IBH GROUP

CONSOLIDATED FINANCIAL STATEMENTS 2013

INA Beteiligungsgesellschaft mit beschränkter Haftung

Mobility for tomorrow

CONSOLIDATED FINANCIAL STATEMENTS

1. CONSOLIDATED INCOME STATEMENT

in € millions	Note	2013	2012	2011
Revenue	3.1	11,205	11,125	10,694
Cost of sales		-8,029	-7,836	-7,463
Gross profit		**3,176**	**3,289**	**3,231**
Research and development expenses		-611	-593	-495
Selling expenses		-761	-759	-725
Administrative expenses		-433	-409	-360
Other income	3.2	72	35	110
Other expenses	3.3	-435	-94	-25
Earnings before financial result, income from equity-accounted investees, and income taxes (EBIT)		**1,008**	**1,469**	**1,736**
Financial income	3.5	217	24	14
Financial expenses	3.5	-641	-687	-740
Financial result	**3.5**	**-424**	**-663**	**-726**
Income from equity-accounted investees		**2**	**1**	**0**
Earnings before income taxes		**586**	**807**	**1,010**
Income taxes	3.6	-452	-415	-387
Net income		**134**	**392**	**623**
Attributable to shareholders of the parent company		127	380	610
Attributable to non-controlling interests		7	12	13

2. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in € millions	2013 before taxes	2013 taxes	2013 after taxes	2012 before taxes	2012 taxes	2012 after taxes	2011 before taxes	2011 taxes	2011 after taxes
Net income	**586**	**-452**	**134**	**807**	**-415**	**392**	**1.010**	**-387**	**623**
Foreign currency translation differences for foreign operations	-184	0	-184	-37	0	-37	-24	0	-24
Net change in hedges of net investments in foreign operations	37	0	37	2	0	2	0	0	0
Effective portion of changes in fair value of cash flow hedges	-6	1	-5	180	-50	130	-34	9	-25
Net change in fair value of available-for-sale financial assets	-1	0	-1	0	0	0	0	0	0
Share of other comprehensive income (loss) of equity-accounted investees	0	0	0	0	0	0	0	0	0
Total other comprehensive income (loss) that may be reclassified subsequently to profit or loss	**-154**	**1**	**-153**	**145**	**-50**	**95**	**-58**	**9**	**-49**
Remeasurement of net defined benefit liability	24	-10	14	-310	88	-222	-108	32	-76
Share of other comprehensive income (loss) of equity-accounted investees	0	0	0	0	0	0	0	0	0
Total other comprehensive income (loss) that will not be reclassified to profit or loss	**24**	**-10**	**14**	**-310**	**88**	**-222**	**-108**	**32**	**-76**
Total other comprehensive income (loss)	**-130**	**-9**	**-139**	**-165**	**38**	**-127**	**-166**	**41**	**-125**
Total comprehensive income (loss) for the period	**456**	**-461**	**-5**	**642**	**-377**	**265**	**844**	**-346**	**498**
Total comprehensive income (loss) attributable to shareholders of the parent company	459	-461	-2	634	-377	257	838	-346	492
Total comprehensive income (loss) attributable to non-controlling interests	-3	0	-3	8	0	8	6	0	6
Total comprehensive income (loss) for the period	**456**	**-461**	**-5**	**642**	**-377**	**265**	**844**	**-346**	**498**

See Notes 4.10 and 4.14 to the consolidated financial statements for further detail.

3. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

in € millions	Note	12/31/2013	12/31/2012	12/31/2011
ASSETS				
Intangible assets	4.1	538	554	553
Property, plant and equipment	4.2	3,369	3,515	3,328
Investments in equity-accounted investees		3	3	3
Other investments		14	14	14
Other financial assets	4.6	202	78	29
Other assets	4.6	54	57	57
Income tax receivables	4.6	12	17	22
Deferred tax assets	4.3	218	358	348
Total non-current assets		**4,410**	**4,596**	**4,354**
Inventories	4.4	1,536	1,495	1,562
Trade receivables	4.5	1,676	1,626	1,608
Other financial assets	4.6	232	106	58
Other assets	4.6	141	126	142
Income tax receivables	4.6	92	81	71
Cash and cash equivalents	4.7	300	433	397
Total current assets		**3,977**	**3,867**	**3,838**
Total assets		**8,387**	**8,463**	**8,192**
SHAREHOLDERS' EQUITY AND LIABILITIES				
Share capital		500	500	0
Capital reserves		-2,031	-2,796	-2,676
Accumulated other comprehenisve income (loss)		-492	-362	-239
Equity attributable to shareholders of the parent company		**-2,023**	**-2,658**	**-2,915**
Non-controlling interests		57	60	53
Total shareholders' equity	**4.8**	**-1,966**	**-2,598**	**-2,862**
Provisions for pensions and similar obligations	4.10	1,510	1,545	1,217
Provisions	4.11	95	75	79
Financial debt	4.9	5,720	6,863	7,050
Income tax payables	4.13	235	181	113
Other financial liabilities	4.13	162	237	255
Other liabilities	4.13	6	4	5
Deferred tax liabilities	4.3	142	122	125
Total non-current liabilities		**7,870**	**9,027**	**8,844**
Provisions	4.11	589	211	194
Financial debt	4.9	33	111	18
Trade payables	4.12	1,022	805	905
Income tax payables	4.13	152	159	142
Other financial liabilities	4.13	405	482	676
Other liabilities	4.13	282	266	275
Total current liabilities		**2,483**	**2,034**	**2,210**
Total shareholders' equity and liabilities		**8,387**	**8,463**	**8,192**

4. CONSOLIDATED STATEMENT OF CASH FLOWS

in € millions	2013	2012	2011
Operating activities			
EBIT	1,008	1,469	1,736
Interest paid	-605	-581	-680
Interest received	8	9	13
Income taxes paid	-378	-229	-246
Dividends received	1	1	0
Depreciation, amortization and impairments	652	618	554
(Gains) losses on disposal of assets	1	-1	0
Other non-cash items	-4	-21	2
Changes in:			
Inventories	-101	55	-80
Trade receivables	-108	-27	-153
Trade payables	227	-73	101
Provisions for pensions and similar obligations	-44	-39	-60
Other assets, liabilities and provisions	370	-48	-118
Cash flows from operating activities [1)]	**1,027**	**1,133**	**1,069**
Investing activities			
Proceeds from disposals of intangible assets and property, plant and equipment	15	29	11
Capital expenditures on intangible assets	-18	-35	-15
Capital expenditures on property, plant and equipment	-554	-825	-758
Investments in other financial investments	-4	-3	-10
Other investing activities	7	2	7
Cash Flow aus Investitionstätigkeit	**-554**	**-832**	**-765**
Financing activities			
Dividends paid to non-controlling interests	-1	-1	-1
Receipts from loans	27	395	13
Repayment of loans	-649	-449	-42
Change in financial allocation account with Schaeffler AG	-91	-222	-569
Acquisitions in stages	0	-13	0
Other financing activities	132	29	-32
Cash used in financing activities	**-582**	**-261**	**-631**
Net increase (decrease) in cash and cash equivalents	**-109**	**40**	**-327**
Effects of foreign exchange rate changes on cash and cash equivalents	-24	-4	-9
Cash and cash equivalents as at beginning of period	433	397	733
Cash and cash equivalents as at end of period	**300**	**433**	**397**

[1)] Excluding interest payments, cash flows from operating activities for the period from 01/01 to 12/31/2013 amount to EUR 1,632 m (01/01-12/31/2012: EUR 1,714 m; 01/01-12/31/2011: EUR 1,749 m).

See Note 5.3 to the consolidated financial statements for further detail.

5. CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Share capital	Reserves	Accumulated other comprehensive income (loss)				Subtotal	Non-controlling interests	Total
in € millions			Translation reserve	Hedging reserve	Fair value reserve	Defined benefit plan remeasurement reserve			
Balance as at January 01, 2011	0	-3,286	-63	-105	1	46	**-3,407**	47	**-3,360**
Net income	0	610	0	0	0	0	**610**	13	**623**
Other comprehensive income (loss)	0	0	-17	-25	0	-76	**-118**	-7	**-125**
Total comprehensive income (loss) for the period	**0**	**610**	**-17**	**-25**	**0**	**-76**	**492**	**6**	**498**
Transactions with shareholders									
Capital contributions	0	0	0	0	0	0	**0**	0	**0**
Dividends	0	0	0	0	0	0	**0**	0	**0**
Total amount of transactions with shareholders	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Other items from equity-accounted investees recognized directly in shareholders' equity	0	0	0	0	0	0	**0**	0	**0**
Balance as at December 31, 2011	**0**	**-2,676**	**-80**	**-130**	**1**	**-30**	**-2,915**	**53**	**-2,862**
Balance as at January 01, 2012	0	-2,676	-80	-130	1	-30	**-2,915**	53	**-2,862**
Net income	0	380	0	0	0	0	**380**	12	**392**
Other comprehensive income (loss)	0	0	-31	130	0	-222	-123	-4	**-127**
Total comprehensive income (loss) for the period	**0**	**380**	**-31**	**130**	**0**	**-222**	**257**	**8**	**265**
Transactions with shareholders									
Capital increase	500	-500	0	0	0	0	**0**	0	**0**
Capital contributions	0	0	0	0	0	0	**0**	0	**0**
Dividends	0	0	0	0	0	0	**0**	-1	**-1**
Total amount of transactions with shareholders	**500**	**-500**	**0**	**0**	**0**	**0**	**0**	**-1**	**-1**
Other items from equity-accounted investees recognized directly in shareholders' equity	0	0	0	0	0	0	**0**	0	**0**
Balance as at December 31, 2012	**500**	**-2,796**	**-111**	**0**	**1**	**-252**	**-2,658**	**60**	**-2,598**
Balance as at January 01, 2013	500	-2,796	-111	0	1	-252	**-2,658**	60	**-2,598**
Net income	0	127	0	0	0	0	**127**	7	**134**
Other comprehensive income (loss)	0	0	-138	-5	-1	14	**-130**	-9	**-139**
Total comprehensive income (loss) for the period	**0**	**127**	**-138**	**-5**	**-1**	**14**	**-3**	**-2**	**-5**
Transactions with shareholders									
Capital contributions	0	638	0	0	0	0	**638**	0	**638**
Dividends	0	0	0	0	0	0	**0**	-1	**-1**
Total amount of transactions with shareholders	**0**	**638**	**0**	**0**	**0**	**0**	**638**	**-1**	**637**
Other items from equity-accounted investees recognized directly in shareholders' equity	0	0	0	0	0	0	**0**	0	**0**
Balance as at December 31, 2013	**500**	**-2,031**	**-249**	**-5**	**0**	**-238**	**-2,023**	**57**	**-1,966**

See Note 4.8 to the consolidated financial statements for further detail.

6. CONSOLIDATED SEGMENT INFORMATION

(Part of the notes to the consolidated financial statements)

	Automotive			Industrial			Other			Total		
	01/01-12/31			01/01-12/31			01/01-12/31			01/01-12/31		
in € millions	2013	2012	2011	2013	2012	2011	2013	2012	2011	2013	2012	2011
Revenue	8,165	7,658	7,157	3,040	3,406	3,463	0	61 [1]	74 [1]	11,205	11,125	10,694
Cost of sales	-5,947	-5,552	-5,207	-2,082	-2,223	-2,182	0	-61 [2]	-74 [2]	-8,029	-7,836	-7,463
Gross profit	2,218	2,106	1,950	958	1,183	1,281	0	0	0	3,176	3,289	3,231
EBIT	755	1,036	1,105	253	433	631	0	0	0	1,008	1,469	1,736
- in % of revenue	9.2%	13.5%	15.4%	8.3%	12.7%	18.2%	-	-	-	9.0%	13.2%	16.2%
Depreciation, amortization and impairments	-459	-432	-396	-193	-186	-158	0	0	0	-652	-618	-554
Inventories [3]	912	851	867	624	644	695	0	0	0	1,536	1,495	1,562
Trade receivables [3]	1,196	1,127	1,090	480	499	518	0	0	0	1,676	1,626	1,608
Property, plant and equipment [3]	2,375	2,431	2,271	994	1,084	1,057	0	0	0	3,369	3,515	3,328
property, plant and equipment	434	618	630	139	209	216	0	0	0	573	827	846

[1] Other revenues not attributable to a segment.
[2] Other cost of sales not attributable to a segment.
[3] Amounts as at December 31.

See Note 5.4 to the consolidated financial statements for further detail.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

1.1 Reporting entity

INA Beteiligungsgesellschaft mit beschränkter Haftung, Herzogenaurach, (also referred to as "IBH" below) is a corporation domiciled in Germany with its registered office located at Industriestraße 1 – 3, 91074 Herzogenaurach. The company was founded as at April 19, 1982 and is registered in the Commercial Register of the Fürth Local Court (HRB No. 2379). The consolidated financial statements of INA Beteiligungsgesellschaft mit beschränkter Haftung as at December 31, 2013 comprise INA Beteiligungsgesellschaft mit beschränkter Haftung and its subsidiaries, investments in associated companies, and joint ventures (together referred to as "IBH Group"). The IBH Group is a supplier to the automotive and manufacturing sectors with operations worldwide.

1.2 Change in corporate structure of the group

The Schaeffler Group, with Schaeffler AG as its parent company, holds the Schaeffler operating business and the indirectly held investment in Continental AG.

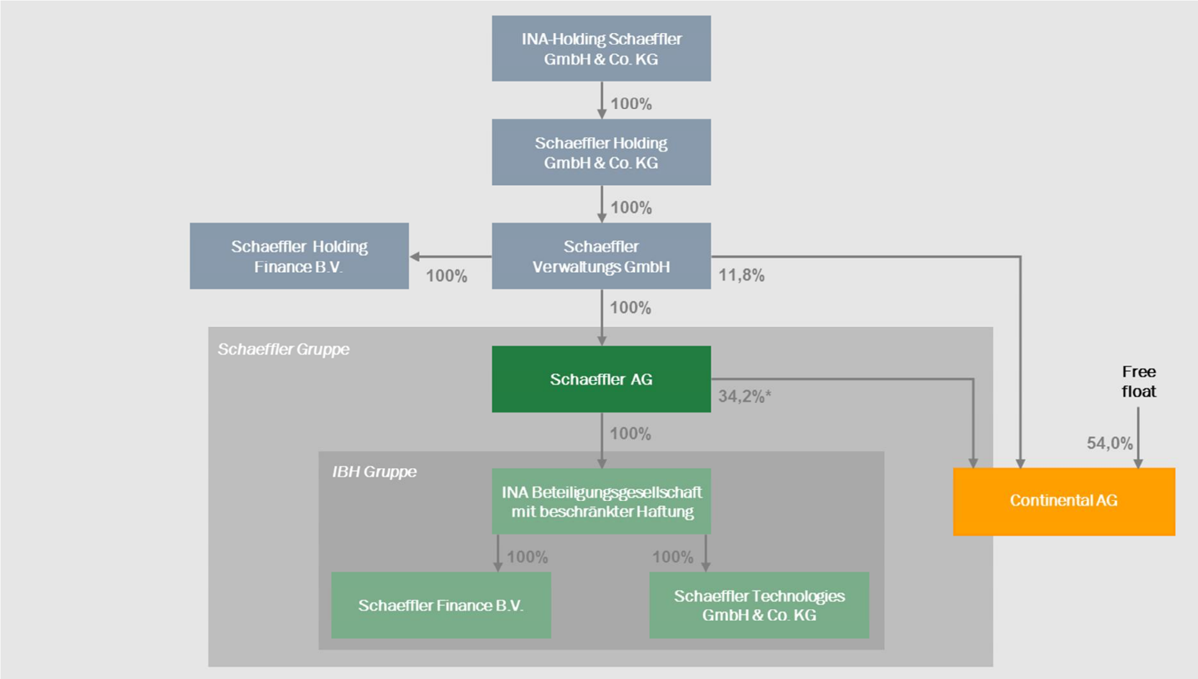
As part of the strategy to further develop the corporate and capital structure of the Schaeffler Group, certain steps to change the corporate structure of the group were taken in 2012 and 2013. The changes were aimed at separating the Schaeffler Group's operating business from the investment in Continental AG.

A significant milestone of the change to the internal corporate structure was Schaeffler AG contributing the investments comprising the Schaeffler operating business (primarily the investment in Schaeffler Technologies AG & Co. KG and, thus, indirectly its subsidiaries) and the debt (primarily the Syndicated Senior Term Loan and Revolving Credit Facilities Agreement and bonds issued by Schaeffler Finance B.V.) to INA Beteiligungsgesellschaft mit beschränkter Haftung on December 31, 2012, while the investment in Continental AG and certain corporate functions (Corporate Center) remained with Schaeffler AG. The contribution took the form of a mixed increase in the capital of INA Beteiligungsgesellschaft mit beschränkter Haftung by way of a contribution in kind in return for a newly issued EUR 500 m equity interest.

The planned legal structure was achieved when Schaeffler AG ceased to be the general partner of Schaeffler Technologies AG & Co. KG on December 31, 2013. This change resulted in all operating entities of the Schaeffler Group becoming subsidiaries of INA Beteiligungsgesellschaft mit beschränkter Haftung. Thus, the IBH Group with its target legal structure was created on that date.

Under the structure in place on December 31, 2013, certain corporate functions such as CEO and CFO functions continue to be performed by Schaeffler AG.

The following simplified chart shows the group structure following the change in corporate structure as at December 31, 2013:



* Schaeffler AG holds the investment in Continental AG via Schaeffler Beteiligungsholding GmbH & Co. KG

1.3 Basis of preparation

The consolidated financial statements of the IBH Group for the year ended December 31, 2013 have been prepared voluntarily in accordance with International Financial Reporting Standards (IFRS) as adopted in the European Union (EU) by Regulation (EC) No. 1606/2002 of the European Parliament and of the Council on the application of international accounting standards. The term IFRS includes all International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS) in effect as well as all interpretations and amendments issued by the IFRS Interpretations Committee (IFRIC) and the former Standing Interpretations Committee (SIC). Comparative figures for prior years were prepared based on the same standards.

These financial statements are the first consolidated financial statements following the change in the group's corporate structure (see Note 1.2). Historical financial information for the comparative periods was prepared based on a carve-out.

Presentation of reporting periods before the change in the corporate structure of the IBH Group

The targeted legal structure was achieved and the change in the corporate structure of the group completed when Schaeffler AG ceased to be the general partner of Schaeffler Technologies AG & Co. KG on December 31, 2013.

As a result, any reporting periods before December 31, 2013 occurred before the completion of the change in the group's corporate structure.

Financial information for periods prior to December 31, 2013 was derived from the consolidated IFRS financial statements of Schaeffler AG (carve-out), restating the IBH Group's operations retrospectively as if the group structure resulting from Schaeffler AG ceasing to be the general partner of Schaeffler Technologies AG & Co. KG had already been in place prior to December 31, 2013.

The assets, liabilities, expenses, and income allocated to the IBH Group were assumed at their carrying amounts in the consolidated IFRS financial statements of the Schaeffler Group (predecessor accounting). For the periods prior to the legal creation of the IBH Group, the assets and liabilities transferred to the IBH Group were recognized and measured in accordance with the requirements of the IFRS, IAS, and interpretations issued by the IFRIC and the former SIC as adopted by the EU and effective as at the reporting date (December 31, 2013).

Assets, liabilities, expenses and income were generally allocated to the IBH Group based on the corporate legal structure on December 31, 2013, i.e. subsequent to Schaeffler AG ceasing to be the general partner of Schaeffler Technologies AG & Co. KG. At that point in time, the IBH Group comprised the operating business as well as the debt of the Schaeffler Group.

The financial allocation account was used to recognize the liquidity requirements of Schaeffler AG as well as certain other transactions between the IBH Group and Schaeffler AG.

Schaeffler AG does not have any liquid funds of its own and its liquidity requirements are met by IBH Group companies.

Other transactions primarily relate to transactions for which income and expenses, but not the related balance sheet items, have been allocated to the IBH Group in the carve-out.

Starting with a balance of zero as at December 31, 2013, the balances of the financial allocation account for the periods prior to completion of the change in the group's corporate structure were derived using a retrograde calculation.

In the statement of financial position, the financial allocation account is reported under other current financial liabilities. In the consolidated statement of cash flows, the change in the financial allocation account is shown as "Change in financial allocation account with Schaeffler AG" under financing activities.

Until the increase in its capital by way of a contribution in kind on December 31, 2012, INA Beteiligungsgesellschaft mit beschränkter Haftung had EUR 26 thousand in share capital. When the increase in the capital of INA Beteiligungsgesellschaft mit beschränkter Haftung by way of a contribution in kind was entered in the Commercial Register, the IBH Group's share capital increased to EUR 500,000 thousand. The difference compared to the net amounts of assets and liabilities of the IBH Group is reported in reserves.

Accumulated other comprehensive income and non-controlling interests of the Schaeffler Group were adjusted for the carve-out and transferred to the IBH Group under the predecessor accounting approach.

Income tax amounts for INA Beteiligungsgesellschaft mit beschränkter Haftung and its subsidiaries for the carve-out period, i.e. for all periods prior to December 31, 2013, were determined based on the separate return approach, an approach which assumes that the IBH Group companies are separate taxable entities unless they are linked to each other as part of a tax group. Income taxes were recalculated based on earnings allocated to these companies in accordance with the new structure. Income tax expense and benefits that were attributed to taxable entities of the IBH Group in the process of recalculating income taxes, but for which the related tax receivables or payables are held by Schaeffler AG, are recognized in the financial allocation account. Future tax amounts may differ from tax amounts arrived at under the separate return approach. Deferred taxes on temporary differences and loss carryforwards were directly attributable to the IBH Group based on the legal structure following the completion of the change in the group's corporate structure on December 31, 2013.

The Schaeffler Group prepares segment information in accordance with IFRS 8 based on the "management approach". The IBH Group currently does not have a complete organizational and management structure. The disclosures of segment information under Note 5.4 Segment information are based on the assumption that the IBH Group has a stand-alone organizational and management structure. For these financial statements, the IBH Group's segment information was derived from the segment information of the Schaeffler Group taking into account carve-out assumptions. In this process, Schaeffler AG expenses and income that were eliminated were allocated based on revenue of the Automotive and Industrial segments.

In individual cases, the carve-out adjustments discussed above may render the historical financial information not fully comparable and can lead to future results of the IBH Group differing from historical results.

General presentation

These consolidated financial statements are presented in Euros (EUR), the functional and presentation currency of the IBH Group's parent company. Unless stated otherwise, all amounts are in millions of Euros (EUR m).

The statement of financial position is classified using the current/non-current distinction. The IBH Group classifies assets as current if they are expected to be realized within twelve months after the end of the reporting period. Inventories are current assets even if they are not expected to be realized within twelve months after the end of the reporting period. Similarly, liabilities are classified as current if the IBH Group is contractually required to settle them within twelve months after the end of the reporting period.

The financial statements of all entities included in these consolidated financial statements have been prepared as of the same date as these consolidated financial statements.

As amounts (in millions of Euros) and percentages have been rounded, rounding differences may occur.

Going concern

As in prior years, the unconsolidated financial statements of INA Beteiligungsgesellschaft mit beschränkter Haftung as at December 31, 2013 prepared in accordance with German commercial law show positive shareholders' equity.

The IBH Group's consolidated shareholders' equity of EUR -1,966 m (12/31/2012: EUR -2,598 m; 12/31/2011: EUR -2,862 m) is negative.

The consolidated financial statements of the IBH Group are based on the going concern assumption since

- the IBH Group has generated positive earnings in the past,
- based on Schaeffler AG's forecast, the IBH Group will continue to generate positive earnings in the future,
- in the past, the IBH Group has been able to secure financing or refinancing arrangements at all times.

On this basis, the IBH Group is able to meet its financial obligations at any time.

Measurement bases

Assets and liabilities are generally measured on the basis of historical cost. The following assets and liabilities represent an exception, since they are measured at fair value:

- derivative financial instruments,
- financial instruments recorded at fair value through profit or loss, and
- available-for-sale financial assets.

Estimation uncertainty and management judgment

In the preparation of financial statements in accordance with IFRS, management exercises judgment in making appropriate estimates and assumptions affecting the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual amounts may differ from these estimates.

Estimates and the basis on which assumptions are made are reviewed regularly. Changes in estimates are recognized in the period in which the changes are made as well as in all subsequent periods affected by the changes.

The following issues subject to estimation uncertainty in the application of accounting policies have the most significant impact on amounts recognized in the consolidated financial statements:

- determination of the useful lives of intangible assets and property, plant and equipment,
- determination of valuation allowances on inventories,
- impairment tests of goodwill and non-current assets, including determination of recoverable amounts and underlying assumptions (e.g. discount rate),
- accounting for employee benefits, including actuarial assumptions,
- recognition and measurement of other provisions, and
- assessment of the recoverability of deferred tax assets.

The following issues are particularly affected by the application of management's professional judgment:

- identification of cash-generating units, and
- classification of lease agreements as finance or operating leases.

In 2013, there was no significant impact from changes in assumptions made in the past or from the resolution of previously existing uncertainties related to the above items.

See Note 1.3 Presentation of reporting periods before the change in the corporate structure of the IBH Group for details on management judgment regarding the carve-out adjustments.

1.4 Summary of significant accounting policies

The accounting policies set out below have been applied consistently by all IBH Group entities for all periods presented in these consolidated financial statements.

See Note 1.3 Presentation of reporting periods before the change in the corporate structure of the IBH Group for details on significant accounting policies related to the carve-out.

Consolidation principles

Subsidiaries are entities directly or indirectly controlled by INA Beteiligungsgesellschaft mit beschränkter Haftung. Control exists if IBH has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Control normally results from holding a majority of the voting rights. Potential voting rights that are currently exercisable are taken into account when assessing control. In accordance with SIC 12 “Consolidation – Special Purpose Entities”, the IBH Group’s consolidated financial statements also include companies that the IBH Group controls without holding a majority of the voting rights, e.g. where the IBH Group in substance retains the majority of the residual or ownership risks related to the special purpose entity or its assets in order to obtain benefits from its activities. Subsidiaries’ financial statements are included in the consolidated financial statements from the date the IBH Group obtains control until the date control ceases.

Associated companies are those entities for which the IBH Group has significant influence on, but not control or joint control over, the financial and operating policies of the investee. Significant influence is presumed to exist if the IBH Group holds, directly or indirectly, between 20 % and 50 % of the voting power of an investee. Where the IBH Group’s direct or indirect holdings represent less than 20 % of the voting rights, significant influence is presumed not to exist unless such influence can be clearly demonstrated. Investments in associated companies are accounted for using the equity method.

Balances and transactions with consolidated subsidiaries and any related income and expenses are completely eliminated in preparing the consolidated financial statements. Unrealized gains arising from transactions with associated companies are eliminated against the carrying amount of the investment in the associated company to the extent of the IBH Group’s interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent there is no evidence of impairment. Deferred taxes on temporary differences related to the elimination of such balances and transactions are measured at the tax rate of the acquiring entity.

Foreign currency translation

Foreign currency transactions

Upon initial recognition, purchases and sales denominated in foreign currencies are translated at the exchange rate applicable at the time of the transaction. Since receivables and payables denominated in foreign currencies arising from these transactions are monetary items within the scope of IAS 21, they are translated into the functional currency of the applicable group company at the exchange rate as at the end of the reporting period and when they are realized. The resulting exchange gains and losses are recognized in the consolidated income statement.

The income effect of currency translation is split between EBIT and financial result and each component is netted based on the underlying economic circumstances. Exchange gains and losses on operating receivables and payables and on hedges of the related foreign exchange risk using derivatives are presented within earnings before financial result, income from equity-accounted investees, and income taxes (EBIT). Exchange gains and losses on the translation of financial assets and liabilities and on derivatives entered into to hedge the related foreign exchange risk are reflected in financial result.

Translation of foreign currency financial statements

The IBH Group presents its financial statements in Euros, the functional currency of INA Beteiligungsgesellschaft mit beschränkter Haftung. Assets and liabilities of subsidiaries whose functional currency is not the Euro are translated at the spot rate at the end of the reporting period. The components of equity are translated at historical rates, and items in the consolidated income statement are translated at the weighted average rate for each reporting period. The resulting translation differences are recognized in accumulated other comprehensive income and reclassified to the income statement upon disposal of the subsidiary.

The following table illustrates the most significant exchange rates used in preparing the consolidated financial statements:

Currencies		Closing rate			Average rate		
1 € in		12/31/2013	12/31/2012	12/31/2011	2013	2012	2011
U.S.A.	USD	1,38	1,32	1,29	1,33	1,29	1,39
Japan	JPY	144,72	113,61	100,20	129,66	102,62	110,86
Hungary	HUF	297,04	292,30	314,58	296,94	289,32	279,44
Romania	RON	4,47	4,44	4,32	4,42	4,46	4,24

Revenue recognition and cost of sales

Revenue from the IBH Group’s business activities is recognized at the fair value of the consideration received or receivable, net of returns, trade discounts, and volume rebates based on the company’s general terms and conditions. Other revenue such as from equipment sales and rental income is included in other income.

Revenue from the sale of goods is recognized when, based on the agreement with the customer,

- the significant rewards and risks of ownership of the goods have been transferred to the buyer,
- it is sufficiently probable that the economic benefits associated with the sale will flow to the IBH Group,
- the costs associated with the transaction as well as possible returns can be measured reliably,
- the IBH Group does not retain continuing managerial involvement in relation to the goods, and
- the amount of revenue can be measured reliably.

Depending on specific customer contracts and purchase orders, revenue is normally recognized at the date of delivery, provided that the conditions listed above are met.

Cost of sales consists primarily of the cost of producing products, rendering services, and acquiring merchandise sold. Production cost comprises all direct costs attributable to the process of manufacturing products and rendering services as well as allocated production-related overheads.

Research and development expenses

Research and development expenses include costs incurred for research and development and expenditures for customer-specific applications, prototypes, and testing.

Expenditures on research activities undertaken with the prospect of gaining new scientific or technical knowledge are expensed as incurred.

Development activities involve the application of research results or other knowledge to a production plan or design for the production of new or substantially improved materials, devices, products, processes, systems or services. Provided they can be measured reliably, development costs are only recognized as intangible assets if

- their technical feasibility can be demonstrated,
- the IBH Group has the intention to complete the intangible asset and use or sell it,
- the IBH Group has the ability to use or sell the intangible asset,
- the IBH Group can demonstrate that using or selling the intangible asset will generate future economic benefits,
- adequate technical, financial, and other resources are available to complete the development and to subsequently sell or use it, and
- the expenditure attributable to the intangible asset during its development can be measured reliably.

Capitalized costs include costs directly attributable to the development process and development-related overheads. Capitalized development expenditures are measured at cost less accumulated amortization and impairment losses. Amortization is recognized in profit or loss on a straight-line basis over the average expected useful life of six years beginning when the intangible asset is ready for use. Amortization expense is presented in cost of sales. In contrast to costs of developing new or substantially improved products, advance development costs and costs incurred to produce customer-specific applications (i.e. to customize existing products without substantial improvement) are not capitalized, but instead expensed as incurred.

Goodwill

Goodwill is calculated as the excess of the aggregate of (1) the fair value of consideration transferred, (2) the amount of non-controlling interests, and (3), in a business combination achieved in stages, the fair value of the acquirer's previously held equity interest in the acquiree over the net fair values of the identifiable assets acquired and liabilities assumed. Non-controlling interests in the acquired company are measured at the non-controlling interest's proportionate share of the fair value of identifiable net assets.

Goodwill is measured at cost less accumulated impairment losses. It is not amortized, but is instead tested for impairment at least annually and when there is an objective indication of impairment. Goodwill is tested for impairment at the level of cash-generating units or groups of cash-generating units. The impairment test is performed by comparing the carrying amount of the cash-generating unit or group of cash-generating units to which the goodwill has been allocated with its recoverable amount. Recoverable amount is determined using the discounted cash flow method and is the higher of fair value less costs of disposal and value in use of the cash-generating unit or group of cash-generating units. An impairment loss on goodwill is recognized when the carrying amount of the cash-generating unit or group of cash-generating units exceeds its recoverable amount. Impairments recognized on goodwill cannot be reversed, even if the recoverable amount of the cash-generating unit or group of cash-generating units to which the goodwill has been allocated exceeds its carrying amount in future periods.

Expected cash flows are based on a three-year-forecast and future projections which are reviewed regularly by IBH Group management. The medium-term forecast is based on specific assumptions regarding macroeconomic indicators, external sales expectations and internal assessments of demand and projects, as well as sales prices, commodity price trends, and the volume of additions to intangible assets and property, plant and equipment. Projections beyond the detailed forecasting horizon are based on growth rates. The discount rate reflects current market expectations and specific risks.

Other intangible assets

Purchased intangible assets including software and patents are capitalized at acquisition cost, internally generated intangible assets meeting the requirements of IAS 38 regarding capitalization, including software and development projects, at production cost. Intangible assets with a determinable useful life are amortized on a straight-line basis over their estimated useful lives of three years for software, six years for capitalized development costs and ten years for patents. Amortization commences when the asset is in the location and condition necessary for it to be capable of operating in the manner intended by management. Other intangible assets are tested for impairment when there is an objective indication that the asset may be impaired. The IBH Group does not have any intangible assets with indefinite useful lives.

Subsequent expenditures are only capitalized when they meet the recognition criteria for an intangible asset, i.e. it is probable that the future economic benefits attributable to the asset will flow to the entity and the cost of the asset can be measured reliably. All other expenditures, including expenditures for internally generated goodwill and brands, are expensed as incurred.

In the consolidated income statement, amortization expense and impairment losses related to an intangible asset are presented within the functional area in which the intangible asset is utilized.

Property, plant and equipment

Property, plant and equipment is measured at cost less accumulated depreciation and impairment losses.

The cost of an item of property, plant and equipment includes all costs directly attributable to the acquisition of the asset. Self-constructed assets are initially measured at the directly attributable construction cost that is necessary to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the consideration received with the carrying amount of the asset. They are presented net in other income or other expenses, respectively.

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful life of the asset. Estimated useful lives range from 15 to 25 years for buildings and outside facilities, from 2 to 10 years for technical equipment and machinery and from 3 to 8 years for other equipment. Assets held under finance leases are depreciated over the shorter of the lease term and the asset's useful life. Land is not depreciated. Depreciation expense and impairment losses are presented in the consolidated income statement under the appropriate functional area. Depreciation methods are reviewed at the end of each reporting period.

Leases

Leases that transfer substantially all rewards and risks of ownership to the IBH Group are classified as finance leases. The leased asset is initially recognized at an amount equal to the lower of its fair value and the present value of the minimum lease payments. A liability is recognized at the same amount. Minimum lease payments made under finance leases are apportioned between finance cost and the reduction of the outstanding liability. Finance costs are allocated over the lease term so as to produce a constant periodic interest rate on the remaining balance of the liability.

Leases under which the lessor retains substantially all risks and rewards of ownership are classified as operating leases, and the related lease payments are expensed on a straight-line basis over the lease term.

Impairments

Financial assets

Financial assets are tested for impairment individually at the end of each reporting period and when objective evidence of impairment exists. The IBH Group has established group-wide guidelines to help determine the relative size of the impairment (such as commencement of judicial collection procedures, compulsory enforcement) when analyzing evidence of impairment. Group companies apply these guidelines in light of the circumstances specific to the financial asset being considered. For financial assets that are equity instruments, a significant or prolonged decline in the fair value below cost is considered objective evidence of impairment. Impairment losses in respect of a financial asset measured at amortized cost are calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted using the effective interest rate originally determined at initial recognition (discounted cash flow method). An impairment loss in respect of an available-for-sale financial asset is calculated based on the asset's fair value.

All impairment losses are recognized in profit or loss. If an impairment is recognized in respect of an available-for-sale financial asset, any cumulative losses previously recognized in other comprehensive income related to that asset are reclassified from accumulated other comprehensive income to profit or loss.

An impairment loss is reversed if the underlying increase in value can be objectively related to an event occurring after the impairment was recognized. For financial assets measured at amortized cost and available-for-sale financial assets that are debt securities the reversal is recognized in profit or loss. For available-for-sale financial assets that are equity securities the reversal is recognized in other comprehensive income.

Non-financial assets

Assets are tested for impairment by comparing their carrying amount with their recoverable amount. If an asset does not generate cash inflows that are largely independent of the cash inflows from other assets, the impairment test is not performed at the level of the individual asset but instead at the level of the cash-generating unit to which the asset belongs. A cash-generating unit is the smallest unit with largely independent cash inflows.

If there is an indication of impairment, intangible assets and property, plant and equipment are tested for impairment during the year. Goodwill and intangible assets not yet available for use are also tested annually for impairment at the end of the reporting period.

Recoverable amount is the higher of fair value less costs of disposal and value in use. Initially, the IBH Group determines recoverable amount under the value in use concept using the discounted cash flow method. If value in use does not exceed the carrying amount of the cash-generating unit, recoverable amount is then determined using fair value less costs of disposal.

An impairment loss is recognized when the carrying amount of an asset or cash-generating unit exceeds its recoverable amount. If the circumstances giving rise to previously recognized impairment losses no longer exist, impairment losses (except on goodwill) are reversed up to the carrying amount that would have been determined had no impairment loss been recognized in the past.

If the resulting impairment loss exceeds the amount of recognized goodwill, goodwill is fully impaired first. The remaining impairment loss is then allocated to the other assets in the cash-generating unit.

The discount rate reflects current market expectations and the risks specific to the asset or cash-generating unit.

At the end of each reporting period, the IBH Group assesses whether there is any indication that its equity method investments may be impaired. If such an indication exists, the IBH Group is required to test that equity method investment for impairment. An equity method investment is impaired when its carrying amount exceeds the higher of its value in use and fair value less costs of disposal.

Financial instruments

In accordance with IAS 32 a financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial instruments include (1) non-derivative financial instruments and (2) derivative financial instruments. Normal sales and purchases of financial assets are recognized using settlement date accounting. The IBH Group does not apply the fair value option. Please refer to Note 4.14 for an analysis of the IBH Group's financial instruments by class as required by IFRS 7.6.

Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other financial assets, cash and cash equivalents, loans and receivables, and trade and other financial liabilities. Non-derivative financial instruments are initially measured at fair value. Transaction costs directly attributable to the acquisition or issue of a financial instrument are only included in the carrying amount if the financial instrument is not measured at fair value through profit or loss. Subsequent measurement depends on how the financial instrument is categorized.

The IBH Group classifies its financial instruments in the following categories defined in IAS 39:

Available-for-sale financial assets: Except for investments in companies accounted for using the equity method, the IBH Group classifies its investments in equity securities as available-for-sale financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein - other than impairment losses and exchange differences on available-for-sale monetary assets - are recognized in other comprehensive income (including related deferred taxes). Fair values are derived from market prices unless no quoted prices are available or there is no active market; in these cases, fair value is determined using recognized valuation techniques such as the discounted cash flow method. Investments in equity instruments that do not have a price quoted in an active market and whose fair value cannot be measured reliably are recognized at cost.

When an available-for-sale financial asset is derecognized, the cumulative gain or loss previously recognized in accumulated other comprehensive income is reclassified to profit or loss.
Any prolonged or significant decline in the fair value below cost is considered an impairment and is recognized in profit or loss immediately.

Loans and receivables: Loans and receivables are measured at amortized cost less any impairment losses. Trade receivables and other financial assets within this category are carried at face value. Impairment losses on trade receivables and other financial assets are recognized in profit or loss unless the receivable is covered by credit insurance. Impairment allowances for uncollectible receivables as well as for general credit risks are recognized on an individual basis. Impairments are initially recognized in an allowance account unless it is clear at the time the impairment loss occurs that the receivable will be either partially or entirely uncollectible. In that case, the impairment loss is recognized against the gross amount of the receivable. Non-interest-bearing receivables with a maturity of more than one year are discounted. Loans and receivables sold to third parties are derecognized if and when substantially all rewards and risks associated with the loans and receivables sold have been transferred.

This category also includes cash and cash equivalents. Cash equivalents include cash on hand, checks, and cash at banks. The IBH Group considers all short-term, highly liquid investments with a maturity of up to three months from the date of acquisition to be cash equivalents. Since they are subject to an insignificant risk of changes in value, cash and cash equivalents are measured at cost.

Financial liabilities: With the exception of derivative financial instruments, the IBH Group measures all financial liabilities at amortized cost using the effective interest method. Amortized cost includes any transaction costs attributable to the liability. For financial liabilities designated as the hedging instrument in a hedge of a net investment in a foreign operation (i.e. to hedge the related foreign exchange risk), gains and losses are recognized in accumulated other comprehensive income to the extent that the hedge is effective. The ineffective portion is recognized in profit or loss. Obligations under finance leases are initially measured at an amount equal to the lower of the fair value of the leased asset and the present value of minimum lease payments.

Derivative financial instruments

The IBH Group holds derivative financial instruments to hedge its currency and interest rate risk exposures inherent in assets and liabilities and in future cash flows.

In accordance with IAS 39, derivatives are initially recognized as an asset or liability at fair value, which is normally the market price or the price quoted on an exchange. If these are not available, the recognized amount is determined using recognized valuation methods (e.g. option pricing models). Attributable transaction costs are expensed as incurred. Except for derivatives designated as hedging instruments in cash flow hedges, all derivatives are measured at fair value through profit or loss and classified as financial assets/liabilities held for trading (HfT). The IBH Group does not have any fair value hedges.

Non-derivative host instruments are reviewed for embedded derivatives (e.g. prepayment options). Embedded derivatives are separated from the host instrument when the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host instrument. Embedded derivatives required to be separated are measured at fair value.

Gains and losses arising on changes in the fair value of derivatives designated as hedging instruments are recognized in accumulated other comprehensive income to the extent that the hedge is effective. The ineffective portion is recognized in profit or loss.

If the hedging instrument no longer meets the criteria for hedge accounting, expires, or is sold, terminated, or exercised, hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognized in accumulated other comprehensive income remains in equity until the forecast transaction occurs or is no longer expected to occur. Otherwise, the amount is reclassified to profit or loss in the same period in which the hedged item is recognized in profit or loss.

Inventories

Inventories are measured at the lower of cost and net realizable value. Acquisition cost of raw materials, supplies and purchased merchandise is determined using the moving average cost method. Work in progress and manufactured finished goods (including goods in transit) are valued at production cost, consisting of direct material and labor costs as well as production-related overheads. Net realizable value is defined as the estimated selling price in the ordinary course of business less estimated costs of completion and estimated necessary selling costs.

Income taxes

Income tax expense for the period includes current and deferred tax expense. Income taxes are recognized in profit or loss, except for income taxes relating to items recognized directly in equity or in other comprehensive income, which are also recognized in equity or in other accumulated comprehensive income.

Current taxes are calculated based on local tax rules and regulations effective at the end of the reporting period or shortly thereafter in the countries in which the subsidiaries and associated companies operate and generate taxable income. Management regularly reviews tax returns, mainly with respect to issues subject to interpretation, and, where appropriate, recognizes provisions based on amounts expected to be payable to taxation authorities.

Under IAS 12 “Income Taxes”, deferred taxes are recognized based on temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax assets and liabilities are recognized on temporary differences that will result in taxable or deductible amounts in determining taxable profit of future periods, unless the differences are the result of the initial recognition of an asset or a liability in a transaction which is not a business combination and at the time of the transaction has affected neither pre-tax profit or loss nor taxable profit (initial differences). The same also applies to deferred tax liabilities arising from the initial recognition of goodwill. IAS 12 also requires the recognition of deferred tax assets on tax loss carryforwards and tax credits.

Deferred tax assets are recognized only to the extent that it is probable that taxable profit will be available against which deductible temporary differences and tax loss carryforwards can be utilized. Group entities are assessed individually with respect to whether it is probable that future taxable profit will be available.

Deferred tax liabilities arising on temporary differences associated with investments in subsidiaries and companies accounted for using the equity method are recognized unless the group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future as a result of this control.

Deferred taxes are measured using tax rates (and tax laws) enacted or substantively enacted at the end of the reporting period and that are expected to apply to the period when the deferred tax asset is expected to be realized or the deferred tax liability is expected to be settled. The effects of changes in tax rates or tax laws on deferred tax assets and liabilities are recognized in profit or loss unless the deferred tax assets and liabilities were originally recognized outside profit or loss.

Deferred tax assets and liabilities are offset if a legally enforceable right of offset exists and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or on different taxable entities which intend to settle net.

Provisions for pensions and similar obligations

The IBH Group provides post-employment benefits to its employees in the form of defined benefit plans and defined contribution plans.

The IBH Group’s obligations under defined benefit plans are calculated annually using the projected unit credit method separately for each plan based on an estimate of the amount of future benefits that employees have earned in return for their service in current and prior periods. Estimating the obligations and costs related to pensions and accrued vested rights involves the use of assumptions based on market expectations, including those related to anticipated future compensation increases. The present value of the defined benefit obligation is determined by discounting estimated future cash outflows using interest rates of high-quality corporate bonds. The provision for pensions and similar obligations recognized in the statement of financial position is the present value of the defined benefit obligation at the end of the reporting period less, for funded defined benefit obligations, the fair value of plan assets. If plan assets exceed the related pension obligation, the net pension asset is presented under other assets to the extent the IBH Group is entitled to a refund or reduction of future contributions to the fund.

The IBH Group recognizes all actuarial gains and losses arising from defined benefit plans directly in accumulated other comprehensive income. Interest expense on provisions for pensions and similar obligations and the return on plan assets are considered separately for each plan and included in financial income or financial expense on a net basis.

For defined contribution plans, the IBH Group pays fixed contributions to a third party without any legal or constructive obligation to make additional contributions. The contributions are recognized as personnel expense within the appropriate functional expenses.

Provisions

A provision is recognized if, as a result of a past event, the IBH Group has a present legal or constructive obligation that can be reliably estimated, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the recognition criteria for provisions are not met, a contingent liability is disclosed in the notes to the financial statements provided certain criteria are met.

Provisions are measured at the best estimate of the amount required to settle the obligation. This estimate is subject to uncertainty.

Non-current provisions are recognized at present value by discounting expected future cash flows using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Interest expense arising from unwinding the discount on the provision and the impact of any changes in discount rates are presented within financial result.

1.5 New accounting pronouncements

In 2013, the following Standards and amendments to Standards adopted by the European Union (EU) as European law were required to be applied for the first time:

Standard/ Interpretation		Effective date	Subject of Standard/Interpretation or amendment
IAS 1	Presentation of Financial Statements	07/01/2012	Presentation of other comprehensive income
IAS 12	Income Taxes	01/01/2013	Deferred taxes on investment property measured at fair value through profit or loss
IAS 19	Employee Benefits	01/01/2013	Changes resulting from IAS 19 rev. 2011
Annual Improvements 2009-2011		01/01/2013	Various improvements to IFRS 1, IAS 1, IAS 16, IAS 32 and IAS 34
IFRS 7	Financial Instruments: Disclosures	01/01/2013	Disclosures on financial assets and financial liabilities that are offset
IFRS 13	Fair Value Measurement	01/01/2013	Fair value measurement

The amendment to IAS 1 “Presentation of Financial Statements” changes the presentation in the statement of comprehensive income such that items that will be recycled to the consolidated income statement in subsequent periods are presented separately from those which will remain in other comprehensive income. The IBH Group has applied the amendments to IAS 1 “Presentation of Financial Statements” to all reporting periods presented.

The amendments to IFRS 7 “Financial Instruments: Disclosures” result in additional disclosures about netting of financial assets and liabilities.

The accounting treatment required by IAS 19 (rev. 2011) is effective starting in 2013. The new requirements of IAS 19 (rev. 2011) include replacing expected returns on plan assets and interest expense on the pension obligation by the newly introduced net interest approach. Under this approach, net interest expense or benefit to be recognized in income for the period is arrived at by multiplying the net pension obligation by the discount rate used to measure the gross pension obligation. The IBH Group has applied the accounting treatment required by IAS 19 (rev. 2011) to all reporting periods presented.

IFRS 13 mainly expands the note disclosures related to fair value measurements and does not have any further effect on the IBH Group's earnings or its financial position or net assets.

The amendments to IAS 12 "Income Taxes" and the Annual Improvements 2011 do not significantly affect the IBH Group's financial reporting.

The IBH Group is not yet required to apply the following Standards and amendments to Standards issued by the International Accounting Standards Board (IASB) in its financial statements for 2013.

Standard/ Interpretation		Effective date	Subject of Standard/Interpretation or amendment	Expected impact on the IBH Group
IAS 36	Recoverable Amount Disclosures for Non-Financial Assets	01/01/2014	Amendments to disclosure of information about the recoverable amount of impaired assets that is based on fair value less costs of disposal	none
IAS 36	Recoverable Amount Disclosures for Non-Financial Assets	01/01/2014	Amendments to disclosure of information about the recoverable amount of impaired assets that is based on fair value less costs of disposal	none
IAS 39	Novation of Derivatives and Continuation of Hedge Accounting	01/01/2014	Continuation of hedge accounting under certain circumstances	none
IFRS 10	Consolidated Financial Statements	01/01/2014	Replaces the corresponding requirements of IAS 27	none
IFRS 11	Joint Arrangements	01/01/2014	Replaces IAS 31	none
IFRS 12	Disclosure of Interests in Other Entities	01/01/2014	Disclosure of interests in other entities	Expanded disclosures regarding all investments and unconsolidated structured entities
Transition Guidance (Amendments to IFRS 10, 11 and 12)		01/01/2014	Amendments to transition guidance	none
Investment Entities (Amendments to IFRS 10, 12 and IAS 27)		01/01/2014	Definition of and requirements for investment entities	none
IAS 27	Separate Financial Statements	01/01/2014	Guidance on separate financial statements; elimination of guidance on consolidation (IFRS 10)	none
IAS 28	Investments in Associates and Joint Ventures	01/01/2014	Integration of accounting for joint ventures and relocation of disclosure requirements to IFRS 12	none

The IBH Group has adopted the amendments to IAS 36 "Recoverable Amount Disclosures for Non-Financial Assets" early. As a result of the adoption of this amendment, the IBH Group has amended its recoverable amount disclosures for non-financial assets. No other Standards or amendments to Standards were applied early.

In addition, the IASB and the IFRS Interpretations Committee have issued new Standards, Interpretations, and amendments to existing Standards which have not yet been adopted by the EU as at the date these consolidated financial statements were authorized for issue by IBH Group management. None of these were adopted early.

Standard/ Interpretation		Effective date	Subject of Standard/Interpretation or amendment	Expected impact on the IBH Group
IFRIC 21	Levies	01/01/2014	Accounting for levies imposed by governments	none
IAS 19	Defined Benefit Plans: Employee Contributions	07/01/2014	Amendments to accounting of contributions from employees or third parties	none
Annual Improvements to IFRS 2010-2012		07/01/2014	Various improvements to IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24, and IAS 38	none to minor
Annual Improvements to IFRS 2011-2013		07/01/2014	Various improvements to IFRS 1, IFRS 3, IFRS 13, and IAS 40	none to minor
IFRS 9	Financial Instruments	-	Accounting for financial instruments: Classification, measurement, impairment, hedge accounting	Accounting for financial instruments and changes to related disclosures [1)]
IFRS 9	Hedge Accounting and amendments to IFRS 9, IFRS 7 and IAS 39	-	Amendments to hedge accounting and accounting for financial instruments	Hedge accounting [1)]
IFRS 14	Regulatory deferral accounts	01/01/2016	Requirements on accounting for rate-regulated activities	none
Mandatory Effective Date and Transition Disclosures (Amendments to IFRS 9 and IFRS 7)		-	Changes to mandatory effective date and transition guidance	Date of initial application and disclosures

1) Detailed statements regarding the extent of the impact are not yet possible.

2. PRINCIPLES OF CONSOLIDATION

Scope of consolidation

In 2013, the IBH Group includes, in addition to INA Beteiligungsgesellschaft mit beschränkter Haftung, 157 (2012: 158; 2011: 153) subsidiaries; 54 (2012: 53; 2011: 49) companies are domiciled in Germany and 103 (2012: 105; 2011: 104) in other countries.

No significant changes have occurred in 2013. Changes in the scope of consolidation in 2012 related primarily to:

Newly founded Schaeffler Israel Ltd., Yokneam Illit (Israel), Schaeffler Manufacturing Rus GmbH, Ulyanovsk (Russia) and four additional administrative holding companies with their registered office located in Herzogenaurach (Germany) were added to the consolidation. FAG Servicos Industriais Ltda., São Paulo (Brazil), which no longer has any operations, was dissolved and removed from consolidation. The number of consolidated companies increased by a total of five consolidated entities in 2012.

Two foreign subsidiaries (2012: two; 2011: two) are consolidated because INA Beteiligungsgesellschaft mit beschränkter Haftung has the ability to control these companies, although it does not hold the majority of the voting rights.

In the consolidated financial statements as at December 31, 2013, six (2012: eight; 2011: eight) investments (including two joint ventures; 2012: two; 2011: two) are accounted for at equity.

3. NOTES TO THE CONSOLIDATED INCOME STATEMENT

3.1 Revenue

in € millions	2013	2012	2011
Revenue from the sale of goods	10,996	10,957	10,499
Other revenue	209	168	195
Total	**11,205**	**11,125**	**10,694**

Revenue from the sale of goods consists of sales of goods to customers net of early payment discounts. Other revenue primarily includes EUR 113 m (2012: EUR 88 m; 2011: EUR 103 m) in revenue from services (e.g. for research and development), as well as EUR 92 m (2012: EUR 71 m; 2011: EUR 76 m) from the sale of tools and special machines.

3.2 Other income

in € millions	2013	2012	2011
Exchange gains	35	0	74
Reversal of provisions	1	1	6
Reduction of allowances	3	4	3
Gains on disposal of assets	3	5	3
Miscellaneous income	30	25	24
Total	**72**	**35**	**110**

Exchange gains consist primarily of gains arising from changes in exchange rates between initial recognition and settlement as well as exchange gains resulting from remeasuring monetary items in the statement of financial position at the closing rate. The netting of exchange gains and losses has resulted in a net exchange gain in 2013 and in 2011. In 2012, the netting process resulted in a loss which is reported in other expenses.

3.3 Other expenses

in € millions	2013	2012	2011
Exchange losses	0	44	0
Increase in allowances	6	9	3
Losses on disposal of assets	4	4	3
Miscellaneous expenses	425	37	19
Total	**435**	**94**	**25**

The increase in miscellaneous expenses in 2013 is primarily due to EUR 380 m in special items related to the ongoing EU antitrust proceedings. The proceedings relate to the investigations of violations of antitrust law in connection with the sale of rolling bearings for automotive applications in Europe.

In 2012, other expenses increased primarily as a result of the movements in the US-Dollar exchange rate. Real estate transfer tax related to intragroup transfers and recognized in miscellaneous expenses also contributed to the increase.

3.4 Personnel expense and headcount

The number of employees at December 31, 2013 was 78,258, 3.2 % higher than the December 31, 2012 headcount of 75,810 and 2.7 % higher than the workforce of 73,786 at December 31, 2011. In 2013, the IBH Group had an average of 77,060 employees (2012: 75,618; 2011: 71,718) and 528 temporary staff (2012: 627; 2011: 747).

Average number of employees by region [1]	2013	2012	2011
Europe	51,929	51,764	50,248
North America	7,656	7,087	6,474
South America	4,313	4,528	4,636
Asia/Pacific	13,162	12,239	10,360
Total	**77,060**	**75,618**	**71,718**

[1] Presentation based on the regional structure in effect until December 31, 2013.

Average number of employees by functional area	2013	2012	2011
Production	60,647	59,172	56,457
Research and development	6,039	6,098	5,465
Selling	6,023	6,047	5,793
General administration	4,351	4,301	4,003
Total	**77,060**	**75,618**	**71,718**

The IBH Group’s personnel expense can be analyzed as follows:

in € millions	2013	2012	2011
Wages and salaries	2,793	2,628	2,452
Social security contributions	530	518	493
Pensions and similar benefit expenses	73	65	47
Total	**3,396**	**3,211**	**2,992**

The increase in personnel expense in 2013 and 2012 is mainly attributable to pay increases arising from local collective agreements and the targeted expansion of capacity, primarily in production. Expansion of capacity in general administration and expenses related to personnel-related structural measures also contributed to the increase in personnel expense in 2013. In 2012, the IBH Group also added capacity in research and development.

Pensions and similar benefit expenses consist of expenses related to defined benefit pension plans, contributions to defined contribution pension plans, expenses in connection with the “Pensions-sicherungsverein” (German pension assurance association), and other employee benefits.

3.5 Financial result

The IBH Group’s financial result improved from EUR -726 m (2011) to EUR -663 m (2012) and EUR -424 m in 2013. Financial result comprises financial income of EUR 217 m (2012: EUR 24 m; 2011: EUR 14 m) and financial expenses of EUR 641 m (2012: EUR 687 m; 2011: EUR 740 m).

in € millions	Financial expenses	Financial income	Financial result
			2013
Interest expense on financial debt [1]	-448	0	-448
Fair value changes and compensation payments on derivatives	-99	114	15
Foreign exchange gains and losses	0	88	88
Amortization of cash flow hedge accounting reserve [2]	2	0	2
Interest income and expense on pensions and partial retirement obligations	-50	0	-50
Other	-46	15	-31
Total	**-641**	**217**	**-424**

in € millions	Financial expenses	Financial income	Financial result
			2012
Interest expense on financial debt [1]	-504	0	-504
Fair value changes and compensation payments on derivatives	-6	8	2
Foreign exchange gains and losses	-10	3	-7
Amortization of cash flow hedge accounting reserve [2]	-72	0	-72
Interest income and expense on pensions and partial retirement obligations	-58	0	-58
Other	-37	13	-24
Total	**-687**	**24**	**-663**

in € millions	Financial expenses	Financial income	Financial result
			2011
Interest expense on financial debt [1]	-484	0	-484
Fair value changes and compensation payments on derivatives	-101	0	-101
Foreign exchange gains and losses	0	0	0
Amortization of cash flow hedge accounting reserve [2]	-75	0	-75
Interest income and expense on pensions and partial retirement obligations	-59	0	-59
Other	-21	14	-7
Total	**-740**	**14**	**-726**

1) Incl. transaction costs.

2) Hedge accounting terminated in connection with the refinancing arrangement in 2009.

Interest expense on financial debt of EUR 448 m for 2013 (2012: EUR 504 m; 2011: EUR 484 m) includes interest paid and accrued on the Group's external financing arrangements of EUR 388 m (2012: EUR 453 m; 2011: EUR 402 m) and expenses of EUR 52 m (2012: EUR 47 m; 2011:

EUR 78 m) relating to transaction costs. The decrease in interest expense in 2013 and 2012 is primarily attributable to principal repayments and improvements in debt terms in connection with the refinancing transactions completed during these years.

Changes in the fair value of and compensation payments on derivatives resulted in net gains of EUR 15 m (2012: EUR 2 m; 2011: losses of EUR 101 m). The amount consists largely of favorable changes in the value of embedded derivatives and unfavorable changes in the value of cross-currency derivatives.

Net foreign exchange gains on financial assets and liabilities amounted to EUR 88 m (2012: losses of EUR 7 m; 2011: EUR 0 m) and resulted primarily from translating financial debt denominated in U.S. Dollar into the Group's reporting currency Euro (see Note 1.4). This financial debt is hedged using cross-currency derivatives, and the resulting offsetting impact is included in "Fair value changes and compensation payments on derivatives".

Additional income of EUR 2 m (2012: expenses of EUR 72 m; 2011: expenses of EUR 75 m) arose from amortizing the cash flow hedge accounting reserve related to interest rate hedging instruments. As this income and these expenses are economically related to the interest expense on the group's financial debt, they are also presented within interest expense.

Pensions and partial retirement obligations gave rise to net interest expense of EUR 50 m (2012: EUR 58 m, 2011: EUR 59 m). See Note 4.10 for further detail on pensions.

Other items generated net expenses of EUR 31 m (2012: EUR 24 m, 2011: EUR 7 m).

3.6 Income taxes

Income taxes consist of the following:

in € millions	2013	2012	2011
Current income taxes	310	390	394
Deferred income taxes	142	25	-7
Income taxes	**452**	**415**	**387**

Income taxes for INA Beteiligungsgesellschaft mit beschränkter Haftung and its subsidiaries are determined based on the separate return approach (see Note 1.3).

As a corporation, INA Beteiligungsgesellschaft mit beschränkter Haftung was subject to German corporation tax and trade tax during the reporting period. Trade tax is levied by municipalities.

The average domestic tax rate for corporations was 28.1 % in 2013 (2012: 27.9 %, 2011: 27.9 %). This tax rate consists of corporation tax, including the solidarity surcharge, of 15.9 % (2012: 15.9 %; 2011: 15.9 %) as well as the average trade tax rate of 12.2 % (2012: 12.0 %; 2011: 12.0 %). Partnerships located in Germany are only subject to trade tax.

Current income tax benefit related to prior years amounts to EUR 23 m in 2013 (2012: expense of EUR 12 m; 2011: expense of EUR 16 m). In 2013, the IBH Group incurred EUR 49 m in deferred tax expense related to prior years (2012: EUR 0 m; 2011: deferred tax benefit related to prior years of EUR 14 m).

Deviations from the expected tax rate result from differing country-specific tax rates applicable to German and foreign entities.

The following tax rate reconciliation shows the tax effects required to reconcile expected income tax expense to income tax expense as reported in the consolidated income statement. The calculation for 2013 is based on the IBH Group's 28.0 % (2012: 28.0 %; 2011: 28.0 %) effective combined trade and corporation tax rate including solidarity surcharge.

in € millions	2013	2012	2011
Net income before tax	586	807	1.010
Expected tax expense	164	226	283
Addition/reduction due to deviating local tax bases	7	10	-1
Foreign/domestic tax rate differences	-6	-5	-4
Change in tax rate and law	-1	0	0
Non-recognition of deferred tax assets	38	-1	4
Non-deductible expenses	217	186	117
Taxes for previous years	26	12	2
Other	7	-13	-14
Reported tax expense	**452**	**415**	**387**

In all three reporting periods, non-deductible expenses consist mainly of interest expense that is not tax deductible because of the interest deduction cap rules in Germany. As it is not probable that the interest carryforwards will be utilized in the foreseeable future, no deferred tax assets were recognized on these carryforwards. In 2013, non-deductible expenses also include special items related to the investigations completed by the EU antitrust authorities (see Notes 3.3 and 4.11) that are not tax deductible, and in 2012, non-deductible expenses include non-deductible special items related to the tax effect of the internal change in the corporate structure of the group.

4. NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

4.1 Intangible assets

in € millions	Goodwill	Purchased intangible assets	Internally generated intangible assets	Advance payments	Total
Historical cost					
Balance as at January 01, 2011	**483**	**997**	**211**	**0**	**1,691**
Additions	0	5	10	0	15
Disposals	0	-1	0	0	-1
Transfers	0	0	0	0	0
Foreign currency translation	0	1	0	0	1
Balance as at December 31, 2011	**483**	**1,002**	**221**	**0**	**1,706**
Balance as at January 01, 2012	**483**	**1,002**	**221**	**0**	**1,706**
Additions	0	22	13	0	35
Disposals	0	-7	0	0	-7
Transfers	0	0	2	0	2
Foreign currency translation	0	0	0	0	0
Balance as at December 31, 2012	**483**	**1,017**	**236**	**0**	**1,736**
Balance as at January 01, 2013	**483**	**1,017**	**236**	**0**	**1,736**
Additions	0	10	8	0	18
Disposals	0	-17	0	0	-17
Transfers	0	0	0	0	0
Foreign currency translation	0	-2	0	0	-2
Balance as at December 31, 2013	**483**	**1,008**	**244**	**0**	**1,735**
Accumulated amortization and impairment losses					
Balance as at January 01, 2011	**0**	**976**	**140**	**0**	**1,116**
Additions	0	10	27	0	37
Disposals	0	-1	0	0	-1
Transfers	0	0	0	0	0
Foreign currency translation	0	1	0	0	1
Balance as at December 31, 2011	**0**	**986**	**167**	**0**	**1,153**
Balance as at January 01, 2012	**0**	**986**	**167**	**0**	**1,153**
Additions	0	14	22	0	36
Disposals	0	-7	0	0	-7
Transfers	0	0	0	0	0
Foreign currency translation	0	0	0	0	0
Balance as at December 31, 2012	**0**	**993**	**189**	**0**	**1,182**
Balance as at January 01, 2013	**0**	**993**	**189**	**0**	**1,182**
Additions	0	11	23	0	34
Disposals	0	-17	0	0	-17
Transfers	0	0	0	0	0
Foreign currency translation	0	-2	0	0	-2
Balance as at December 31, 2013	**0**	**985**	**212**	**0**	**1,197**
Net carrying amounts					
As at January 01, 2011	**483**	**21**	**71**	**0**	**575**
As at December 31, 2011	**483**	**16**	**54**	**0**	**553**
As at January 01, 2012	**483**	**16**	**54**	**0**	**553**
As at December 31, 2012	**483**	**24**	**47**	**0**	**554**
As at January 01, 2013	**483**	**24**	**47**	**0**	**554**
As at December 31, 2013	**483**	**23**	**32**	**0**	**538**

At the end of 2013, intangible assets purchased from third parties have a net carrying amount of EUR 23 m (12/31/2012: EUR 24 m; 12/31/2011: EUR 16 m). Additions totaled EUR 10 m in 2013 (2012: EUR 22 m; 2011: EUR 5 m).

Capitalized development costs included in internally generated intangible assets decreased to EUR 11 m in 2013 (12/31/2012: EUR 21 m; 12/31/2011: EUR 32 m) as a result of amortization of EUR 10 m (2012: EUR 11 m; 2011: EUR 13 m).

Internally generated intangible assets include EUR 21 m (12/31/2012: EUR 26 m; 12/31/2011: EUR 22 m) in internally generated software, mainly relating to the implementation of ERP systems. In 2013, additions and transfers of EUR 8 m (2012: EUR 15 m; 2011: EUR 10 m) contrast with amortization of EUR 13 m (2012: EUR 11 m; 2011: EUR 14 m).

Amortization of internally generated intangible assets totaling EUR 34 m (2012: EUR 36 m; 2011: EUR 37 m) was recognized in the following line items in the consolidated income statement: cost of sales EUR 10 m (2012: EUR 12 m; 2011: EUR 14 m), research and development expenses EUR 5 m (2012: EUR 5 m; 2011: EUR 3 m), selling expenses EUR 3 m (2012: EUR 5 m; 2011: EUR 5 m), and administrative expenses EUR 16 m (2012: EUR 14 m; 2011: EUR 15 m).

Internally generated intangible assets with a carrying amount of EUR 5 m (12/31/2012: EUR 7 m; 12/31/2011: EUR 10 m) are not yet subject to amortization. They relate to ongoing projects for internally generated software.

Research and development expenses of EUR 611 m were recognized in profit or loss in 2013 (2012: EUR 593 m; 2011: EUR 495 m).

At December 31, 2013 and at December 31, 2012, property, plant and equipment was not pledged as collateral for bank loans (12/31/2011: carrying amounts of EUR 5 m).

Goodwill

The carrying amounts of goodwill allocated to cash-generating units are unchanged from the prior years, amounting to EUR 275 m (12/31/2012: EUR 275 m; 12/31/2011: EUR 275 m) for the Automotive segment and EUR 208 m (12/31/2012: EUR 208 m; 12/31/2011: EUR 208 m) for the Industrial segment.

The IBH Group tests its goodwill for impairment at least annually using the approach described in Note 1.4. The key assumptions underlying the forecast are sustainable growth rates for the Automotive segment which are higher than the assumed performance of the market as a whole. Similarly, the IBH Group is expecting stable growth rates for the Industrial segment. The forecast takes into account programs aimed at sustainably increasing efficiency across all costs, enabling the IBH Group to maintain its EBITDA margin (ratio of earnings before financial result, income from equity-accounted investees, income taxes, depreciation, amortization, and impairment losses to revenue) at its current level in the coming years.

For purposes of determining the recoverable amount, cash flows beyond the detailed forecasting horizon of 2016 are based on an annual growth rate of 1.0 % (2012: 0.5 %; 2011: 0.5 %) for each segment. Depending on the underlying business and its country of operation, the IBH Group uses an assumed pre-tax interest rate of 14.64 % (2012: 15.03 %; 2011: 13.87 %) as the weighted average cost of capital for the Automotive segment and 14.68 % (2012: 15.25 %; 2011: 13.89 %) for the Industrial segment. This corresponds to a post-tax interest rate of 10.15 % for the Automotive segment (2012: 10.29 %; 2011: 9.64 %) and 10.11 % for the Industrial segment (2012: 10.43 %; 2011: 9.75 %).

Other valuation assumptions are normally identical across cash-generating units.

As the value in use of the cash-generating units exceeds their carrying amount in 2013, 2012 and 2011, they are not impaired. Even adjusting an assumption underlying the forecasted cash flows, e.g. by reducing forecasted EBIT by 15 % or increasing the cost of capital by 5 % does not result in an impairment loss.

4.2 *Property, plant and equipment*

in € millions	Land, land rights and buildings	Technical equipment and machinery	Other equipment	Assets under construction	Total
Historical cost					
Balance as at January 01, 2011	**2,053**	**5,697**	**810**	**215**	**8,775**
Additions	32	313	73	413	831
Additions from initial consolidation of subsidiaries	0	0	0	0	0
Disposals	-6	-119	-42	-2	-169
Transfers	9	100	8	-117	0
Foreign currency translation	0	-20	-3	0	-23
Balance as at December 31, 2011	**2,088**	**5,971**	**846**	**509**	**9,414**
Balance as at January 01, 2012	**2,088**	**5,971**	**846**	**509**	**9,414**
Additions	71	428	73	220	792
Additions from initial consolidation of subsidiaries	0	0	0	0	0
Disposals	-8	-133	-40	-6	-187
Transfers	54	283	6	-345	-2
Foreign currency translation	-3	-39	-1	-2	-45
Balance as at December 31, 2012	**2,202**	**6,510**	**884**	**376**	**9,972**
Balance as at January 01, 2013	**2,202**	**6,510**	**884**	**376**	**9,972**
Additions	31	202	62	260	555
Additions from initial consolidation of subsidiaries	3	4	5	1	13
Disposals	-10	-125	-54	-4	-193
Transfers	20	205	9	-234	0
Foreign currency translation	-37	-146	-15	-10	-208
Balance as at December 31, 2013	**2,209**	**6,650**	**891**	**389**	**10,139**
Accumulated depreciation and impairment losses					
Balance as at January 01, 2011	**929**	**4,133**	**659**	**13**	**5,734**
Depreciation	66	389	62	0	517
Additions from initial consolidation of	0	0	0	0	0
Impairments	0	0	0	0	0
Impairment reversals	0	0	0	0	0
Disposals	-1	-115	-41	0	-157
Transfers	0	-4	4	0	0
Foreign currency translation	2	-9	-2	1	-8
Balance as at December 31, 2011	**996**	**4,394**	**682**	**14**	**6,086**
Balance as at January 01, 2012	**996**	**4,394**	**682**	**14**	**6,086**
Depreciation	72	442	68	0	582
Additions from initial consolidation of subsidiaries	0	0	0	0	0
Impairments	0	0	0	0	0
Impairment reversals	-2	0	0	-14	-16
Disposals	-3	-120	-38	0	-161
Transfers	0	5	-5	0	0
Foreign currency translation	-2	-32	0	0	-34
Balance as at December 31, 2012	**1,061**	**4,689**	**707**	**0**	**6,457**
Balance as at January 01, 2013	**1,061**	**4,689**	**707**	**0**	**6,457**
Depreciation	74	466	73	0	613
Additions from initial consolidation of subsidiaries	1	2	3	0	6
Impairments	0	0	0	5	5
Impairment reversals	0	0	0	0	0
Disposals	-6	-120	-51	0	-177
Transfers	0	2	-2	0	0
Foreign currency translation	-15	-107	-12	0	-134
Balance as at December 31, 2013	**1,115**	**4,932**	**718**	**5**	**6,770**
Net carrying amounts					
As at January 01, 2011	**1,124**	**1,564**	**151**	**202**	**3,041**
As at December 31, 2011	**1,092**	**1,577**	**164**	**495**	**3,328**
As at January 01, 2012	**1,092**	**1,577**	**164**	**495**	**3,328**
As at December 31, 2012	**1,141**	**1,821**	**177**	**376**	**3,515**
As at January 01, 2013	**1,141**	**1,821**	**177**	**376**	**3,515**
As at December 31, 2013	**1,094**	**1,718**	**173**	**384**	**3,369**

In 2013, additions to property, plant and equipment totaled EUR 555 m (2012: EUR 792 m; 2011: EUR 831 m).

Investment in property, plant and equipment focused on Germany, China, Korea and India, Slovakia, Hungary, and the U.S.

Impairment losses of EUR 16 m recognized in 2008 and 2009 on a then incomplete building at the plant in Yinchuan, China, were reversed in 2012 as the production building has since been put into operation. In the consolidated income statement, the reversal is included in cost of sales. In 2013, cost of sales includes an impairment loss of EUR 5 m related to a currently unused production building in Brazil.

At December 31, 2013, no property, plant and equipment was pledged as collateral for bank loans (12/31/2012: EUR 9 m; 12/31/2011: EUR 1,703 m). The significant decrease of EUR 1,694 m in 2012 results from the change in the structure of collateral during the first quarter of 2012.

4.3 Deferred tax assets and liabilities

Total deferred tax assets and liabilities result from the following items:

	12/31/2013		12/31/2012		12/31/2011	
in € millions	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Intangible assets	1	-12	2	-16	2	-18
Property, plant and equipment	78	-129	70	-139	66	-139
Financial assets	4	-22	1	-21	1	-26
Inventories	76	-5	75	-5	70	-5
Trade receivables and other assets	37	-122	29	-69	55	-78
Provisions for pensions and similar obligations	252	-63	233	-23	151	-31
Other provisions and other liabilities	170	-197	172	-96	191	-51
Loss carryforwards	14	0	24	0	25	0
Other provisions and other liabilities	0	-6	4	-5	16	-6
Deferred taxes (gross)	**632**	**-556**	**610**	**-374**	**577**	**-354**
Netting	-414	414	-252	252	-229	229
Deferred taxes, net	**218**	**-142**	**358**	**-122**	**348**	**-125**

In accordance with IAS 12, deferred taxes are calculated using tax rates effective or substantively enacted at the end of the reporting period and expected to apply when the deferred taxes are realized. In 2013, the IBH Group used an average trade tax rate of 12.2 % (2012: 12.0 %; 2011: 12.0 %) and a combined tax rate of 28.1 % (2012: 27.9 %; 2011: 27.9 %) including corporation tax, solidarity surcharge, and trade tax, and the applicable local tax rates were used for foreign entities.

In 2013, certain subsidiaries and tax groups that have suffered losses have recognized net deferred tax assets of EUR 18 m (2012: EUR 12 m; 2011: EUR 8 m). Recovery of deferred tax assets is considered probable since sufficient taxable profits are expected in the future.

At December 31, 2013, the IBH Group had gross loss carryforwards of EUR 158 m (12/31/2012: EUR 152 m; 12/31/2011: EUR 140 m) for corporation tax and EUR 13 m (12/31/2012: EUR 28 m; 12/31/2011: EUR 48 m) for trade tax, including EUR 107 m (12/31/2012: EUR 89 m; 12/31/2011:

EUR 73 m) in corporation tax losses and EUR 8 m (12/31/2012: EUR 5 m; 12/31/2011: EUR 4 m) in trade tax losses for which no deferred taxes have been recognized.

In addition, the group had gross carryforwards under the interest deduction cap, net of prior year adjustments, of EUR 558 m (12/31/2012: EUR 490 m; 12/31/2011: EUR 406 m) at the end of the reporting period. These carryforwards are not recoverable since it is not probable that these carryforwards will be utilized in the foreseeable future. As a result, a potential loss of the interest carryforwards as a result of a change in the internal structure of the group in 2012 would not have a material impact. Based on the separate return approach, interest expense of EUR 112 m was not tax deductible in 2013 (2012: EUR 173 m; 2011: EUR 160 m) because of the interest deduction cap. The majority of the unrecognized loss carryforwards and the remaining interest carryforwards can be utilized indefinitely.

No deferred taxes have been recognized on EUR 1,895 m (12/31/2012: EUR 3,320 m; 12/31/2011: EUR 1,734 m) in undistributed profits of certain subsidiaries as distribution of these profits is not intended. Instead, these profits are continually reinvested.

At December 31, 2013, the cumulative amount of deferred taxes recognized in accumulated other comprehensive income is EUR 100 m (12/31/2012: EUR 108 m; 12/31/2011: EUR 70 m) and mainly relates to derivatives and pensions and similar obligations.

4.4 Inventories

in € millions	12/31/2013	12/31/2012	12/31/2011
Raw materials and supplies	294	304	311
Work in progress	399	386	401
Finished goods and merchandise	840	801	845
Advance payments	3	4	5
Total	**1,536**	**1,495**	**1,562**

In 2013, inventories of EUR 7,877 m (2012: EUR 7,698 m; 2011: EUR 7,367 m) were recognized in cost of sales in the consolidated income statement.

In 2013, the IBH Group recognized a valuation allowance of EUR 217 m (2012: EUR 209 m; 2011: EUR 192 m) on inventories. All identifiable risks were taken into account in determining the valuation allowance to write down inventories to net realizable value.

At December 31, 2013 and at December 31, 2012, no inventory was pledged as collateral for bank loans (12/31/2011: EUR 1,078 m).

4.5 Trade receivables

in € millions	12/31/2013	12/31/2012	12/31/2011
Trade receivables	1,676	1,626	1,608

Trade receivables are classified as current.

Movements in impairment allowances on trade receivables can be reconciled as follows:

in € millions	2013	2012	2011
Impairment allowances as at January 01	**23**	**18**	**22**
Additions	6	9	3
Allowances used to cover write-offs	-3	-1	-4
Reversals	-3	-3	-3
Impairment allowances as at December 31	**23**	**23**	**18**

Trade receivables past due are summarized as follows:

in € millions		12/31/2013	12/31/2012	12/31/2011
Carrying amount		1,676	1,626	1,608
Not past due		1,572	1,513	1,493
Past due	up to 60 days	91	101	109
	61 - 120 days	8	6	3
	121 - 180 days	3	2	1
	181 - 360 days	1	2	1
	> 360 days	1	2	1

Trade receivables past due, both gross and net of impairment allowances of EUR 23 m (12/31/2012: EUR 23 m; 12/31/2011: EUR 18 m), changed as follows during the year:

	Past due				
in € millions	up to 60 days	61–120 days	121–180 days	181–360 days	> 360 days
December 31, 2013					
Gross	92	11	5	4	14
Impairment allowance	1	3	2	3	13
Net	**91**	**8**	**3**	**1**	**1**
December 31, 2012					
Gross	102	9	5	6	13
Impairment allowance	1	3	3	4	11
Net	**101**	**6**	**2**	**2**	**2**
December 31, 2011					
Gross	110	6	2	3	10
Impairment allowance	1	3	1	2	9
Net	**109**	**3**	**1**	**1**	**1**

Impairment allowances of EUR 1 m (12/31/2012: EUR 1 m; 12/31/2011: EUR 2 m) were recognized on trade receivables not yet past due.

At December 31, 2013, trade receivables of EUR 862 m (12/31/2012: EUR 788 m; 12/31/2011: EUR 884 m) were pledged as collateral for bank loans.

Please refer to Note 5.5 for related party receivables.

4.6 Other financial assets, other assets, and income tax receivables

in € millions	12/31/2013	12/31/2012	12/31/2011
Other financial assets	434	184	87
Other assets	195	183	199
Income tax receivables	104	98	93

At December 31, 2013, income tax receivables amount to EUR 104 m (12/31/2012: EUR 98 m; 12/31/2011: EUR 93 m), including non-current balances of EUR 12 m (12/31/2012: EUR 17 m; 12/31/2011: EUR 22 m).

The following summary shows the current and non-current portions of other financial and other assets:

	12/31/2013			12/31/2012			12/31/2011		
in € millions	Non-current	Current	Total	Non-current	Current	Total	Non-current	Current	Total
Other financial assets									
Loans receivable and financial receivables	2	114	**116**	4	0	**4**	16	0	**16**
Marketable securities	9	0	**9**	6	0	**6**	4	0	**4**
Derivative financial assets	189	60	**249**	67	47	**114**	2	11	**13**
Miscellaneous financial assets	2	58	**60**	1	59	**60**	7	47	**54**
Total	**202**	**232**	**434**	**78**	**106**	**184**	**29**	**58**	**87**
Other assets									
Pension asset	38	0	**38**	46	0	**46**	36	0	**36**
Tax receivables	1	116	**117**	2	87	**89**	1	110	**111**
Miscellaneous assets	15	25	**40**	9	39	**48**	20	32	**52**
Total	**54**	**141**	**195**	**57**	**126**	**183**	**57**	**142**	**199**

The IBH Group's loans receivable and financial receivables largely consist of EUR 114 m (12/31/2012: EUR 0 m; 12/31/2011: EUR 0 m) due to INA Beteiligungsverwaltungs GmbH from Schaeffler AG.

Non-current derivative financial assets consist of derivatives embedded in the SFA (Syndicated Senior Term Loan and Revolving Credit Facilities Agreement). The current portion of derivative financial assets represents fair values of derivatives the IBH Group uses to economically hedge currency risk.

Current miscellaneous financial assets consist largely of amounts due from employees, claims for damages, and deposits paid.

Current and non-current miscellaneous assets mainly include downpayments made.

Default risk primarily affects other financial assets and is reflected in appropriate impairment allowances amounting to EUR 1 m at December 31, 2013 (12/31/2012: EUR 1 m; 12/31/2011: EUR 0 m).

At December 31, 2013, other financial assets, other assets, and income tax receivables totaling EUR 89 m (12/31/2012: EUR 82 m; 12/31/2011: EUR 45 m) were pledged as collateral for bank loans.

4.7 Cash and cash equivalents

At December 31, 2013, cash and cash equivalents amount to EUR 300 m (12/31/2012: EUR 433 m; 12/31/2011: EUR 397 m) and consist primarily of bank balances.

At December 31, 2013, cash and cash equivalents of EUR 36 m (12/31/2012: EUR 147 m; 12/31/2011: EUR 259 m) were pledged as collateral for bank loans.

4.8 Shareholders' equity

The IBH Group's shareholders' equity consists of the following:

in € millions	12/31/2013	12/31/2012	12/31/2011
Share capital	500	500	0
Reserves	-2,031	-2,796	-2,676
Accumulated other comprehensive income (loss)	-492	-362	-239
Equity attributable to shareholders of the parent company	**-2,023**	**-2,658**	**-2,915**
Non-controlling interests	57	60	53
Total shareholders' equity	**-1,966**	**-2,598**	**-2,862**

INA Beteiligungsgesellschaft mit beschränkter Haftung was founded under articles of incorporation dated April 19, 1982 with DM 50,000.00 in share capital.

On March 22, 2012, the shareholder meeting of INA Beteiligungsgesellschaft mit beschränkter Haftung passed a resolution to convert the company's share capital to Euro (EUR 25,564.59) and to increase its share capital by EUR 435.41 to EUR 26,000.00 (entered in the Commercial Register on April 02, 2012).

Effective midnight on December 31, 2012, Schaeffler AG contributed various assets, liabilities and contracts to INA Beteiligungsgesellschaft mit beschränkter Haftung as part of a mixed contribution in kind in return for a newly issued equity interest in INA Beteiligungsgesellschaft mit beschränkter Haftung. To this end, INA Beteiligungsgesellschaft mit beschränkter Haftung passed a resolution to increase its share capital from EUR 26 thousand to EUR 500,000,000 by creating a new equity interest with a par value of EUR 499,974,000 on December 19, 2012.

The share capital ("Stammkapital") of INA Beteiligungsgesellschaft mit beschränkter Haftung amounts to EUR 500,000,000 as at December 31, 2013 and is entirely held by Schaeffler AG. The share capital is fully paid up, INA Beteiligungsgesellschaft mit beschränkter Haftung has no authorized or contingent capital, and there are no resolutions with respect to these types of capital.

In a shareholder resolution passed on December 18, 2013, Schaeffler AG contributed its receivable from INA Beteiligungsgesellschaft mit beschränkter Haftung of EUR 638 m to INA Beteiligungsgesellschaft mit beschränkter Haftung. The contribution was made by effectively assigning the receivable on the basis of an assignment agreement dated December 18, 2013 and resulted in a corresponding increase in reserves.

Accumulated other comprehensive income (loss) and other comprehensive income (loss), both net of tax, consist of the following:

in € millions	Accumulated other comprehensive income (loss)				Subtotal	Non-controlling interests	Total
	Translation reserve	Hedging reserve	Fair value reserve	Defined benefit plan remeasurement reserve			
2011							
Foreign currency translation differences for foreign operations	-17	0	0	0	**-17**	-7	**-24**
Net change in hedges of net investment in foreign operations	0	0	0	0	**0**	0	**0**
Effective portion of changes in fair value of cash flow hedging instruments, net of tax	0	-25	0	0	**-25**	0	**-25**
Net changes in fair value of cash flow hedging instruments reclassified to profit or loss, net of tax	0	0	0	0	**0**	0	**0**
Net changes in fair value of available-for-sale financial assets, net of tax	0	0	0	0	**0**	0	**0**
Remeasurement of net defined benefit liability	0	0	0	-76	**-76**	0	**-76**
Effects of equity accounted investees	0	0	0	0	**0**	0	**0**
Other comprehensive income, net of tax	**-17**	**-25**	**0**	**-76**	**-118**	**-7**	**-125**
2012							
Foreign currency translation differences for foreign operations	-33	0	0	0	**-33**	-4	**-37**
Net change in hedges of net investment in foreign operations	2	0	0	0	**2**	0	**2**
Effective portion of changes in fair value of cash flow hedging instruments, net of tax	0	37	0	0	**37**	0	**37**
Net changes in fair value of cash flow hedging instruments reclassified to profit or loss, net of tax	0	93	0	0	**93**	0	**93**
Net changes in fair value of available-for-sale financial assets, net of tax	0	0	0	0	**0**	0	**0**
Remeasurement of net defined benefit liability	0	0	0	-222	**-222**	0	**-222**
Effects of equity accounted investees	0	0	0	0	**0**	0	**0**
Other comprehensive income, net of tax	**-31**	**130**	**0**	**-222**	**-123**	**-4**	**-127**
2013							
Foreign currency translation differences for foreign operations	-175	0	0	0	**-175**	-9	**-184**
Net change in hedges of net investment in foreign operations	37	0	0	0	**37**	0	**37**
Effective portion of changes in fair value of cash flow hedging instruments, net of tax	0	-14	0	0	**-14**	0	**-14**
Net changes in fair value of cash flow hedging instruments reclassified to profit or loss, net of tax	0	9	0	0	**9**	0	**9**
Net changes in fair value of available-for-sale financial assets, net of tax	0	0	-1	0	**-1**	0	**-1**
Remeasurement of net defined benefit liability	0	0	0	14	**14**	0	**14**
Effects of equity accounted investees	0	0	0	0	**0**	0	**0**
Other comprehensive income, net of tax	**-138**	**-5**	**-1**	**14**	**-130**	**-9**	**-139**

The details of the various reserves are as follows:

(1) Translation reserve

The translation reserve comprises all foreign currency differences arising on translation of the financial statements of foreign operations with a functional currency different from the presentation currency.

(2) Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments. Other comprehensive income includes EUR -14 m (2012: EUR 37 m; 2011: EUR -25 m) in fair value changes of hedging instruments and EUR 9 m (2012: EUR 93 m; 2011: EUR 0 m) that were reclassified to profit or loss when realized (gross: EUR 13 m, deferred tax: EUR -4 m; 2012: gross: EUR 129 m, deferred tax: EUR -36 m; 2011: gross: EUR 0 m, deferred tax: EUR 0 m).

(3) Fair value reserve

The fair value reserve comprises all accumulated net changes in the fair value of available-for-sale financial assets incurred until these assets are derecognized or impaired.

(4) Reserve for actuarial gains and losses

The IBH Group immediately recognizes all actuarial gains and losses arising on defined benefit plans in accumulated other comprehensive income (loss).

Non-controlling interests represent interests in the equity of consolidated subsidiaries held by third parties. Other comprehensive income of non-controlling interests relates to currency translation (EUR -9 m; 12/31/2012: EUR -4 m; 12/31/2011: EUR -7 m).

4.9 Current / non-current financial debt

	12/31/2013			12/31/2012			12/31/2011		
in € millions	Total	Due in up to 1 year	Due in more than 1 year	Total	Due in up to 1 year	Due in more than 1 year	Total	Due in up to 1 year	Due in more than 1 year
Financial debt	**5,753**	33	5,720	**6,974**	111	6,863	**7,068**	18	7,050

At December 31, 2013, the IBH Group had financial debt of EUR 5,753 m (12/31/2012: EUR 6,974 m; 12/31/2011: EUR 7,068 m), consisting of EUR 5,720 m (12/31/2012: EUR 6,863 m; 12/31/2011: EUR 7,050 m) in non-current financial debt and EUR 33 m (12/31/2012: EUR 111 m; 12/31/2011: EUR 18 m) in current financial debt, both accounted for at amortized cost.

The refinancing arrangements completed and bonds issued in 2013 and 2012 significantly affected the IBH Group’s financial debt.

At December 31, 2013, the company’s debt consisted of three loan tranches with a total principal equivalent to approximately EUR 2,260 m obtained from banks and institutional investors (Syndicated Senior Term Loan and Revolving Credit Facilities Agreement; SFA) as well as seven bond issues totaling the equivalent of approximately EUR 3,540 m.

While the IBH Group’s debt was largely comprised of a bank loan tranche with a principal of EUR 6,950 m in 2011, at December 31, 2012, the group’s debt consisted of four loan tranches with a total principal equivalent to approximately EUR 4,612 m obtained from banks and institutional investors (Syndicated Senior Term Loan and Revolving Credit Facilities Agreement; SFA) as well as five bond issues totaling the equivalent of approximately EUR 2,360 m.

The Syndicated Senior Term Loan and Revolving Credit Facilities Agreement (SFA) consists of the following tranches:

Tranche	Currency	Face value in millions 12/31/2013	Face value in millions 12/31/2012	Carrying amount in € millions 12/31/2013	Carrying amount in € millions 12/31/2012	Coupon 12/31/2013	Coupon 12/31/2012	Maturity
Senior Term Loan B1	EUR	-	504	-	501	-	Euribor + 4.75 %	-
Senior Term Loan C [1]	EUR	299	525	292	510	Euribor + 3.75 % [2]	Euribor + 5.00 %	01/27/2017
Senior Term Loan C [3]	USD	1,699	1,500	1,213	1,120	Libor + 3.25 % [4]	Libor + 4.75 %	01/27/2017
Senior Term Loan D [5]	EUR	730	2,446	713	2,410	Euribor + 2.875 % [6]	Euribor + 4.00 %	06/30/2016
Revolving Credit Facility [7]	EUR	1,000	1,000	-9	-10	Euribor + 2.875 % [6]	Euribor + 4.00 %	06/30/2016

[1] Since March 18, 2013, previously Senior Term Loan B2 EUR.
[2] Euribor floor of 1.00 % (December 31, 2012: 1.50 %).
[3] Since March 18, 2013, previously Senior Term Loan B2 USD.
[4] Libor floor of 1.00 % (December 31, 2012: 1.25 %).
[5] Since April 22, 2013, previously Senior Term Loan A.
[6] Since November 21, 2013 (Dezember 31, 2012: 4.00 %).
[7] EUR 49 m (December 31, 2012: EUR 57 m) were drawn down as at December 31, 2013, primarily in the form of letters of credit.

Schaeffler Finance B.V., Barneveld, Netherlands, has issued the following bonds:

ISIN	Currency	Face value in millions 12/31/2013	Carrying amount in € millions 12/31/2013	Carrying amount in € millions 12/31/2012	Coupon	Maturity
XS0741938624	EUR	800	788	785	7,75%	02/15/2017
US806261AC75	USD	600	428	446	7,75%	02/15/2017
XS0801261156	EUR	326	323	322	6,75%	07/01/2017
XS0923613060	EUR	600	595	-	4,25%	05/15/2018
XS0741939788	EUR	400	398	398	8,75%	02/15/2019
US806261AA10	USD	500	361	378	8,50%	02/15/2019
US806261AE32	USD	850	612	-	4,75%	05/15/2021

The differences between face value and carrying amount represent unamortized transaction costs. The carrying value of the revolving credit facility consists entirely of unamortized transaction costs.

Other financial liabilities (Note 4.13) also include EUR 71 m in bond interest accrued up to December 31, 2013 (12/31/2012: EUR 64 m; 12/31/2011: EUR 0 m).

The group's financial debt also includes a loan payable by INA Beteiligungsgesellschaft mit beschränkter Haftung to Schaeffler Holding GmbH & Co. KG with a carrying amount of EUR 6 m (12/31/2012: EUR 36 m; 12/31/2011: EUR 3 m).

Both the SFA and the bond agreements contain certain constraints including a requirement to meet certain financial covenants relating to senior debt leverage cover, senior interest cover, and capital expenditure cover. The creditors are entitled to call the debt prior to maturity under certain circumstances, including if the covenants are not met, which would result in the debt becoming due immediately.

The SFA provides for mandatory prepayments upon the occurrence of certain events. These events include the disposal of certain shares in Continental AG (referred to as "Restricted Shares", representing 50 % of the shares held) held indirectly by Schaeffler AG. Schaeffler AG is required to use the net proceeds from the disposal to prepay the SFA. The Managing Directors of IBH have no right to participate in the decision to dispose of the shares referred to above.

Collateral has been pledged to the banks in connection with the loan agreement. Details of such collateral are disclosed as required in the notes for the various assets concerned.

4.10 Provisions for pensions and similar obligations

The post-employment benefits provided by the IBH Group to its employees include both defined benefit plans and defined contribution plans. While defined contribution plans generally entail no further obligation beyond the regular contributions included in personnel expense, defined benefit pension plans are reflected in the statement of financial position.
Provisions also include a minor amount of obligations similar to pensions.

Defined benefit plans

The IBH Group grants its employees various types of pension benefits.

The defined benefit pension obligations are largely towards beneficiaries in Germany and most of them are unfunded. These obligations include individual contractual pension commitments made to members of management as well as additional general pension promises. The type and amount of these promises are governed by the related pension schemes. Amounts are calculated based on years of service and salary levels.

The IBH Group also has pension arrangements where employees acquire rights to additional pension benefits by way of deferred compensation. Under these arrangements, the IBH Group agrees to accumulate additional capital using the compensation deferred, which is then paid out to the employee, either in full or in installments, upon retirement, but no earlier than the date the employee has reached the age of 60. Deferred compensation is invested in specific funds with restricted access.

Additional significant defined benefit pension plans cover employees in the U.S. and the United Kingdom. The IBH Group finances its pension obligations in these countries using external pension funds with restricted access. At the end of 2013, approximately 89 % (12/31/2012: 88 %; 12/31/2011: 86 %) of pension obligations in the U.S. and the United Kingdom were covered by plan assets. These pension plans were closed to new entrants in 2006 (U.S.) and 2009 (United Kingdom), respectively, and no further benefits are earned.

The company has also introduced pension plans in other countries based on local legal requirements.

Obligations similar to pensions reflect commitments of Canadian subsidiaries to provide medical benefits. The closed plans are being wound down and the remaining net obligations taken together are not material to the consolidated financial statements.

Net defined benefit obligation

The company's obligations under defined benefit plans and the related plan assets can be reconciled as follows:

in € millions					12/31/2013
	Germany	U.S.A.	United Kingdom	Other countries	Total
Provisions for pensions (liabilities net of related plan assets)	1,392	38	5	75	**1,510**
Provisions for obligations similar to pensions	0	0	0	0	**0**
Provisions for pensions and similar obligations	**1,392**	**38**	**5**	**75**	**1,510**
Pension asset (plan assets net of related liabilities)	30	0	8	0	**38**
Net defined benefit liability	**1,362**	**38**	**-3**	**75**	**1,472**

in € millions					12/31/2012
	Germany	U.S.A.	United Kingdom	Other countries	Total
Provisions for pensions (liabilities net of related plan assets)	1,378	70	2	95	**1,545**
Provisions for obligations similar to pensions	0	0	0	0	**0**
Provisions for pensions and similar obligations	**1,378**	**70**	**2**	**95**	**1,545**
Pension asset (plan assets net of related liabilities)	31	0	15	0	**46**
Net defined benefit liability	**1,347**	**70**	**-13**	**95**	**1,499**

in € millions					12/31/2011
	Germany	U.S.A.	United Kingdom	Other countries	Total
Provisions for pensions (liabilities net of related plan assets)	1,074	59	5	77	**1,215**
Provisions for obligations similar to pensions	0	0	0	2	**2**
Provisions for pensions and similar obligations	**1,074**	**59**	**5**	**79**	**1,217**
Pension asset (plan assets net of related liabilities)	30	0	6	0	**36**
Net defined benefit liability	**1,044**	**59**	**-1**	**79**	**1,181**

At each of the reporting dates, the defined benefit obligation and plan assets amount to the following:

in € millions					12/31/2013
	Germany	U.S.A.	United Kingdom	Other countries	Total
Present value of defined benefit obligation (active members)	673	62	0	177	**912**
Present value of defined benefit obligation (deferred members)	87	31	102	8	**228**
Present value of defined benefit obligation (pensioners)	747	72	51	37	**907**
Present value of defined benefit obligations (total)	**1,507**	**165**	**153**	**222**	**2,047**
Fair value of plan assets	145	127	156	150	**578**
Change due to asset ceiling	0	0	0	-3	**-3**
Net pension obligations recognized in the statement of financial position	**1,362**	**38**	**-3**	**75**	**1,472**
Other employee benefits similar to pensions	0	0	0	0	**0**
Net defined benefit liability	**1,362**	**38**	**-3**	**75**	**1,472**

in € millions					12/31/2012
	Germany	U.S.A.	United Kingdom	Other countries	Total
Present value of defined benefit obligation (active members)	645	75	0	179	**899**
Present value of defined benefit obligation (deferred members)	82	38	94	7	**221**
Present value of defined benefit obligation (pensioners)	751	77	52	41	**921**
Present value of defined benefit obligations (total)	**1,478**	**190**	**146**	**227**	**2,041**
Fair value of plan assets	131	120	159	132	**542**
Change due to asset ceiling	0	0	0	0	**0**
Net pension obligations recognized in the statement of financial position	**1,347**	**70**	**-13**	**95**	**1,499**
Other employee benefits similar to pensions	0	0	0	0	**0**
Net defined benefit liability	**1,347**	**70**	**-13**	**95**	**1,499**

in € millions					12/31/2011
	Germany	U.S.A.	United Kingdom	Other countries	Total
Present value of defined benefit obligation (active members)	440	67	0	148	**655**
Present value of defined benefit obligation (deferred members)	64	34	94	6	**198**
Present value of defined benefit obligation (pensioners)	654	65	43	36	**798**
Present value of defined benefit obligations (total)	**1,158**	**166**	**137**	**190**	**1,651**
Fair value of plan assets	113	108	138	113	**472**
Change due to asset ceiling	0	0	0	0	**0**
Net pension obligations recognized in the statement of financial position	**1,045**	**58**	**-1**	**77**	**1,179**
Other employee benefits similar to pensions	0	0	0	2	**2**
Net defined benefit liability	**1,045**	**58**	**-1**	**79**	**1,181**

The net defined benefit liability can be reconciled as follows:

in € millions	Germany	U.S.A.	United Kingdom	Other countries	Total
Net defined benefit liability/asset as at January 01, 2011	**981**	**44**	**-1**	**50**	**1,074**
Benefits paid	-56	-1	0	-4	**-61**
Service cost	14	0	0	8	**22**
Net interest on net defined benefit liability	50	2	0	3	**55**
Employer contributions	0	-14	-6	-4	**-24**
Employee contributions	0	-1	0	1	**0**
Transfers in/out	2	0	0	2	**4**
Remeasurement of defined benefit liability	55	28	6	20	**109**
Changes in foreign exchange rates	-1	0	0	1	**0**
Net defined benefit liability/asset as at December 31, 2011	**1,045**	**58**	**-1**	**77**	**1,179**

in € millions	Germany	U.S.A.	United Kingdom	Other countries	Total
Net defined benefit liability/asset as at January 01, 2012	**1,045**	**58**	**-1**	**77**	**1,179**
Benefits paid	-58	-1	0	-6	**-65**
Service cost	18	1	0	15	**34**
Net interest on net defined benefit liability	49	2	0	4	**55**
Employer contributions	0	-9	-5	-4	**-18**
Employee contributions	0	1	0	0	**1**
Transfers in/out	0	1	0	0	**1**
Remeasurement of defined benefit liability	293	18	-7	8	**312**
Changes in foreign exchange rates	0	-1	0	1	**0**
Net defined benefit liability/asset as at December 31, 2012	**1,347**	**70**	**-13**	**95**	**1,499**

in € millions	Germany	U.S.A.	United Kingdom	Other countries	Total
Net defined benefit liability/asset as at January 01, 2013	**1,347**	**70**	**-13**	**95**	**1,499**
Benefits paid	-58	0	0	-7	**-65**
Service cost	29	0	0	13	**42**
Net interest on net defined benefit liability	44	2	-1	4	**49**
Employer contributions	0	-3	0	-23	**-26**
Employee contributions	0	0	0	0	**0**
Transfers in/out	-1	2	0	0	**1**
Remeasurement of defined benefit liability	-1	-30	11	-4	**-24**
Changes in foreign exchange rates	2	-3	0	-3	**-4**
Net defined benefit liability/asset as at December 31, 2013	**1,362**	**38**	**-3**	**75**	**1,472**

Funding requirements for defined benefit plans are generally met from operating cash flow, taking into account any local legal funding requirements regarding the pension obligation.

Movements in defined benefit obligation

The opening and closing balances of the present value of the defined benefit obligation can be reconciled as follows:

in € millions	Germany	U.S.A.	United Kingdom	Other countries	Total
Present value of defined benefit obligations as at January 01, 2011	**1,089**	**139**	**119**	**169**	**1,516**
Benefits paid	-58	-7	-4	-14	**-83**
Current service cost	14	0	0	8	**22**
Past service cost	0	0	0	0	**0**
Interest cost	55	7	6	8	**76**
Employee contributions	8	0	0	1	**9**
Transfers in/out	2	0	0	0	**2**
Gains (+) / losses (-) - changes in financial assumptions	47	22	12	11	**92**
Gains (+) / losses (-) - changes in demographic assumptions	0	0	0	0	**0**
Gains (+) / losses (-) - experience adjustments	1	1	0	4	**6**
Changes in foreign exchange rates	0	4	4	3	**11**
Present value of defined benefit obligations as at December 31, 2011	**1,158**	**166**	**137**	**190**	**1,651**

in € millions	Germany	U.S.A.	United Kingdom	Other countries	Total
Present value of defined benefit obligations as at January 01, 2012	**1,158**	**166**	**137**	**190**	**1,651**
Benefits paid	-61	-8	-4	-14	**-87**
Current service cost	18	1	0	12	**31**
Past service cost	0	0	0	3	**3**
Interest cost	55	7	7	9	**78**
Employee contributions	8	1	0	1	**10**
Transfers in/out	0	0	0	0	**0**
Gains (+) / losses (-) - changes in financial assumptions	299	18	9	24	**350**
Gains (+) / losses (-) - changes in demographic assumptions	0	8	6	-1	**13**
Gains (+) / losses (-) - experience adjustments	0	0	-12	-1	**-13**
Changes in foreign exchange rates	1	-3	3	4	**5**
Present value of defined benefit obligations as at December 31, 2012	**1,478**	**190**	**146**	**227**	**2,041**

in € millions	Germany	U.S.A.	United Kingdom	Other countries	Total
Present value of defined benefit obligations as at January 01, 2013	**1,478**	**190**	**146**	**227**	**2,041**
Benefits paid	-61	-7	-4	-14	**-86**
Current service cost	29	0	0	13	**42**
Past service cost	0	0	0	0	**0**
Interest cost	50	7	6	8	**71**
Employee contributions	9	1	0	1	**11**
Transfers in/out	-1	0	0	0	**-1**
Gains (+) / losses (-) - changes in financial assumptions	1	-23	8	-8	**-22**
Gains (+) / losses (-) - changes in demographic assumptions	0	5	0	0	**5**
Gains (+) / losses (-) - experience adjustments	2	0	0	5	**7**
Changes in foreign exchange rates	0	-8	-3	-10	**-21**
Present value of defined benefit obligations as at December 31, 2013	**1,507**	**165**	**153**	**222**	**2,047**

Movements in and types of plan assets

The opening and closing balances of the fair value of plan assets can be reconciled as follows:

in € millions	Germany	U.S.A.	United Kingdom	Other countries	Total
Fair value of plan assets as at January 01, 2011	**108**	**95**	**120**	**119**	**442**
Benefits paid	-2	-6	-4	-10	**-22**
Interest income on plan assets	5	5	6	5	**21**
Employee contributions	8	1	0	0	**9**
Employer contributions	0	14	6	4	**24**
Transfers in/out	0	-1	0	0	**-1**
Return on plan assets excluding interest income	-7	-5	6	-5	**-11**
Impact of asset ceiling	0	0	0	0	**0**
Changes in foreign exchange rates	1	5	4	0	**10**
Fair value of plan assets as at December 31, 2011	**113**	**108**	**138**	**113**	**472**

in € millions	Germany	U.S.A.	United Kingdom	Other countries	Total
Fair value of plan assets as at January 01, 2012	**113**	**108**	**138**	**113**	**472**
Benefits paid	-3	-7	-4	-8	**-22**
Interest income on plan assets	6	5	7	5	**23**
Employee contributions	8	0	0	1	**9**
Employer contributions	0	9	5	4	**18**
Transfers in/out	0	-1	0	0	**-1**
Return on plan assets excluding interest income	6	8	10	14	**38**
Impact of asset ceiling	0	0	0	0	**0**
Changes in foreign exchange rates	1	-2	3	3	**5**
Fair value of plan assets as at December 31, 2012	**131**	**120**	**159**	**132**	**542**

in € millions	Germany	U.S.A.	United Kingdom	Other countries	Total
Fair value of plan assets as at January 01, 2013	**131**	**120**	**159**	**132**	**542**
Benefits paid	-3	-7	-4	-7	**-21**
Interest income on plan assets	6	5	7	4	**22**
Employee contributions	9	1	0	1	**11**
Employer contributions	0	3	0	23	**26**
Transfers in/out	0	-2	0	0	**-2**
Return on plan assets excluding interest income	4	12	-3	4	**17**
Impact of asset ceiling	0	0	0	-3	**-3**
Changes in foreign exchange rates	1	-5	-3	-7	**-14**
Fair value of plan assets as at December 31, 2013	**148**	**127**	**156**	**147**	**578**

In 2013, for the first time, the recognized plan assets of a Canadian pension plan were limited to the amount of the defined benefit obligation, representing the present value of the economic benefits of the plan assets to the IBH Group as at the reporting date (asset ceiling). As a result, plan assets of this plan were reduced by EUR 3 m in 2013.

The actual return on plan assets for 2013 amounts EUR 39 m (2012 for the 2013 fiscal year: EUR 61 m; 2011 for the 2012 fiscal year: EUR 10 m). The IBH Group expects to make contributions to plan assets of EUR 21 m (2012: EUR 25 m; 2011: EUR 46 m) in 2014.

Plan assets before application of the asset ceiling consist of the following:

in € millions					12/31/2013
	Germany	U.S.A.	United Kingdom	Other countries	Total
Equity instruments	87	77	41	24	**229**
Debt instruments	31	46	56	69	**202**
Real estate	0	4	0	12	**16**
Cash	21	0	59	2	**82**
(Reimbursement) insurance policies	6	0	0	43	**49**
Other	0	0	0	0	**0**
Total	**145**	**127**	**156**	**150**	**578**

in € millions					12/31/2012
	Germany	U.S.A.	United Kingdom	Other countries	Total
Equity instruments	**52**	**71**	**33**	**39**	**195**
Debt instruments	48	45	126	37	**256**
Real estate	0	4	0	12	**16**
Cash	23	0	0	3	**26**
(Reimbursement) insurance policies	8	0	0	40	**48**
Other	0	0	0	1	**1**
Total	**131**	**120**	**159**	**132**	**542**

in € millions					12/31/2011
	Germany	U.S.A.	United Kingdom	Other countries	Total
Equity instruments	**46**	**65**	**30**	**36**	**177**
Debt instruments	45	39	108	37	**229**
Real estate	0	4	0	11	**15**
Cash	0	0	0	2	**2**
(Reimbursement) insurance policies	8	0	0	27	**35**
Other	14	0	0	0	**14**
Total	**113**	**108**	**138**	**113**	**472**

Plan assets do not include real estate used by the IBH Group or any of the IBH Group’s own equity instruments. Except for amounts related to real estate and reimbursement insurance policies, all amounts shown above represent market prices quoted in an active market.

Information on changes in the various classes of plan assets in Germany is provided by the fund manager in the form of performance reports and is regularly reviewed by investment committees. The investment strategy follows a lifecycle model: Plan assets are moved to lower-risk asset classes as the beneficiary’s age increases.

Asset liability studies are prepared at regular intervals for the funded defined benefit plans in the United Kingdom and in the U.S., and the investment policy of each fund is based on the applicable study and any local legal requirements.

Comprehensive income

The following summarizes the various amounts recognized in comprehensive income for defined benefit plans:

in € millions					2013					2012					2011
	Germany	U.S.A.	United Kingdom	Other countries	Total	Germany	U.S.A.	United Kingdom	Other countries	Total	Germany	U.S.A.	United Kingdom	Other countries	Total
Current service cost	29	0	0	13	**42**	18	1	0	12	**31**	14	0	0	8	**22**
Past service cost	0	0	0	0	**0**	0	0	0	3	**3**	0	0	0	0	**0**
• plan amendments	0	0	0	0	**0**	0	0	0	3	**3**	0	0	0	0	**0**
Service cost	**29**	**0**	**0**	**13**	**42**	**18**	**1**	**0**	**15**	**34**	**14**	**0**	**0**	**8**	**22**
Interest cost	50	7	6	8	**71**	55	7	7	9	**78**	56	7	6	7	**76**
Interest income	-6	-5	-7	-4	**-22**	-6	-5	-7	-5	**-23**	-5	-5	-6	-5	**-21**
Net interest on net defined benefit liability/asset	**44**	**2**	**-1**	**4**	**49**	**49**	**2**	**0**	**4**	**55**	**51**	**2**	**0**	**2**	**55**
Gains (+) / losses (-) - changes in financial assumptions	1	-23	8	-8	**-22**	298	18	9	24	**349**	46	22	12	11	**91**
Gains (+) / losses (-) - changes in demographic assumptions	0	5	0	0	**5**	0	8	6	-1	**13**	0	0	0	0	**0**
Gains (+) / losses (-) - experience adjustments	2	0	0	5	**7**	0	0	-12	-1	**-13**	1	1	0	4	**6**
Return on plan assets excluding interest income	-4	-12	3	-4	**-17**	-4	-8	-10	-14	**-36**	9	5	-6	5	**13**
Impact of asset ceiling	0	0	0	3	**3**	0	0	0	0	**0**	0	0	0	0	**0**
Remeasurements of net defined benefit liability/asset	**-1**	**-30**	**11**	**-4**	**-24**	**294**	**18**	**-7**	**8**	**313**	**56**	**28**	**6**	**20**	**110**
Total comprehensive income on defined benefit obligations	**72**	**-28**	**10**	**13**	**67**	**361**	**21**	**-7**	**27**	**402**	**121**	**30**	**6**	**30**	**187**

Service cost and interest on the net defined benefit liability are included in the following line items of the consolidated income statement:

in € millions					2013
	Germany	U.S.A.	United Kingdom	Other countries	Total
Cost of sales	17	0	0	7	**24**
Research and development expenses	5	0	0	1	**6**
Selling expenses	3	0	0	1	**4**
Administrative expenses	4	0	0	4	**8**
Included in EBIT	**29**	**0**	**0**	**13**	**42**
Interest expense	50	7	6	8	**71**
Interest income on plan assets	-6	-5	-7	-4	**-22**
Included in financial result	**44**	**2**	**-1**	**4**	**49**
Total	**73**	**2**	**-1**	**17**	**91**

in € millions					2012
	Germany	U.S.A.	United Kingdom	Other countries	Total
Cost of sales	10	0	0	10	**20**
Research and development expenses	4	0	0	1	**5**
Selling expenses	1	0	0	3	**4**
Administrative expenses	3	1	0	1	**5**
Included in EBIT	**18**	**1**	**0**	**15**	**34**
Interest expense	55	7	7	9	**78**
Interest income on plan assets	-6	-5	-7	-5	**-23**
Included in financial result	**49**	**2**	**0**	**4**	**55**
Total	**67**	**3**	**0**	**19**	**89**

in € millions					2011
	Germany	U.S.A.	United Kingdom	Other countries	Total
Cost of sales	9	0	0	5	**14**
Research and development expenses	3	0	0	0	**3**
Selling expenses	1	0	0	2	**3**
Administrative expenses	1	0	0	1	**2**
Included in EBIT	**14**	**0**	**0**	**8**	**22**
Interest expense	56	7	6	7	**76**
Interest income on plan assets	-5	-5	-6	-5	**-21**
Included in financial result	**51**	**2**	**0**	**2**	**55**
Total	**65**	**2**	**0**	**10**	**77**

Duration

The weighted average duration of defined benefit obligations is 15.3 years (2012: 16.5 years; 2011: 14.2 years) at year-end. In the most significant countries Germany, the U.S., and the United Kingdom, the duration averages 15.5 years (2012: 15.8 years; 2011: 13.6 years), 11.0 years (2012: 14.2 years; 2011: 12.7 years), and 23.6 years (2012: 23.0 years; 2011: 23.4 years), respectively.

Actuarial assumptions

At each reporting date, defined benefit obligations are measured based on certain actuarial assumptions.

The assumptions used, in particular discount rates, future salary increases, and future pension increases, are determined separately for each country.

The principal actuarial assumptions for the IBH Group are as follows:

					2013
	Germany	U.S.A.	United Kingdom	Other countries	**Total**
Discount rate as at December 31	3,5%	4,8%	4,5%	3,8%	**3,7%**
Future salary increases	3,3%	n.a. 1)	n.a. 1)	3,3%	**3,3%**
Future pension increases	1,8%	1,3%	3,2%	1,1%	**1,9%**

					2012
	Germany	U.S.A.	United Kingdom	Other countries	**Total**
Discount rate as at December 31	3,5%	3,8%	4,5%	3,4%	**3,6%**
Future salary increases	3,3%	n.a. 1)	n.a. 1)	3,3%	**3,3%**
Future pension increases	1,8%	2,5%	3,0%	1,2%	**1,8%**

					2011
	Germany	U.S.A.	United Kingdom	Other countries	**Total**
Discount rate as at December 31	5,0%	4,5%	5,0%	4,5%	**4,9%**
Future salary increases	3,3%	n.a. 1)	n.a. 1)	3,8%	**3,3%**
Future pension increases	1,5%	2,5%	3,0%	0,3%	**1,7%**

1) The pension plans in the U.S. and in the United Kingdom have been closed since 2006 and 2009, respectively, and structured such that future salary increases will not affect the amount of the net liability.

Mortality assumptions are based on published statistics and country-specific mortality tables. The “RICHTTAFELN 2005 G” mortality tables developed by Prof. Dr Klaus Heubeck and published by HEUBECK-RICHTTAFELN-GmbH are used for the German plans. These tables are generation tables, which include appropriate assumptions to take into account future increases in life expectancy in particular.

Sensitivity analysis

Selecting the assumptions discussed above is key to the calculation of the present value of the defined benefit obligation. The following table shows the sensitivity of the present value of the defined benefit obligation to changes in one of the key assumptions. The calculation does not take into account correlations between the various assumptions.

In accordance with IAS 19.173, prior year amounts are omitted, as this information is disclosed for the first time.

in € millions							2013
		Change in present value of defined benefit obligation					
		Germany	U.S.A.	United Kingdom	Other countries	Total
Discount rate	Plus 1.0%	-209	-18	-32	-22	**-281**
	Minus 1.0%	270	22	44	36	**372**
Future salary increases	Plus 1.0%	147	n.a. 1)	n.a. 1)	16	**163**
	Minus 1.0%	-131	n.a. 1)	n.a. 1)	-10	**-141**
Future pension increases	Plus 1.0%	25	0	19	12	**56**
	Minus 1.0%	-30	0	-16	-34	**-80**

1) The pension plans in the U.S. and in the United Kingdom have been closed since 2006 and 2009, respectively, and structured such that future salary increases will not affect the amount of the net liability.

Another key parameter in the measurement of the IBH Group’s pension obligations is life expectancy. An increase in life expectancy in the most significant countries by one year would lead to an increase in the present value of the corresponding obligation by EUR 65 m in Germany, EUR 10 m in the U.S., and EUR 5 m in the United Kingdom.

Risk

The IBH Group is exposed to various risks regarding its defined benefit obligations. In addition to actuarial risk, these primarily include financial risk related to plan assets.

The return on plan assets is assumed to be the same as the discount rates, which are determined based on AA-rated corporate bonds. If actual returns are less than the discount rates assumed, the net defined benefit obligation increases.

Relatively low interest rate levels during the 2012 reporting period have brought the present value of the defined benefit obligation to a relatively high level. A further decline in interest rates would lower the applicable discount rates, which in turn would result in an additional increase in the pension obligation.

The majority of the plans are exposed to inflation risk, since these are final-pay plans and, therefore, they are directly affected by salary trends. An increase in salaries would thus drive up the net defined benefit obligation.

Where plan benefits include the payment of a life-long pension, an increase in life expectancy can result in an increase in the net defined benefit obligation.

Defined contribution pension plans

In 2013, the IBH Group incurred EUR 12 m (2012: EUR 12 m; 2011: EUR 11 m) in expenses related to defined contribution plans. At EUR 8 m (2012: EUR 8 m; 2011: EUR 6 m), the majority of this amount relates to plans in the U.S.

4.11 Provisions

in € millions	Employee benefits	Restruc-turing	Warranties	Other taxes	Liability and litigation risks	Other	Total
Balance as at January 01, 2011	197	7	50	24	18	136	**432**
Additions	34	1	45	6	4	34	**124**
Utilization	-92	-1	-17	-7	-4	-111	**-232**
Reversals	-8	-6	-15	-10	-3	-12	**-54**
Interest expense	4	0	0	0	0	0	**4**
Foreign currency translation	0	0	0	0	-1	0	**-1**
Balance as at December 31, 2011	**135**	**1**	**63**	**13**	**14**	**47**	**273**

in € millions	Employee benefits	Restruc-turing	Warranties	Other taxes	Liability and litigation risks	Other	Total
Balance as at January 01, 2012	**135**	**1**	**63**	**13**	**14**	**47**	**273**
Additions	71	0	68	20	7	37	**203**
Utilization	-91	0	-21	-4	-4	-33	**-153**
Reversals	-16	0	-19	-1	-1	-4	**-41**
Interest expense	6	0	0	0	0	0	**6**
Foreign currency translation	0	0	0	-1	-1	0	**-2**
Balance as at December 31, 2012	**105**	**1**	**91**	**27**	**15**	**47**	**286**

in € millions	Employee benefits	Restruc-turing	Warranties	Other taxes	Liability and litigation risks	Other	Total
Balance as at January 01, 2013	**105**	**1**	**91**	**27**	**15**	**47**	**286**
Additions	76	0	44	14	4	403	**541**
Utilization	-49	-1	-43	-1	-4	-19	**-117**
Reversals	-1	0	-11	-5	-2	-2	**-21**
Interest expense	1	0	0	0	0	0	**1**
Foreign currency translation	0	0	-1	-1	-2	-2	**-6**
Balance as at December 31, 2013	**132**	**0**	**80**	**34**	**11**	**427**	**684**

Provisions consist of the following current and non-current portions:

in € millions	Non-current	Current	Total	Non-current	Current	Total	Non-current	Current	Total
			12/31/2013			12/31/2012			12/31/2011
Employee benefits	83	49	**132**	58	47	**105**	66	69	**135**
Restructuring	0	0	**0**	0	1	**1**	0	1	**1**
Warranties	0	80	**80**	2	89	**91**	0	63	**63**
Other taxes	0	34	**34**	0	27	**27**	0	13	**13**
Liability and litigation risks	0	11	**11**	0	15	**15**	0	14	**14**
Other	12	415	**427**	15	32	**47**	13	34	**47**
Total	**95**	**589**	**684**	**75**	**211**	**286**	**79**	**194**	**273**

Employee benefits: Provisions for employee benefits consist primarily of EUR 39 m in provisions for personnel-related structural measures at the company's Schweinfurt and Wuppertal locations and EUR 55 m (12/31/2012: EUR 71 m; 12/31/2011: EUR 85 m) in provisions for partial retirement and long-term flextime accounts, net of the related plan assets.

Obligations under partial retirement arrangements are measured at present value based on actuarial principles. Present values are calculated based on the "RICHTTAFELN 2005 G" mortality tables developed by Prof. Dr Klaus Heubeck and published by HEUBECK-RICHTTAFELN-GmbH. The discount rate used is 0.75 % at December 31, 2013 (12/31/2012: 0.75 %; 12/31/2011: 2.75 %), and future salary increases for employees currently in the working phase are assumed to be 3.25 % (12/31/2012: 3.25 %; 12/31/2011: 3.25 %). The provision for employee benefits also includes provisions for long-time service awards and other personnel and payroll-related provisions, particularly for early retirement, death, and temporary assistance benefits, obligations arising from the adjustment funds, and provisions based on the collective bargaining agreement with the metalworking and electrical engineering industry in Germany (German Entgeltrahmenabkommen, ERA).

Warranties: Warranty provisions are recognized on a case-by-case basis for each sales transaction or, in cases involving a large population of warranty items, using the expected value method. Warranty provisions of EUR 36 m (2012: EUR 43 m; 2011: EUR 6 m) relate to significant warranty claims in the Industrial division. An expected reimbursement of EUR 24 m (12/31/2012: EUR 10 m; 12/31/2011: EUR 13 m) for warranty expenses incurred has been recognized in other assets.

Other taxes: Tax provisions have been recognized for taxes other than income taxes for current and prior years. These provisions consist primarily of land transfer tax related to a change in the internal corporate structure of the group.

Liability and litigation risks: Provisions for liability and litigation risks are recognized if, as a result of a past transaction or event, the IBH Group has a legal or constructive obligation for which an outflow of resources representing economic benefits is probable and which can be reliably estimated. Such provisions are recognized at their expected settlement amount, taking into account all identifiable risks, and are not offset against expected reimbursements.

Other: At the reporting date, other provisions consist primarily of provisions for investigations of the EU antitrust authorities in connection with agreements violating antitrust law in the automotive industry. The risk arising from this issue was reflected in a provision of EUR 380 m (12/31/2012 and 12/31/2011: EUR 0 m) recognized in December 2013 (see Note 5.6 Events after the reporting period). In addition, this category includes provisions for environmental risks, document retention and other items to be provided for, such as provisions for inventors' bonuses and contributions.

4.12 Trade payables

At December 31, 2013, the IBH Group has trade payables of EUR 1,022 m (12/31/2012: EUR 805 m; 12/31/2011: EUR 905 m), all of which are current. The amount includes EUR 57 m (12/31/2012: EUR 40 m; 12/31/2011: EUR 50 m) in notes payable at December 31, 2013. The IBH Group's exposure to currency and liquidity risk related to trade payables is disclosed in Note 4.14.

4.13 Other financial liabilities, other liabilities, and income tax payables

in € millions	12/31/2013	12/31/2012	12/31/2011
Other financial liabilities	567	719	931
Other liabilities	288	270	280
Income tax payables	387	340	255

At December 31, 2013, income tax payables amount to EUR 387 m (12/31/2012: EUR 340 m; 12/31/2011: EUR 255 m), including non-current balances of EUR 235 m (12/31/2012: EUR 181 m; 12/31/2011: EUR 113 m).

Other financial liabilities and other liabilities consist of the following:

			12/31/2013			12/31/2012			12/31/2011
in € millions	Non-current	Current	Total	Non-current	Current	Total	Non-current	Current	Total
Other financial liabilities									
Amounts payable to staff	0	180	**180**	0	168	**168**	0	292	**292**
Derivative financial liabilities	152	15	**167**	224	16	**240**	245	71	**316**
Miscellaneous financial liabilities	10	210	**220**	13	207	**220**	10	0	**10**
Financial allocation account	0	0	**0**	0	91	**91**	0	313	**313**
Total other financial liabilities	**162**	**405**	**567**	**237**	**482**	**719**	**255**	**676**	**931**
Other liabilities									
Social security contributions payable	3	38	**41**	3	36	**39**	5	39	**44**
Advance payments received	0	31	**31**	0	26	**26**	0	25	**25**
Other tax payables	0	78	**78**	0	82	**82**	0	77	**77**
Miscellaneous liabilities	3	135	**138**	1	122	**123**	0	134	**134**
Total other liabilities	**6**	**282**	**288**	**4**	**266**	**270**	**5**	**275**	**280**

Amounts payable to staff consist primarily of profit sharing accruals.

Derivative financial liabilities include forward exchange contracts and cross-currency swaps used to economically hedge the IBH Group's currency risk. The decrease in 2013 is mainly due to the early termination of interest rate derivatives in order to adjust the IBH Group's interest rate hedging portfolio to the current requirements related to the group's financing arrangements. The decrease in 2012 was primarily attributable to the favorable change in the values of interest rate and currency hedging instruments as at December 31, 2012.

Miscellaneous financial liabilities primarily include accrued selling costs (customer bonuses, rebates, early-payment discounts) and interest.

Social security contributions payable consist mainly of unpaid contributions to social security schemes, while miscellaneous liabilities primarily contain accrued vacation and overtime accounts.

The IBH Group's exposure to currency and liquidity risk related to other liabilities is disclosed in Note 4.14 on financial instruments.

The financial allocation account included in other current financial liabilities relates to the liquidity requirements of Schaeffler AG as well as certain other transactions between the IBH Group and Schaeffler AG (see Note 1.3).

4.14 Financial instruments

The carrying amounts and fair values of financial instruments by balance sheet class and by category per IFRS 7.8 are summarized below. Derivatives designated as hedging instruments are also shown, although they do not fall under any of the IAS 39 measurement categories. No financial instruments were reclassified between categories.

		12/31/2013		12/31/2012		12/31/2011	
in € millions	Category per IFRS 7.8	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets, by class							
Trade receivables	LaR	1.676	1.676	1.626	1.626	1.608	1.608
Other investments [1]	AfS	14	0	14	0	14	0
Other financial assets							
- Marketable securities	AfS	9	9	6	6	4	4
- Other loans [2]	LaR	176	176	64	64	70	70
- Derivatives designated as hedging instruments	n.a.	42	42	30	30	0	0
- Derivatives not designated as hedging instruments	HfT	207	207	84	84	13	13
Cash and cash equivalents	LaR	300	300	433	433	397	397
Financial liabilities, by class							
Financial debt	FLAC	5.753	6.325	6.974	7.484	7.068	7.151
Trade payables	FLAC	1.022	1.022	805	805	905	905
Other financial liabilities							
- Derivatives designated as hedging instruments	n.a.	104	104	213	213	69	69
- Derivatives not designated as hedging instruments	HfT	63	63	27	27	247	247
- Miscellaneous financial liabilities [2]	FLAC	400	400	479	479	615	615
Summary by category							
Available-for-sale financial assets (AfS)		23	-	20	-	18	-
Financial assets held for trading (HfT)		207	-	84	-	13	-
Loans and receivables (LaR)		2.152	-	2.123	-	2.075	-
Financial liabilities at amortized cost (FLAC)		7.175	-	8.258	-	8.588	-
Financial liabilities held for trading (HfT)		63	-	27	-	247	-

[1] Investments accounted for at cost.

[2] Includes other finanical assets/liabilities in the scope of IAS 39/IFRS 7.

The carrying amounts of trade receivables, other loans receivable, and cash and cash equivalents are assumed to represent their fair value due to the short maturities of these instruments. Other investments include investments (shares in incorporated companies and cooperatives) for which quoted prices in an active market are not available. As a result, the fair value of these instruments cannot be measured reliably. These investments are therefore accounted for at cost. There were no partial disposals of such investments in 2013, and no (partial) disposals are planned for the foreseeable future. Marketable securities consist almost entirely of equity instruments in the form of money market fund units.

Hedge accounting is only applied to derivatives designated as hedges of currency risk in cash flow hedges. The IBH Group uses cross-currency swaps as hedging instruments here. Forward exchange contracts are also used to hedge currency risk. Interest rate risk is hedged using interest rate caps and swaps. The fair value of derivatives is calculated using recognized valuation models with all significant inputs observable in the market.

The carrying amounts of trade payables and other financial liabilities are assumed to represent their fair value. The fair value of financial debt is the present value of expected future cash flows, discounted using risk-adjusted discount rates in effect at the end of the reporting period.

Please refer to the notes on the various balance sheet line items for the amount of financial assets pledged as collateral. Financial and non-financial assets of the IBH Group have been pledged on the basis of the SFA (see Note 4.9). Collateral has generally been provided for the term of the SFA and may be enforced if the creditors are entitled to call the debt, for instance if financial covenants are not met.

Financial assets and liabilities that are either measured at fair value or for which fair value is disclosed in the notes have been classified using a fair value hierarchy that reflects the significance of the inputs used in arriving at the measurements (Level 1 - Level 3). Classification is based on the method used to determine fair value. According to the levels of the hierarchy, the fair value of a financial instrument is determined using the following inputs:

Level 1: Quoted prices in active markets for identical assets or liabilities. This includes the IBH Group's marketable securities, whose fair value is determined using the exchange-quoted price at the end of the reporting period.

Level 2: Determined using a valuation method for which all significant inputs are based on observable market data. In addition to the existing forward exchange contracts, cross-currency swaps and interest rate caps, this level also includes the company's financial debt and embedded derivatives accounted for separately from their host instrument. All of these financial instruments are measured using recognized valuation models based on input variables observable in the market. The fair value of financial debt is the present value of expected future cash flows, discounted using risk-adjusted discount rates in effect at the end of the reporting period.

Level 3: Determined using a valuation method for which significant inputs are not based on observable market data. The IBH Group does not have any financial instruments in this level.

The following table summarizes the fair values and levels of financial assets and liabilities. Financial assets and liabilities whose carrying amount is assumed to represent their fair value have been omitted.

in € millions	Level 1	Level 2	Total
December 31, 2013			
Marketable securities	9	0	**9**
Derivatives designated as hedging instruments	0	42	**42**
Derivatives not designated as hedging instruments	0	207	**207**
Total financial assets	**9**	**249**	**258**
Financial debt	0	6,325	**6,325**
Derivatives designated as hedging instruments	0	104	**104**
Derivatives not designated as hedging instruments	0	63	**63**
Total financial liabilities	**0**	**6,492**	**6,492**

in € millions	Level 1	Level 2	Total
December 31, 2012			
Marketable securities	6	0	**6**
Derivatives designated as hedging instruments	0	30	**30**
Derivatives not designated as hedging instruments	0	84	**84**
Total financial assets	**6**	**114**	**120**
Financial debt	0	7,484	**7,484**
Derivatives designated as hedging instruments	0	213	**213**
Derivatives not designated as hedging instruments	0	27	**27**
Total financial liabilities	**0**	**7,724**	**7,724**

in € millions	Level 1	Level 2	Total
December 31, 2011			
Marketable securities	4	0	**4**
Derivatives designated as hedging instruments	0	0	**0**
Derivatives not designated as hedging instruments	0	13	**13**
Total financial assets	**4**	**13**	**17**
Financial debt	0	7,151	**7,151**
Derivatives designated as hedging instruments	0	69	**69**
Derivatives not designated as hedging instruments	0	247	**247**
Total financial liabilities	**0**	**7,467**	**7,467**

The company reviews its financial instruments at the end of each reporting period for any required transfers between levels. No transfers between levels were made during the period or during the prior periods.

Net gains and losses by category of financial instruments in accordance with IFRS 7.20 are as follows:

	Subsequent measurement				Net income (loss)		
in € millions	Interest and dividends	at fair value	Impairment loss	Foreign currency translation	2013	2012	2011
Available-for-sale financial assets	1	0	0	0	1	1	1
Financial assets and liabilities held for trading	-189	280	0	0	91	113	103
Loans and receivables	7	0	4	-17	-6	-1	25
Financial liabilities at amortized cost	-448	0	0	102	-346	-502	-484
Total	**-629**	**280**	**4**	**85**	**-260**	**-389**	**-355**

As shown above, net gains and losses include interest and dividends, changes in fair value recognized in profit or loss, impairment losses and impairment reversals, as well as currency translation effects. Interest income and expense on financial assets and liabilities accounted for at amortized cost is included in interest income on financial assets and in interest expense on financial debt, respectively (see Note 3.5).

The net gain on financial assets and liabilities held for trading of EUR 91 m (2012: EUR 113 m; 2011: EUR 103 m) relates entirely to derivatives. EUR 38 m (2012: EUR 106 m; 2011: EUR 42 m) of this net gain is included in financial result. Fair value changes on bifurcated embedded derivatives resulted in gains of EUR 113 m (2012: EUR 128 m; 2011: EUR 0 m).

Net foreign exchange gains on loans and receivables and financial liabilities accounted for at amortized cost amount to EUR 85 m (2012: EUR 7 m; 2011: EUR 12 m). The impairment loss on financial assets classified as loans and receivables consists of an impairment reversal of EUR 3 m (2012: EUR 4 m; 2011: EUR 3 m) and an impairment loss of EUR 6 m (2012: EUR 9 m; 2011: EUR 3 m) and relates entirely to the trade receivables class. Impairment reversals on financial assets in the other loans receivable class amounted to EUR 6 m (2012: impairment loss of EUR 13 m; 2011: EUR 0 m).

Derivative financial instruments and hedging activities

Overview

Due to its global operations and the resulting financing requirements, the IBH Group is exposed to the following risks:

(1) Liquidity risk
(2) Counterparty risk
(3) Market risk (interest rate, currency, and other price risk)

The IBH Group is integrated into the Schaeffler Group's risk management system.

The Schaeffler Group's Board of Managing Directors has overall responsibility for establishing and overseeing the Schaeffler Group's risk management system. The finance organization of Schaeffler AG is responsible for developing and monitoring this risk management system and regularly reports to Schaeffler Group senior management on its activities in this area.

Group-wide risk management policies are in place to identify and analyze the IBH Group's risks, to set appropriate risk limits and controls as well as to monitor risks and adherence to limits. Risk management procedures and systems are reviewed regularly to reflect changes in market conditions and the IBH Group's activities.

Using derivative financial instruments to manage risk is one component of Schaeffler Group's risk management system. Nominal values and fair values of derivative financial instruments as at the reporting date were as follows:

in € millions	12/31/2013 Nominal value	12/31/2013 Fair value	12/31/2012 Nominal value	12/31/2012 Fair value	12/31/2011 Nominal value	12/31/2011 Fair value
Financial assets						
Currency hedging						
Forward exchange contracts	1,353	60	1,643	47	66	10
thereof: hedge accounting	787	42	1,202	30	0	0
Currency options	0	0	0	0	139	1
thereof: hedge accounting	0	0	0	0	0	0
Interest rate hedging						
Interest rate cap	400	0	2,488	0	2,322	2
thereof: hedge accounting	0	0	0	0	2,322	2
Financial liabilities						
Currency hedging						
Forward exchange contracts	712	15	665	16	1,017	-71
thereof: hedge accounting	310	4	138	7	929	-56
Zinswährungsswap	2,020	152	1,293	44	0	0
thereof: hedge accounting	1,070	100	609	26	0	0
Interest rate hedging						
Interest rate swap	0	0	3,500	179	3,500	-231
thereof: hedge accounting	0	0	3,500	179	3,500	-231
Interest rate collars	0	0	0	0	300	-14
thereof: hedge accounting	0	0	0	0	300	-14

(1) Liquidity risk

The risk that the IBH Group will not be able to meet its payment obligations as they come due is referred to as liquidity risk. The IBH Group's approach to managing liquidity risk is to ensure that there is always sufficient liquidity available to meet liabilities as they come due, under both normal and stress conditions, without incurring unacceptable losses or risking damage to the IBH Group's reputation.

Liquidity risk is closely monitored by the finance organization based on a short-term (4 weeks) and medium-term (12 months) rolling timeframe. Both liquidity status and liquidity forecast are reported regularly to senior management.

The IBH Group ensures it can meet the financing requirements of its operations and its financial obligations by using equity, cash pooling arrangements, intercompany loans and existing lines of credit based on the relevant legal and tax regulations.

The IBH Group's contractual payments of interest and principal on financial debt and derivative financial liabilities are summarized as follows:

in € millions	Carrying amount	Contractual cash flows	Up to 1 year	1-5 years	More than 5 years
December 31, 2013					
Non-derivative financial liabilities	**7,175**	**8,690**	**1,711**	**5,450**	**1,529**
• Financial debt	5,753	7,268	297	5,442	1,529
• Trade payables	1,022	1,022	1,022	0	0
• Other financial liabilities	400	400	392	8	0
Derivative financial liabilities	167	149	25	95	29
Total	**7,342**	**8,839**	**1,736**	**5,545**	**1,558**
December 31, 2012					
Non-derivative financial liabilities	**8,258**	**10,011**	**1,780**	**7,345**	**886**
• Financial debt	6,974	8,727	509	7,338	880
• Trade payables	805	805	805	0	0
• Other financial liabilities	479	479	466	7	6
Derivative financial liabilities	240	252	144	108	0
Total	**8,498**	**10,263**	**1,924**	**7,453**	**886**
December 31, 2011					
Non-derivative financial liabilities	**8,588**	**9,134**	**1,942**	**7,185**	**7**
• Financial debt	7,068	7,614	431	7,183	0
• Trade payables	905	905	905	0	0
• Other financial liabilities	615	615	606	2	7
Derivative financial liabilities	316	320	176	144	0
Total	**8,904**	**9,454**	**2,118**	**7,329**	**7**

Contractual cash flows for financial debt include expected interest as well as the settlement amount of the loans.

The IBH Group has access to an additional line of credit of EUR 1,000 m which bears interest at Euribor plus 287.5 basis points.

(2) Counterparty risk

The risk that the IBH Group will incur a financial loss as a result of a customer or business partner defaulting is called counterparty risk. This risk is primarily inherent in trade receivables and other financial assets.

Counterparty risk arising on trade receivables is managed by constant monitoring of customers' financial status, creditworthiness and payment history. Efficient collection procedures and classification of customers in defined risk categories are additional components of Schaeffler Group's counterparty risk management. Appropriate credit limits are set and commercial credit insurance policies further reduce counterparty risk. Depending on the customer's creditworthiness, these insurance policies cover up to 80 % of receivables outstanding. All relevant rules are outlined in an IBH Group guideline.

Please refer to Note 1.4 for further details of the treatment of impairments on loans and receivables.

The maximum counterparty risk at the reporting date, excluding collateral, is represented by the carrying amount of the corresponding financial asset.

The IBH Group's senior management does not have any indications that the debtors will not meet their payment obligations with respect to trade receivables that are neither past due nor impaired. Management has determined that there are no indications that the counterparties to other financial assets, i.e. marketable securities, other loans and derivative financial assets will be unable to meet their future contractual obligation.

Trade receivables in the Automotive division are subject to a concentration of risk with respect to several OEMs (see Note 5.4).

(3) Market risk

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates, and equity prices will affect the IBH Group's net income or the value of its financial instruments. The objective of market risk management is to manage and control market risk within acceptable parameters while optimizing returns.

The IBH Group enters into derivatives in order to manage market risk. All resulting transactions are carried out in accordance with the risk management strategy approved by the Managing Directors. The finance organization closely monitors, actively manages, and reports market risk to senior management.

Interest rate risk: The IBH Group's interest-bearing financial instruments can be summarized by type of interest as follows:

	Carrying amount		
in € millions	12/31/2013	12/31/2012	12/31/2011
Variable interest instruments	**2,212**	**4,555**	**6,964**
• Financial debt	2,212	4,555	6,964
Fixed interest instruments	**3,541**	**2,510**	**417**
• Financial debt [1]	3,541	2,510	417

[1] incl. financial allocation account

The IBH Group enters into interest rate caps and swaps to minimize its exposure to changes in interest rates on the variable interest debt under the SFA. At year-end, the IBH Group has interest rate caps on hand.

During the year, the company settled interest rate swaps with a nominal amount of EUR 3,500 m (2012: EUR 3,500 m; 2011: EUR 3,500 m) used to economically hedge variable interest debt early and terminated the cash flow hedge relationship. The related changes in fair value recognized in other comprehensive income without affecting net income up to November 21, 2013 amount to EUR 6 m and are amortized to net income over the remaining term of the hedged item, which ends on June 30, 2014. As a result, interest income of EUR 1 m has been recognized in 2013.

The IBH Group demonstrates both prospective and retrospective effectiveness of the hedging relationship by regularly performing effectiveness tests. Prospective and retrospective effectiveness is tested using regression analysis to determine market sensitivities on the basis of a parallel shift in the yield curve by +/- 150 basis points (Bp).

As the test results show effectiveness to be within a range of 80 % - 125 %, the hedging relationship is considered to be highly effective.

The reserve of EUR -286 m accumulated up to November 20, 2009 for a terminated cash flow hedge relationship is being amortized to profit or loss using the effective interest method. In 2013, this resulted in interest expense of EUR 37 m (2012: EUR 72 m; 2011: EUR 75 m).

The portion of the hedging reserve in accumulated other comprehensive income that relates to hedges of interest rate risk changed as follows:

in €millions	2013	2012	2011
Balance as at January 01	2	-122	-184
Additions	-33	52	-13
Reclassified to income statement			
• to financial income	0	0	0
• to financial expense	36	72	75
Balance as at December 31	5	2	-122

Sensitivity to interest rates

The sensitivity calculation assumes that all other variables, particularly exchange rates, remain constant and that interest rates cannot fall below 0 %. With regard to variable interest instruments, a shift in the yield curve of 100 Bp as at December 31, 2013 would affect (increase/decrease) net income and shareholder's equity as follows.

	Net income (loss)		Shareholders' equity	
in € millions	Plus 100 Bp	Minus 100 Bp	Plus 100 Bp	Minus 100 Bp
As at December 31, 2013				
Variable interest instruments	-8	1	0	0
Interest rate derivatives not designated as hedging instruments	-30	55	0	0
Total	**-38**	**56**	**0**	**0**
As at December 31, 2012				
Variable interest instruments	10	-10	0	0
Interest rate derivatives designated as hedging instruments	0	0	54	-54
Interest rate derivatives not designated as hedging instruments	4	15	0	0
Total	**14**	**5**	**54**	**-54**
As at December 31, 2011				
Variable interest instruments	-27	27	0	0
Interest rate derivatives designated as hedging instruments	16	-2	96	-94
Interest rate derivatives not designated as hedging instruments	5	-5	0	0
Total	**-6**	**20**	**96**	**-94**

The impact of variable interest instruments is solely due to an increase or decrease in the interest charge. The change in net income and shareholders' equity from interest rate derivatives is entirely due to changes in fair value. The impact of interest rate derivatives not designated as hedging instruments on net income would be EUR -30 m and EUR 55 m, respectively, including the impact of embedded derivatives of EUR -31 m and EUR 55 m, respectively, as well as the impact of interest rate derivatives of EUR 1 m and EUR 0 m, respectively.

Currency risk: The IBH Group is exposed to currency risk on sales, purchases, loans payable and receivable, as well as financial debt that are denominated in a currency other than the functional currency of the relevant IBH Group entity.

The IBH Group's significant currency risk exposures by currency based on face values as of the end of each reporting period are as follows:

in € millions	USD	JPY	HUF	RON
December 31, 2013				
Estimated currency risk from operations	1,026	44	-115	-167
Forward exchange contracts	-608	-40	86	177
Remaining currency risk from operations	**418**	**4**	**-29**	**10**
December 31, 2012				
Estimated currency risk from operations	942	85	-110	-194
Forward exchange contracts	-762	-78	81	149
Remaining currency risk from operations	**180**	**7**	**-29**	**-45**
December 31, 2011				
Estimated currency risk from operations	1,062	108	-93	-190
Forward exchange contracts	-639	-82	76	152
Currency options	-156	0	0	0
Remaining currency risk from operations	**267**	**26**	**-17**	**-38**

Estimated currency risk from operations represents the currency risk from operating and investing activities within twelve months after the end of each reporting period. The remaining currency risk from operations reflects the combined exposure of all IBH Group entities not subject to local restrictions on foreign exchange transactions with the IBH Group's finance organization. Thus, this exposure represents the difference between recognized hedged items and hedged items in the form of expected future foreign currency cash flows that have not yet been recognized on the one hand and hedging instruments that have been recognized in the statement of financial position on the other hand. Currency risk in countries with foreign exchange restrictions (see Note 5.3) is monitored by the IBH Group's finance organization. The most significant currency risk exposure in these countries arises on the U.S. Dollar and amounts to an estimated EUR -225 m (2012: EUR -174 m; 2011: EUR -314 m).

At any point in time the IBH Group hedges a major portion of its estimated currency risk from operations in respect of forecasted sales and purchases over the next twelve months using forward exchange contracts.

Loans between group entities denominated in a currency other than the functional currency of one of the entities involved are fully hedged using forward contracts with the same maturity as the loans.

Portions of the company's external financial debt denominated in a currency other than the functional currency are hedged using cross-currency swaps with a nominal amount of USD 2,650 m. Changes in the fair value of these cross-currency swaps (nominal amount of USD 1,250 m; 2012: USD 900 m; 2011: EUR 0 m), which are not subject to hedge accounting, were recognized directly in profit or loss in 2013.

Currency risk arising from intra-group foreign currency loans is fully hedged economically and does not result in any significant additional currency risk exposure.

Cash flow hedges

Forward exchange contracts in certain currencies are accounted for as cash flow hedges with nearly perfect effectiveness. Changes in the fair value of these derivatives are recognized in other comprehensive income. Gains and losses on hedging instruments are reclassified to the income statement when the hedged transaction (hedged item) affects net income. Both the majority of the forecast transactions and the resulting impact on net income occur within one year of the end of the reporting period.

The portion of the hedging reserve in accumulated other comprehensive income that relates to hedges of currency risk from operations changed as follows:

in € millions	2013	2012	2011
Balance as at January 01	23	-56	38
Additions	-9	23	-18
Reclassified to income statement			
• to financial income	23	0	-84
• to financial expense	0	56	8
Balance as at December 31	**37**	**23**	**-56**

The IBH Group also applies cash flow hedge accounting to the foreign currency hedge of its bonds issued in U.S. Dollar using cross-currency swaps with a nominal amount of USD 1,400 m (2012: USD 800 m; 2011: EUR 0 m). As a result, accumulated other comprehensive income as at December 31, 2013 includes accumulated losses of EUR 23 m (2012: EUR 25 m; 2011: EUR 0 m) representing the effective portion of fair value changes on designated financial instruments. There was no ineffectiveness. The foreign exchange effects hedged will be recognized in profit or loss in the years 2014 to 2021.

The portion of the hedging reserve in accumulated other comprehensive income that relates to hedges of currency risk from financing activities changed as follows:

in € millions	2013	2012	2011
Balance as at January 01	-24	0	0
Additions	-74	-26	0
Reclassified to income statement			
• to financial income	0	0	0
• to financial expense	51	2	0
Balance as at December 31	-47	-24	0

Net investment hedge

The IBH Group hedges the foreign exchange risk of part of its investment in its U.S. subsidiaries using a portion of its financial debt denominated in U.S. Dollars (principal of USD 999 m; 2012: USD 900 m; 2011: USD 0 m) under a net investment hedge. This reduces the group's translation risk on the U.S. subsidiaries. As a result, accumulated other comprehensive income includes accumulated foreign exchange gains of EUR 42 m (2012: EUR 2 m; 2011: EUR 0 m) on designated financial debt as at December 31, 2013. The hedging relationship did not produce any ineffectiveness that would have had to be recognized separately. Investments in the group's other subsidiaries are not hedged.

Sensitivity to foreign exchange rates

The sensitivity analysis for currency risk from operations is based on a hypothetical 10 % weakening of the Euro against each of the significant foreign currencies as of December 31, 2013. The analysis covers foreign currency trade receivables and payables as well as derivative financial instruments used to hedge foreign currency risk and assumes that all other variables, particularly interest rates, remain constant.

The following table shows the effect on net income and shareholders' equity of translating balances at the closing rate and of measurement at fair value:

	12/31/2013		12/31/2012		12/31/2011	
in € millions	Net income (loss)	Shareholders' equity	Net income (loss)	Shareholders' equity	Net income (loss)	Shareholders' equity
USD	14	-61	3	-86	15	-77
JPY	-3	0	-3	-6	-4	-6
HUF	0	8	-6	9	-5	8
RON	0	18	-16	16	-18	16

Conversely, a 10 % rise in the Euro against the significant foreign currencies as at December 31, 2013 would have had the same but opposite effect, again holding all other variables constant.

The sensitivity analysis for currency risk from financing activities is based on a hypothetical 10 % weakening of the Euro against the U.S. Dollar as at December 31, 2013. The analysis covers foreign currency financial debt and derivative financial instruments used to hedge foreign currency risk related to financing and assumes that all other variables, particularly interest rates, remain constant.

	12/31/2013		12/31/2012		12/31/2011	
in € millions	Net income (loss)	Shareholders' equity	Net income (loss)	Shareholders' equity	Net income (loss)	Shareholders' equity
Foreign exchange gains and losses on financial debt	-192	-72	-142	-75	0	0
Foreign exchange gains and losses on derivatives	192	21	144	23	0	0
Total	0	-51	2	-52	0	0

Other price risk: Other price risk normally includes the risk of changes in stock-market prices and stock price indices as well as changes in commodity prices to the extent purchase agreements for commodities are treated as financial instruments due to the requirements of IAS 39, which is not the case for the IBH Group. Commodity price risk is hedged using long-term supply agreements that include price adjustment clauses.

Risks related to stock-market prices and stock price indices only arise from marketable securities. In light of the size of the IBH Group's holdings of such financial instruments, the price risk related to these items is considered insignificant.

Offsetting financial assets and financial liabilities

As at December 31, 2013, the IBH Group holds derivative financial assets and liabilities which are not required to be offset in accordance with IAS 32.42, but which are subject to an enforceable master netting arrangement or similar agreement that may result in their net settlement upon insolvency.

The following summary presents these financial assets and liabilities in accordance with IFRS 7.13C:

in € millions	12/31/2013	12/31/2012	12/31/2011
Financial assets			
Gross amount of financial assets	249	114	13
Amounts offset in accordance with IAS 32.42	0	0	0
Net amount of financial assets	249	114	13
Amounts subject to master netting arrangements			
Derivatives	-56	-45	-12
Net amount of financial assets	193	69	1
Financial liabilities			
Gross amount of financial liabilities	167	240	316
Amounts offset in accordance with IAS 32.42	0	0	0
Net amount of financial liabilities	167	240	316
Amounts subject to master netting arrangements			
Derivatives	-56	-45	-12
Net amount of financial liabilities	111	195	304

4.15 Capital structure

The IBH Group's shareholders' equity (including non-controlling interests in consolidated subsidiaries) rose by EUR 632 m to EUR -1,966 m in 2013 (12/31/2012: EUR -2,598 m; 12/31/2011: EUR 2,862 m). The equity ratio (ratio of shareholders' equity to total assets) was -23 % at December 31, 2013 (12/31/2012: -31 %; 12/31/2011: -35 %).

The overriding objective of the IBH Group's capital management is to ensure that the group is able to repay its debt and to provide access to sufficient financial resources. The most important instrument in this context is a detailed liquidity management system at group company level; it is designed to ensure that sufficient liquidity reserves are available at all times to service the financial debt incurred under the group's financing agreements (see Note 4.9).

Under these financing agreements, the IBH Group is subject to certain constraints including a requirement to meet certain financial covenants (see Note 4.9). Compliance with these financial covenants is continually monitored at group level. The inputs to the calculation of the financial covenants are defined in detail in the loan agreements and cannot be derived directly from amounts in the consolidated financial statements.

The IBH Group has complied with the financial covenants as required by its financing agreements in 2013 as well as in 2012 and 2011, and, based on its forecast, also expects to comply with these covenants in future years.

In addition to the financial covenants contained in the financing agreements, the IBH Group regularly determines financial indicators. One important indicator is the ratio of net debt to EBITDA (earnings before financial result, income from equity-accounted investees, income taxes, depreciation, amortization, and impairment losses), which is calculated as follows:

in € millions	12/31/2013	12/31/2012	12/31/2011
Current financial debt	33	111	18
Non-current financial debt	5,720	6,863	7,050
Total financial debt	**5,753**	**6,974**	**7,068**
Cash and cash equivalents	300	433	397
Total liquidity	**300**	**433**	**397**
Total net financial debt	**5,453**	**6,541**	**6,671**
Earnings before financial result, income from equity-accounted investees, income taxes, depreciation and amortization (EBITDA)	**1,660**	**2,087**	**2,290**
Net financial debt to EBITDA ratio	**3.3**	**3.1**	**2.9**

4.16 Leases

The IBH Group's obligations under finance leases are not significant.

Future minimum lease payments under non-cancellable operating rental and lease agreements are due as follows:

in € millions	12/31/2013	12/31/2012	12/31/2011
Less than one year	48	46	44
Between one and five years	53	52	72
More than five years	5	3	4
Total	**106**	**101**	**120**

The obligations consist primarily of rental agreements for real estate, leases of company vehicles, and contracts for IT and logistics services.

In 2013, expenses of EUR 71 m related to operating rental and lease agreements were recognized in profit or loss (2012: EUR 68 m; 2011: EUR 57 m).

5. OTHER INFORMATION

5.1 Commitments

At December 31, 2013, the IBH Group had open commitments under fixed contracts to purchase property, plant and equipment in the amount of EUR 177 m (12/31/2012: EUR 164 m; 12/31/2011: EUR 261 m). These commitments are expected to be settled as follows:

in € millions	12/31/2013	12/31/2012	12/31/2011
Less than one year	164	117	249
Between one and five years	13	47	12
Total	**177**	**164**	**261**

5.2 Contingent liabilities

in € millions	12/31/2013	12/31/2012	12/31/2011
Supplementary payments under Renewable Energy Sources Act	6	0	10
Other	13	37	34
Total	**19**	**37**	**44**

Other contingent liabilities consist primarily of claims raised by current and former employees as well as possible reassessments issued by taxation authorities. Due to the remote probability of an outflow of resources in these cases, they do not meet the conditions to be recognized as provisions.

Since 2011, several antitrust authorities have been investigating several manufacturers of rolling and plain bearings, particularly for the automotive and other industrial sectors. The authorities are investigating possible agreements violating antitrust laws. INA Beteiligungsgesellschaft mit beschränkter Haftung and some of its subsidiaries are among the entities subject to these investigations. The IBH Group is cooperating with the investigating authorities and supports their work. During the year 2013, the investigations of the EU antitrust authorities have become more concrete. The IBH Group recognized a provision for this issue in its consolidated financial statements in December 2013. A penalty was imposed in 2014 (see Note 5.6 Events after the reporting period. The risk remains that, along with the EU antitrust authorities, other antitrust authorities will also impose penalties and that third parties may claim damages. Various plaintiffs in the U.S. and in Canada have already filed class action suits. The amount of potential penalties or subsequent claims is uncertain, but could be significant.

5.3 Additional information on the consolidated statement of cash flows

Amounts reported by foreign subsidiaries are translated using average monthly exchange rates. Liquid funds, on the other hand, are measured using the exchange rate at the reporting date, as is the case in the statement of financial position.

Changes in balance sheet items shown in the statement of cash flows cannot be derived directly from the statement of financial position as they have been adjusted for the impact of foreign currency translation.

At December 31, 2013, cash and cash equivalents amount to EUR 300 m (12/31/2012: EUR 433 m; 12/31/2011: EUR 397 m), including EUR 151 m (12/31/2012: EUR 154 m; 12/31/2011: EUR 95 m) held by subsidiaries in Argentina, Brazil, China, Chile, Colombia, India, South Korea, South Africa, Taiwan, Thailand, the Philippines, Venezuela, and Vietnam. These subsidiaries are subject to exchange controls and other legal restrictions. As a result, the availability of these funds to INA Beteiligungsgesellschaft mit beschränkter Haftung as the parent entity is restricted.

The IBH Group assumed financial debt of EUR 600 m from Schaeffler Verwaltungs GmbH in 2011 via a corresponding reduction in the financial allocation account. As this transaction was non-cash in nature, it is not included in the statement of cash flows.

The repricing and full prepayment of tranches B2 EUR and B2 USD completed in March 2013 using newly obtained loan tranches C EUR and C USD was largely non-cash in nature. The financing transactions completed in April 2013 to refinance the company's SFA – such as placing bonds with institutional investors and replacing existing loans with new loan agreements – were also largely non-cash in nature. Only transaction costs paid for these arrangements are included in cash flows from operating activities.

The financing transactions completed in the first quarter of 2012 to refinance the company's senior loans – replacing existing loans with new loan agreements, issuing bonds, and placing loans with institutional investors – were largely non-cash in nature. The issue of the EUR 300 m in retail bonds and the employee bonds of EUR 26 m resulted in cash inflows of EUR 323 m, all of which were used to repay financial debt.

The increase in the capital of INA Beteiligungsgesellschaft mit beschränkter Haftung by EUR 638 m in December 2013 by way of a contribution of a receivable by Schaeffler AG to INA Beteiligungsgesellschaft mit beschränkter Haftung was a non-cash transaction.

Special items of EUR 380 m related to the ongoing EU antitrust proceedings have reduced EBIT and increased other provisions. Thus, they have not affected cash flows from operating activities in 2013; the related cash outflow is expected in 2014.

5.4 Segment reporting

The IBH Group's segment information has been derived from the segment information of the Schaeffler Group taking into account carve-out assumptions. See Note 1.3 Presentation of reporting periods before the change in the corporate structure of the IBH Group.

Based on this assumption, segment information is reported under the management approach in accordance with IFRS 8, reflecting the internal organizational and management structure including the internal reporting system.

The IBH Group engages in business activities (1) from which it may earn revenues and incur expenses, (2) whose EBIT is regularly reviewed by the IBH Group's senior management and used as a basis for future decisions on how to allocate resources to the segments and to assess their performance, and (3) for which discrete financial information is available.

The IBH Group's operating segments are reported in a manner consistent with the internal reporting system of Schaeffler AG. See Note 1.3 Presentation of reporting periods before the change in the corporate structure of the IBH Group for details on adjustments specific to the carve-out.

The IBH Group is divided into the two segments Automotive division and Industrial division as described below, each focusing on a specific worldwide group of customers. The segments offer different products and services and are managed separately because they require different technology and marketing strategies.

The following summary describes the operations of each of the IBH Group's two reportable segments:

Automotive: Product and service business with customers in the automotive sector. These include primarily manufacturers of passenger cars and commercial vehicles (OEM), automotive suppliers (Tier 1 and Tier 2) as well as companies focusing on the distribution of spare parts for passenger cars and commercial vehicles (aftermarket). Products range from wheel bearings as well as chassis and steering components through transmission systems and developments to engine components and valve control systems.

Industrial: Product and service business with manufacturers of investment goods. Specifically, these customers operate in the production machinery, power transmission, wind power, construction machinery/tractors, consumer goods, heavy industries, railway, and power generation sectors as well as in the industrial aftermarket (MRO). The business with customers in the aerospace industry is also included in this segment. The key products of this segment are rolling and plain bearings, linear guidance systems and direct drives.

Information on the operating activities of the two reportable segments is provided below. Performance is measured based on EBIT as senior management believes that such information is most relevant in evaluating the results of the segments in relation to other entities that operate within these industries.

The amounts for revenue, EBIT, assets, additions to intangible assets and property, plant and equipment, as well as amortization, depreciation, and impairments are reported based on the current allocation of customers to segments. The allocation of customers to divisions is reviewed at least annually and adjusted where necessary. To ensure that segment information is comparable, prior year information is also presented using the current year's customer structure. Gains on transactions between operating segments are not included.

Reconciliation to earnings before income taxes in € millions	2013	2012	2011
EBIT Automotive [1]	755	1,036	1,105
EBIT Industrial [1]	253	433	631
EBIT	**1,008**	**1,469**	**1,736**
Financial result	-424	-663	-726
Income from equity-accounted investees	2	1	0
Earnings before income taxes	**586**	**807**	**1,010**

[1] Prior year information presented based on 2013 segment structure.

The reportable segments Automotive division and Industrial division are managed on a global basis and operate production and distribution facilities in the geographical areas Europe, North America, South America, and Asia/Pacific.

Significant customers

In 2013, the IBH Group generated revenue of EUR 1,397 m (2012: EUR 1,358 m; 2011: EUR 1,153 m) from one key customer, representing approximately 12.5 % (2012: 12.2 %; 2011: 10.8 %) of total group revenue and approximately 17.1 % (2012: 17.7 %; 2011: 16.1 %) of Automotive segment revenue.

Information about geographical areas

	Revenue [1]			Non-current assets [2]		
in € millions	2013	2012	2011	12/31/2013	12/31/2012	12/31/2011
Europe	6,226	6,228	6,308	2,525	2,681	2,659
- thereof Germany	2,794	2,926	2,856	1,541	1,640	1,690
North America	1,833	1,759	1,409	398	382	352
South America	526	561	628	107	156	177
Asia/Pacific	2,620	2,577	2,349	877	850	693
- thereof Greater China	1,190	1,098	1,001	545	491	400
Total	**11,205**	**11,125**	**10,694**	**3,907**	**4,069**	**3,881**

[1] Revenue by customer location;
Prior year information presented based on 2013 segment structure.

[2] Non-current assets by production location.
Non-current assets consist of property, plant and equipment and intangible assets.

For purposes of reporting information by geographical area, revenue is allocated to geographical areas based on the geographic location of customers, while assets are allocated based on the geographic location of the assets.

5.5 Related parties

The shares in INA Beteiligungsgesellschaft mit beschränkter Haftung are indirectly held by Maria-Elisabeth Schaeffler and Georg F.W. Schaeffler. Under the definitions of IAS 24, Maria-Elisabeth Schaeffler and Georg F.W. Schaeffler are related parties of the IBH Group.

In 2010, the IBH Group acquired 5.1 % of the limited partners' interests in Schaeffler Immobilien GmbH & Co. KG, representing the non-controlling interest held by Georg F.W. Schaeffler. The purchase price amounted to EUR 13 m and was converted to an interest-free loan by Georg F. W. Schaeffler, which remained outstanding as at December 31, 2011 and was repaid in January 2012.

The IBH Group does not have any other significant direct business relations with Maria-Elisabeth and Georg F.W. Schaeffler.

The IBH Group's related companies include the immediate and ultimate parent companies of INA Beteiligungsgesellschaft mit beschränkter Haftung. Schaeffler AG is the immediate parent company of INA Beteiligungsgesellschaft mit beschränkter Haftung. The ultimate parent company is INA-Holding Schaeffler GmbH & Co. KG (IHO). These related companies are referred to as "parent Schaeffler companies" below. Related companies also include companies other than INA Beteiligungsgesellschaft mit beschränkter Haftung that are controlled by INA Beteiligungsgesellschaft mit beschränkter Haftung's parent companies.

In 2013, 2012, and 2011, IBH Group companies had various business relationships with the parent Schaeffler companies. These include recharges for services provided by the Schaeffler AG Corporate Center and fees for bank guarantees of bills of exchange as well as loans.

The following table summarizes income and expenses from transactions with the parent Schaeffler companies recognized in the IBH Group's consolidated financial statements. The summary also shows receivables and payables related to such transactions included in the consolidated financial statements as at the end of each reporting period.

	Receivables			Payables		
in € millions	12/31/2013	12/31/2012	12/31/2011	12/31/2013	12/31/2012	12/31/2011
Parent IHO companies	115	1	1	18	52	48

	Expenses			Income		
in € millions	2013	2012	2011	2013	2012	2011
Parent IHO companies	61	35	37	3	108	1

The Continental AG Group companies are also related to the IBH Group.

Related-party business relationships with Continental Group companies exist in the form of the supply of vehicle components and tools, the rendering of development and other services, and the lease of commercial real estate. The transactions with the Continental Group were entered into at arm's length conditions.

The following table summarizes income and expenses from transactions with Continental Group companies recognized in the IBH Group consolidated financial statements. The summary also shows receivables and payables related to such transactions included in the consolidated financial statements as at the end of each reporting period.

	Receivables			Payables		
in € millions	12/31/2013	12/31/2012	12/31/2011	12/31/2013	12/31/2012	12/31/2011
Continental Group companies	12	10	10	12	4	4

	Expenses			Income		
in € millions	2013	2012	2011	2013	2012	2011
Continental Group companies	49	34	24	97	91	75

Related parties of the IBH Group include the Managing Directors of INA Beteiligungsgesellschaft mit beschränkter Haftung: Klaus Rosenfeld (until October 17, 2011 and since January 21, 2013), Dr. Jürgen M. Geißinger (until October 17, 2011, from January 21, 2013 until October 04, 2013), Prof. Dr.-Ing. Peter Gutzmer (since December 13, 2013), Oliver Jung (since October 17, 2011), Kurt Mirlach (since December 13, 2013), Robert Schullan (since December 13, 2013), Rainer Hundsdörfer (from October 17, 2011 to August 31, 2012), Norbert Indlekofer (since October 17, 2011), Prof. Dr. Peter Pleus (since October 17, 2011), and Dr. Gerhard Schuff (from October 17, 2011 until September 30, 2013).

In addition, related parties of the IBH Group include the members of the Board of Managing Directors of Schaeffler AG: Klaus Rosenfeld, Dr. Jürgen M. Geißinger (until October 04, 2013), Wolfgang Dangel (until December 31, 2013), Prof. Dr.-Ing. Peter Gutzmer, Oliver Jung, Kurt Mirlach, Robert Schullan, Rainer Hundsdörfer (until August 31, 2012), Norbert Indlekofer, Prof. Dr. Peter Pleus, and Dr. Gerhard Schuff (until September 30, 2013).

The IBH Group's related parties also encompass the members of the Supervisory Board of Schaeffler AG, who, in addition to Maria-Elisabeth Schaeffler and Georg F.W. Schaeffler, include the following: Jürgen Baensch (since July 11, 2013), Prof. Dr. Hans-Jörg Bullinger, Dr. Eckhard Cordes, Dr. Hubertus Erlen, Prof. Dr. Bernd Gottschalk, Jochen Homburg, Franz-Josef Kortüm, Norbert Lenhard, Dr. Siegfried Luther, Thomas Mölkner, Wolfgang Müller (until July 11, 2013), Tobias Rienth, Stefanie Schmidt, Dirk Spindler, Robin Stalker, Salvatore Vicari, Jürgen Wechsler, Dr. Otto Wiesheu, and Jürgen Worrich.

Members of the Supervisory Board and the Executive Board of Schaeffler AG and the Managing Directors of INA Beteiligungsgesellschaft mit beschränkter Haftung as well as parties related to them have acquired bonds issued in 2013 by Schaeffler Finance B.V. totaling EUR 3 m in 2013 (2012: EUR 5 m; 2011: EUR 0 m) and have received EUR 0.3 m (2012: EUR 0.2 m; 2011: EUR 0 m) in interest on these bonds. At December 31, 2013, members of the Supervisory Board and the Executive Board of Schaeffler AG and the Managing Directors of INA Beteiligungsgesellschaft mit beschränkter Haftung held bonds issued by Schaeffler Finance B.V. with a principal totaling EUR 6 m (12/31/2012: EUR 5 m; 12/31/2011: EUR 0 m).

No advances or loans were granted to the Managing Directors of INA Beteiligungsgesellschaft mit beschränkter Haftung or members of Schaeffler AG's Executive Board or Supervisory Board.

Total remuneration of the Managing Directors of INA Beteiligungsgesellschaft mit beschränkter Haftung for the year was EUR 6 m (2012: EUR 9 m; 2011: EUR 0.5 m).

Short-term employee benefits of EUR 5 m (2012: EUR 8 m; 2011: EUR 0.5 m) were paid to the Managing Directors of the IBH Group.

Post-employment benefit expenses of EUR 1 m (2012: EUR 1 m; 2011: EUR 0 m) were recognized for the Managing Directors of the IBH Group.

5.6 Events after the reporting period

On March 19, 2014, the European Commission imposed a penalty of EUR 370,481,000.00 on the IBH Group companies for agreements violating antitrust law in connection with the sale of rolling bearings for the automotive sector. The penalty is expected to be paid in 2014.

The IBH Group announced that it had refinanced approximately EUR 3.5 bn in existing debt in several steps on April 11, April 24, May 06, and May 08, 2014. As part of this transaction, the IBH Group had initially announced the redemption of three bonds issued in 2012: Its 8.75 % bonds due in 2019 (ISIN: XS0741939788), its 8.5 % bonds due in 2019 (ISIN: USN77608AA00), and its 6.75 % bonds due in 2017 (ISIN: XS0801261156). In addition, the IBH Group replaced its existing institutional loan tranche C (Euro/U.S. Dollar) totaling approximately EUR 1.6 bn with new loan tranche E (Euro/U.S. Dollar) with an extended maturity of May 2020 and at improved terms. As part of this, the IBH Group obtained an amendment of certain terms of the existing Syndicated Senior Term Loan and Revolving Credit Facilities Agreement (SFA). Finally, the IBH Group issued four new bonds with a principal totaling approximately EUR 2.0 bn and terms of five, seven, and eight years in Euro and U.S. Dollar on May 14, 2014. The proceeds of these bond issues were used to redeem the abovementioned bonds issued in 2012, partially prepay bank loan tranche D (Euro), which is due in 2016, and to finance the antitrust penalty imposed by the European Commission.

No other material events expected to have a significant impact on the results of operations, financial position, or net assets of the IBH Group occurred after December 31, 2013.

5.7 Preparation of consolidated financial statements

The consolidated financial statements were prepared by the Managing Directors of INA Beteiligungsgesellschaft mit beschränkter Haftung on June 02, 2014.

Herzogenaurach, June 2, 2014

The Managing Directors

Klaus Rosenfeld	Prof. Dr.-Ing. Peter Gutzmer
Norbert Indlekofer	Oliver Jung
Kurt Mirlach	Prof. Dr. Peter Pleus
Robert Schullan	

Independent Auditors' Report

The following auditor's report, prepared in accordance with § 322 HGB ["Handelgesetzbuch": "German Commercial Code"], refers to the complete consolidated financial statements in accordance with IFRSs, as adopted by the EU, comprising the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of cash flows, the consolidated statement of changes in shareholders` equity and the notes to the consolidated financial statements of INA Beteiligungsgesellschaft mit beschränkter Haftung for the financial year from January 1, 2013 to December 31, 2013. This Auditors' Report and the Consolidated Financial Statements are both translations of the respective German-language documents.

To the INA Beteiligungsgesellschaft mit beschränkter Haftung, Herzogenaurach:

We have audited the consolidated financial statements prepared by the INA Beteiligungsgesellschaft mit beschränkter Haftung, Herzogenaurach, comprising the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of cash flows, the statement of changes in shareholders` equity and the notes to the consolidated financial statements for the business year from January 1, 2013 to December 31, 2013. The preparation of the consolidated financial statements in accordance with IFRSs, as adopted by the EU, are the responsibility of the parent company`s management. Our responsibility is to express an opinion on the consolidated financial statements based on our audit.

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

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements give a true and fair view of the net assets, financial position and the results of operations of the Group in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU.

Munich, June 2, 2014

KPMG AG
Wirtschaftsprüfungsgesellschaft

Sailer	Pritzer
Wirtschaftsprüfer	Wirtschaftsprüfer