EDAG

2016 FINANCIAL YEAR

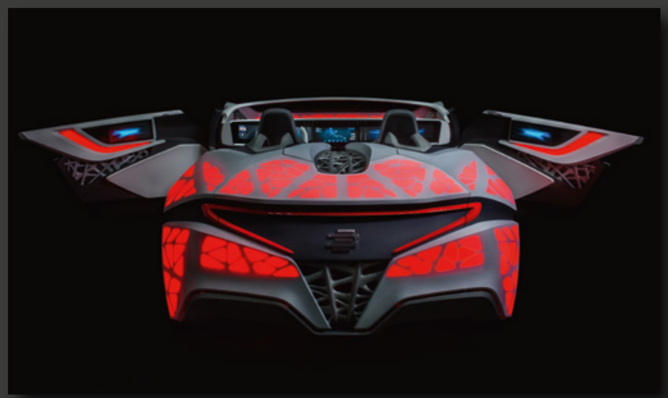
INTERIM REPORT AS OF MARCH 31, 2016

CONTENT

SUMMARY OF THE **FIRST QUARTER OF THE 2016 FINANCIAL YEAR**

WHEN THE CAR BECOMES YOUR PERSONAL COMPANION. EDAG AT THE 2016 GENEVA SHOW.

Alongside the IAA in Frankfurt, the Geneva Show is Europe's most important motor show. The compact exhibition concept makes this well-known trade fair an ideal venue for vehicle manufacturers and decision makers to display new products and innovations to optimum effect.



The EDAG Group presented the „EDAG Soulmate", its 17th concept car, to the public at this year's Geneva Show. With the „Soulmate", a project that was conducted in conjunction with Bosch, EDAG was able to give a graphic impression of how the integration of the digital world in the vehicle will revolutionize not only our industrial sector, but also personal mobility. In conjunction with highly automated driving, this could in the future make for safer and more relaxed driving, while allowing us to use the time in our cars more effectively. Due to the fact that it has access to all our private and business data, the vehicle can in this way become our extended office or living room.

At the same time, the „Soulmate" is an appeal for a new form of lightweight automobile design, as it uses revolutionary technologies from the field of „3D printing" or additive manufacturing. The bionic, fabric-covered structure enabled the EDAG engineers to illuminate the interior and exterior surfaces.
This means that „Soulmate" can communicate intelligently not only with the driver, but also with the outside world. The luminous outer skin, for instance, can alert other road users to a possible hazard ahead, the end of a traffic jam, for example. If there is a cyclist or

some other vehicle in the vehicle's blind spot, „Soulmate" illuminates the interior trim of the relevant door so that it flashes in red, to alert the driver to the danger. An innovative, simple and at the same time emotional interpretation of car-to-car communication.

With its special focus on „connectivity", EDAG has struck a cord in the automotive world, since the „networked vehicle" was the predominant subject at this year's motor show. Apart from the press, those of our customers who are also manufacturers greatly appreciated the concept ideas of the „Soulmate". Once again, EDAG left its visiting card as an innovative design engineering company at Geneva, securing the company's position in this important field.

EXCELLENT POSITION AS TOP EMPLOYER 2016

In Düsseldorf, on February 18, 2016, EDAG Engineering GmbH received its ninth „Top Employer" award for outstanding human resource management in a row. At the end of the independent appraisal by the Top Employers Institute, the Wiesbaden engineering service provider took an excellent 2nd place in the „Automotive" category. According to the jury's decision, EDAG offers its employees excellent working conditions.

JANUARY *FEBRUARY* *MARCH*

KEY FIGURES AND EXPLANATIONS BY THE EDAG GROUP AS PER MARCH 31, 2016

(in million € or %)	01/01/2016 – 03/31/2016	01/01/2015 – 31/03/2015
Vehicle Engineering	116.3	110.9
Production Solutions	28.8	27.7
Electrics / Electronics	40.0	38.5
Consolidation	- 2.6	- 2.4
Total revenues and changes in inventories (core business)	**182.5**	**174.7**
Growth:		
Vehicle Engineering	*4.9%*	*11.4%*
Production Solutions	*4.0%*	*14.0%*
Electrics / Electronics	*3.8%*	*53.7%*
Total change of revenues and changes in inventories (core business)	**4.5%**	**18.3%**
Vehicle Engineering	8.8	11.0
Production Solutions	2.5	2.8
Electrics / Electronics	1.6	3.8
Adjusted EBIT (core business)	**13.0**	**17.5**
Vehicle Engineering	*7.5%*	*9.9%*
Production Solutions	*8.8%*	*10.1%*
Electrics / Electronics	*4.1%*	*9.8%*
Adjusted EBIT-margin (core business)	**7.1%**	**10.0%**
Profit or loss	**6.0**	**10.0**
Earnings per share (€)	0.24	0.40

(in million € or %)	03/31/2016	12/31/2015
Fixed assets	191.1	190.5
Net working capital	108.4	95.2
Net financial debt	- 99.7	- 93.4
Provisions	- 40.0	- 37.7
Held for sale	-	0.6
Net assets / equity	159.8	155.2
Balance sheet total	472.8	475.5
Equity / BS total	*33.8%*	*32.6%*
Net financial debt / Equity	*62.4%*	*60.2%*

(in million € or %)	01/01/2016 - 03/31/2016	01/01/2015 - 03/31/2015
Operating Cash Flow	4.0	11.6
Investing Cash Flow	- 7.5	0.2
Free Cash Flow	- 3.6	11.8
Financing Cash Flow	- 1.4	- 30.7
Adjusted Cash Conversion Rate[1]	*66.5%*	*74.8%*
CapEx	7.1	5.4
CapEx / Revenues and changes in inventories	*3.9%*	*3.1%*

	03/31/2016	12/31/2015
Headcount end of period	8,249	8,139
Trainees as %	*5.8%*	*6.5%*

[1] Adjusted Cash Conversion is defined as Adjusted EBIT before depreciation and amortization less capital expenditures divided by Adjusted EBIT before depreciation and amortization. The Adjusted EBIT before depreciation and amortization is the Adjusted EBIT plus depreciation and amortization less effects of the amortization of step-ups due to purchase price allocations.

The market environment of the EDAG Group during the current financial year has so far been positive, though not satisfactory.

The sales revenues and changes in inventories of our core business were increased in the first quarter of 2016 to € 182.5 million compared to € 174.7 million in the same quarter of the previous year. All three segments (Vehicle Engineering, Production Solutions and Electrics/ Electronics) contributed to this growth.

The adjusted core EBIT, which was primarily adjusted for the effects from the purchase price allocations, stood at € 13.0 million, 26.1 percent below the value for the previous year (€ 17.5 million). Important reasons for the deviation in the results compared to the same period in the previous year were the lower number of working days and lower productivity. The unadjusted EBIT stood at € 10.8 million, compared to the previous year's value of € 15.7 million.

The EDAG Group continues to grow – on the reporting date, the company had 8,249 employees working to secure the success of the Group (12/31/2015: 8,139 employees; 3/31/2015: 7,587 employees).

In the first quarter just ended, gross investments in fixed assets amounted to € 7.1 million, which was above the level of the same period in the previous year (€ 5.4 million). The equity ratio on the reporting date was 33.8 percent.

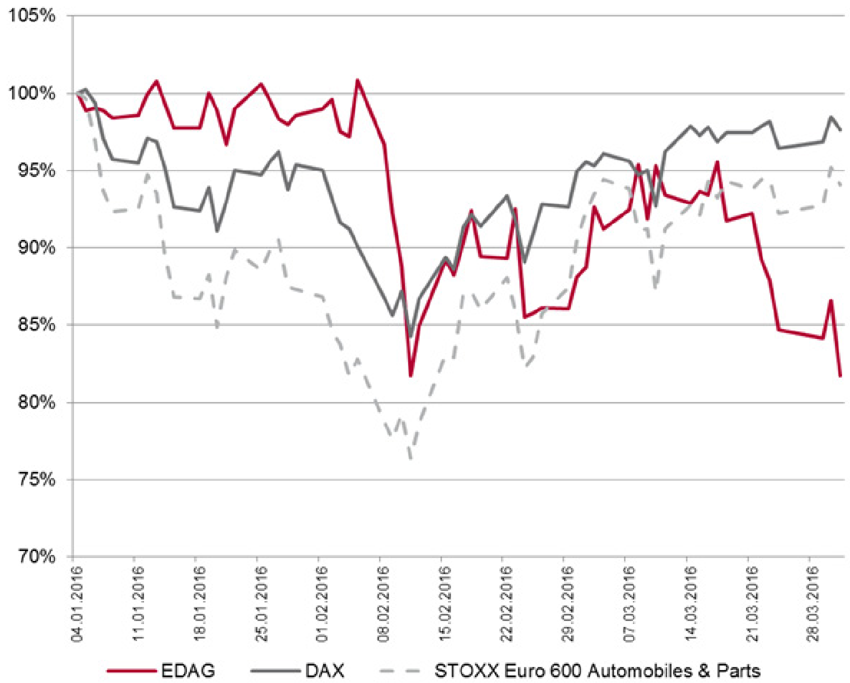
At € 99.7 million, the net financial debt is well below the level recorded on March 31, 2015 (€ 112.4 million) but above the level recorded on December 31, 2015 (€ 93.4 million). The reason for this is that working capital was built up in the first quarter.

THE EDAG SHARE

On January 1, 2016, the DAX started the first quarter of the 2016 financial year with 10,486 points. After a slow start, the lowest level in the reporting period, 8,735 points, was reached on February 11, 2016. The DAX subsequently rose to 9,966 points on the last day of trading in the reporting period. The STOXX Automobiles & Parts Index fluctuated between 565 and 502 points during the same period.

1 Price Development

It was difficult for the EDAG share to hold its own in this market environment. On January 4, 2016, the opening price in XETRA trading was € 22.50. The closing price on March 31, 2016 was € 18.18 Euro, which also marked the lowest value during the reporting period. During the first quarter of 2016, the average XETRA trade volume was 17,907 shares a day.



2 Key Share Data

Prices and trading volume:	01/01/2016 - 03/31/2016
Share price on 31 March (€)[1]	18.18
Share price, high (€)[1]	22.42
Share price, low (€)[1]	18.18
Average daily trading volume (number of shares)[2]	17,907
Market capitalization on 31 March (Mio. €)	454.50

[1] *Closing price on Xetra*
[2] *On Xetra*

A current summary of the analysts' recommendations and target prices for the EDAG share, the current share price and financial calendar is available on our homepage, on ir.edag.com.

INTERIM MANAGEMENT REPORT

1 Basic Information on the Group

1.1 Business Model

Three Segments

With the parent company, EDAG Engineering Group AG, Arbon (Switzerland)[1], the EDAG Group is one of the largest independent engineering partners to the automotive industry, and specializes in the development of vehicles, derivatives, modules and production facilities. Our special know-how, particularly at the largest subsidiary, EDAG Engineering GmbH, is in complete vehicle and module development, and in the guidance and support of customers from the initial idea through to the finished prototype. In addition, BFFT Gesellschaft für Fahrzeugtechnik mbH, one of our subsidiaries, has specialized technical knowledge in the field of electrical and electronic development. EDAG Production Solutions GmbH & Co.KG offers particular expertise in the development of production facilities and their implementation.

Business is divided up into a number of segments: Vehicle Engineering, Production Solutions and Electrics/Electronics. The principle we work on is that of production-optimized solutions. This means that we always ensure that development results are in line with current production requirements.

Our main focus is on the automobile and commercial vehicle industries. A closely integrated global network of some 60 facilities ensures our customers of our local presence.

[1] Due to reorganization, the notes on the same quarter of the previous year refer to the former company, EDAG Engineering GmbH, Wiesbaden.

Presentation of the Vehicle Engineering Segment

The „Vehicle Engineering" segment consists of services along the vehicle development process as well as responsibility for derivative and complete vehicles. The segment is divided into the following divisions:
In the **Design Concepts** department, we offer a full range of styling and design services, and in our design studios we are able to support the virtual design process and realize large model building volumes. Our **Body Engineering** department brings together all of our services such as package & ergonomics, body assembly as well as interior and exterior. This also includes the development of door systems. Our **Vehicle Integration** department is responsible for the complete functional integration and for vehicle validation. Extensive testing services are provided in our certified test laboratories. Calculation and simulation are likewise included in our range of services. Complete vehicle development and large-scale interdisciplinary module packages, some of them calling for the involvement of our international subsidiaries, are managed by the **Project Management** division. The **Product Quality & Care** department provides assistance with consulting and support for quality-related matters, as well as services which explain a product and enable it to be used effectively.

Presentation of the Production Solutions Segment

The „Production Solutions" segment – operating through the independent company EDAG Production Solutions GmbH & Co. KG (EDAG PS), its international subsidiaries and profit centers – is an all-round engineering partner which accepts responsibility for the development and implementation of production processes at 18 sites in Germany and at international sites in South Korea, India, the Czech Republic, Russia, Hungary, Brazil, Mexico and China. In addition to handling the individual stages in the product creation process and all factory and production systems-related services, Production Solutions are also able to optimally plan complete factories over all fields, including cross processes, and to provide the realization from a single source.

In the field of **concept engineering,** Production Solutions provides its customers with an integral approach to process planning. This means that Production Solutions provides companies with factory and production planning support – with both the implementation of new plans and with the conversion, expansion or optimization of existing systems while operation is in progress. By offering support from concept engineering to the preparation of detailed product specifications, it is possible to cover all the steps required for the production process, and to design optimum interfaces with other media, buildings and logistics. In the context of „Simultaneous Engineering", Production Solutions favors an integrative approach, with the product development, systems planning and production simulation divisions all working together to design optimum project interfaces.

In the **Implementation Engineering** department, to guarantee that the functional requirements of body in white facilities are met, Production Solutions use digital factory methods in all production lines: digital, virtual and real-life. To meet customers' requirements, Production Solutions engineers develop realistic 3D simulation cells in which the planning, design and technological concepts are implemented and validated in line with process requirements. Early involvement during the engineering process enables Production Solutions to systematically optimize production processes. This places Production Solutions in a position to develop ideal production concepts for customers.

Productions Solutions' portfolio is also complemented by **„Feynsinn"**, a process consulting and CAx development department. Here, IT-supported sequences and methods are developed, as are software for product design, development, production and marketing. Feynsinn also offers consulting, conceptual and realization services in the field of visualization technologies. Customized training opportunities complete the portfolio.

Presentation of the Electrics/Electronics Segment

The range of services offered by the „Electrics/Electronics" segment includes the development of electrical and electronic systems for the comfort, driver assistance and safety functions of a vehicle, and the development of cable harnesses. These services are provided by four divisions focusing on the following competencies:
The **E/E Vehicle Engineering** division is responsible for function development in the course of complete vehicle or derivative projects. The range of tasks extends from the concept phase to production support. Further fields of activity include the development of new electronic architectures, and approval, drafting and control activities in the development or integration of physical vehicle electrical systems.

The **E/E Systems Engineering** division works on the elaboration and definition of demands on the electrical and electronic systems. They also deal with the integration of several system components (control unit, sensors, actuators) to give a whole system, and with the subsequent validation of the system with regard to function, networking and diagnosis. A further skill is the physical and functional integration of E/E systems in vehicles and their subsequent validation by means of appropriate test procedures.

E/E Embedded Systems develops and validates hardware and software for electronic control units, from the conceptual design, through production-ready development, to model set-up and commissioning.

E/E Car IT markets services and software developed in-house as products for the networked mobility industry. The division's range of services also includes development and standardization services, and networking advice for vehicle manufacturers, system suppliers and IT companies.

1.2 Targets and Strategies

As a capital market-oriented company, our primary objective is to bring about a sustained increase in EDAG's company value (market value of equity), i.e. across the different industrial cycles. This is to be achieved by means of a strategy composed of the following four central areas, each with its own operationalizable objectives:

- Growth by intensifying and extending our fields of activity and customer portfolio
- Customer enthusiasm on account of our technological know-how and innovative ability
- Attractiveness as an employer
- Profitability through professional project management

For a more detailed representation of the above-mentioned objectives, please see the Annual Report for 2015.

As interdependencies exist between these areas of activity and their objectives, all measures are applied analogously, and goals pursued simultaneously. We also see strategy as a continual process, and therefore subject any goals we have set to critical scrutiny, adjusting them wherever necessary.

2 Financial Report

2.1 Macroeconomic and Industry-Specific Conditions

Basic Conditions and Overall Economic Development

According to statements made by the International Monetary Fund (IMF), the world economy exhibited 3.1 percent growth in 2015. Moderate growth in the developed economies was balanced by a decrease in the growth rates in the developing countries and emerging markets. The exceptions here were China and India, whose economies expanded by 6.9 percent and 7.3 percent respectively.

Despite similar geopolitical risks and continuously low commodity prices to those in the previous year, growth of 3.2 percent is expected for 2016. The growth rate in China will be around 6.5 percent, while 2.4 is expected in the USA, and 1.5 percent in the euro area.

Automotive Industry Development

In 2015, a total of 76.8 million new vehicles were sold worldwide, 3.2 percent more than in the previous year. 20.0 million units were sold in China alone – a growth of 9.1 percent. The United States also recorded a significant increase to 17.5 million units (+6.3 percent). Sales in Germany, India, Great Britain and France were slightly up. In Japan, Russia and Brazil, however, sales declined.

An increase of 2.8 percent to 78.8 million units is expected for 2016. Expansion of the markets in China und India will be particularly vigorous. A 6 percent growth rate is predicted for each country, whereas growth in the USA and Europe will be more moderate.

Development of the Engineering Market

The rapid technological development of the vehicle and its development process continues to stimulate the market for engineering services. The volume of engineering services externally awarded by the automotive OEMs and their suppliers will also increase beyond 2016. Studies currently anticipate an average annual global growth rate of 6.7 percent for the period 2014 to 2020. According to the study by A.T. Kearney, this means an increase in market volume from € 15.3 billion in 2014 to an estimated € 22.6 billion in 2020. At 8.0 percent, growth in China is slightly higher than in other countries. In Europe, an increase of 7.0 percent to € 9.7 billion is expected. This means that Europe represents some 42.9 percent of the global market volume.

2.2 Business Trends and Development

Financial Performance

In the quarter just ended, the EDAG Group generated incoming orders amounting to € 244.5 million, which compared to the same quarter in the previous year (€ 236.4 million), represents a change of 3.4 percent. The sales revenues and changes in inventories were increased by € 7.9 million or 4.5 percent to € 182.6 million compared to the same quarter of the previous year (Q1 2015: € 174.7 million). At € 182.5 million, the sales revenues and changes in inventories in the three operative segments (core business) increased by 4.5 percent compared to the same period in the previous year (€ 174.7 million). As of March 31, 2016, orders on hand amounted to € 353.2 million, compared to € 287.3 million as of December 31, 2015.

Compared to the previous year, the EBIT decreased by € 4.9 million to € 10.8 million (Q1 2015: € 15.7 million) in the reporting quarter. This means that an EBIT margin of 5.9 percent was achieved (Q1 2015: 9.0 percent). Adjusted for the depreciation, amortization and impairments from the purchase price allocations of the previous financial years that were recorded in the first quarter of 2016, the adjusted core EBIT figure was € 13.0 million (Q1 2015: 17.5 percent), which is equivalent to an adjusted core EBIT margin of 7.1 percent (Q1 2015: 10.0 percent). The reasons for the reduction in the EBIT margin are twofold: firstly, the reporting quarter just ended was one day shorter than the same quarter of the previous year, and secondly, productivity was down on the comparative quarter.

The materials expenses increased by 4.7 percent to € 24.1 million. At 13.2 percent, the materials expenses ratio was at the same level as in the same quarter of the previous year (Q1 2015: 13.2 percent).

The EDAG Group's personnel expenses increased by € 7.4 million or 6.7 percent to € 117.9 million compared to the same quarter of the previous year. This was primarily due to the increase in manpower; as of March 31, 2016, the company had a workforce of 8,249 employees, including apprentices (3/31/2015: 7,587 employees). The ratio of personnel expenses in relation to sales revenues and changes in inventories, which stood at 64.6 percent, increased slightly compared with the same quarter of the previous year (Q1 2015: 63.2 percent).

Depreciation, amortization and impairments totaled € 6.7 million (Q1 2015: € 5.6 million). The ratio for other expenses in relation to sales revenues and changes in inventories was 14.7 percent and thus slightly above last year's level (Q1 2015: 14.0 percent).

In the quarter just ended, the financial result was € -2.1 million (Q1 2015: € -1.5 million), a drop of € 0.6 million compared with the same period in the previous year. Significant effects were lower interest charges and a decline in the results of investments accounted for using the equity method compared with the same period in the previous year.

Development of the „Vehicle Engineering" Segment

Incoming orders amounted to € 142.4 million in the first quarter of 2016, a decrease of € 2.2 million or 1.5 percent compared to the value for the same period in the previous year (Q1 2015: € 144.6 million). Although the sales revenues and changes in inventories were increased by € 5.4 million (4.9 percent) to € 116.3 million (Q1 2015: € 110.9 million), at € 7.5 million, overall, the EBIT fell below that of the previous year (Q1 2015: € 9.7 million). The EBIT margin amounted to 6.5 percent (Q1 2015: 8.7 percent). Without the effects from the purchase price allocations, this resulted in an adjusted EBIT margin of 7.5 percent (Q1 2015: 9.9 percent).

Development of the „Production Solutions" Segment

In this segment, incoming orders amounted to € 42.3 million, the same level as in the same period in the previous year year (Q1 2015: € 42.3 million). Sales revenues and changes in inventories increased by € 1.1 million (4.0 percent) to € 28.8 million (Q1 2015: € 27.7 million). Overall, an EBIT of € 2.5 million (Q1 2015: € 2.8 million) was generated for the Production Solutions segment in 2016. At 8.8 percent, the adjusted EBIT margin is below than the previous year's level (Q1 2015: 10.1 percent).

Development of the „Electrics/Electronics" Segment

Incoming orders increased by € 4.0 million to € 66.9 million compared to the same period in the previous year (Q1 2015: € 62.9 million). Sales revenues and changes in inventories reached a value of € 40.0 million (Q1 2015: € 38.5 million), which represents an increase of € 1.5 million (3.8 percent). Nevertheless, an EBIT of just € 1.2 million was achieved during the reporting period (Q1 2015: € 3.4 million). At 3.1 percent, the adjusted EBIT margin is well below the previous year's level (Q1 2015: 8.8 percent). Without the effects from the purchase price allocations, this resulted in an adjusted EBIT margin of 4.1 percent (Q1 2015: 9.8 percent).

Cash Flows and Financial Position

Compared to December 31, 2015, the EDAG Group's statement of financial position total decreased only marginally by € 2.7 million to € 472.8 million. The reduction of current accounts receivable (€ -34.0 million) is balanced by an increase in future receivables from construction contracts in the amount of € 33.7 million. Cash and cash-equivalents decreased by € 5.1 million to € 65.6 million.

On the equity, liabilities and provisions side, equity increased by € 4.6 million to € 159.8 million as a result of the reorganization, and the quota is now approximately 33.8 percent (12/31/2015: 32.6 percent). This increase is primarily due to the current net income totaling € 6.0 million, and the decrease in the profits and losses recognized directly in equity resulting from a decrease in the actuarial interest rate in the amount of € 1.3 million.

Accounts payable fell by € 5.5 million, compared to December 31, 2015. However, this was balanced by a slight increase in current financial liabilities amounting to € 1.4 million. Essentially, the loan to ATON Group Finance GmbH was increased here.

In the first quarter of 2016, the operating cash flow was € 4.0 million (Q1 2015: € 11.6 million). Essentially, the decrease in comparison to the same quarter of the previous year is the result of the low net income and an increased working capital inventory.

At € 7.1 million, gross investments in the reporting year were some € 1.7 million up on the previous year (Q1 2015: € 5.4 million). The ratio between the sales revenues and changes in inventories and gross investments was 3.9 percent (Q1 2015: 3.1 percent).

On the reporting date unused lines of credit in the amount of € 42.5 million exist in the Group. The Executive Board regards the overall economic situation of the EDAG Group as good. With an equity ratio of 33.8 percent, the company has a sound financial basis, and was able to fulfil its payment obligations at all times throughout the reporting year.

2.3 HR Management and HR Development

The success of the EDAG Group as a leading engineering service provider in the automotive sector is inextricably linked to the skills and motivation of its employees. Behind the company's comprehensive service portfolio are people with widely differing occupations and qualifications. In addition, the EDAG Group is also characterized by the by the special attitude and mentality of its employees. For more than 45 years, EDAG has always ensured that both young and experienced employees are offered the prospect of and the necessary space for personal responsibility and decision-making. And this is the primary focus of both our human resources management and development. For a more detailed representation of personnel management and development, please see the Annual Report for 2015.

On March 31, 2016 the EDAG Group employed a workforce of 8,249 employees (12/31/2015: 8,139 employees). In the first three month of 2016, personnel expenses amounted to € 117.9 million (Q1 2015: € 110.5 million).

3 Forecast, Risk and Reward Report

There were no significant changes during the reporting period to the risks and rewards described in the Annual Report for 2015. For a more detailed representation of the Risk and Reward Report, please see the Annual Report for 2015.

Assuming favorable economic conditions – that the economy will continue to grow, manufacturers will maintain or expand their research and development expenditures at a high level and continue to outsource development services, and that qualified personnel are available – the EDAG Group expects to continue its positive business development. At the beginning of 2016, demands for engineering services were still only moderate. However, on account of our good market position, we consider the market conditions for the engineering service market for 2016 as a whole to be positive, and anticipate a 7 to 10 percent increase in sales for the current year, similar to the market assessment of competitors. With regard to the adjusted EBIT, we anticipate a moderate increase compared to the value for the previous year. This growth and increase in earnings are expected across all segments. Because of the sustained growth, we expect investments to be above the level of previous years. Due to the continuing good financial performance, we also expect a positive development of our financial situation in the future.

4 Disclaimer

The management report contains future-based statements related to anticipated developments. These statements are based on current projections, which by their nature include risks and uncertainties. Actual results may differ from the statements provided here.

CONSOLIDATED INTERIM REPORT

1 Consolidated Statement of Comprehensive Income

in € thousand	01/01/2016 - 03/31/2016	01/01/2015 - 03/31/2015
Profit or Loss		
Continuing Operations		
Sales revenues and changes in inventories	182,581	174,724
Sales revenues	182,651	174,265
Changes in inventories	- 70	459
Other income	3,669	4,608
Material expenses	- 24,097	- 23,006
Gross Profit	**162,153**	**156,326**
Personnel expenses	- 117,878	- 110,508
Depreciation, amortization and impairment	- 6,667	- 5,610
Other expenses	- 26,786	- 24,470
Earnings before interest and taxes (EBIT)	**10,822**	**15,738**
Reconciliation to adjusted earnings before interest and taxes (adjusted EBIT):		
Earnings before interest and taxes (EBIT)	**10,822**	**15,738**
Adjustments:		
Expenses (+) from purchase price allocation	1,735	1,705
Income (-) from reversal of provisions	- 10	-
Expenses (+) from restructuring	99	-
Expenses (+) from the sale of real estate	174	-
Adjusted earnings before interest and taxes (adjusted EBIT)	**12,820**	**17,443**
Earnings before interest and taxes (EBIT)	**10,822**	**15,738**
Result from investments accounted for using the equity method	- 20	367
Financial income	132	609
Financing expenses	- 2,218	- 2,487
Financial result	**- 2,106**	**- 1,511**
Earnings before taxes from continuing operations	**8,716**	**14,227**
Income Taxes	- 2,743	- 4,250
Earnings after taxes from continuing operations	**5,973**	**9,977**
Profit or Loss	**5,973**	**9,977**

in € thousand	01/01/2016 - 03/31/2016	01/01/2015 - 03/31/2015
Profit or Loss	**5.973**	**9.977**
Other Comprehensive Income		
Reclassifiable profits/losses		
Financial assets available for sale		
Profits/Losses included in equity from valuation at fair value	2	-
Deferred taxes on financial assets available for sale	- 1	-
Financial assets available for sale	**1**	**-**
Currency conversion difference		
Profits/Losses included in equity from currency conversion difference	- 76	782
Total reclassifiable profits/losses	**- 75**	**782**
Not reclassifiable profits/losses		
Revaluation of net obligation from defined benefit plans		
Revaluation of net obligation from defined benefit plans before taxes	- 1,886	- 4,213
Deferred taxes on defined benefit commitments and similar obligations	566	1,264
Share of other comprehensive income of at-equity accounted investments, net of tax	- 20	-
Total not reclassifiable profits/losses	**- 1,340**	**- 2,949**
Total other comprehensive income before taxes	- 1,980	- 3,431
Total deferred taxes on the other comprehensive income	565	1,264
Total other comprehensive income	**- 1,415**	**- 2,167**
Total comprehensive income	**4,558**	**7,810**
From the profit or loss attributable to:		
Shareholders of the parent company	5,961	9,966
Minority shares (non-controlling interest)	12	11
Of the total comprehensive income attributable to:		
Shareholders of the parent company	4,546	7,799
Minority shares (non-controlling interest)	12	11
Earnings per share of shareholders of EDAG Group AG [diluted/undiluted in EUR]		
Earnings per share	0.24	0.40

2 Consolidated Statement of Financial Position

in € thousand	03/31/2016	12/31/2015
Assets		
Goodwill	64,208	64,235
Other intangible assets	39,889	41,399
Property, plant and equipment	70,145	67,908
Financial assets	172	182
Investments accounted for using the equity method	16,693	16,733
Non-current accounts receivable and other receivables	1,296	1,323
Deferred tax assets	800	780
TOTAL non-current assets	**193,203**	**192,560**
Inventories	1,416	1,599
Future receivables from construction contracts	126,964	93,257
Current accounts receivable and other receivables	77,748	111,792
Other financial assets	70	68
Income tax assets	7,871	4,979
Cash and cash-equivalents	65,553	70,654
Assets held for sale / discontinued operations	-	635
TOTAL current assets	**279,622**	**282,984**
TOTAL assets	**472,825**	**475,544**

in € thousand	03/31/2016	12/31/2015
Equity, liabilities and provisions		
Subscribed capital	920	920
Capital reserves	40,000	40,000
Retained earnings	129,943	123,982
Reserves from profits and losses recognized directly in equity	- 9,074	- 7,735
Currency conversion differences	- 2,080	- 2,004
Equity attributable to shareholders of the parent company	**159,709**	**155,163**
Non-controlling interests	92	80
TOTAL equity	**159,801**	**155,243**
Provisions for pensions and similar obligations	24,350	21,991
Other non-current provisions	3,227	3,244
Non-current financial liabilities	134,967	135,167
Non-current accounts payable and other liabilities	3	3
Non-current income tax liabilities	1,460	1,460
Deferred tax liabilities	8,881	9,208
TOTAL non-current liabilities and provisions	**172,888**	**171,073**
Current provisions	12,436	12,462
Current financial liabilities	30,358	28,942
Future liabilities from construction contracts	24,745	24,284
Current accounts payable and other liabilities	67,354	78,792
Income tax liabilities	5,243	4,748
TOTAL current liabilities and provisions	**140,136**	**149,228**
TOTAL equity, liabilities and provisions	**472,825**	**475,544**

3 Consolidated Cash Flow Statement

	in € thousand	01/01/2016 - 03/31/2016	01/01/2015 - 03/31/2015
	Earnings after taxes from continuing operations	**5,973**	**9,977**
+	Income tax expenses	2,743	4,250
-	Income taxes paid	- 4,906	- 2,351
+	Financial result	2,106	1,511
+	Interest received	132	137
+/-	Depreciation and amortization/Write-ups on tangible and intangible assets	6,667	5,610
+/-	Other non-cash item expenses/income	- 1,733	- 4,608
+/-	Increase/decrease in non-current provisions	2,404	4,285
-/+	Profit/loss on the disposal of fixed assets	144	- 80
-/+	Increase/decrease in inventories	185	- 507
-/+	Increase/decrease in future receivables from construction contracts, receivables and other assets that are not attributable to investing or financing activities	1,060	17,834
+/-	Increase/decrease in current provisions	- 67	- 2,276
+/-	Increase/decrease in accounts payables and other liabilities and provisions that are not attributable to investing or financing activities	- 10,723	- 22,232
=	**Cash inflow/outflow from operating activities/operating cash flow**	**3,985**	**11,550**
+	Deposits from disposals of tangible fixed assets	127	5,526
-	Payments for investments in tangible fixed assets	- 5,744	- 3,986
+	Deposits from disposals of intangible fixed assets	-	39
-	Payments for investments in intangible fixed assets	- 1,355	- 1,384
+	Deposits from disposals of financial assets	9	9
-	Payments for investments in financial assets	-	- 3
-	Payments for investments in shares of fully consolidated companies/divisions	- 586	-
=	**Cash inflow/outflow from investing activities/investing cash flow**	**- 7,549**	**201**

	in € thousand	01/01/2016 - 03/31/2016	01/01/2015 - 03/31/2015
-	Interest paid	- 198	- 191
+	Borrowing of financial liabilities	42	20,136
-	Repayment of financial liabilities	- 804	- 23
-	Repayment of leasing liabilities	- 457	- 1
+/-	Repayment/Investment in financial receivables	-	- 50,612
=	**Cash inflow/outflow from financing activities/financing cash flow**	**- 1,417**	**- 30,691**
	Net Cash changes in financial funds	**- 4,981**	**- 18,940**
-/+	Effect of changes in currency exchange rate and other effects from changes of financial funds	- 120	557
+	Financial funds at the start of the period	70,654	39,502
=	**Financial funds at the end of the period [cash & cash equivalents]**	**65,554**	**21,119**
=	**Free cash flow (FCF) - equity approach**	**- 3,563**	**11,751**

4 Consolidated Statement of Changes in Equity

in € thousand	Subscribed capital	Capital reserves	Retained earnings		Currency conversion	Revaluation from pension plans	Securities available for sale	Shares in investments accounted for using the equity method	Total equity attributable to majority shareholders	NCI	Total equity
			Legal reserves	Other retained earnings							
As per 01/01/2016	**920**	**40.000**	**-**	**123.982**	**- 2.004**	**- 7.706**	**- 4**	**- 25**	**155.163**	**80**	**155.243**
Profit or loss	-	-	-	5.961	-	-	-	-	5.961	12	5.973
Other comprehensive income	-	-	-	-	- 76	- 1.320	1	- 20	- 1.415	-	- 1.415
Total comprehensive income	-	-	-	5.961	- 76	- 1.320	1	- 20	4.546	12	4.558
Capital increase	-	-	-	-	-	-	-	-	-	-	-
As per 03/31/2016	**920**	**40.000**	**-**	**129.943**	**- 2.080**	**- 9.026**	**- 3**	**- 45**	**159.709**	**92**	**159.801**

in € thousand	Subscribed capital	Capital reserves	Retained earnings		Currency conversion	Revaluation from pension plans	Securities available for sale	Shares in investments accounted for using the equity method	Total equity attributable to majority shareholders	NCI	Total equity
			Legal reserves	Other retained earnings							
As per 01/01/2015	**20.000**	**40.746**	**2.000**	**65.756**	**- 1.568**	**- 9.554**	**1**	**- 39**	**117.342**	**69**	**117.411**
Profit or loss	-	-	-	9.966	-	-	-	-	9.966	11	9.977
Other comprehensive income	-	-	-	-	782	- 2.948	-	-	- 2.166	-	- 2.166
Total comprehensive income	-	-	-	9.966	782	- 2.948	-	-	7.800	11	7.811
Capital increase	-	187	-	-	-	-	-	-	187	-	187
As per 03/31/2015	**20.000**	**40.933**	**2.000**	**75.722**	**- 786**	**- 12.502**	**1**	**- 39**	**125.329**	**80**	**125.409**

5 Notes

5.1 General Information

The EDAG Group are experts in the development of vehicles, derivatives, modules and production facilities, specializing in complete vehicle development. As one of the largest independent engineering partners for the automotive industry, we regard mobility not simply as a product characteristic, but rather as a fully integrated purpose.

The parent company of the EDAG Group is EDAG Engineering Group AG („EDAG Group AG"). EDAG Group AG was founded on November 2, 2015, and entered in the commercial register of the Swiss canton Thurgau on November 3, 2015. The registered office of the company is: Schlossgasse 2, 9320 Arbon, Switzerland.

Since December 2, 2015, the company has been listed for trading on the regulated market of the Frankfurt Stock Exchange with concurrent admission to the sub-segment of the regulated market with additional post-admission obligations (Prime Standard):

ISIN[1]: CH0303692047
WKN[2]: A143NB
Trading symbol: ED4

The shares are denominated in Swiss francs. The operating currency is the euro, and shares are traded in euros. The company's shares are briefed in a global certificate and deposited with Clearstream. Each company share entitles its holder to a vote at the company's general meeting. Restrictions on voting rights exist to the extent that the majority shareholders ATON GmbH („ATON") and HORUS Vermögensverwaltungs-GbR („HORUS") have entered into an agreement with the company in which they have undertaken for a period starting on the first day of trading of the shares of the company on the Frankfurt Stock Exchange (December 2, 2015) and ending on the second ordinary shareholders' meeting of the company after the first day of trading, however, at least for a period of 19 months after the first day of trading and with respect to such number of shares of the company directly or indirectly held by ATON or HORUS respectively upon settlement of the offering to exercise its voting rights in ordinary shareholders' meetings of the company only with regard to half of the persons that are eligible as members for the Board of Directors.

[1] *International Securities Identification Number*

[2] *German securities identification number (Wertpapierkennnummer)*

EDAG Group AG holds 100 percent of the shares in EDAG Engineering Schweiz Sub-Holding AG, Arbon, which in turn holds 100 percent of the shares in EDAG Engineering Holding GmbH, Munich. EDAG Engineering Holding GmbH holds 100 percent of the shares in EDAG Engineering GmbH, Wiesbaden, which, along with its subsidiaries, in turn embodies the entire operative business of the EDAG Group. For a more detailed representation of the legal reorganization in 2015, please see the Annual Report for 2015 (ir.edag.com).

The financial statements of the companies included in the consolidated financial statement have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the European Union as of the financial reporting date of EDAG Group AG (March 31). The comparative figures shown for March 31, 2015 are based on the consolidated interim report of EDAG Engineering GmbH, Wiesbaden.

The unaudited consolidated interim report has been prepared using the euro as the reporting currency. Unless otherwise stated, all amounts are given in thousands of euros. Where percentage values and figures are given, differences of +/- € 1 thousand may occur due to rounding.

In accordance with IAS 1, the statement of financial position is divided into non-current and current assets, liabilities and provisions. Assets and liabilities are classified as current if they are expected to be sold or settled respectively within a year or within the company's or group's normal operating cycle. In compliance with IAS 12, deferred taxes are posted as non-current assets and liabilities. Likewise, pension provisions are also posted as non-current items.

The statement of comprehensive income is structured according to the nature of expense method.

5.2 Basic Principles and Methods

Basic Accounting Principles

The consolidated financial statement of EDAG Group AG and its subsidiaries for December 31, 2015 has been prepared in accordance with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB), as they are to be applied pursuant to Directive No. 1606/2002 of the European Parliament and Council regarding the application of international accounting standards in the EU. In addition to the International Financial Reporting Standards, the term IFRS also includes the still valid

International Accounting Standards (IAS), the Interpretations of the International Financial Reporting Committee (IFRIC) and those of the former Standing Interpretations Committee (SIC). Accordingly, this consolidated interim report of EDAG Group AG for the period ending March 31, 2016 has been prepared in accordance with IAS 34, and the scope of the report has been reduced, making it shorter than the consolidated financial statements. The requirements of all accounting standards and interpretations resolved as of March 31, 2016 and adopted in national law by the European Commission have been fulfilled.

In addition to the statement of financial position and the statement of comprehensive income (including profit or loss), the IFRS consolidated financial statement also includes additional components, namely the statement of changes in equity, the cash flow statement and the notes. The separate report on the risks of future development is included in the management report.

All estimates and assessments required for accounting and valuation in accordance with the IFRS standards are in conformity with the respective standards, are regularly reassessed, and are based on past experience and other factors including expectations as to future events that appear reasonable under the given circumstances. Wherever large-scale estimates were necessary, the assumptions made are set out in the note relating to the relevant item in the following.

This consolidated interim report has not been subjected to an audit review in accordance with ISRE 2410.

Accounting and Valuation Principles

EDAG Group AG has applied the following accounting standards adopted by the EU and legally required to be applied since January 1, 2016, although they did not have any significant effect on the assets, financial and earnings situation of the consolidated interim financial statements:

- IFRS 11: Change in accounting for acquisitions of interest in joint operations
- IAS 16/IAS 38: Change to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets: Clarification of acceptable methods of depreciation and amortization
- IAS 16/IAS 41: Agriculture: Bearer plants
- IAS 27: Change in the use of equity method in separate financial statements
- IAS 1: Change: Disclosure initiative
- Annual improvements of IFRS 2012-2014 (Annual Improvement Project 2014):
  - IFRS 5: Non-current assets held for sale and discontinued operations
  - IFRS 7: Financial instruments
  - IAS 19: Employee benefits
  - IAS 34: Interim financial reporting

The following changes and accounting standards were published by the IASB, but have not yet been adopted by the EU. The application would not have any significant effect on the financial position, financial performance and cash flow of EDAG Group AG in the consolidated interim report:

- IFRS 14 (IASB publication: January 30, 2014; EU endorsement: open): regulatory deferral accounts
- IFRS 10/IAS 28 (IASB publication: September 11, 2014; EU endorsement: open): Change in sale or contribution of assets between an investor and its associate or joint venture
- IFRS 10, IFRS 12, IAS 28 (IASB publication: December 18, 2014; EU endorsement: open): Change in investment companies - applying the consolidation exception

For this consolidated interim report, a discount rate of 2.02 percent has been used for pension provisions in Germany (12/31/2015: 2.36 percent). A discount rate of 1.00 percent has been used for pension provisions in Switzerland (12/31/2015: 1.00 percent). The reduction in the interest rate in Germany led to an overall increase in the pension provisions, to the applicable deferred taxes, and to the actuarial losses related to pension provisions recorded in reserves from profits and losses recognized directly in equity.

In accordance with the objective of financial statements set out in F.12 et seq., IAS 1.9 and IAS 8.10 et seq., IAS 34.30 was applied when determining income tax expense for the interim reporting period. Accordingly, the weighted average expected annual tax rate in the amount of 31.5 percent was used.

Restructuring measures in the amount of € 99 thousand were carried out in the period covered by the consolidated interim report (see chapter „Reconciliation of the Adjusted Operating Profit (adjusted EBIT)"). A reversal in the amount of € 10 thousand was carried out for provisions for restructuring measures created the year before. These effects are shown in the adjusted operating profit (adjusted EBIT).

Otherwise, the same accounting and valuation methods and consolidation principles as were used in the 2015 consolidated financial statements for EDAG Engineering Group AG were applied when preparing the consolidated interim report and determining comparative figures for the previous year. A detailed description of these methods has been published in the Notes to the Consolidated Financial Statement in the Annual Report for 2015. This consolidated interim report should therefore be read in conjunction with the consolidated financial statement of EDAG Engineering Group AG for December 31, 2015.

Presentation of the consolidated interim report in accordance with IFRS requires qualified estimates for several balance sheet items which have an effect on the basis and valuation in the balance sheet and statement of recognized income and expense. The amounts that are actually realized can deviate from these estimates. Such estimates relate to ascertaining the useful life of the property, plant and equipment or intangible assets that are subject to wear and tear, the measurement of provisions, the valuation of investments and other assets or liabilities. Although adequate account is taken of existing uncertainties during valuation, actual results can still deviate from the estimates.

Irregular expenses incurred during the financial year are reported in cases where reporting would also be effected at the end of the financial year.

The EDAG Group's operating activities are not subject to any significant seasonal influences.

5.3 Changes in the Scope of Consolidation

In the period January 1, 2016 to March 31, 2016, the group of combined or consolidated companies developed as follows:

	Switzerland	Germany	Others	Total
Fully consolidated companies				
Included as of 12/31/2015	3	10	24	37
Included for the first time in current financial year	-	-	-	-
Withdrawn in current financial year	-	-	-	-
Included as of 03/31/2016	3	10	24	37
Companies accounted for using the equity method				
Included as of 12/31/2015	-	1	-	1
Included for the first time in current financial year	-	-	-	-
Withdrawn in current financial year	-	-	-	-
Included as of 03/31/2016	-	1	-	1
Companies included at acquisition cost				
Included as of 12/31/2015	-	3	-	3
Included for the first time in current financial year	-	-	-	-
Withdrawn in current financial year	-	-	-	-
Included as of 03/31/2016	-	3	-	3

The companies included at acquisition cost are for the most part non-operational companies and general partners. The company accounted for using the equity method that is included is an associated company.

VR-Leasing Malakon GmbH & Co Immo. KG is included as a fully consolidated company, although the Group holds only 25 percent of the voting rights. On the other hand, it has an 85 percent share in the capital. Agreements under company law, however, result in control by EDAG in accordance with IFRS 10.7. EDAG is under no obligation to grant the company financial assistance. EDAG has not in the past voluntarily granted any such financial assistance, nor does the company have any intention of doing so in the future.

5.4 Currency Conversion

Currency conversion in the consolidated interim report was based on the following exchange rates:

Country	Currency 1 EUR = Nat. currency	03/31/2016		03/31/2015	
		Spot rate on balance sheet date	Average exchange rate for period	Spot rate on balance sheet date	Average exchange rate for period
Great Britain	GBP	0.7916	0.7701	0.7273	0.7436
Brazil	BRL	4.1174	4.3056	3.4958	3.2204
USA	USD	1.1385	1.1017	1.0759	1.1270
Malaysia	MYR	4.4078	4.6247	3.9873	4.0786
Hungary	HUF	314.1200	312.0662	299.4300	308.9433
India	INR	75.4298	74.4075	67.2738	70.1295
China	CNY	7.3514	7.2090	6.6710	7.0284
Mexico	MXN	19.5903	19.8936	16.5124	16.8344
Czech Republic	CZK	27.0510	27.0393	27.5330	27.6271
Switzerland	CHF	1.0931	1.0960	1.0463	1.0722
Poland	PLN	4.2576	4.3658	4.0854	4.1934
Romania	RON	4.4718	4.4930	4.4098	4.4516
Russia	RUB	76.3051	82.4730	62.4400	71.0867
Sweden	SEK	9.2253	9.3260	9.2901	9.3839
Japan	JPY	127.9000	127.0183	128.9500	134.1885
South Korea	KRW	1,294.8800	1,324.0719	1,192.5800	1,240.8678

5.5 Reconciliation of the Adjusted Operating Profit (adjusted EBIT)

In addition to the data required according to the IFRS, the group profit or loss also includes a reconciliation to the adjusted earnings before interest and taxes (adjusted EBIT). Among the adjustments, initial and deconsolidation income, restructuring, the sale of real estate, impairments, and all effects from the purchase price allocations on the EBIT are shown.

in € thousand	01/01/2016 - 03/31/2016	01/01/2015 - 03/31/2015
Earnings before interest and taxes (EBIT)	10,822	15,738
Adjustments:		
Expenses (+) from purchase price allocation	1,735	1,705
Income (-) from reversal of provisions	- 10	-
Expenses (+) from restructuring	99	-
Expenses (+) from the sale of real estate	174	-
Total adjustments	1,998	1,705
Adjusted earnings before interest and taxes (adjusted EBIT)	12,820	17,443

The „expenses (+) from the purchase price allocation" are stated under the amortization. The „expenses (+) from the sale of real estate" and „expenses (+) from restructuring" are reported under the non-operating expenses.

5.6 Segment Reporting

The segment reporting was prepared in accordance with IFRS 8 „Operating Segments". Individual consolidated results are reported by company divisions in conformity with the internal reporting and organizational structure of the group. The key performance indicator for the executive board at segment level is the EBIT, as the adjusted effects are presented under „Others". Therefore at segment level, the EBIT shown is basically equal to the adjusted EBIT. The only exception to this rule are the effects of the purchase price allocation shown in the segment EBIT. This reporting structure was developed in 2014. The segment presentation is designed to show the profitability as well as the assets and financial situation of the individual business activities. Intercompany sales are accounted for at customary market prices and are equivalent to sales towards third parties (arm's length principle).

As at March 31, 2016, the non-current assets amounted to € 193.2 million (12/31/2015: € 192.6 million). Of these, € 2.1 million are domestic, € 175.1 million are German, and € 16.0 million are non-domestic (12/31/2015: [domestic: € 2.2 million; Germany: € 174.2 million; non-domestic: € 16.2 million]).

The assets, liabilities and provisions are not reported by segments, as this information is not part of the internal reporting.

The **„Vehicle Engineering"** segment (in short: VE) consists of services along the vehicle development process as well as responsibility for derivative and complete vehicles. For descriptions of the individual departments in this segment, please see the chapter „Business Model" in the Interim Group Management Report.

As an all-round engineering partner, the **„Production Solutions"** segment (in short: PS) is responsible for the development and implementation of production processes. In addition to handling the individual stages in the product creation process and all factory and production systems-related services, Production Solutions are also able to optimally plan complete factories over all fields, including cross processes, and to provide the realization from a single source. For more detailed descriptions of the individual departments in this segment, please see the chapter „Business Model" in the Interim Group Management Report.

The range of services offered by the **„Electrics/Electronics"** segment (in short: E/E) includes the development of electrical and electronic systems for the comfort, driver assistance and safety functions of a vehicle, and the development of cable harnesses. These services are performed in four departments; these are described in greater detail in the chapter „Business Model" in the Interim Group Management Report.

The three operative segments Vehicle Engineering, Production Solutions and Electrics/Electronics together represent the core business of the EDAG Group.

Under **„Others"**, it is primarily the subsidiary Haus Kurfürst GmbH that is presented. All of the essential non-operating expenses and income are also reported here. Among other things, this includes income/expenses from deconsolidations, from company sales, from the sale of property and buildings, and from restructuring costs (severance pay, consulting costs). Income and expenses as well as results between the segments are eliminated in the consolidation.

in € thousand	Vehicle Engineering	Production Solutions	Electrics/ Electronics	Consolidation core business	Total Core business	Others	Consolidation	Total Group
	01/01/2016 - 03/31/2016							
Sales revenue	114,972	27,635	39,956	-	182,563	88	-	182,651
Sales revenue with other segments	1,407	1,180	12	- 2,599	-	36	- 36	-
Changes in inventories	- 75	-	5	-	- 70	-	-	- 70
Total sales revenues and changes in inventories	**116,304**	**28,815**	**39,973**	**- 2,599**	**182,493**	**124**	**- 36**	**182,581**
EBIT	**7,506**	**2,470**	**1,241**	**-**	**11,217**	**- 395**	**-**	**10,822**
EBIT margin [%]	6.5%	8.6%	3.1%	-	6.1%	n/a	-	5.9%
Purchase price allocation (PPA)	1,258	73	404	-	1,735	-	-	1,735
Other adjustments	-	-	-	-	-	263	-	263
Adjusted EBIT	**8,764**	**2,543**	**1,645**	**-**	**12,952**	**- 132**	**-**	**12,820**
Adjusted EBIT margin [%]	7.5%	8.8%	4.1%	-	7.1%	n/a	-	7.0%
Depreciation, amortization and impairment	- 4,932	- 676	- 1,059	-	- 6,667	-	-	- 6,667

in € thousand	Vehicle Engineering	Production Solutions	Electrics/ Electronics	Consolidation core business	Total Core business	Others	Consolidation	Total Group
	01/01/2015 - 03/31/2015							
Sales revenue	109,443	26,270	38,514	-	174,227	38	-	174,265
Sales revenue with other segments	985	1,425	3	- 2,413	-	37	- 37	-
Changes in inventories	456	3	-	-	459	-	-	459
Total sales revenues and changes in inventories	**110,884**	**27,698**	**38,517**	**- 2,413**	**174,686**	**75**	**- 37**	**174,724**
EBIT	**9,661**	**2,791**	**3,371**	**-**	**15,823**	**- 85**	**-**	**15,738**
EBIT margin [%]	8.7%	10.1%	8.8%	-	9.1%	n/a	-	9.0%
Purchase price allocation (PPA)	1,301	-	404	-	1,705	-	-	1,705
Other adjustments	-	-	-	-	-	-	-	-
Adjusted EBIT	**10,962**	**2,791**	**3,775**	**-**	**17,528**	**- 85**	**-**	**17,443**
Adjusted EBIT margin [%]	9.9%	10.1%	9.8%	-	10.0%	n/a	-	10.0%
Depreciation, amortization and impairment	- 4,235	- 461	- 914	-	- 5,610	-	-	- 5,610

5.7 Contingent Liabilities/Receivables and Other Financial Obligations

Contingent Liabilities

Compared to December 31, 2015, there were no material changes in the contingent liabilities.

Other Financial Obligations

In addition to the provisions, liabilities and contingent liabilities, there are also other financial liabilities, and these are composed as follows:

in € thousand	03/31/2016	12/31/2015
Obligation from the renting of property	175,314	173,635
Obligations from miscellaneous renting and leasing contracts	9,892	8,922
Open purchase orders	1,823	2,387
Other miscellaneous financial obligations	997	1,085
Total	**188,026**	**186,029**

The increase in obligations from the renting of property is the result of new office and storage space being rented at the Munich site. The basic rental period set out in the contract with the owner of the building is 6 years. The increase in obligations from miscellaneous renting and leasing contracts is due to an increased volume in the field of IT leasing.

Contingent Receivables

As in the previous year, there were no material contingent receivables on the reporting date.

5.8 Financial Instruments

Net Financial Debt/Credit

The Executive Board's aim is to keep the net financial debt as low as possible in relation to equity (net gearing).

in € thousand	03/31/2016	12/31/2015
Non-current financial liabilities	- 134,967	- 135,167
Current financial liabilities	- 30,358	- 28,942
Securities/derivative financial instruments	70	68
Cash and cash-equivalents	65,553	70,654
Net - financial debt/-credit [-/+]	**- 99,702**	**- 93,387**
Equity	159,801	155,243
Net Gearing [%]	**62.4%**	**60.2%**
Liabilities due to credit institutions	- 6,880	- 7,665
Cash and cash-equivalents	65,553	70,654
Net - financial balance with banks	**58,673**	**62,989**

Apart from ATON Group Finance GmbH, Going am Wilden Kaiser, Austria, the other major creditor of the EDAG Group is VKE Versorgungskasse EDAG-Firmengruppe e.V.

As of March 31, 2016, there were loan obligations to ATON Group Finance GmbH (including accrued interest) in the amount of € 135,493 thousand (12/31/2015: € 133,814 thousand). Of this amount, € 132,800 thousand is to be classified as non-current financing. As of March 31, 2016, there is a current loan, including interest, in the amount of € 20,428 thousand from VKE Versorgungskasse EDAG-Firmengruppe e.V. (12/31/2015: € 20,364 thousand).

As in the previous year, the EDAG Group reported a net financial balance with credit institutions on the reporting date. This means that the liquidity situation of the EDAG Group continues to be rated as very positive.

One of the major factors influencing the net financial debt is the working capital, which developed as follows:

	in € thousand	03/31/2016	12/31/2015
	Inventories	1,416	1,599
+	Future receivables from construction contracts	126,964	93,257
+	Current accounts receivable	64,151	102,332
-	Future liabilities from construction contracts	- 24,746	- 24,284
-	Current accounts payable	- 14,347	- 19,848
=	**Trade working capital (TWC)**	**153,438**	**153,056**
+	Non-current accounts receivable and other receivables	1,297	1,324
+	Deferred tax assets	800	780
+	Current other receivables excl. interest-bearing receivables	13,597	9,460
+	Income tax assets	7,871	4,979
-	Non-current accounts payable and other liabilities	- 3	- 3
-	Non-current income tax liabilities	- 1,460	- 1,460
-	Deferred tax liabilities	- 8,880	- 9,208
-	Current other liabilities	- 53,007	- 58,943
-	Income tax liabilities	- 5,243	- 4,748
=	**Other working capital (OWC)**	**- 45,028**	**- 57,819**
	Net working capital (NWC)	**108,410**	**95,237**

The trade working capital increased slightly from € 153.1 million to € 153.6 million, compared to December 31, 2015. The increase in future receivables from construction contracts was compensated for by a reduction of current accounts receivable.

Compared to December 31, 2015, the other working capital increased from € -57.8 million to € -45.2 million. This effect was largely due to the increase of current other receivables from prepaid expenses and a reduction of current other liabilities.

Book values, valuation rates and fair values of the financial instruments as per valuation category

The principles and methods for assessing at fair value have not changed compared to last year. Detailed explanations of the valuation principles and methods can be found in the Annual Report of EDAG Engineering Group AG for 2015.

For the most part, cash and cash-equivalents, accounts receivable and other receivables have only a short time to maturity. For this reason, their book values on the reporting date are close approximations of the fair values.

The fair values of other receivables and financial assets held to maturity with a remaining term of more than a year correspond to the net present values of the payments associated with the assets, taking into account the relevant interest parameters, which reflect the market and counterparty-related changes in conditions and expectations.

Accounts payable and other financial liabilities regularly have short remaining terms to run, and the values posted are close approximations of the fair values.

The book values and fair values of all financial instruments recorded in the consolidated interim financial statements are shown in the following table:

in € thousand	Valuation category as per IAS 39	Book value 03/31/2016	Valuation balance sheet as per IAS 39				Valuation balance sheet as per IAS 17
			Amortized Costs	Acquisition Costs	Fair value recognized directly in equity	Fair value through profit or loss	
Financial assets (assets)							
Cash and cash-equivalents	[LaR]	65,553	65,553	-	-	-	-
Accounts receivable and other receivables in terms of IAS 32.11	[LaR]	68,498	68,498	-	-	-	-
Future receivables from construction contracts	[LaR]	126,964	126,964	-	-	-	-
Loans	[LaR]	95	95	-	-	-	-
Assets available for sale	[AfS]	147	77	-	70	-	-
Financial liabilities (liabilities)							
Financial liabilities							
Credit institutions	[FLAC]	6,880	6,880	-	-	-	-
Other interest-bearing liabilities	[FLAC]	155,930	155,930	-	-	-	-
Liabilities from financing leases	[n.a.]	2,499	-	-	-	-	2,499
Derivative financial liabilities	[FLHfT]	15	-	-	-	15	-
Accounts payable and other liabilities in terms of IAS 32.11	[FLAC]	17,555	17,460	-	-	95	-
Financial assets and financial liabilities, aggregated according to valuation category in accordance with IAS 39							
Loans and Receivables	[LaR]	261,110	261,110	-	-	-	-
Financial assets Held for Trading	[FAHfT]	-	-	-	-	-	-
Available-for-sale financial assets	[AfS]	147	77	-	70	-	-
Financial liabilities measured at amortized cost	[FLAC]	180,365	180,270	-	-	95	-
Financial liabilities Held for Trading	[FLHfT]	15	-	-	-	15	-

in € thousand	Valuation category as per IAS 39	Book value 12/31/2015	Valuation balance sheet as per IAS 39				Valuation balance sheet as per IAS 17
			Amortized Costs	Acquisition costs	Fair value recognized directly in equity	Fair value through profit or loss	
Financial assets (assets)							
Cash and cash-equivalents	[LaR]	70,654	70,654	-	-	-	-
Accounts receivable and other receivables in terms of IAS 32.11	[LaR]	104,658	104,658	-	-	-	-
Future receivables from construction contracts	[LaR]	93,257	93,257	-	-	-	-
Loans	[LaR]	105	105	-	-	-	-
Assets available for sale	[AfS]	145	77	-	68	-	-
Financial liabilities (liabilities)							
Financial liabilities							
Credit institutions	[FLAC]	7,665	7,665	-	-	-	-
Other interest-bearing liabilities	[FLAC]	154,189	154,189	-	-	-	-
Liabilities from financing leases	[n.a.]	2,247	-	-	-	-	2,247
Derivative financial liabilities	[FLHfT]	8	-	-	-	8	-
Accounts payable and other liabilities in terms of IAS 32.11	[FLAC]	22,709	22,514	-	-	195	-
Financial assets and financial liabilities, aggregated according to valuation category in accordance with IAS 39							
Loans and Receivables	[LaR]	268,674	268,674	-	-	-	-
Financial assets Held for Trading	[FAHfT]	-	-	-	-	-	-
Available-for-sale financial assets	[AfS]	145	77	-	68	-	-
Financial liabilities measured at amortized cost	[FLAC]	184,563	184,368	-	-	195	-
Financial liabilities Held for Trading	[FLHfT]	8	-	-	-	8	-

The fair values of securities correspond to the nominal value multiplied by the exchange quotation on the reporting date.

The attributable fair values of liabilities due to credit institutions, loans and other financial liabilities are calculated as present values of the debt-related payments, based on the EDAG current yield curve valid at the time. By and large, the fair value of the financial liabilities corresponds to the book value. As at March 31, 2016 however, the fair value of the other interest-bearing liabilities [FLAC] amounted to € 159,860 thousand (12/31/2015: € 158,524 thousand), with a book value of € 155,930 thousand (12/31/2015: € 154,189 thousand). The valuation of the fair value took place according to the „Level 2" valuation category on the basis of the discounted cash flow method. In this context, the current market rates of interest and the contractually agreed parameters were taken as the basis.

The following table contains the assets and liabilities assessed at fair value, in stages:

in € thousand	Assessed at fair value 03/31/2016			
	Level 1	Level 2	Level 3	Total
Financial assets				
Assets available for sale	70	-	-	70
Financial liabilities (liabilities)				
Derivative financial liabilities	-	15	-	15
Other liabilities	-	-	95	95

in € thousand	Assessed at Fair Value 12/31/2015			
	Level 1	Level 2	Level 3	Total
Financial assets (assets)				
Assets available for sale	68	-	-	68
Financial liabilities (liabilities)				
Derivative financial liabilities	-	8	-	8
Other liabilities	-	-	195	195

The assets and liabilities assessed at fair value through profit or loss include derivative financial instruments. In the EDAG Group, these are employed to limit currency risks.

Classification of the attributable fair values in the three valuation categories of the fair value hierarchy is based on the availability of observable market prices

Level 1: At level 1 of the fair value hierarchy, the attributable fair values are measured using listed market prices, as the best possible fair values for financial assets or liabilities can be observed in active markets.

Level 2: If there is no active market for a financial instrument, a company uses valuation models to determine the attributable fair value. Valuation models include the use of current business transactions between competent, independent business partners willing to enter into a contract; comparison with the current attributable fair value of another, essentially identical financial instrument; use of the discounted cash flow method; or of option pricing models. The attributable fair value is estimated on the basis of the results achieved using one of the valuation methods, making the greatest possible use of market data and relying as little as possible on company-specific data.

Level 3: The valuation models used at this level are not based on observable market data.

5.9 Related Parties

In the course of its regular business activities, the EDAG Group correlates either directly or indirectly not only with the subsidiaries included in the consolidated financial statements, but also with subsidiaries which are affiliated but not consolidated, and with other related companies and persons.

For a more detailed account of the type and extent of the business relations, please see the Annual Report of EDAG Engineering Group AG for 2015.

There is a long-term, unsecured fixed interest loan with the ATON Group Finance GmbH which is due on November 6, 2018. This loan carries an interest rate of 5 percent, and can be redeemed in part prior to maturity. Compared to December 31, 2015, liabilities due to ATON Group Finance GmbH from proportionate accrued interest increased by € 1.7 million.

No further significant changes have occurred, compared with the notes in the Annual Report for 2015.

5.10 Subsequent Events

With effect from 1st April, 2016, EDAG became the new owner of DuvedeC Europe B.V., which has its head office in the Netherlands. The acquisition of this company enabled the engineering service provider to further extended its European site network.

Arbon, May 11, 2016

EDAG Engineering Group AG

Jürgen Vogt, Chief Financial Officer (CFO)

Dr. Michael Hammes,
Member of the Board of Directors and Chairman of the Audit Committee

Thomas Eichelmann, President of the Board of Directors

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Issued by

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Legal Note

The interim report includes statements about future developments. Like any form of entrepreneurial activity in a global environment, these statements are always associated with a degree of uncertainty. Our descriptions are based on the convictions and assumptions of the management, which in turn are based on currently available information. The following factors may, however, affect the success of our strategic and operative measures: geopolitical risks, changes in general economic conditions, in particular a prolonged economic recession, changes to exchange rates and interest rates, the launch of products by competitors, including increasing competitive pressure. Should any of these factors or other uncertainties materialize, or the assumptions on which the statements are based prove to be inaccurate, the actual results may differ from the forecast results. EDAG does not intend to continuously update predictive statements and information, as they relate to the circumstances that existed on the date of their publication.

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