2015 FINANCIAL YEAR

INTERIM REPORT AS OF SEPTEMBER 30, 2015

CONTENT

SUMMARY OF THE **THIRD QUARTER OF THE 2015 FINANCIAL YEAR**

SUCCESSFUL PERFORMANCE AT THE IAA 2015
OVER 900 TRADE VISITORS AT THE EDAG STAND IN HALL 5.1

Shortly after the last day on which this year's IAA in Frankfurt was open to the public, EDAG Engineering GmbH gave a positive verdict on this year's appearance at Europe's largest motor show.

The globally active engineering company welcomed over 900 trade visitors to its stand in Hall 5.1, where it presented its concepts for future lightweight design in the automotive industry. The IAA is not only the industry's largest trade fair in Europe, but also an important platform for manufacturers and suppliers to present new technologies.

With the German premiere of the „EDAG Light Cocoon" concept car, EDAG provided a visionary outlook for new lightweight strategies. Instead of using lightweight materials such as aluminium, carbon or magnesium, the „Cocoon" has an organic skeleton structure in which material is only actually used in areas where it is absolutely necessary for safety and stability. Not until the advent of additive manufacturing (3D printing) did it become possible for such complex structures to be realised. The Wiesbaden-based design engineering company has examples of technology which demonstrate that the combination of bionic design and additive manufacturing is more than just simple Utopia.

For instance, the company presented a combination of additively manufactured body nodes and extruded sections for future body structures. This extremely flexible, load path-optimised spaceframe structure is an attractive solution that will enable the wide variety of derivatives, variants and drive concepts to be managed economically in the future. With the first fully functional, ready-for-approval, additively manufactured model of a headlight and a cooling plate for an on-board charger housing that has also been printed, EDAG documented the potential of additive manufacturing methods. Apart from the technical innovations that were being presented, the EDAG stand also offered future staff the chance to find out more about entry and career opportunities in the fascinating world of automotive development. An offer that was used to the full by school and university students during the 11 public days.

BRAND LAUNCH: HOW TRIVE.ME ENSURES THE INGENIOUS NETWORKING OF DRIVER, VEHICLE AND DRIVING

At this year's IAA, EDAG for first time ever presented a new spin-off in the field of software solutions for the new ecosystem mobility.
In a world in which people spend more time on their smartphones than in their cars, trive.me is set to bring the automotive industry and the digital world closer together.
From the point of view of EDAG, it is foreseeable that, just like with smartphones, computers and television, it is no longer only performance that makes the difference between an excellent and an inferior car, but rather usability and the integration of software.
And that sooner or later, software will change not only the car, but also driving the car.
As one of the driving forces behind this evolution, the brand trive.me presented its portfolio at the New Mobility World, a new show format at the IAA, and is looking to cooperate with automobile manufacturers, IT companies, system suppliers and young start-ups.

Heiko Herchet presents trive.me at the New Mobility World show

JULY *AUGUST*

SUMMARY OF THE **THIRD QUARTER**
OF THE 2015 FINANCIAL YEAR

EDAG CONTINUES TO PLACE GREAT EMPHASIS ON TRAINING - 141 ENGINEERING TALENTS START THEIR APPRENTICESHIPS AT EDAG IN GERMANY!

Apart from the IAA, there was another important business year event in the late summer of 2015: the start of the new training and academic year.

Over 140 young people made the decision to come to EDAG to embark on their dream jobs and lay the foundations for their future careers.

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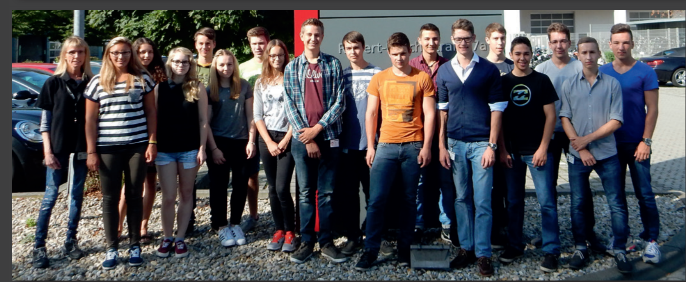
This 42nd intake of new apprentices underlines the fact that in-house training continues to be the mainstay of EDAG's junior staff development. In the last 42 years, over 1,800 young people have been apprentices at EDAG, and many of them are still employed by the company today.

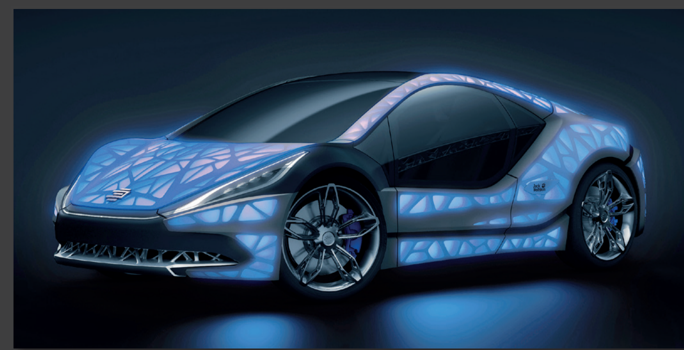
EDAG currently has 557 young employees working on either an apprenticeship or study course. The reason for EDAG's attractive-ness as a training company can be found not only in the wide variety of job openings, but also in the quality of the training offered - confirmed yet again by this year's excellent exam results.
At the Fulda office alone, seven apprentices achieved the overall grade „excellent", or the best results in their particular professional group.
In addition, there were also two Hessian regional champions among the apprentices - Peter Kekert (EDAG) and Fabian Lamp (FFT).



OUTSTANDING PERFORMANCE

EDAG's innovations and performance often win awards in competitions the company enters.

This September, for instance, EDAG was among the finalists in this year's „Hessen Champion Awards", in the „Job Motor" category. The company last year took first place, being voted the most innovative company on the strength of its competition entry „EDAG GENESIS". The competition is held every year by the Hessian Ministry of Eco-nomics, the Federation of Hessian Employers Associations (VhU) the MBG H Mittelständische Beteiligungs-gesellschaft Hessen mbH.
In this year's German Design Award, too, EDAG has made it through to the finals with this year's concept car „EDAG Light Cocoon". The decision in this competition (held by the Design Council) will be made at the end of October.



AUGUST

SEPTEMBER

KEY FIGURES AND EXPLANATIONS BY THE EDAG GROUP AS PER SEPTEMBER 30, 2015:

in Mio. EUR	01/01/2015 - 09/30/2015	01/01/2014 - 09/30/2014	+/- in %	07/01/2015 - 09/30/2015	07/01/2014 - 09/30/2014	+/- in %
Incoming order	617.2	622.5	- 0.9	175.9	131.5	33.7
Sales revenues and changes in inventories	534.0	506.3	5.5	178.7	173.7	2.9
EBIT[1]	45.0	46.9	- 4.1	12.3	18.3	- 32.7
EBIT margin [%]	8.4%	9.3%		6.9%	10.5%	
EBIT, adjusted	54.8	44.9	22.1	19.4	20.8	- 6.7
EBIT margin [%], adjusted	10.3%	8.9%		10.9%	12.0%	
Operating Cash Flow	- 16.3	12.2	x	- 16.2	9.8	x
Investing Cash Flow	- 16.1	- 41.9	61.7	- 8.5	0.4	x
Free Cash Flow (equity approach)	- 32.3	- 29.7	- 8.6	- 24.7	10.2	x
Gross investments	21.0	17.2	22.1	8.6	6.2	39.1

in Mio. EUR	09/30/2015	12/31/2014	+/- in %
Orders on hand	364.0	310.8	17.1
Equity	146.5	117.4	24.8
Statement of Financial Position	498.6	484.6	2.9
Equity ratio [%]	29.4%	24.2%	
Net financial debt	123.3	121.7	1.3
Employees[2] on reporting date [number]	8,063	7,401	8.9

[1] Earnings before interest and taxes
[2] Employees including apprentices

The market environment of the EDAG Group during the current financial year has so far been positive. Across the group, the EDAG Group has generated new orders to the value of € 617.2 million, which is well above expectation for the current financial year.

As of September 30, 2015, orders on hand amounted to € 364.0 million, compared to € 310.8 million as of December 31, 2014.

The sales revenues and changes in inventories at the end of the third quarter totalled € 534.0 million, which represents an increase of 5.5 percent compared to the same period in the previous year (€ 506.3 million). At € 533.8 million, the core sales revenues and changes in inventories in the three operative segments increased by 14.6 percent compared to the same period in the previous year (€ 465.8 million). All three segments (Vehicle Engineering, Production Solutions and Electrics/Electronics) contributed to this growth.

The EBIT figure was € 45.0 million, compared to € 46.9 million in same period in 2014. Adjusted for the depreciation, amortisation and impairments from the purchase price allocations of the previous financial years and special effects due to company mergers and further restructuring expenses in connection with the fusion of EDAG and Rücker in 2014 that were recorded in the reporting period, the EBIT figure („adjusted EBIT") was € 54.8 million, which is equivalent to an adjusted EBIT margin of 10.3 percent (Q1-3 2014: 8.9 percent).

The EDAG Group continues to grow - on the reporting date, the company had 8,063 employees working to secure the success of the Group (12/31/2014: 7,401 employees).

In the third quarter just ended, gross investments in fixed assets amounted to € 21.0 million, which was above the level of the same period in the previous year (€ 17.2 million). The equity ratio on the reporting date was 29.4 percent.

At € 123.3 million, the net financial debt is well below the level recorded on September 30, 2014 (€ 173.6 million) but above the level recorded on December 31, 2014 (€ 121.7 million). The reason for this is that working capital resulting from work in progress (future receivables from construction contracts) is built up in the first three quarters of the year.

INTERIM MANAGEMENT REPORT

1 Basic Information on the Group

1.1 Business Model

With the new parent company, EDAG Engineering Schweiz Sub-Holding AG, Arbon (Switzerland)[1], the EDAG Group is one of the largest independent engineering partners to the automotive industry, and specialises 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, one of our subsidiaries, has specialised technical knowledge in the field of electrical and electronic development. EDAG Production Solutions offers particular expertise in the development of production facilities and their implementation.

[1] *Due to reorganisation, the notes on previous years and quarters refer to the former company, EDAG Engineering GmbH, Wiesbaden (see also chapter 5.2 Legal Reorganisation).*

SEGMENTATION

Business is divided up into a number of segments:
Vehicle Engineering, Production Solutions and Electrics/Electronics.
Our main focus is on the automobile and commercial vehicle industries.

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-optimised 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.

The EDAG Group belongs to ATON GmbH, an investment company focusing on the fields of engineering & plant construction, mining and medical technology. ATON invests in companies which are characterised by innovation and market leadership in their core competencies. One of the key aspects here is continual growth.

Presentation of the Vehicle Engineering Segment

VEHICLE ENGINEERING

In this segment, we offer all services relating to vehicle development.

The Vehicle Engineering segment covers services for the automobile development process and responsibility for derivatives 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 realise large model building volumes. Our Body Engineering department brings together all of our services such as package, 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 the 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 projects 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 Reliability + Documentation 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

PRODUCTION SOLUTIONS

This segment handles the development and implementation of production processes.

As an all-round engineering partner, in the Production Solutions segment we accept responsibility for the development and implementation of production processes at 27 facilities around the world. In addition to handling the individual stages in the product creation process as well as all factory and production systems-related services, we are also able to optimally plan complete factories over all fields, including cross processes, and to provide the realisation from a single source. In the context of „Simultaneous Engineering“, we favour an integrative approach, with the vehicle engineering, systems planning and production simulation departments all working together in order to design the optimum project interfaces.

In the Systems Engineering division, we offer integrated competence from one-off solutions through to turn-key systems for the complete body in white assembly. With our comprehensive know-how in design, simulation and automation in all of the regular systems, we are able to handle sophisticated development projects.

Our portfolio is also complemented with our process consulting and „Feynsinn“ 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 realisation services in the field of visualisation technologies. Customised training opportunities complete the portfolio.

Presentation of the Electrics/Electronics Segment

ELECTRICS/ELECTRONICS

The integration of new E/E components and modules is the service offered by this segment.

The range of services in the „Electrics/Electronics“ segment encompasses the following fields: driver assistance and safety systems, infotainment and connectivity, car IT, convenience and car body electronics, electrification, electrics/vehicle electrical system and electrics/electronics for the complete vehicle.

In the E/E Vehicle Engineering department, we take responsibility for all E/E services for complex and fully integrated development tasks as part of complete vehicle or derivative developments. The E/E Systems Engineering team are powerful engineering partners for the vehicle manufacturers and their system suppliers, taking responsibility for work packages: from conception, specification and integration to the testing of innovative E/E systems in the vehicle.

The E/E Embedded Systems environment handles complex project volumes in hardware and software development, from the conceptual design, through production-ready development, to model set-up and commissioning of electronic control units for system suppliers and vehicle manufacturers.

EDAG E/E Car IT is the driving force behind the digital transformation in automobile software development, and markets services and software developed in-house as products for the networked mobility industry. In addition, this expertise is also used for development and standardisation services and consulting in the field of networking. Customers are vehicle manufacturers, system suppliers and IT companies.

1.2 Targets and Strategies

The consumer's desire for individual mobility, greater comfort and being linked up to the world outside of the car are currently the most powerful driving forces in automotive development. Combined with this is a growing awareness of the need for environmentally friendly transport. It is hardly surprising, then, that these trends had a marked influence on the automotive market last year. Technological advances in the field of autonomous driving, the networking of vehicles and infotainment were as much in the public eye as new material technologies were.

In order to accommodate the increasing complexity of the car of the future and meet the high technological requirements placed on it and its development, EDAG has concentrated the special knowledge needed in four competence centres: „Lightweight Construction, Materials and Technologies", „Electric Mobility", „New Production Technology" and „Car-IT". All of EDAG's divisions use these as drivers for innovation, or as incubators.

Activities relating to the new, rapidly developing ecosystem mobility will in the future be bundled under the brand name „trive.me". trive.me covers the activities of the „Car-IT" competence centre in the E/E Division, and concentrates particularly on software solutions outside of the vehicle. We believe that, just as it is with smartphones, computers and television, it is no longer only the hardware that makes the difference between an excellent and an inferior car, but rather its usability, networking and integration of software, information and data streams. And that sooner or later, software will change not only the car, but also driving the car.

For the automotive industry, outsourcing engineering services is an attractive means of reducing complexity and optimising resources. An increase in project scope can be expected in the future and, on account of its size, the company will profit greatly from this.

The term „Industry 4.0" stands for an issue that is of enormous importance to us. A catchphrase that was, for instance, at the focus of the last CEBIT. Industry 4.0 is the next stage of evolution in production technology. Robots, production equipment and logistics systems are linked together with the help of the Internet of Things, so that future production will be able to offer optimum resource allocation and extreme flexibility, in the sense of the intelligent factory. Products are becoming more and more intelligent, and know not only their own production processes but also possible adjustments to these procedures. This results in serious changes - not only for machine and plant construction. Existing automobile development and production processes will also change, as levels of integration in business and value adding processes between the involved parties become increasingly more pronounced. Both EDAG and EDAG Production Solutions have succeeded in generating know-how and extensive project experience in this forward-looking field over the last few years. Work in both self-regulating factory processes with intelligent objects and in the implications for the development processes (Development 4.0) is intense.

We systematically pursue the following strategic targets:

- Further strengthening our market position
- Offering best-cost services
- Expanding and developing international facilities
- Further increasing profitability
- Maintaining and further building critical scale for large and complex projects
- Focusing on Innovation
- Strategic expansion of our Electrics/Electronics division
- Fostering our attractiveness as employer

2 Financial Report

2.1 Macroeconomic and Industry-Specific Conditions

FORECAST MACROECONOMIC DATA

Global economic growth: 3.1 percent
Euro area growth: 1.5 percent

Basic Conditions and Overall Economic Development

The International Monetary Fund (IMF) slightly reduced its July forecast for global economic growth 2015. While in July worldwide growth of 3.3 percent was forecast, a growth rate of 3.1 percent is now expected. The IMF sees risks in the changing interest policy in the USA and in the drop in the price of raw materials.

The IMF continues to anticipate a growth rate of 1.5 percent for both the eurozone and Germany. The forecast for China remains unchanged (6.8 percent). The Japanese economy is expected to increase by only 0.6 percent, instead of 0.8 percent. Growth of 2.6 percent is expected for the USA.

A 3.0 percent downturn in economic activities is expected for Brazil, and 3.8 percent for Russia.

For 2016, the IMF anticipates a 3.6 percent increase in global economic growth.

The moderate growth will continue, with an improvement of the situation in economically advanced countries, while there will be a slowdown of activities in the emerging markets and developing countries.

Automotive Industry Development

The first half of 2015 saw a significant upswing of 8.0 percent in the the automotive market in the EU, and this positive development continued throughout the third quarter. Vehicle registrations rose to a total of 10 million - about 9 percent more than in the same period in the previous year. The European market for new vehicles is looking good and continues to grow, borne along by a low interest rate, discounts, a fall in unemployment and increased consumer spending. In the first 9 months of 2015, 2.4 million vehicles were registered in Germany, which is equivalent to an increase of 6 percent. In the USA, too, the positive trend of the first half of the year (+ 4 percent) continued. After nine months, 13 million vehicles had been sold, around 5 percent more than in the previous year. In the world's largest automotive market, in China, moderate sales growth is expected for the current year. In the first nine months, sales rose to a total of 13.8 million, an increase of almost 5 percent.

On the other hand, sales fell in Japan, Brazil and Russia.

Overall, a slight increase in registrations is anticipated worldwide for the current year. The prospects for growth have, however, taken a slight turn for the worse.

Development of the Engineering Market

ENGINEERING MARKET DATA

The trend towards large development packages continued

Driven by signals from the automobile markets, the overall impression on the market for engineering services is positive. The volume of engineering services externally awarded by the automotive OEMs remains high, tying in with the development of the previous quarter. The trend towards large development packages continued. In terms of costs, we continue to face appreciable competitive pressure.

2.2 Business Trends and Developments

Financial Performance

In the 9-month period just ended, incoming orders amounted to € 617.2 million (Q1-3 2014: € 622.5 million).

DATA ON THE RESULTS OF THE EDAG GROUP IN THE THIRD QUARTER

Incoming orders: € 617.2 million
Total operating performance: € 534.0 million
Adjusted EBIT: € 45.0 million

At € 534.0 million, the sales revenues and changes in inventories were increased by € 27.7 million or 5.5 percent compared to the same period in the previous year (€ 506.3 million). At € 533.8 million, the core sales revenues and changes in inventories in the three operative segments increased by 14.6 percent compared to the same period in the previous year (€ 465.8 million). In this respect, EDAG's growth was greater than that of the engineering market.

Compared to the same period in the previous year, the EBIT decreased by €-1.9 million to € 45.0 million (Q1-3 2014: € 46.9 million). This means that an EBIT margin of 8.4 percent was achieved (Q1-3 2014: 9.3 percent). Adjusted for the depreciation, amortisation and impairments from the purchase price allocations of the previous financial years and special effects due to company mergers and further restructuring expenses in connection with the fusion of EDAG and Rücker in 2014 that were recorded in the reporting period, the EBIT figure was € 54.8 million, which is equivalent to an adjusted EBIT margin of 10.3 percent (Q1-3 2014: 8.9 percent).

The materials expenses decreased by 7.4 percent to € 72.9 million. The materials expenses ratio was 13.6 percent (Q1-3 2014: 15.5 percent).

EDAG GROUP EMPLOYMENT DATA

Workforce
as of September 30, 2015: 8,063 employees

The EDAG Group's personnel expenses increased by € 18.2 million or 5.8 percent to € 332.3 million compared to the same period in the previous year. This was primarily due to the increase in manpower; as of September 30, 2015, the company had a workforce of 8,063 employees, including apprentices (12/31/2014: 7,401 employees). The ratio of personnel expenses in relation to sales revenues and changes in inventories, which stood at 62.2 percent, only rose marginally compared with the same period in the previous year (62.0 percent).

Depreciation, amortisation and impairments totalled € 18.1 million (Q1-3 2014: € 18.2 million). The ratio for other expenses in relation to sales revenues and changes in inventories was 15.2 percent and thus above last year's level (13.9 percent). This was mainly due to the great increase in obligations from the renting of property and foreign currency translation, although the latter were fully compensated for by the income from currency gains in the other operating income.
In the quarter just ended, the financial result was €-5.2 million (Q1-3 2014: €-8.6 million) and thus improved by € 3.4 million compared with the same period in the previous year.

One important effect were lower interest charges due to a partial repayment of the loan from ATON Group Finance GmbH towards the end of the 2014 financial year, to higher interest income, and to the results of investments in the amount of € 1.1 million accounted for using the equity method.
With tax expenses amounting to € 12.3 million in the 2015 reporting period, the tax ratio recorded is equivalent to 31.0 percent.

Development of the „Vehicle Engineering" Segment

VEHICLE ENGINEERING DATA

Total operating performance, Q3: € 337.8 million
EBIT Q3: € 30.7 million

Incoming orders amounted to € 385.5 million in the third quarter of 2015, a drop of € 10.8 million (2.9 percent) compared to the value for the same period in the previous year (Q1-3 2014: € 374.7 million). No major projects were acquired during the reporting period. Continuing capacity utilisation in the segment is secured by means of orders for smaller modules. The sales revenues and changes in inventories were increased by € 26.7 million (8.6 percent) to € 337.8 million (Q1-3 2014: € 311.1 million). All in all, an EBIT of € 30.7 million was achieved for the Vehicle Engineering segment in 2015 (Q1-3 2014: € 24.8 million), and an adjusted EBIT of € 34.9 million (Q1-3 2014: € 28.8 million). This allowed the EBIT margin to be increased disproportionately to the sales revenues and changes in inventories, to 9.1 percent. The adjusted EBIT margin amounts to 10.3 percent (Q1-3 2014: 9.3 percent). The reason for the positive development are the synergies generated by the integration of Rücker.

Development of the „Production Solutions" Segment

PRODUCTION SOLUTIONS DATA

Total operating performance, Q3: € 87.1 million
EBIT Q3: € 10.7 million

In this segment, incoming orders amounted to € 102.0 million, well above the level of the same period in the previous year (Q1-3 2014: € 95.3 million). Sales revenues and changes in inventories increased significantly by € 12.4 million (16.5 percent) to € 87.1 million (Q1-3 2014: € 74.7 million). Overall, an EBIT of € 10.7 million (Q1-3 2014: € 8.5 million) was generated for the Production Solutions segment in 2015. This enabled EBIT growth to more than keep pace with the overall increase in sales revenues and changes in inventories. At 12.4 percent, the adjusted EBIT margin is slightly higher than the previous year's level (Q1-3 2014: 11.4 percent).

Development of the „Electrics/Electronics" Segment

ELECTRICS / ELECTRONICS DATA

Total operating performance, Q3: € 117.5 million
EBIT Q3: € 8.2 million

Incoming orders increased by € 37.7 million to € 147.7 million compared to the same period in the previous year (Q1-3 2014: € 110.0 million). Sales revenues and changes in inventories reached a value of € 117.5 million (Q1-3 2014: € 85.6 million), which represents an increase of € 31.9 million (37.3 percent). In the EBIT, the Electrics/Electronics division increased from € 4.0 million (4.7 percent) in the same period in 2014 to € 8.2 million (7.0 percent) in 2015. The adjusted EBIT margin amounts to 8.0 percent (Q1-3 2014: 6.2 percent). This means that, compared to the same period in the previous year, the segment made a far more positive contribution to the Group's success. The significant increase in earnings in the E/E segment, compared to the previous quarter, was brought about by a change in structure in the procurement practice of a major customer. The last 12 months brought about the change from engineering service provider to a partner with responsibility for modules and derivatives.

DATA ON THE FINANCIAL POSITION OF THE EDAG GROUP

Statement of financial position total compared to December 31, 2014: € 498.6 million (+ 2.9 percent)

Cash Flows and Financial Position

Compared to December 31, 2014, the EDAG Group's statement of financial position total increased by € 14.0 million or 2.9 percent to € 498.6 million. The reduction of current accounts receivable (€ 58.2 million) are balanced by an increase in future receivables from construction contracts in the amount of € 89.0 million. Cash and cash equivalents decreased by € 12.5 million to € 27.0 million.

On the equity, liabilities and provisions side, subscribed capital increased by € 2.9 million to € 22.9 million as a result of the reorganisation[2]. Overall, equity increased to € 146.5 million (12/31/2014: € 117.4 million), and the quota is now approximately 29.4 percent (12/31/2014: 24.2 percent). This increase is primarily due to the current net income totalling € 27.5 million, advanced capital in the form of a share-based payment transaction in the amount of € 0.6 million, and the decrease in the profits and losses recognised directly in equity resulting from the actuarial interest rate in the amount of € 1.7 million.
The future liabilities from construction contracts fell by € 25.5 million, and the income tax liabilities fell by € 8.4 million compared to December 31, 2014. However, this was balanced by an increase in current financial liabilities amounting to € 23.9 million. Essentially, the loan to VKE Versorgungskasse EDAG-Firmengruppe e.V. was increased here.

[2] *See chapter 5.2 Legal Reorganisation*

In the third quarter of 2015, the operating cash flow was €-16.3 million (Q1-3 2014: € 12.2 million). Despite the improvement in the results compared with the same period in the previous year, an increased working capital inventory resulting from an increase in future receivables from construction contracts had a negative effect on the operating cash flow.
At € 21.0 million, investments in intangible assets, plant and equipment in the reporting year were some € 3.8 million above the previous year's levels (€ 17.2 million). By and large, deposits from disposals of tangible fixed assets totalling € 5.8 million resulted from receipt of payment for a building sold in the previous year.

The executive board regards the overall economic situation of the EDAG Group as good.

2.3 Personnel Management and Development

As an internationally active design engineering company for the automotive industry, the EDAG Group is shaped by its employees who bring their specific qualifications to bear in a wide variety of positions in more than 50 divisions. On September 30, 2015 the EDAG Group employed a workforce of 8,063 employees (12/31/2014: 7,401 employees).
In the first nine months of 2015, personnel expenses amounted to € 332.3 million (Q1-3 2014: € 314.1 million).

3 Subsequent Events

By resolution of the extraordinary general meeting of October 20, 2015, and with the commercial registration of October 22, 2015, the name of EDAG Engineering Group AG, Arbon was changed to EDAG Engineering Schweiz Sub-Holding AG, Arbon.

On November 6th 2015 the cash-pooling agreement with the ATON GmbH was terminated.
The termination becomes effective (condition precedent) in the case of the initial public offering.
The outstanding balance will be settled at the effective date of the condition precedent.

4 Forecast, Risk and Reward Report

Changes have occurred during the reporting period to the risks and rewards described in the Annual Report of EDAG Engineering GmbH for 2014.

Macroeconomic Risks

For details of macroeconomic risks, please see chapter 2.1 Basic Conditions and Overall Economic Development. We estimate that, despite the above-mentioned changes, the macroeconomic risks and rewards will remain largely unchanged compared to December 31, 2014. This risk is classified as a category A risk with a medium probability of occurrence.

Industry Risks

Our estimate of the effects of the long-term trends towards model variety and increasing technological advances remains positive. Likewise, we see no significant changes in the risks to which the automotive sector is subject due to cyclical fluctuations.

Risks also arise from our customer mix, which is currently strongly marked by the German OEMs. This means that about 50 percent of our sales revenue comes from just two customer sales divisions. Our business model is also subject to the risks that our customers might cancel orders or reschedule them for some future date. This applies in particular to our customer Volkswagen, currently facing the risk of vehicle recalls and fines following the manipulation of the software in diesel engines. For this reason, our balance of risk has increased compared to December 31, 2014, as we estimate the risks peculiar to the industry as having a greater probability of occurrence than in previous quarters. The potential risks are therefore classified as a category B risk with a medium probability of occurrence. There is no necessity for impairments on our customer relations and goodwill with Volkswagen/Audi.

For a more detailed representation of the opportunities and risks, please see the Annual Report of EDAG Engineering GmbH for 2014; it must however be said that the situation with Volkswagen might also provide opportunities for additional business which were not forseeable to the beginning of the year. In this respect, we see no material effects that conflict with the risks and opportunities, particularly with regard to business expansion.

Assuming favourable economic conditions - that the economy will continue to grow and that the outsourcing activities of our customers will remain unchanged - the EDAG Group predicts a moderate increase in their sales revenues and changes in inventories and adjusted EBIT for this fiscal year. This growth in sales revenues and changes in inventories is expected across all segments. At segment level, the Executive Board anticipates stronger growth than in the engineering market as a whole. Due to the good earnings situation, we also expect a positive development of our financial situation in the future. In this respect, there were no significant changes during the reporting period to the forecast described in the Annual Report for 2014.

5 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	01/01/2015 - 09/30/2015	01/01/2014 - 09/30/2014	07/01/2015 - 09/30/2015	07/01/2014 - 09/30/2014
Profit or Loss				
Continuing Operations				
Sales revenues and changes in inventories	534,035	506,286	178,705	173,683
Sales revenues	534,375	513,954	179,191	172,168
Changes in inventories	- 340	- 7,668	- 486	1,515
Other income	15,324	22,187	5,509	3,825
Material expenses	- 72,877	- 78,719	- 25,025	- 28,920
Gross Profit	**476,482**	**449,754**	**159,189**	**148,588**
Personnel expenses	- 332,311	- 314,147	- 108,955	- 101,038
Depreciation, amortisation and impairment	- 18,087	- 18,202	- 6,263	- 6,028
Other expenses	- 81,132	- 70,517	- 31,653	- 23,211
Earnings before interest and taxes (EBIT)	**44,952**	**46,888**	**12,318**	**18,311**
Reconciliation to adjusted earnings before interest and taxes (adjusted EBIT):				
Earnings before interest and taxes (EBIT)	**44,952**	**46,888**	**12,318**	**18,311**
Adjustments:				
Expenses (+) from purchase price allocation	5,499	5,260	2,114	1,777
Income (-) / Expenses (+) from deconsolidations	-	- 11,758	-	228
Income (-) from reversal of provisions	- 2,177	-	- 23	-
Income (-) / Expenses (+) from initial consolidations	-	30	-	-
Expenses (+) from additional selling costs from M&A transactions	71	499	1	- 19
Expenses (+) from restructuring	6,329	3,972	4,919	487
Income (-) from the sale of real estate	- 250	-	- 250	-
Expenses (+) from the sale of real estate	381	-	311	-
Adjusted earnings before interest and taxes (adjusted EBIT)	**54,805**	**44,891**	**19,390**	**20,784**
Earnings before interest and taxes (EBIT)	**44,952**	**46,888**	**12,318**	**18,311**
Result from investments accounted for using the equity method	1,052	-	525	-
Financial income	1,841	518	557	163
Financing expenses	- 8,050	- 9,142	- 2,610	- 2,976
Financial result	**- 5,157**	**- 8,624**	**- 1,528**	**- 2,813**
Earnings before taxes from continuing operations	**39,795**	**38,264**	**10,790**	**15,498**
Income Taxes	- 12,337	- 9,295	- 3,673	- 3,765
Earnings after taxes from continuing operations	**27,458**	**28,969**	**7,117**	**11,733**
Discontinued operations				
Earnings after taxes relating to discontinued operations	**-**	**1,550**	**-**	**-**
Profit or Loss	**27,458**	**30,519**	**7,117**	**11,733**

in € thousand	01/01/2015 - 09/30/2015	01/01/2014 - 09/30/2014	07/01/2015 - 09/30/2015	07/01/2014 - 09/30/2014
Profit or Loss	**27,458**	**30,519**	**7,117**	**11,733**
Other Comprehensive Income				
Reclassifiable profits/losses				
Currency conversion difference				
Profits/Losses included in equity from currency conversion difference	- 566	327	- 1,125	- 2
Reclassified in profits/losses	-	-	-	1
Total reclassifiable profits/losses	**- 566**	**327**	**- 1,125**	**- 1**
Not reclassifiable profits/losses				
Revaluation of net obligation from defined benefit plans				
Revaluation of net obligation from defined benefit plans before taxes	2,329	- 7,028	121	- 2,518
Deferred taxes on defined benefit commitments and similar obligations	- 699	2,083	- 36	740
Share of other comprehensive income of at-equity accounted investments, net of tax	27	-	2	-
Total not reclassifiable profits/losses	**1,657**	**- 4,945**	**87**	**- 1,778**
Total other comprehensive income before taxes	1,790	- 6,701	- 1,002	- 2,519
Total deferred taxes on the other comprehensive income	- 699	2,083	- 36	740
Total other comprehensive income	**1,091**	**- 4,618**	**- 1,038**	**- 1,779**
Total comprehensive income	**28,549**	**25,901**	**6,079**	**9,954**
From the profit or loss attributable to:				
Shareholders of the parent company	27,423	30,573	7,106	11,722
Minority shares (non-controlling interest)	36	- 54	12	11
Of the total comprehensive income attributable to:				
Shareholders of the parent company	28,513	25,955	6,067	9,943
Minority shares (non-controlling interest)	36	- 54	12	11

2 Consolidated Statement of Financial Position

in € thousand	09/30/2015	12/31/2014
Assets		
Intangible Assets	106,754	109,864
Property, Plant and Equipment	62,073	55,608
Financial assets	196	171
Investments accounted for using the equity method	16,585	15,519
Non-current accounts receivable and other receivables	1,219	1,350
Deferred tax assets	506	681
TOTAL non-current assets	**187,333**	**183,193**
Inventories	1,606	6,884
Future receivables from construction contracts	139,332	50,373
Current accounts receivable and other receivables	138,915	197,084
Other financial assets	188	92
Income tax assets	3,494	6,679
Cash and cash-equivalents	26,971	39,502
Assets held for sale / discontinued operations	750	750
TOTAL current assets	**311,256**	**301,364**
TOTAL assets	**498,589**	**484,557**

in € thousand	09/30/2015	12/31/2014
Equity, liabilities and provisions		
Subscribed capital	22,905	20,000
Capital reserves	41,306	40,746
Retained earnings	92,279	67,756
Reserves from profits and losses recognised directly in equity	- 7,935	- 9,592
Currency conversion difference	- 2,134	- 1,568
Equity attributable to shareholders of the parent company	**146,421**	**117,342**
Non-controlling interests	91	69
TOTAL equity	**146,512**	**117,411**
Provisions for pensions and similar obligations	21,715	22,358
Other non-current provisions	4,315	5,004
Non-current financial liabilities	160,919	162,003
Non-current accounts payable and other liabilities	96	151
Non-current income tax liabilities	1,460	1,460
Deferred tax liabilities	11,877	10,155
TOTAL non-current liabilities and provisions	**200,382**	**201,131**
Current provisions	12,173	12,767
Current financial liabilities	28,729	4,858
Future liabilities from construction contracts	36,099	61,618
Current accounts payable and other liabilities	69,368	73,082
Income tax liabilities	5,326	13,690
TOTAL current liabilities and provisions	**151,695**	**166,015**
TOTAL equity, liabilities and provisions	**498,589**	**484,557**

3 Consolidated Cash Flow Statement

in € thousand	01/01/2015 - 09/30/2015	01/01/2014 - 09/30/2014
Earnings after taxes from continuing operations	**27,458**	**28,969**
Earnings after tax from discontinued operations	**-**	**1,550**
+ Income tax expenses	12,336	9,960
– Income taxes paid	- 16,326	- 10,783
+ Financial result	5,158	8,623
+ Interest received	563	518
+/– Depreciation and amortisation/Write-ups on tangible and intangible assets	18,087	18,202
+/– Other non-cash expenses/income	2,054	- 18,402
+/– Increase/Decrease in non-current provisions	- 1,333	8,775
–/+ Profit/Loss on the disposal of fixed assets	- 106	52
–/+ Increase/Decrease in inventories	5,279	5,518
–/+ Increase/Decrease in future receivables from construction contracts, receivables and other assets that are not attributable to investing or financing activities	- 38,062	- 41,652
+/– Increase/Decrease in current provisions	- 567	- 4,735
+/– Increase/Decrease in accounts payables and other liabilities and provisions that are not attributable to investing or financing activities	- 30,800	5,557
= Cash inflow/outflow from operating activities/operating cash flow	**- 16,259**	**12,152**
+ Deposits from disposals of tangible fixed assets	5,833	793
– Payments for investments in tangible fixed assets	- 16,703	- 11,402
+ Deposits from disposals of intangible fixed assets	173	83
– Payments for investments in intangible fixed assets	- 4,252	- 5,754
+ Deposits from disposals of financial assets	29	22
– Payments for investments in financial assets	- 45	- 35
+ Deposits from disposals in shares of fully consolidated companies/divisions	-	14,388
– Payments for investments in shares of fully consolidated companies/divisions/business combinations	- 1,096	- 39,995
= Cash inflow/outflow from investing activities/investing cash flow	**- 16,061**	**- 41,900**

in € thousand	01/01/2015 - 09/30/2015	01/01/2014 - 09/30/2014
- Payments to shareholders/partners (prior year dividend, capital repayments, other distributions)	- 14	- 30
- Interest paid	- 5,535	- 1,146
+Borrowing of financial liabilities	22,142	174
- Repayment of financial liabilities	- 1,021	- 28,258
- Repayment of leasing liabilities	- 21	- 244
+/- Repayment/Investment in financial receivables	4,872	12,085
= Cash inflow/outflow from financing activities/financing cash flow	**20,423**	**- 17,419**
Net Cash changes in financial funds	**- 11,897**	**- 47,167**
-/+ Effect of changes in currency exchange rate and other effects from changes of financial funds	- 634	433
+ Financial funds at the start of the period	39,502	69,902
= Financial funds at the end of the period [cash & cash equivalents]	**26,971**	**23,168**
= Free Cash Flow (FCF) - Equity Approach	**- 32,320**	**- 29,748**

4 Consolidated Statement of Changes in Equity

in € thousand	Subscribed capital	Capital reserves	Retained earnings		Currency conversion
			Legal reserves	Other retained earnings	
As per 01/01/2015	**20,000**	**40,746**	**2,000**	**65,756**	**- 1,568**
Impact legal reorganisation: EDAG Engineering GmbH, Wiesbaden	- 20,000	- 40,746	- 2,000	- 65,756	1,568
Impact legal reorganisation: EDAG Engineering GmbH, Munich	1,000	40,746	-	67,756	- 1,568
Capital increase EDAG Engineering Holding GmbH, Munich	-	6	-	-	-
After 1st legal reorganisation	**1,000**	**40,752**	**-**	**67,756**	**- 1,568**
Profit or Loss	-	-	-	27,423	-
Other comprehensive income	-	-	-	-	- 566
Total comprehensive income	**-**	**-**	**-**	**27,423**	**- 566**
Capital increase	-	560	-	-	-
Dividends	-	-	-	-	-
Before 2nd legal reorganisation	**1,000**	**41,312**	**-**	**95,179**	**- 2,134**
Impact legal reorganisation: EDAG Engineering Holding GmbH, Munich	- 1,000	- 41,312	-	- 95,179	2,134
Impact legal reorganisation: EDAG Engineering Schweiz Sub-Holding AG, Arbon	22,905	41,306	-	92,279	- 2,134
As per 09/30/2015	**22,905**	**41,306**	**-**	**92,279**	**- 2,134**

in € thousand	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
As per 01/01/2015	**- 9,554**	**1**	**- 39**	**117,342**	**69**	**117,411**
Impact legal reorganisation: EDAG Engineering GmbH, Wiesbaden	9,554	- 1	39	- 117,342	- 69	- 117,411
Impact legal reorganisation: EDAG Engineering GmbH, Munich	- 9,554	1	- 39	98,342	69	98,411
Capital increase EDAG Engineering Holding GmbH, Munich	-	-	-	6	-	6
After 1st legal reorganisation	**- 9,554**	**1**	**- 39**	**98,348**	**69**	**98,417**
Profit or Loss	-	-	-	27,423	36	27,459
Other comprehensive income	1,630	-	27	1,091	-	1,091
Total comprehensive income	**1,630**	**-**	**27**	**28,514**	**36**	**28,550**
Capital increase	-	-	-	560	-	560
Dividends	-	-	-	-	- 14	- 14
Before 2nd legal reorganisation	**- 7,924**	**1**	**- 12**	**127,422**	**91**	**127,513**
Impact legal reorganisation: EDAG Engineering Holding GmbH, Munich	7,924	- 1	12	- 127,422	- 91	- 127,513
Impact legal reorganisation: EDAG Engineering Schweiz Sub-Holding AG, Arbon	- 7,924	1	- 12	146,421	91	146,512
As per 09/30/2015	**- 7,924**	**1**	**- 12**	**146,421**	**91**	**146,512**

in € thousand	Subscribed capital	Capital reserves	Retained earnings: Legal reserves	Retained earnings: Other 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
As per 01/01/2014	**50**	**40,000**	**5**	**67,834**	**- 2,059**	**- 3,187**	**126**	**-**	**102,769**	**153**	**102,922**
Contribution EDAG GmbH & Co.KGaA	19,950	-	-	- 59,950	-	-	-	-	- 40,000	-	- 40,000
As per 01/01/2014	**20,000**	**40,000**	**5**	**7,884**	**- 2,059**	**- 3,187**	**126**	**-**	**62,769**	**153**	**62,922**
Profit or Loss	-	-	-	30,573	-	-	-	-	30,573	- 54	30,519
Other comprehensive income	-	-	-	-	327	- 4,945	-	-	- 4,618	-	- 4,618
Total comprehensive income	**-**	**-**	**-**	**30,573**	**327**	**- 4,945**	**-**	**-**	**25,955**	**- 54**	**25,901**
Capital increase	-	454	-	-	-	-	-	-	454	-	454
Acquisition Rücker	-	-	-	-	-	-	-	-	-	- 11	- 11
Dividends	-	-	-	-	-	-	-	-	-	- 30	- 30
As per 09/30/2014	**20,000**	**40,454**	**5**	**38,457**	**- 1,732**	**- 8,132**	**126**	**-**	**89,178**	**58**	**89,236**

5 Notes

5.1 General Information

The EDAG Group are experts in the development of vehicles, derivatives, modules and production facilities, specialising 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.

On the basis of a non-cash incorporation against the granting of new shares, ATON GmbH, Munich, the sole shareholder of EDAG Engineering GmbH (previously EDAG Engineering AG), the former parent company of the EDAG Group, transferred all of the shares in EDAG Engineering GmbH (non-cash contribution) to EDAG Engineering Holding GmbH, Munich on January 14, 2015. By resolution of the extraordinary general meeting of March 5, 2015 and with the commercial registration of March 18, 2015, the former EDAG Engineering AG was converted from a joint-stock company into a company with limited liability, in accordance with § 190 section 1 of the German Reorganisation of Companies Act (UmwG). The company is now called EDAG Engineering GmbH (following: EDAG GmbH), Wiesbaden.

EDAG Engineering Schweiz Sub-Holding AG, Arbon (Switzerland) was founded under the name EDAG Engineering Group AG on September 14, 2015, and entered in the commercial register of the Swiss canton Thurgau on September 15, 2015 (the company's name was changed to EDAG Engineering Schweiz Sub-Holding AG on October 22, 2015). In accordance with the contract of September 14, 2015, the company, on its date of establishment, acquired an equity share in EDAG Engineering Holding GmbH, Munich, in the amount of € 1 million, for which 25 million bearer shares for CHF 1.00 were issued.

This means that the new parent company of the EDAG Group is EDAG Engineering Schweiz Sub-Holding AG (referred to simply as „EDAG AG" in the following), a joint-stock company registered in Switzerland, with shares that are not publicly traded. The registered office of the company is at Schlossgasse 2, 9320 Arbon (Switzerland). EDAG AG is a 100 percent subsidiary of ATON GmbH, Munich. ATON GmbH is therefore the ultimate parent company.

The basis for this consolidated interim report of EDAG AG are the audited IFRS financial statements for the 2014 fiscal year of EDAG Engineering GmbH, Wiesbaden (formerly EDAG Engineering AG, Wiesbaden). Information on the legal reorganisation can be found in the following chapter.

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 Engineering Schweiz Sub-Holding AG (September 30, 2015). The comparative figures for December 31, 2014 and the consolidated interim report are shown on the basis of the financial statements of EDAG GmbH. The 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 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 recognised income and expense is structured according to the nature of expense method.

5.2 Legal Reorganisation

The legal reorganisation of the EDAG Group is described below.

In accordance with the contract of September 14, 2015, EDAG AG acquired an equity share in EDAG Engineering Holding GmbH, Munich on its date of establishment, in the amount of € 1 million, for which 25 million bearer shares for CHF 1.00 (€ 22,905 thousand) were issued. Through EDAG Engineering Holding GmbH, therefore, EDAG AG indirectly holds all shares in EDAG GmbH, the operative company in the EDAG Group.

The positioning of EDAG AG as the new parent company of the EDAG Group by ATON GmbH, the sole shareholder, represents a common control transaction in two stages. The incorporation of EDAG GmbH first in EDAG Engineering Holding GmbH, and the subsequent incorporation of EDAG Engineering Holding GmbH in EDAG AG is not the acquisition of a company as defined in IFRS 3. Neither EDAG Engineering Holding GmbH nor EDAG AG meet the requirements of a business as defined in IFRS 3. Instead, these transactions are to be represented as a reorganisation of the company structure. In the process, the assets and liabilities are to be continued using the group book values of EDAG GmbH, and, with the exception of the subscribed capital of the individual financial statements of EDAG AG prepared according to national accounting laws, form the basis for the balance sheet values of the assets and liabilities as per January 1, 2014, September 30, 2014, December 31, 2014 and September 30, 2015, as well as for expenses and income, and cash inflows and outflows for the intermediate periods.
The reconciliation of the offset equity from the legal reorganisation can be seen in the equity analysis.

Following the representation of the legal reorganisation, the Group equity level corresponds to that of EDAG AG in the subscribed capital and to that of EDAG GmbH in the capital reserves and further equity items. The differences arising from the representation of the legal reorganisation were recognised in retained earnings.

5.3 Basic Principles and Methods

Basic Accounting Principles

The consolidated financial statement of EDAG GmbH and its subsidiaries for December 31, 2014 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 Standards Interpretations Committee (IFRIC) and those of the former Standing Interpretations Committee (SIC). Accordingly, this consolidated interim report of EDAG AG for the period ending September 30, 2015 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 September 30, 2015 and adopted in national law by the European Commission and the additional requirements of German commercial law pursuant to § 315a Sect. 3 HGB [German Commercial Code] have been fulfilled.

In addition to the statement of financial position, 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 (risk management report in accordance with § 315 section 1 HGB) is included in the interim group management report.

This consolidated nine-month financial report has not been subjected to a review by a person qualified to audit financial statements, nor to an audit in accordance with § 317 HGB (German Commercial Code).

Accounting and Valuation Principles

EDAG AG has applied all accounting standards adopted by the EU and legally required to be applied since January 1, 2015.

Since January 1, 2015, various regulations have come into force in line with the Annual Improvement Project 2013 to improve the International Financial Reporting Standards. These include changes to IFRS 1, IFRS 3, IFRS 13 and IAS 40, and do not materially influence the financial performance, cash flows and financial position in the EDAG Group's consolidated interim report.

In addition, IFRIC 21 is required to be applied since January 1, 2015. IFRIC 21 governs the accounting of levies not covered by IAS 12 „Income Taxes". In particular, it clarifies the circumstances under which a liability to pay a levy is to be recognised. This interpretation likewise does not have any material effect on the financial performance, cash flows and financial position of the EDAG Group.

For this consolidated interim report, a discount rate of 2.4 percent has been used for pension provisions in Germany (12/31/2014: 2.0 percent). A discount rate of 1.0 percent has been used for pension provisions in Switzerland (12/31/2014: 1.5 percent). The increase in the interest rate in Germany led to an overall reduction in the pension provisions, to the applicable deferred taxes, and to the actuarial losses related to pension provisions recorded in equity in the reserves from profits and losses recognised 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 was used. Due to a change in the scope of consolidation (amended basic tax parameters), the originally expected tax rate of 29.9 percent has been adjusted to 31.0 percent.

Restructuring measures in the amount of € 6,329 thousand were carried out in the period covered by the consolidated interim report (see 5.6 Reconciliation of the Adjusted Operating Profit (adjusted EBIT)). A reversal in the amount of € 1,163 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 2014 consolidated financial statements for EDAG Engineering GmbH 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 2014. The consolidated interim report

of EDAG AG should therefore be read in conjunction with the consolidated financial statement of EDAG GmbH for December 31, 2014.
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 recognised income and expense. The amounts that are actually realised 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 operating activities of EDAG Group are not subject to any significant seasonal influences.

5.4 Changes in the Scope of Consolidation

In the period January 1, 2015 to September 30, 2015, the group of combined or consolidated companies developed as follows:

	Domestic	Non-domestic	Total
Fully consolidated companies			
Included as of 12/31/2014	10	28	38
Included for the first time in current financial year	3	1	4
Withdrawn in current financial year	2	2	4
Included as of 09/30/2015	11	27	38
Companies accounted for using the equity method			
Included as of 12/31/2014	3	-	3
Included for the first time in current financial year	-	-	-
Withdrawn in current financial year	2	-	2
Included as of 09/30/2015	1	-	1
Companies included at acquisition cost			
Included as of 12/31/2014	2	2	4
Included for the first time in current financial year	1	-	1
Withdrawn in current financial year	-	2	2
Included as of 09/30/2015	3	-	3

The changes in the scope of consolidation occured at the level of EDAG GmbH, which still continues to be the operative company in the EDAG Group, even following the legal reorganisation.

Rücker Gesellschaft m.b.H., Grambach, Austria was liquidated on February 28, 2015.

On March 26, 2015 BFFT Italia S.R.L, Bologna, Italy, was founded and included in the scope of consolidation for the first time on March 31, 2015.

EDAG Testing Solutions GmbH was merged with EDAG Engineering GmbH, Wiesbaden with retrospective effect from January 1, 2015.

EDAG Immobilien spol. s r.o., Mladá Boleslav, Czech Republic, was merged with EDAG Engineering CZ spol. s r.o., Mladá Boleslav, Czech Republic with retrospective effect from January 1, 2015.

With the sales agreement of April 2, 2015 and with effect from April 30, 2015 the operative business of iSILOG GmbH, Baden-Baden was acquired. The focus of its business activities is to provide software solutions and services relating to production- and logistics-systems.
The acquisition was effected in such a way that, in the process of the transfer, EDAG Production Solutions GmbH & Co. KG acquired certain individual assets and took over the employees necessary and useful for carrying on the business. The acquisition costs amounted to € 1,400 thousand. The actual cash outflow amounted to € 1,161 thousand.

With the entry in the commercial register on July 1, 2015, Hövelmann GmbH was merged with EDAG Engineering GmbH, Wiesbaden with retrospective effect from January 1, 2015.

On August 20, 2015, EDAG acquired 51 percent of the limited partner's shares in Zweite FOM Objekt GmbH & Co. KG, Heidelberg (purchase price: € 510) and 51 percent of the company's shares in Zweite FOM Beteiligungs GmbH, Heidelberg (purchase price: € 12.750). In this context EDAG took over a shareholder loan of the seller by payment of € 1.250 thousand. Since this point in time, EDAG has been in possession of 100 percent of the limited partner's shares or company's shares and voting rights in both companies (transfer of control).
Zweite FOM Beteiligungs GmbH will be recognised at acquisition cost.

Zweite FOM Objekt GmbH & Co. KG is fully consolidated. The acquisition of the shares is no business combination in accordance with IFRS 3, because it does not constitute a business. Therefore, this is shown as an acquisition of assets and liabilities. The aquired short-term assets in the amount of € 1.446 thousands include receivables towards the tax authorities for the reclaim of real estate transfer tax and sales tax. The acquired short-term liabilities in the amount of € 1.593 thousands consists mainly of liabilities towards EDAG, including the aforementioned shareholder loan of the seller and sales tax liabilities. As a result of the acquisition the cash inflow at change of control was € 66 thousands.

Acquisition of the operating business of iSILOG GmbH

The following table sets out the assets and liabilities identified for the acquisition of the companies and assumed at the time of acquisition.

in € thousand	**Historical book values (IFRS))**	**Adjustments to fair values**	**Fair values at time of acquisition**
Intangible Assets	196	873	1,069
Property, plant and equipment	24	-	24
Non-current assets	**219**	**873**	**1,093**
Accounts receivable and other receivables	19	-	19
Current assets	**19**	**-**	**19**
TOTAL assets	**239**	**873**	**1,112**
Provisions	3	-	3
Trade payables	50	-	50
Other current liabilities	40	-	40
TOTAL liabilities and provisions	**93**	**-**	**93**
Acquired net assets	**145**	**873**	**1,019**

in € thousand	2015
Attributable fair value of the purchase price for net assets	**1,354**
Net assets at book values	145
Difference	**1,209**
Adjustment to fair values	
Software	873
Capitalized Goodwill	**336**

Synergies from the asset deal with iSILOG GmbH result from the experience and expertise of the employees in the field of process and distribution logistics. Of the remaining goodwill, € 323 thousand is tax-deductible. Subsequent changes of the acquisition costs may occur due to variable purchase price payments dependent on future revenue and profit as well as transition of employment contracts and customer relations. These contingent purchase price payments have been accrued with its expected discounted amount of € 193 thousand. The amount may vary from € 0 thousand up to € 200 thousand. The income and profit or loss from the acquisition of the business since the acquisition date cannot be shown here, as the business has been completely integrated into the Production Solutions segment, i.e. into the legal entity „EDAG Production Solutions GmbH & Co. KG".

5.5 Currency Conversion

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

Country	Currency 1 EUR = Nat. currency	09/30/2015		09/30/2014	
		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	0.7385	0.7273	0.7773	0.8122
Brazil	BRL	4.4808	3.5177	3.0821	3.0942
USA	USD	1.1203	1.1143	1.2583	1.3554
Malaysia	MYR	4.9237	4.2111	4.1314	4.3958
Hungary	HUF	313.4500	308.9728	310.5700	308.7926
India	INR	73.4805	70.8267	77.8564	82.3081
China	CNY	7.1206	6.9634	7.7262	8.3581
Mexiko	MXN	18.9768	17.3480	16.9977	17.7816
Czech Republic	CZK	27.1870	27.3597	27.5000	27.5037
Switzerland	CHF	1.0915	1.0619	1.2063	1.2180
Poland	PLN	4.2448	4.1558	4.1776	4.1759
Romania	RON	4.4176	4.4414	4.4102	4.4478
Russia	RUB	73.2416	66.5450	49.7653	48.0484
Sweden	SEK	9.4083	9.3710	9.1465	9.0379
Japan	JPY	134.6900	134.7211	138.1100	139.5137
South Korea	KRW	1,328.2700	1,251.5970	1,330.3400	1,412.6388

5.6 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	**01/01/2015 - 09/30/2015**	**01/01/2014 - 09/30/2014**	**07/01/2015 - 09/30/2015**	**07/01/2014 - 09/30/2014**
Earnings before interest and taxes (EBIT)	**44,952**	**46,888**	**12,318**	**18,311**
Adjustments:				
Expenses (+) from purchase price allocation	5,499	5,260	2,114	1,777
Income (-) / expenses (+) from deconsolidations	-	- 11,758	-	228
Income (-) from reversal of provisions	- 2,177	-	- 23	-
Income (-) / expenses (+) from initial consolidations	-	30	-	-
Expenses (+) from additional selling costs from M&A transactions	71	499	1	- 19
Expenses (+) from restructuring	6,329	3,972	4,919	487
Income (-) from the sale of real estate	- 250	-	- 250	-
Expenses (+) from the sale of real estate	381	-	311	-
Total adjustments	**9,853**	**- 1,997**	**7,072**	**2,473**
Adjusted earnings before interest and taxes (adjusted EBIT)	**54,805**	**44,891**	**19,390**	**20,784**

The „expenses (+) from the purchase price allocation" are stated completely under the position depreciation, amortisation and impairment. Furthermore, out of the position "expenses (+) from the sale of real estate" an amount of € 88 thousand (Q1-3 2014: € 0 thousand) is also stated under the position depreciation, amortisation and impairment. All other adjustments are reported under the non-operating expenses or non-operating income. The restructuring expenses include real estate transfer taxes in the amount of € 3,000 thousand resulting from the contributions of the legal restructuring of the EDAG Group in 2015. Also in this position included are adjusted expenses for real estate transfer taxes in the amount of € 1,025 thousand caused by real estate transfers in 2014 relating to common control transactions. Additionally this position includes consulting costs and expenses for severance payments (Q1-3 2015: € 636 thousand; Q1-3 2014: € 2,572 thousand). The „income (-) from the reversal of provisions" primarily includes reversals from severance payments and from real estate costs.

5.7 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 organisational structure of the group. The key performance indicator for the executive board at the 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. These are then eliminated in the adjusted segment EBIT. The segment presentation is intended 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 September 30, 2015, the non-current assets amounted to € 187.3 million (12/31/2014: € 183.2 million). Of these, € 2.3 million are domestic, € 174.2 million are Germany and € 10.8 million are non-domestic (12/31/2014: [domestic: € 2.3 million; Germany: € 171.9 million; non-domestic: € 9.0 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. 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 realise large model building volumes. Our Body Engineering department brings together all of our services such as package, 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 the vehicle validation. In addition to this, we also offer extensive testing services in our certified test laboratories. Calculation and simulation are likewise included in our range of services. Complete vehicle projects 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 Reliability + Documentation 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.

In our „Production Solutions“ segment (in short: PS), in our role as an all-round engineering partner, we are responsible for the development and implementation of production processes at 27 locations worldwide. In addition to handling the individual stages in the product creation process as well as all factory and production systems-related services, we are also able to optimally plan complete factories over all fields, including cross processes, and to provide the realisation from a single source. In the context of „Simultaneous Engineering“, we favour an integrative approach, with the vehicle engineering, systems planning and production simulation departments all working together in order to design the optimum project interfaces.

In the Systems Engineering division, we offer integrated competence from one-off solutions through to turn-key systems for the complete body in white assembly. With our comprehensive know-how in design, simulation and automation in all of the regular systems, we are able to handle sophisticated development projects.

Our portfolio is also complemented with our process consulting and „Feynsinn“ 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 realisation services in the field of visualisation technologies. Customised training opportunities complete the portfolio.

The range of services in the „Electrics/Electronics“ segment (in short: E/E) encompasses the following fields: driver assistance and safety systems, infotainment and connectivity, car IT, convenience and car body electronics, electrification, electrics/vehicle electrical system and electrics/electronics for the complete vehicle. In the E/E Vehicle Engineering department, we take responsibility for all E/E services for complex and fully integrated development tasks as part of complete vehicle or derivative developments. The E/E Systems Engineering team are powerful engineering partners for the vehicle manufacturers and their system suppliers, taking responsibility for work packages: from conception, specification and integration to the testing of innovative E/E systems in the vehicle. The E/E Embedded Systems environment handles complex project volumes in hardware and software development, from the conceptual design, through production-ready development, to model set-up and commissioning of electronic control units for system suppliers and vehicle manufacturers. EDAG E/E Car IT is the driving force behind the digital transformation in automobile software development, and markets services and software developed in-house as products for the networked mobility industry. In addition, this expertise is also used for development and standardisation services and consulting in the field of networking. Customers are vehicle manufacturers, system suppliers and IT companies.

Under „Others“, it was essentially the small batch production of chassis modules at our location in Eisenach which was carried out during the same period in the previous year. This was spun off on October 1, 2014 into EDAG Werkzeug + Karosserie GmbH. Loss of control was recorded on December 31, 2014. EKS InTec GmbH, Weingarten, which was sold on May 31, 2014, and the Aerospace business which was sold on March 31, 2014 are also included in the previous year. 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).

in € thousand	01/01/2015 - 09/30/2015 Vehicle Engineering	Production Solutions	Electrics/ Electronics	Others	Total Segments	Consolidation	Total Group
Sales revenue with third parties	334,321	82,551	117,368	135	534,375	-	534,375
Sales revenue with other segments	3,868	4,502	114	150	8,634	- 8,634	-
Changes in inventories	- 350	-	10	-	- 340	-	- 340
Total sales revenue and changes in inventories	**337,839**	**87,053**	**117,492**	**285**	**542,669**	**- 8,634**	**534,035**
EBIT	**30,694**	**10,687**	**8,196**	**- 4,625**	**44,952**	**-**	**44,952**
EBIT margin [%]	9.1%	12.3%	7.0%	n/a	8.3%	-	8.4%
Purchase Price Allocation (PPA)	4,166	121	1,212	-	5,499	-	5,499
Other adjustments	-	-	-	4,354	4,354	-	4,354
Adjusted EBIT	**34,860**	**10,808**	**9,408**	**- 271**	**54,805**	**-**	**54,805**
Adjusted EBIT margin [%]	10.3%	12.4%	8.0%	n/a	10.1%	-	10.3%
Depreciation, amortisation and impairment	-13.407	- 1,638	- 2,952	- 90	- 18,087	-	- 18,087

in € thousand	01/01/2014 - 09/30/2014 Vehicle Engineering	Production Solutions	Electrics/ Electronics	Others	Total Segments	Consolidation	Total Group
Sales revenue with third parties	307,171	72,364	85,567	48,852	513,954	-	513,954
Sales revenue with other segments	3,223	2,328	24	17	5,592	- 5,592	-
Changes in inventories	684	-	- 3	- 8,349	- 7,668	-	- 7,668
Total sales revenue and changes in inventories	**311,078**	**74,692**	**85,588**	**40,520**	**511,878**	**- 5,592**	**506,286**
EBIT	**24,805**	**8,515**	**4,036**	**9,532**	**46,888**	**-**	**46,888**
EBIT margin [%]	8.0%	11.4%	4.7%	23.5%	9.2%	-	9.3%
Purchase Price Allocation (PPA)	4,024	-	1,236	-	5,260	-	5,260
Other adjustments	-	-	-	- 7,257	- 7,257	-	- 7,257
Adjusted EBIT	**28,829**	**8,515**	**5,272**	**2,275**	**44,891**	**-**	**44,891**
Adjusted EBIT margin [%]	9.3%	11.4%	6.2%	5.6%	8.8%	-	8.9%
Depreciation, amortisation and impairment	13,193	1,225	2,476	1,308	18,202	-	18,202

In all three operating segments - Vehicle Engineering, Production Solutions and Electrics/Electronics - sales revenues and EBIT were increased. Further explanations of the financial performance of the individual segments can be found in the chapter „Business Trends and Developments" in the intermediate group management report.

The reason for the positive development of the VE segment are the synergy effects generated by the integration of Rücker. In the PS segment, projects with very good margins were realised during the reporting period. The significant increase in earnings in the E/E segment, compared to the previous quarter, was brought about by a change in structure in the procurement practice of a major customer. The last 12 months brought about the change from engineering service provider to a partner with responsibility for modules and derivatives.

5.8 Contingent Liabilities/Receivables and Other Financial Obligations

Contingent Liabilities

Compared to December 31, 2014, 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	09/30/2015	12/31/2014
Obligation from the renting of property	174,208	89,451
Obligations from miscellaneous renting and leasing contracts	12,446	8,862
Open purchase orders	1,813	1,179
Other miscellaneous financial obligations	425	538
Total	**188,892**	**100,030**

The great increase in obligations from the renting of property is the result of the construction of a new development site in Wolfsburg-Warmenau, which is to provide 22,000 m² office space and approx. 6,500 m² for factory and workshop areas. This will lead to the bundling of the engineering activities of the existing sites in Wolfsburg. The basic rental period set out in the contract with the owner of the building is 13.5 years. Further, a rental contract at a strategically important location has been extended (for more details, please see Related Parties).

The increase in obligations from miscellaneous renting and leasing contracts is due to an increased volume in the fields of IT and vehicle leasing. The increase in open purchase orders as per September 30, 2015 results, among other things, from installations at the Ingolstadt branch.

Contingent Receivables

As in previous years, there were no contingent receivables on September 30, the balance sheet date.

5.9 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	**09/30/2015**	**12/31/2014**
Long-term financial liabilities		
Liabilities due to credit institutions	- 1,966	- 3,025
Liabilities from loans	- 158,806	- 158,810
Due to third parties	- 6	- 10
Due to affiliated companies	- 158,800	- 158,800
Due to associated parties	-	-
Liabilities from financing leases	- 148	- 168
Total long-term financial liabilities	**- 160,920**	**- 162,003**
Short-term financial liabilities		
Liabilities due to credit institutions	- 6,138	- 3,325
Liabilities from loans	- 22,552	- 1,359
Due to third parties	- 7	- 7
Due to affiliated companies	- 2,346	- 1,213
Due to related parties	- 20,199	- 139
Liabilities from financing leases	- 39	- 38
Liabilities from derivative financial instruments	-	- 136
Total short-term financial liabilities	**- 28,729**	**- 4,858**
Total financial liabilities	**- 189,649**	**- 166,861**
Financial receivables from the cash pool towards the shareholder	761	5,539
Financial receivables [< 3 month]	38,475	-
Securities / derivative financial instruments	188	92
Cash and cash-equivalents	26,971	39,502
Net - financial debt/-credit [-/+]	**- 123,254**	**- 121,728**
Equity	146,512	117,411
Net Gearing [%]	**84,1%**	**103,7%**
Liabilities due to credit institutions	- 8,104	- 6,350
Cash and cash-equivalents	26,971	39,502
Net - financial balance with banks	**18,867**	**33,152**

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 September 30, 2015, there were loan obligations to ATON Group Finance GmbH (including accrued interest) in the amount of € 161,146 thousand (12/31/2014: € 160,013 thousand). Of this amount, € 158,800 thousand are classified as non-current financing. As of September 30, 2015, there are current obligations, including interest, in the amount of € 20,199 thousand from VKE Versorgungskasse EDAG – Firmengruppe e.V. (12/31/2014: € 139 thousand).

On the reporting date, the miscellaneous financing receivables included receivables resulting from a sale and leaseback transaction. We expect to receive payment within the next three months.

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.

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 GmbH for 2014.

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 09/30/2015	Valuation category of statement of financial position as per IAS 39				Valuation statement of financial position as per IAS 17
			Amortised costs	Acquisition costs	Fair value recognized directly in equity	Fair value through profit or loss	
Financial assets							
Cash and cash-equivalents	[LaR]	26,971	26,971	-	-	-	-
Accounts receivable and other receivables in terms of IAS 32.11	[LaR]	130,620	130,620	-	-	-	-
Future receivables from construction contracts	[LaR]	139,332	139,332	-	-	-	-
Loans	[LaR]	120	120	-	-	-	-
Assets available for sale	[AfS]	169	-	77	92	-	-
Derivative financial assets							
Derivatives without hedge relationship	[FAHfT]	96	-	-	-	96	-
Financial liabilities (liabilities)							
Financial liabilities							
Credit institutions	[FLAC]	8,104	8,104	-	-	-	-
Other interest-bearing liabilities	[FLAC]	181,358	181,358	-	-	-	-
Liabilities from financing leases	[n.a.]	186	-	-	-	-	186
Derivative financial liabilities	[FLHfT]	-	-	-	-	-	-
Accounts payable and other liabilities in terms of IAS 32.11	[FLAC]	18,096	18,096	-	-	-	-
Financial assets and financial liabilities, aggregated according to valuation category in accordance with IAS 39							
Loans and receivables	[LaR]	297,043	297,043	-	-	-	-
Financial assets held for trading	[FAHfT]	96	-	-	-	96	-
Available-for-sale financial assets	[AfS]	169	-	77	92	-	-
Financial liabilities measured at amortised cost	[FLAC]	207,558	207,558	-	-	-	-
Financial liabilities held for trading	[FLHfT]	-	-	-	-	-	-

in € thousand	Valuation category as per IAS 39	Book value 12/31/2014	Valuation category of statement of financial position as per IAS 39				Valuation statement of financial position as per IAS 17
			Amortised costs	Acquisition costs	Fair value recognized directly in equity	Fair value through profit or loss	
Financial assets (assets)							
Cash and cash-equivalents	[LaR]	39,502	39,502	-	-	-	-
Accounts receivable and other receivables in terms of IAS 32.11	[LaR]	189,662	189,662	-	-	-	-
Future receivables from construction contracts	[LaR]	50,373	50,373	-	-	-	-
Loans	[LaR]	118	118	-	-	-	-
Assets available for sale	[AfS]	145	53	-	92	-	-
Derivative financial assets							
Derivatives without hedge relationship	[FAHfT]	-	-	-	-	-	-
Financial assets (assets)							
Cash and cash-equivalents							
Accounts receivable and other receivables in terms of IAS 32.11	[FLAC]	6,350	6,350	-	-	-	-
Future receivables from construction contracts	[FLAC]	160,169	160,169	-	-	-	-
Loans	[n.a.]	206	-	-	-	-	206
Assets available for sale	[FLHfT]	136	-	-	-	136	-
Derivative financial assets	[FLAC]	22,168	22,168	-	-	-	-
Financial assets and financial liabilities, aggregated according to valuation category in accordance with IAS 39							
Loans and receivables	[LaR]	279,654	279,654	-	-	-	-
Financial assets held for trading	[FAHfT]	-	-	-	-	-	-
Available-for-sale financial assets	[AfS]	145	53	-	92	-	-
Financial liabilities measured at amortised cost	[FLAC]	188,687	188,687	-	-	-	-
Financial liabilities held for trading	[FLHfT]	136	-	-	-	136	-

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 September 30, 2015 however, the fair value of the other interest-bearing liabilities [FLAC] amounted to € 185,688 thousand, (12/31/2014: € 165,183 thousand), with a book value of € 181,358 thousand. (12/31/2014: € 160,169 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 09/30/2015			
	Level 1	Level 2	Level 3	Total
Financial assets				
Assets available for sale	92	-	-	92
Derivative financial assets	-	96	-	96
Financial liabilities (liabilities)				
Derivative financial liabilities	-	-	-	-

in € thousand	Assessed at Fair Value 12/31/2014			
	Level 1	Level 2	Level 3	Total
Financial assets (assets)				
Assets available for sale	92	-	-	92
Derivative financial assets	-	-	-	-
Financial liabilities (liabilities)				
Derivative financial liabilities	-	136	-	136

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 contain also not observable market data.

5.10 Related Parties

In the course of its regular business activities, EDAG correlates either directly or indirectly not only with the subsidiaries included in the consolidated interim 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 GmbH for 2014.

With the contract signed on December 12, 2014 as part of a sale & lease back transaction, long-term real estate leases were entered into with Zweite FOM Objekt GmbH & Co. KG. These have a term from December 29, 2014 until December 31, 2029. The annual lease payments amount to € 3,050 thousand.

The majority shareholder of Zweite FOM Objekt GmbH & Co. KG and its general partner Zweite FOM Beteiligungs GmbH resigned from his contractual obligations during the first half of 2015, and exercised his right to return the respective shares. However, Horus Vermögensverwaltungs GmbH & Co. KG, Munich, a company closely associated with EDAG, has taken over control of Zweite FOM Objekt GmbH & Co. KG within the framework of an undertaking made to EDAG. In the case of resignation this undertaking includes the consumption of all risks and opportunities in connection with the transfer of the properties. As a result of the resignation, EDAG has a takeover obligation with regard to the remaining 51 percent of the shares of Zweite FOM Beteiligungs GmbH as the general partner, however an agreement concerning the joint management of this company does exist with Horus Vermögensverwaltungs GmbH & Co. KG, Munich. Both of these circumstances led to the fact that EDAG was not able to exercise any independent control over Zweite FOM Objekt GmbH & Co. KG. On August 20, 2015, EDAG acquired 51 percent of the limited partner's shares in Zweite FOM Objekt GmbH & Co. KG, Heidelberg (purchase price: € 510). Since this point in time, EDAG has been in possession of 100 percent of the limited partner's shares and voting rights in the company (transfer of control). Because of the consumption of the risks and opportunities by Horus Vermögensverwaltungs GmbH & Co. KG EDAG managed the properties until September 8, 2015, on behalf of Horus Vermögensverwaltungs GmbH & Co. KG. On September 9, the five properties were transferred to five subsidiaries of KINREFD GmbH, Munich, on the same terms - as originally to those of Zweite FOM Objekt GmbH & Co. KG. A company and a person closely associated with EDAG have shares in this company: Horus Vermögensverwaltungs GmbH & Co. KG has a 49.9 percent share, and the Chairman of the Board of Directors of EDAG Engineering Schweiz Sub-Holding AG, has a 7.6 percent share. On the quarterly reporting date, other financial obligations (including incidental expenses) totalling € 47.4 million arise from the lease for EDAG with a contract period from September 15, 2015 to September 15, 2030.

MD 7 Immobilien GmbH, Munich, has acquired Max-Diamand-Straße 7, 80937 Munich from our previous landlord. EDAG has entered into a leasing contract with the new landlord, valid for a period of 16 years and with effect from November 1, 2015. A company and a person closely associated with EDAG have shares in MD 7. Horus Vermögensverwaltungs GmbH & Co. KG has a 49.9 percent share, and the Chairman of the Board of Directors of EDAG Engineering Schweiz Sub-Holding AG, has a 10.1 percent share. On the quarterly reporting date, other financial obligations totalling € 17.4 million arise from the lease for EDAG.

There are two long-term, unsecured fixed interest loans with the ATON Group Finance GmbH which are due on November 6, 2018. These loans carry an interest rate of 5 percent, and can be redeemed in part prior to maturity.

Group liquidity was extended with a current, unsecured loan from VKE Versorgungskasse EDAG – Firmengruppe e.V. This loan will run until further notice, and carries an interest rate of 4.2 percent per annum. The carrying value including interests amounts to € 20,199 thousand.
For the short-term treasury management, there is a cash pool agreement between EDAG GmbH

and ATON GmbH. On the quarterly reporting date, the cash-pool balance totalled € 0.8 million (12/31/12014: € 5.5 million).
In the first half-year, the three members of the Executive Board of EDAG Engineering GmbH received new management contracts.

These contain an undertaking to effect share-based payment transactions in accordance with IFRS 2, and the company shall have the right to choose whether a share-based transaction is settled in cash or by issuing equity instruments. The payment system states that the members of the executive board shall receive a special bonus of € 500 thousand, either in cash or in shares or share options, should the EDAG Group go public by December 31, 2016. Should equity instruments be issued, the company may define a minimum holding period for these.
These undertakings replace the previous agreements, which became obsolete when the legal form of EDAG Engineering GmbH changed. As neither the scope nor the modalities of the undertakings were changed in the process, no additional advantage was allocated to the members of the executive board. The increase in capital reserves for the first nine months 2015 supplements the amounts already recognised in equity, expecting the event of vesting with the IPO in the fourth quarter of 2015 expense will be recognised accordingly.

This means that, on the basis of the agreement set out above including an interest rate of 0.24 percent p.a., the equity instruments had an attributable fair value of € 1,493 thousand at the time of the original undertaking. Total expenses for share-based payment transactions recognised during the reporting period amounted to € 560 thousand. This was recognised in equity.

In October 2015, two of the three members of the Executive Board of EDAG Engineering GmbH received new management contracts for EDAG Engineering GmbH and EDAG Engineering Schweiz Sub-Holding AG. This contracts are effective from October 1, 2015 and do not change the share-based payment transactions.

No further significant changes have occurred, compared with the notes in the Annual Report of EDAG Engineering GmbH for 2014.

5.11 Subsequent Events

By resolution of the extraordinary general meeting of October 20, 2015, and with the commercial registration of October 22, 2015, the name of EDAG Engineering Group AG, Arbon was changed to EDAG Engineering Schweiz Sub-Holding AG, Arbon.

On November 6th 2015 the cash-pooling agreement with the ATON GmbH was terminated. The termination becomes effective (condition precedent) in the case of the initial public offering. The outstanding balance will be settled at the effective date of the condition precedent.

Arbon, November 6, 2015

LEGAL NOTICE

Issued by
EDAG Engineering Schweiz Sub-Holding AG
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Legal Note
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