appointed the management board for five years.

In its overseeing capacity, the supervisory board monitors and advises the management on its decisions and, in this way, is directly involved in all significant decisions made by the Company. The supervisory board was composed of the following members on the reporting date:

Beata Olejnik (managing director of UHM), chairwoman of the supervisory board, Sliema/Malta

Dr. Wolfgang Baur (business consultant), deputy chair of the supervisory board, Stuttgart

Michael Schmid (technician), Swieqi, Malta

1.2 Development

The development of wheel designs and production methods is performed by centrally managed teams in the UNIWHEELS Group. In addition, engineering services and research work is performed for customers under contract.

As in the past, products and production methods are being constantly advanced. All development work is continuously refined to meet the high quality standards set by the automobile industry but also our own internal strategic objectives. In addition, cooperation agreements are in place with existing suppliers, customers and research facilities, and potential new ones, to advance the development of technical methods and production processes.

The UNIWHEELS Group has worked together with major automobile manufacturers for over forty years. It is a well-respected development partner and Tier-1 supplier to the automobile industry. As of the reporting date, a total of 121 development contracts were being processed by the Automotive division (prior year: 109) and work was being performed on 79 coquilles for casting the next-generation of products (prior year: 51). At 36, the headcount in the development department has remained relatively constant (prior year: 35). At the same time, the Accessory division was working on 72 new projects and 15 coquilles for next-generation products. In the motorsport and rally division, the existing programme was expanded and numerous customer requests addressed.

2. Economic Background and Business Development

2.1 Macroeconomic Development and Development of the Sector

Global economic growth continued in the first six months of 2014, with the world economy continuing to stabilize, borne by the recovery in industrial nations.

After recording strong growth in the first six months of 2014, the German economy cooled off significantly. This development is primarily due to two international developments. First of all, the flare-up in the conflict between Russia and Ukraine led to sanctions being imposed by western countries and gloomy prospects for the industrial sector. As a result, German exports to Russia slumped, particularly for such classic export goods as automobiles, car parts, plant and machinery and chemical products. (Source: Tagesspiegel: http://www.tages-spiegel.de/wirtschaft/ukraine-konflikt-deutsche-exporte-nach-russland-brechen-ein/ 10905612.html). The second factor involved the growing uncertainty surrounding economic recovery in the euro zone, which stalled around the middle of the year. These two factors contributed to the dampened level of investment in capital goods in Germany, which is anyway confronted by sluggish world trade. Thanks to the solid foundation created in the first quarter, the German economy nevertheless managed to grow by 1.25% as an annual average. As a result, Germany once again returned the fastest economic growth among the major nations in the euro zone.

This trend was also visible on the global car market and reflects the global situation.

The automobile market in 2014 was dominated by major uncertainty and geopolitical conflicts, such as the crises in the Ukraine and Russia as well as in the Middle East. This was exacerbated by some important European economies starting to stutter. Nevertheless, a study by the VDA (German Automobile Industry Association) has stated that the economic climate has brightened for the automobile industry, in spite of the crises described above (source: VDA press release dated 2 December 2014).

The passenger car market grew in 2014 as the sales markets in the largest regions of Western Europe, USA and China grew. This growth was more than enough to compensate for the declining sales on other markets. The total global market for new cars grew by 3% to 74.7 million new car registrations. Sales of new cars in Western Europe returned to growth after four years of contraction, swelling by 5% to over 12 million cars. Sales of cars in the new EU member states, such as Poland, the Czech Republic and Hungary grew by 14.2%. On the Chinese market, growth of 13% to 18.4 million new cars was recorded. The US market grew by 6% to 16.4 million cars, returning to the level seen prior to the global financial crisis.

According to a press release from the VDA on 5 January 2015, the German car market has just passed the 3 million mark and recorded slight growth of approximately 3%. Another positive signal can be found in the volume of domestic orders, which has climbed by 5% since November. According to the VDA, exports reached a volume of 4.3 million units, up 3% on the prior year. Total domestic car production rose 3% in 2014 to 5.6 million new cars. The trend towards local production is continuing. Rapidly growing emerging economies and the USA are being increasingly supplied by their own local production.

In sum, 2014 was a successful year for the German automobile industry – exports, production, sales and employment all increased.

As an automotive supplier and manufacturer of popular brands for the Accessory sector, the UNIWHEELS Group was able to profit from its excellent position to benefit from all kinds of expansion in the market in 2014. Correspondingly, UNIWHEELS AG can look back on a successful year in 2014. The Company sold more alloy wheels in 2014 than in the prior year and the forecast is for more growth. The unit sales of the UNIWHEELS Group climbed by 5.2% to 7.2 million wheels in fiscal 2014, setting a new sales record in the process. 5.8 million units were sold in the Automotive sector and 1.4 million units in the Accessory sector. In addition, the Company extended its quality standards and was awarded the Volvo Quality Through Excellence Award ("VQE Award"). The measurement criteria on which the award is based include logistics, trust, transparency of factory operations, assessment of the production locations and lean use of resources.

The prospects for the automobile market are regarded as positive, particularly for aluminum wheels. The share of the market accounted for by aluminum wheels in comparison to steel wheels has risen constantly in the past and it can be assumed that this trend will continue in future. The number of competitors in the European market is limited as six manufacturers share 97.4% of the market between them. It has been observed that our direct competitors are continuing to build up their capacity but no company is as active as the UNIWHEELS Group. In the market environment of aluminum wheels, aluminum as a commodity plays a critical role. It can be assumed that the price of aluminum will rise in the coming years. However, it can be expected that the price rises will be slower than in recent yeasrs. The key environmental factors affecting the market in future will be the general growth of the market, the focus of automobile manufacturers on environmental protection (reduction of CO_2 emissions), i.e. weight reduction, but also increasing the diameter of wheels and the growing complexity of wheel designs and coatings.

2.2 Results of Operations

The sales of the UNIWHEELS Group increased in fiscal year 2014 to EUR 362.6 million. In comparison to the prior year, this represents a rise of EUR 25.4 million or 7.5%.

Sales revenue generated by the German entities amounted to EUR 140.1 million (prior year: EUR 138.1 million). The majority of sales revenue of EUR 222.4 million (prior year: EUR 198.9 million) was generated by the Polish company, UPP.

Earnings before interest, taxes, depreciation and amortization (EBITDA) increased by EUR 8.6 million on the prior year to EUR 46.8 million. This increase in EBITDA can be attributed to the higher sales revenue from buoyant unit sales and cost reductions in both operations and administrative functions.

	2014	**2013**
	EUR k	EUR k
EBITDA	46,828	38,252
Depreciation and amortization	-14,188	-14,680
EBIT	32,640	23,572
Interest income	551	257
Interest expense	-10,867	-14,167
EBT (Earnings before taxes)	22,324	9,662
Income taxes (tax expense)	-491	-105
Deferred taxes (tax income)	937	3,691
EAT (Earnings after tax)	22,770	13,248

Other operating income decreased by EUR 1.4 million to EUR 3.5 million. The decrease is chiefly a result of lower income from cost allocations of EUR 0.8 million, lower income from currency translation of EUR 0.7 million and lower insurance indemnification payments of EUR 0.6 million. Income from other periods, by contrast, increased to EUR 0.9 million (prior year: EUR 0.2 million). The increase is due to insurance indemnification paid out for fire damage at the Werdohl production plant.

The cost of materials of the UNIWHEELS Group rose by 6.1% to EUR 224.1 million. The increase in the cost of materials is generally in line with the rise in sales revenue and is therefore justified. The ratio of the cost of materials to total operating performance was reduced by 1.8 percentage points to 60.4%. The reasons for this lie in the continuous measures taken to improve quality and efficiency in the production process and a higher priced product mix.

Personnel expenses increased by EUR 3.4 million in a year-on-year comparison to EUR 57.6 million. Nevertheless, the ratio of personnel expenses to total operating performance decreased by 0.4 percentage points to 15.5 % in the reporting year. The decrease in the ratio of personnel expenses can be attributed to the reduction in overtime and streamlining of the shift system.

Other operating expenses increased by EUR 5.1 million to EUR 45.8 million in the fiscal year. The increase is mainly due to a rise in maintenance expenses, selling expenses, legal expenses and consulting fees. Losses on the disposal of non-current assets of EUR 0.8 million (prior year: EUR 0.0 million) also play a role in this regard.

Depreciation and amortization decreased by EUR 0.5 million to EUR 14.2 million in fiscal 2014.

The net financial result improved by EUR 3.6 million on the prior year, mostly on account of the gain from hedging instruments entered into to cover purchases of aluminum. The net financial result now burdens earnings by EUR 10.3 million. The main factors here are the interest expenses on the syndicated loan and interest on loans payable to the shareholder.

Income from income taxes decreased by EUR 3.1 million in the reporting period to EUR 0.5 million. The main causes here were deferred taxes.

2.3 Financial Position

Composition of equity and liabilities

By entering into a new syndicated loan in September 2014, the Group has secured its refinancing for the coming five years through to 2019. The new syndicated loan replaces the previous one taken out on 26 July 2011 and provides the group with a total credit line of EUR 95.0 million that is composed of a term loan for the medium term (Term Loan A) of EUR 50.0 million and a current account loan of EUR 45.0 million (Revolver). As of 31 December 2014, a total of EUR 48.6 million had been drawn on the term loan and EUR 23.0 million from the revolving facility. The interest rate on the amounts drawn from the facility is set at the Euribor plus a margin of 2.45%. The margin is variable and can range between 1.75% and 2.70% depending on the key financials reported by the Company.

A letter of subordination has been issued on all liabilities towards UNIWHEELS Holding (Malta) Ltd., Sliema, Malta. The refinancing package should significantly reduce the high interest expenses recorded in recent years for the future. At the end of fiscal 2014, a scheduled repayment of EUR 1.4 million was already made on the new syndicated loan.

Non-current financial liabilities rose by EUR 14.9 million to EUR 73.0 million. The increase is primarily a result of liabilities to banks in relation to the conclusion of the new syndicated loan agreement for EUR 42.6 million with a residual term of between one and five years. In addition a shareholder loan of EUR 24.7 million was taken out as well. The funds obtained from the new consortium of banks were used to prematurely redeem the bond placed on the Stuttgart stock exchange and also an existing shareholder loan.

Current financial liabilities rose by EUR 8.1 million on the prior year to come to EUR 37.9 million in 2014. The increase is chiefly due to the amounts drawn on the current account facility provided by the syndicated loan agreement.

The debt ratio of the UNIWHEELS Group (the ratio of current and non-current liabilities to total equity and liabilities) increased to 68.3% (prior year: 64.5%).

UNIWHEELS AG plays a major role in the financing of the UNIWHEELS Group. Borrowings are generally arranged by UNIWHEELS AG and provided to the subsidiaries as they need them. Any surplus funds at the subsidiaries are transferred to the central cash pool managed by UNIWHEELS AG with cash being extended to them as needed. This reduces the borrowing costs on current liabilities. The cash pool kept at HypoVereinsbank was terminated since HypoVereinsbank is no longer a party to the new syndicated loan agreement arranged in September 2014. The cash pool

agreement with Commerzbank was amended on 30 September 2014 accordingly. It was agreed that UNIWHEELS Property (Germany) GmbH, Bad Dürkheim, leaves the cash pool effective 1 October 2014 and that UNIWHEELS Investment (Germany) GmbH, Bad Dürkheim, enters the new cash management agreement with Commerbank effective 15 September 2014.

Financial derivatives, in the form of interest swaps, forward exchange transactions and commodity derivatives (aluminum), are used to manage the risks associated with fluctuations in interest rates, foreign exchange rates and commodity prices. These instruments are used for the sole purpose of hedging the risks and are not used for speculation.

Various Group entities have performed off-balance-sheet transactions in the form of factoring. As of 31 December 2014, receivables of EUR 14,346 k were not recorded on the face of the statement of financial position (prior year: EUR 13,136 k). Risks for the company relate to the factoring fee, which amounts to 10% of the factored receivables. In addition, there are factoring fees, which are charged on to the Group entities.

Capital expenditure

An amount of EUR 16.4 million was invested in the intangible assets and property, plant and equipment of the Group in fiscal 2014. The bulk of the investments comprised coquilles for casting, the streamlining of casting and conveying technology and mechanical processing as well as diverse modernization projects in production.

Investments also extended to an expansion of production capacity in fiscal 2014. These capital expenditures will be presented under assets under construction until Plant No. 4 in Poland goes on line.

Total capital expenditure in fiscal year 2014 was higher than depreciation and amortization of EUR 14.2 million. The ratio of capex to total revenue comes to 4.5% (prior year: 2.2%).

Investments planned for fiscal 2015 mainly relate to construction of the new facility (Plant No. 4) at UPP in Poland (Stawola, Wola, Poland), as well as replacements of production plant, quality assurance, new building management systems and also the development of coquilles. Investment will also include a new inventory management system in Germany.

Liquidity

The consolidated statement of cash flows of the UNIWHEELS Group presents the cash flows from operating activities, investing activities and financing activities. The balance of cash and cash

equivalents at the end of the year is calculated from the balance at the beginning of the year and cash movements during the year after taking account of non-cash changes due to foreign exchange differences and changes to the consolidated group.

The cash requirements of the Group could be fully met from the cash flow generated by operating activities, which has risen by EUR 4.2 million to EUR 23.8 million. This increase is mainly due to the significant improvement in the earnings for the year of EUR 22.8 million.

The cash outflow from investing activities rose from an outflow of EUR 7.4 million in the prior year to an outflow of EUR 14.5 million as investing activity by the Group picked up.

The cash flow from financing activities increased from an outflow of EUR 9.8 million in the prior year to a net inflow of EUR 2.5 million in the reporting year on account of the restructuring of financial obligations.

The above changes in cash flow resulted in a net increase in cash and cash equivalents of EUR 11.9 million to EUR 20.8 million.

There were no liquidity bottlenecks in the year and all group entities were in a position to meet their payment obligations at all times.

2.4 Net Assets

The total assets reported in the consolidated statement of financial position come to EUR 263.2 million (prior year: EUR 240.7 million), consisting of non-current assets of EUR 157.9 million and current assets of EUR 105.3 million.

Non-current assets primarily consist of other intangible assets of EUR 6.3 million (prior year: EUR 4.8 million), property, plant and equipment and investment property of EUR 115.3 million (prior year: EUR 115.7 million) and deferred tax assets of EUR 34.7 million (prior year: EUR 33.8 million).

The largest item in current assets is inventories of EUR 53.8 million (EUR 46.3 million). The increase is partly due to a rise of EUR 5.6 million in inventories of finished goods and merchandise. Current assets also include trade receivables of EUR 25.9 million (prior year: EUR 22.9 million) and cash and cash equivalents of EUR 20.8 million (prior year: EUR 8.9 million). The increase in trade receivables is largely a result of seasonal fluctuations and a rise in unit sales over the last two months of the year in comparison to the same period of the prior year. The increase in cash and cash equivalents with higher deposits held at banks is due to the healthy profits generated in the year.

The capital tied up in current assets (inventories plus trade receivables less trade payables) increased by EUR 6.2 million to EUR 24.3 million.

The equity ratio came to 31.7% on 31 December 2014 (prior year: 35.5%). The change in the equity ratio is largely attributable to the net profit for the year of EUR 22.8 million, which led to an increase in equity and, secondly, to a contrary effect from the acquisition of 52% of the shares in UPP that was partly financed by debt capital provided by the shareholders. These shares were previously financed entirely by equity.

The development of non-current and current liabilities is discussed in section 2.3 of this report.

Non-current trade payables relate solely to liabilities towards UHM carried by individual entities of the Group for which a letter of subordination was issued within the framework of the refinancing arranged in fiscal 2014. In the prior year, these liabilities were reported under current trade payables.

Current provisions decreased by EUR 0.5 million on the prior year. The decline is due primarily to a decrease in obligations towards personnel on account of lower vacation accrued and flexi-time credits.

The decrease of EUR 2.5 million in other current non-financial liabilities is largely due to the interest accrued on the bond in the prior year, which no longer applied on the reporting date as the bond was redeemed in fiscal 2014.

In sum, fiscal year 2014 developed particularly well for the UNIWHEELS Group. The improvement in unit sales led to significantly higher revenue. The resulting cash inflows were largely used for new investments. Overall, business development in fiscal 2014 led to an improvement in earnings and thus an improvement in net assets and the cash position of the Group.

2.5 Financial Performance Indicators

The following financial indicators are the key management indicators used by the UNIWHEELS Group:

	2014	**2013**
Revenue in EUR k	362,585	337,163
Unit sales of wheels (thousands)	7,228	6,871
EBITDA in EUR k	46,828	38,252

The business development of the Group in fiscal 2014 was significantly improved on the prior year. Revenue increased by 7.5% to EUR 362.6 million. Approximately 80% of the revenue of the UNIWHEELS Group is generated by the Automotive division from sales to automobile manufacturers and the remaining 20% by the Accessory division. This positive development is due to both the start of production of new models and a more advantageous product mix that focuses on the premium brands in the Automotive division.

Please see section 2.2 for more comments on the development of EBITDA in comparison to the prior year.

2.6 Non-Financial Performance Indicators

Proximity to customers

With its global brands, ATS, RIAL, ALUTEC and ANZIO, the UNIWHEELS Group serves all segments, from premium to economy, Most of the brands are distributed in the Accessory division by UNIWHEELS Leichtmetallräder (Germany) GmbH from its location in Bad Dürkheim, Germany, where the central logistics hub for the Accessory division is based.

Proximity to the markets is a key success factor for the UNIWHEELS Group. In order to achieve direct access to the market and closer proximity to customers, the UNIWHEELS Group continues to maintain sales offices in Europe via which it supplies chains of tyre and wheel distributors as well as retail stores and car dealerships.

Relationships to suppliers

Due to the fact that the purchase volume of the UNIWHEELS Group lies at well over 60% of its sales revenue, its relationship to suppliers is of major significance. Cooperation is fostered within the framework of a consistent purchases management strategy. Moreover, it is important to structure relationships to suppliers in such as way as to minimize all kinds of risks as much as possible and shield the Company from them. Contracts with suppliers are negotiated accordingly. Compliance with the law is secured and the risk management practiced by the Group is oriented towards assuring this.

Environmental awareness

Sustainability in business is a matter of common sense and also of taking responsibility for the future. A forward-looking, voluntary and systematic inclusion of environmental aspects in political and business decisions plays a key role in this regard, i.e. environmental management is perceived as an extension and refinement of environmental protection law. The benefits of environmental management are not simply an intangible ideal, e.g. in higher employee motivation or a better image on the market. Rather, it offers quite tangible benefits in the form of cost-savings or lower consumption of resources. The production locations of the UNIWHEELS Group in Germany and Poland are certified in accordance with ISO 14001.

Employee satisfaction and qualifications

The UNIWHEELS Group has a well-trained and motivated workforce of high-performers. To ensure it stays this way, the Group views one of its key tasks, as a modern and responsible employer, is to offer its employees a compensation package and interesting benefits commensurate with their performance, in addition to interesting and challenging tasks and an attractive workplace.

Furthermore, it offers its employees a range of working time models, such as flexi-time, part-time work and mobile work. Due to its continuing internationalization, employees of the UNIWHEELS

Group can accept attractive foreign assignments, which, in addition to training, are a great of way of developing their intercultural skills sets.

Training is an important pillar of a sustainable human capital policy. On the reporting date there were five apprentices in the UNIWHEELS Group learning trades such as industrial business, information technology, system integration and inventory management.

Targeted seminars and training measures support the employees in building up their professional and personal competencies. Promotion is an unquestioned element of human resources in the UNIWHEELS Group. Accompanying motivated and talented employees along their career paths towards more challenging tasks and duties. For this reason, the UNIWHEELS Group also offers long-term training such as dual track studies and financial accounting courses at the Chamber of Commerce.

Another important factor for the UNIWHEELS Group is to actively involve employees in the improvement of business processes and reduce complexity within the organization. To this end, the UNIWHEELS Group makes use of constructive workshops where suggested improvements from all departments are collated before being prioritized and implemented promptly. Outside of this structured method, the employees of the UNIWHEELS Group have an opportunity to submit suggested improvements for streamlining processes or innovative ideas for new products at any time to the ideas management.

Industrial safety and occupational health

Health and safety are an equally vital component of our human capital policies. In addition to complying with the safety measures required by the law, the management of industrial safety concentrates on accident prevention and making employees aware of occupational health and safety. It is of great importance that the legal safety limits are not simply complied with, but that there is as wide a safety margin as possible. More specifically, this is being implemented during the construction of the new facility in Poland, Plant No. 4.

Another key aspect is the definition of internal safety standards that will be successively harmonized throughout the Group. Ensuring compliance with these will be tied to strict criteria. Quantifiable indicators for accidents are subject to a uniform assessment which points out the various findings and potential for improvement.

Internal audits are carried out with the assistance of professionals to ensure that all locations are working on industrial safety and occupational health. This involves an assessment of the organization and the measures needed to protect the workforce. Where a need for improvement becomes apparent, technical or medical measures are initiated accordingly. Employees are offered a range of health programs, such as health checks, at regular intervals. Increasing focus is being placed on medical prevention at all locations of the UNIWHEELS Group. Training and education on issues such as health, hygiene, safety and prevention round of our activities in this field.

3. Subsequent Events

No significant events occurred in the period between the reporting date and the finalization of this management report.

4. Forecast, Opportunities and Risks

4.1 Forecast Report

Deutsche Bank is forecasting a rise of roughly half a percentage point in the growth of the global economy in 2015 to 3.5%. The main driver in this rise in growth is the USA. The decline in unemployment in recent months and the rapid rise in employment appears to be robust enough to allow the Federal Reserve to return to more normal monetary policies. Deutsche Bank expects interest rates to rise again in mid-2015 and that the phase of zero interest rates which has now

lasted six years, will come to an end. (Source: Deutsche Bank Research, Focus Germany - Outlook dated 6 January 2015)

Growth in Eastern Europe and emerging economies in Asia is only expected to pick up slightly in comparison to 2014. Most of all, China can comfortably assume that the years of double-digit growth have come to an end. However, it should be noted that the share of German exports to China has doubled since 2000. (Source: Deutsche Bank Research, Ausblick Deutschland dated 6 January 2015)

The decision of the European Central Bank (ECB) on 22 January 2015 to commence buying up government bonds issued by member states will likely have an impact on the European economy. The bond purchases are expected to lead to a weakening of the euro vis à vis the US dollar. This should have a positive impact on exports. Consequently, German automobile manufacturers are likely to be able to export more cars. This trend should also have a favourable effect on the sales of the UNIWHEELS Group.

According to the VDA press release on 2 December 2014, the global automobile market will see growth of 2% once again in 2015 to 76.4 million units. Important sales markets, such as China and the USA will lose a bit of impetus. Growth of 6% is forecast for the Chinese automobile market (corresponding to approximately 19 million new vehicles). The US car market is also expected to grow by 2% to 16.4 million vehicles. In real terms, this implies that both markets will grow by 1.4 million units. The Western European automobile market is also expected to keep growing, albeit at a slower rate, with an increase of 2% to roughly 12.2 million vehicles. The German automobile market, by contrast, is expected to stagnate with growth of just 1% to 3 million new vehicle registrations.

Domestic production of passenger cars is projected to rise by 2% to 5.65 million vehicles with foreign production of German brands rising by 5% to 9.6 million new cars. This forecast is based on the stability of the German labor market.

The VDA (source: press release dated 2 December 2014, VDA) addresses three points that could be of central importance for 2015 and underpin the positive forecasts:

- Electro-mobility attains market parity
- European production becomes more competitive
- The planned transatlantic trade and investment partnership between the EU and the USA (TTIP)

The brighter prospects on the market and numerous new car models brought to market by automobile manufacturers as well as the stability of the accessories market will have a positive impact on the financial position, financial performance and cash position of the UNIWHEELS Group. For this reason, the Group believes it will continue to occupy an excellent position in the automotive market and it plans to build on this position.

The UNIWHEELS Group is continuing to work intensively on consolidating and building on its market leadership in the German accessories market. However, the UNIWHEELS Group is also expanding its activities on Eastern European markets and perceives good opportunities for the future to generate significant growth in this region.

In terms of development, the UNIWHEELS Group will work on extending its existing product lines and specializing its current designs in 2015. In addition, focus is being placed on streamlining the casting of wheels to ensure that new projects can be developed at the state of the art.

Based on the current business plan, the management is forecasting significant growth in unit sales and revenue in fiscal 2015. Apart from the higher unit sales, this expected increase in revenue will also be generated by a higher-value product mix. The management of the UNIWHEELS Group is forecasting a slight increase in the Group's EBITDA for the coming year.

Moreover, the cost-savings conducted in the prior year and the streamlining of production are expected to make the cost structures more flexible in future. This will also have a positive impact on the Group's earnings.

The management of the UNIWHEELS Group is budgeting for a significant increase in capital expenditure in fiscal 2015. This will primarily focus on production plant and results from the plans to expand capacity and meet the high quality standards set by the UNIWHEELS Group, on top of the continuous improvement of production processes. The increase in capacity is visible in the construction of a new production plant at Stalowa, Wola, Poland. Further investment in IT infrastructure is planned, of which the majority will involve computer-based production planning.

The management is also planning to increase working capital in fiscal 2015. Most of the funds tied up in working capital will be in trade receivables.

The UNIWHEELS Group plans to source the bulk of the funds needed to increase working capital and finance its capex planning from its own resources.

Business developed well in January 2015. Compared to the prior year, it looks like unit sales will display high single digit growth in the Automotive division and slight growth in the Accessories division. The monthly targets for unit sales laid out in the 2015 budget were exceeded by both divisions in January. The Company is therefore looking forward optimistically to business developments in fiscal 2015.

4.2 Opportunities and Risks

The risk management policies of the UNIWHEELS Group remain aligned towards long-term development of the business. This implies that no inappropriate risks are taken. However, if the risks are quantifiable and manageable and can promote the core business of the Group, the management is prepared, if consent is unanimous, to enter into such risks provided they are constantly monitored and managed appropriately.

The risks inherent to the business that the UNIWHEELS Group perceives in the development of unit sales, its costs, net working capital, and the related ability to meet the suppliers' terms of payment as well as collect payments from customers to ensure its liquidity, are all analyzed and managed on a continuous basis by the central risk management system that has been installed. This established system is being constantly developed and refined. This makes it possible to react quickly whenever needed.

Risk management and monitoring has been conceived across the board as a Group-wide steering mechanism. Particularly with regard to the elements of the risk management system already in place such as the planning and budgeting, reporting, continuous management accounting, standardization of process organization and software integration, we have taken precautionary measures to ensure the timely recognition of, and swift reaction to, risks endangering the continuing existence of the Group as a going concern. Another measure that has been taken to minimize risk was the creation of a position for a Risk Management and Compliance Officer and work was begun on installing a compliance management system (CMS).

The expansion and conversion of the LFS inventory management software in 2015 should lead to an improvement in the performance of inventory management. It should be noted that a project of this scale also bears risks that could eventuate in the first operating season after the conversion.

In addition to the customary operating risks of a medium-sized automotive supplier, such as the operating risks, organizational risks, personnel risks and security risks, there are a number of other

risks to which the entire Group is exposed related to the debt financing of the Group and the hedging of underlying transactions.

The syndicated bank loan renegotiated in 2014 between UNIWHEELS AG and the consortium of banks contains a number of obligations on the Group to comply with certain financial covenants. These are generally measured on the debt ratio and the capital structure and interest structures of the UNIWHEELS Group. The Company is also subject to an obligation to notify the consortium of certain measures and obtain its prior approval, particularly with regard to taking out any new borrowings or prolonging existing ones, extending credit or collateral for a loan, encumbering assets to the benefit of third parties, selling or otherwise disposing of assets as well as any plans for restructuring. If the financial covenants are not complied with, the banks have a right to terminate the agreement, which they may also waive. The same applies if certain payment obligations, warranties and other requirements and obligations are not met. Another consequence of the failure to meet the covenants lies in a potential increase of the interest rate for the Company. The covenants were complied with in 2014. The Company also believes it will comply with the covenants in 2015.

As in the past, the financing banks were granted a comprehensive suite of collateral assignments in the terms of the loan. If the banks choose to exploit these collateral rights, there is a risk that this might have a negative impact on the business of the UNIWHEELS Group. In the event that a risk assessment reveals a higher level of risk exposure on account of factual or legal circumstances, the Company must reinforce existing collateral arrangements or provide additional security at the discretion of the banks. This could have an indirect impact on the financial position, financial performance and cash position of UNIWHEELS AG.

The liquidity risk of the Group is limited by the broad diversification in the sources of available financing. In addition to internal sources, the Group avails of debt finance provided by the credit lines extended by the banks and the syndicated loan agreement. Moreover, other sources of finance, such as factoring and leasing are also used.

Based on the positive development of business in recent years an effort is being made to prepare the Company on all fronts for further growth. The ability to trade on the capital markets demonstrated by the successful placement of the bond issue and its repayment should therefore be continued to a greater extent in future. For this reason, preparations are underway to make use of the capital markets as a source of finance if conditions are right.

Derivative financial instruments are used to create cash flow hedges in order to counter the risks of fluctuations in market prices, interest rates and foreign exchange rates. The risk of an underlying transaction is hedged by one or more hedging instruments functioning as micro-hedges. The use of derivatives is solely for hedging purposes and not for speculation. Derivatives are managed and monitored centrally at corporate headquarters. On the reporting date derivatives primarily consisted of a forward for aluminium (for a nominal volume of 12,680t) and PLN/EUR transactions (face value of approximately EUR 100,450 k). In addition, the interest rate risk attached to the syndicated loan agreement is partly hedged by means of interest swaps (nominal volume of approximately EUR 48,625 k). The hedging instruments are subject to changes in fair value over their term due to changes in market rates. If the derivatives are sold prior to their expiry, losses might result. The risk of financial loss also exists if a counterparty to a hedging instrument defaults or does not perform its contractual obligations in time.

Liability risks arising from operations are generally transferred to insurers in order to avoid a risk to the company to continue as a going concern. Financial losses from a loss of reputation are also generally insured against. A risk management system is installed and is being constantly refined and updated.

The UNIWHEELS Group tenders for large-volume contracts. This bears the risk that individual acts performed in the course of trying to win such business could be interpreted as a violation of the applicable laws. To avoid such events, a comprehensive compliance guideline was passed.

The Group is also exposed to the general business risks confronting automotive suppliers, which could have an impact on its financial position and earnings. These include fluctuations in the wider economy, country political risks, tax risks from changes in the law and the general risks arising from acquisitions.

The UNIWHEELS Group is directly dependent on the production and sale of vehicles in Europe and thus the utilization of capacity at European automobile manufacturers. Continuing investment is required to secure quality standards. Capacities are to be aligned to market requirements. Sudden drops in the market could have a substantial impact on the financial postion, financial performance and cash position of the Group. In order to assess and manage these risks, as well as initiate countermeasures, regular meetings of the management board are held and also on an ad hoc basis as needed.

From the current perspective, the overall risk position of the UNIWHEELS Group is assessed as stable. At present, there are no discernible risks, which could, in isolation or in aggregate, lead to a long-term deterioration in the financial position, financial performance and cash position of the Group. Likewise, there are no visible risks to the ability of the UNIWHEELS Group to continue as a going concern.

The overall risk exposure has contracted in comparison to the prior year. This has also been confirmed in the improved Euler-Hermes rating of BB-.

The higher level of orders in the Automotive division and the stability of sales of wheels in the Accessory division are very positive signals. In addition to the cost-savings and streamlining measures that have been implemented, this had a very positive effect on the development of business in the past year. The management board is confident that this trend will continue in the coming years. This will give the Group greater headroom when it needs to arrange refinancing for its current financing solution. This will have a positive impact on the interest burden on the UNIWHEELS Group.

Another opportunity lies in the reduction in borrowing costs from concluding the new syndicated loan agreement. In contrast to 2014, the Group no longer has to service a bond with a coupon of 7.5%. Correspondingly, the Company believes that the Group can be financed in 2015 at a much lower interest cost.

Bad Dürkheim, 6 March 2015

UNIWHEELS AG
Management Board

Ralf Schmid　　　Dr. Karsten Obenaus

Consolidated Financial Statements as of 31 December 2014

UNIWHEELS AG (until 24 November 2014: UNIWHEELS Holding (Germany) GmbH), Bad Dürkheim

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Consolidated statement of financial position of UNIWHEELS AG

(until 24 November 2014 UNIWHEELS Holding (Germany) GmbH),
Bad Dürkheim, as of 31 December 2014

	Note	31 Dec 2014 EUR k	31 Dec 2013 EUR k
ASSETS			
Goodwill	13	923	923
Other intangible assets	14	6,308	4,801
Property, plant and equipment	15	114,629	115,005
Investment property	15	686	692
Other non-current financial assets	18	562	76
Deferred tax assets	12	34,744	33,788
Total non-current assets		**157,852**	**155,285**
Inventories	16	53,830	46,303
Trade receivables	17	25,855	22,893
Other current financial assets	18	509	2,639
Current income tax assets		82	221
Other current non-financial assets	19	4,269	4,516
Cash and cash equivalents	31	20,773	8,870
Total current assets		**105,318**	**85,442**
Total assets		**263,170**	**240,727**
EQUITY AND LIABILITIES			
Issued capital	20	10,000	10,000
Capital reserve	21	114,900	46,349
Revenue reserves	22	-41,544	28,972
Other reserves	23	51	93
Total equity		**83,407**	**85,414**
Non-current provisions	24,25	2,562	2,557
Non-current financial liabilities	26	73,003	58,095
Non-current trade payables	27	14,331	0
Total non-current liabilities		**89,896**	**60,652**
Current provisions	25	1,655	2,178
Current financial liabilities	26	37,860	29,790
Trade payables and other current liabilities	27	41,443	51,110
Other current non-financial liabilities	29	8,410	10,852
Current income tax liabilities		499	731
Total current liabilities		**89,867**	**94,661**
Total equity and liabilities		**263,170**	**240,727**

Consolidated statement of comprehensive income of UNIWHEELS AG
(until 24 November 2014 UNIWHEELS Holding (Germany) GmbH),
Bad Dürkheim, for fiscal year 2014

	Note	2014	2013
		EUR k	EUR k
Revenue	5	362,585	337,163
Changes in inventories of finished goods and work in progress		7,672	1,761
Own work capitalized		574	502
Total operating performance		**370,831**	**339,426**
Other operating income	6	3,493	4,854
Cost of material	7	224,085	211,138
Personnel expenses	8	57,587	54,175
Other expenses	9	45,824	40,715
Depreciation, amortization and impairments	10	14,188	14,680
Interest income	11	551	257
Interest expense	11	10,702	10,816
Other finance revenue/costs	11	-165	-3,351
Profit or loss before tax		**22,324**	**9,662**
Income taxes	12	-446	-3,586
Net profit or loss		**22,770**	**13,248**
Items that may be recycled through profit or loss under certain conditions			
Foreign currency translation	23	5	55
Net gains/losses from cash flow hedges	23	-46	0
Items that may not be recycled through profit or loss			
Actuarial gains/(losses)	23	-1	2
Other comprehensive income after tax		**-42**	**57**
Comprehensive income		**22,728**	**13,305**

Consolidated statement of changes in equity of UNIWHEELS AG

(until 24 November 2014 UNIWHEELS Holding (Germany) GmbH),
Bad Dürkheim, for fiscal year 2014

	Issued capital	Capital reserve	Revenue reserves	Other reserves	Total
	EUR k	EUR k	EUR k	EUR k	EUR k
31 December 2012	**10,000**	**37,474**	**22,897**	**36**	**70,407**
Net profit or loss of the Group for the year			13,248		13,248
Other comprehensive income after tax				57	57
Comprehensive income for the year			13,248	57	13,305
Additions to the capital reserves		8,875			8,875
Dividends paid			-7,173		-7,173
31 December 2013	**10,000**	**46,349**	**28,972**	**93**	**85,414**
Net profit or loss of the Group for the year			22,770		22,770
Other comprehensive income after tax				-42	-42
Comprehensive income for the year			22,770	-42	22,728
Transfers from capital reserves		-5,651	5,651		0
Non-cash contribution of shares in UPP		74,202			74,202
Consolidation of shares in UPP			-98,937		-98,937
31 December 2014	**10,000**	**114,900**	**-41,544**	**51**	**83,407**

Consolidated statement of cash flows of UNIWHEELS AG
(until 24 November 2014 UNIWHEELS Holding (Germany) GmbH),
Bad Dürkheim, for fiscal year 2014

	Note	2014	2013
		EUR k	EUR k
Cash flows from operating activities			
Profit/loss for the year		22,770	13,248
Income tax through profit or loss		-446	-3,586
Finance costs through profit or loss		10,702	10,816
Interest income through profit or loss		-551	-257
Gain/loss on the disposal of non-current assets		760	-18
Depreciation and amortization of non-current assets		14,188	14,680
Impairment losses on current and non-current assets		238	636
Other non-cash expenses and income		-1,700	803
Subtotal		**45,961**	**36,322**
(Increase)/Decrease of trade and other receivables		-2,962	-2,535
(Increase)/Decrease of inventories		-7,765	-3,218
(Increase)/Decrease of other non-financial assets		247	-1,679
(Increase)/Decrease of other financial assets		1,644	2,948
Increase/(Decrease) of trade payables and other liabilities		4,663	1,451
Increase/(Decrease) of provisions		-398	1,293
Increase/(Decrease) of other non-financial liabilities		-2,442	-935
Increase/(Decrease) of other financial liabilities		-6,082	-5,195
Cash inflow from operating activities		32,866	28,452
Interest paid		-8,459	-8,703
Income taxes paid		-585	-139
Net cash inflow from operating activities		**23,822**	**19,610**
Cash flows from investing activities			
Cash paid for investments in property, plant and equipment		-13,743	-7,067
Cash received from disposals of items of property, plant and equipment		309	157
Cash paid for investments in intangible assets		-1,016	-501
Net cash outflow from investing activities		-14,450	-7,411
Free cash flow		**9,372**	**12,199**
Cash flow from financing activities			
Cash received from capital increases		0	8,875
Other effects from equity transactions		0	-61
Cash paid for bonds		-44,499	0
Cash received from loans		77,895	0
Cash paid for loans		-30,883	-11,482
Dividends paid		0	-7,173
Net cash outflow from financing activities		**2,513**	**-9,841**
Net increase in cash and cash equivalents		11,885	2,358
Cash and cash equivalents at the beginning of the period	31	8,870	6,499
Effect of exchange rate fluctuations on cash and cash equivalents		18	13
Cash and cash equivalents at the end of the period	31	**20,773**	**8,870**

Notes to the consolidated financial statements of UNIWHEELS AG (until 24 November 2014 UNIWHEELS Holding (Germany) GmbH), Bad Dürkheim, for fiscal year 2014

General

UNIWHEELS AG (formerly: UNIWHEELS Holding (Germany) GmbH) (hereinafter: “the Company” or “the Group”) is a stock corporation incorporated in Germany. The Company's registered offices and headquarters are in Gustav-Kirchhoff-Str. 10, 67098 Bad Dürkheim. The Company is registered in the commercial register of Ludwigshafen am Rhein district court under HRB 64198. The principle activities of the Company and its subsidiaries are the development, manufacture and sale of alloy wheels and complete wheels and other components for automobiles.

UNIWHEELS AG's parent company is UNIWHEELS Holding (Malta) Ltd., Sliema, Malta. The ultimate parent company of the Company is Rasch Holding Ltd., Tortola, British Virgin Islands (hereinafter referred to as “Rasch Holding”).

Upon entry in the commercial register on 24 November 2014 the legal form of UNIWHEELS Holding (Germany) GmbH was changed from a GmbH [“Gesellschaft mit beschhränkter Haftung”: German limited liability company] to an AG [“Aktiengesellschaft” German stock corporation].

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as endorsed by the European Union. In addition, the provisions of German commercial law applicable pursuant to Sec. 315a (1) HGB [“Handelsgesetzbuch”: German Commercial Code] have been observed.

The Company's functional currency and presentation currency of the consolidated financial statement is the euro (EUR). All amounts have been rounded to the nearest thousand euro (EUR k) unless indicated otherwise.

Due to rounding differences, it is possible that individual figures in these consolidated financial statements do not exactly add up to the reported totals and that the reported percentage figures do not exactly reflect the reported absolute figures.

Significant accounting policies

Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis. This does not apply to certain derivative financial instruments, which were measured at their reporting-date fair value. Pertinent explanations are provided in the corresponding accounting policies.

Historical cost is generally based on the fair value of the consideration given in exchange for the assets.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether the price is directly observable or estimated using another valuation technique.

When calculating the fair value of an asset or a liability, the Group takes into account certain characteristics of the asset or the liability (such as condition and location of the asset or limitations of sale and use) if market participants would take those characteristics into account when pricing the acquisition of the asset or transfer of the liability as of the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statement is determined on such a basis, except for:

- *leases that fall within the scope of IAS 17 Leases; and*
- *measurements that have some similarities to fair value but are not fair value, such as net realizable value in IAS 2 Inventories or value in use in IAS 36 Impairment of Assets.*

Fair value is not always available as a market price. It frequently has to be determined based on various inputs. Fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety. The categories are as follows:

- *Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;*
- *Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and*
- *Level 3 inputs are unobservable inputs for the asset or liability*

Consolidation of subsidiaries

The consolidated financial statements contain the financial statements of UNIWHEELS AG and of the entities under its control (subsidiaries). The Company gains control when it:

- *has power over the investee*
- *is exposed or has rights to variable returns from involvement with the investee*
- *has the ability to use power over the investee to affect the amount of the investor's return*

UNIWHEELS AG reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three aforementioned elements of control.

A subsidiary is included in the consolidated financial statements from the date the Company gains control until that date when the entity ceases to control the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company. There are no non-controlling shareholders. For more information we refer to note 3.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full upon consolidation.

Changes in the Group's ownership interest in existing subsidiaries.

Changes in the Group's ownership interests in subsidiaries that do not lead to a loss of control are accounted for as equity transactions.

When the Group loses control of a subsidiary, a deconsolidation gain or loss is recognized in profit or loss, calculated as the difference between

- *the aggregate of the fair value of the consideration received and the fair value of any investment retained and*
- *the carrying amount of the assets (including any goodwill), and liabilities of the subsidiary and any non-controlling interests*

All amounts previously recognized in other comprehensive income in the relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary, i.e., reclassified to profit or loss or directly transferred to revenue reserves.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of the Group (foreign currencies) are translated at the rate of exchange prevailing on the transaction date. With the exception of UNIWHEELS Production (Poland) sp. z.o.o. (UPP), the functional currency is the respective local currency. As UPP is an integrated unit, its functional currency is the euro.

Monetary items denominated in foreign currency are translated at the respective closing rate. Non-monetary items measured at fair value in a foreign currency are translatedusing the exchange rates prevailing at the date when the fair value is determined. Non-monetary items measured at historical cost are translated at the exchange rate prevailing on initial recognition. Exchange differences are recognized in profit or loss under other operating expenses and income in the period in which they arise.

For the purpose of preparing consolidated financial statements, the assets and liabilities of foreign operations of the Group are translated to euro (EUR) at closing rates. Equity components are translated at the historical rate on the date they were acquired from the Group's perspective. Income and expenses are translated at the average exchange rate for the period. Exchange differences from the translation of foreign operations to the Group's currency are posted to other comprehensive income and accumulated in equity. Upon disposal of a foreign operation, all of the exchange differences accumulated in equity in respect of that operation attributable to the Group are reclassified to profit or loss.

The exchange rates used to translate the currencies of significance for the Group are presented in the table below:

		Closing rate 31 December		**Annual average exchange rate**	
	1 EUR =	**2014**	**2013**	**2014**	**2013**
Poland	PLN	4.26	4.15	4.18	4.20
Sweden	SEK	9.43	8.83	9.08	8.65

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, net of discounts, rebates and similar deductions.

Sale of goods

The Company generates revenue from the sale of goods which is recognized when the following conditions are satisfied:

- The Group has transferred to the buyer the significant risks and rewards of ownership of the goods
- The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold
- The amount of revenue can be measured reliably
- It is probable that the economic benefits associated with the transaction will flow to the Group
- The costs incurred or to be incurred in respect of the transaction can be measured reliably

Rendering of services

Revenue from service agreements is recognized by reference to the stage of completion of the transaction to the extent that the outcome of a transaction involving the rendering of services can be estimated reliably. The outcome of a transaction can be estimated reliably when the amount of revenue as well as the costs incurred or to be incurred in respect of the transaction can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the Company.

Interest income

Interest income is recognized when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued by reference to the principle outstanding and at the effective interest rate applicable. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset upon initial recognition.

Income taxes

Income tax expense represents the total amount of current and deferred tax expenses.

Current or deferred taxes are recognized in the statement of profit or loss unless they relate to items that are recognized either in the statement of comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly into equity respectively. If current tax or deferred taxes arise from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Current tax

The current tax expense is determined based on taxable profit for the year. Taxable profit differs from the profit for the year as reported in the consolidated statement of profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for the current tax expense is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are recognized for all taxable temporary differences; deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the profit for the year.

Deferred tax liabilities are recognized on taxable temporary differences associated with investments in subsidiaries, unless the Group is able to control the reversal of the temporarily difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets arising from deductible temporary differences associated with investments in subsidiaries are only recognized to the extent that it is probable that sufficient taxable profit will be available against which the temporary differences can be utilized and it is expected that the temporary differences will reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to recover all or part of the deferred tax asset.

Deferred taxes are determined on the basis of the tax rates that are expected to apply at the time that the liability is settled or the asset recovered. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Goodwill

Goodwill resulting from a business combination is recognized at cost less any impairment losses.

For the purpose of impairment testing, goodwill is allocated upon acquisition to each of the Group's cash-generating units that is expected to benefit from the synergies of the business combination.

Cash-generating units to which a portion of goodwill was allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount – the higher of value in use and fair value less costs to sell – of the cash-generating unit is less than the carrying amount, an impairment loss is charged. The impairment loss is firstly allocated to reduce the goodwill and then to the other assets of the cash-generating unit pro rata based on the carrying amount of each asset in the unit.

Impairment losses on goodwill are recognized in profit or loss. Impairment losses charged on goodwill cannot be reversed in future periods.

Upon disposal of a cash-generating unit the attributable amount of goodwill is included when determining the gain or loss on disposal.

Intangible assets

Other intangible assets with finite useful lives are carried at cost less accumulated amortization and any impairment losses. Amortization is charged on a straight-line basis over the estimated useful life of the respective assets. The expected useful lives and amortization methods are reviewed annually and all necessary changes in estimates are taken into account prospectively.

Amortization was calculated based on the following useful lives:

Rights and licenses (without hereditary building rights)	3-7	years
Hereditary building right	99	years
Software	3-10	years

With the exception of goodwill, the Group does not have any intangible assets with indefinite useful lives.

An intangible asset is derecognized when no future economic benefits are expected from its use or disposal. The gain or loss on disposal of an intangible asset is posted to profit or loss upon derecognition of the asset.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. Cost includes all costs allocable to the production process as well as an appropriate portion of production-related overheads. The cost of repairing and maintaining property, plant and equipment is generally expensed. Cost is only recognized if it leads to a major extension or significant improvement in the respective asset. Property plant and equipment are depreciated on a straight-line basis, unless another depreciation method more closely reflects the pattern of consumption of economic benefits. The expected useful lives, residual values and depreciation methods are reviewed at each reporting date. Any necessary changes in estimates are taken into account prospectively.

The following economic useful lives were used to determine depreciation on property, plant and equipment:

Buildings	15-50	years
Technical equipment and machinery	3-20	years
Other equipment, operating and office equipment	3-20	years

Land does not have a finite useful life and is not depreciated.

Assets held under finance leases are depreciated over their expected useful lives using a depreciation policy that is consistent with that for similar assets owned by the Group. However, if it is reasonably certain that ownership will pass to the lessee, the assets are the appreciated over the shorter of the lease term and the estimated useful life of the asset.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its continuing use or disposal. The gain or loss on disposal or retirement of an item of property, plant and equipment is determined as the difference between the net disposal proceeds and the carrying amount of the asset, and is posted to profit or loss.

Impairment of property, plant and equipment and intangible assets other than goodwill

At each reporting date, the Group reviews the carrying amount of property, plant and equipment and intangible assets to determine whether there are any indications for an impairment. In the event of any such indication, the recoverable amount of the asset is determined. The recoverable amount is the higher of the the asset's fair value less costs to sell and its value in use. If an asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, the asset is not tested for impairment individually but rather as part of the cash-generating unit to which it belongs.

If an impairment loss has to be recognized, this corresponds to the amount by which the carrying amount of the asset or cash-generating unit exceeds its recoverable amount. If it is not possible to determine the value in use, the recoverable amount corresponds to the asset's fair value less costs to sell. The value in use is determined by discounting estimated future cash flows. If there are indications that the reasons for recognizing an impairment loss no longer exist, the Company reviews whether the impairment loss needs to be reversed in part or in full. Intangible assets with indefinite useful lives and those that are not available for use are tested for impairment at least annually or whenever there is an indication of impairment.

When the estimated recoverable amount of an asset or cash-generating unit falls below its carrying amount, the carrying amount of the asset or cash-generating unit is written down to the recoverable amount. The impairment loss is immediately recorded as an expense. If the impairment loss reverses in a later period, the carrying amount of the asset or cash-generating unit is written up to the revised estimate of the recoverable amount. The increase in the carrying amount cannot exceed the carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Investment property

Investment property is property held to earn rentals or for capital appreciation or both. This also includes property under construction for such purposes. Investment property is measured initially at cost, including transaction costs. Investment property is subsequently measured using the cost model in IAS 16.

An investment property is derecognized on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Gains or losses arising from disposal of investment property are determined at the difference between the net disposal proceeds and the carrying amount of the assets and are recognized in profit or loss in the period of disposal.

Leases

A lease is classified as a finance lease if substantially all risks and rewards incidental to ownership are transferred to the lessee. All other leases are classified as operating leases. The Group only acts as lessee under operating and finance leases.

Finance lease assets with the Group as lessee are recognized at the inception of the lease as assets at the lower of the fair value of the leased assets or the present value of minimum lease payments. The corresponding liability to the lessor is reported in the consolidated statement of financial position as a finance lease obligation.

Lease payments are thus apportioned between the finance charge and the reduction of the lease liability so as to produce a constant periodic rate of interest on the remaining balance of the liability. The finance charge is recognized directly in the statement of profit or loss.

Rent payments under operating leases are recognized as an expense on a straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the Group's benefit.

Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is measured using the first-in-first-out (FIFO) method or the average cost method. Costs include allocable direct costs and overheads. Net realizable value is the estimated selling price of the inventories, less estimated costs of completion and the costs necessary to make the sale.

Financial instruments

Classification and measurement

A financial instrument is any contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity.

The Group's financial assets essentially comprise cash and cash equivalents, trade receivables, loans and derivatives with a positive market value. The financial liabilities essentially comprise loan liabilities, trade payables and derivatives with a negative market value.

Financial assets are initially measured at fair value plus transaction costs, with the exception of financial instruments held for trading, whose transaction costs are recognized immediately in profit or loss.

Financial liabilities are initially measured at fair value plus directly attributable transaction costs, with the exception of financial instruments held for trading, whose transaction costs are recognized immediately in profit or loss.

Financial instruments are classified upon initial recognition into the following categories:

Financial instruments held for trading (financial instruments at fair value through profit or loss)
Held-to-maturity investments
Available-for-sale financial assets
Loans and receivables
Other financial liabilities

Classification depends on the nature and purpose of the financial instrument. Financial assets are recognized and derecognized as of the trade date in the case of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Financial instruments classified as **held for trading** are measured at fair value. Any gain or loss on measurement is recognized in profit or loss. At the Company this mainly pertains to derivatives.

Held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. At present, the Company does not have any held-to-maturity investments.

Financial assets classified as **available for sale** are measured at fair value if this can be determined reliably. Unrealized gains and losses from subsequent measurement are recognized outside profit or loss in other comprehensive income.

Equity investments that are not quoted on an active market and where it is impracticable to reliably measure their fair value are measured at amortized cost. At present, the Company does not have any available-for-sale financial instruments.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables – including trade receivables, other receivables, bank balances and cash, and others – are measured at amortized cost using the effective interest method, less any impairment.

Other financial liabilities – including liabilities to banks and trade payables are measured at amortized cost using the effective interest method.

The **effective interest method** is a method of calculating the amortized cost of a financial liability and of allocating the interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments – including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts – through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount on initial recognition.

Income from debt instruments is recognized using the effective interest method, with the exception of instruments classified as “at fair value through profit and loss”.

The Group does not exercise the fair value option allowed by IAS 39.

Impairment of financial assets

With the exception of financial assets at fair value through profit or loss, financial assets are assessed for indicators of impairment at each reporting date. Financial assets are impaired if there is objective evidence of changes with an adverse effect on the estimated future cash flows of the financial assets as a result of one or more events that occurred after initial recognition of the assets.

For equity investments that have been classified as available for sale, a significant or prolonged decline in the fair value of the asset below its cost is objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- Significant financial difficulty of the issuer or counterparty
- A breach of contract, such as a default or delinquency in interest or principal payments
- It becoming probable that the borrower will enter bankruptcy or other financial reorganization or
- The disappearance of an active market for that financial asset because of financial difficulties

For financial assets measured at amortized cost, the amount of the impairment loss corresponds to the difference between the asset’s carrying amount and the present value of estimated future cash flows discounted at the financial asset’s original effective interest rate.

For financial assets measured at cost, the amount of the impairment loss corresponds to the difference between the asset’s carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses cannot be reversed in subsequent periods.

An impairment loss directly reduces the carrying amount of the financial assets concerned, with the exception of trade receivables, whose carrying amount is reduced via an allowance account. If an impaired trade receivable is considered uncollectible, it is written off against the allowance account. Payments received subsequently for amounts previously written off are also posted to the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

If, in a subsequent fiscal year, the amount of the impairment loss on a financial asset measured at amortized cost decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss. However, the adjusted carrying amount may not exceed the amortized cost that would have been carried had no impairment been recognized.

Derecognition of financial instruments

The Group derecognizes a financial asset when, and only when, the contractual rights to receive cash flows from the financial asset expire or the Group transfers the financial asset and substantially all the risks and rewards of ownership of the asset to a third party.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit and loss.

The Group derecognizes financial liabilities when, and only when, the obligation under the liability is discharged, canceled or expires. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is posted through profit or loss.

Derivative financial instruments

The Group has entered into a number of derivative financial instruments to steer its interest risks, currency risks and commodity price risks. These include forward exchange contracts, interest swaps and commodity swaps. More information can be found on derivative financial instruments in notes 18, 26 and 30.

Derivative financial instruments are initially recognized at fair value on the date they are entered into and remeasured at fair value on each reporting date. The resulting gains or losses are posted through profit or loss immediately unless the derivative is part of a designated hedge that is effective. In this case, the time at which gains and losses from fair value measurement are recognized depends on the nature of the hedge.

Hedge accounting

The Group has designated individual hedging instruments as cash flow hedges.

The relationship between the underlying and the hedging instrument is documented at the inception of a hedge relationship, including the aims of risk management and the Group's strategy on which the hedge relationship is based. Moreover, regular documentation is kept, both at the inception of the hedge and during its term, of how effective the hedge is at offsetting changes in the cash flows of the underlying attributable to the hedged risk.

Disclosures on the fair values of the derivatives used for hedge purposes can be found in note 30.

The effective portion of the change in the fair value of the derivatives that are suitable as cash flow hedges and designated as such is presented in other comprehensive income as net gains/losses from cash flow hedges. The ineffective portion of the gain or loss on the hedge is posted through profit or loss and presented under other finance revenue/costs in the income statement.

Amounts posted to other comprehensive income are recycled through the income statement in the period when the underlying transaction is also posted through profit or loss. The gains or losses from the hedging instrument are posted to the same line items in the income statement as the underlying.

Hedge accounting ends when the Group discontinues the hedge relationship, the hedging instrument expires, is sold, terminated or exercised or is no longer suitable for hedging purposes. The full amount of any gains or losses accrued under other comprehensive income at this time remains in equity and is only posted through profit or loss when the expected underyling is also posted through profit or loss. If the underlying transaction is no longer expected, the entire gain or loss is recycled immediately through profit or loss.

Cash and cash equivalents

Cash on hand and bank balances are measured at acquisition cost. They comprise cash held and any bank deposits that are available on call.

Equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments are recorded at the amount received upon issue less any directly allocable transaction costs. Transaction costs are costs that would not have been incurred had the instrument not been issued.

Post-employment benefits

The Company maintains both defined contribution plans and defined benefit plans.

Payments made to **defined contribution plans** are recorded as expenses when the employee has rendered service entitling him or her to receive the benefit.

The obligations under the **defined benefit plans** are measured using the projected unit credit method which reflects the present value of the vested benefit obligations calculated on the basis of actuarial principles. The defined benefit obligation (DBO) is determined by means of actuarial reports that are obtained annually and use inputs such as future salary and pension trends as well as biometric inputs.

The assumptions used in the measurement of the DBO on the reporting date of the prior year apply to the measurement of current service cost, interest income and interest expenses of the following fiscal year. The net interest income and

expenses in a fiscal year arise from multiplying the discount rate for the respective year with the net obligation on the reporting date of the prior fiscal year.

Net interest arises from multiplying the discount rate with the net liability (pension obligation less any plan assets) or the net asset value arising from any excess of plan assets over the pension obligation at the beginning of the fiscal year. The expenses of defined benefit plans comprise the following elements:

- Service cost (including any current service cost, past service cost and any gains or losses from plan curtailments and settlements)
- Net interest expense or income on the net pension liability or net pension asset
- Remeasurement of the net liability or net asset value

The Group reports service cost in the income statement as an element of personnel expenses and interest expense as an element of the financial result. Revaluations consisting of actuarial gains and losses from adjusting the discount rate, for example, are posted directly to other comprehensive income. The revaluations posted to other comprehensive income are presented as an element of revenue reserves and are not recycled through profit or loss at a later date. If there has been a change to the pension plan, past service cost is recorded under personnel expenses as an expense.

The defined benefit obligation reported in the consolidated statement of comprehensive income represents the current lack of coverage for the defined contribution plans of the Group, or the excess of plan assets over the obligation. Any excess coverage identified in the calculation is limited to the net present value of the future economic benefits in the form of reimbursements from the plans or available to reduce future contributions to the plans.

Other non-current employee benefits

Provisions for long-service bonuses are generally calculated on the basis of actuarial principles. Commitments to top up any phased retirement agreements (*"Altersteilzeitverträge"*) entered into are accrued over the term of the plan, terminating at the latest on the date that the release from active service ends. If the Company carries any plan assets as defined by IAS 19.8, they are offset against the obligation, thereby reducing the balance sheet total.

Other provisions

Provisions are created when the Group has a present obligation (legal or constructive) from a past event that will lead to an outflow of resources embodying economic benefits to settle the obligation and it is possible to reliably measure the obligation.

The amount of the provision is the best estimate on the reporting date of the economic benefits to be surrendered to settle the present obligation. This should consider any inherent risks or uncertainties. If a provision is measured on the basis of estimated cash flows that are needed to settle the obligation, these cash flows should be discounted to net present value if the time effect of money is material.

If it can be assumed that some or all of the economic benefits needed to settle an obligation will be reimbursed by a third party, then these amounts are recognized as assets if reimbursement is more likely than not and the amount can be reliably measured.

Present obligations related to **onerous contracts** are provided as a provision. An onerous contract is presumed to exist when the Group is party to a contract that is expected to lead to an unavoidable costs to perform the contract will exceed the inflow of economic benefits from the contract.

Provisions for the expenses expected from **warranty obligations** under German law of the sale of goods are provided for upon the date of sale of the products concerned at the best management estimate of costs expected to meet the Group's obligation.

Provisions for the expected costs of **restoration obligations** represent elements of historical cost. Thus upon initial recognition provisions are created by debiting other comprehensive income directly. Restoration obligations related to operating leases in which the asset can be allocated to the lessor and therefore do not qualify as elements of the historical cost of the asset are recognized as provisions by debiting expenses with the commencement of use of the asset taken as the triggering event.

Estimation uncertainties and discretionary judgments

When applying the Group's recognition and measurement policies as described above the management must assess matters, make estimates and discretionary judgments with reference to the carrying amounts of assets and liabilities that cannot be simply obtained from other sources. The estimates and underlying assumptions are made on the basis of past experience and other factors that are considered relevant. The actual values could differ from the estimates.

The assumptions on which such estimates are based are reviewed on a regular basis. Changes to estimates that only affect one reporting period are only considered in this period. However, if the changes affect both the current period and subsequent periods, these are considered in the current period and subsequent periods.

Significant exercise of judgment and estimates when applying accounting policies

The cases where management has exercised significant judgment in the course of applying the accounting policies of the Company are presented below as well as the impact these judgments have on the amounts presented in the consolidated financial statements. Judgments containing estimates have not been included in this presentation (see note 2.21.2).

Treatment of UPP/ULP as a business combination under common control.

IFRS do not set any explicit rules for accounting for transactions under common control. The Company has accounted for the transaction to acquire UPP (in 2014) and UNIWHEELS Logistik (Poland) Sp.z.o.o. (ULP), Wykroty, Poland, (in 2013) using the pooling of interests method. The consequence of this method is that the assets and liabilities of the entities involved in the transaction are measured in the consolidated financial statements of UNIWHEELS AG from 1 January 2012 onwards as if they were reported in the IFRS consolidated financial statements of the controlling shareholder. As a result, the assets and liabilities of UPP/ULP were rolled forward at their carrying amounts (book value). For this reason, there was no need to conduct a purchase price allocation and recognize goodwill at the time of the business combination in 2014. All the effects from recording the acquisition of the remaining 52% of the shares in the accounts were posted directly to equity subsequent to the acquisition in 2014. Please see note 3 for more comments.

Accounting for leases

Group entities are lessees within the framework of a number leases. The assessment to be made when classifying leases as finance leases or operating leases as to whether the risks and rewards incidental to ownership lie with the Group is a discretionary judgment of management.

Main sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty on the reporting date that bear a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are described below.

Impairment of goodwill

In order to determine whether goodwill is impaired, it is necessary to assess the value-in-use of the cash-generating-unit to which the goodwill is allocated. The calculation of the value-in-use requires an assessment of the future cash flows from a cash-generating unit and a suitable discount rate for the calculation of net present value. If the actual future cash flows are less than initially estimated, this could result in the need to record a significant impairment loss.

The carrying amount of goodwill amounted to EUR 923k as of 31 December 2014 (31 December 2013: EUR 923k). More details on goodwill can found in note 13.

Recognition and measurement of other provisions

The recognition and measurement of other provisions are based on expectations of the future outflow of benefits, past experience and the circumstances known as of the reporting date. The actual outflow of benefits may therefore differ from the amount recognized under other provisions. As of 31 December 2014, the carrying amount of other provisions amounted to EUR 3,986k (31 December 2013: EUR 4,594k). Other details on other provisions can be found in note 25.

Recognition of deferred tax assets on unused tax losses

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded.

Deferred tax assets are recognized for the tax exemptions available to the subsidiaries based in the Stawola Wola special economic zone to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

The carrying amount of deferred tax assets recognized on tax credits amounts to EUR 34,684k as of 31 December 2014 (31 December 2013: 33,754k). Other details on deferred taxes can be found in note 12.

Standards to be adopted in the reporting period

The Company adopted the following new or amended standards in the reporting period.

Standard/ Amendment/ Interpretation	Content	Mandatory pursuant to IASB from	Mandatory pursuant to EU from
Amendments to IFRS 10, 12, IAS 27	Investment Entities	1 Jan 2014	1 Jan 2014
Amendments to IAS 32	Offsetting Financial Assets and Financial Liabilities	1 Jan 2014	1 Jan 2014
Amendments to IAS 39 and IFRS 9	Novation of Derivatives and Continuation of Hedge Accounting	1 Jan 2014	1 Jan 2014

There is no significant impact on the disclosures or amounts presented in the consolidated financial statements applying these amendments.

New standards and interpretations that are not yet mandatory

The following new and amended standards have already been issued by the IASB but have not yet become mandatory. The Company has not early adopted these standards.

Standard/ Amendment/ Interpretation	Content	Endorsement	Mandatory pursuant to IASB from	Mandatory pursuant to EU from
IFRS 9	Financial instruments	No	1 Jan 2018	undecided
IFRS 14	Regulatory Deferral Accounts	No	1 Jan 2016	undecided
IFRS 15	Revenue from Contracts with Customers	No	1 Jan 2017	undecided
Amendments to IFRS 10, 12, IAS 28	Investment Entities: Applying the Consolidation Exception	No	1 Jan 2016	undecided
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	No	1 Jan 2016	undecided
Amendments to IFRS 11	Accounting for Acquisitions of an Interests in a Joint Operation	No	1 Jan 2016	undecided
Amendments to IAS 1	Disclosure Initiative	No	1 Jan 2016	undecided
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortization	No	1 Jan 2016	undecided
Amendments to IAS 16 and IAS 41	Agriculture: Bearer Plants	No	1 Jan 2016	undecided
Amendments to IAS 19	Employee Contributions	Yes	1 Jul 2014	1 Feb 2015
Amendments to IAS 27	Equity Methods in Separate Financial Statements	No	1 Jan 2016	undecided
IFRIC 21	Levies	Yes	1 Jan 2014	17 Jun 2014
Annual IFRS Improvement Process	2010-2012 cycle	Yes	1 Jul 2014	1 Feb 2015
Annual IFRS Improvement Process	2011-2013 cycle	Yes	1 Jul 2014	1 Jan 2015
Annual IFRS Improvement Process	2012-2014 cycle	No	1 Jan 2016	undecided

The above (amendments and additions) to the Standards and Interpretations will be applied by the UNIWHEELS Group - subject to endorsement by the EU - on the date on which they first become mandatory.

IFRS 9 Financial Instruments

In July 2014, IASB published the final version of IFRS 9. In comparison to the preceding standard, IAS 39, this standard sets a new classification model for financial assets. The subsequent measurement of financial assets is based on three categories with different measurement bases and a different approach to measuring changes in value. The categories are based on the contractual cash flows of the instrument and the business model carrying the instrument. Depending on the degree to which these conditions are fulfilled, subsequent measurement is as follows:

- at amortized cost using the effective interest rate method

- at fair value with gains or losses being posted through other comprehensive income
- at fair value with gains or losses being posted through profit or loss.

A financial asset is only measured at fair value through profit or loss when it cannot be classified to one of the other categories.

In addition, reporting entities may apply the fair value through profit or loss option or a fair value through other comprehensive income option if certain conditions are met.

With regard to financial liabilities the existing rules of IAS 39 have been largely retained unchanged in IFRS 9. The only significant novelty relates to the fair value option for financial liabilities. Fair value fluctuations on the basis of changes in the risk of the reporting entity's own credit risk are to be posted directly to other comprehensive income unless doing so would create an accounting mismatch.

In addition, IFRS 9 has established a new model for impairments. This shifts the focus onto an earlier recognition of risk. IFRS provides for three levels of recognizing expected losses and interest revenue in future. Upon initial recognition, any expected losses are to be recognized at the net present value of the expected loss in the 12 months after the reporting date (level 1). If there is a significant increase in the credit risk associated with the financial instrument upon subsequent measurement, then an allowance should be made for the full lifetime expected credit losses (level 2). Finally, upon objective evidence of an impairment, interest revenue is calculated by applying the effective interest rate to the amortised cost balance, which comprises the gross carrying amount adjusted for any loss allowance (level 3). Exceptions from the basic impairment model are made, for example for trade receivables. A simplified impairment model is provided for these instruments by which a risk allowance is to be recognized at the amount of the expected losses over the residual term of the instrument, regardless of the credit rating. This means that such instruments are automatically measured at level 2 and transferred to level 3 if there is any objective indication of an impairment. Allocation to level 1 is prohibited.

Currently, management of the company is reviewing what impact the new standard will have on the processes, IT and consolidated financial statements of the Group. Thus it is not possible at present to make a more precise statement.

IFRS 15 Revenue from Contracts with Customers

In May 2014 the IASB published a new standard containing one all encompassing model for the recognition of revenue from contracts with customers. The core principle of this model is that an entity recognises revenue when the transfer of promised goods or services to customers is completed. Thus revenue is recognized at an amount that reflects the consideration to which the entity expects to be entitled. The management currently assumes that there will not be an significant impact from the application of IFRS 15 on the revenue recognition of the UNIWHEELS Group.

It has been decided to refrain from making a more detailed presentation of new or amended standards and interpretations as the impact of their adoption on the presentation of financial position, financial performance and cash flows of the Group is expected to be immaterial.

Disclosures on subsidiaries

The Group comprises the following entities:

Entity	Code	Domicile	Main business
Fully consolidated domestic entities			
ATS Leichtmetallräder (Germany) GmbH	ATS LM	Bad Dürkheim, Germany	Production of aluminum wheels
UNIWHEELS Leichtmetallräder (Germany) GmbH	UWLM	Bad Dürkheim, Germany	Distribution of aluminum wheels
UNIWHEELS Automotive (Germany) GmbH	UAG	Bad Dürkheim, Germany	Development and distribution of aluminum wheels
UNIWHEELS Investment (Germany) GmbH	UIG	Bad Dürkheim, Germany	Holding company
UNIWHEELS Production (Germany) GmbH	UPG	Bad Dürkheim, Germany	Production and distribution of aluminum wheels

Fully consolidated foreign entities			
UNIWHEELS Production (Poland) Sp. z o.o.	UPP	Stalowa Wola, Poland	Production and distribution of aluminum wheels
UNIWHEELS Trading (Poland) Sp. z o.o. (formerly ANZIO Wheels Sp. z o.o.)	UTP	Stalowa Wola, Poland	Distribution of aluminum wheels
UNIWHEELS Trading Sweden Scandinavia AB	UTSE	Jönköping, Sweden	Distribution of aluminum wheels

Entity	Currency	Voting rights and shareholding	
		31 Dec 2014	31 Dec 2013
Fully consolidated domestic entities			
ATS LM	EUR	100%	100%
UWLM	EUR	100%	100%
UAG	EUR	100%	100%
UIG	EUR	100%	100%
UPG	EUR	100%	100%
Fully consolidated foreign entities			
UPP	EUR	100%	48%
UTP	PLN	-	100%
UTSE	SEK	100%	100%

UTP and UPP were merged effective 31 January 2014.

While UW AG directly holds 100% of the domestic entities, it only has an indirect holding of the fully consolidated foreign entities. Thus the shares in UPP are held by UIG and the shares in UTSE by ATS LM. The shares in UTP are held by UPP.

All subsidiaries were fully consolidated in the consolidated financial statements (31 December 2014: 7, 31 December 2013: 8). There were no associates or joint ventures.

UNIWHEELS Investment (Germany) GmbH (UIG), which is a wholly-owned subsidiary of UNIWHEELS AG (UW AG), holds 100% of UNIWHEELS Production (Poland) Sp. z o. o. (UPP) as of 31 December 2014 (31 December 2013: 48%). In 2013, the remaining 52% in UPP was held by UNIWHEELS Holding (Malta) Ltd. (UHM). UHM is the sole shareholder of UW AG. By contract dated 10 June 2014, UHM sold 1,700 of the 6,800 shares it held in UPP to UW AG. In this regard, UW AG was granted a loan of EUR 24.7m that is presented under non-current financial liabilities (see note 26). The loan bears interest at 4.5% p.a. Interest amounted to EUR 618k in 2014. If the transaction had occurred on 1 January 2012 already, interest of EUR 3,339k would have been incurred (EUR 1,113k per annum). The remainder of the 5,100 shares in UPP held by UHM was transferred to UW AG for no consideration (non-cash contribution). The acquisition of UPP for an amount of EUR 24.7m, which was financed by shareholder loans, and its consolidation from 1 January 2012 leads to a shift between debt capital and equity. The latter assigned the shares in UPP it had purchased and received to UIG for no consideration (non-cash contribution). As a result, UIG holds all the shares in UPP commencing 10 June 2014. As the parent company, UW AG therefore indirectly holds all the shares in UPP. Both before and after the transaction, UPP is under the joint control of Ralf Schmid, who holds 92% of the shares in UHM. Likewise, it is under the joint control of UHM itself, both before and after the transaction, as UHM has directly held 52% of the shares in UPP to date and indirectly the other 48% via its wholly owned subsidiaries, UW AG and its second-tier wholly owned subsidiary, UIG. The transaction described above therefore qualifies as a transaction under common control. Due to the acquisition of shares in UPP by UW AG and UIG in 2014, respectively, qualifying as a transaction under common control, they are presented for the period prior to the acquisition retrospectively as though UW AG and UIG always held 100% of the shares in UPP. For this reason, no non-controlling interests were presented in 2013. Please see note 2.21.1 for more information on the accounting treatment of this transaction.

Segment reporting

According to IFRS 8, reportable segments are to be identified on the basis of the internal reporting submitted on a regular basis to the chief operating decision-makers of the Company who evaluates how to allocate the resources of the Company to these segments and assesses their performance.

The allocation of resources and assessment of the performance of these segments is performed by the management board of the UNIWHEELS Group as the chief operating decision-maker. The UNIWHEELS Group is managed as a business unit that operates in the field of wheel production. The representatives of individual legal entities cannot act individually, i.e. the allocation of resources is performed by the management of the Group primarily with a view to its activity as a producer of wheels. It decides and acts for the UNIWHEELS Group as a whole, taking overall responsibility. The primary management indicators that are provided by the internal reporting are the unit numbers of wheels, sales revenue and earnings before interest, taxes, depreciation and amortization. In addition, the chief decision-makers consider revenue and unit sales in the distribution channels OEM and Aftermarket. In the OEM distribution channel, the aluminum wheels are delivered to the automobile industry. In the Aftermarket segment, the Group supplies the European car parts market. No earnings figures are supplied for the two distribution channels. The revenue and unit sales figures are not used for allocating resources to production.

The accounting policies applied in the segment reporting do not always agree with those applied in the consolidated financial statements, as described in the section on accounting policies. On the one hand, the reporting is in keeping with the requirements of the German commercial code, which was prepared for controlling purposes and, on the other hand, in compliance with the accounting guidelines of the wider Rasch Holding Group. Due to the many differences between the German GAAP controlling data and IFRS data it is not possible to generate informative reconciliations without incurring unreasonable cost.

The primary management indicators pursuant to IFRS are as follows:

	2014	**2013**
External revenue (EUR k)	362,585	337,163
Unit sales (thousand pieces)	7,228	6,871
EBITDA (EUR k)	46,828	38,252

The allocation of revenue and non-current assets to geographical regions is based on the country in which the Group entity is based. A breakdown of revenue and non-current assets (excluding financial instruments and deferred tax assets) by region follows:

	External revenue		Non-current assets pursuant to IFRS 8	
	2014	**2013**	**31 Dec 2014**	**31 Dec 2013**
	EUR k	EUR k	EUR k	EUR k
Germany	140,116	138,143	28,474	28,769
Poland	222,367	198,850	94,072	92,652
Others	102	170	0	0
	362,585	**337,163**	**122,546**	**121,421**

Revenue and unit sales figures for wheels break down by distribution channel (OEM and Aftermarket) as follows:

	External revenue		Unit figures	
	2014	**2013**	**2014**	**2013**
	EUR k	EUR k	Unit sales (thousand pieces)	Unit sales (thousand pieces)
Aftermarket	74,394	65,192	1,438	1,288
OEM	283,771	263,241	5,790	5,583
	358,165	**328,433**	**7,228**	**6,871**

Of the revenue of EUR 363m (2013: EUR 337m) (see note 5), 10% or more is attributable to the following key customers:

	2014	2013
	EUR k	EUR k
Customer A	64,123	59,228
Customer B	47,198	42,749
Customer C	-	38,925
Customer D	41,602	-
	152,923	**140,902**

Revenue

The breakdown of group revenue for the fiscal year is as follows:

	2014	2013
	EUR k	EUR k
Revenue - Wheels	358,165	328,433
Revenue - Die casts	2,913	3,917
Revenue - Scrap	4,006	4,573
Revenue - Other	1,323	3,561
Discount allowed	-3,822	-3,321
	362,585	**337,163**

Other operating income

	2014	2013
	EUR k	EUR k
Income from the reversal of provisions	1,091	1
Income relating to other periods	916	220
Income from exchange rate gains	850	1,535
Income from the disposal of non-current assets	74	50
Insurance indemnification	53	624
Income from cost allocations	11	802
Income from the reduction of specific valuation allowances on receivables	35	133
Other	463	1,489
	3,493	**4,854**

Cost of materials

The cost of material breaks down as follows:

	2014	2013
	EUR k	EUR k
Cost of raw materials, consumables and supplies and of purchased goods	215,489	204,287
Cost of purchased services	8,596	6,851
	224,085	**211,138**

Personnel expenses

Personnel expenses break down as follows:

	2014	2013
	EUR k	EUR k
Wages and salaries	48,485	45,163
Social security and welfare	9,080	8,990
Pension expenses (defined benefit plans)	22	22
	57,587	**54,175**

Other expenses

	2014	2013
	EUR k	EUR k
Selling expenses	9,405	7,762
Repairs and maintenance	8,897	7,137
Legal expenses and consulting fees	4,511	3,426
Expenses for rents and leases	3,954	3,925
Cost allocations received	3,573	1,560
Rents of buildings and rent incidentals	2,898	3,034
Office and administration expenses	2,117	2,446
Advertising and travel expenses	1,565	1,466
Guarantees and insurance	1,219	1,074
Costs for tools and small devices	1,072	1,373
Premiums and fees	863	610
Research and development expenses	842	914
Losses from the disposal of property, plant and equipment	834	33
Other taxes	721	412
Vehicle fleet	662	653
Costs for expert reports	596	410
Other personnel expenses	477	383
Recruiting	395	270
Losses on the disposal of current assets	238	636
Exchange rate losses	19	142
Other	966	3,049
	45,824	**40,715**

Internal and external research and development expenses amounted to EUR 3,899k (2013: EUR 3,814 k).

Depreciation, amortization and impairments

	2014	2013
	EUR k	EUR k
Amortization on intangible assets	815	828
Depreciation and impairment of property, plant and equipment	13,373	13,852
	14,188	**14,680**

Financial result

The financial result breaks down as follows:

	2014	2013
	EUR k	EUR k
Interest income		
Interest income from loans and receivables	392	41
Other interest income	159	216
	551	**257**
Interest expense		
Interest expense on financial liabilities	9,716	10,008
Interest expense from unwinding discounted non-current provisions	11	16
Interest expenses from finance leases	333	426
Other interest expenses	642	366
	10,702	**10,816**
Gain or loss from fair value measurement of financial instruments	-165	-3,351
	-10,316	**-13,910**

Income from financial investments has been broken down between the measurement categories pursuant to IAS 39 as follows:

	2014	2013
	EUR k	EUR k
Total interest income from financial assets measured at amortized cost	399	65
Total interest expenses for financial liabilities not measured at fair value	-10,670	-10,794
Change in fair value of held-for-trading financial instruments	-165	-3,351
Net interest income from non-financial assets and liabilities	120	170
	-10,316	**-13,910**

Interest income from financial instruments measured at amortized cost is mainly comprised of interest income from loans and receivables.

Interest expenses from financial instruments measured at amortized cost mainly contain interest paid for financial liabilities, in particular loans from banks and interest until 5 November 2014 on the bond issued by the Group that was replaced in fiscal 2014.

Income taxes

Income taxes presented in the consolidated income statement

	2014 EUR k	2013 EUR k
Current tax		
Tax expense for the period	130	2
Adjustments to current taxes of other periods recorded in the reporting period	361	103
	491	**105**
Deferred tax		
Deferred tax expenses recorded in the reporting year	1,632	1,046
Deferred tax income recorded in the reporting year	2,569	4,737
	-937	**-3,691**
Income from income taxes recorded in the income statement	**-446**	**-3,586**

A reconciliation between the expected tax burden and the income taxes presented in the income statement follows: The calculation of the expected income taxes (both current and deferred) is based on the overall German tax rate of 28.61% (2013: 28.61%).

The tax expense for the fiscal year can be reconciled to profit or loss for the period as follows:

	2014 EUR k	2013 EUR k
Profit or loss before tax	22,324	9,662
Income tax expense at a tax rate of 28.61%	6,387	2,764
Effect of unused tax losses and interest expenses carried forward not recognized as deferred tax assets	2,009	3,797
Effect of recognizing deferred tax assets on future tax credits	-930	-3,631
Impact of tax credits due to the activity in the special economic zone of Stalowa Wola	-5,292	-4,901
Impact of temporary differences on which no deferred taxes were recognized on account of the activity in the Stalowa Wola special economic zone	-773	819
Impact of non-deductible expenses related to Sec. 8b (5) KStG	815	0
Effect of temporary differences not recognized as deferred tax assets	314	435
Effect of different tax rates at subsidiaries in other jurisdictions	-3,068	-2,065
Other	-269	-907
	-807	**-3,689**
Adjustments to current taxes of other periods recorded in the reporting period	361	103
Income from income taxes recorded in the income statement	**-446**	**-3,586**

The calculation of deferred taxes is based on the profits distributed and retained in Germany using a uniform corporate income tax rate of 15% and the related solidarity surcharge of 5.5%. In addition to corporate income tax, trade tax is also levied on income generated in Germany. Taking account of the non-deductibility of trade tax due to the discontinuation of operations, the average trade tax rate comes to 12.78 % (prior year: 12.78 %) resulting in an aggregate tax rate in Germany of 28.61 % (prior year: 28.61%). Deferred tax assets and deferred tax liabilities are measured using the tax rates that are expected to apply on the date the assets are realized or the liability settled.

No deferred taxes were recognized on the differences between the carrying amounts in the separate IFRS financial statements and the relevant tax bases of the investments, referred to as outside basis differences, of EUR 99,276k (31

December 2013: EUR 35,090k) as the Company is able to steer the date on which the differences reverse, no distributions were planned on the respective cut-off dates and there are no plans to divest of the investments for the foreseeable future.

The German entities are members of a consolidated tax group. UW AG is the parent of the consolidated tax group. As the parent company, UHG carries unused corporate income tax losses of EUR 49,615k (31 December 2013: EUR 49,091k) unused trade tax losses of EUR 41,706k (31 December 2013: EUR 43,340k) as well as unused interest carryforwards of EUR 55,109k (31 December 2013: EUR 48,612k). Based on the findings of the last tax field audit for the assessment periods from 2009 to 2011, the unused tax losses for corporate income tax purposes decreased EUR 1,068k from EUR 50,159k in the prior year to EUR 49,091k as of 31 December 2013 and the unused tax losses for trade tax purposes decreased EUR 2,689k from EUR 46,029k in the prior year to EUR 43,340k as of 31 December 2013. These losses can be offset indefinitely against future taxable profits of the entities. No deferred tax assets were recognized on temporary differences carried by the entities in the consolidated tax group of EUR 6,616k (31 December 2013: EUR 7,717k). It can be assumed that the unused tax losses and temporary differences are unlikely to be utilized based on the earnings projections for tax purposes.

In addition, the Company obtained licenses to conduct business in the special Stalowa Wola economic zone, whereby the Company receives government grants for its production activities in the form of tax credits on the annual profits it generates. UPP is exempted from paying tax. As a result, no deferred taxes are recognized on temporary differences. The tax subsidies are limited to 2017 (for three licenses) and 2026 (for two licenses). An application to nullify the time restriction to 2017 was filed on one license and it is very likely that the approval will be extended to 2026. Consequently, the longer term was considered when measuring the deferred tax assets. The Company is meeting the obligations underlying the operating licenses in terms of the headcount employed and the amount of capital expenditure required. Deferred tax assets of EUR 34,684k (31 December 2013: EUR 33,754k) were recognized for the above period on the expected taxable results over a five-year planning horizon, applying IAS 12 by analogy. Tax credits of EUR 40,172k (31 December 2013: EUR 46,117k) were not recognized.

Income tax charged directly to other comprehensive income

Deferred taxes of EUR 18k were posted directly to other comprehensive income (2013: EUR 0k) arising from the revaluation of hedging instruments used in cash flow hedges. Moreover, deferred tax assets were recognized on actuarial gains and losses of EUR 0.5k (2013: EUR 0.3k) in other comprehensive income.

Deferred tax assets and deferred tax liabilities

	31 Dec 2014 EUR k	31 Dec 2013 EUR k
Deferred tax assets	35,358	34,148
Deferred tax liabilities	-614	-360
net	**34,744**	**33,788**

Analysis of deferred tax assets and liabilities as presented in the consolidated statement of financial position:

31 Dec 2014	**Opening balance**	**through profit and loss**	**through other comprehensive income**	**Closing balance**
	EUR k	EUR k	EUR k	EUR k
Temporary differences from:				
Property, plant and equipment	-32	0	0	-32
Trade receivables	14	7	0	21
Other financial assets	0	-11	0	-11
Other assets	119	286	0	405
Other non-current financial liabilities	-145	51	18	-76
Pension provisions	-9	16	0	7
Other non-current provisions	260	-19	0	241
Current financial liabilities	0	-177	0	-177
Trade payables	-173	-126	0	-299
Other current provisions	0	-19	0	-19
	34	8	18	60
Tax credits	33,754	930	0	34,684
	33,788	938	18	34,744

31 Dec 2013	Opening balance	through profit and loss	through other comprehensive income	Closing balance
	EUR k	EUR k	EUR k	EUR k
Temporary differences from:				
Property, plant and equipment	-41	9	0	-32
Trade receivables	-28	42	0	14
Other assets	35	84	0	119
Other non-current financial liabilities	203	-348	0	-145
Pension provisions	-8	0	-1	-9
Other non-current provisions	-34	294	0	260
Trade payables	-153	-20	0	-173
	-26	61	-1	34
Tax credits	30,123	3,631	0	33,754
	30,097	3,692	-1	33,788

Goodwill

The carrying amount of goodwill as of 31 December 2014 of EUR 923k (31 December 2013: EUR 923k) was allocated in full to the UNIWHEELS Automotive (Germany) cash-generating unit. It arose from the acquisition accounting of the shares in UNIWHEELS Automotive (Germany) GmbH and therefore falls under the application of IFRS 1 C4(j). On this basis, first-time adopters of IFRS which have not consolidated a business combination in their local GAAP financial statements to date (because, for example, they have not yet prepared consolidated financial statements) must adjust the carrying amounts of the assets and liabilities in the financial statements of the subsidiary to meet IFRS requirements. The difference between the share in the adjusted carrying amounts of the entity's assets and liabilities held by the parent and the carrying amount reported in the separate financial statements of the parent company on the date of transition to IFRS is to be reported as goodwill.

The impairment tests were conducted as of 31 December 2013 and 31 December 2014. The recoverable amount was determined as the value-in-use of the cash-generating unit. This was determined on the basis of the business planning ratified by the management and the corresponding cash flows for the coming four years. The terminal value was then determined by rolling forward the last year in the detailed planning phase of four years. A growth rate of 1.0% was assumed in the process.

The weighted average cost of capital used to discount the cash flows to present value was determined using the capital asset pricing model (CAPM). The systemic risk of the cash-generating unit was determined by making reference to a peer-group of listed companies. The weighted average cost of capital before tax used in the impairment test as of 31 December 2014 comes to 8.57% (31 December 2013: 9.42%).

The impairment test did not reveal any need to record an impairment.

Other intangible assets

The following table lists the carrying amount of other intangible assets on the reporting date:

	31 Dec 2014	31 Dec 2013
	EUR k	EUR k
Rights and licenses	767	851
Data-processing software	3,373	3,916
Payments on account	2,168	34
	6,308	**4,801**

The development of the historical cost and accumulated amortization and impairments recorded on other intangible assets is as follows:

	Rights and licenses	Data-processing software	Payments on account	Total
	EUR k	EUR k	EUR k	EUR k
Cost				
1 January 2013	1,355	7,405	47	8,807
Additions	13	83	22	118
Disposals	-409	-205		-614
Reclassifications	35	382	-35	382
31 December 2013	**994**	**7,665**	**34**	**8,693**
Additions	0	111	905	1,016
Disposals	0	-241	0	-241
Reclassifications	0	76	1,230	1,306
31 December 2014	**994**	**7,611**	**2,169**	**10,774**
Accumulated amortization and impairments				
1 January 2013	477	3,200	0	3,677
Additions	75	753	0	828
Disposals	-409	-204	0	-613
31 December 2013	**143**	**3,749**	**0**	**3,892**
Additions	85	730	0	815
Disposals	0	-241	0	-241
31 December 2014	**228**	**4,238**	**0**	**4,466**

Payments on account were primarily made for software to optimize production processes at UPP.

Intangible assets with a total carrying amount of EUR 0k (31 December 2013: EUR 567k) were pledged as collateral for liabilities.

Property, plant and equipment and investment property

The carrying amount of property, plant and equipment on the closing date is as follows:

	31 Dec 2014	31 Dec 2013
	EUR k	EUR k
Land and buildings	31,138	31,303
Plant and machinery	74,866	78,717
Other equipment, furniture and fixtures	2,037	1,890
Payments on account and assets under construction	6,588	3,095
Investment property	686	692
	115,315	**115,697**

The development of the historical cost and accumulated depreciation and impairments recorded on property, plant and equipment is as follows:

	Land and buildings	Plant and machinery	Other equipment, furniture and fixtures	Payments on account and assets under construction	Investment property	Total
	EUR k	EUR k	EUR k	EUR k	EUR k	EUR k
Cost						
1 January 2013	38,378	174,882	7,950	2,890	701	224,801
Additions	0	303	149	6,620	0	7,072
Disposals	-8	-1,051	-1,330	-53	0	-2,442
Reclassifications	251	5,398	248	-6,279	0	-382
Exchange differences	0	-3	0	-83	-9	-95
31 December 2013	**38,621**	**179,529**	**7,017**	**3,095**	**692**	**228,954**
Additions	47	615	554	14,179	0	15,395
Disposals	-21	-12,828	-2,927	-50	0	-15,826
Reclassifications	748	8,426	155	-10,635	0	-1,306
Exchange differences	0	-5	1	-1	-6	-11
31 December 2014	**39,395**	**175,737**	**4,800**	**6,588**	**686**	**227,206**
Accumulated depreciation and impairments						
1 January 2013	6,398	89,604	5,486	0	0	101,488
Additions	927	12,212	713	0	0	13,852
Disposals	-7	-999	-1,072	0	0	-2,078
Reversals of write-downs	0	0	0	0	0	0
Exchange differences	0	-5	0	0	0	-5
31 December 2013	**7,318**	**100,812**	**5,127**	**0**	**0**	**113,257**
Additions	940	12,046	387	0	0	13,373
Disposals	-1	-11,983	-2,752	0	0	-14,736
Exchange differences	0	-4	1	0	0	-3
31 December 2014	**8,257**	**100,871**	**2,763**	**0**	**0**	**111,891**

Property, plant and equipment with a total carrying amount of EUR 113,753k (31 December 2013: EUR 43,234k) were pledged as collateral for liabilities. This primarily relates to the collateral provided for bank loans. The Company is not entitled to pledge these assets as collateral for other liabilities.

In addition, the banks have been granted charges on land totaling EUR 14,500k to secure loans (31 December 2013: EUR 14,500k). The outstanding principal of the loan as of 31 December 2014 came to EUR 76,520k (31 December 2013: EUR 16,407k). In addition, a subsidiary of UHM mortgaged land for a nominal value of EUR 14,500k (31 December 2013: 14,500k) to provide collateral for existing loans.

There are obligations to purchase property, plant and equipment of EUR 6.1m (31 December 2013: EUR 0m).

In addition, the obligations of the Group arising from finance leases are secured by assigning rights to the leased assets to the lessors. The leased assets are recognized at a carrying amount of EUR 15,578k (31 December 2013: EUR 15,561k).

Investment property includes a property in Wykroty, Poland. The fair value measurement was determined by an independent property valuer, Dagmara Kruzel-Lisek, using the capitalized earnings method based on the prices observable on the market (level 2) and amounts to PLN 2,871k. Consequently, there is no need to record an impairment loss.

Inventories

	31 Dec 2014	31 Dec 2013
	EUR k	EUR k
Raw materials, consumables and supplies	13,771	13,046
Work in process	12,094	10,829
Finished goods and merchandise	27,944	22,307
Payments on account for inventories	21	121
	53,830	**46,303**

Impairments of inventories amounted to EUR 883k (2013: EUR 1,029k) in the reporting period. Of total inventories, an amount of EUR 48,689k is pledged as collateral for liabilities (31 December 2013: EUR 20,460k).

Inventories are expected to be realized within twelve months.

Trade receivables

	31 Dec 2014	31 Dec 2013
	EUR k	EUR k
Trade receivables	27,278	23,920
Impairment losses	-1,423	-1,027
	25,855	**22,893**

Trade receivables do not bear interest and have differing terms of payment. Trade receivables with a total carrying amount of EUR 25,846k (31 December 2013: EUR 22,483k) were pledged as collateral for liabilities. Please see note 30.7 for more information on “Credit risk management”

Change in valuation allowances

	2014	2013
	EUR k	EUR k
Opening balance	-1,027	-1,069
Newly recognized bad debt allowances	-651	-100
Bad debts	98	9
Reversals of write-downs	157	133
Closing balance	**-1,423**	**-1,027**

When measuring the recoverable amount of trade receivables any change in the credit rating of the debtor since the terms of payment were granted is considered on the reporting date. There are no notable credit risk clusters on account of the fact that the Group serves OEM customers with top credit ratings and has a wide customer base in the aftermarket.

No change has been made to the method used in the prior year to test the impairment of receivables.

Other financial assets

	31 Dec 2014 EUR k	31 Dec 2013 EUR k
Other financial assets measured at fair value through profit or loss		
Forward exchange contracts	38	1,718
Commodity derivatives (aluminum)	49	-
	87	1,718
Financial instruments in the loans and receivables category measured at amortized cost		
Cash pool with affiliates	144	0
Other	840	997
	984	997
of which		
Current	509	2,639
Non-current	562	76
	1,071	2,715

Among other items, the line item “Other” contains claims from pension insurance, claims on employees, security deposits and creditors with debit balances.

Other current non-financial assets

Other assets break down as follows:

	31 Dec 2014	31 Dec 2013
	EUR k	EUR k
Tax credits (VAT)	3,402	3,713
Prepaid expenses	215	276
Other	652	527
	4,269	4,516

Issued capital

The Company was transformed into a stock corporation under German law (see notes 0 and 37). The Company reports issued capital of EUR 10m as of 31 December 2014 (31 December 2013: EUR 10m as share capital) which is fully paid in.

Capital reserve

The capital reserve consists of the additional capital paid in by the parent company in the past beyond issued capital. The following table shows the development of the capital reserve over the relevant reporting periods:

	2014	2013
	EUR k	EUR k
Opening balance	46,349	37,474
Additions to the capital reserves	0	8,875
Non-cash contribution of shares in UPP	74,202	0
Transfers from capital reserve	-5,651	0
Closing balance	**114,900**	**46,349**

The change in the capital reserve in 2014 is firstly due to the assignment of shares in UHM to UPP (5,100 shares valued at EUR 74,202k) which were assigned to UW AG in the course of a non-cash capital contribution for no consideration. UW AG subsequently transferred the shares in UPP to UIG for no consideration as a non-cash contribution (see note 3). In addition an amount of EUR 5,651k was withdrawn from the capital reserve in 2014.

The change in 2013 is due to a capital increase and the related additions to the capital reserves.

Revenue reserves

	2014	2013
	EUR k	EUR k
Opening balance	28,972	22,897
Net profit allocable to the shareholders of the parent company	22,770	13,248
Profit distributions	0	-7,173
Acquistion of shares in UPP	-98,937	0
Additions to the capital reserve	5,651	0
Closing balance	**-41,544**	**28,972**

In addition to the net profit allocable to the shareholders of the parent company and the reclassification from the capital reserves, the change in revenue reserves in 2014 is due to the acquisition of the 52% holding in UPP. Prior to the acquisition, UW AG directly held 48% of the shares in UPP and was included in the consolidated financial statements of UW AG from 1 January 2012 already as it was held under common control (see note 3).

The profit distributions in 2013 relate to dividends paid by UNIWHEELS Production (Poland) Sp. z o.o. to UNIWHEELS Holding (Malta) Ltd., which reduce equity on account of the acquisition of the shares in UPP by UW AG and UIG in 2014 being treated as an acquisition under common control (see note 3 for detailed information).

Other reserves

The following summary shows the composition of other provisions as of 31 December 2014 and 31 December 2013:

	31 Dec 2014 EUR k	**31 Dec 2013** EUR k
Opening balance	93	36
Other comprehensive income	-42	57
of which:		
Foreign currency translation	*5*	*55*
Actuarial gains and losses	*-1*	*2*
Net gains/losses from cash flow hedges	*-46*	*0*
Closing balance	**51**	**93**

Other reserves include actuarial gains and losses (e.g. from a change in the discount rate), gains and losses from hedge transactions (see below) and **currency translation differences** from translating the functional currency of the foreign operations into the presentation currency of the Group (EUR).

The result from hedging transactions comprises gains and losses from the effective portion of cash flow hedges (interest swaps see note 30.5) which arose on account of changes in the fair value of hedging instruments. The accumulated gain or loss from the change in the fair value of the hedging instruments, which is posted to the reserve for hedging instruments, is only recycled through profit and loss when the underlying transaction affects profit and loss. The change in the reserve for hedging instruments in the reporting year is solely due to the change in the fair value of the hedging instruments of EUR -64k. The deferred taxes on this event amount to EUR 18k.

Pension plans / pension provisions

a) Defined contribution plans

All employees of the German entities of the Group are members of a defined contribution plan in the form of the statutory pension scheme into which the employee must pay the contribution rate of 9.45% applicable in 2013 and 2014 (employer's contribution) of the employee's measurement base (*"rentenpflichtige Vergütung"*). In addition, there is a defined contribution plan in place for the Polish subsidiaries in the form of the Polish statutory pension insurance (currently at 9.76% of the wages and salaries subject to social security).

Expenses of EUR 4,346k were recorded in the consolidated income statement for defined contribution plans (2013: EUR 4,182k).

b) Defined benefit plans

Obligations from defined benefit plans exist primarily at UNIWHEELS Production (Germany) GmbH and UNIWHEELS Leichtmetallräder (Germany) GmbH in Germany and at UNIWHEELS Production (Poland) Sp. z.o.o. in Poland. The defined obligations are due for payment upon termination of the employment relationship and thereafter in the form of regular pension payments.

The obligations are measured individually on the basis of the wage and salary level. The obligations are granted in the form of pension, invalidity, widows and surviving dependents benefits. The Company bears the actuarial risks for these commitments, such as the risk of longevity or changing interest.
The risks of defined benefit pensions arise from the defined commitments entered into. These risks can give rise to higher direct pension payments to beneficiaries to settle both current and future pension obligations.

Demographic / biometric risks

As a portion of the defined benefit obligations are life-long commitments and include surviving dependents' benefits, earlier utilization or a longer duration of benefit payments could lead to higher pension obligations, higher pension expenses and higher pension payments than currently expected.

Interest risk
A fall in interest rates on the capital markets, particularly for corporate bonds with high ratings, would lead to a rise in the obligation.

The most important inputs affecting the actuarial calculation of the obligation are:

	Measurement on	
	31 Dec 2014	**31 Dec 2013**
Discount rate	0-3%	4%
Estimated salary trend	0-3%	0-3%
Estimate pension trend	0%	0-2%

The underlying biometric mortality rates are based on the published statistics for each state and also on experience. In Germany, the 2005G mortality rates published by Prof. Dr. K. Heubeck were used as the biometric basis for the calculation.

The following amounts have been recorded for defined benefit plans in comprehensive income:

	2014	**2013**
	EUR k	EUR k
Service cost		
Current service cost	26	3
Net interest expense	6	6
Other	6	10
Components of defined benefit expenses posted through profit and loss	38	19
Remeasurement of the net liability of a defined benefit plan		
Actuarial gains and losses from experience-based adjustments	2	1
Components of defined benefit expenses posted to other comprehensive income	2	1
Total	**40**	**20**

Actuarial gains and losses are recorded in other comprehensive income.

The obligations of the Company from defined benefit plans as reported in the statement of financial position are as follows:

	31 Dec 2014	**31 Dec 2013**
	EUR k	EUR k
Net present value of the defined benefit obligation	241	201
Fair value of plan assets	10	60
Net benefit obligation	**231**	**141**

The changes to the net present value of the defined benefit obligations in the current year are as follows:

	2014	2013
	EUR k	EUR k
Opening balance of the defined benefit obligation	**201**	**181**
Service cost	26	3
Interest expense	6	6
Other	6	10
Gains (-) and losses (+) from remeasurement:		
Actuarial gains and losses from experience-based adjustments	2	1
Closing balance of the defined benefit obligation	**241**	**201**

Plan assets as of 31 December 2014 amount to EUR 10k (31 December 2013: EUR 60k) and consist solely of pension insurance pledged to the beneficiaries.

Assumptions used in the measurement and sensitivity analysis

In order to determine the scope of the obligation, the interest rate is determined on the respective reporting date using the latest data from the capital markets and a best estimate of the long-term trends that are expected for salaries and pensions.

The calculation of the present value of the benefit obligation is based on the above assumptions. A change in one of the assumptions, with all other assumptions remaining unchanged would only result in an insignificant change to the present value of the defined benefit obligation. Thus, a 1% increase (decrease) of the discount rate would lead to a decrease (increase) of the defined benefit obligation of EUR 1k.

Provisions

The composition and development of provisions is presented in the following table:

	31 Dec 2014	31 Dec 2013
	EUR k	EUR k
Non-current provisions	2,562	2,557
Current provisions	1,654	2,178
Total provisions	**4,216**	**4,735**
of which:		
Non-current pension provisions	231	141
Other non-current provisions	*2,332*	*2,416*
Other current provisions	*1,654*	*2,178*
Total other provisions	3,986	4,594

Reconciliation of the opening and closing balances of other provisions in the years 2013 and 2014:

	Employee benefits	Onerous contracts	Warranties	Others	Total
	EUR k	EUR k	EUR k	EUR k	EUR k
1 January 2014	**1,541**	**908**	**848**	**1,297**	**4,594**
Additions	275	197	338	446	**1,256**
Utilizations	140	435	175	33	**785**
Releases	23	0	12	1,056	**1,091**
Interest	10	0	0	1	**12**
31 December 2014	**1,665**	**670**	**999**	**655**	**3,986**

	Employee benefits	Onerous contracts	Warranties	Others	Total
	EUR k	EUR k	EUR k	EUR k	EUR k
1 January 2013	1,537	865	735	349	**3,486**
Additions	400	393	268	949	**2,010**
Utilizations	416	345	153	2	**916**
Releases	1	0	0	0	**1**
Interest	21	- 5	- 1	1	**16**
Exchange rate effects	0	0	- 1	0	**- 1**
31 December 2013	**1,541**	**908**	**848**	**1,297**	**4,594**

The provisions for **employee benefits** comprise obligations for long-service bonuses owed to employees of UNIWHEELS Production (Poland) Sp. z o.o. who have served the company more than 3 and 5 years respectively, obligations from phased retirement plans that were measured on the basis of actuarial reports as well as obligations to pay bonuses.

The provisions for **warranties** are based on the best estimate made by management of the net present value of future outflows of economic benefits to settle warranty obligations entered into by the Group. The estimate was based on past experience with warranties and can fluctuate due to the use of new materials, changes to production processes or other factors affecting product quality.

The provision for **onerous contracts** relates to individual onerous sales contracts that the company cannot withdraw from. The obligation has been measured on the basis of the budgeted unit volumes and prices.

Other provisions comprise provisions for legal expenses of EUR 555k (31 December 2013: EUR 127k) and provisions for restoration obligations of EUR 87k (31 December 2013: EUR 85k), which are primarily due to the lease for the logistics center in Bad Dürkheim with a residual term of 14 years. The provision of EUR 740k created in the prior year to cover the risks associated with the EU investigation into a breach of EU law caused by the exemption of energy-intensive industries under the German renewable energies act (EEG: Erneuerbare-Energien-Gesetz) was released in the reporting period as the EU Commission approved the majority of the exemption allowed under the EEG.

Financial liabilities

	31 Dec 2014	31 Dec 2013
	EUR k	EUR k
Derivatives in an effective designated hedge and measured at fair value		
Interest derivatives	192	0
	192	0
Derivatives held for trading and not in a designated hedge		
Forward exchange contracts	1,380	463
Interest derivatives	0	1,279
Commodity derivatives (aluminum)	0	1,333
	1,380	3,075
Financial instruments in the category of other liabilities measured at amortized cost		
Bonds	0	43,732
Liabilities to banks	75,783	24,916
Finance lease liabilities	8,196	9,294
Loan liabilities to shareholders	24,734	5,000
Other	578	1,868
	109,291	84,810
	110,863	**87,885**
of which		
Current	37,860	29,790
Non-current	73,003	58,095
	110,863	**87,885**

A bond with a face value of EUR 50m was placed on the Stuttgart stock exchange with an effective booking date of 19 April 2011. The bond was equipped with a fixed coupon of 7.5% that was paid on an annual basis on 19 April. By resolution dated 26 September 2014, UW AG initiated the redemption of the bond. On this basis the full outstanding volume (EUR 44.5m) was repaid to the creditors of the bond on 5 November 2014 at 102% of its face value plus the accumulated interest.

The syndicated loan agreement arranged on 26 July 2011 for a sum of EUR 55m was a key component of the financing of the Group. The loan comprised a loan for a fixed sum of EUR 24m and a credit facility of EUR 31m to fund working capital. The loan had a term of six years and a floating interest rate. The interest rate was based on the EURIBOR plus a mark-up that is pegged to predefined financial indicators of the Group. The syndicated loan agreement originating from 2011 was terminated in September 2014 and repaid prematurely. In this regard, a new syndicated loan agreement was entered into on 2 September 2014 for a volume of EUR 95m. The loan matures in five years and has a floating interest rate. The interest rate is also based on the EURIBOR plus a mark-up that is pegged to predefined financial indicators of the Group. To secure both syndicated loans, the Group pledged its shares in UPP, ATS LM and UAG as well as other assets. These are presented in the notes to the line items to the statement of financial position in which they are presented.

Other loan liabilities mainly consist of a shareholder loan of EUR 24.7m (31 Dec 2013: EUR 5m) which was issued by UHM in association with the acquisition of 52% of the shares in UPP (see note 2.2). The sundry other items primarily consist of debtors with credit balances and liabilities from the cash pooling arrangement with non-consolidated affiliates.

Trade payables and other liabilities

	31 Dec 2014 EUR k	31 Dec 2013 EUR k
Trade payables	55,417	51,110
Other liabilities	357	0
	55,774	**51,110**

Finance lease obligations

The Group leases certain production equipment and machinery under the terms of finance leases. The average term of the lease amounts to 4.9 years (2013: 4.8 years). The Group has the option to acquire the plant and equipment at nominal value at the end of the agreed lease. The finance lease obligations are secured by a retention of title to the leased assets by the lessor.

The liabilities from finance leases are based on the historical interest rates applying at the inception of the respective leases and range between 1.5% and 7.5% (2013: 1.5% and 7.5%) p.a. A reconciliation of the minimum lease payments as of the reporting date to their net present values for the respective periods is presented in the following table.

	Minimum lease payments	
	31 Dec 2014	**31 Dec 2013**
	EUR k	EUR k
thereof due within one year	3,492	3,472
thereof due between one and five years	5,324	7,957
thereof due in more than five years	0	13
	8,816	11,443
Less:		
Future borrowing costs	-620	-2,149
Present value of minimum lease payments	**8,196**	**9,294**

	Present value of minimum lease payments	
	31 Dec 2014	**31 Dec 2013**
	EUR k	EUR k
thereof due within one year	3,341	3,019
thereof due between one and five years	4,855	6,262
thereof due in more than five years	0	13
Present value of minimum lease payments	**8,196**	**9,294**

	31 Dec 2014	**31 Dec 2013**
	EUR k	EUR k
reported in the consolidated financial statements as:		
- Current liabilities	3,341	3,019
- Non-current liabilities	4,855	6,275
	8,196	**9,294**

Other current non-financial liabilities

	31 Dec 2014	**31 Dec 2013**
	EUR k	EUR k
Personnel liabilities	4,474	4,839
Liabilities to social security	1,531	1,639
VAT and other levies	561	606
Other	1,844	3,768
	8,410	**10,852**

Other disclosures on financial instruments

Capital risk management

The Group manages its capital with the goal of ensuring that all Group entities can operate on the assumption that they are going concerns and simultaneously to maximize the income from equity investments by optimizing their gearing. The overall strategy of the Group has not changed on the strategy pursued in 2013.

Within the framework of the monthly reporting, net working capital and the equity ratio are reported to the management and the creditors of the Group. Net working capital is defined as the sum of inventories plus trade receivables less trade payables. Any deviations to budget are explained in the process. The equity ratio is defined as the sum of all components of equity divided by the balance sheet total.

Net working capital at the end of the year can be presented as follows:

	31 Dec 2014	**31 Dec 2013**
	EUR k	EUR k
Inventories	53,830	46,303
Trade receivables	25,855	22,893
Trade payables	55,417	51,110
	24,268	**18,086**

The equity ratio came to 32% on 31 December 2014 (31 December 2013: 35%). The change in the equity ratio is primarily due to the annual profit of EUR 22.8m that led to an increase in equity, counterbalanced to some extent by the effect of the acquisition of 52% of the shares in UPP, partly financed by shareholder loans. The shares were financed by equity beforehand (see notes 3, 21 and 22).

Objectives of the management of financial risks

In the course of its operations the Group is exposed to a range of financial risks. These comprise the market risk (including the currency risk, interest-induced fair value risks, and market price risks), credit risks and liquidity risks.

The Group attempts to minimize the impact of individual risks using derivative financial instruments. The Group does not enter into any financial instruments for speculative purposes, including derivative financial instruments.

Market risk

The activities of the Group expose it to financial risks that primarily consist of changes in exchange rates, interest rates and commodity prices. The Group enters into derivative financial instruments to manage its existing interest, exchange and price risks. These include:

- *Interest swaps to minimize the risk of rising interest rates*
- *Forward exchange contracts to hedge against currency risks arising from payments made in foreign currency to the local payees of the Polish entities. The Polish production entity, UNIWHEELS Production (Poland) Sp. z o.o. uses EUR as its functional currency. In addition there are transactions to hedge against foreign exchange exposures for purchases of raw materials, which are traded in USD.*
- *Commodity derivatives (aluminum) are used to hedge against price risks arising from the purchase of commodities.*

There were no changes in the nature or methods of risk management in comparison to the prior year.

Management of currency risks

Certain transactions in the Group are denominated in foreign currency. This results in risks from fluctuations in exchange rates. Currency risks are managed by means of forward exchange contracts used in the framework of economic hedges. The Group has a significant subsidiary in Poland, UNIWHEELS Production Poland Sp. z. o. o.). The functional currency of the subsidiary is the euro (EUR) as the most significant transactions (purchases, sales, etc.) are concluded in euro. The Group hedges against exchange rate fluctuations of the manufacturing entity in Poland by entering into forward exchange transactions to cover the wages, energy bills, freight costs, etc. paid in PLN on a monthly basis. The derivatives are entered into monthly on the basis of the budget.

Wheels are sometimes purchased and resold in the aftermarket business. These transactions are conducted in USD. Consequently, the Group makes forward purchases of USD. Furthermore, forward exchange agreements are entered into

for USD to create an economic hedge for purchases of aluminum, which are denominated in USD. As of the reporting date, USD contracts with a face value of USD 14,300k were still open (prior year: none).

Sensitivity analysis for currency risks

The Group's foreign currency exposures relate to the zloty and the US dollar.

The following table presents the impact of a 10% rise or fall in the exchange rate between EUR and PLN and USD, respectively, from a Group perspective. The sensitivity analysis only includes outstanding monetary items denominated in foreign currency, and adjusts the currency translation as at the end of the period to account for a 10% change in the exchange rate. The sensitivity analysis only includes the forward exchange derivatives carried on the reporting date. A positive number below indicates a rise in net profit or equity if the euro rises by 10% against the respective currency. If the EUR falls by 10% against the respective currency, this has a comparable impact on the net profit for the year or equity. Thus the following figures would be negative.

	2014	**2013**
	EUR k	EUR k
EUR +10% on the PLN	9,911	3,241
EUR +10% on the USD	433	-

Forward exchange contracts

The following table describes forward exchange contracts in detail as of the reporting date:

Outstanding forward exchange contracts	Average exchange rate		Face value			
			Foreign currencies		EUR	
	2014	**2013**	**2014**	**2013**	**2014**	**2013**
			Foreign currency (thousands)	Foreign currency (thousands)	EUR k	EUR k
Buys PLN						
less than 3 months	4.22	4.36	89,197	35,901	21,150	8,243
3 to 6 months	4.23	4.36	85,979	32,684	20,350	7,500
6 to 9 months	4.24	4.38	52,808	32,834	12,450	7,500
9 to 12 months	4.26	4.39	44,704	32,949	10,500	7,500
more than 12 months	4.28	-	154,084	-	36,000	-
			426,772	134,368	100,450	30,743
Buys USD		-		-		-
less than 3 months	1.25	-	1,430	-	1,144	-
3 to 6 months	1.25	-	4,290	-	3,431	-
6 to 9 months	1.25	-	4,290	-	3,428	-
9 to 12 months	1.25	-	4,290	-	3,425	-
			14,300	0	11,428	0

The corresponding fair values of forward exchange transactions can be found in notes 18 and 26.

Management of interest risks

The Group is exposed to interest rate risks as Group entities have taken out borrowings at variable interest rates. The risk is managed by the Group using payer swaps to secure a fixed interest rate in the mid-term.

The interest risk inherent in financial assets and financial liabilities carried by the Group is described in the section on liquidity risks.

Interest rate sensitivity

The sensitivity analyses presented below were calculated based on the interest exposures of derivatives and non-derivative instruments as of the closing dates of the reporting period. For floating-rate liabilities, the analysis was prepared as if the amount of the liability outstanding as of the end of the reporting period had been outstanding for the whole year. A rise or a fall of 50 base points in the interest rate has been assumed for the purposes of the analysis. This reflects the management's assessment of a reasonably possible change in interest rates.

If interest rates had been 50 base points higher or lower and all other variables constant, the net profit for the year ending 31 December 2014 would have been EUR 362k lower or higher respectively, and equity (reserves for hedges) EUR 2k higher or lower respectively (2013: decrease/increase of the net profit by EUR 76k). This is primarily due to the interest risks associated with the Group's borrowings at variable rates.

The sensitivity of the Group to interest rates during the current period is mainly due to the increase in the balance of floating rate debt instruments.

Interest swaps

In an interest swap the Group exchanges fixed and floating interest payments that were calculated on the basis of agreed nominal amounts. Such agreements allow the Group to mitigate the impact of changing interest rates on the fair value of the fixed interest debt instruments carried by the Group and the cash flow risks associated with floating rate debt instruments. The fair value of interest swaps on the balance sheet date is determined by discounting future cash flows using the interest curves published on the reporting date and the credit risks associated with the contracts entered into. The present value is presented below. The average interest rate is based on the amounts outstanding at the end of the fiscal year.

The interest swaps have been in a designated cash flow hedge since 2014 with the cash flows expected in the reporting periods up to and including 2019. Consequently, there will be an impact on profit or loss until the 2019 reporting period.

The following tables present the face values and residual terms of outstanding interest swaps at the end of the period:

Pending receive-floating pay-fixed swaps	Average fixed rates agreed on (%)		Face value (EUR k)		Fair value (EUR k)	
	2014	**2013**	**2014**	**2013**	**2014**	**2013**
less than 1 year	-	6.15	-	23,000	-	-1,279
1 to 5 years	0.29	-	48,625	-	- 192	-
			48,625	23,000	-192	-1,279

The interest swaps are settled on a quarterly basis. The 3-month EURIBOR is used for the floating rate of the interest rate swaps. The Group settles the difference between the fixed and variable interest rates on a net basis. There was no recycling from other comprehensive income to the income statement in 2014.

Commodity price risks

The most significant commodity used in production by the UNIWHEELS Group is aluminum. In this regard, UNIWHEELS enters into long-term supply contracts with aluminum suppliers. The UNIWHEELS Group purchases the aluminum it needs for production via long-term master supply agreements. The price is subject to fluctuation as aluminum is traded on public exchanges (LME price). To minimize the risks and create greater planning certainty and control over the budget, the UNIWHEELS Group secures the purchase prices for aluminum by means of various swaps.

Sensitivity analysis

The following table presents the impact of a 10% rise or fall in the price of aluminum from a Group perspective. The sensitivity analysis only includes the derivatives carried on the reporting date. A positive number below indicates a rise in net profit if the price of aluminum rises by 10%. If the price falls by 10%, this will have the opposite impact on net profit for the year. Thus the following figures would be negative.

	Effect of the aluminum price	
	2014	**2013**
	EUR k	EUR k
Profit/loss for the year	737	1,669

Aluminum swaps

The positive and negative market values for commodity swaps can be found in notes 18 and 26. The nominal volume (supply volumes) of the forwards in place as of the reporting date amounts to 4,800 t (prior year: 12,680 t). All derivatives carried as of the respective reporting date had a residual term of less than one year.

Management of credit risks

Credit risk is understood as the risk of a loss for the Group if a contractual party fails to fulfill its contractual obligations. The Group guidelines require business to be solely conducted with contractual partners with suitable credit ratings in order to minimize the risk of counterparty default.

Counterparties in the OEM business generally enjoy investment grade ratings. Thus thought is only given to reducing business volume when the counterparty is downgraded or there are indications of an imminent downgrading.

Trade receivables in the aftermarket business comprise a large number of customers. The Group has issued a guideline on issuing credit to customers by which any unsecured delivery of goods requires a credit rating beforehand and, if certain sales thresholds are reached, credit insurance as well.

Trade receivables comprise amounts that are past-due as of the reporting date but for which the Group has not established any doubtful debt allowances (see below for more information on the age structure). This is due to the fact that the credit ratings had not changed significantly and the collection of the outstanding amounts is considered to be unproblematic.

Age structure of past-due receivables but not impaired

	31 Dec 2014	**31 Dec 2013**
	EUR k	EUR k
less than 30 days	6,033	6,232
30 to 60 days	240	523
61 to 90 days	11	101
91 to 180 days	34	241
more than 180 days	300	
	6,618	**7,097**
Average days past due	16	21

Age structure of impaired receivables

	31 Dec 2014	**31 Dec 2013**
	EUR k	EUR k
less than 30 days	6,819	7,427
30 to 60 days	11	15
61 to 90 days	115	39
91 to 180 days	758	725
more than 180 days	115	131
	7,818	**8,337**

The risk of counterparty default with regard to cash equivalents and derivative financial instruments is low as the counterparties are banks with excellent credit ratings issued by international rating agencies.

Collateral received and other measures to mitigate credit risks

The Group does not have any collateral or other measures to mitigate credit risk from financial assets.

Management of liquidity risks

In the final instance, responsibility for managing liquidity risks lies with the management, which has installed a suitable concept for managing short-term, mid-term and long-term financing and cash requirements. The Group steers it cash requirements on the basis of a rolling 13-week weekly cash flow projection at the level of the separate entities and also at Group level. This involves comparing the cash flow projections to actual weekly developments and harmonizing the profile of due dates of financial assets and financial liabilities and steering utilization of the credit facility.

Liquidity and interest risk tables:

The following tables show the contractually agreed residual terms of non-derivative financial liabilities carried by the Group. The tables are based on undiscounted cash flows from financial liabilities based on the earliest date on which the Group is obliged to pay debt service. The tables consider both interest payments and redemptions of principal. If interest payments are based on variable inputs, the undiscounted amount was measured using the interest curves published on the reporting date.

	less than 1 year	1-5 years	more than 5 years	Total
	EUR k	EUR k	EUR k	EUR k
31 Dec 2014				
Liabilities from finance leases	3,492	5,322	0	8,814
Floating-rate instruments (term loan A)	34,571	46,250	0	80,821
Fixed-rate instruments	0	29,348	0	29,348
Trade payables and other financial liabilities	42,022	14,331	0	56,353
	80,085	**95,251**	**0**	**175,336**
31 Dec 2013				
Liabilities from finance leases	3,472	7,957	13	11,442
Floating-rate instruments	17,005	0	0	17,005
Fixed-rate instruments	4,237	53,650	0	57,887
Trade payables	51,110	0	0	51,110
	75,824	**61,607**	**13**	**137,444**

The following table shows an analysis of the Group's liquidity in relation to derivative financial instruments. The tables are based on the undiscounted net cash outflows aggregated for the respective year for derivative financial instruments.

	less than 3 months	from 3 months to 1 year	between 1 and 5 years	Total
	EUR k	EUR k	EUR k	EUR k
31 Dec 2014				
Net effectiveness of interest swaps	-26	-74	-262	-362
	-26	-74	-262	-362
31 Dec 2013				
Net effectiveness of interest swaps	334	1,016	0	1,350
	334	1,016	0	1,350

Fair value measurement

This note explains how the Group measures the fair value of its financial assets and liabilities. Beyond this, the carrying amounts and fair values of the various financial assets and financial liabilities are presented in accordance with IFRS 7. This summarizes the significance of the financial instruments for the Group.

Fair value of financial assets and liabilities that are regularly remeasured at fair value

A number of the financial assets and liabilities carried by the Group are measured at fair value on the reporting date. The following table contains information on how the fair value of these financial assets and liabilities is measured (including the measurement methods and input parameters).

Due to the fact that the Banks enjoy excellent credit ratings, no credit value adjustments were recorded on grounds of immateriality. The Group's own rating has been considered in the measurement of its own liabilities by factoring in the Group's own risk premium in addition to the market interest rates.

Financial assets / financial liabilities	Fair value		Hierarchy	Valuation techniques and significant inputs	Significant inputs not observable on an active market	Ratio of non-observable inputs to fair value
	31 Dec 2014	31 Dec 2013				
1) Forward exchange contracts (see notes 18 and 26)	Assets: EUR 38k	Assets: EUR 1,718k	Level 2	Discounted cash flow method: future cash flows estimated on the basis of forward rates (observable on the reporting date) and agreed forward exchange rates and discounted using interest curves published on the reporting date	N/A	N/A
	Liabilities: EUR 1,380k	Liabilities: EUR 463k				
2) Interest swaps (see notes 18 and 26)	Liabilities: EUR 192k	Liabilities: EUR 1,279k	Level 2	Discounted cash flow method: future cash flows estimated on the basis of forward interest rates (observable interest curves on the reporting date) and agreed forward interest rates and discounted using interest curves published on the reporting date	N/A	N/A
3) Commodity swaps (see notes 18 and 26)	Assets: EUR 49k	Liabilities: EUR 1,333k	Level 2	Discounted cash flow method: future cash flows estimated on the basis of forward prices (observable commodity prices on the reporting date) and agreed forward prices and discounted using interest curves published on the reporting date	N/A	N/A

No reclassifications between level 1 and level 2 were made during the reporting period.

The fair value of financial assets and liabilities that are not regularly remeasured at fair value but which need to be disclosed at fair value

Apart from the instruments depicted in the following table, management believes the carrying amount of financial assets and liabilities in the statement of financial position is a close approximation of fair value.

	31 Dec 2014		**31 Dec 2013**	
	Carrying amount	Fair value	Carrying amount	Fair value
	EUR k	EUR k	EUR k	EUR k
Financial liabilities				
Financial liabilities measured at amortized cost				
- Bonds	0	0	43,732	45,646
- Bank loans	42,585	47,719	18,693	19,786
- Loans from affiliates	24,734	26,112	0	0
Total	**67,319**	**73,831**	**62,425**	**65,432**

	31 Dec 2014			
	Level 1	Level 2	Level 3	Total
	EUR k	EUR k	EUR k	EUR k
Financial liabilities				
Financial liabilities measured at amortized cost				
- Bank loans	0	47,719	0	47,719
- Loans from affiliates	0	26,112	0	26,112
Total	**0**	**73,831**	**0**	**73,831**

	31 Dec 2013			
	Level 1	Level 2	Level 3	Total
	EUR k	EUR k	EUR k	EUR k
Financial liabilities				
Financial liabilities measured at amortized cost				
- Bonds	45,646	0	0	45,646
- Bank loans	0	19,786	0	19,786
Total	**45,646**	**19,786**	**0**	**65,432**

The fair value of the above level 2 financial assets and liabilities has been determined in accordance with the discounted cashflow method which is widely accepted. A key input in the valuation is the discount rate. The allocation to the various levels in 2014 has not changed on the prior year.

Additional notes to the consolidated cash flow statement

For the purposes of the consolidated cash flow statement, cash and cash equivalents include cash on hand and bank balances whose term was less than three months upon entering into the agreement.

The accounts of individual entities in the UW AG Group were pledged within the framework of a collateral assignment agreement (31 December 2014: EUR 20,738k, 31 December 2013: EUR 466k).

In the prior fiscal year the Group entered into finance leases totaling EUR 2,091k (2013: EUR 0k), which are presented under other income and expenses with no impact on cash.

Other risks, contingent liabilities and contingent assets

Various Group entities have performed off-balance-sheet transactions in the form of factoring. As of 31 December 2014 receivables of EUR 14,346k (31 December 2013: EUR 13,136k) were not reported on the face of the statement of financial

position. Risks for the company relate to the factoring fee, which amounts to 10% of the factored receivables. In addition, there are factoring fees which are charged on to the Group entities.

In Poland, the Company conducts its activity in the special economic zone of Stalowa Wola which provides economic benefits, particularly in the form of tax credits. Approval for exercising economic activity in the zone is tied to certain conditions primarily related to the amount of capital expenditure and the size of the headcount. However, the Company does not see any indication for it not meeting these conditions. However, if one of the conditions for the operating license is breached, the company risks losing the benefits associated with the doing business in the special economic zone (see the section on deferred taxes).

Operating leases

Leases

Operating leases primarily comprise leases for vehicles and office equipment and have terms of three to five years. Moreover, there are also leases for buildings, particularly the logistics center in Bad Dürkheim. The most significant portion of the future minimum lease obligations results from the lease for this building which includes a progressive rent over a lease term of 25 years expiring in 2027. There is no option to prolong the lease but it is equipped with a purchase option exercisable upon termination. The Group does not carry any onerous leases or lease incentive agreements.

Payments recorded as expenses

	2014	**2013**
	EUR k	EUR k
Minimum lease payments	3,857	3,780
	3,857	**3,780**

Non-cancellable leases

	31 Dec 2014	**31 Dec 2013**
	EUR k	EUR k
less than 1 year	2,293	2,393
between 1 and 5 years	6,486	5,966
more than 5 years	9,720	10,912
	18,499	**19,271**

Related party transactions

Related parties as defined by IAS 24 (Related Party Disclosures) are legal or natural persons who can exercise significant influence or control over UNIWHEELS AG and its subsidiaries or who are subject to significant influence or control by UNIWHEELS AG or its subsidiaries. These primarily include the parent company, UNIWHEELS Holding (Malta) Ltd. and its subsidiaries that do not belong to the group led by UW AG, UNIWHEELS Management (Switzerland) AG, in particular, which acts as a management services provider and UNIWHEELS Trading (Switzerland) AG, which acts as a distributor for the Swiss market and is supplied by UNIWHEELS AG. In addition, Rasch Holding Ltd. can exercise influence over UNIWHEELS AG via its 92% holding in UNIWHEELS Holding (Malta) Ltd.

Intercompany balances and transactions between the Company and its subsidiaries that also qualify as related parties are eliminated in the course of consolidation and are not disclosed in this note. Details on the transactions between the Group and other related parties are disclosed below.

a) Transfers of goods and services

In the course of the fiscal year, the Group entities carried out the following transactions with related parties which do not belong to the Group:

	Sale of goods and services		Purchase of goods and services	
	2014	**2013**	**2014**	**2013**
	EUR k	EUR k	EUR k	EUR k
UNIWHEELS Holding (Malta) Ltd	6	778	2,507	2,125
Subsidiaries of UNIWHEELSHolding (Malta) Ltd.	700	1,584	81	915
Other related parties in the Rasch Group	13	9	2,203	1,658

The following balances were outstanding at the end of the reporting period:

	Trade and other receivables	
	31 Dec 2014	**31 Dec 2013**
	EUR k	EUR k
UNIWHEELS Holding (Malta) Ltd	3	777
Subsidiaries of UNIWHEELS Holding (Malta) Ltd.	440	1,001
Other related parties in the Rasch Group	29	55

	Trade payables and other liabilities	
	31 Dec 2014	**31 Dec 2013**
	EUR k	EUR k
UNIWHEELS Holding (Malta) Ltd	15,134	16,203
Subsidiaries of UNIWHEELS Holding (Malta) Ltd.	28	5
Other related parties in the Rasch Group	172	23

The balances outstanding at the end of the period are not secured, bear no interest and are settled in cash. No guarantees are issued or received in this regard. No bad debts or doubtful debts were recorded with related parties in the reporting year or the prior year.

b) Loans from and to related parties

The following loans were extended to the Group:

	Loans taken out (liabilities)	
	31 Dec 2014	**31 Dec 2013**
	EUR k	EUR k
UNIWHEELS Holding (Malta) Ltd	24,734	0
Subsidiaries of UNIWHEELS Holding (Malta) Ltd.	0	49
Other related parties in the Rasch Group	0	5,000

The subordinated loan of EUR 5m from a related party was fully repaid in 2014. The interest rate was comparable to average market rates. The loan was not secured. These loans also bear market interest rates.

	Interest income		Interest expense	
	2014	**2013**	**2014**	**2013**
	EUR k	EUR k	EUR k	EUR k
UNIWHEELS Holding (Malta) Ltd	0	0	1,598	1,014
Subsidiaries of UNIWHEELS Holding (Malta) Ltd.	391	41	274	43
Other related parties in the Rasch Group	0	0	312	375

c) Compensation paid to key employees

Key employees comprise the managing directors of the individual Group entities. These individuals received the following emoluments in the fiscal year:

	2014	**2013**
	EUR k	EUR k
Management compensation	1,498	1,660
of which to the management board of UW AG (prior year: management of UHG)	*n/a*	*429*

The Group exercises the protection clause found in Sec. 286 (4) HGB with regard to the compensation paid to the management board of UW AG in 2014.

d) Supervisory board remuneration

The remuneration paid to members of the Supervisory Board in the fiscal year amounted to EUR 68 k.

Employees

The average headcount breaks down as follows:

	2014	**2013**
Salaried employees	340	310
Wage earners	2,026	1,831
	2,366	**2,141**

Auditor’s fees

The fees for the services rendered by the independent auditor, Ebner Stolz GmbH & Co. KG, break down as follows:

	2014	**2013**
	EUR k	EUR k
Audit services	197	153
Other attestation services	144	27
Other services	7	78
	348	**258**

Company boards

Upon change in the legal form to a German stock corporation (AG) on 24 November 2014, the following individuals were appointed to the management board:

Ralf Schmid (CEO of the UNIWHEELS Group), Swieqi, Malta (Chairman)
Dr. Karsten Obenaus (CFO of the UNIWHEELS Group), Neustadt/Weinstraße

The following individuals were appointed to the supervisory board:

Beata Olejnik (managing director of UHM), Chairwoman of the Supervisory Board, Sliema/Malta
Dr. Wolfgang Baur (business consultant), Stuttgart
Michael Schmid (technician), Swieqi, Malta

Prior to the change in legal form to a German stock corporation (AG) on 24 November 2014, the following individuals were appointed to the management of the Company

Ralf Schmid (CEO of the UNIWHEELS Group), Swieqi, Malta
Beat Jürg Zwahlen (Director of Strategy & Operations), Eggenwil, Switzerland (until 4 September 2014)
Eckehard Forberich (Chief Financial Officer), Oberursel (until 7 February 2014)
Dr. Karsten Obenaus (Chief Financial Officer), Neustadt/Weinstraße (from 3 February 2014)

According to its statutes, two members of the management board may act jointly on behalf of the Company or one member of the management board together with an authorized signatory.

Exemption from reporting requirements pursuant to Sec. 264 (3) HGB

The following consolidated entities have exercised the exemption from reporting requirements pursuant to Sec. 264 (3) HGB:

ATS Leichtmetallräder (Germany) GmbH
UNIWHEELS Leichtmetallräder (Germany) GmbH
UNIWHEELS Automotive (Germany) GmbH
UNIWHEELS Investment (Germany) GmbH
UNIWHEELS Production (Germany) GmbH

Ratification of the financial statements

The consolidated financial statements were approved by the management board on 6 March 2015 and released for publication.

Bad Dürkheim, 6 March 2015

Ralf Schmid

Dr. Karsten Obenaus

Independent Auditor's Report

This audit report is issued on financial statements prepared in German language.

We have audited the consolidated financial statements prepared by **UNIWHEELS AG (until 24 November 2014: UNIWHEELS Holding (Germany) GmbH), Bad Dürkheim,** – comprising the consolidated statement of financial position, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and the notes to the consolidated financial statements – and the group management report for the fiscal year from 1 January to 31 December 2014. The preparation of the consolidated financial statements and the group management report in accordance with IFRSs, as adopted by the EU, and the additional requirements of German commercial law pursuant to Sec. 315a (1) HGB ["Handelsgesetzbuch": German Commercial Code] and the supplementary provisions of the articles of incorporation are the responsibility of the Company's legal representatives. Our responsibility is to express an opinion on the consolidated financial statements and the group management report based on our audit.

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

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRSs, as adopted by the EU, the additional requirements of German commercial law pursuant to Sec. 315a (1) HGB and with the supplementary provisions of the articles of incorporation and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The group management report is in agreement with the consolidated financial statements and presents a true and fair view of the situation of the Group and the opportunities and risks inherent in its future development.

Stuttgart, 6 March 2015

Ebner Stolz GmbH & Co. KG
Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft

Dr Wolfgang Russ	Thomas Epple
Wirtschaftsprüfer	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]