Notes to the consolidated statement of financial position

[17] GOODWILL AND OTHER INTANGIBLE ASSETS

Goodwill is allocated to the segments as follows: > TABLE 056

Goodwill broken down by segment TABLE 056

in € million	2015	2014
LMH	941.0	927.8
STILL	556.2	556.7
Other	50.9	12.5
Total goodwill	**1,548.1**	**1,497.1**

The change in the amount of goodwill in 2015 mainly resulted from the acquisition of Egemin Automation, from which goodwill arose of €50.9 million. Currency effects also had an impact. In addition, goodwill of €12.5 million for KION India was reclassified from the Other segment to the LMH segment. The change in the amount of goodwill in 2014 had been the result of currency effects.

The Group intends to retain and further strengthen the Linde, STILL, OM STILL and KION brand names on a long-term basis. A value of €1.8 million was originally attributed to the Voltas brand name, which was integrated into the LMH segment with effect from 1 January 2015. This brand name is amortised over its useful life of five years. As at 31 December 2015, the brand names allocated to the LMH segment (Linde and Voltas) had a residual value of €475.2 million (31 December 2014: €474.5 million without the Voltas brand name), of which €475.1 million (31 December 2014: €474.5 million) was attributable to brand names with an indefinite useful life. In 2015, a value of €8.6 million was attributed to the Egemin Automation brand name and allocated to the Other segment as part of the purchase price allocation. As at 31 December 2015, the value of the brand names allocated to the Other segment had therefore risen to €13.7 million (31 December 2014: €5.5 million for the KION and Voltas brand names), of which €13.7 million (31 December 2014: €5.1 million) was attributable to brand names with an indefinite useful life. Brand names worth €115.2 million were assigned to the STILL segment (31 December 2014: €115.3 million). These assets are not amortised as they have an indefinite useful life. > TABLE 057

Intangible assets

TABLE 057

in € million	Goodwill	Brand names	Technology & development	Sundry intangible assets	Total
Balance as at 01/01/2014	**1,494.7**	**594.7**	**216.9**	**122.4**	**2,428.7**
Group changes	–	–	–	–0.0	–0.0
Currency translation adjustments	2.3	1.0	1.5	1.2	6.0
Additions	–	–	43.7	17.2	60.9
Disposals	–	–	–2.4	–0.1	–2.5
Amortisation	–	–0.3	–49.7	–30.5	–80.5
Balance as at 31/12/2014	**1,497.1**	**595.4**	**210.0**	**110.1**	**2,412.5**
Gross carrying amount as at 31/12/2014	1,497.1	596.5	492.5	270.0	2,856.0
Accumulated amortisation	–0.0	–1.1	–282.5	–159.9	–443.5
Balance as at 01/01/2015	**1,497.1**	**595.4**	**210.0**	**110.1**	**2,412.5**
Group changes	48.9	8.6	–	16.3	73.7
Currency translation adjustments	2.2	0.4	0.9	0.7	4.2
Additions	–	–	40.9	13.0	53.8
Disposals	–	–	–0.3	–0.6	–0.9
Amortisation	–	–0.3	–53.3	–33.2	–86.9
Impairment	–	–	–4.1	–	–4.1
Balance as at 31/12/2015	**1,548.1**	**604.1**	**194.1**	**106.2**	**2,452.5**
Gross carrying amount as at 31/12/2015	1,548.1	605.6	451.3	297.0	2,902.1
Accumulated amortisation	–	–1.5	–257.3	–190.8	–449.6

The total carrying amount for technology and development assets as at 31 December 2015 was €194.1 million (31 December 2014: €210.0 million). Development costs of €40.9 million were capitalised in the reporting year (2014: €43.7 million). Total research and development costs of €143.0 million (2014: €125.7 million) were expensed. Of this amount, €53.3 million (2014: €49.7 million) related to amortisation.

Impairment losses of €4.1 million were recognised on capitalised development costs in 2015 to reflect the lack of opportunities to use them in future following the early discontinuation of production of a model series. They are reported in other expenses. The impairment losses related to the STILL segment.

Other intangible assets relate in particular to licences, patents, software and customer relationships.

The change to the basis of consolidation in 2015 was due almost entirely to the acquisition of Egemin Automation.

[18] LEASED ASSETS

The changes in leased assets in 2015 and 2014 were as follows:
> TABLE 058

Leased assets TABLE 058

in € million	2015	2014
Balance as at 01/01/	**279.0**	**251.9**
Group changes	–1.7	–
Currency translation adjustments	1.8	–1.1
Additions	241.1	172.8
Disposals	–104.2	–73.9
Depreciation	–80.6	–69.5
Reclassification	–1.1	–1.3
Balance as at 31/12/	**334.4**	**279.0**
Gross carrying amount as at 31/12/	675.3	615.4
Accumulated depreciation	–340.9	–336.5

Leased assets are attributable to the Financial Services segment and relate to industrial trucks in the amount of €333.6 million (2014: €278.4 million) that are leased to external customers under operating leases and to office furniture and equipment in the amount of €0.8 million (2014: €0.6 million).

Leased assets include assets leased over the long term with a residual value of €285.9 million (31 December 2014: €230.5 million) that are funded by means of sale and leaseback transactions with leasing companies and leased assets with a residual value of €48.5 million (31 December 2014: €48.5 million) that are largely funded internally or by means of bank loans.

Leased assets resulted in non-cancellable minimum lease payments from customers amounting to €325.5 million (31 December 2014: €285.6 million).

The following table shows the maturity structure of these payments: > TABLE 059

Minimum lease payments TABLE 059

in € million	2015	2014
Cash receipts from minimum lease payments	**325.5**	**285.6**
due within one year	116.2	107.8
due in one to five years	200.5	174.9
due in more than five years	8.8	2.9

[19] RENTAL ASSETS

The changes in rental assets in 2015 and 2014 were as follows:
> TABLE 060

Rental assets TABLE 060

in € million	2015	2014
Balance as at 01/01/	**487.1**	**461.2**
Group changes	–3.1	–12.2
Currency translation adjustments	–4.1	2.1
Additions	294.8	264.9
Disposals	–72.0	–81.4
Depreciation	–159.3	–147.4
Reclassification	0.5	–0.1
Balance as at 31/12/	**544.0**	**487.1**
Gross carrying amount as at 31/12/	954.5	899.1
Accumulated depreciation	–410.5	–412.0

Acquisitions amounting to €165.1 million (2014: €146.0 million) and disposals amounting to €48.2 million (2014: €50.5 million) were attributable to the LMH segment. Acquisitions amounting to €129.5 million (2014: €119.1 million) and disposals amounting to €23.7 million (2014: €30.9 million) were attributable to the STILL segment.

The breakdown of rental assets by contract type is shown in the following table: > TABLE 061

Rental assets broken down by contract types TABLE 061

	Operating leases as lessor		Sale with risk		Total	
in € million	2015	2014	2015	2014	2015	2014
Industrial trucks	475.8	410.9	64.7	66.7	540.6	477.5
Truck equipment	3.4	9.5	0.0	0.1	3.4	9.5
Total rental assets	**479.2**	**420.3**	**64.8**	**66.7**	**544.0**	**487.1**

Rental assets comprises assets resulting from short-term rentals ('operating leases as lessor') and assets in relation to which significant risks and rewards remain with the KION Group although they were sold ('sale with risk').

[20] OTHER PROPERTY, PLANT AND EQUIPMENT

The changes in the carrying amounts of other property, plant and equipment are shown in > TABLE 062 below.

Land and buildings in the amount of €18.3 million (31 December 2014: €18.3 million) were largely pledged as collateral for accrued retirement benefits under partial retirement agreements.

As in the previous year, the KION Group did not recognise any significant impairment losses in accordance with IAS 36 on other property, plant and equipment in 2015.

Plant & machinery and office furniture & equipment include assets from procurement leases (finance leases) amounting to €16.0 million (31 December 2014: €13.1 million). Depreciation on these assets came to €4.9 million in 2015 (2014: €5.3 million). The corresponding liabilities are reported as other financial liabilities.

Other property, plant and equipment TABLE 062

in € million	Land and buildings	Plant, machinery, and office furniture and equipment	Advances paid and assets under construction	Total
Balance as at 01/01/2014	**320.0**	**158.3**	**21.1**	**499.4**
Group changes	–	–1.7	–	–1.7
Currency translation adjustments	7.1	2.2	0.2	9.4
Additions	5.3	54.0	12.8	72.1
Disposals	–13.8	–1.4	–1.4	–16.6
Depreciation	–14.4	–55.4	–	–69.8
Reclassification	4.0	8.3	–10.9	1.3
Balance as at 31/12/2014	**308.1**	**164.3**	**21.7**	**494.1**
Gross carrying amount as at 31/12/2014	644.2	952.7	21.7	1,618.6
Accumulated depreciation	–336.1	–788.4	0.0	–1,124.5
Balance as at 01/01/2015	**308.1**	**164.3**	**21.7**	**494.1**
Group changes	–0.8	1.1	0.1	0.4
Currency translation adjustments	3.7	0.8	0.1	4.5
Additions	8.0	62.7	18.4	89.1
Disposals	–1.9	–7.4	–0.2	–9.5
Depreciation	–14.0	–56.5	–	–70.5
Reclassification	2.5	9.2	–11.1	0.6
Balance as at 31/12/2015	**305.7**	**174.1**	**29.0**	**508.8**
Gross carrying amount as at 31/12/2015	653.0	996.7	29.0	1,678.7
Accumulated depreciation	–347.3	–822.6	–0.0	–1,170.0

[21] EQUITY-ACCOUNTED INVESTMENTS

The KION Group reported equity-accounted investments with a total carrying amount of €73.6 million as at 31 December 2015 (31 December 2014: €114.6 million).

In 2014, the KION Group had held 30.0 per cent of the shares in Linde Hydraulics GmbH & Co. KG, Aschaffenburg (referred to below as Linde Hydraulics) through Linde Material Handling GmbH, Aschaffenburg. On 20 July 2015, the KION Group exercised the put option vis-à-vis Weichai Power Co., Ltd., Weifang, China (referred to below as Weichai Power) that it held via Linde Material Handling GmbH, Aschaffenburg, on 20.0 per cent of the shares in Linde Hydraulics. In December 2015, the 20.0 per cent of the shares in Linde Hydraulics of €41.0 million were legally transferred to Weichai Power for a purchase consideration of €77.4 million. The remaining 10.0 per cent of the shares in Linde Hydraulics continue to be accounted for under the equity method because the KION Group can continue to participate in financial and operating policy decisions as there have been no changes to its contractual rights relating to committee membership.

The residual carrying amount of the associates mainly resulted from the shares (10.0 per cent) in Linde Hydraulics and the shares (45.0 per cent) in Linde Leasing GmbH, Wiesbaden. The associates and joint ventures can be seen in the list of shareholdings (see note [47]). Their financial information is summarised below. > TABLES 063 – 064

The amounts in the tables are based on the share held by the KION Group in the relevant associate or joint venture.

Summarised financial information associates TABLE 063

in € million	2015	2014
Total carrying amount	45.6	88.5
Profit (+) / loss (–) from continuing operations	4.1	–29.8
Other comprehensive income	2.1	–2.6
Total comprehensive income	**6.1**	**–32.3**

Summarised financial information joint ventures TABLE 064

in € million	2015	2014
Total carrying amount	28.0	26.1
Profit (+) / loss (–) from continuing operations	6.5	4.9
Other comprehensive income	0.9	–0.9
Total comprehensive income	**7.4**	**4.0**

[22] LEASE RECEIVABLES

In the case of leases under which KION Group entities lease assets directly to customers as part of the Group's financial services activities, the Group's net investment in the lease is reported as a lease receivable.

The amounts recognised as lease receivables are based on the data below. > TABLE 065

Gross investments include minimum lease payments from non-cancellable sub-leases amounting to €587.1 million (31 December 2014: €488.8 million).

Lease receivables include unguaranteed residual values of €74.5 million (31 December 2014: €63.9 million).

Lease receivables TABLE 065

in € million	2015	2014
Gross investments	**725.8**	**611.8**
due within one year	210.8	228.7
due in one to five years	489.6	364.6
due in more than five years	25.4	18.5
Present value of outstanding minimum lease payments	**653.7**	**547.8**
due within one year	181.7	202.5
due in one to five years	447.5	327.5
due in more than five years	24.5	17.8
Unrealised financial income	**72.0**	**64.0**

[23] OTHER FINANCIAL ASSETS

With effect from 31 December 2015, the presentation of other financial assets and other financial liabilities was changed in order to make it more consistent with the presentation of other financial instrument disclosures in accordance with IFRS 7. To comply with IAS 1.55, the line items 'Other assets' and 'Other liabilities' were added to the statement of financial position as at 31 December 2015. These line items contain other assets and liabilities that are not covered by the scope of IFRS 7 and are thus shown separately from other financial assets and other financial liabilities. The figures for 2014 have been restated to reflect these disclosure changes. An explanation of other assets can be found in note [24]. Other liabilities are explained in note [35].

Other financial assets of €104.3 million (31 December 2014: €131.0 million) comprise the items stated below. > TABLE 066

Of the change in non-consolidated subsidiaries and other equity investments, an amount of €19.6 million resulted from acquisition of the shares in the Italian dealer Moden Diesel S.p.A. (formerly MODEN DIESEL S.R.L.) and LR Intralogistik GmbH.

On 20 July 2015, the KION Group exercised the put option vis-à-vis Weichai Power Co., Ltd., Weifang, China that it held via Linde Material Handling GmbH, Aschaffenburg, on 20.0 per cent of the shares in Linde Hydraulics. In December 2015, the 20.0 per cent of the shares in Linde Hydraulics were transferred to Weichai Power and the receivable of €34.7 million arising from the exercise of the put option was derecognised. As at 31 December 2014, this put option had been recognised under current derivative financial instruments in the amount of €34.7 million.

Other financial assets TABLE 066

in € million	2015	2014
Investments in non-consolidated subsidiaries and other investments	42.4	11.4
Loans receivable	2.7	0.6
Non-current securities	0.8	0.8
Other non-current financial assets	**45.9**	**12.7**
Derivative financial instruments	5.3	43.7
Financial receivables	15.4	12.4
Sundry other financial assets	37.7	62.3
Other current financial assets	**58.4**	**118.3**
Total other financial assets	**104.3**	**131.0**

[24] OTHER ASSETS

Other assets of €85.0 million (31 December 2014: €71.5 million) comprise the following: > TABLE 067

Pension assets relate to asset surpluses from two defined benefit plans in the United Kingdom (31 December 2014: two) in which plan assets exceed the present value of the defined benefit obligation (see note [29]).

Other assets TABLE 067

in € million	2015	2014
Pension assets	30.2	21.6
Other non-current assets	**30.2**	**21.6**
Deferred charges and prepaid expenses	32.0	28.8
Sundry tax receivables	22.7	21.0
Sundry other assets	0.1	0.0
Other current assets	**54.8**	**49.8**
Total other assets	**85.0**	**71.5**

[25] INVENTORIES

The reported inventories break down as follows: > TABLE 068

Inventories TABLE 068

in € million	2015	2014
Materials and supplies	115.9	122.2
Work in progress	75.0	71.5
Finished goods and merchandise	359.5	330.8
Advances paid	3.1	4.7
Total inventories	**553.5**	**529.2**

The slight rise in inventories compared with 31 December 2014 was largely attributable to the increase in finished goods (up by 8.7 per cent) and work in progress (up by 4.9 per cent). By contrast, there was a decrease in materials and supplies of 5.1 per cent. In 2015, impairment losses of €12.5 million were recognised on inventories (2014: €9.1 million). Reversals of impairment losses had to be recognised in the amount of €4.6 million (2014: €4.1 million) because the reasons for the impairment losses no longer existed.

[26] TRADE RECEIVABLES

The trade receivables break down as follows: > TABLE 069

Trade receivables TABLE 069

in € million	2015	2014
Receivables from third parties	631.8	582.6
thereof receivables from third parties before valuation allowances	670.3	622.8
thereof valuation allowances for overdue receivables >90 days ≤180 days	–6.5	–6.9
thereof valuation allowances for overdue receivables >180 days	–22.1	–22.3
thereof other valuation allowances for receivables	–9.9	–11.1
Trade receivables from non-consolidated subsidiaries	16.2	4.7
Trade receivables from equity-accounted investments and other investments	20.9	10.9
Construction contracts with a net credit balance towards customers	1.5	–
Total trade receivables	**670.5**	**598.2**

Valuation allowances of €38.5 million (31 December 2014: €40.2 million) were recognised for trade receivables. The contract costs incurred and the contract profit recognised (net of recognised losses) in respect of construction contracts that had not been completed by the reporting date came to a total of €47.3 million (31 December 2014: €0.0 million).

[27] CASH AND CASH EQUIVALENTS

The change in cash and cash equivalents is shown in the consolidated statement of cash flows. For more detailed information, please also refer to note [37]. > TABLE 070

Cash and cash equivalents TABLE 070

in € million	2015	2014
Balances with banks, cash and cheques	102.8	98.7
Pledged cash	0.3	0.2
Total cash and cash equivalents	**103.1**	**98.9**

[28] EQUITY

Subscribed capital and capital reserves

As at 31 December 2015, the Company's share capital amounted to €98.9 million, which was unchanged on 31 December 2014, and was fully paid up. It was divided into 98.9 million no-par-value shares.

Between 10 September 2015 and 30 September 2015, a further 70,000 treasury shares were repurchased via the stock exchange at an average price of €38.74 in order to provide the shares for employees' own investments and the free shares under the employee share option programme. The total cost was €2.7 million. Due to the issue of 73,512 no-par-value shares (2014: 87,438 no-par-value shares) under the programme, KION GROUP AG held 160,050 treasury shares at the reporting date (31 December 2014: 163,562). These are not dividend-bearing and do not confer any voting rights. Further details on the KEEP employee share option programme can be found in note [44].

The total number of shares outstanding as at 31 December 2015 was 98,739,950 no-par-value shares (31 December 2014: 98,736,438 no-par-value shares).

As at 31 December 2015, KION Group employees held options on a total of 53,220 no-par-value shares (31 December 2014: 29,116 no-par-value shares). The share options granted under the employee share option programme are not dividend-bearing and do not confer any voting rights.

The Annual General Meeting on 19 May 2014 voted to create authorised capital that will enable the KION Group to meet its funding needs quickly and flexibly. Subject to the consent of the Supervisory Board, the Executive Board is authorised until 18 May 2019 to increase the Company's share capital by up to €9.89 million by way of an issue of up to 9,890,000 new no-par-value bearer shares (2014 Authorised Capital).

To safeguard the Company's funding options, the Executive Board is also authorised until 18 May 2019 to issue warrant-linked bonds, convertible bonds or profit-sharing rights with a total par value of up to €800 million that contain pre-emption rights/obligations for up to 9,890,000 no-par-value shares. To this end, a conditional increase was decided upon in order to increase the

Company's share capital by up to €9.89 million by way of an issue of up to 9,890,000 new no-par-value bearer shares (2014 Conditional Capital).

The total amount attributable to shares that was spent in connection with this approved/conditional capital may not exceed 10 per cent of the share capital. In both cases, the pre-emption right of shareholders can be excluded in certain circumstances. The corresponding amendments to the articles of incorporation were entered in the commercial register on 16 June 2014.

Retained earnings

The development of retained earnings is shown in the consolidated statement of changes in equity in > TABLE 040. The retained earnings comprise the net income (loss) for the financial year and past contributions to earnings by the consolidated entities, provided they have not been distributed.

The distribution of a dividend of €0.55 per share (2014: €0.35 per share) to the shareholders of KION GROUP AG resulted in an outflow of funds of €54.3 million in 2015 (2014: €34.5 million).

Appropriation of profit

The Executive Board and Supervisory Board of KION GROUP AG will propose a dividend of €0.77 per share to the Annual General Meeting on 12 May 2016. As there were 98,739,950 dividend-bearing shares as at 31 December 2015, this equates to a total dividend payout of €76.0 million. Roughly 35.0 per cent of the net income accruing to the KION Group shareholders will therefore be distributed in dividends.

Accumulated other comprehensive income (loss)

The breakdown of accumulated other comprehensive income (loss) is shown in > TABLE 040.

The currency translation adjustment contains the exchange differences arising from the financial statements prepared in a foreign currency of foreign subsidiaries, associates and joint ventures.

The gains/losses on the defined benefit obligation are the result of remeasuring defined benefit pension obligations (see also note [29]).

The gains/losses on hedge reserves are the effective portion of the changes in the fair value of the hedging instruments for cash flow hedges and net investment hedges. The gains/losses from equity investments contain the share of other comprehensive income (loss) from associates and joint ventures accounted for under the equity method.

Non-controlling interests

Non-controlling interests in companies in the KION Group amounted to €7.7 million (31 December 2014: €5.3 million).

[29] RETIREMENT BENEFIT OBLIGATION

The retirement benefit obligation is recognised for obligations to provide current and future post-employment benefits. Post-employment benefit plans are classified as either defined benefit plans or defined contribution plans, depending on the substance of the plan as derived from its principal terms and conditions.

Defined contribution plans

In the case of defined contribution pension plans, the Group pays contributions to government or private pension insurance providers based on statutory or contractual provisions, or on a voluntary basis. The Group does not enter into any obligations above and beyond the payment of contributions to an external pension fund. The amount of future pension benefits is based solely on the amount of the contributions paid by the employer (and in some cases the beneficiaries themselves) to the external pension fund, including income from the investment of these contributions. The

total expense arising from defined contribution plans amounted to €64.2 million in 2015 (2014: €58.3 million). Of this total, contributions paid by employers into government-run schemes came to €56.3 million (2014: €52.4 million). The defined contribution plan expense is reported within the functional costs.

Defined benefit plans

In the case of defined benefit plans, the beneficiaries are granted a specific benefit by the Group or an external pension fund. Due to future salary increases, the benefit entitlement at the retirement age of the beneficiary is likely to be higher than the amount granted as at the reporting date. Pensions are often adjusted after an employee reaches retirement age. The amount of the Group's obligation, which is defined as the actuarial present value of the obligation to provide the level of benefits currently earned by each beneficiary, is expressed as the present value of the defined benefit obligation (DBO) including adjustments for future salary and pension increases.

The KION Group currently grants pensions to almost all employees in Germany and a number of foreign employees. These pensions consist of fixed benefit entitlements and are therefore reported as defined benefit plans in accordance with IFRS. As at 31 December 2015, the KION Group had set up defined benefit plans in 13 countries. For all of the significant defined benefit plans within the Group, the benefits granted to employees are determined on the basis of their individual income, i.e. either directly or by way of intermediate benefit arrangements. The largest of the KION Group's defined benefit plans – accounting for 91.1 per cent of the global defined benefit obligation (31 December 2014: 91.2 per cent) – are in Germany and the United Kingdom.

Germany

In Germany, the pension benefits granted under the 2001 pension benefit conditions and 2002 pension benefit conditions depend on employees' length of service and gross annual remuneration (pension component entitlement). The pension component is calculated by multiplying a certain percentage by an age-dependent annuitisation factor. The contribution rate is 3.4 per cent (2001 pension benefit conditions) or 2.0 per cent (2002 pension benefit conditions) of the gross remuneration that an employee earns in the computation period. Employees receive the pension entitlement that they have earned in the form of a monthly retirement pension or invalidity benefit or, in the event of their death, the entitlement is paid to their surviving dependants in the form of a widow's/widower's pension or orphans' pension. Members of the Executive Board and other executives are predominantly covered by individual pension plans. For details of the pension entitlements of KION GROUP AG Executive Board members, please refer to the information in note [45]. The amount of the benefits paid to executives depends on the type of entitlement. Under the 'old' individual pension plans, executives were entitled to a certain percentage of income as their pension benefit. By contrast, the employer-funded entitlement under the 'new' individual pension plans consists of two components: a fixed basic pension and a variable top-up pension through which annual components are earned within a defined contribution system. Both components depend on the seniority of the executive.

In addition, employees in Germany are able to pay part of their salary into a company pension plan, for which KION provides a defined minimum interest rate to enable employees to build up their personal pension provision. The pension benefits consist of retirement, invalidity and surviving dependants' benefits. Each contribution made is converted into a capital component on the basis of a guaranteed minimum interest rate of 3.0 per cent and depending on the age of the employee. The capital components acquired each calendar year are added up to give the pension capital. When an insured event occurs, the pension capital is converted into an ongoing life-long pension or a one-off capital payment.

In Germany, the KION Group also helps employees to build up their own pension provision with an additional matching contribution for those employees who pay part of their salary into the KION pension plan. The additional matching contribution received by executives is 50.0 per cent of the amount they defer in a calendar year, although the absolute amount of this contribution is limited to a certain percentage of income (ranging from 2.5 per cent to a maximum of 5.0 per cent). All other employees who participate in the company pension scheme receive up to 0.4 per cent of their gross remuneration.

Some of the KION Group's pension obligations in Germany are financed by way of contractual trust arrangements (CTAs), which qualify as plan assets within the meaning of IAS 19. The trustees are required to follow a defined investment strategy and guidelines. There are no statutory minimum funding requirements.

In the event of the Company's insolvency, the company pension scheme in Germany is to a large extent protected by law by the insolvency protection scheme (Pensions-Sicherungs-Verein Versicherungsverein auf Gegenseitigkeit, PSVaG).

United Kingdom

In the United Kingdom, defined benefit pension obligations predominantly relate to two plans. The defined benefits include not only a life-long retirement pension but also surviving dependants' benefits. The amount of the pension depends on employees' length of service and final salary.

The two plans were closed to new employees more than ten years ago. Each plan is monitored by its own board of trustees, which oversees the running of the plan as well as its funded status and the investment strategy. The members of the board of trustees comprise people appointed by the company involved and selected plan beneficiaries.

Under UK law, the board of trustees is obliged to have a valuation of the plan carried out at least every three years. In connection with the 2012 valuation of the pension plans for the employees of the KION Group's UK companies, the Company and the trustees of the pension funds agreed on a calculation method in May 2014, according to which the deficit for the two remaining pension plans amounted to €8.6 million as at 1 July 2013. On this basis, the KION Group agreed with the trustees that it would pay approximately the equivalent of €5.0 million in 2015 and €2.5 million in 2016 in order to reduce the deficit. However, these payments are subject to the condition that the annual review of the pension plans' funding position continues to reveal a deficit. If a payment would result in the pension plans being overfunded, the KION Group would be exempt from its payment obligation in that year.

The trustees of the two plans were also granted collateral in rem in the form of charges on the real estate of Group companies in the UK and flexible collateral in respect of the rental fleets of UK dealers within a maximum overall limit of approximately €24.4 million (2014: €23.2 million). The term of this collateral is limited to five years (1 July 2018), and the overall limit will not be reduced by payments made by the KION Group. The likelihood of the guarantee being used is deemed low in view of the position of the individual companies with regard to their current and future financial and earnings situations.

Other countries

Furthermore, significant asset volumes are invested in external pension funds with restricted access in Switzerland and the Netherlands. Decisions on additions to plan assets take into account the change in plan assets and pension obligations. They also take into account the statutory minimum coverage requirements and the amounts deductible under local tax rules.

Measurement assumptions

In accordance with IAS 19 ('Employee Benefits'), pension provisions are recognised to cover obligations arising from the current and future pension entitlements of active and (after the vesting period has expired) former employees of the KION Group and their surviving dependants. The discount rate used to calculate the defined benefit obligation at each reporting date is determined on the basis of current capital market data and long-term assumptions about future salary and pension increases in accordance with the best estimate principle. These assumptions vary depending on the economic conditions affecting the currency in which benefit obligations are denominated and in which fund assets are invested, as well as capital market expectations.

Benefit obligations are calculated on the basis of current biometric probabilities as determined in accordance with actuarial principles. The calculations also include assumptions about future employee turnover based on employee age and years of service and about the probability of retirement. The defined benefit obligation is calculated on the basis of the significant weighted-average assumptions as at the reporting date shown in > TABLE 071.

The assumed discount rate is determined on the basis of the yield as at the reporting date on AA-rated, fixed-interest senior corporate bonds with maturities that match the expected maturities of the pension obligations. Pension obligations in foreign companies are calculated on a comparable basis taking into account any country-specific requirements.

Future increases in salaries are estimated on an annual basis taking into account factors such as inflation and the overall economic situation.

The biometric mortality rates used in the calculation are based on published country-specific statistics and empirical

values. Since 31 December 2009, the modified Heubeck 2005 G mortality tables have been used in Germany as the biometric basis; the modified tables include a somewhat higher life expectancy for males than the unmodified tables. The S1NA CMI 2013 (standard mortality tables for self-administered pension schemes (SAPS) based on normal health) with a long-term trend of 1.25 per cent p.a. is applied to the two defined benefit plans in the United Kingdom.

The actuarial assumptions not listed in > TABLE 071, such as employee turnover, invalidity, etc., are determined in accordance with recognised forecasts in each country, taking into account the circumstances and forecasts in the companies concerned.

The significant weighted-average assumptions shown in > TABLE 072 were applied to the calculation of the net interest cost and the cost of benefits earned in the current year (current service cost).

Differences between the forecast and actual change in the defined benefit obligation and changes in related assets (known as remeasurements) are recognised immediately in other comprehensive income in accordance with IAS 19. This serves to ensure that the pension liability in the statement of financial position is the present value of the defined benefit obligation.

In the case of externally financed pension plans, this present value of the defined benefit obligation is reduced by the fair value of the assets of the external pension fund (plan assets). If the plan assets exceed the present value of the defined benefit obligation (net assets), a corresponding asset is recognised in accordance with IAS 19. IAS 19.64 in conjunction with the supplementary explanatory information in IFRIC 14 states that the recognition of an asset for an excess of plan assets is only permitted if the company concerned, in its function as the employer, gains economic benefits in the form of reductions in future contributions to the plan or in the form of refunds from the plan. If the present value of the defined benefit obligation is not covered by the plan assets, the net obligation is reported under the retirement benefit obligation.

Assumptions underlying provisions for pensions and other postemployment benefits TABLE 071

	Germany		UK		Other	
	2015	2014	2015	2014	2015	2014
Discount rate	2.35%	2.20%	3.75%	3.55%	1.61%	1.79%
Salary increase rate	2.75%	2.75%	4.25%	4.25%	2.50%	2.49%
Pension increase rate	1.75%	1.75%	3.13%	3.18%	0.42%	0.42%

Assumptions underlying pensions expenses TABLE 072

	Germany		UK		Other	
	2015	2014	2015	2014	2015	2014
Discount rate	2.20%	3.60%	3.55%	4.40%	1.79%	2.95%
Salary increase rate	2.75%	2.75%	4.25%	4.16%	2.49%	2.44%
Pension increase rate	1.75%	1.75%	3.18%	3.53%	0.42%	0.48%

In two defined benefit plans in the United Kingdom, plan assets exceed the present value of the defined benefit obligation. Stipulations limiting the asset to be recognised in the statement of financial position do not apply.

Statement of financial position

The change in the present value of the defined benefit obligation (DBO) is shown in > TABLE 073.

The DBO in the other countries was predominantly attributable to subsidiaries in Switzerland (2015: €57.2 million; 2014: €48.7 million) and the Netherlands (2015: €33.1 million; 2014: €38.4 million).

The plan curtailments in the reporting year are the result of income in the Netherlands arising in connection with an agreement reached with the employee representatives. The employees in the Netherlands switched to a defined contribution plan on 1 January 2016.

The components of the remeasurements are listed in > TABLE 078.

The change in the fair value of plan assets is shown in > TABLE 074.

Employees in Germany paid a total of €2.9 million (2014: €3.2 million) into the KION pension plan in 2015.

Changes in defined benefit obligation TABLE 073

	Germany		UK		Other		Total	
in € million	2015	2014	2015	2014	2015	2014	2015	2014
Present value of defined benefit obligation as at 01/01/	**809.6**	**588.1**	**438.4**	**422.1**	**120.8**	**95.7**	**1,368.8**	**1,106.0**
Group changes	–	–	–	–53.2	–	–	–	–53.2
Exchange differences	–	–	23.7	30.5	5.2	1.0	28.9	31.5
Current service cost	29.0	19.1	1.1	1.1	4.7	3.1	34.7	23.4
Past service cost (+) and income (–) from plan amendments	–	3.4	–	0.1	–0.1	–0.9	–0.1	2.6
Past service cost (+) and income (–) from curtailments	–	–	–	–	–4.2	–	–4.2	–
Interest expense on defined benefit obligation	17.7	21.3	16.3	18.7	2.2	2.8	36.2	42.7
Employee contributions	2.9	3.2	–	–	1.0	0.9	3.9	4.1
Pension benefits directly paid by company	–14.0	–12.9	–	–	–1.6	–1.6	–15.6	–14.4
Pension benefits paid by funds	–0.5	–0.2	–19.0	–18.9	–4.3	–2.2	–23.8	–21.4
Liability transfer out to third parties	–0.2	–0.4	–	–	–	–0.0	–0.2	–0.5
Remeasurements	–14.9	188.0	–19.9	38.0	0.2	22.0	–34.6	247.9
Present value of defined benefit obligation as at 31/12/	**829.7**	**809.6**	**440.5**	**438.4**	**124.0**	**120.8**	**1,394.2**	**1,368.8**
thereof unfunded	342.6	334.4	0.0	–	33.4	33.6	376.1	368.1
thereof funded	487.0	475.2	440.5	438.4	90.5	87.2	1,018.1	1,000.7

Changes in plan assets TABLE 074

	Germany		UK		Other		Total	
in € million	2015	2014	2015	2014	2015	2014	2015	2014
Fair value of plan assets as at 01/01/	**73.6**	**65.0**	**455.5**	**441.6**	**73.8**	**61.7**	**603.0**	**568.3**
Group changes	–	–	–	–56.5	–	–	–	–56.5
Exchange differences	–	–	24.5	31.8	4.4	0.8	28.8	32.6
Interest income on plan assets	1.7	2.1	17.1	19.6	1.3	1.7	20.1	23.4
Employee contributions	2.9	3.2	–	–	1.0	0.9	3.9	4.1
Employer contributions	1.1	1.0	5.1	2.4	2.3	2.2	8.5	5.6
Pension benefits paid by funds	–0.5	–0.2	–19.0	–18.9	–4.3	–2.2	–23.8	–21.4
Liability transfer out to third parties	–0.1	–0.1	–	–	–	–	–0.1	–0.1
Remeasurements	1.1	2.6	–15.9	35.5	0.8	8.8	–14.0	46.9
Fair value of plan assets as at 31/12/	**79.8**	**73.6**	**467.2**	**455.5**	**79.4**	**73.8**	**626.4**	**603.0**

In 2015, employer contributions in the United Kingdom, which amounted to €5.1 million, included one-off payments of €5.0 million (2014: €1.4 million) into pension funds on the basis of contractual agreements. In Germany, one-off payments of €0.6 million (2014: €0.6 million) were also made to a German CTA for the other members of the KION GROUP AG Executive Board.

The payments expected for 2016 amount to €23.2 million (2015: €22.6 million), which includes expected employer contributions of €6.9 million to plan assets (2015: €7.3 million) and expected direct payments of pension benefits amounting to €16.3 million (2015: €15.3 million) that are not covered by corresponding reimbursements from plan assets. According to local valuation rules, there continue to be gaps in the coverage of two defined benefit pension plans in the United Kingdom, as a result of which the expected employer contributions for 2016 include one-off payments amounting to €2.5 million in line with the agreements reached with the trustees.

The reconciliation of funded status and net defined benefit obligation to the amounts reported in the consolidated statement of financial position as at 31 December is shown in > TABLE 075.

As a result, the funding ratio (ratio of plan assets to the present value of the defined benefit obligation) in the KION Group was 44.9 per cent (2014: 44.0 per cent).

The change in the retirement benefit obligation reported in the statement of financial position is shown in > TABLE 076.

Statement of cash flows

In the case of obligations not covered by external assets, payments to beneficiaries are made directly by the Company and therefore have an impact on cash flow from operating activities. If the benefit obligations are backed by external assets, the payments are made from existing plan assets and have no effect on the Company's cash flow. Instead, any contributions made to the external pension fund by the Company result in a cash outflow for operating activities.

Funded status and net defined benefit obligation

TABLE 075

	Germany		UK		Other		Total	
in € million	2015	2014	2015	2014	2015	2014	2015	2014
Present value of the partially or fully funded defined benefit obligation	–487.0	–475.2	–440.5	–438.4	–90.5	–87.2	–1,018.1	–1,000.7
Fair value of plan assets	79.8	73.6	467.2	455.5	79.4	73.8	626.4	603.0
Surplus (+)/deficit (–)	**–407.2**	**–401.6**	**26.7**	**17.2**	**–11.2**	**–13.3**	**–391.7**	**–397.8**
Present value of the unfunded defined benefit obligation	–342.6	–334.4	–0.0	–	–33.4	–33.6	–376.1	–368.1
Net liability (–)/net asset (+) as at 31/12/	**–749.9**	**–736.0**	**26.7**	**17.2**	**–44.6**	**–47.0**	**–767.8**	**–765.8**
Reported as 'retirement benefit obligation'	–749.9	–736.0	–3.6	–4.5	–44.6	–47.0	–798.0	–787.5
Reported as 'Other non-current assets'	–	–	30.2	21.6	–	–	30.2	21.6

Changes in retirement benefit obligation

TABLE 076

	Germany		UK		Other		Total	
in € million	2015	2014	2015	2014	2015	2014	2015	2014
Balance as at 01/01/	**736.0**	**523.1**	**4.5**	**2.9**	**47.0**	**34.1**	**787.5**	**560.1**
Exchange differences	–	–	0.3	0.3	0.8	0.2	1.1	0.4
Total service cost	29.0	22.5	0.0	–	0.5	2.2	29.4	24.7
Net interest expense	16.0	19.2	0.2	0.1	0.9	1.1	17.1	20.4
Pension benefits directly paid by company	–14.0	–12.9	–	–	–1.6	–1.6	–15.6	–14.4
Employer contributions to plan assets	–1.1	–1.0	–0.3	–0.2	–2.3	–2.2	–3.7	–3.4
Liability transfer out to third parties	–0.1	–0.3	–	–	–	–0.0	–0.1	–0.4
Remeasurements	–16.0	185.4	–1.0	1.4	–0.6	13.2	–17.6	200.0
Balance as at 31/12/	**749.9**	**736.0**	**3.6**	**4.5**	**44.6**	**47.0**	**798.0**	**787.5**

During the reporting year, pension benefits of €39.4 million (2014: €35.8 million) were paid in connection with the main pension entitlements in the KION Group, of which €15.6 million (2014: €14.4 million) was paid directly by the Company and €23.8 million (2014: €21.4 million) was paid from plan assets. Cash contributions to plan assets in 2015 amounted to €8.5 million (2014: €5.6 million). Furthermore, pension benefit payments totalling €0.1 million (2014: €0.4 million) were transferred to external pension funds.

Income statement

In accordance with IAS 19, actuarial computations are performed for benefit obligations in order to determine the amount to be expensed in each period in accordance with fixed rules. The expenses recognised in the income statement for pensions and similar obligations consist of a number of components that must be calculated and disclosed separately.

The service cost is the new pension entitlement arising in the financial year and is recognised in the income statement. It is calculated as the present value of that proportion of the expected defined benefit obligation when the pension is paid attributable to the year under review on the basis of the maximum length of service achievable by each employee.

Past service cost arises if there is a change to the pension entitlement and it is recognised immediately in full.

The net interest cost/income, which is calculated by multiplying the net liability (present value of the defined benefit obligation minus plan assets) or the net assets (if the plan assets exceed the present value of the defined benefit obligation) by the discount rate at the start of the year, is also recognised in the income statement.

The breakdown of the net cost of the defined benefit obligation (expenses less income) recognised in the income statement for 2015 is shown in > TABLE 077.

The KION Group's net financial income/expenses includes a net interest cost of €16.2 million (2014: €19.3 million). All other components of pension expenses are recognised under functional costs.

The actual total return on plan assets in 2015 was €6.1 million (2014: €70.3 million).

Cost of defined benefit obligation TABLE 077

	Germany		UK		Other		Total	
in € million	2015	2014	2015	2014	2015	2014	2015	2014
Current service cost	29.0	19.1	1.1	1.1	4.7	3.1	34.7	23.4
Past service cost (+) and income (–) from plan amendments	–	3.4	–	0.1	–0.1	–0.9	–0.1	2.6
Past service cost (+) and income (–) from curtailments	–	–	–	–	–4.2	–	–4.2	–
Total service cost	**29.0**	**22.5**	**1.1**	**1.2**	**0.5**	**2.2**	**30.5**	**26.0**
Interest expense on defined benefit obligation	17.7	21.3	16.3	18.7	2.2	2.8	36.2	42.7
Interest income on plan assets	–1.7	–2.1	–17.1	–19.6	–1.3	–1.7	–20.1	–23.4
Net interest expense (+)/income (–)	**16.0**	**19.2**	**–0.8**	**–1.0**	**0.9**	**1.1**	**16.2**	**19.3**
Total cost of defined benefit obligation	**45.0**	**41.7**	**0.3**	**0.3**	**1.4**	**3.3**	**46.7**	**45.3**

Other comprehensive income (loss)

The breakdown of the remeasurement of the defined benefit obligation recognised in the statement of comprehensive income in 2015 is as follows: > TABLE 078

The gains and losses on the remeasurement of plan assets are attributable entirely to experience adjustments. The changes in estimates relating to defined benefit pension entitlements resulted in a €12.7 million increase in equity as at 31 December 2015 after deduction of deferred taxes (31 December 2014: decrease of €138.3 million).

Accumulated other comprehensive income (loss) TABLE 078

	Germany		UK		Other		Total	
in € million	2015	2014	2015	2014	2015	2014	2015	2014
Accumulated other comprehensive income/loss as at 01/01/	**–300.1**	**–114.8**	**–44.4**	**–44.1**	**–27.8**	**–14.4**	**–372.3**	**–173.3**
Group changes	–	–	–	5.3	–	–	–	5.3
Exchange differences	–	–	–2.4	–3.1	–0.9	–0.1	–3.3	–3.2
Gains (+) and losses (–) arising from remeasurements of defined benefit obligation	14.9	–188.0	19.9	–38.0	–0.2	–22.0	34.6	–247.9
thereof effect of changes in demographic assumptions	–	–	–	–0.2	0.0	–0.2	0.0	–0.4
thereof effect of changes in financial assumptions	25.3	–194.4	14.4	–37.8	–1.6	–21.8	38.1	–254.0
thereof experience adjustments	–10.5	6.4	5.5	0.1	1.4	–0.0	–3.6	6.4
Gains (+) and losses (–) arising from remeasurements of plan assets	1.1	2.6	–15.9	35.5	0.8	8.8	–14.0	46.9
Accumulated other comprehensive income/loss as at 31/12/	**–284.2**	**–300.1**	**–42.8**	**–44.4**	**–28.0**	**–27.8**	**–355.0**	**–372.3**

Composition of plan assets

The plan assets of the main pension plans consist of the following components: > TABLE 079

Fair value of plan assets TABLE 079

	Germany		UK		Other		Total	
in € million	2015	2014	2015	2014	2015	2014	2015	2014
Securities	22.7	25.7	87.9	83.8	8.7	10.1	119.3	119.7
Fixed-income securities	23.9	28.4	376.8	368.3	15.6	12.0	416.4	408.7
Real estate	5.3	4.8	–	–	4.4	4.3	9.7	9.1
Insurance policies	–	–	–	–	44.0	43.9	44.0	43.9
Other	27.8	14.6	2.5	3.4	6.6	3.6	36.9	21.6
Total plan assets	**79.8**	**73.6**	**467.2**	**455.5**	**79.4**	**73.8**	**626.4**	**603.0**
thereof total assets that do not have a quoted price in active markets	**9.0**	**9.0**	**–**	**–**	**47.9**	**44.7**	**56.9**	**53.7**
Insurance policies	–	–	–	–	44.0	43.9	44.0	43.9
Other	9.0	9.0	–	–	3.8	0.9	12.8	9.9

The plan assets do not include any real estate or other assets used by the KION Group itself.

Sensitivity analysis

The present value of the defined benefit obligation is based on the significant assumptions detailed in > TABLE 071 above. If one assumption were to vary and the other assumptions remained unchanged, the impact on the present value of the defined benefit obligation would be as shown in > TABLE 080.

The sensitivity analysis shown in > TABLE 080 is not representative of an actual change in the present value of the defined benefit obligation because variations in the significant assumptions are unlikely to occur in isolation as, to some extent, the assumptions are interrelated. Sensitivity is determined using the same methods (projected unit credit method) as for the measurement of the obligation recognised in the consolidated statement of financial position as at 31 December 2015.

Future pension benefit payments

The pension benefit payments shown in > TABLE 081 are forecast for the next ten years for the defined benefit pension entitlements in existence as at 31 December 2015. The expected pension benefits break down into future benefits to be paid directly by the employer (for 2016: €16.3 million) and future benefits to be paid from existing plan assets (for 2016: €23.0 million).

As at the reporting date, the average duration of the defined benefit obligation, weighted on the basis of the present value of the defined benefit obligation, was 22.2 years in Germany (2014: 21.7 years), 14.5 years in the United Kingdom (2014: 13.6 years) and 16.8 years in the other countries (2014: 17.1 years).

Sensitivity defined benefit obligation TABLE 080

in € million		2015	2014
Discount rate	Increase by 1.0 percentage point	–220.8	–218.3
	Reduction by 1.0 percentage point	294.6	290.6
Salary increase rate	Increase by 0.5 percentage point	16.2	17.2
	Reduction by 0.5 percentage point	–17.4	–17.9
Pension increase rate	Increase by 0.25 percentage point	38.7	39.5
	Reduction by 0.25 percentage point	–37.1	–35.7
Life expectancy	Increase by 1 year	47.8	44.7

Expected payments for pension benefits TABLE 081

in € million	Germany	UK	Other	Total
2016	15.8	19.9	3.7	39.3
2017	16.6	20.6	4.4	41.5
2018	17.6	21.3	4.1	42.9
2019	18.8	21.4	5.0	45.3
2020	20.4	21.5	5.1	47.0
2021 to 2025	127.6	109.7	26.1	263.4

Risks

The funding ratio, the defined benefit obligation and the associated costs depend on the performance of financial markets. The return on plan assets is assumed to equal the discount rate, which is determined on the basis of the yield earned on AA-rated, fixed-interest senior corporate bonds. If the actual return on plan assets falls below the discount rates applied, the net obligation arising out of the pension plans increases. The amount of the net obligation is also particularly affected by the discount rates, and the current low level of interest rates – especially in the eurozone – is resulting in a comparatively large net obligation.

The plan assets are predominantly invested in corporate bonds and inflation-linked UK government bonds, particularly in the United Kingdom. The market risk attaching to plan assets – above all in the case of equities – is mitigated by defining an investment strategy and investment guidelines and constantly monitoring the assets' performance. Moreover, a downward trend on financial markets could have a significant effect on minimum funding requirements, some of which apply outside Germany.

The KION Group also bears the full risk of possible future pension adjustments resulting from changes in longevity and inflation.

Payroll-based contributions to the KION pension plan made by employees in Germany are invested in fund units. If the actual returns on these fund units fall below the interest rate of 3.0 per cent that has been guaranteed to participating employees, the KION Group's personnel expenses rise.

[30] FINANCIAL LIABILITIES

The financial liabilities reported by the KION Group as at 31 December 2015 essentially comprised interest-bearing liabilities to banks and capital market liabilities in connection with the corporate bond that was issued. The liabilities to banks stemmed largely from the revolving credit facility.

> TABLE 082 shows the contractual maturity structure of the financial liabilities.

Maturity structure of financial liabilities TABLE 082

in € million	2015	2014
Liabilities to banks	**225.9**	**459.9**
due within one year	113.8	257.7
due in one to five years	112.1	202.2
due in more than five years	–	–
Corporate bond	**444.5**	**443.1**
due within one year	–	–
due in one to five years	444.5	–
due in more than five years	–	443.1
Other financial liabilities to non-banks	**6.2**	**6.6**
due within one year	5.5	5.1
due in one to five years	0.7	1.2
due in more than five years	–	0.2
Total current financial liabilities	**119.3**	**262.9**
Total non-current financial liabilities	**557.2**	**646.8**

Liabilities to banks

In connection with its acquisition of Linde AG's material handling business, the KION Group signed a loan agreement (a senior facilities agreement and a subordinated facility agreement, referred to below as 'SFA') for a total original amount of €3,300.0 million with the lead banks Barclays Bank PLC, Bayerische Hypo- und Vereinsbank AG, Credit Suisse (London branch), Goldman Sachs International Bank, Lehman Commercial Paper Inc. (UK branch) and Mizuho Corporate Bank Ltd. on 23 December 2006. This loan agreement has been amended to reflect the KION Group's changed financial circumstances on a number of occasions, particularly in connection with KION GROUP AG's IPO in June 2013.

The liabilities to banks stem largely from the revolving credit facility agreed with a group of banks under the SFA. The revolving credit facility, originally for €1,045.0 million, has a variable interest rate and will mature in mid-2018. In connection with the repayment of two corporate bonds, the credit facility was increased by €198.0 million to a total of €1,243.0 million in 2014. This was achieved through bilateral lending agreements with a group of banks. These additional loans mature in April 2019 and have a variable interest rate. The transaction costs directly attributable to the increase in the revolving credit facility, which were incurred in 2014, came to €1.0 million. The transaction costs are recognised as prepaid expenses under current financial assets and expensed over the term of the credit facility.

As at 31 December 2015, an amount of €152.2 million had actually been drawn down from the revolving credit facility, which includes other loan liabilities and contingent liabilities (31 December 2014: €402.0 million). Of this total, €62.2 million had been drawn down on a short-term basis (31 December 2014: €204.0 million). In 2014, drawdowns from the credit facility amounting to €198.0 million had been used to repay the floating-rate tranche of the corporate bond issued in 2013, which was due to mature in 2020 and had a volume of €200.0 million, and were classified as long term. These drawdowns were reduced to €90.0 million in the reporting year.

There were also liabilities to banks of €83.2 million (31 December 2014: €63.9 million) that had been agreed with local banks for Group companies and are therefore not part of the SFA.

Capital market liabilities

As at 31 December 2015, capital market liabilities consisted entirely – as they had a year earlier – of the fixed-rate tranche of the bond issued in 2013, which has a volume of €450.0 million and a maturity date of 2020. The fixed-rate tranche of the corporate bond issued in 2011, which was due to mature in 2018 and had a volume of €325.0 million, and the floating-rate tranche of the corporate bond issued in 2013, which was due to mature in 2020 and had a volume of €200.0 million, had been repaid early in full in 2014. Most (€523.0 million) of the funds used for the repayment were drawn down from the revolving credit facility. This credit facility has far lower interest rates than the two corporate bonds. An amount of €8.4 million representing the proportion of the related deferred borrowing costs relating to these bonds and a payment of €14.8 million representing early repayment charges had been recognised as financial expenses in 2014.

Changes in net financial debt

The KION Group uses its net financial debt as a key internal figure for analysing the changes in its financial liabilities. Net financial debt is defined as the difference between financial liabilities (excluding lease liabilities) and cash and cash equivalents.

The table below gives a breakdown of the KION Group's net financial debt as at 31 December 2015: > TABLE 083

Net financial debt TABLE 083

in € million	2015	2014
Corporate bond – fixed rate (2013/2020) – gross	450.0	450.0
Liabilities to banks	225.9	459.9
Other financial liabilities to non-banks	6.2	6.6
./. Capitalised borrowing costs	–5.5	–6.9
Financial debt	**676.5**	**909.6**
./. Cash and cash equivalents	103.1	98.9
Net financial debt	**573.5**	**810.7**

The table below gives details of the changes in financial debt and lists the applicable terms and conditions: > TABLE 084

Credit terms TABLE 084

	Interest rate	Notional amount		Maturity
in € million		2015	2014	
Term Loan Facility H2a (Corporate bond – fixed rate)	Fixed rate	450.0	450.0	2020
Multicurrency Revolving Credit Facility 3	EURIBOR + Margin	142.7	373.0	2018
Other liabilities to banks	Various currencies and interest terms	83.2	86.9	
Other financial liabilities to non-banks		6.2	6.6	
./. Capitalised borrowing costs		–5.5	–6.9	
Total financial debt		**676.5**	**909.6**	

Financial covenants

The SFA and the contractual terms and conditions governing the issuance of the corporate bond require compliance with certain undertakings and covenants. The SFA also requires compliance with specific financial covenants during the term of the agreement. The financial covenants specify required ratios for the financial position and financial performance of the KION Group. Only the financial covenant for gearing (the ratio of net financial debt to EBITDA) currently applies to the KION Group. If undertakings or financial covenants are breached, this may, for example, give lenders the right to terminate the SFA or permit bondholders to call the corporate bond prior to its maturity date.

The financial covenants are reviewed every quarter. All the undertakings and financial covenants were complied with in the past financial year, as had been the case in 2014.

Loan collateral

Under the SFA, the KION Group is under an obligation to provide collateral for its obligations and liabilities. This obligation also extends to the corporate bond (tranche H2a). By the reporting date, a total of 25 (31 December 2014: 25) KION Group companies (guarantors) in five countries – Germany, the UK, France, Spain and Italy – had provided the necessary collateral.

The collateral includes guarantees, the assignment of shares in the guarantors (with the exception of shares in KION Material Handling GmbH), the assignment of certain bank accounts and certain guarantor receivables, the assignment of claims arising from and in connection with the share purchase agreement between Linde Material Handling GmbH and Linde AG dated 5 November 2006 relating to the shares in the former KION GROUP GmbH, the assignment of shares in KION Information Management Services GmbH and assignments and transfers of title to intellectual property rights by guarantors in Germany. The statutory provisions in the United Kingdom and the agreements entered into mean that all the assets of the UK guarantors are pledged as security.

The carrying amounts of the financial assets pledged as collateral amounted to €279.7 million as at the reporting date (31 December 2014: €340.8 million).

As had been the case at the end of 2014, no material liabilities to banks were secured by mortgage charges at the end of 2015.

On 15 February 2016, the KION Group redeemed the corporate bond of €450.0 million that was still outstanding and all other remaining liabilities under the existing syndicated loan of 23 December 2006. The restructuring of the KION Group's funding was decided upon in a resolution of the Executive Board of KION GROUP AG on 25 January 2016. The repayment resulting from this restructuring of the funding was made from funds drawn down under a new senior facilities agreement concluded on 28 October 2015 (see also note [50]).

[31] LEASE LIABILITIES

Lease liabilities relate solely to finance lease obligations arising from sale and leaseback transactions for the funding of long-term leases with end customers.

The amounts recognised as lease liabilities (the present value of future minimum lease payments) are based on the following data: > TABLE 085

Whereas lease liabilities stood at €855.6 million (31 December 2014: €707.7 million), lease receivables arising from sale and leaseback transactions amounted to €592.0 million (31 December 2014: €490.6 million) and leased assets under sale and leaseback transactions totalled €285.9 million (31 December 2014: €230.5 million).

Minimum lease payments TABLE 085

in € million	2015	2014
Total minimum lease payments (gross)	**922.1**	**768.2**
due within one year	266.0	271.9
due in one to five years	625.6	475.9
due in more than five years	30.5	20.5
Present value of minimum lease payments	**855.6**	**707.7**
due within one year	237.9	246.0
due in one to five years	587.9	442.0
due in more than five years	29.7	19.7
Interest included in minimum lease payments	**66.5**	**60.5**

[32] OTHER PROVISIONS

Other provisions relate to the following items: > TABLE 086

Other provisions TABLE 086

in € million	Provisions for product warranties	Provisions for personnel	Other obligations	Total other provisions
Balance as at 01/01/2015	**53.3**	**65.5**	**49.3**	**168.1**
thereof non-current	53.3	24.1	6.3	83.7
thereof current	–	41.4	43.0	84.4
Group changes	0.2	–	0.4	0.6
Additions	29.0	39.4	13.0	81.5
Utilisations	–21.5	–14.4	–10.8	–46.7
Reversals	–4.6	–0.3	–6.0	–10.9
Additions to accrued interest	0.1	0.6	–0.0	0.7
Currency translation adjustments	0.9	–0.0	0.9	1.8
Other adjustments	0.2	–	–0.3	–0.0
Balance as at 31/12/2015	**57.6**	**90.8**	**46.4**	**194.9**
thereof non-current	23.5	43.1	16.9	83.4
thereof current	34.2	47.7	29.6	111.5

The provisions for product warranties include contractual and statutory obligations arising from the sale of industrial trucks and spare parts. It is expected that the bulk of the costs will be incurred within the next two years after the reporting date.

The provisions for personnel comprise provisions for partial retirement obligations, long-service awards, annual bonuses, severance pay, obligations under social plans and obligations under the employee equity programmes. The provisions for partial retirement obligations are recognised on the basis of individual contractual arrangements and agreements under collective bargaining law.

Other obligations comprise, among others, provisions for restructuring, litigation and expected losses from onerous contracts.

Total restructuring provisions (including obligations under social plans and termination benefits) came to €33.2 million as at 31 December 2015 (31 December 2014: €26.7 million).

[33] TRADE PAYABLES

As at 31 December 2015, trade payables of €574.6 million (31 December 2014: €564.6 million) included liabilities to non-consolidated subsidiaries of €6.5 million (31 December 2014: €3.8 million) and liabilities to equity-accounted investments and other equity investments of €11.7 million (31 December 2014: €4.4 million).

[34] OTHER FINANCIAL LIABILITIES

With effect from 31 December 2015, the presentation of other financial assets and other financial liabilities was changed in order to make it more consistent with the presentation of other financial instrument disclosures in accordance with IFRS 7. To comply with IAS 1.55, the line items 'Other assets' and 'Other liabilities' were added to the statement of financial position as at 31 December 2015. These line items contain other assets and liabilities that are not covered by the scope of IFRS 7 and are thus shown separately from other financial assets and other financial liabilities. The figures for 2014 have been restated to reflect these disclosure changes. An explanation of other assets can be found in note [24]. Other liabilities are explained in note [35].

Other financial liabilities comprise the following items: > TABLE 087

Other financial liabilities TABLE 087

in € million	2015	2014
Liabilities from finance leases	311.6	231.6
Derivative financial instruments	–	2.4
Sundry other financial liabilities	4.0	2.6
Other non-current financial liabilities	**315.6**	**236.6**
Liabilities from finance leases	127.4	141.5
Derivative financial instruments	12.4	10.9
Liabilities from accrued interest	19.8	12.2
Sundry other financial liabilities	34.7	51.3
Other current financial liabilities	**194.4**	**215.9**
Total other financial liabilities	**510.1**	**452.5**

On 20 July 2015, the KION Group exercised the put option that it held via Linde Material Handling GmbH, Aschaffenburg, on 20.0 per cent of the shares in Linde Hydraulics. This eliminated the corresponding call option 1 held by Weichai Power.

As at 31 December 2014, this call option had been recognised under non-current derivative financial instruments in the amount of €2.4 million. The current derivative financial instruments include a further call option on the remaining 10.0 per cent of the shares in Linde Hydraulics amounting to €0.6 million (2014: €0.6 million).

The finance lease obligations comprise liabilities arising from the financing of industrial trucks for short-term rental of €403.2 million (2014: €339.1 million) and residual value obligations of €17.8 million (2014: €18.5 million). The KION Group has also recognised other financial liabilities amounting to €18.1 million (31 December 2014: €15.6 million) arising from procurement leases, which are classified as finance leases due to their terms and conditions.

The finance lease obligations are based on the following future minimum lease payments: > TABLE 088

Minimum lease payments TABLE 088

in € million	2015	2014
Total minimum lease payments (gross)	**473.2**	**405.0**
due within one year	141.8	155.1
due in one to five years	318.8	239.7
due in more than five years	12.6	10.2
Present value of minimum lease payments	**439.0**	**373.1**
due within one year	127.4	141.5
due in one to five years	299.4	221.8
due in more than five years	12.2	9.8
Interest included in minimum lease payments	**34.1**	**31.9**

[35] OTHER LIABILITIES

Other liabilities comprise the following items: > TABLE 089

Other liabilities TABLE 089

in € million	2015	2014
Deferred income	185.4	151.2
Other non-current liabilities	**185.4**	**151.2**
Deferred income	77.4	84.5
Personnel liabilities	186.5	167.3
Social security liabilities	36.3	36.6
Tax liabilities	64.7	60.3
Advances received	39.2	39.2
Construction contracts with a net debit balance towards customers	9.9	–
Other current liabilities	**414.0**	**388.0**
Total other liabilities	**599.4**	**539.2**

The contract costs incurred and the contract profit recognised in respect of construction contracts that had not been completed by the reporting date came to a total of €24.5 million (31 December 2014: €0.0 million).

[36] CONTINGENT LIABILITIES AND OTHER FINANCIAL COMMITMENTS

Contingent liabilities

Of the total guarantees, €2.5 million related to contingent liabilities assumed jointly with another shareholder of a joint venture (2014: €0.9 million). > TABLE 090

Litigation

The legal risks arising from the KION Group's business are typical of those faced by any company operating in this sector. The Group companies are a party in a number of pending lawsuits in various countries. The individual companies cannot assume with any degree of certainty that they will win any of the lawsuits or that the existing risk provision in the form of insurance or provisions will be sufficient in each individual case. However, the KION Group believes it is unlikely that these ongoing lawsuits will require funds to be utilised that exceed the provisions recognised.

Other financial commitments

Sundry other financial commitments included future payment obligations to an associate amounting to €2.0 million (2014: €21.0 million). > TABLE 091

Contingent liabilities TABLE 090

in € million	2015	2014
Liabilities on bills of exchange	6.8	5.6
Liabilities on guarantees	23.5	21.0
Total contingent liabilities	**30.3**	**26.7**

Other financial commitments TABLE 091

in € million	2015	2014
Commitments under non-cancellable operating leases	272.7	250.8
Capital expenditure commitments in property, plant and equipment	11.5	10.3
Capital expenditure commitments in intangible assets	2.2	1.9
Other financial commitments	71.3	65.0
Total other financial commitments	**357.8**	**327.9**

The maturity structure of the total future minimum lease payments under non-cancellable operating leases is shown in > TABLE 092 below.

The minimum lease payments relate to payments for leased buildings, machinery, office furniture and equipment (procurement leases) as well as payments for industrial trucks refinanced with a sale and leaseback and sub-leased to end customers (sale and leaseback sub-leases). > TABLE 093

The future minimum lease payments for sale and leaseback transactions not recognised in the statement of financial position amounting to €63.4 million (2014: €45.3 million) are partially offset by payments received under non-cancellable sub-leases amounting to €6.3 million (2014: €4.1 million). The future payments also include obligations arising from the refinancing of industrial trucks for which there are no offsetting receipts under short-term sub-leases.

Minimum lease payments TABLE 092

in € million	2015	2014
Nominal minimum lease payments	**272.7**	**250.8**
due within one year	66.9	61.4
due in one to five years	135.4	114.8
due in more than five years	70.4	74.5

Minimum lease payments broken down into procurement leases & sale and leaseback sub-leases TABLE 093

	Procurement leases		Sale and leaseback sub-leases	
in € million	2015	2014	2015	2014
Minimum lease payments (cash out)	**209.3**	**205.4**	**63.4**	**45.3**
due within one year	43.3	44.1	23.7	17.3
due in one to five years	95.8	87.4	39.6	27.4
due in more than five years	70.2	73.9	0.2	0.6
Minimum lease payments (cash in)	**–**	**–**	**6.3**	**4.1**
due within one year	–	–	2.0	1.6
due in one to five years	–	–	4.3	2.5
due in more than five years	–	–	0.0	0.0