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Annual Report 2014

Because flashes of genius result in tailor-made solutions.
ATB powered by know-how.

Technology in Motion

Key figures

TEUR	2014	2013	2012 restated
Share capital	26,657	26,657	26,657
Number of shares	11,000,000	11,000,000	11,000,000
Share price			
High	5.50	5.39	5.77
Low	2.60	2.00	0.17
Year-end	4.08	3.35	4.49
Revenues	335,675	340,094	336,018
Order backlog	128,397	116,144	116,515
EBITDA	20,222	29,094	26,913
Reversal of impairment losses	697	6,580	351
Net operating profit (EBIT)	9,543	25,129	16,392
Profit before taxes (EBT)	3,031	18,579	10,503
Profit/loss for the period	11,863	26,158	17,480
Cash flow from operating activities	7,984	14,985	14,971
EBT in % of revenues	0.9 %	5.5 %	3.1 %
Investment			
in intangible assets and property, plant and equipment	21,383	19,697	15,745
Employees (including apprentices)	3,708	3,542	3,509
Total assets	386,239	326,658	290,165
Equity	131,079	114,813	90,316
in % of total assets	33.9 %	35.1 %	31.1 %

Financial Calendar 2015	
Balance sheet date:	31 December 2014
Annual financial report 2014:	21 April 2015
Annual General Meeting:	22 May 2015
Result of 1st quarter 2015:	27 April 2015
Result of 2nd quarter 2015:	20 August 2015
Result of 3rd quarter 2015:	27 October 2015

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Letter from the Chairman of the Managing Board

Dear shareholders,

despite extensive countermeasures, the ATB Group was unable to completely cushion against the unfavourable business trend in 2014. We had to accept declines in both revenues as well as in key performance indicators that can be attributed to political and economic instability in our target markets as well as to a series of other unexpected developments.

As in the previous year, the unfavourable revenue trend in the project business had the greatest influence on comprehensive income. We reacted to the sharp fall in demand in the coal mining industry on the one hand already in 2013 by diversifying the product portfolio and on the other also incorporated a further decline in revenues into our budget for 2014. However, the need for coal tangibly declined once again, further fuelled by the deep plunge in the price of oil*; the price dropped more sharply than expected and capital investments in this industry fell to an incomparably low level. The rapid downward trend in the price of oil beginning in the second half of the year also led to excessive delays in investment projects in one of our most important target industries – the oil and gas business. Whereas other ATB sites in our Project segment were able to defend their market position on the German domestic market, developments in foreign markets also had a negative impact on earnings. The stubborn economic weakness prevailing since 2010 continued with an additional decrease in real GDP growth, in particular in emerging markets such as China**. Japan also recorded only insignificant growth rates*** and dampened the propensity to invest on the part of many existing and potential customers. As a consequence of the crisis in the coal mining industry, an Australian customer was only able to place a fraction of its normal order volume with us, which also contributed to the decrease in revenues in the High Voltage segment. The political situation in Russia, Ukraine and the Middle East significantly strained economic activities. The effect in Russia alone was a steep drop in revenues of more than one-third. The decreases in revenues necessitated adjustments at several sites. For example, we had to close a production plant affiliated with the ATB Morley site in Stockport, UK, in the past year as a result of the poor order situation. Redundancy plans and socially acceptable solutions were worked out for the employees. At other sites, we hired employees due to the high level of new orders. The unusually good order situation at the ATB Laurence Scott site in turn necessitated a large amount of overtime. All three factors ultimately contributed to higher personnel costs in 2014. In other areas, we significantly improved the cost situation, for example by bundling procurement volumes with the lead buyer concept introduced in 2013 and obtaining better prices from our suppliers. We were also able to reduce the material cost share once again and benefited simultaneously from lower raw material prices. There were also extremely positive developments in the area of low voltage motors. The segment, which was renamed as the Low Voltage division in the third quarter and which corresponds in similar form to the earlier Industrial Motor segment, was able to increase revenues, EBITDA and the results for the financial year. The Low Voltage division includes the ATB Spielberg, ATB Welzheim and ATB Tamel sites as well as Motorenwerke Subotica at the Serbian ATB Sever site. We installed a higher-ranking management to which a dedicated sales team for low voltage motors and also a specialised customer service centre report, with the goal of a more intensive and optimised collaboration on the part of these plants. In addition, two working groups were created in order to bundle expertise in purchasing and production. In addition, the Low Voltage division is supported in management by the Managing Board. Consequently, the management was elevated from the plant level to the division level in order to achieve better synergy effects. We also took a series of noteworthy steps in the Project Motors division. We consolidated our sales activities by appointing a cross-site Head of Sales Project Business. For sales in the USA, we established a branch office in Houston – the hotspot for the oil and gas business in the United States – and the entity ATB Shanghai was expanded by five additional employees for the purpose of boosting sales in Asia. We were able to significantly boost new orders in some cases in the High Voltage division by way of targeted sales actions. For example, ATB Sever recorded an increase of EUR 7 million, which corresponds to an increase of 62.7%. At the ATB Morley site, we loosened the close ties to the mining segment. The plant had previously realised 90% of its revenues with the mining industry, but we were able to decrease this share to 74% through successful diversification.

With the product ISI, a motor with an integrated inverter developed in-house, we entered the promising field of governed drives back in 2013. In the past year, we created a specialised sales company in the Netherlands with the establishment of ATB Technologies, which works closely with our development teams in order to develop and produce the ideal drive solution comprising a motor, power electronics and control software for our customers and their applications. At ATB, we have always placed high value on the area of R&D and invest continually in the development of new products as well as the continual development of existing products. Therefore, the ATB Group presented a new transnorm motor range for the first time during the 2014 SPS IPC Drives trade fair in November. The new series of motors covers a performance range from 180 kW to 2,250 kW and will be available in shaft heights from 315 mm to 560 mm in high and low voltage with 2 to 8 poles. The new transnorm motor was thermally optimised with

* see http://ycharts.com/indicators/crude_oil_spot_price
** see Statista, China: Growth of Real GDP from 2004 to 2014
*** see Statista, Japan: Growth of Real GDP from 2004 to 2014

the help of modern CFD software (Computational Fluid Dynamics), whereby the transfer of heat is maximised. The relationship between low weight and high performance is also exceptional. In addition, ATB Schorch once again entered the market for low-speed synchronous machines. A corresponding development project is progressing as planned. As the first manufacturer of pressure-tight encapsulated motors for use in hazardous environments in Germany, ATB Nordenham expanded its product portfolio to include pressure-tight encapsulated brakes for zones 1, 2 and 21, 22 in the middle of the year. This new offering affords ATB customers the special advantage of being able to purchase brakes and motors directly from one source. ATB Nordenham has earned a remarkable reputation among experts since the production of the first motor for use in potentially explosive atmospheres in 1952 and today enjoys widespread recognition with its EX motors, in particular in the chemical and petrochemical industries. The work begun in 2013 to expand and modernise the site was completed and inaugurated in May of the past year. The extensive modernisation of the plant in the form of a new paint shop and assembly hall as well as a new logistics centre now paves the way for further innovative developments in order to be able to offer made-to-order and reliable products in the usual premium quality. In the past year we once again stepped up our entire investment activity. For the fourth time in a row, the ATB Group continuously increased its annual capital expenditures for the purpose of safeguarding the Group for the long term. With an overall investment volume of EUR 21.3 million, in addition to product development, we invested primarily in buildings, equipment and machinery at various sites.

In 2013, we introduced the long-term “World Class Business” (WCB) project Group-wide and completed trend-setting changes at numerous sites in the 2014 financial year. WCB is a system made by ATB for ATB – a system that maps all of our business processes, coordinates our actions with our strategy and enables us to act as a group. In the course of implementation, all sites were trained, all employees were informed as part of a Group-wide communications campaign, a customised toolbox was developed and the timetable for the coming year was finalised. The first best practices of an ATB-specific Total Productive Maintenance programme have already been effectively implemented. We also optimised interdepartmental processes in the spirit of the “engineered to order” approach in the Project Motors division. In addition, with respect to the extensive sharing of know-how within the Group, we also carried out a series of technology transfers with the parent company WOLONG Electric that consistently relate to the common utilisation of design and production expertise for special product groups. Thus, the WOLONG Electric factory in Shangyu acquired the rights to use ATB technology for the W motor and has already sold motors valued at EUR 2.2 million in the past year. The cooperation of our Group parent WOLONG Electric also had a particularly positive impact on the jointly operated ATB Wuhan site. The production was completely revised under the management of ATB. We invested in new machines and processes based on European standards that raised the standards of quality throughout and introduced numerous control mechanisms. The product portfolio was optimised and the qualification of motors for use in potentially explosive atmospheres was implemented for Asia and North America.

We are proud to report that Jiancheng Chen, Chairman of the Managing Board of WOLONG Holding Group as well as the Chairman of our Supervisory Board, was awarded the Grand Decoration of Honour in Silver for his services to the Republic of Austria on 24 October. The year 2014 also brought a significant change in the ATB Managing Board. Harald Lutz, who proved himself with many years of service as the managing director of the ATB Nordenham and ATB Schorch sites, was appointed as the Chief Integration Officer (CIO) in October and concentrates his work in particular on synergies within the ATB Group and with WOLONG Electric. He took over the large-scale WCB and lead buyer projects from Ian Lomax, who stepped down from the Managing Board at the end of the year. After nearly three years of successful work as the Chief Operating Officer (COO), Ian Lomax is once again assuming new areas of responsibility within the Group and returning to his home country the United Kingdom.

We would like to thank our employees for their dedication and flexibility as well as our Supervisory Board for its commitment in the past year. We would also like to express our gratitude to our customers, suppliers, financial partners and shareholders for their trust in our Company and their loyalty to the ATB Group.

Andreas Schindler
Chairman of the Managing Board

Headquarters

ATB Austria Antriebstechnik AG	Vienna	Austria

Headquarters of important subsidiaries

Production sites

ATB Spielberg GmbH	Spielberg	Austria
ATB Welzheim GmbH	Welzheim	Germany
ATB Schorch GmbH	Moenchengladbach	Germany
ATB Nordenham GmbH	Nordenham	Germany
ATB Morley Ltd.	Leeds	United Kingdom
ATB Laurence Scott Ltd.	Norwich	United Kingdom
ATB Special Products Ltd.	Cradley Heath	United Kingdom
ATB Tamel S.A.	Tarnów	Poland
ATB Sever d.o.o.	Subotica	Serbia
ATB Fod d.o.o.	Bor	Serbia
ATB Motors (Wuhan) Co., Ltd.	Wuhan	China

Sales branches

ATB Motors B.V.	IJsselmuiden	Netherlands
ATB Motors (Shanghai) Co. Ltd.	Shanghai	China
ATB Rus OOO	Moscow	Russia

Investees

Lindeteves-Jacoberg Ltd.	Singapore	Singapore

ATB at a glance

The Managing Board

Andreas Schindler, CEO
Chairman of the Managing Board

Harald Lutz, CIO
Member of the Managing Board

Jianbo Wu, CFO
Member of the Managing Board

The Supervisory Board

Jiancheng Chen
Chairman of the Supervisory Board

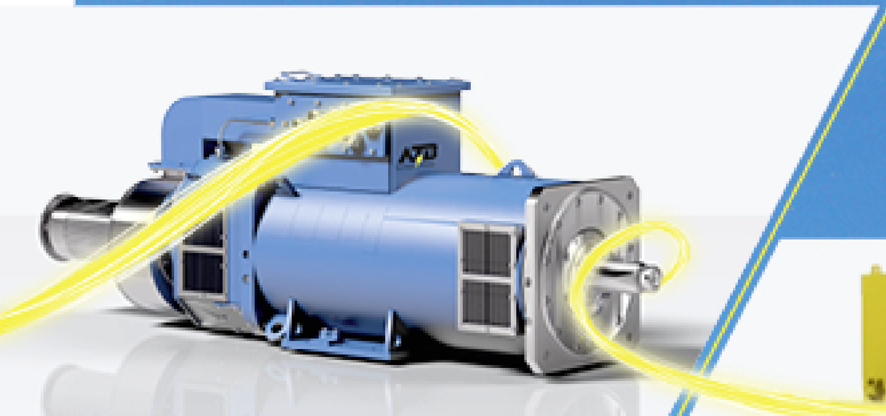
Jianqiao Wang
Deputy Chairman of the Supervisory Board

Yanni Chen
Member of the Supervisory Board

Peter Wittmann
Member of the Supervisory Board

Christoph Matznetter
Member of the Supervisory Board

Christian Schmidt
Member of the Supervisory Board



Top-drive for oil drilling rigs

High-pressure gas compressor motor for oil and gas applications

Management report

Because today's energy is generated with tomorrow's technology.
ATB powered by reliability.

Group Management Report

The business activities of ATB Austria Antriebstechnik AG encompass the sale, development, production and distribution of electrical drive systems and related electronic systems. The Group aims to develop, test and produce optimal drive solutions for its customers and their individual applications and projects. In doing so, the Group draws on an array of technologies, solutions and possibilities in a broad performance range (from 50 watts to 25 megawatts), which are manufactured at a total of eleven production sites, used by three additional sales companies and further developed on an ongoing basis.

Economic development of the ATB Group

In the past year, the ATB Group had to overcome a series of challenges in several sales markets. On the one hand, the global and European economy did not recover as much as forecasted. On the other hand, the crises in Russia, Ukraine and the Middle East as well as the ever-persistent downward trend in the mining segment impacted the Group's business activities.

The recovery of the European economy remained weak on the whole compared to other advanced economies and earlier post-crisis periods*. In the main sales market Germany, domestic orders stagnated completely, while orders from abroad increased slightly. In total, the German electrical industry only realised an increase of 0.6% in new orders. With an increase of 2.5% in new orders, the ATB Group's Low Voltage segment far exceeded the industry average, whereas the High Voltage segment remained below expectations as a consequence of the lower price of oil and the resulting decrease in capital investments. Total production in the German electrical industry grew by 2.5% over the full year 2014 and led to an industry-wide sales volume of EUR 171.9 billion, which corresponds to an increase of 3.0% year-on-year**. However, the results of the Low Voltage division were not able to cushion against the decline in the High Voltage division. Further details regarding the performance of the Low and High Voltage divisions can be found in the section entitled "Business Performance in 2014" at the end of the Group management report.

Procurement

The flat economic development from 2013 also manifested itself in the past year and led to a slight volatility on the part of raw material prices. In 2014, the average price of copper decreased by approximately 5.9% compared to the price in the previous year***. In the same period, the price of steel fell by 6.0%****, also driven by a decline in global demand. The only exception to this trend was aluminium, which rose by 0.9% in price mainly due to the increase in global demand for aluminium body panels for automobiles***. Therefore, fluctuating raw material prices had a slightly positive impact on material costs in the financial year just ended. The new procurement strategy implemented in 2013, which includes the lead buyer concept, sourcing in cost-efficient countries and the partial shifting of value creation to ATB sites with lower production costs, had a greater impact on procurement costs. The implementation of these combined optimisation measures in the procurement process began to show significant effects on net profits in 2014.

The lead buyer programme – the bundled and centralised management of significant material groups – afforded significant financial advantages for the ATB Group. It is being continued in 2015 and expanded to additional material groups and indirect expenses. The General Terms and Conditions will be continuously harmonised as part of the programme, whereby special attention will be focused on cash flow-related initiatives such as higher inventory levels and longer payment terms for material purchasing.

The decision to provide the ATB Group with access to the Chinese procurement market taken together with WOLONG opened new material supply possibilities for the ATB Group. Component purchasing in China for the Low Voltage division already provided important initial results in 2014. In addition, the ATB Group will expand its purchasing efforts in so-called "best cost countries", in particular within Eastern Europe. The production of semi-finished products was also shifted to ATB sites with more favourable production conditions, which resulted in significant savings within the Group. The procurement costs thereby reduced as well as the increased utilisation of our own equipment and capital led to tangible successes in 2014. Therefore, these initiatives will also be continued in 2015.

* See European Commission: Fall Forecast, 4 November 2014
** See German Electrical and Electronic Manufacturers' Association (ZVEI): Economic Indicators for the Electrical Industry, February 2015
*** See LME historical data at http://ycharts.com/indicators/copper_lme_settlement_price
**** See MEPS Index at http://www.meps.co.uk/world-price.htm

Revenues and earnings

The tense overall economic situation in the ATB Group's key markets impaired the Company's revenues and earnings.

For instance, the ATB Group's new orders in the financial year just ended amounted to EUR 347.4 million and were thus 2.6% below the previous year's level (previous year: EUR 356.6 million). At EUR 128.4 million, the order backlog on the last day of 2014 far exceeded the previous year's level (EUR 116.1 million).

In the Low Voltage segment, new orders rose by 2.5%* to EUR 119.8 million (previous year*: EUR 116.9 million). At EUR 20.2 million (previous year*: EUR 17.1 million), the order backlog was an impressive 18.2%* above the level of the previous year.

In the High Voltage division, new orders in the financial year just ended fell by 8.2%* to EUR 178.1 million (previous year*: EUR 194.1 million), whereas the order backlog on the last day of the year increased by 7.2%* to EUR 100.4 million (previous year*: EUR 93.6 million).

In the same period, the ATB Group was unable to keep its revenues at the same level as the previous year. At EUR 335.7 million, they fell short of the previous year's level (previous year*: EUR 340.1 million). The two segments showed very different trends: While revenues in the Low Voltage division only declined by 0.4%* to EUR 130.7 million (previous year*: EUR 131.2 million), revenues in the High Voltage division fell by 2.9%* to EUR 178.5 million (previous year*: EUR 184.0 million.).

Adjusted for one-off effects, EBIT was as follows:

Adjusted EBIT

EUR million	2014	2013
Net operating profit (EBIT)	9.5	25.1
Other restructuring expenses	0.0	0.7
Reversal of impairment losses on intangible assets	– 0.4	– 1.1
Reversal of impairment losses on property, plant and equipment	– 0.3	– 5.5
Adjusted net operating profit (EBIT)	**8.8**	**19.3**

In the 2014 financial year, the EBIT margin adjusted for one-off effects as a result of restructuring expenses was 3.0% (previous year: 5.7%). The EBIT margin including one-off effects was 2.8% (previous year: 7.4%).

The financial result increased by 0.6% to EUR –6.5 million (previous year: EUR –6.6 million).

Consolidated income statement

EUR million	2014	2013
Revenues	335.7	340.1
Net operating profit (EBIT)	**9.5**	**25.1**
Financial result	– 6.5	– 6.6
Profit before taxes	**3.0**	**18.6**
Income taxes	8.8	7.6
Profit/loss from continuing operations	**11.9**	**26.2**
Profit/loss for the period	11.9	26.2
thereof profit/loss attributable to the shareholders of the parent company	1.0	1.9
thereof profit/loss attributable to the shareholders of the parent company	10.8	24.2
Diluted and basic earnings per share of the shareholders of the parent company in EUR	**0.98**	**2.20**

Consolidated balance sheet structure

At the balance sheet date 31 December 2014, total assets increased year-on-year by EUR 59.6 million or 18.2% to EUR 386.2 million (previous year: EUR 326.7 million).

As at 31 December 2014, non-current assets increased to EUR 190.9 million compared to EUR 163.3 million in the previous year.

At the balance sheet date 31 December 2014, property, plant and equipment amounted to EUR 114.1 million and thus exceeded the previous year's level by EUR 10.1 million (previous year: EUR 104.0 million). In the same period, intangible assets increased by EUR 10.4 million from EUR 43.5 million to EUR 53.9 million. Current assets increased over the course of 2014 by EUR 32.0 million from EUR 163.4 million to EUR 195.4 million, whereby cash and cash equivalents rose by EUR 15.1 million from EUR 27.2 million to EUR 42.3 million. Inventories increased by EUR 7.9 million to EUR 53.6 million.

Assets from discontinued operations amounted to EUR 0.0 million at the 2014 balance sheet date (previous year: EUR 0.0 million).

* Approximate values. Due to the new segmenting, direct comparison with prior years is not possible.

Equity, including non-controlling interests, rose by EUR 16.3 million to EUR 131.1 million (previous year: EUR 114.8 million).

Current and non-current financial liabilities to third parties increased by 51.1% to EUR 107.7 million (previous year: EUR 71.3 million).

Financial position and cash flows

Return on equity reflects the ratio of profit or loss before taxes to average equity. Whereas return on equity at the 2013 balance sheet date was 18.1%, it was 2.5% at 31 December 2014.

The return on total assets (ratio of profit or loss for the period before taxes and interest to average total assets) decreased from 8.1% at 31 December 2013 to 2.7% at the 2014 balance sheet date.

Net financial debt (interest-bearing financial liabilities less cash and cash equivalents) increased to EUR 83.4 million (previous year: EUR 61.6 million).

Net financial debt comprises the following:

Net financial debt

EUR million	2014	2013
Non-current financial liabilities	77.1	28.7
Non-current financial liabilities to associated companies	18.0	17.5
Current financial liabilities	30.6	42.7
Cash and cash equivalents	– 42.3	– 27.2
Net financial debt	**83.4**	**61.6**

Gearing (the ratio of net financial debt to equity) increased at the 2014 balance sheet date to 63.6% (previous year: 53.7%). Equity as a percentage of total assets, which is the share of equity in total assets, decreased to 33.9% at the 2014 balance sheet date (previous year: 35.1%).

Net working capital comprises current assets less current non-interest-bearing liabilities:

Net working capital

EUR million	2014	2013
Inventories	53.6	45.7
Trade receivables and other receivables	75.8	66.4
Receivables from construction contracts	19.8	24.0
Working capital	**149.2**	**136.1**
Trade payables including prepayments	– 35.1	– 31.9
Liabilities to associated companies	– 12.9	– 10.6
Other current liabilities	– 12.8	– 13.5
Current tax liabilities	– 0.1	– 3.00
Current liabilities	**– 60.9**	**– 59.0**
Net working capital	**88.3**	**77.1**

Net working capital at 31 December 2014 amounted to EUR 88.3 million (previous year: EUR 77.1 million).

In the 2014 reporting period, the ATB Group incurred capital expenditures in the amount of EUR 21.3 million (previous year: EUR 19.7 million), EUR 13.9 million of which was invested in property, plant and equipment (previous year: EUR 12.5 million) and EUR 7.4 million in intangible assets (previous year: EUR 7.2 million). No business acquisitions were carried out in 2014.

Cash flow

The cash flows shown below reflect the cash flow from continuing operations.

Cash flow

EUR million	2014	2013
Cash flow from operating activities	8.0	15.0
Cash flow from investing activities	– 20.8	– 18.2
Cash flow from financing activities	26.5	8.0
Effect of exchange rate changes	1.5	– 0.3
Change in cash and cash equivalents	13.6	4.8

ATB share

The share capital of ATB Austria Antriebstechnik AG, Vienna, comprised 11 million no-par value bearer shares as at 31 December 2014. The ATB share is quoted on the Vienna Stock Exchange (Standard Market Auction) under the securities identification number AT0000617832. WOLONG INVESTMENT GmbH, Vienna, holds 98.93% of the shares. The remaining shares are free floating.

The share was quoted at EUR 4.08 on 31 December 2014 (31 December 2013: EUR 3.35), which corresponds to an increase of 21.79%. Due to the low level of free float, even low trading volumes can cause high volatility in the share price. The trade volume in the 2014 financial year amounted to EUR 17,338.69 and 3,877 shares (single counting). The highest closing price was EUR 5.499, while the lowest closing price was EUR 2.6.

Personnel

The average number of employees was 3,771 in the 2014 financial year (previous year: 3,525). At 31 December 2014, there were 3,708 employees (previous year: 3,542).

Outlook 2015

Management assumes that the implemented optimisation measures and the focus on core tasks will provide a solid foundation for the further successful development of the Group. For the coming year, the European Commission also forecasts a gradual increase in economic growth to 1.5% in the EU*. According to an assessment by the IMF (International Monetary Fund), the global economy should even grow by 3.5%**, driven by the low price of oil.

Continuing to be successful in this market requires innovation and strong customer service. Therefore, the ATB Group will keep focusing on the further development of energy-efficient drives and the applicable inverter technology in 2015. Permanently examining and improving the cost-efficiency of existing solutions and designs is necessary in order to remain competitive in the future. The flagship project ISI (Integrated Simple Inverter) forms the basis for a new business line for the ATB Group. We can already offer inverter-regulated drives in low and medium voltages over the new ATB Technologies division being formed. In the future, we will also be able to cover the entire area of high voltage with cutting edge power electronics. Additional research and development projects for synchronous machines and the transnorm motor introduced in November 2014 have been launched and will be intensively continued in 2015. Technology transfers between the ATB sites and the parent company WOLONG Electric ensure a common basis of knowledge for us and guarantee the optimal utilisation of our more than 100 years of experience in the electric motor business. With the goal of reducing the consumption of energy and thereby also the CO2 emission of our motors and fulfilling the statutory requirements, we have invested several hundred thousand euros in completing the IE3 product series in the past year. The obligatory introduction of premium efficiency motors for performance from 7.5 kW to 375 kW or the IE2 motors plus frequency converters opened up new sales opportunities for our Company. In particular the Low Voltage division and consequently the ATB Spielberg, ATB Welzheim and ATB Tamel sites will benefit from this development. With respect to sales, we will once again organise an international sales conference during which the further timetable for the new sales strategy, which is broken down into the Low Voltage and High Voltage divisions, will be finalised and translated into plans of action for the current year 2015.

The ATB management is setting high expectations for 2015 in the "World Class Business" programme (WCB), whose goal is to expand our market share in an increasingly competitive market, to grow permanently, to steadily increase our profitability, to discharge our social corporate responsibility and to contribute to a clean environment. The WCB system functions on the basis of mutual improvement and further development of existing know-how. As a result of the use of experience and proven practices on the part of the individual branch offices as well as their further development and implementation in the entire Group, we

* See European Commission: Fall Forecast, 4 November 2014
** See International Monetary Fund: World Economic Outlook, Update 19 January 2015

can not only ensure that we are always working with the best solutions, but also foster cooperation between the ATB sites. The focus will lie in the implementation in the areas of globalisation, integration, synergy and continuous improvement. Therefore, we will continue to strive to be a genuine global player in order to sell our products and services in an international market, but also to roll out procurement, production and research & development worldwide. The collaboration between the sites should be intensified and expertise bundled in order to benefit from one another as much as possible at all sites in the spirit of a best practices principle. We intend to take greater advantage of the synergies within an international corporate group and to further develop our Company on a continual basis in order to measure up to the needs of a constantly changing market.

A series of activities is also planned for 2015 as part of the lead buyer programme. For instance, the concept is also to be applied to the purchasing of copper wire. The currently existing solution for round steel will be rolled out at the English ATB sites and the procurement of individual materials will be expanded to include the Chinese market. In Europe, we are aiming to further consolidate the supplier base for grey cast iron. In a next step, the lead buyer programme should also be applied to the indirect material groups such as energy and transport. We will continue the activities to optimise the purchase of components that were successfully begun in 2014. Our focus remains on the flexibility and adjustment of human resources. For 2015, capital expenditures of around EUR 7.9 million for the modernisation of machines and EUR 5.9 million for the further development of products are also planned again.

Despite an economically difficult year and challenges on many sales markets, the ATB Group kicked off 2015 with optimistic prospects. On the one hand, appropriate steps to reverse the drop in sales were taken, while on the other hand, comprehensive optimisation measures were put in motion over WCB and targeted investments in sales actions were carried out that all provide a sound basis for future growth for the ATB Group.

Future risks and opportunities

As part of its business activities, and in view of the their diversity, the ATB Group is exposed to a number of risks which may have a negative influence on financial performance. The ATB Group relies on several risk management and control systems for the early identification and successful management of material risks.

The areas that ATB Austria Antriebstechnik AG manages in its holding function – finance and accounting, controlling, treasury and legal matters – identify and actively manage financial and legal risks and thereby represent a central element of the risk management system. The Managing Board receives a monthly management report, which presents all key performance indicators regarding the Group’s current situation as well as all potential future risks and opportunities that can be measured quantitatively or qualitatively.

The operating risks associated with operating activities are reported to the Managing Board at regular management meetings, and are handled autonomously by the respective directors of subsidiaries in coordination with the Managing Board.

Financial risks

The Group’s activities expose it to a number of financial risks, including the effects of fluctuations in market prices, exchange rates and interest rates. The Group’s risk management policies are focused on such unpredictable developments in financial markets and aim to identify any potential negative impacts on the Group early and thus to minimise them. Section I of the consolidated financial statements, which deals with financial instruments and risk management, also contains a detailed description of financial risks, in particular in quantitative terms.

The ATB Group’s key financial risks include:

- Currency exchange risk
- Interest rate risk
- Default risk
- Pricing risk, in particular procurement risk
- Liquidity risk

Arising currency risks are monitored closely and hedged as necessary by means of natural hedges, forward exchange deals and swaps. Interest rate risk with respect to medium-term financing is constantly examined and hedged as necessary by means of interest rate swaps. Long-term loans are taken out exclusively under fixed interest rate arrangements.

Protection against default risk has been taken in the form of a Group insurance policy for all operational entities through a credit insurance firm. Risk from payment default has thus been significantly reduced.

Material costs and raw material price trends represent an important factor in ATB's risk management. Across the entire Group, material costs made up 47.9% of revenues and were, together with personnel costs, the major factor influencing the Group's profitability.

The key raw materials for ATB's business are electric sheet steel and copper. ATB seeks to minimise risk wherever possible by indexing prices, through price escalation clauses in contracts and agreements and by closely monitoring and analysing price trends. Specifically, ATB bundles the Group-wide demand for electric sheet steel, round steel, ball bearings, enamelled copper wire and various C-parts in connection with the lead buyer programme and can thereby significantly improve its negotiating position in the procurement process. Nevertheless, a risk remains that future increases in raw material prices will have a negative impact on the Group's results. Essentially, the development of raw material prices is dependent on the economic development of the markets, although the particular raw materials traded on the stock exchange may exhibit a trend that is influenced by speculators and which is not related to the economic trend. However, based on the forecasted economic recovery, the ATB Group expects that the trend in raw material prices will remain manageable.

Liquidity risk, which is discussed below, represents a significant financial risk for the ATB Group. The activities to secure the provision of liquidity started in 2012 were also successfully implemented and further developed in 2014. The ATB Group has sufficient credit lines at its disposal from owners and banks in order to ensure the Group's short-term as well as medium to long-term financing. Short-term financing requirements are covered by means of revolving overdraft facilities or factoring; long-term financing requirements for investments and acquisitions by means of committed, collateralised loans. The ATB Group's holding company also has sufficient reserve liquidity ready for the companies.

The settlement of current financial liabilities as well as the further expansion of the ATB Group's operating business are ensured.

In its function as the ATB Group's holding company, ATB Austria Antriebstechnik AG is liable to most banks and insurance providers for the credit lines extended directly to the ATB Group entities.

Market and competition risks

Since the ATB Group does business in numerous countries outside the traditional European markets and is thus confronted with different political, social and economic circumstances, it faces a wide range of different risks and opportunities. As described above under the heading "Financial risks", the comments on risks and opportunities with respect to economic trends also apply here.

The greatest sales opportunities are presented outside of Europe, which is why the ATB Group has also invested in these markets. The ATB Group expects some major projects to be implemented in the oil and gas segment, supported by above-average economic growth forecasted for the US economy for the next five years by the International Monetary Fund (IMF). The compressors and pumps needed for the extraction and processing of LNG (Liquid Natural Gas) and CNG (Compressed Natural Gas) present significant sales opportunities for the ATB Group. An increase in economic activity is also expected for China and the Middle East, whereas stagnating economic growth continues to be expected in Europe.

The political situation in Russia remains uncertain. An assessment of future developments cannot be made at this time. Business in some parts of the Arab world has completely ground to a halt. It remains uncertain how the situation there will continue to unfold.

We continue to expect the international competition to consolidate and intensify. In particular, more and more suppliers from low-wage countries are aggressively entering the market. The order situation in the Project business continues to be difficult to assess due to the low price of oil and the associated impact on the coal mining industry. However, the ATB Group is basing its planning on the assumption that the recession has already bottomed out.

Raw material prices should continue fluctuating around the same level as in 2014. However, with the lead buyer programme, the ATB Group is already well-prepared to cushion against any price fluctuations within the Group.

Additional opportunities for the ATB Group lie in the globalisation of the Group, the expansion of the niche strategy and the entry into new technology areas such as power electronics.

Risks in Eastern Europe and foreign currency risks
The ATB Group is represented by subsidiaries in Serbia and Poland. Exchange rate fluctuations, weaknesses occurring in legal systems and discrimination against foreign market players could have a negative impact on the Group's financial position, financial performance and cash flows.

Personnel-related risks
The successful ongoing development of the ATB Group depends critically on the availability of adequate staff resources to handle the tasks it faces. These resources are available in the Group. The increases and decreases in personnel fluctuate at average levels.

Legal risks
There are warranty cases that are consistent with the ordinary business operations of an industrial group. Provisions have been recognised for such cases. Beyond this, we are not aware of any other significant risks.

Accounting-related risk management and internal control system

As part of its operational activities, ATB Austria Antriebstechnik AG is exposed to risks that the Company confronts consciously. In general, the risk management and internal control system also include accounting-related processes and all risks and controls with respect to accounting. These include all parts of the risk management and internal control system that could significantly impact the consolidated financial statements.

The goal of the risk management system in regard to the accounting process is the identification and evaluation of risks that could stand in the way of the goal of conforming the consolidated financial statements to regulations. Identified risks are to be measured based on their impact on the consolidated financial statements, if necessary in consultation with external experts.

In this regard, the objective of the internal control system is to ensure adequate security through the implementation of appropriate controls so that the consolidated financial statements are prepared in accordance with regulations despite identified risks.

The risk management system and the internal control system encompass the local accounting departments of Group entities as well as the central Group Accounting department. The processes relevant to the reporting of the financial statements are monitored and managed by central Group Accounting. The process of producing the consolidated financial statements follows a strict schedule. Deadlines are set and published for the entire financial year. In addition, Group entities receive detailed information and Group instructions on a quarterly basis for selected topics related to the preparation of the quarterly financial statements. Controls relevant to financial reporting are oriented particularly to the risks of significant misstatements in financial reporting. The assessment of the materiality of misstatements depends on their probability of occurrence as well as on their financial impact on revenues, EBIT and total assets.

The clear allocation of responsibilities and controls in the creation of the financial statements is an essential element of risk management and monitoring in financial reporting. Additionally, consistent Group-wide accounting and measurement policies must be outlined in the Group handbook. IFRS amendments are monitored continuously by Group Accounting. The instructions clearly regulate the responsibilities entailed in engaging outside experts. The principle of dual controls and the separation of functions are also important control concepts in the accounting process.

Identified control deficiencies and their rectification are reported to the management and investigated to determine their significance. The Managing Board is informed when control deficiencies with a material impact on financial reporting are identified. Appropriate control activities are carried out and documented in an IT system in order to counter the financial reporting risks included in the central risk catalogue. This documentation is followed by an assessment of whether the described controls are adequate to deal with the risks.

Security and environmental protection

The majority of the ATB Group's products are designed and certified for safe operation in hazardous environments. As a consequence, there is a heightened awareness for the highest safety standards across the entire Group. ATB takes this responsibility very seriously and is striving to reduce any and all risks in the Company through appropriate training and the use of personal protective gear. The certification according to the environmental management standard ISO 14001 and the certification basis OHSAS 18001 for management systems for occupational safety is still ongoing and should be completed by 2015.

The ATB Group is working continuously to optimise its own energy consumption and transport routes and minimise waste. ATB's management considers it to be part of its social responsibility to constantly improve the energy efficiency of developed products as well as the production processes used to manufacture these products.

Research and development

The ATB Group is aware of its responsibility to continually improve and further develop drive solutions in order to defend and expand its market position on the one hand and to meet the changing legal requirements on the other.

The majority of ATB's products are custom-designed and produced according to customer specifications. This type of business requires a significant amount of development work – far above and beyond conventional research. The ATB sites meet this demand with know-how and many years of experience as well as state-of-the-art computer technology. In the past year, corresponding technical forums were held for the purpose of conveying know-how within the Group. A series of developments was completed over the course of 2014. For example, the completion of the fin-cooled asynchronous motor series and the further development of the ISI (Integrated Simple Inverter). A further development across the entire range of low voltage motors was started together with the parent company WOLONG Electric. The objective is to maximise the efficiency of the product, while simultaneously attempting to optimise tooling costs and consequently the production costs.

Following a detailed analysis, the ATB Group decided to further accelerate its entry into power electronics. The implementation in the Low as well as the High Voltage segment began in the past year and will be continued in 2015.

Events during the financial year and after the balance sheet date

During the financial year, the Company signed an agreement with WOLONG Electric Group Co., Ltd., China, on 16 January 2014 to establish a joint venture in Wuhan, China, and took over management of the site. On 9 October 2014, Harald Lutz was appointed to the Managing Board as the CIO (Chief Integration Officer). Ian Lomax stepped down from the Managing Board effective 31 December 2014.

On 1 January 2015, Harald Lutz assumed the responsibilities of Ian Lomax in the Managing Board. Beginning 1 March 2015, Ian Lomax will head the management team that manages the three sites ATB Morley, ATB Laurence Scott and ATB Special Products. In this context, the Information Technology department was transferred to CEO Andreas Schindler. On 28 February 2015, Yingzhu Chen set aside her function as CFO and took over the position of CEO of the LJ Group as well as the position of general manager of Hongkong WOLONG Holding Group Co. Ltd. on 1 March 2015. On 1 March 2015, Jianbo Wu took over all of Yingzhu Chen's agendas as the new CFO. The former CEO of the LJ Group, Wolfgang Kloser, was also transferred within the Group and will hold the position of Financial Director for the Low Voltage division beginning 1 March 2015. Moreover, no new information has been received regarding the status of pending transactions and our estimation of the expected future development of the Company has not changed.

Disclosures pursuant to section 243a of the Austrian Business Code (UGB)

1. ATB Austria Antriebstechnik AG's share capital amounts to EUR 26.7 million or 11.0 million bearer shares and has been fully paid-in. All shares have the same rights and obligations.

2. We are not aware of any restrictions concerning voting rights or the transfer of shares.

3. ATB Austria Antriebstechnik AG's shareholder structure is dominated by the majority shareholder WOLONG INVESTMENT GmbH, Vienna, which holds roughly 99% of the equity interest in the Company. About 1% of the shares are free-floating.

4. There are no shares with special control rights.

5. There is currently no employee stock option plan.

6. Regarding the members of the Managing Board and the Supervisory Board, there are no provisions over and above the statutory regulations. Nor are there any provisions regarding the amendment of the Company's articles of association other than those derived directly from the law.

7. Thus far, the Managing Board has not made any decision on a share buyback scheme.

8. There are no compensation agreements as defined in section 243a(9) of the Austrian Business Code (UGB).

9. Some existing agreements with banks and legal entities include an extraordinary right of cancellation in the event of a change of control. If a change of control occurs, the consent of these financial partners is necessary in order to preserve the financing structure.

ATB Austria Antriebstechnik Aktiengesellschaft
Vienna, 10 March 2015

Andreas Schindler
Chairman of the Managing Board
(Chief Executive Officer)

Jianbo Wu
Member of the Managing Board
(Chief Financial Officer)

Harald Lutz
Member of the Managing Board
(Chief Integration Officer)

Declaration of the Managing Board pursuant to section 82 of the Austrian Stock Exchange Act (BoerseG)

We confirm to the best of our knowledge that the consolidated financial statements give a true and fair view of the Group's financial position, financial performance and cash flows as required under the applicable accounting standards and that the Group management report presents the development and performance of the business as well as the position of the Group so as to enable a true and fair view of the Group's financial position, financial performance and cash flows together with a description of the principal risks and uncertainties facing the Group.

We confirm to the best of our knowledge that the parent company's separate financial statements give a true and fair view of the Company's financial position, financial performance and cash flows as required under the applicable accounting standards and that the management report presents the development and performance of the business as well as the position of the Company so as to enable a true and fair view of it's financial position, financial performance and cash flows together with a description of the principal risks and uncertainties facing the Company.

ATB Austria Antriebstechnik Aktiengesellschaft
Vienna, 10 March 2015

Andreas Schindler
Chairman of the Managing Board
(Chief Executive Officer)

Jianbo Wu
Member of the Managing Board
(Chief Financial Officer)

Harald Lutz
Member of the Managing Board
(Chief Integration Officer)

Corporate Governance Report

Mandatory disclosures in accordance with section 243b(1) of the Austrian Business Code (UGB)

ATB Austria Antriebstechnik AG, which is listed in the Standard Market Auction segment of the Vienna Stock Exchange, does not commit to the optional compliance with the Austrian Corporate Governance Codex, as the Company is not publicly traded despite being listed. ATB Austria Antriebstechnik AG's shareholder structure is dominated by the majority shareholder WOLONG INVESTMENT GmbH, Vienna, which holds roughly 98.9% of the equity interest in the Company. About 1.1% of the shares are free floating.

Disclosures regarding composition

Disclosures regarding the composition of the Managing Board

Name	Year of birth	Position	Date of first appointment	End of current period of appointment	Additional position
Andreas Schindler	1971	CEO	1/7/2012	for an indefinite period of time	none
Yingzhu Chen (until 28/2/2015)	1967	CFO	7/12/2011	for an indefinite period of time	Deputy General Manager of WOLONG Electric Group Co., Ltd.
Ian Lomax (until 31/12/2014)	1958	COO	17/2/2012	for an indefinite period of time	none
Harald Lutz	1966	CIO	9/10/2014	for an indefinite period of time	none
Jianbo Wu (as of 1/3/2015)	1980	CFO	1/3/2015	for an indefinite period of time	none

Managing Board and Supervisory Board remuneration

The remuneration of the Managing Board in 2014 totalled TEUR 935 (previous year: TEUR 1,092). The remuneration can be broken down into fixed salaries in the amount of TEUR 813 (previous year: TEUR 827) and variable remuneration in the amount of TEUR 72 (previous year: TEUR 213) and pension payments in the amount of TEUR 50 (previous year: TEUR 52). Furthermore, no severance payments were made in 2014 or 2013.

Supervisory Board remuneration in 2013 totalled TEUR 98 (previous year: TEUR 98).

Disclosures regarding the composition of the Supervisory Board

Name	Year of birth	Position	Date of first appointment	End of current period of appointment	Additional position
Jiancheng Chen	1959	Chairman Chairman of the Audit Committee	19/10/2011	AGM 2016	Chairman of WOLONG Holding Group Co., Ltd. Chairman of Zhejiang WOLONG Property Investment Co., Ltd. Chairman of Zhejiang WOLONG SHUNYU Investment Co., Ltd. Chairman of Shangyu XINRONG Micro-Credit Co., Ltd. Chairman of WOLONG Real Estate Group Co., Ltd. Chairman of Hongkong WOLONG Holding Group Co., Ltd.
Jianqiao Wang	1963	Deputy Chairman Member of the Audit Committee	19/10/2011	AGM 2016	Director of WOLONG Holding Group Co., Ltd. Chairman of WOLONG Electric Group Co., Ltd. Chairman of WOLONG Electric Group Zhejiang DENGTA Power Source Co., Ltd. Director of WOLONG Electric Group Hangzhou Research Institute Co., Ltd. Chairman of WOLONG International (Hongkong) Co., Ltd.
Yanni Chen	1982	Member Member of the Audit Committee	19/10/2011	AGM 2016	Deputy General Manager of Shanghai WOLONG International Business Co., Ltd.
Peter Wittmann	1957	Member Member of the Audit Committee	15/3/2012	AGM 2016	Supervisory Board membership: Erste Burgenländische Gemeinnützige Siedlungsgenossenschaft - registered cooperative with limited liability (Chairman) Südraum Gemeinnützige Wohnbaugesellschaft m.b.H. (Chairman of the Supervisory Board) Director: DaDuc Beratungs- und Beteiligungs GmbH
Christoph Matznetter	1959	Member Member of the Audit Committee Finance expert pursuant to section 92(4a) of the Austrian Stock Corporation Act (AktG)	15/3/2012	AGM 2016	Director: MC Matznetter Consulting GesmbH - auditing company Merkur Unternehmensbeteiligung, Vermögensverwaltung und Finanzierungsvermittlung Gesellschaft m.b.H. Supervisory Board Membership: Austro Control - Austro Control Österreichische Gesellschaft für Zivilluftfahrt mit beschränkter Haftung (Chairman)
Christian Schmidt	1957	Member	2/8/2012	AGM 2016	Director: J.E. Loidold Gesellschaft mbH, Vienna A-TEC Immobilienvermietung GmbH, Vienna Thomson Advisors GmbH, Vienna KPSK GmbH, Vienna SMC Beratungs- und Beteiligungs GmbH, Vienna

Audit Committee

The Audit Committee is the only committee established by the Supervisory Board and is composed of the following Supervisory Board members: Jiancheng Chen, Jianqiao Wang, Yanni Chen, Peter Wittmann and Christoph Matznetter – the latter as a financial expert in accordance with section 92(4a) of the Austrian Stock Corporation Act (AktG).

Responsibilities of the Managing Board members

Name	Responsibilities of the Managing Board members
Andreas Schindler	Strategy Investments Human Resources Investor Relations and Public Relations Marketing Sales, Marketing and Sales Controlling Mergers & Acquisitions Restructuring
Yingzhu Chen	Accounting and Group Accounting Risk Management Controlling Legal and Insurance Treasury and Taxes Internal audit
Ian Lomax	Information Technology Manufacturing Process Management Quality Purchasing Research & Development
Harald Lutz (as of 9/10/2014)	Integration

Number of Committee and Supervisory Board meetings

Four meetings of the Supervisory Board and two meetings of the Audit Committee were held in the 2014 financial year. The focus of their activities was the adoption of resolutions stipulated by law, the articles of association and the by-laws in accordance with section 95(5) AktG. In accordance with the articles of association, all members personally attended more than half of the meetings. In the 2014 financial year, the following transactions were entered into with the approval of the Supervisory Board in accordance with section 95(5) no. 12 AktG: A joint venture agreement with WOLONG Electric Group Co., Ltd. regarding a 50% interest on the part of the Company in WOLONG Electric Wuhan Motor Co., Ltd. in exchange for CNY 29,545,431.13. An agreement with WOLONG Electric Group Co., Ltd. regarding the joint establishment of an entity in the Netherlands with a share capital of EUR 1 million (ATB Austria Antriebstechnik AG: 30%). Furthermore, license and service agreements between WOLONG Electric Group Co., Ltd. and ATB Spielberg GmbH (EUR 1.1 million), ATB Tamel SA (EUR 1.8 million), ATB Schorch GmbH (EUR 1.3 million) and ATB Nordenham GmbH (EUR 1.9 million).

Policies to encourage women in positions of leadership

The ATB Group aims to promote equally qualified women in the Managing Board, Supervisory Board and leadership positions without, however, setting quotas. On 7 December 2011, Yingzhu Chen was appointed to the Managing Board; she is responsible for financial matters. Since 19 October 2011, Yanni Chen has been a member of the Company's Supervisory Board. At present, 58% of the employees of ATB Austria Antriebstechnik AG are women; six of them hold executive management positions.

Declaration of independence

The Supervisory Board has not set criteria for independence.

Compliance guidelines

ATB Austria Antriebstechnik AG seeks to prevent the misuse of insider information through Group-wide mandatory compliance guidelines. These insider guidelines are based on current European and Austrian legal standards. The guidelines apply without restriction to all employees of ATB Austria Antriebstechnik AG, the members of the Supervisory Board and advisers to and leaders of the respective operating units. The compliance officer's duties include maintaining contacts with responsible parties in the divisions, sending e-mails about blocking periods and prohibitions on trading and providing information to new employees. The aim is to regularly inform relevant parties about compliance-related topics and to increase their sensitivity to the issue of compliance. When necessary, an area of confidentiality is created for persons who have project-based access to insider-relevant information.

ATB Austria Antriebstechnik Aktiengesellschaft
Vienna, 10 March 2015

Andreas Schindler
Chairman of the Managing Board
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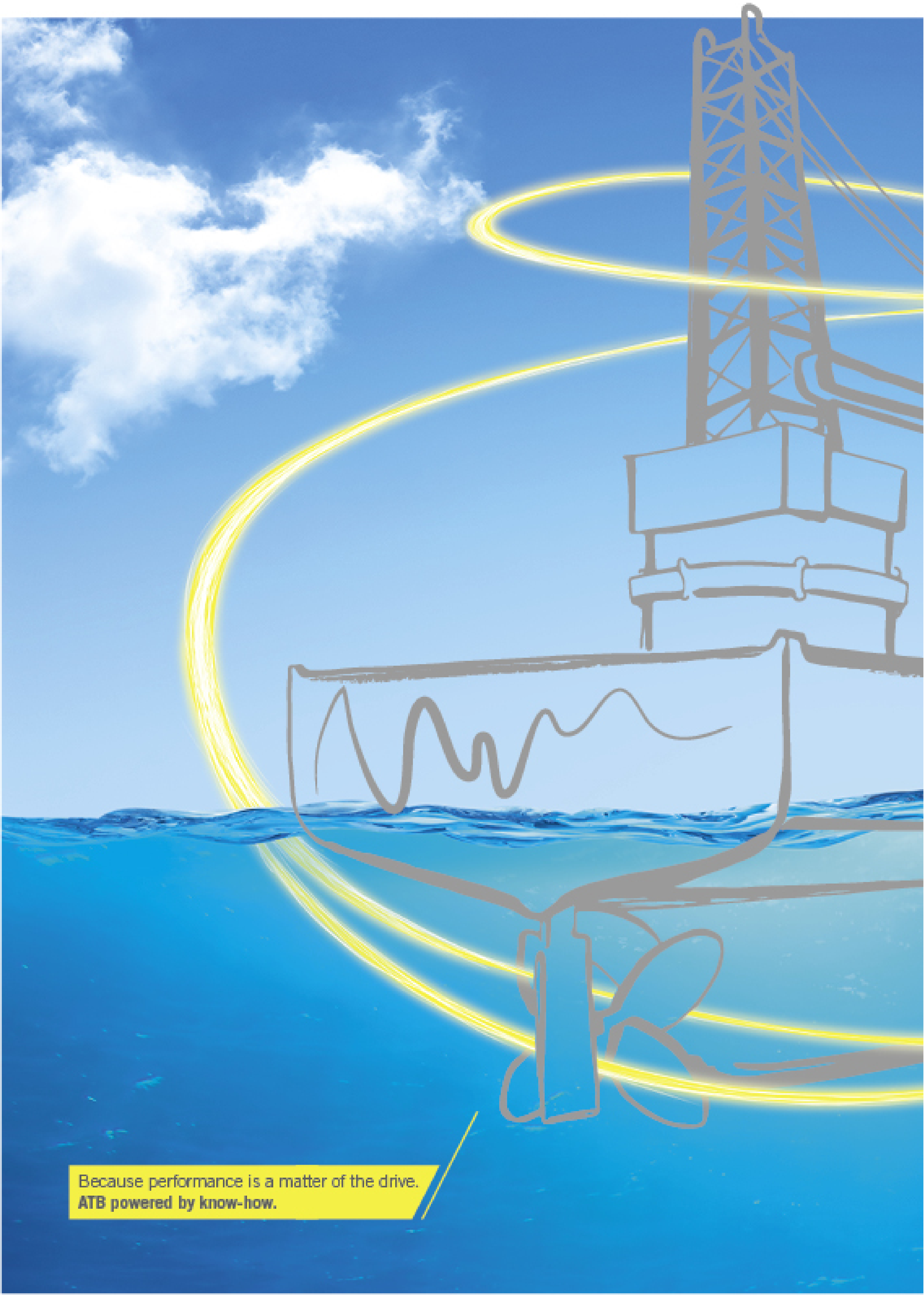

Because performance is a matter of the drive.
ATB powered by know-how.

Business development

Crane drive for marine applications

Main drive for propulsion

Business development in 2014

Strategic segment orientation of the ATB Group

As part of its optimisation measures, the Group's internal organisational structure was adapted and has differentiated between the Low Voltage and High Voltage segments as well as additional small segments consolidated as a single reporting group since 2014. The Low Voltage segment includes customer-specific series motors and industrial drive systems. Customer and/or project-specific motors and complex drive systems are allocated to the High Voltage segment, which corresponds in similar form to the Project Motors segment that existed until 2013. The segments' operating profit is monitored separately by the management in order to be able to make targeted decisions for both units. The breakdown ideally reflects the different target groups and markets as well as the special features of both business lines.

In the financial year just ended, the segments performed differently, as they were impacted by entirely different factors. In 2014, the Low Voltage division contributed EUR 130.7 million to total revenues, whereas the High Voltage division generated revenues in the amount of EUR 178.5 million. In the same period, the Low Voltage division realised an EBITDA of EUR 7.7 million, whereas the High Voltage division contributed EUR 9.7 million to consolidated EBITDA. A direct comparison with prior years is not always possible, since the new allocation does not entirely correspond to the previous structure. However, it can be roughly said that the Low Voltage segment performed better than the High Voltage segment compared to earlier results of this product group. Revenues in the Low Voltage division were held nearly stable, whereas the High Voltage segment had to accept steeper declines. EBITDA, operating profit (EBIT) and profit/loss before tax (EBT) were also more strongly impacted in the High Voltage segment than the results in the Low Voltage segment. Further information regarding this can be found in Section J.25. Segment Information.

Market influence on segments varies

German engineering, the Low Voltage division's main sales market, recovered more slowly and to a lesser extent than foreseen. The initial good mood in the first months of 2014 did not continue over the rest of the year and the market only recovered slightly compared to the previous year. Despite this tense situation, the Low Voltage segment was able to increase new orders to EUR 119.8 million compared to the previous year's approximate value and thus contributed 34.5% to the Group's total new orders. Compared with the mere 0.6% growth of the German electrical industry* in the past year, the Low Voltage division realised above-average growth in new orders. The segment also recorded an increase in the order backlog, which reached an amount of EUR 20.2 million. These successes were recorded both in the German market as well as in the international business as a result of the attraction of new customers in the area of customer-specific drives. Noteworthy achievements include major projects for manufacturers of heat exchange equipment, orders for smoke extraction motors for tunnel equipment, projects for crane motors and orders from the wind energy sector. The order situation in 2014 provided for a good utilisation of capacity over the course of the entire year as well as a higher output compared to 2013. Consequently, the Low Voltage segment earned revenues in the amount of EUR 130.7 million over the full year 2014. The reliability of deliveries was further improved with specific measures and exceeded the targets. As a result of shifts within the Low Voltage division and the resulting synergy effects, personnel costs were reduced, thereby increasing our competitiveness for the coming years. Thus, EBITDA for the Low Voltage division reached EUR 7.7 million, which corresponds to an increase of approximately 30% when compared to the similar Industrial Motor segment from prior years.

The High Voltage segment is subject to completely different principles relating to the nature of the business and the developments in the sales markets. Longer lead times and project implementation times, higher order totals and long-term investment decisions exert a significant influence on the acquisition of orders. The greater international orientation entails a dependency on many very different markets and their economic trends. In addition, the influence of political decisions and crises in the target countries is stronger in the global business. In the past year, the sum total of these factors led to a decrease in incoming orders to EUR 178.1 million. At EUR 18.1 million, the unusually high level of incoming orders at ATB Sever was also unable to compensate this. Significant factors influencing the decrease in incoming orders in turn included the persistent downward trend in the coal mining industry, that proved to be stronger than expected despite conservative calculations. Consequently, an important Australian customer was only able to place a fraction of its normal orders with the ATB Group due to the low level of orders placed by its own customers. The politically and economically tense situation in some sales markets such as Russia and the Middle East impeded business activities with customers in the affected countries. Not least the rapidly falling price of oil in the second half of the year had a severely negative impact on the investment climate in the oil and gas segment – the High Voltage division's most important

* See German Electrical and Electronic Manufacturers' Association (ZVEI): Economic Indicators for the Electrical Industry, February 2015

sales industry – and led to significant delays in drive projects. In total, this led to a decrease in revenues to EUR 178.5 million. In comparison, revenues from the earlier Project Motors segment for the previous year amounted to EUR 184.0 million. Even the excellent overall performance at ATB Laurence Scott was incapable of turning this year-on-year decrease into a net increase. The High Voltage division generated an EBITDA of EUR 9.7 million in the full year 2014, which amounts to a year-on-year decrease of around 43% compared with the Project Motor segment. The ATB Morley site, which has been highly profitable for decades, closed the financial year just ended for the first time with a loss due to the negative trend in the coal mining segment. Countermeasures to defend against further negative impacts and to improve the order and revenue position were already initiated and have been successfully launched. For example, the ATB Morley site was able to reduce its dependency on the coal mining segment to 74% through diversification. The sites will be able to build on the successes in the chemical and petrochemical industries in the coming year and the globalisation of sales with newly developed sales markets, for example the USA, will also be further accelerated and promises good results for 2015 along with a tangible recovery of the global economy.

The largest contributions to the Group's total revenues were generated by orders from Germany, which at EUR 131.9 million remains the most important sales market for the ATB Group, from the United Kingdom in second place with EUR 38.7 million and from the entire Asian region with EUR 37.0 million. Revenues relate to regions and are allocated to the region in which the customer is based.

Extensive capital investments in equipment and R&D

With an overall investment volume of EUR 21.3 million, the ATB Group once again invested heavily in the modernisation of machines and equipment as well as in the development of innovative products in the past year.

In the Low Voltage division, EUR 7.5 million made a whole series of large and small capital expenditures possible. For example, the winding centre was completely reorganised at the ATB Tamel site and a new line for the production of Fumex special motors as well as multipolar motors was placed into operation. At ATB Spielberg, we invested in a new 600 metric ton die-casting machine in the aluminium foundry that significantly increases the productivity of this area.

The acquisition of an optoelectronic measurement system improves quality in the production of shafts, thereby reducing scrap costs.

The Group once again paid special attention to the ongoing development of products in the past year and consistently implemented product innovations at all sites in the Low Voltage division. The focus was definitely on the implementation of Commission Regulation (EC) No 640/2009, according to which only motors of the IE3 energy efficiency level or, as an alternative, of the IE2 energy efficiency level with inverters may be sold in the European Union starting 1 January 2015. Significant savings in order to increase our competitiveness were realised with the "design to cost" method in the production of the new IE3 motor series. The efficiency of the motors was further increased using special electric sheeting. The IE3 motor series is now completely available across all shaft heights.

The ISI (Integrated Simple Inverter), a motor that can be configured in a wide variety of ways with an integrated frequency converter, was presented during an extensive road show. The market reacted with strong interest and we have already entered into a master agreement over several years. The first serial devices were delivered in the past year and placed into operation. The ATB Group set the stage for expanding the business with inverter-regulated motors by forming its own Power Electronics division. At the ATB Spielberg site, a concept for small specially-designed motors was consistently further pursued in 2014 and has already attracted many new customers for various applications. In smaller projects, for example, together with one of the Group's largest customers, we introduced additional flanges that are manufactured using new tools.

The research and development teams were also active in the international approval of products and completed the certification of 6-pole NEMA motors as well as for the NEMA EPAct 8 product. In addition, the product portfolio at the ATB Tamel site was expanded to include EX e motors in the IE2 energy efficiency level. The plan for 2015 provides for even greater concentration on projects involving Fumex smoke extraction motors, because we expect demand in this segment to increase. In order to continue meeting the challenges on a global market, ATB Tamel allowed its products to also be qualified based on the China Energy Label. And the motors from this ATB site now also meet the requirements of the Australian energy efficiency guidelines.

In the High Voltage division, EUR 13.3 million was invested at several sites in the past year. The most extensive changes in production took place at the ATB Wuhan site. The factory layout of the Chinese production site taken over in connection with a joint venture was completely reorganised under ATB management. All "clean processes" were shifted to an empty building on the factory premises and state-of-the-art technology was employed with simultaneous investment measures. The areas affected included the winding centre, paint shop, hot press, welding equipment, a vertical boring machine, punches, cranes and other auxiliary devices. At ATB Wuhan, the certification of Group II motors for use in potentially explosive atmospheres of was also successfully completed in 2014. The qualification of some of ATB Morley's motors from Group I with the MA certification office is also well under way. At the ATB Schorch site, the operation of a new annealing furnace and the sand-blasting booth is contributing tangibly towards reducing throughput times. And the installation of a new machine testbed also proceeded rapidly in the past year. Capital expenditures at the ATB Laurence Scott site related to a lathe for six meter long shafts that is operated with the milling machine installed in 2013.

The ATB Group's core business comprises the development and production of made-to-order and individual customer solutions. The R&D departments of the High Voltage segment produced a series of new developments with a high degree of design expertise and a pronounced focus on specialised products in the past year. For example, a new transnorm motor range was presented for the first time during the 2014 SPS IPC Drives trade fair in November. The new series of motors covers a performance range from 180 kW to 2,250 kW and will be available in shaft heights from 315 mm to 560 mm in high and low voltage with 2 to 8 poles. Another new development project for low-speed synchronous machines is proceeding as planned and is enabling entry into the market with the reintroduction of this product in the Group's portfolio. Furthermore, ATB Nordenham expanded its product portfolio to include pressure-tight encapsulated brakes for zones 1, 2 and 21, 22 in the middle of the year. This offer affords ATB customers the special advantage of being able to purchase brakes and motors directly from one source. The Serbian ATB Sever site once again improved its design for the drilling motor used in oil excavation and expanded its know-how in the area of motors and generators for small and large hydropower plants, which is unique in the ATB Group. As a provider of one-stop solutions, ATB Sever can meanwhile offer an entire range of products from individual drives to turnkey small power plants – so-called "container solutions".

Resounding successes have also already been achieved with the WCB project in the past year. In a first step, all employees were informed of the purpose and contents as well as the successive roll-out of the system as part of a Company-wide communications campaign. At the same time, the WCB teams from all affected departments developed a customised toolbox for ATB. Tools and measures from familiar concepts such as the Toyota Production System (TPS) or Lean Manufacturing were identified as relevant for the ATB Group and directly tailored to the Group's specific needs. An example of such a tool is the so-called "root cause analysis". A significant factor is the identification of best practices in the Group and their application at other sites. In a next step, a specific timetable was agreed for the coming years, whereby ATB also entered into strategic alliances with business partners and customers. The timetable provides for the binding implementation of five tools in a specified order for the first implementation phase. Valuable lessons for reducing downtimes and to improve quality were derived from TPM workshops (Total Production Management) and implemented with great promise at four sites from both divisions. For the High Voltage division, in particular the workshops and training sessions in the spirit of the ETO approach ("engineered to order") were of inestimable value. They ensure the optimal coordination between the individual departments along the entire value chain of customer-specific project motors. This concept, which is relevant in particular in the new development of motors, was implemented profitably at three of the High Voltage division's sites.

In order to advance the continuous development of the ATB Group and to further increase its competitiveness, we invested in machines and equipment as well as in process optimisation in both divisions as part of the WCB project. Sales and distribution were modernised and strategically aligned with the new segments. This already resulted in tangible improvements along the entire supply chain. ATB's management presumes that additional positive effects will be identified over the course of 2015 and is looking confidently forward to the new financial year.

Report of the Supervisory Board

The Supervisory Board responsible for the reporting period performed its legal duties and obligations under the articles of association in four meetings in the 2014 financial year. The Managing Board regularly reported to the Supervisory Board about the development of the business and the position of the Company and its Group members. All measures requiring Supervisory Board approval were discussed in detail. In addition, the Supervisory Board Chairman was informed of any important matters relating to the Company as they arose.

In 2014, the Supervisory Board comprised the following individuals: Jiancheng Chen (Chairman), Jianqiao Wang (Vice Chairman), Yanni Chen, Peter Wittmann, Christoph Matznetter and Christian Schmidt.

In accordance with section 92 of the Austrian Stock Corporation Act (AktG), the Audit Committee of ATB Austria Antriebstechnik Aktiengesellschaft's Supervisory Board has verified the existence and efficacy of systems to monitor the accounting process, internal control system, internal auditing and risk management system.

The annual financial statements of ATB Austria Antriebstechnik Aktiengesellschaft and the consolidated financial statements for the year ending 31 December 2014, as well as the corporate governance report, the management report and the Group management report for the 2014 financial year, including the accounting system, were audited by KPMG Austria AG Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, which was the auditor elected by the Annual General Meeting and which issued an unqualified audit report on the findings of its audit.

The Supervisory Board has reviewed these annual financial statements and the Managing Board's management report and concurs with the audit opinion.

Thus, the annual financial statements of the stock corporation for the year ending 31 December 2014 are hereby approved pursuant to section 96 AktG.

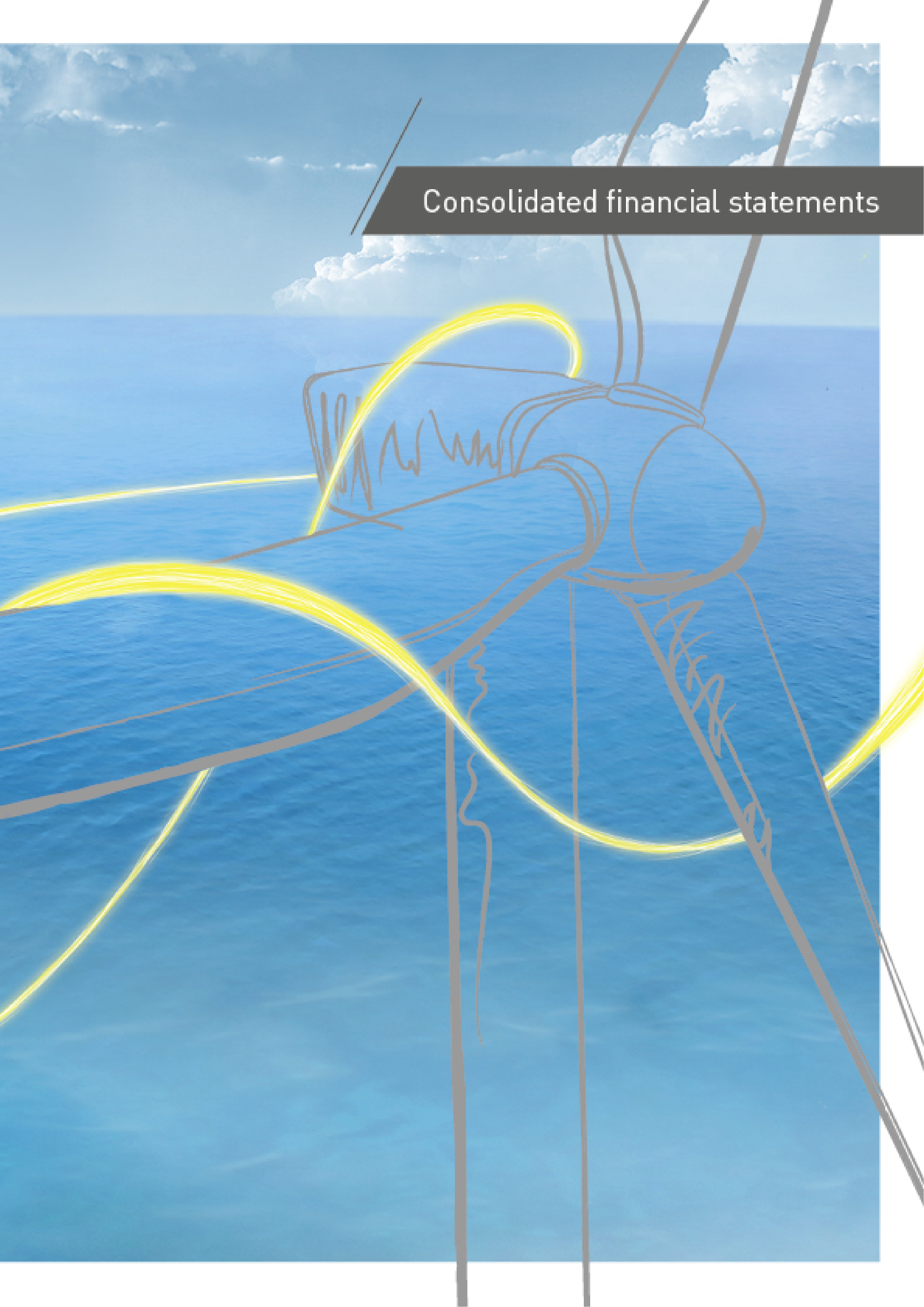
The Supervisory Board would like to thank the Managing Board and the Company's employees for their hard work and commitment.

Vienna, 10 March 2015

Jiancheng Chen

Chairman of the Supervisory Board


Because we put ideas into motion.
ATB powered by competence.
Motor for pitch drive
Motor for azimuth drive



Consolidated financial statements

Consolidated financial statements

A. Consolidated income statement for the 2014 financial year and comparative figures for the previous year

TEUR	Note	2014	2013
Revenues	**J.1**	**335,675**	**340,094**
Change in inventories	J.2	1,239	– 5,680
Own work capitalised	J.2	8,000	7,584
Cost of materials and other services	J.2	– 160,796	– 155,149
Gross income		**184,118**	**186,849**
Personnel expenses	J.3	– 132,440	– 123,982
Depreciation and amortisation of non-current assets	J.8, J.9	– 11,376	– 10,545
Other operating income	J.4	9,567	4,689
Other operating expenses	J.4	– 41,023	– 38,463
Reversal of impairment on intangible assets and property, plant and equipment	J.8, J.9	697	6,580
Net operating profit (EBIT)		**9,543**	**25,129**
Financial expenses		– 6,903	– 6,686
Financial income		216	136
Financial result	**J.5**	**– 6,687**	**– 6,550**
Share of profit or loss of entities accounted for using the equity method, net of tax		175	0
Profit before taxes (EBT)		**3,031**	**18,579**
Income taxes	J.6	8,832	7,579
Profit/loss from continuing operations		**11,863**	**26,158**
Profit/loss for the period		**11,863**	**26,158**
thereof profit/loss attributable to non-controlling interests	J.24	1,043	1,946
thereof profit/loss attributable to the shareholders of the parent company		10,819	24,212
Diluted and basic earnings per share in EUR attributable to the shareholders of the parent company	**J.26**	**0.98**	**2.20**

B. Consolidated statement of comprehensive income for the 2014 financial year and comparative figures for the previous year

TEUR	Note	2014	2013
Profit/loss for the period		**11,863**	**26,158**
Other comprehensive income			
Items that will never be reclassified to profit or loss			
Remeasurement of defined benefit liability (asset)	J.16.3	– 6,159	– 285
Changes in revaluation reserve	J.8, J.16.3	0	130
Related tax		1,585	– 99
Total		**– 4,574**	**– 253**
Items that are or may be reclassified to profit or loss			
Currency translation differences	J.16.3	5,497	– 1,347
Changes in the fair value reserve for available-for-sale securities	J.16.3	62	– 67
Related tax		– 16	7
Total		**5,543**	**– 1,407**
Other comprehensive income		**970**	**– 1,660**
Total comprehensive income		**12,833**	**24,498**
thereof profit/loss attributable to non-controlling interests		1,785	1,999
thereof profit/loss attributable to the shareholders of the parent company		11,047	22,498

C. Consolidated statement of financial position as at 31 December 2014

ASSETS

TEUR	Note	31 December 2014	31 December 2013
Property, plant and equipment	J.8	114,118	104,016
Goodwill and intangible assets	J.9	53,939	43,540
Non-current financial assets	J.10	1,073	1,342
Non-current financial assets accounted for using the equity method	J.11	478	
Deferred taxes	J.12	21,260	14,406
Non-current assets		**190,868**	**163,304**
Inventories	J.13	53,560	45,723
Trade receivables and other receivables	J.14	75,790	66,441
Receivables from associates	J.15	3,795	26
Receivables from construction contracts	J.1	19,845	23,997
Other financial assets		52	0
Cash and cash equivalents		42,329	27,167
Current assets		**195,371**	**163,354**
TOTAL ASSETS		**386,239**	**326,658**

EQUITY AND LIABILITIES

		31 December	31 December
TEUR	Note	2014	2013
Share capital	J.16.1	26,657	26,657
Share premium	J.16.2	251,544	251,544
Balancing item for currency translation		– 863	– 5,476
Cumulative income and expenses recognised directly in equity	J.16.3	5,760	10,146
Retained earnings		– 167,553	– 178,398
Equity attributable to the shareholders of the parent company		**115,544**	**104,472**
Non-controlling interests	J.24	15,535	10,341
Equity	**J.16**	**131,079**	**114,813**
Obligations to employees	J.19	58,285	52,660
Liabilities to associates	J.18	24,351	17,465
Financial liabilities	J.17	77,124	28,661
Other provisions	J.20	896	980
Deferred taxes	J.12	6,428	7,126
Non-current liabilities		**167,084**	**106,892**
Trade payables		31,952	26,855
Liabilities from construction contracts and prepayments	J.22	3,166	5,003
Liabilities to associates	J.18	6,476	10,606
Other current liabilities	J.21	12,817	13,495
Other provisions	J.20, J.21	2,895	3,381
Current financial liabilities	J.17	30,623	42,654
Current income tax liabilities		147	2,959
Current liabilities		**88,076**	**104,953**
TOTAL EQUITY AND LIABILITIES		**386,239**	**326,658**

D. Statement of changes in consolidated equity for the 2013 and 2014 financial years

TEUR	Share capital	Share premium	Currency translation
As at 1 January 2013	**26,657**	**241,156**	**– 3,324**
Profit/loss for 2013	**0**	**0**	**0**
Currency translation differences	0	0	– 2,152
Changes in revaluation reserve	0	0	0
Change in fair value reserve for available-for-sale securities	0	0	0
Actuarial profit and loss from defined benefit pension plans	0	0	0
Other comprehensive income 2013	**0**	**0**	**– 2,152**
Income received/(loss absorbed) from profit-and-loss transfer agreement	0	0	0
Contribution from second-tier parent company	0	10,388	0
As at 31 December 2013	**26,657**	**251,544**	**– 5,476**
Profit/loss for 2014	**0**	**0**	**0**
Currency translation difference	0	0	4,613
Changes in non-controlling interests Schorch	0	0	0
Currency translation differences	0	0	4,613
Changes in revaluation reserve	0	0	0
Change in fair value reserve for available-for-sale securities	0	0	0
Actuarial profit and loss from defined benefit pension plans	0	0	0
Change in basis of consolidation	0	0	0
Other comprehensive income 2014	**0**	**0**	**4,613**
Changes in acquisitions	0	0	0
Income received/(loss absorbed) from profit and loss transfer agreement	0	0	0
As at 31 December 2014	**26,657**	**251,544**	**– 863**
Notes	J.16.1	J.16.2	

The carrying amount of the currency translation reserve and the cumulative gains and losses as at 1 January 2013 included an adjustment in the amount of TEUR 2,097 from the deconsolidation of Western Electric Australia Pty Ltd in 2012.

	Fair value reserve for available-for-sale securities	Revaluation reserve	Remeasurement of net liability from pension and severance payment obligations	Retained earnings	Majority shareholder's interest	Non-controlling interest	Equity
	45	**17,532**	**– 6,999**	**– 195,069**	**82,095**	**8,221**	**90,316**
	0	**0**	**0**	**24,212**	**24,212**	**1,946**	**26,158**
	0	– 24	0	870	– 1,306	– 41	– 1,347
	0	**– 113**	**0**	**0**	**– 113**	**0**	**– 113**
	– 60	0	0	0	– 60	0	– 60
	0	0	– 235	0	– 235	94	– 140
	– 60	– 137	– 235	870	– 1,714	53	– 1,660
	0	0	0	– 121	– 121	121	0
	0	0	0	– 10,388	0	0	0
	– 15	**17,395**	**– 7,234**	**– 178,398**	**104,472**	**10,341**	**114,813**
	0	**0**	**0**	**10,819**	**10,819**	**1,043**	**11,862**
	0	0	0	0	4,613	884	5,497
	0	0	0	0	0	0	0
	0	0	0	0	4,613	884	5,497
	0	60	0	0	60	0	61
	46	0	0	0	46	0	46
	0	0	– 4,492	0	– 4,492	– 142	– 4,634
	0	0	0	0	0	0	0
	46	**60**	**– 4,492**	**0**	**227**	**743**	**970**
	0	0	0	0	0	3,501	3,501
	0	0	0	25	25	– 92	– 67
	31	**17,455**	**– 11,726**	**– 167,554**	**115,544**	**15,535**	**131,079**
	J.16.3	J.16.3	J.16.3			J.24	

E. Consolidated statement of cash flows for the 2014 financial year

TEUR	Note	2014	2013
Profit/loss for the period		11,862	26,157
Value adjustments for:			
Taxes		– 9,281	– 8,484
Interest result		720	1,149
Depreciation of property, plant and equipment and amortisation of intangible assets		11,376	10,545
Impairment of intangible assets and reversal of impairment of property, plant and equipment and intangible assets		– 697	– 6,580
Change in restructuring provisions		– 17	202
Change in non-current provisions		– 669	493
Gain/loss from the disposal of non-current assets		146	– 243
Other financial result		4,193	3,907
Other		14	– 452
Inventories		– 4,255	6,776
Trade receivables and other current receivables		– 1,693	– 17,525
Liabilities and provisions, excluding provisions for taxes		– 3,715	– 959
Cash flows from operating activities		**7,984**	**14,986**
Acquired intangible assets		– 7,081	– 6,781
Acquired property, plant and equipment		– 4,534	– 3,858
Prepayments for property, plant and equipment and intangible assets		– 7,488	– 8,214
Cash outflow for the acquisition of subsidiaries, less acquired liquid assets		– 3,315	0
Proceeds from the disposal of property, plant and equipment		1,376	564
Proceeds from the sale of financial assets		28	0
Interest received		165	136
Cash flows from investing activities		**– 20,849**	**– 18,153**
Cash inflows from financial liabilities		77,987	45,670
Cash outflows for financial liabilities		– 42,811	– 31,575
Cash inflows from financial liabilities to associates		– 3,656	– 2,875
Change in finance lease liabilities and contributions received		– 1,572	– 181
Interest paid		– 3,389	– 3,028
Dividends paid		– 67	0
Cash flows from financing activities		**26,492**	**8,011**
Cash and cash equivalents at beginning of period		**27,167**	**22,590**
Decrease/increase in cash and cash equivalents		13,627	4,843
Foreign currency effects		1,534	– 266
Cash and cash equivalents at end of period	**G.11**	**42,328**	**27,167**

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F. The Group

Legal name:
ATB Austria Antriebstechnik Aktiengesellschaft

Head office:
Donau–City-Strasse 6, A-1220 Vienna

Legal form:
Stock corporation

Company register:
Landesgericht Wien (Regional Court of Vienna)
Initial entry on 22 December 1986
FN 80022 f

The Group's business activities encompass the sale, development, production and distribution of electrical drive systems and related electronic systems in both high and low voltage applications. The Group aims to develop, test and produce optimal drive solutions for its customers and their individual applications and projects.

1 Owner WOLONG Group

WOLONG INVESTMENT GmbH, Vienna, a wholly owned subsidiary of WOLONG Holding Group GmbH, Vienna, is the direct parent entity of ATB Holding with an interest of 98.93%. WOLONG Hongkong Holding Group Ltd., China, holds a 100% interest in WOLONG Holding Group GmbH, Vienna.

The ultimate parent of ATB Holding is WOLONG Holding Group Co., Ltd., China.

2 Investments in consolidated and unconsolidated companies

Consolidated companies

The following list includes the consolidated subsidiaries of the ATB Group as at 31 December 2014. ATB Austria Antriebstechnik AG, Vienna, directly or indirectly holds the majority of voting rights in these companies. The share of capital corresponds to the ATB Group's direct and indirect share of ownership and voting rights in the subsidiary company.

Consolidated entities					Share in capital		
Entity	Short name	Place of business	Country	Currency	2014	2013	Principal activities/ Status
ATB Austria Antriebstechnik AG	ATB Holding	Vienna	Austria	EUR	100.00%	100.00%	Holding
ATB Welzheim GmbH	ATB Welzheim	Welzheim	Germany	EUR	94.00%	94.00%	Production
ATB Fod d.o.o.	ATB Fod	Bor	Serbia	RSD	100.00%	100.00%	Production
ATB Laurence Scott Ltd.	ATB Laurence Scott	Norwich	United Kingdom	GBP	100.00%	100.00%	Production
ATB Morley Ltd.	ATB Morley	Leeds	United Kingdom	GBP	100.00%	100.00%	Production
ATB Nordenham GmbH	ATB Nordenham	Nordenham	Germany	EUR	88.36%	88.36%	Production
ATB Spielberg GmbH	ATB Spielberg	Spielberg	Austria	EUR	100.00%	100.00%	Production
ATB Motors B.V.	ATB Motors	IJsselmuiden	Netherlands	EUR	100.00%	100.00%	Sales
ATB Sever d.o.o.	ATB Sever	Subotica	Serbia	RSD	100.00%	100.00%	Production
ATB Special Products Ltd.	ATB Special Products	Huddersfield	United Kingdom	GBP	100.00%	100.00%	Production
ATB Tamel S.A.	ATB Tamel	Tarnów	Poland	PLN	100.00%	100.00%	Production
Motorenwerke Subotica d.o.o.	Motorenwerke Subotica	Subotica	Serbia	RSD	100.00%	100.00%	Production
Schorch Beteiligungs GmbH	Schorch Beteiligung	Moenchengladbach	Germany	EUR	99.30%	99.30%	Holding
ATB Schorch GmbH	ATB Schorch	Moenchengladbach	Germany	EUR	99.30%	99.30%	Production
ATB Motors (Wuhan) Co., Ltd.	ATB Wuhan	Wuhan	People's Republic of China	CNY	50.00%	0.00%	Production
ATB Motors (Shanghai) Co., Ltd.	ATB Shanghai	Shanghai	People's Republic of China	CNY	100.00%	100.00%	Sales
Lindeteves-Jacoberg Ltd.	LJ Holding	Singapore	Singapore	SGD	66.03%	66.03%	Holding
Brook Crompton (UK) Ltd.	Brook Crompton UK	Huddersfield	United Kingdom	GBP	66.03%	66.03%	Sales
Brook Crompton B.V.	Brook Crompton Netherlands	Breda	Netherlands	EUR	66.03%	66.03%	Dormant
Brook Crompton Ltd.	Brook Crompton Canada	Toronto	Canada	CAD	66.03%	66.03%	Sales
Brook Crompton Motor USA Inc.	Brook Crompton USA	Chicago	USA	USD	66.03%	66.03%	Sales
Brook Crompton Asia Pacific Pte. Ltd.	Brook Crompton Asia Pacific	Singapore	Singapore	SGD	66.03%	66.03%	Sales

On 19 February 2014, ATB Motorenwerke GmbH changed its name to ATB Spielberg GmbH. ATB Antriebstechnik GmbH was renamed ATB Welzheim GmbH on 13 March 2014.

Non-current financial assets accounted for using the equity method – associates

The following companies were included in the consolidated group as associates as at 31 December 2014:

Non-current financial assets accounted for using the equity method – associates					Share in capital		
Entity	Short name	Place of business	Country	Currency	2014	2013	Principal activities/ Status
ATB Technologies Netherlands B.V.	ATB Netherlands	Eindhoven	Netherlands	EUR	30.00%	0.00%	Development
D.o.o. za upravljanje Slobodnom zonom "Subotica"	Free Zone	Subotica	Serbia	RSD	38.94%	38.94%	Free zone

Non-consolidated entities

The following companies were not included in the consolidated group as at 31 December 2014 due to immateriality:

Non-consolidated entities					Share in capital		
Entity	Short name	Place of business	Country	Currency	2014	2013	Principal activities/ Status
ATB SEVER MAK dooel	ATB Sever Mak	Skopje	Macedonia	CSD	100.00%	100.00%	Sales
ATB Rus OOO	ATB Rus	Moscow	Russia	RUB	100.00%	100.00%	Sales
Dabatera Sdn. Bhd.	Dabatera	Kuala Lumpur	Malaysia	MYR	19.79%	19.79%	Dormant
David McClure Ltd.	David McClure	Stockport	United Kingdom	GBP	100.00%	100.00%	Dormant

Deconsolidated entities

The following companies were deconsolidated in the 2014 financial year due to the loss of control:

Deconsolidated entities					Share in capital		
Entity	Short name	Place of business	Country	Currency	2014	2013	Principal activities/ Status
Western Electric Pacific Ltd.	WE Hongkong	Hong Kong	Hong Kong	USD	66.03%	66.03%	Liquidated
Linberg Sdn. Bhd.	Linberg	Kuala Lumpur	Malaysia	MYR	66.03%	66.03%	Liquidated
Western Electric Motor Sdn. Bhd.	WE Kuala Lumpur	Kuala Lumpur	Malaysia	MYR	66.03%	66.03%	Liquidated
Lindeteves-Jacoberg Malaysia Sdn. Bhd.	Lindeteves-Jacoberg Malaysia	Kuala Lumpur	Malaysia	MYR	66.03%	66.03%	Liquidated
Brook Motors International Ltd.	Brook Motors	Singapore	Singapore	SGD	66.03%	66.03%	Liquidated

The entities were dormant companies. They were liquidated in 2014 and deleted from the company register.

3 Changes in the basis of consolidation

ATB Shanghai was established in the previous year and still considered to be immaterial based on intra-Group guidelines and therefore not included in the consolidated group. Due to the loss of immateriality, the company was included in the basis of consolidation during the financial year.

In 2014, 50% of the shares in ATB Wuhan were acquired (see Note J.23). Although the Group does not hold more than half of the voting rights in ATB Wuhan, the Managing Board determined that control had been established as defined in IFRS 10.

G. Summary of significant accounting policies

1 General information

The consolidated financial statements as at 31 December 2014 were prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and the provisions under section 245a of the Austrian Business Code (UGB). They give a true and fair view of the Company's financial position, financial performance and cash flows. The historical cost convention was taken into account while preparing the consolidated financial statements. Land and buildings are measured at fair value less cumulative depreciation for buildings. In addition, derivative financial instruments, non-current provisions for personnel expenses and available-for-sale assets as well as non-current financial liabilities were also measured at fair value (see Note G.9).

The Group currency is the euro, which also reflects the primary economic environment in which the Group operates. All figures in the consolidated financial statements are presented in thousands of euros (TEUR, commercially rounded). This can lead to rounding differences in the consolidated financial statements.

The consolidated financial statements were approved by the Group's Managing Board for presentation to the Supervisory Board on 10 March 2015. Changes to the consolidated financial statements by any other governing body after publication are no longer possible.

1.1 Application of the following accounting standards is mandatory for financial years beginning on or after 1 January 2014

IFRS 10 – Consolidated Financial Statements

This standard comprehensively redefines the concept of control. If an investor controls an investee, the parent company must consolidate the subsidiary. According to the new concept, control is given if the potential parent holds the power to take decisions regarding the potential subsidiary based on voting rights or other rights, participates in positive or negative variable returns from the subsidiary and can influence these returns based on its decision-taking authority. The provisions are to be applied to parent-subsidiary relationships that are based on voting rights as well as parent-subsidiary relationships that arise from other contractual agreements or other economic relationships. Previously, the basis of consolidation was determined essentially based on corporate relationships in accordance with IAS 27. The core criterion was a majority of voting rights. Economic considerations only came into the picture over SIC-12 (structured entities are now to be assessed based on the general criteria of IFRS 10) in the case of special purpose entities. The criterion of a majority of voting rights was to be evaluated in the context of additional arrangements under commercial law, for instance based on existing articles of association. Under IFRS 10, the basis of consolidation is no longer defined based on voting rights. In accordance with IFRS 10, all rights that give a company the power to control the relevant business activities of another company are to be considered. Thus, contractual relationships outside of power structures under commercial law increase in significance; for example, supply or financing contracts as well as arrangements in the area of research and development. This means that an effective consolidation process must have access to information from a multitude of areas of the business with the first-time application of IFRS 10 and evaluate it based on the abstract principles of IFRS 10 for any existing control with the consequence of mandatory consolidation.

The effect from the application of this new standard can be seen in the ATB Group's altered basis of consolidation (see Note J.3).

IFRS 11 – Joint Arrangements

The accounting treatment of joint arrangements is newly regulated with IFRS 11. According to the new concept, a decision has to be made regarding whether such activities represent a joint operation or a joint venture. The activity represents a joint operation if the jointly controlling parties hold direct rights to assets and obligations for liabilities. The individual rights and obligations are recognised proportionately in the consolidated financial statements. In contrast, in a joint venture, the jointly controlling parties hold rights to the net assets. This right is shown in the consolidated financial statements by applying equity method accounting; the option of proportionate inclusion in the consolidated financial statements is thereby eliminated. Changes in the terminology of the standard and the classification of entities as joint ventures are to be heeded; consequently, not all of the joint ventures that are proportionately consolidated at this time will have to be recognised using equity method accounting in the future.

From a current perspective, the standard has no impact on the ATB Group's consolidated financial statements.

IFRS 12 – Disclosure of Interests in Other Entities
This standard regulates mandatory disclosures relating to interests in other entities. The required disclosures are considerably more comprehensive than previous disclosures under IAS 27, IAS 28 and IAS 31.

Please refer to Notes F.2, J.11 and J.24 for information on the effects from the application of this standard.

Amendments to IFRS 10, IFRS 11 and IFRS 12: Transitional provisions
These amendments contain clarification and additional simplifications for the transition to IFRS 10, IFRS 11 and IFRS 12. Adjusted comparative information is required only for the previous comparison period. Beyond this, the requirement in connection with notes regarding non-consolidated structured entities to disclose comparative information for periods before the first-time application of IFRS 12 is eliminated.

The amendment does not affect the ATB Group's consolidated financial statements.

Amendments to IFRS 10, IFRS 12 and IAS 27: Investment Entities
The amendment grants an exception with respect to the consolidation of subsidiaries if the parent entity fulfils the definition of an "investment entity" (for example, certain investment funds). Such subsidiaries are excepted from the scope of IFRS 10, Consolidated Financial Statements, and measured at fair value through profit or loss in accordance with IFRS 9 or IAS 39.

The amendment does not affect the ATB Group's consolidated financial statements.

Amendments to IAS 27: Separate Financial Statements
As part of the approval of IFRS 10, Consolidated Financial Statements, the rules governing the principle of control and requirements for the preparation of consolidated financial statements were removed from IAS 27 and will now be addressed in IFRS 10 (see comments on IFRS 10). As a result, IAS 27 in the future will only include the rules for the recognition of subsidiaries, joint ventures and associates in separate IFRS financial statements. The amendment does not affect the ATB Group's consolidated financial statements.

Amendments to IAS 28: Investments in Associates and Joint Ventures
IAS 28 was adjusted in connection with the adoption of IFRS 11, Joint Arrangements. IAS 28 still governs the application of the equity method. However, the scope of its application has been significantly expanded with the adoption of IFRS 11, since in the future not only investments in associates, but also in joint ventures (see IFRS 11), will have to be measured using the equity method. The application of proportionate consolidation for joint ventures is thus eliminated. However, as a result of amendments related to the classification of entities as joint ventures, not all joint ventures that are proportionately consolidated at this time will have to be recognised using equity method accounting in the future.

A further change concerns recognition based on IFRS 5 when only part of an interest in an associate or in a joint venture is to be sold: IFRS 5 is to be applied to the interest to be sold, while the remaining (retained) interest is to continue being recognised using equity method accounting until disposal of the interest held for sale. If the remaining interest also represents an associate or joint venture after the sale, the equity method is to be continued. Otherwise, the remaining interest is to be recognised in accordance with IFRS 9, Financial Instruments.

Shares in venture capital companies may be measured at fair value or under the equity method. This measurement option also applies for interests in an associate, whereby a portion is held indirectly, among other things, through venture capital organisations or investment funds.

The rules of SIC-13, Jointly Controlled Entities – Non-Monetary Contributions by Venturers, were integrated into IAS 28.

From a current perspective, the amendment does not affect the ATB Group's consolidated financial statements.

Amendments to IAS 32: Offsetting Financial Assets and Financial Liabilities
The amendments to IAS 32 only represent a clarification of previous offsetting rules.

The amendments do not have any impact on the ATB Group's consolidated statements.

Amendments to IAS 36: Recoverable Amount Disclosures for Non-Financial Assets
The amendments relate to the disclosure of information regarding the determination of the recoverable amount of impaired assets if this amount is based on fair value less costs to sell. In 2014, there were no impairment losses under IAS 36 in the ATB Group.

Amendments to IAS 39: Novation of Derivatives and Continuation of Hedge Accounting
As a result of this amendment, hedge accounting will continue to apply for derivatives designated as hedging instruments in continuing hedging relationships despite novation to a central counterparty as a consequence of new legal requirements under certain circumstances. A requirement for this is that the novation results in the original counterparty being replaced by a new central counterparty as a consequence of legal or regulatory requirements.

1.2 Application of the following new or amended standards and interpretations is not yet mandatory for financial years beginning on or after 1 January 2014 (the standards and interpretations have already been endorsed by the EU)

Amendments to IAS 19: Defined Benefit Plans
Clarification on the classification of employee contributions or contributions by third parties that are linked to service as well as the creation of an exemption if the amount of the contributions is independent of the number of years of service.

The effects of these amendments on the consolidated financial statements are still being reviewed.

The amendments are to be applied for the first time for financial years beginning on or after 1 February 2015.

IFRIC 21, Levies
IFRIC 21, Levies, is an interpretation of IAS 37, Provisions, Contingent Assets and Contingent Liabilities. It clarifies in particular the question of when a present obligation arises with respect to levies imposed by the government and a provision or liability is to be recognised. The interpretation's scope of application does not include in particular penalties and levies resulting from public law contracts which fall under the scope of other IFRSs, for example IAS 12, Income Taxes. In accordance with IFRIC 21, a liability is to be recognised for levies when the obligating event triggering the payment of a levy occurs. This obligating event that establishes the liability is based in turn on the wording of the underlying legislation. The formulation is insofar the crucial factor for determining the accounting treatment. From today's perspective, this will not have any impact on the ATB Group's consolidated financial statements.

This interpretation is applicable to financial years beginning on or after 1 July 2017.

Annual Improvements to 2010–2012
Amendments and clarifications regarding various IFRSs.

The amendments are to be applied for the first time for financial years beginning on or after 1 February 2015.

Annual Improvements to 2011–2013
Amendments and clarifications regarding various IFRSs.

The amendments are to be applied for the first time for financial years beginning on or after 1 February 2015.

1.3 Application of the following new or amended standards and interpretations is not yet mandatory for financial years beginning on or after 1 January 2014 (EU endorsement is still pending)

IFRS 14 – Regulatory Deferral Accounts

Only entities that are first-time adopters of IFRSs and which recognise regulatory deferral items in accordance with their previous accounting regulations are permitted to continue doing so also after the transition to IFRSs. The standard is conceived as a short-term interim solution until the IASB completes its longer-term fundamental project addressing price-regulated transactions.

The amendments do not have any impact on the ATB Group's consolidated statements.

The amendments are to be applied for the first time for financial years beginning on or after 1 January 2016.

Amendments to IFRS 11: Accounting for Acquisitions of Interests in Joint Operations

The acquirer of interests in a joint activity that represents an operation as defined in IFRS 3 must apply all principles with respect to the accounting treatment of business combinations from IFRS 3 and other IFRSs as long as they do not contradict the guidelines in IFRS 11. From today's perspective, this will not have any impact on the ATB Group's consolidated financial statements.

The amendments are to be applied for the first time for financial years beginning on or after 1 January 2016.

Amendments to IAS 16/IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation

These amendments clarify the choice of depreciation methods for property, plant and equipment and amortisation methods for intangible assets. In principle, the depreciation of property, plant and equipment and amortisation of intangible assets must reflect the pattern in which the future economic benefits generated by the asset are expected to be consumed by the Company. In this regard, the IASB has now clarified that the depreciation of property, plant and equipment on the basis of revenues from the goods produced with such property, plant and equipment does not correspond to this method and consequently is not appropriate, since the revenues depend not only on the consumption of the asset, but also on other factors such as sales volume, price or inflation. In general, this clarification is also applied in IAS 38 for the amortisation of intangible assets with a finite useful life. However, the IASB also introduced a rebuttable presumption in this regard. Accordingly, revenue-based amortisation of intangible assets with a finite useful life is permitted in the following two exceptional cases. First, if the value of the intangible asset can be measured directly based on the revenue generated, or second if it can be verified that the revenues generated and the consumption of economic benefits of the intangible asset are highly correlated. The first case only applies if the predominant limiting factor that is inherent in the use of an intangible asset is the achievement of a revenue threshold. From today's perspective, this will not have any impact on the ATB Group's consolidated financial statements.

The amendments are to be applied for the first time for financial years beginning on or after 1 January 2016.

Amendments to IAS 16 and IAS 41: Agriculture: Bearer Plants

These amendments bring bearer plants that are no longer subject to clear biological changes into the scope of application of IAS 16 so that they can be recognised in analogy to property, plant and equipment. The amendments do not have any impact on the ATB Group's consolidated financial statements.

The amendments are to be applied for the first time for financial years beginning on or after 1 January 2016.

Amendments to IAS 27: Equity Method in Separate Financial Statements

As a result of the amendments, investments in subsidiaries, joint ventures and associates can also be recognised in separate IFRS financial statements using equity method accounting in the future. Thus, companies are permitted all previously existing options to include such entities in their separate financial statements, namely inclusion at (amortised) cost, measurement as available-for-sale financial assets in accordance with IAS 39 and/or IFRS 9 and inclusion using equity method accounting.

The amendments are to be applied for the first time for financial years beginning on or after 1 January 2016.

From a current perspective, the amendments have no impact on the ATB Group's consolidated financial statements.

Amendments to IFRS 10 and IAS 28 (2011): Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments address a well-known inconsistency between the provisions of IFRS 10 and IAS 28 (2011) in the event of the sale of assets to an associate or a joint venture and/or the contribution of assets to an associate or a joint venture. In the future, the entire gain or loss from a transaction should only be recognised if the assets sold or contributed constitute a business as defined in IFRS 3, regardless of whether the transaction is structured as a share deal or an asset deal. In contrast, if the assets do not constitute a business, only the proportionate gain or loss may be recognised in profit or loss.

The amendments are to be applied for the first time for financial years beginning on or after 1 January 2016.

The amendments do not have a material impact on the ATB Group's consolidated financial statements.

Annual Improvements to 2012–2014

As part of the annual improvement project, amendments were made to four standards. The adjustment of formulations in individual IFRSs is intended to clarify existing regulations. The affected standards include IFRS 5, IFRS 7, IAS 19 and IAS 34. The effects of these improvements on the consolidated financial statements are still being reviewed.

These improvements are to be applied for the first time for financial years beginning on or after 1 January 2016.

Amendments to IAS 1: Presentation of the financial statements

The amendments should make it possible for companies to structure their financial statements in such a manner as sensibly reflects the nature of their operations by making selective discretionary decisions. They include in particular a clarification that notes are only necessary if their contents are not immaterial. This also applies explicitly if an IFRS stipulates a list of minimum disclosures. The model structure of the notes to the financial statements is eliminated in order to facilitate a more sensible structure based more on the nature of the company's operations and it clarifies that companies are free to choose where in the notes they comment on accounting policies. Furthermore, the amendments include comments on the aggregation and disaggregation of line items in the statement of financial position and the statement of comprehensive income and a clarification that the share of other comprehensive income of entities measured using equity method accounting is to be presented separately in the statement of comprehensive income based on line items that will or will not be reclassified to profit or loss in the future.

The effects of these amendments on the consolidated financial statements are still being reviewed.

The amendments are to be applied for the first time for financial years beginning on or after 1 January 2016.

Amendments to IFRS 10, IFRS 12 and IAS 28

These amendments serve to clarify issues related to the application of the exception from the obligation to consolidate in accordance with IFRS 10 if the parent company meets the definition of an investment entity. Companies are then exempt from the obligation to consolidate if the parent company recognises its subsidiaries at fair value in accordance with IFRS 10. If a subsidiary itself meets the definition of an investment entity and performs services that are related to the parent company's investment activities, it should not be consolidated. If an investor that does not meet the definition of an investment entity applies the equity method to an associate or joint venture, they can retain the measurement at fair value that the investee applies to their equity interests in subsidiaries. In addition, the IASB included a provision in these amendments such that an investment entity that measures all of its subsidiaries at fair value must disclose the information regarding investment entities stipulated in IFRS 12. From today's perspective, this will not have any impact on the ATB Group's consolidated financial statements.

The amendments are to be applied for the first time for financial years beginning on or after 1 January 2016.

IFRS 15 – Revenue from Contracts with Customers

The standard governs when and to what extent revenues are to be recognised. IFRS 15 replaces IAS 18, Revenue, IAS 11, Construction Contracts, and a series of revenue-related interpretations. The application of IFRS 15 is mandatory for all IFRS adopters and applies for nearly all contracts with customers – the primary exceptions include leases, financial Instruments and insurance contracts. EU endorsement is still pending. The effects on these amendments on the consolidated financial statements cannot be reliably estimated at this time.

This new standard is to be applied for the first time for financial years beginning on or after 1 January 2017.

IFRS 9 – Financial Instruments

This standard comprehensively governs the accounting treatment of financial instruments. In particular the new and – in the most recent version of IFRS 9 – revised classification provisions for financial assets are to be emphasised in comparison with the predecessor standard IAS 39. These are based on the characteristics of the business model as well as the contractual cash flows of financial assets. The provisions governing the recognition of impairment losses that are now based on a model of expected losses are also fundamentally new. The recognition of hedging relationships is also newly regulated under IFRS 9 with a view towards a better representation of operational risk management.

The effects of these amendments on the consolidated financial statements cannot be reliably estimated at this time.

This new standard is to be applied for the first time for financial years beginning on or after 1 January 2018.

2 Consolidation principles

Business combinations

The Group recognises business combinations based on the acquisition method if the Group has achieved control. As a general rule, the consideration transferred upon acquisition as well as the acquired identifiable net assets are measured at fair value. Any goodwill that arises is tested annually for impairment (see Notes G.6 and J.9.1). Any gain from an acquisition at a price below fair market value is recognised in profit or loss. Transaction costs are recognised immediately as expenses as long as they are not associated with the issuance of debt or equity securities. The consideration transferred does not contain any amounts associated with the fulfilment of previously existing relationships. As a general rule, such amounts are recognised in profit or loss. Any contingent liabilities are measured at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and its settlement will be accounted for within equity. Otherwise, future changes in the fair value of contingent consideration are recognised in profit or loss. If share-based payment awards (replacement awards) must be exchanged for awards that are held by the acquiree's employees (awards of the acquired company), the acquirer's replacement awards are included fully or only in part in the measurement of the consideration transferred under the business combination. This determination is based on the relationship of the market-based value of the replacement awards to the market-based value of the acquiree's awards and the degree to which the replacement awards are related to service performed prior to the business combination.

For business combinations of companies under common control, the book value method is applied.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity if it is exposed to fluctuating returns from its involvement with the investee or possesses rights to these returns and has the ability to use its power over the investee to affect the amount of the these returns. The subsidiary's financial statements are included in the consolidated financial statements from the time in which control begins until the time in which control ends.

Non-controlling interests

Non-controlling interests are measured at the acquisition date at their corresponding share in the identifiable net assets of the acquired entity. Changes in the Group's interest in a subsidiary that do not lead to a loss of control are recognised as equity transactions.

Loss of control

If the Group losses control over a subsidiary, it derecognises the subsidiary's assets and liabilities and all associated non-controlling interests and other components of equity. Every gain or loss that arises is recognised in profit or loss. All retained interest in the former subsidiary is measured at fair value at the date on which control is lost.

Shares in non-current financial assets that are accounted for using the equity method

The Group's shares in non-current financial assets accounted for using the equity method include shares in associates and in a joint venture. Associates are entities over which the Group has a substantial influence, but not control or joint management with respect to financial and corporate policies. A joint venture is an arrangement over which the Group exercises joint management, whereby it possesses rights to the net assets instead of rights to its assets or obligations for its liabilities.

In the 2014 financial year, two new subsidiaries jointed the ATB Group of consolidated companies that are subject to the consolidation policies described above. Detailed disclosures can be found in Notes F.3 and J.23.

3 Determination of fair value

A series of accounting methods and Group disclosures requires the determination of fair value for financial and non-financial assets and liabilities. An external appraiser is engaged to determine the fair value of financial assets and liabilities.

The Group relies on data that can be observed on the market as much as possible when determining the fair value of an asset or liability. The fair values are categorised within various levels in the fair value hierarchy based on the input factors used in the measurement techniques:

Level 1: Quoted prices (unadjusted) on active markets for identical assets and liabilities

Level 2: Measurement parameters not representing the quoted prices from Level 1, but which can be directly (i.e. as a price) or indirectly (i.e. derived from prices) observed for the asset or liability

Level 3: Measurement parameters for assets or liabilities not based on observable market data

If the inputs used to determine the fair value of an asset or liability can be categorised within different levels of the fair value hierarchy, the fair value measurement will be categorised in its entirety in the level of the fair value hierarchy corresponding to the lowest input factor that is significant to the entire measurement.

There were no reclassifications between various levels of the fair value hierarchy at the end of the reporting period. Further information on the assumptions underlying the determination of fair value can be found in the following disclosures: see Note I.3.

4 Foreign currency translation

The income statements of foreign subsidiaries are translated into the Group reporting currency at the weighted annual average exchange rate, while the items of the statement of financial position are translated at the exchange rate prevailing on the balance sheet date.

The following closing date and average exchange rates were used:

Functional currency	Singapore dollar (SGD)	US dollar (USD)	Canadian dollar (CAD)	British pound (GBP)	Chinese yuan (CNY)	Serbian dinar (RSD)	Polish zloty (PLN)
Exchange rate at 31 December 2013	1.7414	1.3791	1.4671	0.8337	8.3491	114.6421	4.1543
Average exchange rate 2013	1.6618	1.3281	1.3685	0.8493	8.1655	113.0877	4.1971
Exchange rate at 31 December 2014	1.6058	1.2141	1.4063	0.7789	7.5358	120.9583	4.2732
Average exchange rate 2014	1.6830	1.3288	1.4669	0.8064	8.1882	117.2477	4.1845

Goodwill arising on the acquisition of foreign subsidiaries is carried in the currency of the respective subsidiary and translated at the exchange rate prevailing on the reporting date.

Translation differences arising on consolidation are presented in the Group's equity. In the event of the sale or liquidation of a foreign entity, the cumulative translation differences are recognised in profit or loss as a gain or loss on disposal.

Foreign currency transactions are translated at the exchange rate on the transaction date. Gains and losses from such transactions and translations of monetary assets and liabilities are recognised in profit or loss.

5 Property, plant and equipment

Land and buildings comprise mainly factories, warehouses for merchandise and offices; in accordance with the option granted under IAS 16, they are recognised at fair value less cumulative depreciation for buildings. Increases in fair value are recognised directly in equity in the revaluation reserve. Impairment losses that offset previous increases in value are recognised directly in equity in the revaluation reserve. All other impairment losses are recognised in profit or loss.

Land and buildings are recognised initially at cost and subsequently at fair value less depreciation for buildings based on periodic valuations performed by an external independent expert. Land is not depreciated.

The fair value shown as land and buildings are to be classified as Level 3 in the fair value hierarchy. The corresponding changes in value are shown in the Statement of changes in non-current assets under consideration of the translation differences included in Other comprehensive income.

The Company applied the revaluation rule in accordance with IAS 16 for the first time as at 31 December 2006. The carrying amounts are reviewed periodically (every five years) or whenever there is an indication that the fair value has decreased. The carrying amount essentially corresponds to the fair value. The last remeasurement was carried out in connection with the sale of ATB to the WOLONG Group in 2011. The next remeasurement is planned for the 2016 financial year.

All other property, plant and equipment bought or produced (e.g. technical equipment and machinery, office and operating equipment) is measured at historical cost less depreciation. On the basis of IAS 23, Borrowing Costs, interest paid on borrowings for the acquisition or production of qualifying assets has been capitalised since 2009. Before 2009, cost did not include interest paid on borrowings.

In total, borrowing costs in the amount of TEUR 246 (2013: TEUR 0) were capitalised in the financial year, taking into account a weighted average interest rate of 4.49% as at the reporting date.

Depreciation is calculated on a straight-line basis, whereby the acquisition cost of assets is written down to residual value over their anticipated useful lives as follows:

Buildings, including buildings on third-party land	20–76 years
Technical equipment and machinery	3–34 years
Operating and office equipment	2–14 years

If the carrying amount of an asset is greater than its recoverable amount, the asset is written down to the lower value.

Gains and losses on the disposal of non-current assets are recognised as the difference between the proceeds and the residual carrying amount and recognised in profit or loss. If revalued property, plant and equipment is sold, the respective amounts are transferred from the revaluation reserve to the revenue reserve.

6 Goodwill and intangible assets

Goodwill
Goodwill represents the excess of the cost of acquisition over the fair value of the Company’s share of the net assets of the acquired entity at the date of acquisition.

The ATB Group tests goodwill for impairment annually. Impairment tests are also carried out during the year if there are indications that an impairment may have occurred.

For the purpose of impairment testing, goodwill is assigned to the ATB Group’s plants, which are used as the basis for impairment testing (see Note J.9.1).

Other intangible assets
Acquired production rights, technologies and licences are capitalised at the time of acquisition and are amortised on a straight-line basis over periods of between 8 and 19 years. The amortisation of depreciable intangible assets is included in the Income statement under Depreciation and amortisation of non-current assets.

Beginning in 2013, trademark rights are no longer amortised on a straight-line basis analogous to the parent Group. Instead, trademark rights are tested for impairment in accordance with IAS 36.

Expenses relating to the development or installation of computer software (introduction of SAP R/3) are capitalised as incurred and amortised on a straight-line basis over a maximum of twelve years, as this type of expenses meets the conditions for the capitalisation of development costs.

Research and development

Research costs are recognised immediately as an expense when they arise. Costs incurred during development projects (in connection with the design and testing of new or improved products) are recognised as intangible assets if the project is likely to be used commercially, is technically feasible, the costs can be reliably determined and all other requirements under IAS 38 are cumulatively met. Other development costs that do not satisfy these criteria are expensed as incurred.

Development costs are capitalised only from the time from which a future benefit can be reliably demonstrated. Capitalised development costs that exhibit a finite useful life are depreciated on a straight-line basis over the period of expected use not to exceed 15 years when the corresponding project is completed. This depreciation is included in the Income statement under Depreciation and amortisation of non-current assets.

Development costs are subjected to an annual impairment test until operational readiness is reached in accordance with IAS 36.

The methods of depreciation and amortisation, useful life and residual values are reviewed at every reporting date and adjusted if necessary.

7 Impairment and reversal of impairment of property, plant and equipment and intangible assets

Property, plant and equipment and intangible assets are tested for impairment if there is any indication thereof. Intangible assets with an indefinite useful life are tested annually for impairment. If the reason for an impairment loss recognised in the past no longer applies, a reversal of impairment is recognised up to the carrying amount that would have been determined net of amortisation or depreciation had no impairment loss been recognised for the asset in prior periods – with the exception of goodwill.

8 Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of raw materials and goods for resale is determined by the average price method. The costs of finished goods and work in progress include materials, direct labour costs and other overheads directly attributable to the production process (based on normal capacity utilisation). Borrowing costs that are attributable to acquisition or production costs of qualifying assets are capitalised. No borrowing costs were capitalised in 2014.

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

9 Available-for-sale financial assets

All shares in non-consolidated subsidiaries and other entities as well as securities are classified as available for sale. If an active market does not exist or fair values cannot be reliably determined with reasonable effort, the shares in non-consolidated subsidiaries and other entities are measured at cost. If there are indications that the fair value of an asset has changed, then the carrying amount is adjusted to reflect the new fair value.

All purchases and sales are recognised at cost including any transaction costs at the transaction date. Subsequently, assets are measured at fair value, with any changes being recognised directly in equity. Impairments are recognised in profit or loss.

Assets intended for sale within twelve months are presented under Current assets; otherwise they are presented under Non-current assets.

10 Trade receivables

Trade receivables are recognised at the amounts invoiced less allowances for doubtful receivables. Receivables are tested for impairment on a case-by-case basis. Receivables are considered to be impaired if one or more events provide objective evidence that they will not be collected in full. Receivables that are assumed to be entirely uncollectible are written off. Uncollectible receivables are written off as soon as they are identified as such.

11 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash in foreign currencies, demand deposits and other current, highly liquid financial assets with original maturities of up to three months. Overdraft facilities are reported in the Statement of financial position as Current financial liabilities.

TEUR 29 of the TEUR 42,329 in cash and cash equivalents as at the reporting date is restricted.

12 Discontinued operations

The assets and liabilities of discontinued operations are measured at the carrying amount or lower fair value less costs to sell in accordance with IFRS 5, Non-Current Assets Held for Sale and Discontinued Operations. Assets that are classified as held for sale are not depreciated further but are to be shown as separate items on the statement of financial position.

13 Financial liabilities

Financial liabilities are recognised initially at fair value less transaction costs. In subsequent years, they are recognised at amortised cost.

14 Leases

Lease agreements for property, plant and equipment under which the Group assumes all material risks and rewards incidental to ownership are recognised as finance leases. Such assets are recognised at the fair values applicable at the beginning of the lease term or at the lower present value of the minimum lease payments. Lease payments are split into finance charges and principal components in order to obtain a constant rate of interest for the remaining liability. The related leasing obligations less financing costs are recognised under Non-current liabilities under finance leases and Current liabilities under finance leases. Interest included in financing costs is recognised in profit or loss over the period of the lease.

Property, plant and equipment acquired under finance leases is depreciated over the shorter of lease period or useful life.

In addition, the Group has entered into operating leases for the use of shop equipment, whereby the payments are recognised as expense.

15 Government grants

Government grants are recognised at fair value if it can be reliably assumed that the grant will be awarded and the Group will meet the required conditions for the award of the grant. Government grants for costs are recognised over the period in which the costs the grants are intended to compensate are incurred and presented as Other operating income (gross). Government grants for investments are deducted when determining the carrying amount of the asset. They are transferred to profit or loss proportionately over the anticipated useful life of the relevant assets. Please refer to Note J.4 for more information on the government grants received.

16 Deferred taxes

Deferred tax assets and liabilities are determined with respect to temporary differences between the IFRS carrying amount of assets and liabilities and their corresponding values for tax purposes.

Deferred tax assets and liabilities are determined based on tax rates that are applicable or which have been substantially enacted at the reporting date. Deferred tax assets are recognised to the extent to which it is probable that taxable profits will be available in the future for offsetting against the temporary differences. Deferred tax assets and liabilities are offset if there is a legally enforceable right to set off current entitlements to tax refunds against current tax liabilities and the deferred taxes relate to the same tax authority.

Unrecognised deferred tax assets are remeasured at every balance sheet date and recognised to the extent in which it is likely that future taxable profit will permit their realisation.

17 Non-current obligations to employees

Provisions for long-term employee benefits (pensions and anniversary bonuses) and post-employment benefits (severance payments) are calculated in accordance with IAS 19 using the projected unit credit method. Actuarial gains and losses from provisions for pensions and severance payments are recognised in Other comprehensive income.

These defined benefit plans expose the Group to actuarial risks, for example longevity risk, currency risk, interest rate risk and market (investment) risk.

17.1 Pension obligations

The pension plans of ATB Morley, Brook Crompton Canada and ATB Motors contain plan assets. The asset manager conducts a study on every balance sheet date to analyse the assets/liability risks (asset liability matching, ALM).

The provision for pension obligations at ATB Spielberg was recognised for the entitlements of all of the employees absorbed from Bauknecht Austria GmbH, Spielberg. These entitlements are nominal amounts that are not subject to change.

The provisions set up at ATB Welzheim relate to pension commitments to a number of managerial employees made under individual employment contracts as well as loyalty bonuses for other employees awarded under internal guidelines. The value of this pension obligation (DBO) corresponds to the present value of acquired entitlements at the measurement date, taking into account a cost-of-living adjustment of the current pension benefits after the pension payments commence.

At ATB Schorch, provisions were set up under a defined benefit arrangement for individual employees based on two pension plans dating from the years 1977 and 1988. The benefit plan, which is pension group-specific and depends on years of service, provides for claims arising when employees leaving the company are also entitled to receive a state pension as well as in the case of occupational disability. Widow's and widower's pensions are also provided (60% of the entitlement). Employees who joined the company after 30 September 1996 are not covered by the rules of the 1988 pension plan.

At Brook Crompton Canada, provisions were set aside under a defined benefit arrangement for employees based on the Brook Crompton Pension Plan for Canadian Employees, which in 1996 replaced the BTR Pension Plan for Canadian Employees and the Registered Pension Plan for the Employees of Brook Hansen (Canada) Inc. The plan's assets are invested in a mixed (equities and fixed-interest securities) fund managed by Jarislowsky, Fraser Ltd. (JF). After one year of service at the company, employees are entitled to join the pension plan. After two years of participation in the plan they are entitled to draw benefits from it.

At ATB Nordenham, provisions were set up under a defined benefit plan for employees, which is based on a labour-management agreement dated 27 September 1996 and Appendix 3 to the company agreement dated 15 January 1986. The defined benefit plan is based on both salary and years of service.

The provisions at ATB Tamel relate to the entitlements of all employees. They were recognised based on locally applicable legal basis, which changed in 2013 with respect to the increase in the legal retirement age to 67 years. The original retirement age was 65 years for men and 60 years for women. The changes will be completed by the end of 2020 for men and by the end of 2040 for women, whereby the retirement age will be increased by three months each year beginning with 2013. Women over the age of 62 who have paid into the pension plan for 35 years and men over the age of 65 who have paid into the pension plan for 40 years have the option of partial retirement. Employees opting for partial retirement are entitled to 50% of the normal pension benefits. They are subsequently entitled to an increase in pension benefits beginning with the 67th year of age, but their entitlement cannot be increased to 100% of full pension benefits.

The provisions at ATB Morley were recognised for the entitlements of all employees. The company's defined benefit pension plan provides employees who joined the company before 6 April 1994 with the option of retiring from age 60 even without the company's consent. If retirement is begun before age 65, entitlements that originated prior to 17 May 1990 are subject to reductions. Employees who joined the company after 6 April 1994 do not have the right to retire before age 65 without the company's consent. If the employee retires before age 65, deductions are applied.

17.2 Severance payment obligations

Under Austrian labour law, the employer is required to make severance payments to employees upon termination of employment under certain circumstances (including retirement). The level of severance payments depends on income and length of service with the employer. Severance payments are one-off payments.

At ATB Sever d.o.o., Subotica, Serbia, a provision for severance payments was recognised for the first time in the acquisition balance sheet as at 1 January 2005 to meet a collectively agreed obligation. The projected unit credit method was applied to determine the scope of this obligation.

Following the passage of the Austrian Act on Corporate Staff Provision (Betriebliches Mitarbeitervorsorgegesetz, BMVG), a changeover was made in Austria from defined benefit to defined contribution schemes involving the transfer of entitlements to employee severance payment and pension funds. The new legal position applies to employment contracts formed on or after 1 January 2003 and to cases in which employees voluntarily transfer to the new system by mutual agreement with the employer. Under the new legislation, the employer must contribute 1.53% of the employee's salary to the employee severance payment and pension fund, but there is no obligation to provide additional funding.

17.3 Anniversary bonus obligations

Anniversary bonus obligations are classified as Other long-term employee benefits. Provisions for anniversary bonus obligations are calculated using the projected unit credit method. The actuarial gain or loss is recognised in profit or loss.

Employees at the Austrian and German companies receive anniversary bonuses for defined years of service under the respective collective agreements. The anniversary bonus amounts are determined based on length of service and remuneration at the time of disbursement.

17.4 Post-employment defined contribution plans

The method of recognition for post-employment benefits is determined by whether they are paid out under a defined contribution or defined benefit plan [IAS 19(2011).8]:

For defined contribution plans, an entity pays set amounts to an independent unit (fund) in order to fulfil employees' post-employment claims.

Following the passage of the Austrian Act on Corporate Staff Provision (BMVG), a changeover was made in Austria from defined benefit to defined contribution schemes involving the transfer of entitlements to employee severance payment and pension funds. The new legal position applies to employment contracts formed on or after 1 January 2003 and to cases in which employees voluntarily transfer to the new system by mutual agreement with the employer. Under the new legislation, the employer must contribute 1.53% of the employee's salary to the employee severance payment and pension fund, but there is no obligation to provide additional funding.

18 Provisions

Provisions are set up when the Group has a present legal or de facto obligation as a result of past events and it is more likely than not that an outflow of resources will be required to settle the obligation and the amount of this outflow can be reliably estimated.

19 Revenue recognition

Revenues from the sale of goods are realised at the time of delivery and acceptance by the customer. Revenue is recognised net of discounts and after elimination of intra-Group deliveries. Goods and products which are physically located at a third party but legally owned by ATB are not recognised as revenues.

Revenues from the sale of services are recognised based on the percentage of completion, i.e. the proportion of the service rendered relative to the entire service to be rendered in the financial year in which the service was rendered.

Revenue from construction contracts is recognised in accordance with the percentage-of-completion method provided the requirements set forth under IAS 11 are met. This means that production costs incurred are recognised plus a profit margin proportionate to the stage of completion. The stage of completion is defined as the ratio of production costs incurred to aggregate costs expected. If a construction contract is expected to yield a loss, a corresponding provision is recognised immediately for the full amount of the expected loss.

Interest income is recognised proportionately using the effective interest rate method.

H. Critical accounting estimates and assessments

Estimates and assessments are continually reviewed and are based on past experience and other factors, including expectations of future events that are considered appropriate under the circumstances.

The Group makes forward-looking estimates and assumptions. Estimates and assumptions with a significant risk of necessitating a material adjustment of the carrying amounts of assets and liabilities within the next few financial years relate to the following items:

1 Estimates of impairments of goodwill and the carrying amount of cash-generating units

The Group tests goodwill annually for impairment in accordance with the accounting principle set forth under IAS 36. Impairment tests are also carried out during the year if there are indications that an impairment may have occurred. An impairment must be recognised if the recoverable amount is lower than the carrying amount (see Note J.9.1).

These calculations require the use of estimates.

As a result of the impairment test to be conducted annually, there is no need to test goodwill or the carrying amount of cash-generating units for impairment during the financial year.

2 Income tax

The Group is obligated to pay income taxes in multiple countries. For this reason, it is necessary to make basic assumptions in order to calculate the Group's worldwide income tax provisions. Estimates of whether and in what amount additional income tax will be owed are necessary in order to determine the amount of the provisions for an expected tax audit. If taxable profits were to change by 10% during the planning period on which the recognition of the deferred taxes is based, the net carrying amount of deferred taxes would have to be adjusted by TEUR 4,139 (previous year: TEUR 1,293).

The recognition of deferred tax assets is based on the assumption that sufficient taxable income will be generated in the future to make use of deductible temporary differences and tax loss carryforwards that have not yet been applied to offset tax expense.

In the Serbian companies there are significant loss carryforwards for which no deferred tax assets were recognised, since their utility is not certain at this time.

3 Actuarial assumptions regarding provisions for pensions and severance payments

The Company's actuarial assumptions are based on current market conditions.

The Group uses statistical and actuarial calculations to forecast future events relating to these obligations. Actuarial assumptions and estimates are indispensable for these calculations. These are made on the basis of current market conditions.

The assumptions underlying the determination of net expenses and income for non-current benefits for employees include the discount rate. Changes in these assumptions have an impact on liabilities to employees. In 2013, the Company switched from the corridor method to the prescribed OCI method in accordance with (revised) IAS 19R. Accordingly, the actuarial gains or losses must be recognised in Other comprehensive income (OCI).

A sensitivity analysis for a change in the interest rate (+/-1%) can be found in Notes J.19.1 and J.19.2.

4 Trade receivables and other receivables

Trade receivables and other receivables are generally measured at amortised cost. This is the amount invoiced less any reduction for impairment or uncollectability. Doubtful debt allowances on receivables reflect the Group's past experience regarding the collectability of receivables.

However, the management is confident that no default risk for receivables in excess of the specific allowances applied needs to be taken into consideration.

5 Inventories

Inventories are measured at the lower of cost or net realisable value. Net realisable value is the estimated selling price attainable in the ordinary course of business less the costs of completion and sale.

The cost of internally-produced goods includes an appropriate share of overheads directly attributable to the production process based on normal operating capacity.

6 Useful life

The useful lives of property, plant and equipment and intangible assets are based on past experience and assumptions made by the management.

7 Provisions

Provisions are recognised based on management estimates regarding the necessary amounts, which may ultimately differ from actual amounts needed.

I. Financial instruments and risk management

1 Additional information about financial instruments

This section provides additional information about items in the statement of financial position that include financial instruments. The following tables show the carrying amounts and fair values of all categories of financial assets and liabilities, including their levels in the fair value hierarchy:

	2014						Fair value	
TEUR	Loans and receivables (at amortised cost)	Available for sale (at amortised cost)	Available for sale (at fair value)	At fair value through P&L – hedging instruments	Non-financial assets	Total	Level 1	Level 2
Non-current assets								
Non-current financial assets	246	90	507	0	230	1,073	507	0
Current assets								
Trade receivables and other assets	71,711	0	0	0	7,874	79,585	0	0
Other financial assets	0	0	0	52	0	0	0	52
Cash and cash equivalents	42,329	0	0	0	0	42,329	0	0
Financial assets	**114,286**	**90**	**507**	**52**	**8,104**	**122,987**	**507**	**52**

	2013						Fair value	
TEUR	Loans and receivables (at amortised cost)	Available for sale (at amortised cost)	Available for sale (at fair value)	At fair value through P&L – hedging instruments	Non-financial assets	Total	Level 1	Level 2
Non-current assets								
Non-current financial assets	178	102	445	0	617	1,342	445	0
Current assets								
Trade receivables and other assets	59,048	0	0	0	7,419	66,467	0	0
Other financial assets	0	0	0	0	0	0	0	0
Cash and cash equivalents	27,167	0	0	0	0	27,167	0	0
Financial assets	**86,393**	**102**	**445**	**0**	**8,036**	**94,976**	**445**	**0**

TEUR	2014: Financial liabilities (at amortised cost)	Non-financial liabilities	At fair value through profit or loss – hedging instruments	At fair value through profit or loss	Total	Fair value: Level 1	Level 2
Non-current liabilities							
Liabilities to associates	24,351	0	0	0	24,351	0	0
Non-current financial liabilities	77,124	0	0	0	77,124	0	0
Current liabilities							
Trade payables	31,952	0	0	0	31,952	0	0
Liabilities to associates	6,476	0	0	0	6,476	0	0
Current financial liabilities	30,222	0	317	84	30,623	84	317
Other current liabilities	5,506	7,311	0	0	12,817	0	0
Financial liabilities	**175,631**	**7,311**	**317**	**84**	**183,343**	**84**	**317**

TEUR	2013: Financial liabilities (at amortised cost)	Non-financial liabilities	At fair value through profit or loss – hedging instruments	At fair value through profit or loss	Total	Fair Value: Level 1	Level 2
Non-current liabilities							
Liabilities to associates	17,465	0	0	0	17,465	0	0
Non-current financial liabilities	28,661	0	0	0	28,661	0	0
Current liabilities							
Trade payables	26,855	0	0	0	26,855	0	0
Liabilities to associates	10,606	0	0	0	10,606	0	0
Current financial liabilities	42,531	0	169	123	42,823	123	169
Other current liabilities	5,827	7,499	0	0	13,326	0	0
Financial liabilities	**131,945**	**7,499**	**169**	**123**	**139,736**	**123**	**169**

Non-current financial assets include securities; derivative financial instruments are presented under Other financial assets and Current financial liabilities.

The carrying amounts of financial assets already reflect allowances. Allowances are recognised when there are indications that a debtor is facing financial difficulties and may not be able to meet payment obligations in full.

The table above does not contain any information regarding fair value for financial assets and financial liabilities that were not measured at fair value if the carrying amount represents a suitable approximation of fair value.

The carrying amount and fair value of the financial liabilities are as follows:

	Carrying amount		Fair value		Level 1		Level 2	
TEUR	2014	2013	2014	2013	2014	2013	2014	2013
Liabilities to banks	102,273	66,237	107,496	68,410	0	0	107,496	68,410
Liabilities under finance leases	4,499	3,363	6,293	4,597	0	0	6,293	4,597
Other financial liabilities	658	1,715	638	1,728	84	123	554	1,605
Liabilities from hedging instruments	317	169	317	169	0	0	317	169
Financial liabilities	**107,747**	**71,484**	**114,744**	**74,904**	**84**	**123**	**114,660**	**74,781**

	Carrying amount		Fair value		Level 2	
TEUR	2014	2013	2014	2013	2014	2013
Liabilities to associates	24,351	17,465	21,950	15,637	21,950	15,637

The external assessor, SIGMA Investment AG, calculated the fair value of all financial liabilities in the table above. Valuation techniques are applied that rely as much as possible on significant observable inputs and as little as possible on insignificant inputs. Inputs of Level 2 are used in the calculation for all liabilities except for cheques (interest rates and yield curves that are observable for quoted margins, credit spreads and market-based inputs). Cheque clearings that count as other financial liabilities amounted to TEUR 84 in 2014 (previous year: TEUR 123) and are subject to Level 1 inputs in the calculation.

The following table shows the net income and expenses of financial instruments of the various categories of financial assets and financial liabilities:

Financial income and expenses

TEUR	2014	At fair value through P&L – hedging instruments	Loans and receivables (at amortised cost)	2013	At fair value through P&L – hedging instruments	Loans and receivables (at amortised cost)
Interest and similar income from loans and receivables	152	0	152	122	0	122
Interest and similar income from securities	13	0	13	14	0	14
Net currency translation gains from loans, receivables and financial liabilities	51	51	0	0	0	0
Financial income	**216**	**51**	**165**	**136**	**0**	**136**
Interest and similar expenses from financial liabilities to third parties at amortised cost	– 3,700	0	– 3,700	– 2,969	0	– 2,969
Interest and similar expenses from financial liabilities to associates at amortised cost	– 720	0	– 720	– 1,149	0	– 1,149
Net currency translation losses from loans, receivables and financial liabilities	– 884	– 132	– 752	– 1,077	– 172	– 905
Financial expenses	**– 5,304**	**– 132**	**– 5,172**	**– 5,195**	**– 172**	**– 5,023**
Financial expenses not directly attributable to financial instruments	– 1.599			– 1,491		
Financial expenses	**– 6,903**			**– 6,686**		
Income/expense from reversal of/increase in allowances	– 102			– 156		
Net income/expense from the reversal of/increase in allowances	**– 102**			**– 156**		

The financial expenses that are not classified as financial instruments can mainly be attributed to interest expenses for pension provisions, provisions for severance payments and provisions for anniversary bonuses. These are offset by income from plan assets. Financial income that is not classified as a financial instrument relates to the share of profit or loss of associates.

2 Financial risk factors

The Group's activities expose it to a number of financial risks, including the effects of fluctuations in market prices, exchange rates and interest rates. The Group's risk management policies are oriented towards the financial markets and aimed at minimising any potential negative impacts on the Group.

2.1 Liquidity risk

Liquidity risk management in the ATB Group reflects the business strategy on the one hand and the changing bank market on the other. The rolling four week and six month liquidity plans, which are consolidated at the level of the holding company, for the basis for liquidity management. The liquidity management includes holding sufficient cash and cash equivalents as well as short, medium and long-term financing at the level of the Company as well as at the level of the holding company, thereby ensuring the necessary flexibility. Sufficient reserve liquidity is held available by ATB Austria Antriebstechnik AG in its function as a holding company on the basis of loan commitments with correspondingly long utilisation periods. The default risk on receivables is hedged across the entire ATB Group with a del credere insurance policy from a reputable credit insurer.

The solid structure of the statement of financial position with equity amounting to 33.9% of assets, gearing (net financial debt in relation to equity) of 63.6% and cash and cash equivalents amounting to TEUR 42,329 as at 31 December 2014 and the affiliation with the WOLONG Group form the basis of the ATB Group's financing.

The liquidity analysis in accordance with IFRS 7 is shown below:

2014

TEUR	Carrying amount	Within 1 year	2 to 5 years	More than 5 years
Liabilities to banks	102,273	31,728	74,470	1,860
Liabilities under finance leases	4,499	1,347	3,038	669
Other financial liabilities	658	429	546	0
Liabilities to associates	30,827	7,208	23,399	3,160
Trade payables	31,952	31,952	0	0
Other current liabilities	12,817	12,817	0	0
Liabilities from hedging instruments	317	317,137	0	0
Total	**183,343**	**85,798**	**101,453**	**5,689**

2013

TEUR	Carrying amount	Within 1 year	2 to 5 years	More than 5 years
Liabilities to banks	66,237	39,467	29,246	735
Liabilities under finance leases	3,363	1,135	2,260	301
Other financial liabilities	1,715	1,267	449	0
Liabilities to associates	28,071	3,378	25,958	2,965
Trade payables including construction contracts and prepayments	26,855	31,859	0	0
Other current liabilities	13,326	13,326	0	0
Liabilities from hedging instruments	169	169	0	0
Total	**139,736**	**90,601**	**57,913**	**4,001**

The items representing Liabilities to banks, Liabilities under finance leases, Liabilities to associates and Other financial liabilities compare carrying amounts with repayments including fixed and variable interest payments.

2.2 Currency risk

The Group operates internationally and is therefore increasingly exposed to currency risks, especially with regard to the US dollar, the British pound, the Serbian dinar, the Polish zloty, the Singapore dollar and the Chinese yuan. All transaction, translation and economic risks are monitored continuously to hedge against currency risks. Within the Group, the currency risk associated with transactions is hedged mainly by the closing of positions (netting). Furthermore, sales in foreign currencies are recorded in foreign currency accounts, the balances of which are not converted into the Group currency wherever possible, but instead are employed to settle liabilities in the same currency.

The translation of financial receivables and liabilities denominated in foreign currency into the functional currency also gives rise to risks that are recognised in profit or loss. An assumed 10% shift from the transaction currency to the functional currency of each Group entity yields the following results:

Risk arising from a 10% devaluation of the local (functional) currency against the transaction currency:

2014

TEUR	EUR	USD	GBP	SGD	PLN	Other
Recognised in profit or loss	– 4,835	108	1,656	– 99	– 432	– 404
Recognised directly in equity	0	0	0	0	0	0
Total risk	**– 4,835**	**108**	**1,656**	**– 99**	**– 432**	**– 404**

2013

TEUR	EUR	USD	GBP	SGD	PLN	Other
Recognised in profit or loss	– 3,888	– 125	2,018	– 93	58	– 90
Recognised directly in equity	– 98	0	0	0	0	0
Total risk	**– 3,987**	**– 125**	**2,018**	**– 93**	**58**	**– 90**

Furthermore, risks arise from the translation of the separate financial statements of foreign entities into euros – the Group currency. Therefore, revenues, net profits and the statement of financial position carrying amounts of entities not based in the euro area depend on the respective euro exchange rate. The effects of hypothetical changes in exchange rates on net profits and equity are illustrated by means of sensitivity analyses. The determination of sensitivities was based on a hypothetically unfavourable 10% change in exchange rates and an assumed simultaneous appreciation of all currencies against the euro based on their year-end levels. A devaluation of the euro against the key currencies would have led to an equal amount of increase in equity and net profit or loss for the period. An unfavourable 10% change in the exchange rate would have the following impact on equity and profit or loss for the period:

Impact on profit/loss for the period

TEUR	2014	2013
USD	19	– 77
GBP	475	1,124
SGD	50	– 17
CSD	– 185	– 340
CNY	– 74	0
PLN	205	452
Other	– 10	– 34
Total	**480**	**1,108**

Impact on equity

TEUR	2014	2013
USD	77	46
GBP	7,161	6,449
SGD	224	– 119
CSD	– 815	– 623
CNY	802	0
PLN	3,652	3,506
Other	301	313
Total	**11,403**	**9,573**

2.3 Interest rate risk

The Group's net consolidated profit and cash flow from operating activities depend on changes in market interest rates, except in the case of non-current financial liabilities. The Group has no sizeable interest-bearing assets. Interest rate risk arises from non-current interest-bearing liabilities. Liabilities subject to variable interest rates expose the Group to cash flow risks related to interest rates (see Note J.17). Since the majority of non-current liabilities are denominated in euros, the interest rate risk was low in 2014 due to a low Euribor.

A sensitivity analysis carried out for financial liabilities subject to variable interest rates has shown that if the market interest rate level had been 100 basis points higher or lower on the balance sheet date, net profits and equity would have been TEUR 937 (previous year: TEUR 499) higher or lower respectively.

2.4 Price risk

After the raw material prices that are relevant for ATB stabilised in 2014 – due to the high material intensity in particular with respect to copper, steel, grey cast iron and aluminium – for the production of electric motors, the future price trend can also be regarded as stable. Planning is even based on the assumption that the primary materials will be slightly overproduced if anything.

Despite this forecast, there continues to be a risk that future raw material price increases will have a negative impact on the Group's results. To counter this, ATB seeks to minimise the risk by indexing the prices (price escalation clauses in contracts and agreements) and permanent monitoring the price trend. Specifically, ATB bundles its Group-wide need for electric sheet steel, round steel, ball bearings, enamelled copper wire and various C-parts within the scope of its lead buyer programme. This way, the negotiating position in procurement processes can be significantly improved. In addition, greater volumes are purchased in best-cost countries (e.g.

China). The broad product portfolio and the ATB Group's increasing industry orientation can compensate short-term price fluctuations in sales markets.

2.5 Default risk

There is no major dependency on individual customers. The Group assesses its exposure to default risk as very low. Rules are applied that ensure that product sales and services are only carried out with customers with corresponding creditworthiness. In order to safeguard against the risk of default, a Group insurance policy was taken out with Acredia Versicherung AG (formerly PRISMA Kreditversicherungs-AG), Vienna, that covers all operating units.

The maximum default risk associated with financial assets – not taking collateral or protection through credit insurance into account – is determined by the assets' carrying amount. These financial assets comprise the following:

TEUR	2014	2013
Loans to and receivables from customers	69,371	57,058
Available-for-sale financial assets	623	573
Maximum default risk	**69,994**	**57,631**

2.6 Hedging instruments

The ATB Group employed derivative financial instruments in the 2014 financial year that were utilised exclusively as hedging transactions against risks from changes in exchange rates. These instruments include in particular options and forward exchange transactions on the part of the British subsidiary Brook Crompton UK, which purchases materials mainly in euros. In order to hedge against foreign currency risks from revenues billed in euros, ATB Laurence Scott entered into forward exchange transactions in 2014. All forward exchange deals are measured at fair value in accordance with IAS 39. The open financial derivative positions at 31 December 2014 exhibit a maturity of less than 12 months.

		2014	2013
Derivative financial instruments	Foreign currency	EUR	EUR
	Local currency	GBP	GBP
Notional amount	Foreign currency in thousands	8,980	9,054
	Local currency in thousands	7,268	7,549
Fair value	Positive TEUR	51	4
	Negative TEUR	– 132	– 176

3 Estimate of fair values

It is assumed that the nominal values of financial assets and liabilities with maturities of less than one year, less any estimated deductions, are roughly equal to their fair values.

The text below describes the valuation techniques that were used to determine the fair value.

Hedging instruments, shown under Other financial assets and Current financial liabilities, are measured using the market comparison approach, i.e. the fair value is based on price quotations from brokers. A combination of the Black-Scholes and Vanna-Volga models is used in the measurement.

Available-for-sale securities are shown under Non-current financial assets. The fair values of these securities are based on the stock exchange prices quoted on the reporting date.

The DCF method was used for the financial liabilities. Depending on whether the agreement is based on fixed interest or variable interest, the liabilities are discounted using the fixed interest rate for fixed-interest agreements or with the variable interest rates in the respective currencies. The fair value is the present value of the discounted cash flow. Only the following available and observable inputs were used: Exchange rates, interest rates, yield curves, forwards.

4 Capital management

ATB Austria Antriebstechnik AG is not subject to any capital requirements based on its Articles of Association. Due to the volatility of the business as well as the high ratio of non-current assets to total assets, the necessary financial flexibility, among other things, forms a solid capital structure.

The management of the ATB Group is committed to a solid asset and capital structure with a high degree of financial flexibility. The objective is to ensure the continuation of all Group entities as going concerns on the one hand and to maximise the shareholders' return on their investment on the other by optimising the use of equity and borrowed capital. The capital structure is monitored on an ongoing basis and should be covered by equity equal to 33.9% of assets, whereby capital costs and all types of risks are taken into account. ATB is committed to optimising its capital structure through dividend distribution and new issues as well as the repayment of existing liabilities and the acquisition of new liabilities. Furthermore, the capital expenditures carried out are aimed at increases in efficiency that should have a permanent positive impact on the Group's financial performance.

The management considers equity to be the consolidated equity reported in accordance with IFRS. At the reporting date, consolidated equity as a percentage of total assets amounted to 33.9% (previous year: 35.1%).

J. Notes to the consolidated financial statements

1 Revenues

Revenues amounted to TEUR 335,675 in 2014 (previous year: TEUR 340,094) and arose through the sale of goods and services. At the reporting date 31 December 2014, TEUR 12,293 (previous year: TEUR 14,174) was generated through services (repair orders) that can be mainly attributed to ATB Schorch in the amount of TEUR 6,052 (previous year: TEUR 6,737), ATB Laurence Scott in the amount of TEUR 4,942 (previous year: TEUR 5,464) and ATB Sever in the amount of TEUR 1,065 (previous year: TEUR 1,803).

Construction contracts that are accounted for in accordance with IAS 11 can be broken down as follows:

	31 December	
TEUR	2014	2013
Capitalised costs from construction contracts including proportionate revenue/expense	24,397	27,855
Less progress payments	4,552	3,857
Construction contracts recognised as a net asset	19,845	23,998
Construction contracts recognised as a net liability	– 198	– 448
Total	**19,647**	**23,550**
Revenues from construction contracts	**120,082**	**121,464**

2 Change in inventory, expense for material and own work capitalised

Inventory changes include changes in work in progress and finished products.

Own work capitalised amounts to TEUR 1,502 (previous year: TEUR 1,141) for buildings and technical equipment and machinery as well as TEUR 6,498 (previous year: TEUR 6,440) for development costs.

The cost of materials and purchased manufacturing services can be broken down as follows:

	31 December	
TEUR	2014	2013
Cost of materials	– 128,427	– 124,823
Purchased manufacturing services	– 30,927	– 28,542
Impairment losses and reversal of impairment	– 148	– 591
Transport costs	– 1,294	– 1,193
Total	**– 160,796**	**– 155,149**

3 Personnel expenses

Personnel expenses comprise the following:

	31 December	
TEUR	2014	2013
Salaries and wages	107,317	102,338
Expenses for severances and contributions to company pension plans	798	479
Pension expenses	2,493	2,337
Social security expenses and payroll taxes	20,644	18,019
Other expenses for employee benefits	58	62
Restructuring costs	1,130	747
Total	**132,440**	**123,982**

Restructuring costs mainly include the closing costs and severances of Bradford and Stockport that were included in ATB Morley's statement of income as at 31 December 2014.

The average number of personnel in the 2014 financial year was 3,769 (previous year: 3,525). The number of wage earners as at 31 December 2014 was 2,651 (previous year: 2,492), while the number of salaried employees was 1,057 (previous year: 1,050).

In 2014, the ATB Group's expenses for defined contribution plans amounted to TEUR 354 (2013: TEUR 103) and expenses for severance plans amounted to TEUR 94 (2013: TEUR 89).

4 Other operating income and expenses

Other operating income and expenses comprise the following:

	31 December	
TEUR	2014	2013
Income from the disposal of property, plant and equipment and intangible assets	387	421
Insurance compensation	386	311
Recharging of costs from various services	217	293
License sales	0	1,569
Other incidental income	7,769	1,656
Miscellaneous operating income	807	439
Other operating income	**9,567**	**4,689**
Transport expenses	6,299	6,045
Legal expenses, audit and consulting fees, other third-party services	5,876	5,889
Repair and maintenance expenses	4,390	4,625
Travel expenses	2,768	2,570
Insurance	1,586	1,475
Rents and leases	2,925	2,759
Taxes other than income taxes	1,896	1,347
Mail, telephone, postage, bank charges	1,300	1,223
IT expenses	1,911	1,386
Warranty expenses	919	684
Commission expenses	2,582	3,143
Losses from the disposal of property, plant and equipment and intangible assets	95	176
Profit/loss from exchange rate differences	122	285
Miscellaneous operating expenses	8,354	6,856
Other operating expenses	**41,023**	**38,463**

Other additional income includes TEUR 6,006 (previous year: TEUR 1,569) in income from the transfer of technology with the WOLONG Electric Group.

Miscellaneous operating income includes disposals of intangible assets in the amount of TEUR 387 (previous year: TEUR 421) and government grants in the amount of TEUR 280 (previous year: TEUR 356) for job security measures.

Miscellaneous operating expenses include costs for temporary staff in the amount of TEUR –1,290 (previous year: TEUR –1,399), marketing costs in the amount of TEUR –874 (previous year: TEUR –530) and costs for training in the amount of TEUR –330 (previous year: TEUR –407). The item also includes the result from recycling. The foreign exchange reserve recognised in Other comprehensive income includes the entities deconsolidated in the financial year in the amount of TEUR 831.

5 Financial result

TEUR	31 December 2014	2013
Bank and loan interest	– 4,317	– 4,019
Interest expense for non-current provisions for personnel expenses	– 2,182	– 2,168
Finance leases	– 103	– 96
Income from plan assets	584	499
Currency translation differences from financial assets	– 752	– 902
Other financing expenses	– 132	0
Financing expenses	**– 6,903**	**– 6,686**
Income from securities	13	14
Interest on bank accounts	152	122
Currency translation differences from financial assets	51	0
Financing income	**216**	**136**
Financial result	**– 6,687**	**– 6,550**

6 Income taxes

The table below shows the reconciliation to the actual tax expense from the calculated tax expense based on the application of the Austrian corporate income tax rate of 25% to profit before taxes:

TEUR	31 December 2014	2013
Profit before taxes	3,030	18,578
Calculated income tax expenses	758	4,645
Deviating foreign tax rates	16	225
Impact of non-deductible expenses	1,805	477
Impact of tax-exempt income	– 2,033	– 287
Impact of the utilisation of previously unrecognised temporary differences and tax losses	– 8,137	– 13,904
Impact of deferred tax expenses due to change in tax rates	0	373
Impact of non-deductible impairments	0	– 287
Impact of unrecognised losses and temporary differences in reporting period	1,307	1,271
Other	– 2,546	– 89
Income tax income	**– 8,831**	**– 7,579**

The line item of Other effects includes an adjustment from the tax audit for an English entity for financial years 2008–2012 in the amount of TEUR 2,530.

The tax income comprises income for corporate income tax, foreign taxes on income in the amount of TEUR 3,215 (previous year: expense of TEUR 1,690) and income from deferred taxes in the amount of TEUR 5,616 (previous year: TEUR 9,269). This results in an effective Group tax rate of 291.41% (previous year: 40.80 %).

7 Research and development costs

Research and development costs included in expense amount to TEUR 5,902 (previous year: TEUR 4,886), corresponding to 1.76% (previous year: 1.44%) of revenues.

Of these expenses, TEUR 672 (previous year: TEUR 278) is shown under the line item Cost of materials and other services, TEUR 5,006 (previous year: TEUR 4,060) under Personnel expenses, TEUR 167 (previous year: TEUR 131) under Depreciation and amortisation of non-current assets and TEUR 57 (previous year: TEUR 417) under Other operating income and expenses.

8 Property, plant and equipment

See Note G.5 for more information on the relevant accounting policies.

Reconciliation of carrying amounts

							Changes in cost	
TEUR	As at 1 January 2013	Additions	Increase in revaluation reserve	Currency translation differences	Changes in consolidated entities	Disposals	Reclassifications	As at 31 December 2013
Land, land rights and buildings, including buildings on third-party land	164,648	185	130	– 1,217	0	– 128	1,207	164,825
Technical equipment and machinery	213,054	2,619	0	– 1,500	0	– 14,169	5,416	205,420
Technical equipment and machinery under finance leases	7,248	843	0	– 31	0	– 9	– 69	7,982
Other equipment, operating and office equipment	30,760	1,054	0	– 110	0	– 372	863	32,195
Other equipment, operating and office equipment under finance leases	497	0	0	– 1	0	0	0	496
Prepayments and assets under construction	8,628	7,780	0	– 38	0	0	– 7,724	8,647
Property, plant and equipment	**424,835**	**12,481**	**130**	**– 2,897**	**0**	**– 14,678**	**– 307**	**419,563**

Changes in cost

TEUR	As at 1 January 2014	Additions	Increase revaluation reserve	Currency translation differences	Changes in consolidated entities	Disposals	Reclassifications	As at 31 December 2014
Land, land rights and buildings, including buildings on third-party land	164,825	739	0	– 988	4,275	– 638	3,353	171,566
Technical equipment and machinery	205,420	2,879	0	801	6,538	– 6,254	4,833	214,217
Technical equipment and machinery under finance leases	7,982	2,203	0	5	0	– 42	0	10,148
Other equipment, operating and office equipment	32,195	916	0	15	0	– 335	738	33,529
Other equipment, operating and office equipment under finance leases	496	0	0	– 6	0	0	0	490
Prepayments and assets under construction	8,647	7,122	0	40	2	– 69	– 9,699	6,042
Property, plant and equipment	**419,563**	**13,859**	**0**	**– 133**	**10,815**	**– 7,338**	**– 775**	**435,991**

Cumulative depreciation

TEUR	As at 1 January 2013	Depreciation for the financial year	Reversal of impairment	Currency translation differences	Changes in consolidated entities	Disposals	Reclassifications	As at 31 December 2013
Land, land rights and buildings, including buildings on third-party land	– 104,720	– 3,689	0	637	0	42	28	– 107,701
Technical equipment and machinery	– 191,612	– 3,873	5,250	1,276	0	13,997	85	– 174,877
Technical equipment and machinery under finance leases	– 3,693	– 532	0	15	0	4	– 84	– 4,290
Other equipment, operating and office equipment	– 27,161	– 699	0	80	0	367	– 29	– 27,442
Other equipment, operating and office equipment under finance leases	– 478	– 6	0	1	0	0	0	– 483
Prepayments and assets under construction	– 1,045	0	276	17	0	0	0	– 752
Property, plant and equipment	**– 328,709**	**– 8,799**	**5,526**	**2,026**	**0**	**14,410**	**0**	**– 315,545**

Cumulative depreciation

TEUR	As at 1 January 2014	Depreciation for the financial year	Reversal of impairment	Currency translation differences	Changes in consolidated entities	Disposals	Reclassifications	As at 31 December 2014
Land, land rights and buildings, including buildings on third-party land	– 107,701	– 3,784	96	1,274	– 658	570	0	– 110,203
Technical equipment and machinery	– 174,877	– 4,070	0	– 515	– 3,628	5,349	– 72	– 177,813
Technical equipment and machinery under finance leases	– 4,290	– 725	0	30	0	30	0	– 4,955
Other equipment, operating and office equipment	– 27,442	– 852	0	– 57	0	301	– 41	– 28,091
Other equipment, operating and office equipment under finance leases	– 483	– 6	0	4	0	0	0	– 485
Prepayments and assets under construction	– 752	0	243	9	0	61	112	– 327
Property, plant and equipment	**– 315,545**	**– 9,437**	**339**	**745**	**– 4,286**	**6,311**	**– 1**	**– 321,873**

Carrying amount

TEUR	Costs 31 December 2014	Cumulative depreciation 31 December 2014	Carrying amount 31 December 2014	Carrying amount 31 December 2013
Land, land rights and buildings, including buildings on third-party land	171,566	– 110,203	61,363	57,124
Technical equipment and machinery	214,217	– 177,813	36,404	30,543
Technical equipment and machinery under finance leases	10,148	– 4,955	5,194	3,693
Other equipment, operating and office equipment	33,529	– 28,091	5,438	4,753
Other equipment, operating and office equipment under finance leases	490	– 485	5	12
Prepayments and assets under construction	6,042	– 327	5,715	7,895
Property, plant and equipment	**435,991**	**– 321,873**	**114,118**	**104,019**

Revaluation reserve for land and buildings

	31 December	
TEUR	2014	2013
Carrying amount of land and buildings	44,308	38,529
Revaluation reserve for land and buildings	17,056	18,595
Carrying amount	**61,364**	**57,124**

Land and buildings are recognised under application of the revaluation method based on the Group policies (fair value measurement every five years). The carrying amount shown as at the reporting date in the amount of TEUR 61,364 (previous year: TEUR 57,124), on which the most recently conducted fair value measurement in connection with the purchase price allocation upon acquisition of the ATB Group by WOLONG in 2011, represents the currently available fair value as at the reporting date. The change compared to 2013 can be attributed to scheduled depreciation.

Reversal of impairment
The reversal of impairment of land (TEUR 96) and advance payments to suppliers (TEUR 243) related to ATB Tamel. The reversal relates to a complete or partial reversal of impairment losses recognised in prior years due to the fact that the negative factors that led to the impairment no longer apply.

Other operating income in the 2014 financial year includes gains on the disposal of non-current assets in the amount of TEUR 387 (previous year: TEUR 421) and other operating expenses include losses in the amount of TEUR 95 (previous year: TEUR 176).

The assets capitalised under a finance lease are primarily technical equipment and machinery:

	31 December	
TEUR	2014	2013
Capitalised finance lease agreements	10,638	8,478
Cumulative depreciation	– 5,441	– 4,774
Carrying amount	**5,197**	**3,704**

No impairment losses were recognised in 2014.

Bank loans were secured by pledging land and buildings (see Note J.17.1.3).

9 Goodwill and intangible assets

See Note G.6 for more information on the relevant accounting policies.

Reconciliation of carrying amounts

Changes in cost

TEUR	As at 1 January 2013	Additions	Currency translation differences	Changes in consolidated entities	Disposals	Reclassifications	As at 31 December 2013
Goodwill	38,311	0	– 533	0	0	0	37,778
Concessions, trademarks and similar rights, licences	67,507	126	– 735	0	– 391	156	66,663
Capitalised development costs	21,436	6,655	– 15	0	– 57	1,142	29,161
Prepayments for intangible assets	1,468	435	– 3	0	0	– 991	909
Goodwill and intangible assets	**128,722**	**7,216**	**– 1,286**	**0**	**– 448**	**307**	**134,511**

Changes in cost

TEUR	As at 1 January 2014	Additions	Currency translation differences	Changes in consolidated entities	Disposals	Reclassifications	As at 31 December 2014
Goodwill	37,778	0	1,511	0	0	0	39,289
Concessions, trademarks and similar rights, licences	66,663	111	2,078	2,285	– 49	219	71,307
Capitalised development costs	29,161	6,969	– 38	0	– 68	719	36,743
Prepayments for intangible assets	909	366	2	0	0	– 163	1,114
Goodwill and intangible assets	**134,511**	**7,446**	**3,553**	**2,285**	**– 117**	**775**	**148,453**

Cumulative amortisation

TEUR	As at 1 January 2013	Amortisation for the financial year	Reversal of impairment	Currency translation differences	Changes in consolidated entities	Disposals	Reclassifications	As at 31 December 2013
Goodwill	– 18,765	0	0	121	0	0	0	– 18,644
Concessions, trademarks and similar rights, licences	– 61,199	– 1,039	1,016	691	0	353	0	– 60,178
Capitalised development costs	– 10,661	– 706	38	17	0	0	0	– 11,312
Prepayments for intangible assets	– 877	0	0	2	0	0	0	– 875
Goodwill and intangible assets	**– 91,502**	**– 1,745**	**1,054**	**831**	**0**	**353**	**0**	**– 91,010**

Cumulative amortisation

TEUR	As at 1 January 2014	Amortisation for the financial year	Reversal of impairment	Currency translation differences	Changes in consolidated entities	Disposals	Reclassifications	As at 31 December 2014
Goodwill	– 18,644	0	0	– 165	0	0	0	– 18,809
Concessions, trademarks and similar rights, licences	– 60,178	– 829	10	– 1,639	– 194	49	0	– 62,781
Capitalised development costs	– 11,312	– 1,110	44	26	0	0	0	– 12,352
Prepayments for intangible assets	– 875	0	303	0	0	0	0	– 572
Goodwill and intangible assets	**– 91,010**	**– 1,939**	**357**	**– 1,778**	**– 194**	**49**	**0**	**– 94,514**

TEUR	Costs 31 December 2014	Cumulative amortisation 31 December 2014	Carrying amount 31 December 2014	Carrying amount 31 December 2013
Goodwill	39,289	– 18,809	20,480	19,134
Concessions, trademarks and similar rights, licences	71,307	– 62,781	8,526	6,485
Capitalised development costs	36,743	– 12,352	24,391	17,849
Prepayments for intangible assets	1,114	– 572	542	34
Goodwill and intangible assets	**148,453**	**– 94,514**	**53,939**	**43,502**

9.1 Goodwill

The ATB Group was divided into cash-generating units (CGU) for the purposes of testing for impairment. The following plants were identified: ATB Spielberg, ATB Welzheim, ATB Nordenham, ATB Sever, ATB Tamel, ATB Schorch, ATB Laurence Scott, ATB Morley, ATB Fod, ATB Special Products, ATB Wuhan, ATB Benelux and the LJ Group as a sales unit. The goodwill shown at the reporting date in the amount of TEUR 20,478 comprises TEUR 6,191 for ATB Morley and TEUR 14,287 for ATB Laurence Scott. The 2014 test for impairment based on the value-in-use method did not identify any need to recognise an impairment loss at either CGU. The change in the carrying amount is attributable to foreign currency changes.

TEUR	31 December 2014	31 December 2013
Capitalised goodwill	39,288	37,778
Cumulative amortisation	– 18,810	– 18,644
Carrying amount	**20,478**	**19,134**

Planning for impairment tests includes a period of four years. The terminal value is based on the plan data of the fourth planning period. The impairment tests were carried out based on the assumption of average sales growth of 9.59% in the planning period for ATB Laurence Scott (previous year: 7.28%) and 18.80% for ATB Morley (previous year: 10.17%) as well as an average growth of EBITDA of 25.77% for ATB Laurence Scott (previous year: 11.05%) and 45.19% for ATB Morley (previous year: 25.15%). With respect to EBITDA, a negative deviation of 46.00% at ATB Laurence Scott (previous year: 29.23%) and 15.00% at ATB Morley (previous year: 27.75%) would lead to the recognition of an impairment loss. The discount rate (WACC, weighted average capital costs) was set at 7.62% (previous year: 8.40%) for both entities. The assumed rate of growth for calculating the terminal value was 1.5% (previous year: 1.0%).

In the coming years, ATB Morley will more actively diversify into non-mining sectors such as petrochemicals and alternative sources of energy and has already successfully secured a long-term strategic partnership with a German petrochemicals company for orders valued at more than TEUR 6,000 for the next four years. In October 2015, ATB Morley will appear at the Beijing Mining Expo with an inverter motor package and expand its leading position through additional revenues.

A robust position on the oil and gas market and winning back a series of major customers in the past two years put ATB Laurence Scott in the position to achieve a high rate of organic growth for the next four years.

The amount calculated for the two CGUs at the reporting date 31 December 2014 was TEUR 15,204 for ATB Morley and TEUR 85,975 for ATB Laurence Scott, compared to the calculated carrying amount of TEUR 11,032 for ATB Morley and TEUR 36,988 for ATB Laurence Scott.

9.2 Concessions, trademarks and similar rights and benefits, and licences in such rights and benefits

Technology

	31 December	
TEUR	2014	2013
Capitalised technology	27,988	26,894
Cumulative amortisation	– 26,821	– 26,184
Carrying amount	**1,167**	**710**

Capitalised technology costs are amortised over a maximum of 15 years and can be mostly attributed to normal amortisation.

Trademark rights

	31 December	
TEUR	2014	2013
Capitalised trademarks	22,305	20,542
Cumulative amortisation	– 16,549	– 15,803
Carrying amount	**5,756**	**4,739**

Beginning in 2013, trademark rights are no longer amortised analogous to the parent Group WOLONG, but instead recognised with an indefinite useful life. Accordingly, trademark rights are subjected to an impairment test under application of the value-in-use method in accordance with IAS 36.

Planning for impairment tests includes a period of four years. The terminal value is based on the plan data of the fourth planning period. The assumed revenues correspond to the approved medium-term budgets.

Thereby the present value of after-tax royalty savings under consideration of the various discount rates, tax rates and royalty rates are calculated for the individual CGUs. The terminal value is calculated based on a permanent growth rate of 1.5%. The calculated present value is adjusted for the tax amortisation benefit. This amount is then compared as the recoverable amount to the carrying amount of the trademark rights and subjected to a sensitivity test.

The following table shows the carrying amount of trademark rights as at 31 December 2014 as well as their sensitivity with respect to deviations from budgeted values at the level of revenues. The table shows the maximum that revenues can vary from the amount budgeted in percent without having to recognise an impairment loss.

Trademark rights

Brand	Carrying amount in TEUR	Revenue sensitivity	WACC
Brook Crompton	2,353	– 48.59%	10.97%
Schorch	2,473	– 82.39%	7.17%
Tamel	67	– 96.29%	8.59%
Wuhan	863	– 60.46%	10.33%

The recoverable amount for Brook Crompton calculated based on the value-in-use method amounts to TEUR 4,576, for Schorch TEUR 14,047, for Tamel TEUR 1,795 and for Wuhan TEUR 2,184.

Software

TEUR	31 December 2014	31 December 2013
Capitalised software	12,017	10,820
Cumulative amortisation	– 10,412	– 9,746
Carrying amount	**1,605**	**1,074**

9.3 Capitalised development costs

TEUR	31 December 2014	31 December 2013
Capitalised development costs	36,743	29,162
Cumulative amortisation	– 12,353	– 11,312
Carrying amount	**24,390**	**17,850**

The capitalised development costs originate entirely from internal development projects. They are amortised using the straight-line method upon completion of the corresponding product over the period of their expected use, not to exceed 15 years.

As part of the annual test for impairment conducted from a regulatory perspective, no need to recognise an impairment loss was identified at the reporting date with respect to the capitalised development costs.

9.4 Prepayments for intangible assets

The impairment test in 2014 did not indicate a need to recognise an impairment loss with respect to the continuation of individual projects.

The TEUR 303 reversal of impairment from ATB Schorch in accordance with IAS 36 relates to a software implementation project that was abandoned in 2010 and written off accordingly. The project costs were once again capitalised in connection with the reintroduction of the project in 2014.

Reclassifications

The reclassification from property, plant and equipment to intangible assets mainly relates to the reclassification of advance payments to suppliers for development costs for motors (TEUR 552) and costs for a software migration (TEUR 167) at ATB Tamel.

10 Non-current financial assets

	31 December	
TEUR	2014	2013
Financial assets available for sale (at amortised cost)	90	102
Financial assets available for sale (at fair value)	507	445
Other non-current financial assets	246	178
Plan assets	230	617
Total	**1,073**	**1,342**

11 Non-current financial assets accounted for using the equity method

	31 December 2014		
TEUR	ATB Technologies B.V.	D.o.o. za upravljanje Slobodnom zonom "Subotica"	Total
Share attributable to non-controlling interests	30.00%	38.94%	
Non-current assets	3	2,330	
Current assets	936	71	
Non-current liabilities	0	– 1,409	
Current liabilities	– 34	– 464	
Net assets	**906**	**529**	
Carrying amount of the investment in associates	**272**	**206**	**478**
Revenues	0	608	
Profit for the financial year	– 94	187	
Other profit/loss	0	0	
Total comprehensive income	**– 94**	**187**	
Share of the Group in total comprehensive income	**– 28**	**73**	

Since ATB Technologies B.V. was established in the 2014 financial year, there is no comparative information from the previous year.

12 Deferred taxes

Deferred taxes are calculated for temporary differences using the liability method based on the tax rates that are expected to apply in the period in which the assets will be realised or the liabilities repaid.

Net deferred taxes changed as follows:

TEUR	2014	2013
As at 1 January	**7,280**	**– 1,961**
Foreign exchange differences	385	– 88
Change in the basis of consolidation	50	0
Effects from changes in tax rates recognised in profit or loss	0	– 223
Recognised directly in equity due to changes in tax rates	0	– 41
Recognised in profit/loss in financial year	5,614	9,490
Recognised directly in equity in financial year	1,504	103
As at 31 December	**14,832**	**7,280**

Deferred tax assets are only recognised for tax loss carryforwards if it is likely that the tax loss will be offset by future taxable income. ATB recognised deferred taxes on loss carryforwards in the amount of TEUR 24,404 (previous year: TEUR 16,755) that can be used to offset future taxable income. As a result of the integration of the ATB Group into the WOLONG Group, cooperation between ATB and its business partners has improved continuously. Consequently, it can be presumed that several of the subsidiaries will again realise taxable profits in the future which can then be set off by tax loss carryforwards. No deferred tax assets were recognised for the loss carryforwards of Group entities for which it currently does not appear likely that sufficient taxable income will be available in the future to offset the loss carryforwards. With losses carried forward in the amount of TEUR 45,253 (previous year: TEUR 54,195), no deferred tax assets were recognised. TEUR 30,144 of the losses carried forward expire (previous year: TEUR 32,436) in the next five years; TEUR 10,851 (previous year: TEUR 9,690) expire in 2020. The remaining TEUR 4,258 (previous year: TEUR 12,069) do not have an expiration date.

Changes in deferred tax assets and liabilities without the netting of deferred tax assets and liabilities with respect to the same tax authority are shown below:

Deferred tax assets

TEUR	Non-current assets	Loss carry-forwards	Non-current provisions and liabilities	Current provisions and liabilities	Receivables	Total
As at 1 January 2013	**920**	**3,708**	**8,561**	**260**	**284**	**13,733**
Foreign exchange differences	– 14	14	55	– 4	– 5	46
Recognised in profit or loss due to changes in tax rate	0	– 232	81	7	0	– 144
Recognised directly in equity due to changes in tax rates	0	0	– 34	0	0	– 34
Recognised in profit or loss in financial year	916	13,265	– 26	135	45	14,335
Recognised directly in equity in financial year	0	0	168	0	0	168
As at 31 December 2013	**1,822**	**16,755**	**8,805**	**398**	**324**	**28,104**
Foreign exchange differences	0	382	– 2	– 3	– 2	374
Change in the basis of consolidation	0	0	0	0	50	50
Recognised in profit or loss in financial year	– 424	7,267	413	– 41	– 174	7,041
Recognised directly in equity in financial year	0	0	1,357	0	0	1,357
As at 31 December 2014	**1,398**	**24,404**	**10,573**	**353**	**197**	**36,925**

Deferred tax liabilities

TEUR	Non-current assets	Receivables	Non-current provisions and liabilities	Current provisions and liabilities	Total
As at 1 January 2013	**13,989**	**1,522**	**7**	**176**	**15,694**
Foreign exchange differences	138	– 4	0	0	134
Recognised in profit or loss due to changes in tax rate	36	34	9	0	79
Recognised directly in equity due to changes in tax rates	0	0	0	7	7
Recognised in profit or loss in financial year	3,110	1,899	11	– 175	4,845
Recognised directly in equity in financial year	65	0	0	0	65
As at 31 December 2013	**17,338**	**3,451**	**27**	**8**	**20,824**
Foreign exchange differences	– 24	1	0	13	– 11
Recognised in profit or loss in financial year	283	971	– 18	190	1,427
Recognised directly in equity in financial year	– 147	0	0	0	– 147
As at 31 December 2014	**17,450**	**4,423**	**9**	**212**	**22,093**

Deferred tax assets and liabilities are netted if there is a legally enforceable right to net actual claims to tax refunds against actual tax liabilities and if the deferred taxes on income will be levied by the same tax authority.

The following amounts are shown in the consolidated statement of financial position:

	As at 31 December	
TEUR	**2014**	**2013**
Deferred tax liabilities	6,428	7,126
Deferred tax assets	21,260	14,406
Total	**– 14,832**	**– 7,280**

13 Inventories

See Note G.8 for more information on the relevant accounting policies.

Inventories comprise the following:

	31 December	
TEUR	**2014**	**2013**
Raw materials and supplies	23,439	22,788
Work in progress	13,269	7,461
Finished goods and merchandise	16,720	15,474
Unbilled services rendered	132	0
Total	**53,560**	**45,723**

Valuation allowances on inventories changed as follows during the financial year:

	31 December	
TEUR	**2014**	**2013**
Doubtful debt allowance as at 1 January	**4,113**	**3,964**
Currency translation differences	77	– 101
Addition	755	1,578
Utilisation	– 479	– 435
Reversal	– 607	– 893
Doubtful debt allowance as at 31 December	**3,859**	**4,113**

14 Trade receivables and other receivables

See Note G.10 for more information on the relevant accounting policies.

Trade receivables and other current receivables comprise the following:

	31 December	
TEUR	2014	2013
Trade receivables	65,927	58,185
Doubtful debt allowance	– 523	– 1,348
Net trade receivables	65,404	56,837
Receivables from associates	3,795	26
Receivables from tax authorities	1,629	990
Salary and travel expense advances	2,139	2,130
Other receivables and assets	6,618	6,484
Trade receivables, receivables from associates and other receivables	**79,585**	**66,467**

Doubtful debt allowances on receivables reflect the Group’s past experience regarding the collectability of receivables. The management bases its planning on the assumption that the default risk of receivables does not exceed the allowances applied.

Doubtful debt allowances on trade receivables changed as follows during the financial year:

	31 December	
TEUR	2014	2013
Doubtful debt allowance as at 1 January	**1,348**	**2,082**
Currency translation differences	– 16	– 4
Addition	– 71	34
Utilisation	– 486	– 764
Reversal	– 250	0
Doubtful debt allowance as at 31 December	**523**	**1,348**

The following table shows the age structure of trade receivables that are past due but not impaired:

	31 December	
TEUR	2014	2013
0 to 30 days past due	8,905	7,271
31 to 90 days past due	2,543	3,415
91 to 180 days past due	1,684	1,029
181 to 360 days past due	415	208
More than 360 days past due	1,111	1,822
Total	**14,658**	**13,745**

The following table shows the age structure of all trade receivables and the respective allowances for doubtful debts:

			31 December	
TEUR	2014		2013	
	Gross	Bad debt allowance	Gross	Bad debt allowance
Not past due	50,634	– 3	41,719	0
0 to 30 days past due	8,970	– 45	8,694	– 56
31 to 90 days past due	2,532	0	3,451	– 36
91 to 180 days past due	1,820	– 31	1,029	0
181 to 360 days past due	415	0	220	– 12
More than 360 days past due	1,556	– 444	3,072	– 1,244
Total	**65,927**	**– 523**	**58,185**	**– 1,348**

TEUR 3,528 of the liquid assets (previous year: TEUR 3,528) can be attributed to deposits pledged as security for bill of exchange guarantees on the part of ATB Schorch GmbH. Since these liquid assets do not meet the definition of cash and cash equivalents under IAS 7.6, they are shown under other receivables.

15 Receivables from associates

WOLONG INVESTMENT GmbH is the subsidiary of WOLONG Holding. WOLONG Holding represents the uppermost level of the Austrian WOLONG Group, which is a part of the higher-ranking Chinese WOLONG Electric Group.

Receivables from associates amount to TEUR 3,795 (previous year: TEUR 26), TEUR 3,745 (previous year: TEUR 13) of which can be attributed to trade receivables and TEUR 50 (previous year: TEUR 13) to other receivables.

ATB Shanghai was established in the 2013 financial year, but was not included in the basis of consolidation due to its immateriality. The entity will be consolidated beginning in 2014.

		31 December
TEUR	2014	2013
ATB Motors (Shanghai) Co., Ltd., Shanghai (China)	0	25
WOLONG INVESTMENT GmbH, Vienna (Austria)	1	0
WOLONG Electric Group (China)	3,794	1
Current receivables	**3,795**	**26**

16 Equity

16.1 Share capital

ATB Austria Antriebstechnik AG's share capital amounts to TEUR 26,657 (previous year: TEUR 26,657) and is fully paid-in. Each share certificate represents an equal portion of the share capital. The shares are bearer shares. The Extraordinary General Meeting in October 2007 authorised the Managing Board to increase the Company's share capital of TEUR 21,810 by a nominal amount of up to TEUR 10,905 to TEUR 32,715 in exchange for contributions in kind or cash contributions with or without the disapplication of shareholders' pre-emptive rights. By resolution of the Managing Board dated 13 November 2007, the Managing Board made partial use of the authorisation to increase the share capital and resolved to increase the share capital by EUR 4,846,600 plus a share premium of EUR 27,153,400 by issuing two million no-par-value bearer shares. The issue price was EUR 16 per share and was to be paid in cash. By resolution dated 14 December 2007, the Supervisory Board approved the Managing Board's resolution. The capital increase was entered into the company register on 19 December 2007. The share capital is now divided into 11,000,000 (previous year: 11,000,000) no-par-value shares.

16.2 Share premium

The share premium comprises ATB Austria Antriebstechnik AG's restricted share premium in the amount of TEUR 30,571 (previous year: TEUR 30,571) and distributable reserves in the amount of TEUR 220,973 (previous year: TEUR 220,973).

16.3 Cumulative income and expenses recognised directly in equity

	31 December	
TEUR	2014	2013
Revaluation reserve	**17,455**	**17,395**
thereof unrealised gains and losses	22,887	22,887
thereof tax effects	– 5,432	– 5,492
Fair value reserve for available-for-sale securities	**31**	**– 15**
thereof unrealised gains and losses	49	– 13
thereof tax effects	– 18	– 2
Remeasurement of net liability from pension and severance payment obligations	**– 11,726**	**– 7,234**
thereof unrealised gains and losses	– 16,067	– 10,071
thereof tax effects	4,341	2,837
Cumulative income and expenses recognised directly in equity	**5,760**	**10,146**

The majority of the year-on-year change of TEUR 4,386 can be attributed to the recognition of actuarial losses in accordance with IAS 19R. The increased expense results from a change in the discount rate for pension obligations from an average of 3.61% to 2.69% (see Note J.19.1).

17 Financial liabilities

Financial liabilities can be broken down as follows:

	31 December	
TEUR	2014	2013
Liabilities under finance leases	1,182	902
Liabilities to banks	29,012	41,254
Other current financial liabilities	429	498
Current	**30,623**	**42,654**
Liabilities under finance leases	3,317	2,461
Liabilities to banks	73,261	24,983
Other non-current financial liabilities	546	1,217
Non-Current	**77,124**	**28,661**
Total	**107,747**	**71,315**

The outstanding loans exhibit the following terms and conditions:

				31 December 2014		31 December 2013	
TEUR	Currency	Nominal interest rate	Maturity year	Principal amount	Carrying amount	Principal amount	Carrying amount
Secured bank loans	EUR	0.80%–4.95%	2015–2024	98,572	98,572	64,972	64,972
Secured bank loans	GBP			0	0	117	140
Secured bank loans	CAD	4.25%–4.55%	until further notice	1,472	1,047	1,651	1,125
Secured bank loans	CNY	6.90%	2015	20,000	2,654	0	0
Unsecured bonds	EUR	0.75%–2.00%	2016–2018	546	546	1,217	1,217
Secured bonds	EUR			0	0	200	200
Other current financial liabilities	EUR			429	429	0	498
Total	**EUR**			**121,019**	**103,248**	**68,156**	**68,152**

				31 December 2014		31 December 2013	
TEUR	Currency	Nominal interest rate	Maturity year	Principal amount	Carrying amount	Principal amount	Carrying amount
Liabilities from finance leases	EUR	1.55%–6.83%	2015–2023	3,542	3,542	2,884	2,884
Liabilities from finance leases	GBP	4.23%–10.00%	2015–2019	624	801	243	291
Liabilities from finance leases	RSD			0	0	33	0
Liabilities from finance leases	PLN	2.08%–7.63%	2015–2017	643	132	607	146
Liabilities from finance leases	USD	5.00%–7.07%	2015–2016	23	19	43	31
Liabilities from finance leases	CAD	6.16%–9.26%	2015–2016	7	5	15	11
Total	**EUR**			**4,839**	**4,499**	**3,824**	**3,363**

17.1 Bank loans

As at 31 December 2014, the ATB Group had TEUR 122,837 in mostly collateralised loan commitments at its disposal (previous year: TEUR 120,432) that were drawn down in the amount of TEUR 102,273 (83.3%) (previous year: TEUR 66,237). The companies refinanced themselves as direct borrowers under consideration of the corresponding loan terms and the assets financed under the loans at their principal banks. WOLONG INVESTMENT GmbH and WOLONG Holding Group China are liable as (in)direct parent entities of ATB Austria Antriebstechnik AG for a bank loan from Bank of China in the amount of TEUR 33,600 as well as China Development Bank in the amount of TEUR 30,000.

17.1.1 Current bank loans

The companies raised short-term loans in the form of annual overdraft facilities and factoring with recourse (at ATB Motors) in the total amount of TEUR 18,478 (previous year: TEUR 3,612) at the principal banks to finance current activities. Factoring without recourse is carried out only at ATB Welzheim in the amount of TEUR 2,464 (previous year: TEUR 2,202). The increase results from an extension of the German overdraft facility that was not yet finalised when the annual financial statements were prepared. Furthermore, there was an increase as a result of the first-time consolidation of ATB Wuhan. The average interest rate was 2.76% p.a. (previous year: 2.6% p.a.).

17.1.2 Non-current bank loans

ATB Holding entered into a new non-current contract as reserve liquidity in the amount of TEUR 30,000, which was available in full at the reporting date. The companies took out instalment loans to finance investments. Non-current liabilities to banks amount to TEUR 73,261 (previous year: TEUR 24,983) as at the reporting date. The year-on-year increase arose as a result of the drawing down of the loan raised in the previous year and the newly raised non-current loan at ATB Holding and presentation as cash. The average interest rate was 3.41% p.a. (previous year: 3.1% p.a.).

17.1.3 Collateral

Land and buildings were provided as collateral in the form of real property for certain secured bank loans. The carrying amount of the land and buildings amounts to TEUR 27,318 (previous year: TEUR 27,913). The remaining secured bank loans were secured with assigned receivables and/or the pledging of shares (ATB Sever d.o.o., Serbia) or a guarantee on the part of WOLONG Holding Group Co., Ltd., China (ultimate parent) or WOLONG INVESTMENT GmbH, Vienna. A securities account in the amount of TEUR 507 (previous year: TEUR 445) was pledged for refinancing under the Austrian export financing scheme.

17.1.4 Violations of loan terms and conditions

On 31 December 2014, ATB Sever held a secured instalment loan with a carrying amount of TEUR 5,049 (previous year: TEUR 6,099) and term ending 31 December 2016. The loan includes a condition according to which financial ratios must be achieved at the end of every financial year that are calculated on the basis of local accounting regulations. The relevant loan will fall due if the agreed covenants are published based on the certified local financial statements. As of this time, however, it is certain that these covenants will not be achieved. Accordingly, the corresponding loan in the amount of TEUR 5,049 is reported as current.

As at 31 December 2014, ATB Schorch and ATB Nordenham held secured bank loans with a total carrying amount of TEUR 11,733 (previous year: TEUR 9,198) and a revolving term that expires tentatively on 31 October 2015. With respect to the key ratios (interest cover ratio, gearing ratio/EBITDA and equity as a percentage of assets) that are calculated based on the consolidated IFRS financial statements, the interest cover ratio and the gearing ratio/EBITDA were not achieved at the end of the second to fourth quarters of 2014. Accordingly, the corresponding loans are reported as current.

The key ratios gearing ratio/EBITDA and EBT/operating income were not achieved by these branch offices at another bank with respect to a long-term instalment loan over TEUR 5,143 (previous year: TEUR 2,500) with terms ending in 2020 and 2024 respectively that were raised to finance investments.

17.1.5 Maturities

Maturities of bank liabilities:

	31 December	
TEUR	2014	2013
Up to 1 year	29,012	41,254
From 1 to 5 years	71,483	24,269
More than 5 years	1,778	714
Total	**102,273**	**66,237**

Finance lease liabilities are recognised when leased assets are capitalised as a result of the Group’s beneficial ownership. Finance lease liabilities are recognised at the present value of minimum lease payments.

Lease payments due in subsequent years amount to TEUR 5,054 (previous year: TEUR 3,745). The included interest expenses amount to TEUR 555 (previous year: TEUR 382).

	31 December	
TEUR	2014	2013
Up to 1 year	1,347	1,160
From 1 to 5 years	3,038	2,093
More than 5 years	669	492
Total	**5,054**	**3,745**
Future interest costs under finance leases	– 555	– 382
Present value of liabilities under finance leases	**4,499**	**3,363**

Present value of liabilities under finance leases:

	31 December	
TEUR	2014	2013
Up to 1 year	1,182	902
From 1 to 5 years	2,707	2,182
More than 5 years	610	279
Total	**4,499**	**3,363**

17.1.6 Interest rates

Carrying amounts of bank liabilities can be broken down into variable and fixed interest rates as follows:

	31 December	
TEUR	2014	2013
Variable interest rate	86,494	58,339
Fixed interest rate	15,779	7,898
Total	**102,273**	**66,237**

18 Liabilities to associates

WOLONG INVESTMENT GmbH, Vienna, a wholly owned subsidiary of WOLONG Holding Group GmbH, Vienna, is the direct parent entity of ATB Holding with an interest of 98.93%. WOLONG Hongkong Holding Group Ltd., China, holds a 100% interest in WOLONG Holding Group GmbH, Vienna.

The ultimate parent of ATB Holding is WOLONG Holding Group Co., Ltd., China.

Liabilities to associates amount to TEUR 30,826 (previous year: TEUR 28,072), TEUR 24,351 (previous year: TEUR 17,465) of which can be attributed to non-current financial liabilities. Trade payables amount to TEUR 532 (previous year: TEUR 527). Other current liabilities are nearly unchanged: They amount to TEUR 4,537 (previous year: TEUR 4,563) in the financial year. Current financial liabilities increased in the financial year from TEUR 5,517 to TEUR 7,805.

	31 December	
TEUR	2014	2013
WOLONG INVESTMENT GmbH, Vienna (Austria)	24,351	17,465
Non-current liabilities	**24,351**	**17,465**
WOLONG INVESTMENT GmbH, Vienna (Austria)	1,825	10,085
WOLONG Electric Group (China)	4,646	516
WOLONG Holding Group GmbH, Vienna (Austria)	5	5
Current liabilities	**6,476**	**10,606**
Total	**30,826**	**28,072**

				31 December 2014		31 December 2013	
TEUR	Currency	Nominal interest rate	Maturity year	Principal amount	Carrying amount	Principal amount	Carrying amount
WOLONG INVESTMENT GmbH, Vienna (Austria)	EUR	0.00%– 5.00%	2016–no maturity	24,351	24,351	17,465	17,465

19 Non-current obligations towards employees

Obligations to employees comprise the following:

	31 December	
TEUR	2014	2013
Net assets from defined benefit plans	230	617
Total employee plan assets	**230**	**617**
Provision for pensions	43,291	38,593
Provision for severance payments	12,032	11,116
Provision for anniversary bonuses	2,962	2,951
Total obligation to employees	**58,285**	**52,660**

Financing

On 31 December 2013, the final calculation of the annual employer contribution rates that apply for the period from 1 January 2014 to 31 December 2016 was made for Brook Crompton Canada. Based on this actuarial valuation, the employer must contribute 12.4% of the active salaries, which results in expected contribution payments amounting to TEUR 131 for 2015.

ATB Morley's contribution plan is based on the actuarial assumptions from 1 November 2010. The expected contributions to defined benefit plans amount to TEUR 249 for 2015.

In accordance with legal provisions in Holland, the minimum transferable termination benefits when the employee is terminated results from the difference of the total amount of the benefits accumulated until the retirement age and the amount of benefits accumulated between the termination date and retirement age. At ATB Motors, the actuarial assumptions for 2015 result in expected payments to defined benefit plans in the amount of TEUR 43.

19.1 Pension obligations

Defined benefit obligations changed as follows in the financial year:

TEUR	2014	2013
As at 1 January	**50,973**	**49,739**
Current service costs	635	704
Interest expense	1,735	1,717
Contributions of plan participants	28	27
Actuarial gains/losses	6,167	832
Amounts disbursed	– 2,159	– 1,623
Past service cost	– 141	– 16
Benefits paid	42	0
Foreign exchange differences	778	– 408
As at 31 December	**58,057**	**50,973**

The plan assets recognised in the statement of financial position changed as follows:

TEUR	2014	2013
As at 1 January	**12,996**	**11,959**
Income from plan assets	584	499
Actuarial losses	981	771
Employer's contributions	462	495
Employees' contributions	28	27
Amounts disbursed	– 862	– 395
Administration cost of plan assets	– 7	– 9
Foreign exchange differences	813	– 350
As at 31 December	**14,996**	**12,996**

The amounts for defined benefit plans in the income statement comprise the following:

	31 December	
TEUR	**2014**	**2013**
Current service costs	635	704
Past service cost	– 141	– 16
Payments made	42	0
Interest expense	1,151	1,217
Administration cost of plan assets	7	9
Total	**1,693**	**1,915**

The current and subsequent recognition of past service cost as well as the costs for administrative plan assets are recognised in the income statement under Personnel expenses. In contrast, the interest expenses and income related to pension obligations and/or plan assets are presented under Financial expenses and income.

Actuarial gains and losses recognised directly in equity:

	31 December	
TEUR	**2014**	**2013**
Demographic assumptions	– 5	0
Financial assumptions	7,401	88
Adjustments based on experience	– 2,223	– 27
Total	**5,173**	**62**

The provisions recognised in the statement of financial position changed as follows:

TEUR	2014	2013
As at 1 January	**38,593**	**37,912**
Reclassification of plan assets	28	– 444
Pension expenses	6,140	2,401
Contributions of plan participants	28	27
Employer's contributions	– 165	– 43
Employees' contributions	– 28	– 27
Amounts disbursed	– 1,297	– 1,227
Foreign exchange differences	– 7	– 6
As at 31 December	**43,291**	**38,593**

Plan assets comprise the following:

				31 December
	2014		2013	
	Absolute, TEUR	Percentaged	Absolute, TEUR	Percentaged
Equity securities	6,750	45.01%	6,108	47.00%
Debt securities	6,402	42.69%	5,600	43.09%
Other	1,844	12.30%	1,288	9.91%
As at 31 December	**14,996**	**100.00%**	**12,996**	**100.00%**

There are market price quotations in active markets for all equity and debt securities.

The most important actuarial assumptions applied at the reporting date in the form of weighted average values include:

	2014	2013
Discount rate	2.69%	3.61%
Future wage and salary increases	1.69%	1.75%
Employee turnover	0.97%	0.20%
Retirement age	64	64

Sensitivity analysis

Holding all other assumptions constant, the changes in one of the significant actuarial assumptions prudently regarded as possible at the balance sheet date would have had the following impact on the Company's pension obligations.

				31 December
		2014		2013
	Increase	Decrease	Increase	Decrease
Discount rate (1% deviation)	49,549	68,777	43,955	59,820
Future wage and salary increases (0.5% deviation)	58,454	57,676	51,288	50,670
Future pension increases (0.5% deviation)	60,890	55,670	53,359	48,785
Future mortality (–10% deviation)		60,193		52,817

On 31 December 2014, the weighted average term of the defined benefit obligation was 16.38 years (previous year: 14.89 years).

19.2 Severance payments

The provisions recognised in the statement of financial position changed as follows:

TEUR	2014	2013
As at 1 January	**11,116**	**10,933**
Current service costs	270	287
Interest expense	361	360
Actuarial gains/losses	987	223
Amounts disbursed	– 766	– 685
Curtailments and settlements	81	0
Foreign exchange differences	**– 17**	**– 2**
As at 31 December	**12,032**	**11,116**

The amounts for defined benefit plans in the income statement comprise the following:

		31 December
TEUR	2014	2013
Current service costs	270	287
Interest expense	361	360
Gains/losses on the settlement of a defined benefit plan	81	0
Total	**712**	**647**

The current service cost is recognised in the Income statement under Personnel expenses. In contrast, the interest expense related to severance payments is presented under Financial expenses and income.

Actuarial gains and losses recognised directly in equity:

	31 December	
TEUR	**2014**	**2013**
Demographic assumptions	0	0
Financial assumptions	939	212
Adjustments based on experience	47	11
Total	**986**	**223**

The most important actuarial assumptions applied at the reporting date in the form of weighted average values include:

	31 December	
	2014	**2013**
Discount rate	10.31%	9.78%
Future wage and salary increases	4.50%	3.00%
Employee turnover	2.88%	2.99%
Retirement age	62	62

The Serbian companies ATB Sever and ATB Fod applied a discount rate of 13%. The amount can be attributed to the country-specific risk rate that was ascribed to the discount rate.

Sensitivity analysis

Holding all other assumptions constant, the changes in one of the significant actuarial assumptions prudently regarded as possible at the balance sheet date would have had the following impact on the Company's severance obligations.

				31 December
		2014		**2013**
	Increase	**Decrease**	**Increase**	**Decrease**
Discount rate (1% deviation)	10,976	13,258	10,152	12,232
Future wage and salary increases (0.5% deviation)	12,598	11,500	11,636	10,627
Future mortality (–10% deviation)		12,057		11,140

On 31 December 2014, the weighted average term of the defined benefit obligation was 9.44 years (previous year: 5.74 years).

19.3 Anniversary bonuses

The provisions recognised in the statement of financial position changed as follows:

	31 December	
TEUR	2014	2013
As at 1 January	**2,951**	**3,047**
Current service costs	134	137
Interest expense	86	91
Actuarial gains/losses	200	– 4
Amounts disbursed	– 408	– 319
Foreign exchange differences	– 1	0
As at 31 December	**2,962**	**2,951**

The amounts reported in the income statement can be broken down as follows:

	31 December	
TEUR	2014	2013
Current service costs	134	137
Interest expense	86	91
Actuarial gains/losses	200	– 4
Total	**420**	**223**

Current service costs and (net) actuarial losses recorded during the year are recognised in the Income statement under Personnel expenses. In contrast, the interest expense related to anniversary bonuses is presented under Financial expenses and income.

The most important actuarial assumptions applied at the reporting date in the form of weighted average values include:

	31 December	
	2014	2013
Discount rate	6,54%	6,67%
Future wage and salary increases	3,00%	2,20%
Employee turnover	2,34%	1,70%
Retirement age	62	62

The Serbian companies Motorenwerke Subotica, ATB Sever and ATB Fod applied a discount rate of 13%. The amount can be attributed to the country-specific risk rate that was ascribed to the discount rate.

20 Provisions

The provisions shown As at 31 December 2014 (excluding obligations to employees) comprise the following:

TEUR	Provision for warranties	Provision for expected losses	Provision for restructuring	Provision for environment al costs	Provision for follow-up costs	Other provisions	Total
As at 1 January 2013	**592**	**490**	**1**	**112**	**200**	**2,775**	**4,170**
Allocation	308	382	0	14	651	5,909	7,264
Utilisation	– 156	– 200	0	0	– 167	– 3,773	– 4,296
Reversal	– 58	– 268	0	1	– 348	– 2,072	– 2,745
Foreign exchange differences	– 7	– 2	0	– 1	1	– 18	– 27
As at 31 December 2013	**679**	**402**	**0**	**126**	**337**	**2,822**	**4,366**
Allocation	364	223	0	22	633	2,062	3,304
Utilisation	– 379	– 283	0	0	– 337	– 1,807	– 2,806
Reversal	– 33	– 5	0	0	– 420	– 561	– 1,019
Foreign exchange differences	0	10	0	– 7	0	– 52	– 49
As at 31 December 2014	**631**	**347**	**0**	**141**	**213**	**2,464**	**3,796**
thereof current	630	293	0	0	213	1,759	2,895

20.1 Warranty provisions

Warranty provisions are recognised for individual risks after the receipt of complaints and their investigation by quality management. These provisions are recognised mainly for claims to services that are to be provided in the next financial year.

20.2 Provisions for expected losses

Provisions for expected losses are based on an assessment of customer orders received and confirmed at the balance sheet date. These provisions cover all orders for which production has not yet begun and materials have not yet been procured on which future losses are expected. Provisions for orders on which work has begun and for which part or all of the materials have been procured are accounted for in the valuation allowance on inventories.

20.3 Provisions for follow-up costs

Provisions for follow-up costs relate to possible sales deductions and are calculated monthly on the basis of past experience.

20.4 Provision for environmental costs

The environmental provisions shown were recognised for environmental damage at the various sites of ATB Sever d.o.o., Subotica, and ATB Fod d.o.o., Bor. The management of the ATB Group presumes that there will be no outflows of funds in connection with these provisions within the next two to three years.

20.5 Other provisions

Other provisions relate mainly to TEUR 117 in provisions for holidays on the part of ATB Sever and ATB Fod, TEUR 409 in provisions for contributions to the employer’s liability insurance association and TEUR 576 for provisions in connection with overtime and unused holidays at ATB Schorch GmbH.

21 Current provisions and other current liabilities

Current provisions and other current liabilities comprise the following:

	31 December	
TEUR	2014	2013
Follow-up costs	213	337
Provisions for expected losses from pending transactions	293	385
Provision for warranties	630	677
Other provisions	1,759	1,982
Current provisions	**2,895**	**3,381**
Social security contributions and other taxes	4,541	4,855
Staff liabilities	1,281	1,198
Accrual for unused holidays	808	1,003
Accrual for other personnel costs	1,175	1,171
Accrual for partial retirement	504	671
Accruals for financial statement, legal and consulting fees	726	588
Accrual for bonuses and discounts	1,043	1,193
Other	2,738	2,817
Other current liabilities	**12,816**	**13,496**
Total	**15,711**	**16,877**

22 Liabilities from construction contracts and advance payments

Liabilities from construction contracts, including advance payments, comprise the following:

	31 December	
TEUR	2014	2013
Construction contract liabilities	198	448
Liabilities from prepayments	2,968	4,555
Total	**3,166**	**5,003**

23 Acquisition of subsidiaries

On 2 January 2014, ATB Holding acquired 50% of the shares and voting rights in ATB Wuhan, 100% of which was previously held by WOLONG Electric Group Co., Ltd., China. Control was achieved on 13 February, after the transfer of shares was resolved by the Managing Board and the authorities confirmed the establishment of entities with foreign investments in China. The acquisition falls under common control transactions, since ATB Holding and WOLONG Electric Group Co., Ltd., China, are under the common control of WOLONG Holding Group Co., Ltd., China. Therefore, IFRS 3 cannot be applied. The Group applies the book value method for such transactions (see G.2, Business combinations).

The Chinese production plant acquired as a result of the purchase of the shares in ATB Wuhan, together with ATB technology, European production processes and quality standards, enables the Group to increase its growth on the Chinese market, in particular in the mid-end market segments.

Consideration transferred

The following table provides an overview of the acquired assets and liabilities at their carrying amounts at the acquisition date:

	TEUR
Cash and cash equivalents	267
Property, plant and equipment	3,317
Intangible assets	1,063
Inventories	1,345
Other current assets	2,398
Current liabilities	– 4,827
Purchase price	**3,563**

24 Non-controlling interests

The following table shows information regarding every subsidiary of the Group with significant non-controlling interests before intra-Group elimination:

31 December 2014							
TEUR	ATB Wuhan	ATB Welzheim	ATB Nordenham	LJ Holding	Other subsidiaries regarded separately as immaterial	Difference from asynchronous capital increases	Total
Share of non-controlling interests	**50.00%**	**6.00%**	**11.64%**	**33.97%**			
Non-current assets	10,026	26,322	28,277	9,225			
Current assets	7,592	11,800	12,428	35,359			
Non-current liabilities	0	– 5,836	– 16,114	– 413			
Current liabilities	– 10,408	– 18,375	– 6,865	– 17,410			
Net assets	**7,211**	**13,911**	**17,726**	**26,761**			
Carrying amount attributable to non-controlling interests	3,605	835	2,063	9,090	344	– 403	15,535
Revenues	8,586	72,782	27,917	33,468			
Profit/loss (-) of the financial year	– 623	143	1,047	3,544			
Other comprehensive income	833	– 143	– 761	1,278			
Total comprehensive income	**209**	**0**	**285**	**3,075**			
Gain/loss (-) attributable to non-controlling interests	– 312	9	122	1,204	20		1,043
Other comprehensive income attributable to non-controlling interests	416	– 9	– 89	437	– 14		742
Cash flows from operating activities	– 60	1,249	4,948	– 3,023			
Cash flows from investing activities	– 608	– 811	– 4,598	174			
Cash flows from financing activities	157	– 325	– 395	– 2,081			
Net increase/decrease in cash funds	**– 511**	**113**	**– 45**	**– 4,931**			

31 December 2013

TEUR	ATB Welzheim	ATB Nordenham	LJ Holding	Other subsidiaries regarded separately as immaterial	Difference from asyn-chronous capital increases	Total
Share of non-controlling interests	**6.00%**	**11.64%**	**33.97%**			
Non-current assets	23,148	26,685	10,881			
Current assets	12,145	13,265	32,719			
Non-current liabilities	– 8,536	– 19,209	– 355			
Current liabilities	– 14,346	– 2,954	– 21,673			
Net assets	**12,411**	**17,787**	**21,572**			
Carrying amount attributable to non-controlling interests	745	2,070	7,327	338	– 139	10,341
Revenues	70,216	30,877	33,204			
Profit/loss (-) of the financial year	– 1,199	2,280	4,928			
Other comprehensive income	54	– 251	237			
Total comprehensive income	**– 1,145**	**2,029**	**3,182**			
Profit/loss (-) attributable to non-controlling interests	– 72	265	1,674	78		1,945
Other comprehensive income attributable to non-controlling interests	3	– 29	81	– 2		53
Cash flows from operating activities	1,382	– 1,479	3,569			
Cash flows from investing activities	– 1,395	– 3,239	1,603			
Cash flows from financing activities	– 71	3,271	– 4,272			
Net increase/decrease in cash funds	**– 84**	**– 1,446**	**900**			

25 Segment information

The ATB Group is a leading manufacturer of electrical drive systems for industrial applications and machinery.

Since 2014, the Group's internal organisational structure differentiates between the Low Voltage, High Voltage and other segments. The change in the segments was prompted and implemented by the management following in-depth project work in order to optimally utilise the ATB Group's know-how and be able to respond rapidly to changing market conditions. With the presentation revised in the financial year, the primary decision maker has an improved basis for the allocation of resources for the operating segments on the one hand and a reporting system to assess the profitability of these segments on the other. In order to ensure comparability with 2013, the 2013 segments were also presented in the report in the new segment reporting.

The Low Voltage segment includes customer-specific series motors and industrial drive systems. Customer and/or project-specific motors and complex drive systems are allocated to the High Voltage segment and correspond to the Project Motors segment that existed until 2013. Other segments include the consolidation of distribution companies; the Group reconciliation includes those areas that could not be allocated to any segment.

The net operating profit of the segments is monitored separately by the management in order to take decisions regarding the allocation of resources and determine the profitability of the units. The accounting policies of the individual segments correspond to those of the Group (see section G).

2014 — Reporting segments

TEUR	Low Voltage segment	High Voltage segment	Other segments	Group reconciliation	ATB Group
Revenues from third parties	115,455	165,634	46,454	0	327,543
Revenues within the segments	15,285	12,914	58	– 20,124	8,133
EBITDA	7,702	9,662	– 3,773	6,630	20,222
Depreciation, amortisation and impairment losses	– 5,062	– 6,075	– 130	193	– 11,073
EBIT	4,156	2,231	– 3,903	7,058	9,543
Financial result	– 746	– 4,941	18	– 762	– 6,431
EBT	3,411	– 2,710	– 3,885	6,215	3,031
Income tax	3,425	6,232	– 630	– 195	8,832
Assets	126,409	249,756	30,398	– 20,323	386,239
Liabilities	59,822	151,701	13,101	30,536	255,160
Capital investments	7,527	13,281	170	404	21,383

2013 — Reporting segments

TEUR	Low Voltage segment	High Voltage segment	Other segments	Group reconciliation	ATB Group
Revenues from third parties	114,165	179,782	46,120	0	340,067
Revenues within the segments	17,044	4,169	45	– 21,231	27
EBITDA	5,921	16,852	3,425	2,896	29,094
Depreciation, amortisation and impairment losses	– 4,915	– 5,085	– 12	– 532	– 10,545
EBIT	6,615	13,114	3,413	1,987	25,129
Financial result	– 1,256	– 3,381	– 971	– 943	– 6,550
EBT	5,359	9,733	2,442	1,045	18,579
Income tax	– 2,085	5,851	2,262	1,551	7,579
Assets	119,774	216,356	26,694	– 36,165	326,658
Liabilities	58,506	129,603	14,155	9,581	211,845
Capital investments	7,635	11,951	99	11	19,697

Information broken down by region

Revenues relate to the following regions and are allocated based on customer location. Investments and assets are allocated based on the registered office of the entity to which they belong.

There is no single customer with which more than 10% of total revenues are generated.

	31 December	
TEUR	2014	2013
Europe		
Germany	131,937	145,843
United Kingdom	38,680	43,297
France	7,388	4,520
Italy	12,538	6,091
Austria	11,705	12,973
Spain	1,575	435
Poland	15,987	15,929
Netherlands	6,708	11,025
Switzerland	9,144	12,374
Denmark	4,677	3,641
Serbia	8,611	7,232
Slovenia	729	693
Rest of Europe	26,710	30,908
Total Europe	**276,391**	**294,961**
North America	14,253	16,419
Asia	37,031	19,788
Australia	3,297	5,540
South and Central America	511	987
Africa	4,193	2,399
Total revenues	**335,675**	**340,094**

	31 December	
TEUR	2014	2013
Austria	5,281	3,045
Germany	10,406	12,231
Serbia	618	598
Poland	1,333	1,984
Rest of Europe	3,033	1,770
Asia	634	37
North America	78	31
Total capital investments	**21,383**	**19,697**

	31 December	
TEUR	2014	2013
Austria	19,503	19,167
Germany	62,126	55,987
United Kingdom	39,442	35,380
Serbia	12,149	10,939
Poland	23,574	24,524
Rest of Europe	9	13
Asia	9,711	91
North America	1,544	1,455
Total property, plant and equipment and intangible assets	**168,057**	**147,556**

26 Earnings per share

Earnings per share are calculated in accordance with IAS 33 by dividing profit or loss attributable to the shareholders of ATB Austria Antriebstechnik AG by the weighted average number of ordinary shares outstanding during the financial year.

Earnings per share	2014	2013
Share of profit/loss for the period attributable to the shareholders of the parent company (TEUR)	10,819	24,212
Weighted average number of shares	11,000,000	11,000,000
Diluted and basic earnings per share in EUR	**0.98**	**2.20**

27 Related party transactions

These consolidated financial statements represent sub-group consolidated financial statements included in the consolidated financial statements of WOLONG Holding Group GmbH, Vienna, which holds a 98.93% (previous year: 98.93%) indirect majority interest in ATB Austria Antriebstechnik AG, Vienna. The assets and liabilities shown in the consolidated financial statements with the parent company are presented as assets and liabilities with respect to the higher consolidated group. The ultimate parent company of ATB Austria Antriebstechnik AG is WOLONG Holding Group Co., Ltd., Shangyu, China; therefore, its associated companies are also regarded to be related parties. Related persons are primarily the key members of the management of ATB Austria Antriebstechnik AG and members of the management of the Group's parent companies.

ATB Austria Antriebstechnik AG, Vienna, ATB Spielberg GmbH, Spielberg, and ATB Sever are part of the WOLONG tax group that was established retroactively effective 1 January 2012 and whose parent company is WOLONG Holding Group GmbH. When a group member's calculated income in a given financial year is positive (taxable profit) after set-off against any losses incurred before the group was established or generated outside the group, the group member must pay allocated tax to the group parent for the tax year. The positive tax allocation corresponds to the amount that the group member would have had to pay in corporate income taxes for the financial year in question without taking the limit for offsettable losses into account if it had been assessed for taxes as a separate entity. In the event of losses on the part of a group member, the group parent does not need to pay negative allocated taxes; instead, the respective group member carries the tax loss forward and sets it off against future taxable profits.

The tax expense presented in the consolidated financial statements for the respective Austrian group members can be broken down as follows in the 2014 financial year:

		2014		2013
TEUR	Current tax expense(-)/ income(+)	Deferred tax expense (-)/ income(+)	Current tax expense (-)/income(+)	Deferred tax expense(-)/ income(+)
ATB Austria Antriebstechnik AG	– 4	1.176	6	1.360
ATB Spielberg GmbH	– 1	– 192	– 1	– 514

In the financial year, a total of TEUR 8,132 in revenues was generated with associates. The corresponding cost of materials and expenses for the purchased production costs amounted to TEUR 2,475.

Furthermore, various projects were carried out in 2014 in the technology transfer area with WOLONG Electric Group and in this context TEUR 6,060 in other operating revenues was generated.

The composition of receivables from and liabilities to associates as at the reporting date is listed in Notes J.15 and J.18.

In the financial year, WOLONG INVESTMENT GmbH continued to be liable for the non-current bank loans at Bank of China in the amount of TEUR 33,600.

The terms and conditions of the transactions with these entities were agreed at arm's length.

28 Managing Board remuneration and Supervisory Board remuneration

The remuneration of the Managing Board in 2014 totalled TEUR 935 (previous year: TEUR 1,092). The remuneration can be broken down into fixed salaries in the amount of TEUR 813 (previous year: TEUR 827) and variable remuneration in the amount of TEUR 72 (previous year: TEUR 213) and pension payments in the amount of TEUR 50 (previous year: TEUR 52). Furthermore, no severance payments were made in 2014 or 2013.

Supervisory Board remuneration in 2013 totalled TEUR 98 (previous year: TEUR 98).

29 Contingent liabilities and other financial commitments

29.1 Contingent liabilities
Contingent liabilities relate to potential future events whose occurrence would create an obligation.

In the production of drive systems, various types of guaranties are often required to secure contractual obligations. The terms vary depending on the type of guaranty. In particular, these guaranties include offer, advance payment and settlement guaranties as well as warranties.

There is a contingent liability in the amount of TEUR 99 (previous year: TEUR 129) for a lease entered into by a company that no longer belongs to the ATB Group that was incurred before this company left the ATB Group. This contingent liability is subject to the ATB Group's standard monitoring and financial control processes.

In addition, there were no other material contingent liabilities as at the reporting date. No outflow of resources is expected based on the contingent liabilities as at 31 December 2014.

29.2 Other obligations
As at the balance sheet date, the following obligations were incurred under rental and lease arrangements and were not shown in the statement of financial position:

	Total	Remaining term		
TEUR	31 December 2014	Up to 1 year	2 to 5 years	More than 5 years
Operating rental and lease agreements	7,491	1,330	3,516	2,645

	Total	Remaining term		
TEUR	31 December 2013	Up to 1 year	2 to 5 years	More than 5 years
Operating rental and lease agreements	8,459	1,662	2,853	3,944

30 Auditor's fees

Expenses for the auditor for the financial year totalled TEUR 600 (previous year: TEUR 726); TEUR 589 thereof (previous year: TEUR 581) arise from the auditing of the annual financial statements, while TEUR 11 thereof arise from advisory activities (previous year: TEUR 145). The expenses for the audit of the annual financial statements include the audit of the separate financial statements pursuant to local law, the IFRS packages of the individual companies, the audit of the sub-group consolidated financial statements of Lindeteves-Jacoberg Ltd. in accordance with US GAAP and the audit of the consolidated financial statements of ATB Austria Antriebstechnik AG, Vienna, in accordance with IFRSs.

31 Events after the balance sheet date

Effective 1 January 2015, Harald Lutz assumed the responsibilities of Ian Lomax in the Managing Board. Beginning 1 March 2015, Ian Lomax will head the management team that manages the three sites ATB Morley, ATB Laurence Scott and ATB Special Products. In this context, the Information Technology department was transferred to CEO Andreas Schindler. On 28 February 2015, Yingzhu Chen set aside her function as CFO and took over the position of CEO of the LJ Group as well as the position of general manager of WOLONG Hongkong Holding Group Ltd. on 1 March 2015. On 1 March 2015, Jianbo Wu took over all of Yingzhu Chen's agendas as the new CFO. The former CEO of the LJ Group, Wolfgang Kloser, was also transferred within the Group and will hold the position of financial director for the Low Voltage division beginning 1 March 2015.

Moreover, no new information has been received regarding the status of pending transactions and our estimation of the expected future development of the Company has not changed.

ATB Austria Antriebstechnik Aktiengesellschaft
Vienna, 10 March 2015

Andreas Schindler
Chairman of the Managing Board
(Chief Executive Officer)

Jianbo Wu
Member of the Managing Board
(Chief Financial Officer)

Harald Lutz
Member of the Managing Board
(Chief Integration Officer)

Auditor's report
Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of

ATB Austria Antriebstechnik Aktiengesellschaft, Vienna,

for the **financial year from 1 January 2014** to 31 December 2014. These consolidated financial statements comprise the consolidated statement of financial position as at 31 December 2014, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated cash flow statement and the consolidated statement of changes in equity for the financial year ended 31 December 2014 and the notes.

Management's Responsibility for the Consolidated Financial Statements and for the Accounting System

The Company's management is responsible for the group accounting system and for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) as applicable in the European Union. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility and Description of Type and Scope of the Statutory Audit

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the laws and regulations applicable in Austria and in accordance with the International Standards on Auditing (ISA) published by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC). Those standards require that we comply with professional guidelines and that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatements.

An audit entails performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control system relevant to the Group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Audit opinion

Our audit did not give rise to any objections. In our opinion, which is based on the results of our audit, the consolidated financial statements comply with legal requirements and give a true and fair view of the financial position of the Group as at 31 December 2014 and of its financial performance and its cash flows for the financial year from 1 January 2014 to 31 December 2014 in accordance with International Financial Reporting Standards (IFRSs) as they are to be applied in the European Union.

Comments on the Management Report for the Group

Pursuant to statutory provisions, the management report for the group is to be audited as to whether it is consistent with the consolidated financial statements and as to whether the other disclosures are not misleading with respect to the Company'sposition. The auditor's report also has to contain a statement as to whether the management report for the groupis consistent with the consolidated financial statements.

In our opinion, the management report for the group is consistent with the consolidated financial statements.

Vienna, 10 March 2015
KPMG Austria AG
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Lieve Van Utterbeeck	Arno Alexander Gruner
Auditor	Auditor

Disclosure, publication and duplication of the consolidated financial statements together with the auditor's report according to Section 281(2) UGB in a form not in accordance with statutory requirements and differing from the version audited by us is not permitted. Reference to our audit may not be made without prior written permission from us.

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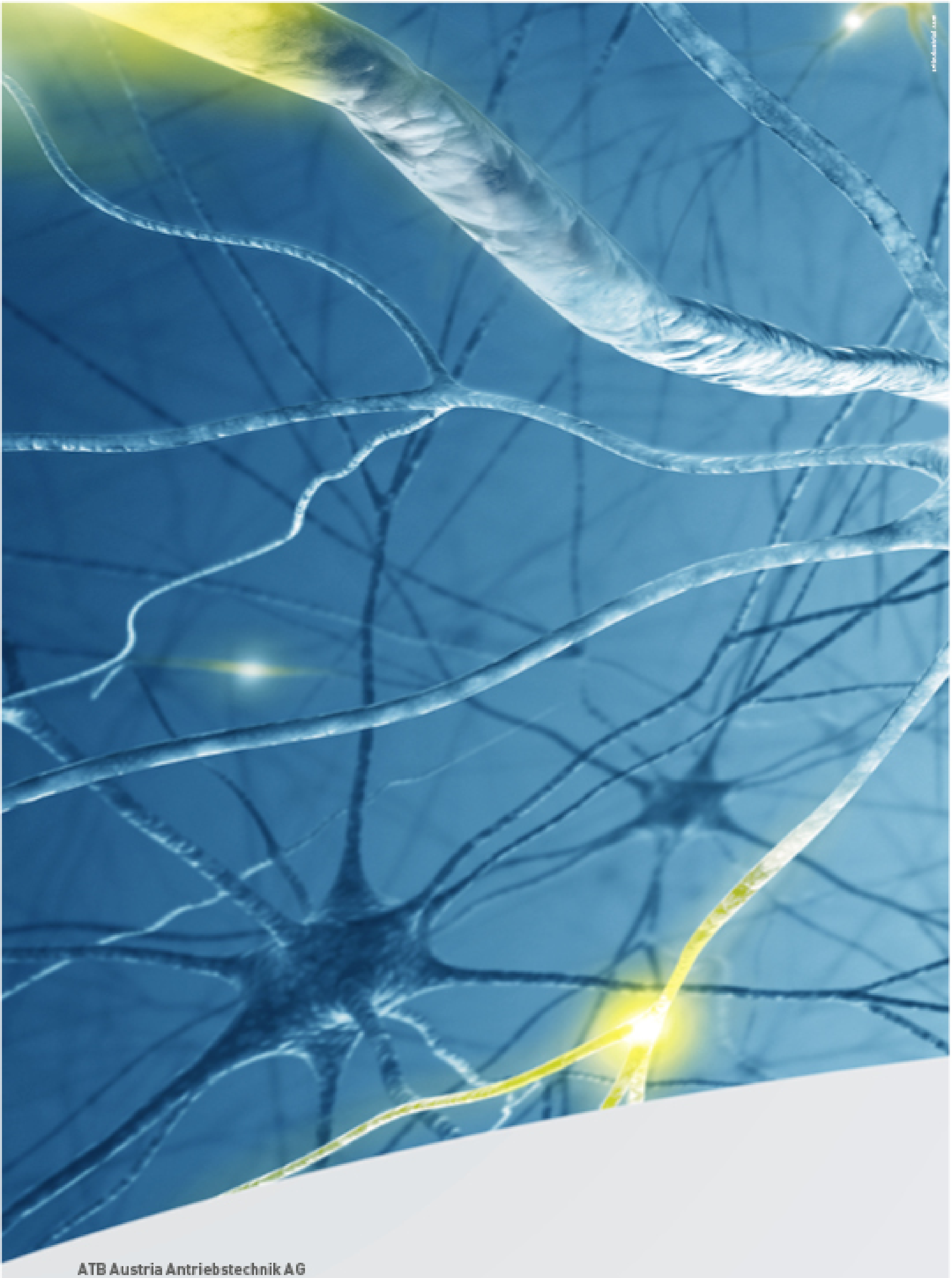

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