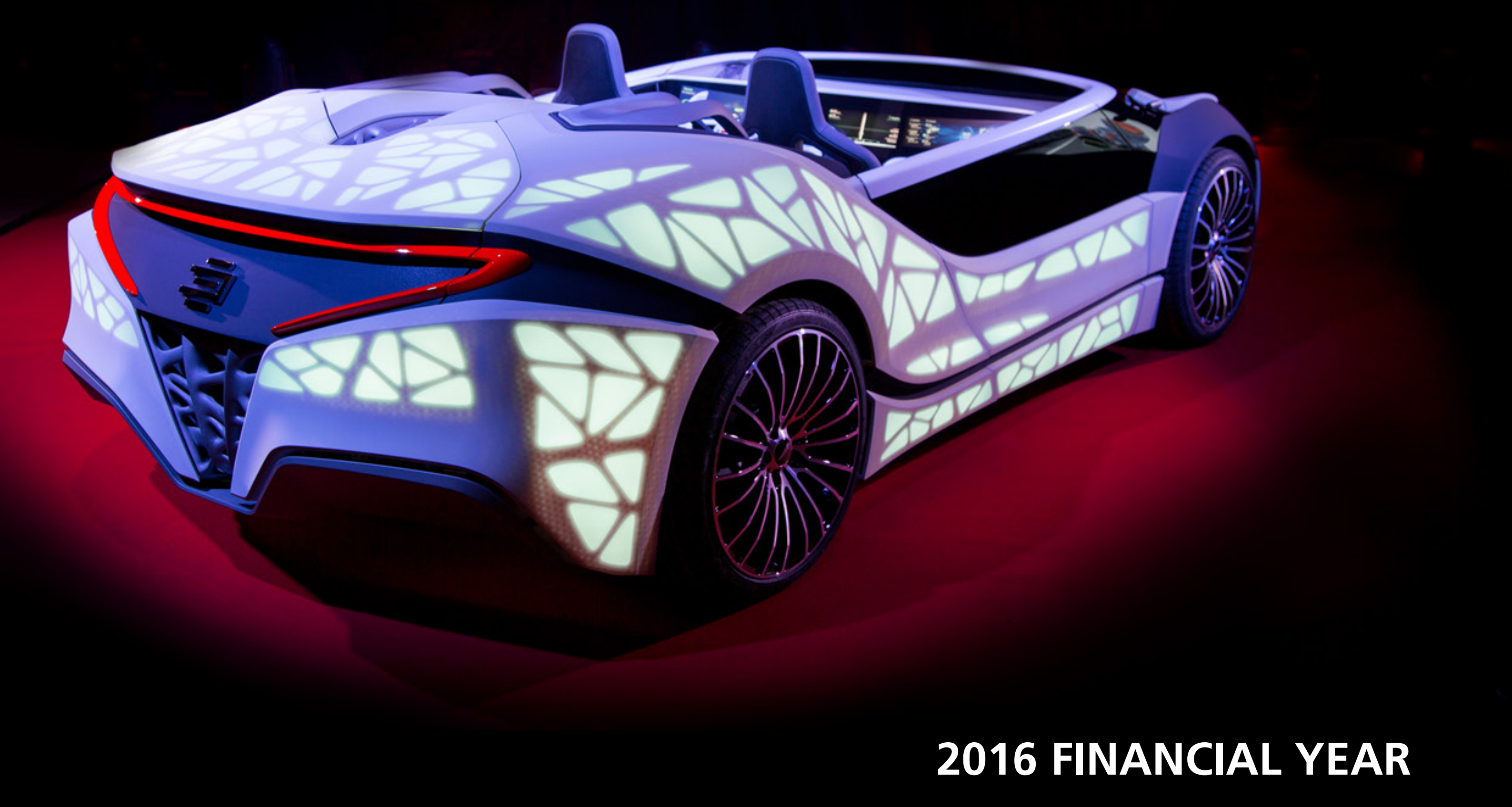


2016 FINANCIAL YEAR

INTERIM REPORT AS OF SEPTEMBER 30, 2016


SAMSUNG
Navigation zum Parkplatz
10 m
PASSENGER AIR BAG
16:38

CONTENT

SUMMARY OF THE THIRD QUARTER OF THE 2016 FINANCIAL YEAR

OPENING OF THE NEW EDAG DEVELOPMENT CENTER IN WOLFSBURG

EDAG has opened its new Development Center at the Warmenau facility in Wolfsburg. In cooperation with investor Bertram Projektmanagement GmbH (Hanover), one of the most ambitious construction projects in the company's history has been completed in just one and a half years. On September 2, 2016, EDAG Board Member Jörg Ohlsen (CEO of the EDAG Group) and Gerd Blaschke (EDAG Key Account Manager for VW) welcomed over 100 guests from the fields of politics and economics to the official opening ceremony – including Lord Mayor Klaus Mohrs and Thomas Krause (Board Member of Wolfsburg AG).

The new EDAG Development Center in the direct vicinity of our customer Volkswagen covers an area of about 25,000 m², providing capacity for up to 1,100 engineering experts. Further, EDAG has set aside a 1,800 m² project house, in which customers and external companies can rent offices in which to carry out their projects.

This houses up to 180 workplaces, all of which satisfy the strict security requirements for development tasks in the automotive environment, and have access to VW's network. In addition to this, 10,000 m² of factory space is also attached to the development center, to enable further development-related services to be offered in the future. A modern light laboratory and test facilities for component testing in the field of climate and environmental simulation are already in operation there.

With the new building, the EDAG Group, which has been represented in the VW city since 1979, can concentrate all of the seven offices previously maintained in and around Wolfsburg at one site.
At the new facility, EDAG has now created excellent conditions for the interdisciplinary cooperation of the company's development teams, to convert ideas into ready-for-production concepts – in the direct vicinity of our customer Volkswagen. A genuine think tank for fully integrated engineering.

JULY AUGUST SEPTEMBER

SUMMARY OF THE THIRD QUARTER OF THE 2016 FINANCIAL YEAR

EDAG AT THE 2016 IAA FOR COMMERCIAL VEHICLES

Commercial vehicles belong to a vehicle type that is second to none when it comes to diversity and variability. But in what ways can this heterogeneity be addressed in both technical and economical terms? With four concrete concepts for the future of commercial vehicle industry the, EDAG Group demonstrated its innovative potential at the world's major leading trade fair for transport, logistics and mobility – the IAA for Commercial Vehicles in Hanover.

The Wiesbaden-based engineering company presented its concepts and technologies for making the commercial vehicles of tomorrow safer and lighter and – above all – for producing them more flexibly.

Greater charging rate and range for the electric bus

Among the negative factors relating to electric buses are the fact that they have a smaller drive range than conventional drive systems and their acquisition costs are higher. These challenges have been addressed by the battery experts at BFFT, vehicle technology developers and part of the EDAG group since 2013. The BFFT specialists succeeded in extending the drive range by using energy-efficient auxiliaries (for instance the air conditioning system) and an extremely lightweight energy storage system. In addition, BFFT have also developed a modular battery system which allows the efficient and low-cost exchange of individual modules (instead of the entire system). This helps to keep losses to a minimum, leaving more power to run the e-bus. The intelligent battery management system has a supporting effect: throughout the driving cycle, braking energy is recovered (recuperation), to charge the battery. In addition, an innovative rapidcharging system developed in cooperation with partners is housed at each terminus to top up the buses' energy supply. A laser-assisted measuring system detects the approaching bus. As soon as the bus has reached the charging position, a pantograph (charging arm) begins charging. As very high energy levels must be transferred in the shortest possible time, the EDAG subsidiary uses rail technology components with high charging capacities of up to 250 kW.

JULY AUGUST SEPTEMBER

KEY FIGURES AND EXPLANATIONS BY THE EDAG GROUP AS PER SEPTEMBER 30, 2016

(in million € or %)	01/01/2016 – 09/30/2016	01/01/2015 – 09/30/2015	07/01/2016 – 09/30/2016	07/01/2015 – 09/30/2015
Vehicle Engineering	338.7	337.8	109.2	112.3
Production Solutions	87.8	87.1	27.7	28.8
Electrics/Electronics	113.8	117.5	36.2	40.9
Consolidation	- 7.0	- 8.5	- 2.3	- 3.3
Total revenues and changes in inventories (core business)	**533.2**	**533.9**	**170.8**	**178.7**
Growth:				
Vehicle Engineering	*0.3%*	*8.6%*	*-2.7%*	*7.7%*
Production Solutions	*0.9%*	*16.5%*	*-3.8%*	*7.2%*
Electrics / Electronics	*-3.2%*	*37.3%*	*-11.4%*	*21.9%*
Total change of revenues and changes in inventories (core business)	**-0.1%**	**14.6%**	**-4.4%**	**10.1%**
Vehicle Engineering	22.0	34.9	6.9	11.4
Production Solutions	9.0	10.8	3.0	4.0
Electrics/Electronics	1.8	9.4	0.2	4.0
Adjusted EBIT (core business)	**32.7**	**55.1**	**10.0**	**19.5**
Vehicle Engineering	*6.5%*	*10.3%*	*6.3%*	*10.1%*
Production Solutions	*10.2%*	*12.4%*	*10.8%*	*14.0%*
Electrics/Electronics	*1.5%*	*8.0%*	*0.4%*	*9.9%*
Adjusted EBIT-margin (core business)	**6.1%**	**10.3%**	**5.9%**	**10.9%**
Profit or loss	**13.6**	**27.4**	**4.1**	**7.1**
Earnings per share (€)	0.54	1.10	0.16	0.28

(in million € or %)	09/30/2016	12/31/2015
Fixed assets	193.3	190.5
Net working capital	128.8	95.2
Net financial debt	- 131.9	- 93.4
Provisions	- 45.2	- 37.7
Held for sale	-	0.6
Equity	**145.0**	**155.2**
Balance sheet total	**440.9**	**475.5**
Equity / BS total	*32.9%*	*32.6%*
Net financial debt / Equity	*91.0%*	*60.2%*

(in million € or %)	01/01/2016 – 09/30/2016	01/01/2015 – 09/30/2015	07/01/2016 – 09/30/2016	07/01/2015 – 09/30/2015
Operating cash flow	10.3	- 16.3	19.3	- 16.2
Investing cash flow	- 22.0	- 16.1	- 5.6	- 8.5
Free cash flow	- 11.7	- 32.3	13.8	- 24.7
Financing cash flow	- 44.9	20.4	- 23.6	- 3.4
Adjusted cash conversion rate[1]	*53.5%*	*68.9%*	*63.3%*	*63.6%*
CapEx	22.3	21.0	5.6	8.6
CapEx / Revenues and changes in inventories	*4.2%*	*3.9%*	*3.3%*	*4.8%*

	09/30/2016	12/31/2015
Headcount end of period	8,337	8,139
Trainees as %	*6.9%*	*6.5%*

The market environment of the EDAG Group during the current financial year has continued to be challenging and not satisfactory.

At € 533.2 million, sales revenues and changes in inventories in the core business in the third quarter of 2016 remained slightly below the previous year's level of € 533.9 million. This is chiefly attributable to the low performance and profit margins in the electrics/electronics segment.

The EBIT from the core business, which was primarily adjusted for the effects from the purchase price allocations, stood at € 32.7 million, € 22.4 million below the value for the previous year (€ 55.1 million). Important reasons for the deviation in the results compared to the same period in the previous year were lower productivity and price pressure in the market for engineering services. The unadjusted EBIT stood at € 27.0 million, compared to the previous year's value of € 45.0 million.

On the reporting date, the EDAG Group had 8,337 employees working to secure the success of the Group (12/31/2015: 8,139 employees, 9/30/2015: 8,063 employees). The measures for capacity adjustment approved by the Board of Directors in August 2016 had so far not had any significant impact on the number of employees on the reporting date. The staff increase of 70 employees compared to June 30, 2016 includes the effects of this year's intake of new apprentices.

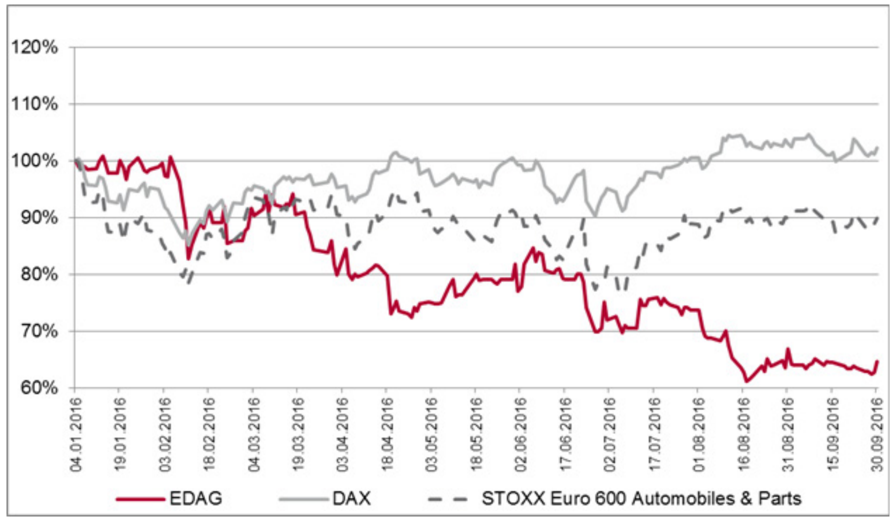
[1] Adjusted Cash Conversion is defined as Adjusted EBIT before depreciation and amortization less capital expenditures divided by Adjusted EBIT before depreciation and amortization. The Adjusted EBIT before depreciation and amortization is the Adjusted EBIT plus depreciation and amortization less effects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

In the third quarter just ended, gross investments in fixed assets amounted to € 22.3 million, which was above the level of the same period in the previous year (€ 21.0 million). The equity ratio on the reporting date was 32.9 percent (12/31/2015: 32.6 percent).

At € 131.9 million, the net financial debt is well above the level recorded on September 30, 2015 (€ 123.2 million) and on December 31, 2015 (€ 93.4 million). The reasons for this are firstly the fact that more working capital was built up in the first three quarters of the year than in the comparative period, and secondly a dividend payout in the amount of € 18.8 million.

THE EDAG SHARE

On January 4, 2016, the DAX started the 2016 financial year with 10,486 points. After a slow start, the lowest level in the reporting period, 8,753 points, was reached on February 11, 2016. The DAX subsequently rose to 10,753 points on September 7, and closed with 10,511 points on the last day of trading in the reporting period. The STOXX Automobiles & Parts Index fluctuated between 412.34 and 539.73 points during the same period.
On January 4, 2016, the opening price of the EDAG share in XETRA trading was € 22.50, which was also the highest price in the reporting period. The lowest closing price, € 13.61, was reached on August 17. The closing price on September 30, 2016 stood at € 14.38. During the first three quarters of 2016, the average XETRA trade volume was 22,009 shares a day.



Source: Comdirect

Prices and trading volume	**01/01/2016 – 09/30/2016**
Share price on 30 September (€)[1]	14.38
Share price, high (€)[1]	22.42
Share price, low (€)[1]	13.61
Average daily trading volume (number of shares)[2]	22,009
Market capitalisation on 30 September (€ million)	359.50

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

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

With the voting rights notification of May 30, 2016, the announcement was made that 59.75 percent of the EDAG shares had been transferred from ATON GmbH, Munich to ATON Austria Holding GmbH, Going am Wilden Kaiser. In this context, the existing voting restriction with an identical period of validity was likewise transferred.

INTERIM MANAGEMENT REPORT

1 Basic Information on the Group

1.1 Business Model

Three Segments

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

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

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

Presentation of the Vehicle Engineering Segment

The „Vehicle Engineering" segment consists of services along the vehicle development process as well as responsibility for derivative and complete vehicles. The segment is divided into the following divisions:

Our Body Engineering department brings together all of our services such as package & ergonomics, body assembly as well as interior and exterior. This also includes the development of door, cover and lid systems. Further, the Body Engineering department is involved with new technologies and lightweight design, as well as commercial vehicle development and the development of car lights such as headlamps, rear and small lamps. Interface management and the management of complex module developments are taking on an increasingly significant role in the projects. Our **Vehicle Integration** department is responsible for the complete functional integration and for vehicle validation. This department employs computer-aided engineering (CAE) to carry out the early validation of products and their properties. In addition to dealing with computation and simulation, the Dimensional Management team works on the reproducibility and geometrical quality of the products. Functionality is validated and durability analyzed on the test equipment and facilities at our certified test laboratories, in readiness for start of production. This includes tests on individual components, modules, engines, motors, transmissions, and even complete vehicles. In the **Design Concepts** department, we offer a full range of styling, ideation and design services, and in our design studios we are able to realize the virtual design validation process and construct physical models for all phases of vehicle engineering. In the associated Testing and Vehicle department, we create complete test vehicles to validate the development of vehicle bodies and drive systems, and special, individual vehicle conversions. This also includes the construction of classic cars, including custom-made spare parts. Complete vehicle development and large-scale interdisciplinary module packages, some of them calling for the involvement of our international subsidiaries, are managed by the **Project Management** division. The Product Quality & Care department provides assistance with consulting and support for quality-related matters, as well as services which explain a product and enable it to be used effectively.

Presentation of the Production Solutions Segment

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

In the field of **concept engineering,** Production Solutions provides its customers with an integral approach to process planning. This means that Production Solutions provides companies with factory and production planning support – with both the implementation of new

[1] Due to reorganization, the notes on the same quarter of the previous year refer to the former company, EDAG Engineering Schweiz Sub-Holding AG, Arbon.

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

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

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

Presentation of the Electrics/Electronics Segment

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

The **E/E Systems Engineering** division works on the elaboration and definition of demands on the electrical and electronic systems. It also deals with the integration of several system components (control unit, sensors, actuators) to give a whole system, and with the subsequent validation of the system with regard to function, networking and diagnosis. A further skill is the physical and functional integration of E/E systems in vehicles and their subsequent validation by means of appropriate test procedures. Due to the trend towards partially and highly automated driving, the driver assistance system department is experiencing above-average expansion.

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

E/E Car IT markets services and software developed in-house as products for the networked mobility industry. The division's range of services also includes development and standardization services, and networking advice for vehicle manufacturers, system suppliers and IT companies. Under the brand name trive.me, EDAG is developing innovative software solutions and products for the networked mobility of tomorrow, and offering this digital transformation expertise on the market.

1.2 Targets and Strategies

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

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

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

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

2 Financial Report

2.1 Macroeconomic and Industry-Specific Conditions

Basic Conditions and Overall Economic Development

As for 2015, the International Monetary Fund (IMF) anticipates a moderate global economic growth of 3.1 percent for the current year. Reasons for the rather moderate increase include existing geopolitical risks and the uncertainty as to the outcome of the election shortly to be held in the USA and the effects of Great Britain's exit from the European Union.

The growth rate in China will be around 6.6 percent, while 1.6 is expected in the USA, and 1.7 percent in the euro area. The IMF anticipates a growth rate of 3.4 percent for 2017. In the medium term, growth in the industrialized countries will continue to be moderate, whereas economic activity in the developing countries and emerging markets is expected to pick up.

Automotive Industry Development

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

At the beginning of the year, an increase of 2.8 percent to 78.8 million units was expected for 2016. Expansion of the markets in China und India will be particularly vigorous. A 6 percent growth rate is predicted for each of these countries, whereas growth in the USA and Europe is expected to be more moderate. In the first eight months, there was a significant increase in particular in Western Europe (+8.0 percent) and China (+15.8 percent), whereas sales declined in Russia, Japan and Brazil, as expected.

Development of the Engineering Market

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

In addition, there is a tendency towards a shift in the R&D budgets of major OEMs towards subjects such as driving assistance systems and autonomous driving, digitalization and electric mobility. This type of development can involve both risks and opportunities for the engineering service market.

Despite the overall positive outlook for the development of the market for engineering services in the future, the cautious contract awarding practice of a major German OEM is making itself felt in 2016, making it possible to describe the general market environment in 2016 as challenging.

2.2 Business Trends and Developments

Financial Performance

Development of the EDAG Group

In the nine-month period just ended, the EDAG Group generated incoming orders amounting to € 552.7 million, which compared to the same quarter in the previous year (€ 617.2 million), represents a change of € -64.5 million. This sharp decline is primarily due to the restraint of one of the major OEM in the awarding of contracts. At € 533.5 million, the sales revenues and changes in inventories marginally decreased by € 0.5 million or 0.1 percent compared to the same period in the previous year (Q1-3 2015: € 534.0 million). The sales revenues and changes in inventories in the three operative segments (core business) amounted to € 533.2 million compared to € 533.9 million in the same period in the previous year (-0.1 percent). As of September 30, 2016, orders on hand amounted to € 308.9 million, compared to € 287.3 million as of December 31, 2015.

Compared to the same period in the previous year, the EBIT decreased by € 18.0 million to € 27.0 million (Q1-3 2015: € 45.0 million). This means that an EBIT margin of 5.1 percent was achieved (Q1-3 2015: 8.4 percent). Adjusted for the depreciation, amortization and impairments from the purchase price allocations of the previous financial years that were recorded in the reporting period in 2016, the adjusted core EBIT figure was € 32.7 million (Q1-3 2015: € 55.1 million), which is equivalent to an adjusted core EBIT margin of 6.1 percent (Q1-3 2015: 10.3 percent). The reason for the reduction in the EBIT margin is the difficult engineering service market environment. This results in increasing price pressure on the one hand, and in delays in awarding contracts with difficult supplementary negotiations with customers on the other, and led to lower productivity in the reporting period compared to the same period in the previous year.

The materials expenses decreased by 1.9 percent to € 71.5 million. At 13.4 percent, the materials expenses ratio was below the level of the same period of the previous year (Q1-3 2015: 13.6 percent).

The EDAG Group's personnel expenses increased by € 10.9 million or 3.3 percent to € 343.2 million compared to the same period in the previous year. This was primarily due to the increase in manpower; as of September 30, 2016, the company had a workforce of 8,337 employees, including apprentices (9/30/2015: 8,063 employees). The ratio of personnel expenses in relation to sales revenues and changes in inventories, which stood at 64.3 percent, increased considerably compared with the same period in the previous year (Q1-3 2015: 62.2 percent). The reasons for this increase are lower productivity due to changes in market conditions on the one hand, and increased employee capacity for the performance of an equivalent service on the other.

Depreciation, amortization and impairments totaled € 20.8 million (Q1-3 2015: € 18.1 million). The ratio for other expenses in relation to sales revenues and changes in inventories was 15.5 percent and thus slightly above last year's level (Q1-3 2015: 15.2 percent).

In the quarter just ended, the financial result was € -6.4 million (Q1-3 2015: € -5.2 million), a drop of € 1.3 million compared with the same period in the previous year. One significant effect was a decline in the results of investments accounted for using the equity method compared with the same period in the previous year. Lower interest charges were almost completely compensated for by interest expenses.

Development of the „Vehicle Engineering" Segment

Incoming orders amounted to € 351.9 million in the third quarter of 2016, a decrease of € 33.6 million or 8.7 percent compared to the value for the same period in the previous year (Q1-3 2015: € 385.5 million). Although the sales revenues and changes in inventories were increased by € 0.9 million (0.3 percent) to € 338.7 million (Q1-3 2015: € 337.8 million), at € 18.1 million, overall, the EBIT fell below that of the previous year (Q1-3 2015: € 30.7 million). The EBIT margin amounted to 5.4 percent (Q1-3 2015: 9.1 percent). Without the effects from the purchase price allocations, this resulted in an adjusted EBIT margin of 6.5 percent (Q1-3 2015: 10.3 percent). The deviation in the results compared to the same period in the previous year is due to the generally difficult engineering service market environment, and in particular to a reduction in project margins in the Design Concepts segment and short time being worked by some employees in the Body Engineering division at the Osnabrück and Wolfsburg branches.

Development of the „Production Solutions" Segment

In this segment, incoming orders amounted to € 102.0 million, the same level as in the same period of the previous year year (Q1-3 2015: € 102.0 million). Sales revenues and changes in inventories increased slightly by € 0.7 million (0.9 percent) to € 87.8 million (Q1-3 2015: € 87.1 million). Overall, an EBIT of € 8.8 million (Q1-3 2015: € 10.7 million) was generated for the Production Solutions segment in the current year. Although there is also price pressure in the market in this segment, capacity utilization remains at a high level. At 10.2 percent, therefore, the adjusted EBIT margin is below the previous year's outstanding level (Q1-3 2015: 12.4 percent).

Development of the „Electrics/Electronics" Segment

Incoming orders decreased by € 37.9 million to € 109.8 million compared to the same period in the previous year (Q1-3 2015: € 147.7 million). Sales revenues and changes in inventories decreased by € 3.7 million or 3.2 percent to € 113.8 million (Q1-3 2015: € 117.5 million). The EBIT stood at € 0.5 million (Q1-3 2015: € 8.2 million). At 0.5 percent, the EBIT margin is well below the previous year's level (Q1-3 2015: 7.0 percent). Without the effects from the purchase price allocations, this resulted in an adjusted EBIT margin of 1.5 percent (Q1-3 2015: 8.0 percent). The negative effects on the EBIT margin described in „Development of the EDAG Group" were felt particularly strongly in this segment. Further reasons for the unsatisfactory EBIT margin are the loss or cancellation of additional order values previously confirmed by customers.

Cash Flows and Financial Position

Compared to December 31, 2015, the EDAG Group's statement of financial position total decreased by € 34.6 million to € 440.9 million. The reduction of current accounts receivable and other receivables (€ -29.6 million) is countered by an increase in future receivables from construction contracts in the amount of € 51.7 million. Cash and cash-equivalents decreased by € 56.5 million to € 14.1 million. The reasons for this were the dividend payout of € 18.8 million, the augmentation of working capital, the increase in gross investments to € 22.3 million, and the early repayment of a loan to ATON Group Finance GmbH (including interest) in the amount of € 23.6 million.

On the equity, liabilities and provisions side, equity decreased by € 10.3 million to € 145.0 million, and the quota is now approximately 32.9 percent (12/31/2015: 32.6 percent). This decrease is primarily due to the dividend payout to the shareholders in the amount of € 18.8 million, and to the decrease in the profits and losses recognized directly in equity resulting from a decrease in the actuarial interest rate in the amount of € 5.1 million. The opposite effect was had by current profits totaling € 13.6 million.

Non-current liabilities and provisions decreased by € 15.5 million from € 171.1 million on December 31, 2015 to € 155.5 million. Besides the early repayment of the loan to ATON Group Finance GmbH (excluding interest) in the amount of € 20.0 million, this was partly offset by the adjustment of the actuarial interest rate for pension provisions and the deferred tax liabilities.

Accounts payable shown in current liabilities and provisions fell by € 11.2 million, compared to December 31, 2015. However, this was balanced by a slight increase in current financial liabilities amounting to € 2.7 million. These are primarily interest liabilities owing to ATON Group Finance GmbH but not yet due.

In the third quarter of 2016, the operating cash flow was € 10.3 million (Q1-3 2015: € -16.3 million). The positive development was primarily due to a significantly reduced effect in capital commitment in the trade working capital compared to the same period in the previous year, which was marked by strong corporate growth.

At € 22.3 million, gross investments in the reporting year were some 6.5 percent higher than in the previous year (Q1-3 2015: € 21.0 million). The ratio between the sales revenues and changes in inventories and gross investments was 4.2 percent (Q1-3 2015: 3.9 percent).

On the reporting date unused lines of credit in the amount of € 99.0 million exist in the Group. The Executive Board regards the overall economic situation of the EDAG Group as good. With an equity ratio of 32.9 percent, the company has a sound financial basis, and was able to fulfil its payment obligations at all times throughout the reporting period.

2.3 HR Management and Development

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

On September 30, 2016 the EDAG Group employed a workforce of 8,337 employees (12/31/2015: 8,139 employees). Personnel expenses amounted to € 343.2 million in the 2016 reporting period (Q1-3 2015: € 332.3 million).

3 Forecast, Risk and Reward Report

The engineering service business of the EDAG Group is subject to a wide variety of risks which were described in detail in the Annual Report for 2015.

It continues to be difficult to assess the possible impact of the current global crises. The public discussion about measuring the emission values of passenger cars that has been raging since September 2015 continues unabated. We assume that, in the medium to long term, this issue will bring about changes in the industry; in particular, it will become increasingly important to offer a wide variety of drive concepts, and this should have a positive effect on the potential market volume of the engineering service providers. Nevertheless, we faced increasing price pressure, delays in contract awards and difficult supplementary negotiations in the market in the first nine months of 2016. As utilization of the unused capacity of the engineering service providers increases, price pressure should also return to normal. As in the previous quarter, we therefore assess the risk to our particular industry as a category A risk (2015: category C) with a medium (2015: low; first half of 2016: high) probability of occurrence. As our assumptions regarding operative risks remain unchanged, we continue to rate these as a category A risk, though – as in the 2015 annual report – with a medium (first half of 2016: high) probability of occurrence. We continue to see the financial risk as a category C risk, but with a medium (2015: low) probability of occurrence. We assess our personnel risks as a category B risk (2015 and first half of 2016: A risk) with an unchanged medium probability of occurrence.

We have implemented a cost-saving program and are constantly working on the optimization of our allocation of resources and project management processes, to minimize the effects of these – in our opinion temporarily – risks.

Assuming favorable economic conditions – that the economy will continue to grow, manufacturers will maintain or expand their research and development expenditures at a high level and continue to outsource development services, and that qualified personnel are available – the EDAG Group expects to continue its positive business development.

The first nine months of 2016 were, however, marked by changes in market conditions, which were reflected in moderate demand and increasing price pressure. We regard this as nothing more than a temporary development that will, we believe, ease off again in the short to medium term.

For 2016 as a whole, we expect sales revenues to reach the same amount as in the previous year, or be slightly above this level. This applies equally to all segments. With regard to the adjusted EBIT, we anticipate a margin of 6 to 8 percent. While the VE segment is within this range, a higher margin is anticipated for the PS segment, and a lower margin for the E/E segment. Due to the development of sales, we expect investments to be at the same level as in previous years. Due to the continuing positive financial performance, we also expect a secure development of our financial situation in the future.

4 Disclaimer

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

CONSOLIDATED INTERIM REPORT

1 Consolidated Statement of Comprehensive Income

in € thousand	01/01/2016 - 09/30/2016	01/01/2015 - 09/30/2015	07/01/2016 – 09/30/2016	07/01/2015 – 09/30/2015
Profit or Loss				
Continuing Operations				
Sales revenues and changes in inventories	533,470	534,035	170,865	178,705
Sales revenues	533,579	534,375	170,899	179,191
Changes in inventories	- 109	- 340	- 34	- 486
Other income	11,753	15,324	3,523	5,509
Material expenses	- 71,466	- 72,877	- 24,697	- 25,025
Gross Profit	**473,757**	**476,482**	**149,691**	**159,189**
Personnel expenses	- 343,235	- 332,311	- 107,281	- 108,955
Depreciation, amortisation and impairment	- 20,813	- 18,087	- 7,012	- 6,263
Other expenses	- 82,660	- 81,132	- 27,035	- 31,653
Earnings before interest and taxes (EBIT)	**27,049**	**44,952**	**8,363**	**12,318**

Reconciliation to adjusted earnings before interest and taxes (adjusted EBIT):				
Earnings before interest and taxes (EBIT)	**27,049**	**44,952**	**8,363**	**12,318**
Adjustments:				
Expenses (+) from purchase price allocation	5,244	5,499	1,754	2,114
Income (-) from reversal of provisions	- 240	- 2,177	- 71	- 23
Expenses (+) from additional costs from M&A transactions	70	71	70	1
Expenses (+) from restructuring	138	6,329	- 67	4,919
Income (-) from the sale of real estate	- 138	- 250	- 138	- 250
Expenses (+) from the sale of real estate	254	381	-	311
Adjusted earnings before interest and taxes (adjusted EBIT)	**32,377**	**54,805**	**9,911**	**19,390**

Earnings before interest and taxes (EBIT)	**27,049**	**44,952**	**8,363**	**12,318**
Result from investments accounted for using the equity method	- 68	1,052	- 27	525
Financial income	387	1,841	119	557
Financing expenses	- 6,767	- 8,050	- 2,242	- 2,610
Financial result	**- 6,448**	**- 5,157**	**- 2,150**	**- 1,528**
Earnings before taxes	**20,601**	**39,795**	**6,213**	**10,790**
Income Taxes	- 6,971	- 12,337	- 2,112	- 3,673
Earnings after taxes	**13,630**	**27,458**	**4,101**	**7,117**
Profit	**13,630**	**27,458**	**4,101**	**7,117**

in € thousand	01/01/2016 - 09/30/2016	01/01/2015 - 09/30/2015	07/01/2016 – 09/30/2016	07/01/2015 – 09/30/2015
Profit	**13,630**	**27,458**	**4,101**	**7,117**
Other Comprehensive Income				
Reclassifiable profits/losses				
Financial assets available for sale				
Profits/Losses included in equity from valuation at fair value	2	-	6	-
Deferred taxes on financial assets available for sale	- 1	-	- 2	-
Currency conversion difference				
Profits/Losses included in equity from currency conversion difference	78	- 566	- 220	- 1,125
Total reclassifiable profits/losses	**79**	**- 566**	**- 216**	**- 1,125**
Not reclassifiable profits/losses				
Revaluation of net obligation from defined benefit plans				
Revaluation of net obligation from defined benefit plans before taxes	- 7,291	2,329	- 1,657	121
Deferred taxes on defined benefit commitments and similar obligations	2,171	- 699	396	- 36
Share of other comprehensive income of at-equity accounted investments, net of tax	- 69	27	- 17	2
Total not reclassifiable profits/losses	**- 5,189**	**1,657**	**- 1,278**	**87**
Total other comprehensive income before taxes	- 7,280	1,790	- 1,888	- 1,002
Total deferred taxes on the other comprehensive income	2,170	- 699	394	- 36
Total other comprehensive income	**- 5,110**	**1,091**	**- 1,494**	**- 1,038**
Total comprehensive income	**8,520**	**28,549**	**2,607**	**6,079**
From the profit or loss attributable to:				
Shareholders of the parent company	13,591	27,423	4,088	7,106
Minority shares (non-controlling interest)	39	36	13	12
Of the total comprehensive income attributable to:				
Shareholders of the parent company	8,481	28,513	2,594	6,067
Minority shares (non-controlling interest)	39	36	13	12
Earnings per share of shareholders of EDAG Group AG [diluted/undiluted in EUR]				
Earnings per share	0.54	1.10	0.16	0.28

2 Consolidated Statement of Financial Position

in € thousand	09/30/2016	12/31/2015
Assets		
Goodwill	64,479	64,235
Other intangible assets	36,504	41,399
Property, plant and equipment	75,791	67,908
Financial assets	187	182
Investments accounted for using the equity method	16,336	16,733
Non-current accounts receivable and other receivables	801	1,323
Deferred tax assets	855	780
TOTAL non-current assets	**194,953**	**192,560**
Inventories	2,275	1,599
Future receivables from construction contracts	144,908	93,257
Current accounts receivable and other receivables	82,196	111,792
Other financial assets	151	68
Income tax assets	2,288	4,979
Cash and cash-equivalents	14,132	70,654
Assets held for sale / discontinued operations	-	635
TOTAL current assets	**245,950**	**282,984**
TOTAL assets	**440,903**	**475,544**

in € thousand	09/30/2016	12/31/2015
Equity, liabilities and provisions		
Subscribed capital	920	920
Capital reserves	40,000	40,000
Retained earnings	118,823	123,982
Reserves from profits and losses recognized directly in equity	- 12,922	- 7,735
Currency conversion differences	- 1,926	- 2,004
Equity attributable to shareholders of the parent company	**144,895**	**155,163**
Non-controlling interests	87	80
TOTAL equity	**144,982**	**155,243**
Provisions for pensions and similar obligations	30,757	21,991
Other non-current provisions	2,906	3,244
Non-current financial liabilities	114,522	135,167
Non-current accounts payable and other liabilities	3	3
Non-current income tax liabilities	1,460	1,460
Deferred tax liabilities	5,899	9,208
TOTAL non-current liabilities and provisions	**155,547**	**171,073**
Current provisions	11,532	12,462
Current financial liabilities	31,682	28,942
Future liabilities from construction contracts	25,174	24,284
Current accounts payable and other liabilities	67,612	78,792
Income tax liabilities	4,374	4,748
TOTAL current liabilities and provisions	**140,374**	**149,228**
TOTAL equity, liabilities and provisions	**440,903**	**475,544**

3 Consolidated Cash Flow Statement

	in € thousand	01/01/2016 - 09/30/2016	01/01/2015 - 09/30/2015
	Earnings after taxes from continuing operations	**13,630**	**27,458**
+	Income tax expenses	6,971	12,336
-	Income taxes paid	- 5,795	- 16,326
+	Financial result	6,449	5,158
+	Interest and dividend received	666	563
+/-	Depreciation and amortisation/Write-ups on tangible and intangible assets	20,813	18,087
+/-	Other non-cash item expenses/income	- 7,185	2,054
+/-	Increase/decrease in non-current provisions	8,418	- 1,333
-/+	Profit/loss on the disposal of fixed assets	542	- 106
-/+	Increase/decrease in inventories	- 675	5,279
-/+	Increase/decrease in future receivables from construction contracts, receivables and other assets that are not attributable to investing or financing activities	- 22,065	- 38,062
+/-	Increase/decrease in current provisions	- 1,320	- 567
+/-	Increase/decrease in accounts payables and other liabilities and provisions that are not attributable to investing or financing activities	- 10,124	- 30,800
=	**Cash inflow/outflow from operating activities/operating cash flow**	**10,325**	**- 16,259**
+	Deposits from disposals of tangible fixed assets	975	5,833
-	Payments for investments in tangible fixed assets	- 18,741	- 16,703
+	Deposits from disposals of intangible fixed assets	29	173
-	Payments for investments in intangible fixed assets	- 3,576	- 4,252
+	Deposits from disposals of financial assets	26	29
-	Payments for investments in financial assets	- 57	- 45
-	Payments for investments in shares of fully consolidated companies/divisions	- 681	- 1,096
=	**Cash inflow/outflow from investing activities/investing cash flow**	**- 22,025**	**- 16,061**

	in € thousand	01/01/2016 - 09/30/2016	01/01/2015 - 09/30/2015
-	Payments to shareholders/partners (prior year dividend, capital repayments, other distributions)	- 18,782	- 14
-	Interest paid	- 4,413	- 5,535
+	Borrowing of financial liabilities	1,458	22,142
-	Repayment of financial liabilities	- 21,540	- 1,021
-	Repayment of leasing liabilities	- 1,649	- 21
+/-	Repayment/Investment in financial receivables	-	4,872
=	**Cash inflow/outflow from financing activities/financing cash flow**	**- 44,926**	**20,423**
	Net Cash changes in financial funds	**- 56,626**	**- 11,897**
-/+	Effect of changes in currency exchange rate and other effects from changes of financial funds	104	- 634
+	Financial funds at the start of the period	70,654	39,502
=	**Financial funds at the end of the period [cash & cash equivalents]**	**14,132**	**26,971**
=	**Free cash flow (FCF) - equity approach**	**- 11,700**	**- 32,320**

4 Consolidated Statement of Changes in Equity

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 01/01/2016	**920**	**40,000**	**-**	**123,982**	**- 2,004**	**- 7,706**	**- 4**	**- 25**	**155,163**	**80**	**155,243**
Profit or loss	-	-	-	13,591	-	-	-	-	13,591	39	13,630
Other comprehensive income	-	-	-	-	78	- 5,119	1	- 69	- 5,109	-	- 5,109
Total comprehensive income	**-**	**-**	**-**	**13,591**	**78**	**- 5,119**	**1**	**- 69**	**8,482**	**39**	**8,521**
Dividends	-	-	-	- 18,750	-	-	-	-	- 18,750	- 32	- 18,782
As per 09/30/2016	**920**	**40,000**	**-**	**118,823**	**- 1,926**	**- 12,825**	**- 3**	**- 94**	**144,895**	**87**	**144,982**

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 01/01/2015	**20,000**	**40,746**	**2,000**	**65,756**	**- 1,568**	**- 9,554**	**1**	**- 39**	**117,342**	**69**	**117,411**
Impact legal reorganisation: EDAG Engineering GmbH, Wiesbaden	- 20,000	- 40,746	- 2,000	- 65,756	1,568	9,554	- 1	39	- 117,342	- 69	- 117,411
Impact legal reorganisation: EDAG Engineering Holding GmbH, Munich	1,000	40,746	-	67,756	- 1,568	- 9,554	1	- 39	98,342	69	98,411
Capital increase EDAG Engineering Holding GmbH, Munich	-	6	-	-	-	-	-	-	6	-	6
After 1st legal reorganisation	**1,000**	**40,752**	**-**	**67,756**	**- 1,568**	**- 9,554**	**1**	**- 39**	**98,348**	**69**	**98,417**
Impact legal reorganisation:EDAG Engineering Holding GmbH, Munich	- 1,000	- 41,312	-	- 95,179	2,134	7,924	- 1	12	- 127,422	- 91	- 127,513
Impact legal reorganisation:EDAG Engineering Schweiz Sub-Holding AG, Arbon	22,905	41,306	-	92,279	- 2,134	- 7,924	1	- 12	146,421	91	146,512
After 2nd legal reorganisation	**22,905**	**40,746**	**-**	**64,856**	**- 1,568**	**- 9,554**	**1**	**- 39**	**117,347**	**69**	**117,416**
Profit or loss	-	-	-	27,423	-	-	-	-	27,423	36	27,459
Other comprehensive income	-	-	-	-	- 566	1,630	-	27	1,091	-	1,091
Total comprehensive income	**-**	**-**	**-**	**27,423**	**- 566**	**1,630**	**-**	**27**	**28,514**	**36**	**28,550**
Capital increase	-	560	-	-	-	-	-	-	560	-	560
Dividends	-	-	-	-	-	-	-	-	-	- 14	- 14
As per 09/30/2015	**22,905**	**41,306**	**-**	**92,279**	**- 2,134**	**- 7,924**	**1**	**- 12**	**146,421**	**91**	**146,512**

5 Notes

5.1 General Information

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

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

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

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

[1] International Securities Identification Number
[2] Securities identification number

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

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

The financial statements of the companies included in the consolidated financial statement have been prepared in accordance with International Financial Reporting Standards („IFRS") as issued by the European Union as of the financial reporting date of EDAG Group AG (September 30). The comparative figures shown for September 30, 2015 are based on the consolidated interim report of EDAG Engineering Schweiz Sub-Holding AG, Arbon.

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

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

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

5.2 Basic Principles and Methods

Basic Accounting Principles

The consolidated financial statement of EDAG Group AG and its subsidiaries for December 31, 2015 has been prepared in accordance with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB), as they are to be applied pursuant to Directive No. 1606/2002 of the European Parliament and Council regarding the application of international accounting standards in the EU. In addition to the International Financial Reporting Standards, the term IFRS also includes the still valid International Accounting Standards (IAS), the Interpretations of the International Financial Reporting Committee (IFRIC) and those of the former Standing Interpretations Committee (SIC). Accordingly, this consolidated interim report of EDAG Group AG for the period ending September 30, 2016 has been prepared in accordance with IAS 34, and the scope of the report has been reduced, making it shorter than the consolidated financial statements. The requirements of all accounting standards and interpretations resolved as of September 30, 2016 and adopted in national law by the European Commission have been fulfilled.

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

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

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

Accounting and Valuation Principles

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

- IFRS 11: Change in accounting for acquisitions of interest in joint operations
- IAS 16/IAS 38: Change to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets: Clarification of acceptable methods of depreciation and amortization
- IAS 16/IAS 41: Agriculture: Bearer plants
- IAS 27: Change in the use of equity method in separate financial statements
- IAS 1: Change: Disclosure initiative
- IFRS 10, IFRS 12, IAS 28 (IASB publication: December 18, 2014; EU endorsement: open): Change in investment companies - applying the consolidation exception
- Annual improvements of IFRS 2012-2014 (Annual Improvement Project 2014):
    - o IFRS 5: Non-current assets held for sale and discontinued operations
    - o IFRS 7: Financial instruments
    - o IAS 19: Employee benefits
    - o IAS 34: Interim financial reporting

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

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

For this consolidated interim report, a discount rate of 1.33 percent has been used for pension provisions in Germany (12/31/2015: 2.36 percent). A discount rate of 0.45 percent has been used for pension provisions in Switzerland (12/31/2015: 1.00 percent). The reduction in the interest rates in Germany led to an overall increase in the pension provisions, to the applicable deferred taxes, and to the actuarial losses related to pension provisions recorded in reserves from profits and losses recognized directly in equity.

In accordance with the objective of financial statements set out in F.12 et seq., IAS 1.9 and IAS 8.10 et seq., IAS 34.30 was applied when determining income tax expense for the interim reporting period. Accordingly, the weighted average expected annual tax rate in the amount of 33.8 percent (12/31/2015: 31.9 percent) was used.

Restructuring measures in the amount of € 1,282 thousand were carried out in the period covered by the consolidated interim report. € 1,144 thousand of this is attributable to the action plan resolved on August 11, 2016 and approved by the Board of Directors in response to the difficult engineering service market environment. In addition, in the course of the company mergers of EDAG und Rücker, further restructuring costs in the amount of € 138 thousand resulted from the integration (see chapter „Reconciliation of the Adjusted Operating Profit (adjusted EBIT)“). A reversal in the amount of € 82 thousand was carried out for provisions for restructuring measures created the year before. These effects from the company mergers are shown in the adjusted operating profit (adjusted EBIT).

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

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

Expenses incurred unevenly during the financial year are anticipated or deferred for interim reporting purposes if, and only if, it is also appropriate to anticipate or defer that type of expense at the end of the financial year.

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

5.3 Changes in the Scope of Consolidation

In the period January 1, 2016 to September 30, 2016, the group of combined or consolidated companies developed as follows:

	Switzerland	Germany	Others	Total
Fully consolidated companies				
Included as of 12/31/2015	**3**	**10**	**24**	**37**
Included for the first time in current financial year	-	-	1	1
Withdrawn in current financial year	-	1	-	1
Included as of 09/30/2016	**3**	**9**	**25**	**37**
Companies accounted for using the equity method				
Included as of 12/31/2015	**-**	**1**	**-**	**1**
Included for the first time in current financial year	-	-	-	-
Withdrawn in current financial year	-	-	-	-
Included as of 09/30/2016	**-**	**1**	**-**	**1**
Companies included at acquisition cost				
Included as of 12/31/2015	**-**	**3**	**-**	**3**
Included for the first time in current financial year	-	-	-	-
Withdrawn in current financial year	-	1	-	1
Included as of 09/30/2016	**-**	**2**	**-**	**2**

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

The following companies were merged with EDAG Engineering GmbH, Wiesbaden with retrospective effect from January 1, 2016:

- Zweite FOM Objekt GmbH & Co.KG, Wiesbaden (registered on July 11, 2016)
- Zweite FOM Beteiligungs GmbH, Wiesbaden (registered on July 11, 2016)

Acquisition of Duvedec Europe B.V., Netherlands on April 1, 2016

The cash outflows due to the acquisition of the company were as follows:

in € thousand	2016
Outflow of cash and cash equivalents, total	587
Cash and cash equivalents acquired with the subsidiary	1
Actual cash outflow	586

The following table sets out the assets and liabilities identified for the acquisition of the company 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	-	267	267
Property, plant and equipment	10	-	10
Non-current accounts receivable and other non-current receivables	1	-	1
Other non-current assets	11	-	11
Non-current assets	**22**	**267**	**289**
Accounts receivable and other receivables	223	-	223
Cash and cash-equivalents	1	-	1
Current assets	**224**	**-**	**224**
TOTAL assets	**246**	**267**	**513**
Financial liabilities	3	-	3
Trade payables	62	-	62
Other current liabilities	172	-	172
Deferred tax liabilities	-	53	53
TOTAL liabilities and provisions	**237**	**53**	**290**
Acquired net assets	**9**	**214**	**223**

in € thousand	2016
Attributable fair value of the purchase price for net assets	**587**
Net assets at book values	9
Difference	**578**
Adjustment to fair values	
Intangible assets	267
Deferred tax liabilities on adjustments	**- 53**
Capitalized goodwill	**365**

With effect from April 1, 2016, EDAG acquired 100 percent of the shares in Duvedec Europe B.V., which has its head office in the Netherlands. This acquisition is a further extension of EDAG's European site network, and enables the company to provide local presence and support in the Netherlands for the first time ever. Founded in 1982, Duvedec Europe B.V. has successfully established its position as an engineering partner to European vehicle manufacturers and suppliers. Its current 18-strong workforce is based in Helmond, and provides engineering services in the field of interior and exterior development, mainly for the commercial vehicle industry. The resulting goodwill in the amount of € 365 thousand is not tax-deductible, and consists primarily of non-separable values for the knowledge of the employees and benefits from the expected synergies with other companies. The sales revenues of Duvedec Europe B.V. included in the consolidated statement of comprehensive income since the acquisition date amounted to € 770 thousand, the recognized profit to € 14 thousand. Had the inclusion of the company been effected by January 1, group sales revenues would have been € 319 thousand higher, and earnings after tax € 2 thousand higher.

5.4 Currency Conversion

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

Country	Currency 1 EUR = Nat. currency	09/30/2016	3. quarter 2016	12/31/2015	3. quarter 2015
		Spot rate on balance sheet date	Average exchange rate for period	Spot rate on balance sheet date	Average exchange rate for period
Great Britain	GBP	0.8610	0.8022	0.7340	0.7273
Brazil	BRL	3.6210	3.9642	4.3117	3.5177
USA	USD	1.1161	1.1158	1.0887	1.1143
Malaysia	MYR	4.6148	4.5578	4.6959	4.2111
Hungary	HUF	309.7900	312.1624	315.9800	308.9728
India	INR	74.3655	74.8991	72.0215	70.8267
China	CNY	7.4463	7.3432	7.0608	6.9634
Mexico	MXN	21.7389	20.4135	18.9145	17.3480
Czech Republic	CZK	27.0210	27.0361	27.0230	27.3597
Switzerland	CHF	1.0876	1.0936	1.0835	1.0619
Poland	PLN	4.3192	4.3588	4.2639	4.1558
Romania	RON	4.4537	4.4854	4.5240	4.4414
Russia	RUB	70.5140	76.3054	80.6736	66.5450
Sweden	SEK	9.6210	9.3711	9.1895	9.3710
Japan	JPY	113.0900	121.1072	131.0700	134.7211
South Korea	KRW	1,229.7600	1,296.2845	1,280.7800	1,251.5970

5.5 Reconciliation of the Adjusted Operating Profit (adjusted EBIT)

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

in € thousand	01/01/2016 - 09/30/2016	01/01/2015 - 09/30/2015	07/01/2016 – 09/30/2016	07/01/2015 – 09/30/2015
Earnings before interest and taxes (EBIT)	**27,049**	**44,952**	**8,363**	**12,318**
Adjustments:				
Expenses (+) from purchase price allocation	5,244	5,499	1,754	2,114
Income (-) from reversal of provisions	- 240	- 2,177	- 71	- 23
Expenses (+) from additional costs from M&A transactions	70	71	70	1
Expenses (+) from restructuring	138	6,329	- 67	4,919
Income (-) from the sale of real estate	- 138	- 250	- 138	- 250
Expenses (+) from the sale of real estate	254	381	-	311
Total adjustments	**5,328**	**9,853**	**1,548**	**7,072**
Adjusted earnings before interest and taxes (adjusted EBIT)	**32,377**	**54,805**	**9,911**	**19,390**

The „expenses (+) from the purchase price allocation" are stated under the amortization. The „expenses (+) incidental expenses from M&A transactions, expenses (+) from the sale of real estate" and „expenses (+) from restructuring" are reported under the non-operating expenses. The „income (-) from the reversal of provisions" and the „income (-) from the sale of real estate" is shown under the non-operating income.

5.6 Segment Reporting

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

As at September 30, 2016, the non-current assets amounted to € 195.0 million (12/31/2015: € 192.6 million). Of these, € 2.0 million are domestic, € 177.2 million are German, and € 15.7 million are non-domestic (12/31/2015: [domestic: € 2.2 million; Germany: € 174.2 million; non-domestic: € 16.2 million]).

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

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

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

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

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

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

	01/01/2016 - 09/30/2016							
in € thousand	**Vehicle Engineering**	**Production Solutions**	**Electrics/ Electronics**	**Consolidation Core business**	**Total Core business**	**Others**	**Consoli-dation**	**Total Group**
Sales revenue	334,783	84,896	113,669	-	533,348	231	-	533,579
Sales revenue with other segments	4,032	2,919	93	- 7,044	-	122	- 122	-
Changes in inventories	- 111	-	2	-	- 109	-	-	- 109
Total sales revenues and changes in inventories	**338,704**	**87,815**	**113,764**	**- 7,044**	**533,239**	**353**	**- 122**	**533,470**
EBIT	**18,148**	**8,756**	**545**	**-**	**27,449**	**- 400**	**-**	**27,049**
EBIT margin [%]	5.4%	10.0%	0.5%	-	5.1%	n/a	-	5.1%
Purchase price allocation (PPA)	3,814	218	1,212	-	5,244	-	-	5,244
Other adjustments	-	-	-	-	-	84	-	84
Adjusted EBIT	**21,962**	**8,974**	**1,757**	**-**	**32,693**	**- 316**	**-**	**32,377**
Adjusted EBIT margin [%]	6.5%	10.2%	1.5%	-	6.1%	n/a	-	6.1%
Depreciation, amortization and impairment	- 15,450	- 2,224	- 3,138	-	- 20,812	- 1	-	- 20,813

	01/01/2015 - 09/30/2015							
in € thousand	**Vehicle Enginee-ring**	**Production Solutions**	**Electrics/ Electronics**	**Consolidation Core business**	**Total Core business**	**Others**	**Consoli-dation**	**Total Group**
Sales revenue	334,321	82,551	117,368	-	534,240	135	-	534,375
Sales revenue with other segments	3,868	4,502	114	- 8,484	-	150	- 150	-
Changes in inventories	- 350	-	10	-	- 340	-	-	- 340
Total sales revenues and chan-ges in inventories	**337,839**	**87,053**	**117,492**	**- 8,484**	**533,900**	**285**	**- 150**	**534,035**
EBIT	**30,694**	**10,687**	**8,196**	**-**	**49,577**	**- 4,625**	**-**	**44,952**
EBIT margin [%]	9.1%	12.3%	7.0%	-	9.3%	n/a	-	8.4%
Purchase price allocation (PPA)	4,166	121	1,212	-	5,499	-	-	5,499
Other adjustments	-	-	-	-	-	4,354	-	4,354
Adjusted EBIT	**34,860**	**10,808**	**9,408**	**-**	**55,076**	**- 271**	**-**	**54,805**
Adjusted EBIT margin [%]	10.3%	12.4%	8.0%	-	10.3%	n/a	-	10.3%
Depreciation, amorti-zation and impairment	- 13,407	- 1,638	- 2,952	-	- 17,997	- 90	-	- 18,087

Income and expenses as well as results between the segments are eliminated in the consolidation.

5.7 Contingent Liabilities/Receivables and Other Financial Obligations

Contingent Liabilities

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

Other Financial Obligations

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

in € thousand	**09/30/2016**	**12/31/2015**
Obligation from the renting of property	167,047	173,635
Obligations from miscellaneous renting and leasing contracts	10,149	8,922
Open purchase orders	2,677	2,387
Other miscellaneous financial obligations	839	1,085
Total	**180,712**	**186,029**

The increase in obligations from miscellaneous renting and leasing contracts is due to an increased volume in the field of car and IT leasing.

Contingent Receivables

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

5.8 Financial Instruments

Net Financial Debt/Credit

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

in € thousand	09/30/2016	12/31/2015
Non-current financial liabilities	- 114,522	- 135,167
Current financial liabilities	- 31,682	- 28,942
Securities/derivative financial instruments	151	68
Cash and cash-equivalents	14,132	70,654
Net financial debt/-credit [-/+]	**- 131,921**	**- 93,387**
Equity	144,982	155,243
Net Gearing [%]	**91.0%**	**60.2%**
Liabilities due to credit institutions	- 7,568	- 7,665
Cash and cash-equivalents	14,132	70,654
Net financial balance with banks	**6,564**	**62,989**

By resolution of the general meeting of May 31, 2016, EDAG Group AG effected a dividend payout of € 18,750 thousand, which corresponds to € 0.75 per share.

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, 2016, there were loan obligations to ATON Group Finance GmbH (including accrued interest) in the amount of € 115,160 thousand (12/31/2015: € 133,814 thousand). Of this amount, € 112,800 thousand is to be classified as non-current financing. As of September 30, 2016, there is a current loan, including interest, in the amount of € 20,799 thousand from VKE Versorgungskasse EDAG-Firmengruppe e.V. (12/31/2015: € 20,364 thousand).

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

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

	in € thousand	09/30/2016	12/31/2015
	Inventories	2,275	1,599
+	Future receivables from construction contracts	144,908	93,257
+	Current accounts receivable	69,931	102,332
-	Future liabilities from construction contracts	- 25,174	- 24,284
-	Current accounts payable	- 17,192	- 19,848
=	**Trade working capital (TWC)**	**174,748**	**153,056**
+	Non-current accounts receivable and other receivables	801	1,323
+	Deferred tax assets	855	780
+	Current other receivables excl. Interest-bearing receivables	12,264	9,460
+	Income tax assets	2,288	4,979
-	Non-current accounts payable and other liabilities	- 3	- 3
-	Non-current income tax liabilities	- 1,460	- 1,460
-	Deferred tax liabilities	- 5,899	- 9,208
-	Current other liabilities	- 50,420	- 58,944
-	Income tax liabilities	- 4,374	- 4,748
=	**Other working capital (OWC)**	**- 45,948**	**- 57,821**
	Net working capital (NWC)	**128,800**	**95,235**

The trade working capital increased from € 153.056 thousand to € 174,748 thousand, compared to December 31, 2015. This is a result of the additional increase in future receivables from construction contracts.

Compared to December 31, 2015, there was a change in the other working capital from € -57,821 thousand to € -45,948 thousand. This effect was largely due to the increase in current other receivables from prepaid expenses and a reduction of current other liabilities.

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

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

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

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

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

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

in € thousand	Valuation category as per IAS 39	Book value 09/30/2016	Valuation category of balance sheet 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]	14,132	14,132	-	-	-	-
Accounts receivable and other receivables in terms of IAS 32.11	[LaR]	72,894	72,894	-	-	-	-
Future receivables from construction contracts	[LaR]	144,908	144,908	-	-	-	-
Loans	[LaR]	135	135	-	-	-	-
Assets available for sale	[AfS]	122	52	-	70	-	-
Derivative financial assets	[FAHfT]	81	-	-	-	81	-
Financial liabilities (liabilities)							
Financial liabilities							
Credit institutions	[FLAC]	7,568	7,568	-	-	-	-
Other interest-bearing liabilities	[FLAC]	135,963	135,963	-	-	-	-
Liabilities from financing leases	[n.a.]	2,673	-	-	-	-	2,673
Accounts payable and other liabilities in terms of IAS 32.11	[FLAC]	20,513	20,415	-	-	98	-
Financial assets and financial liabilities, aggregated according to valuation category in accordance with IAS 39							
Loans and Receivables	[LaR]	232,069	232,069	-	-	-	-
Financial assets Held for Trading	[FAHfT]	81	-	-	-	81	-
Available-for-Sale financial assets	[AfS]	122	52	-	70	-	-
Financial liabilities measured at Amortized Cost	[FLAC]	164,044	163,946	-	-	98	-
Financial liabilities Held for Trading	[FLHfT]	-	-	-	-	-	-

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

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

The attributable fair values of liabilities due to credit institutions, loans and other financial liabilities are calculated as present values of the debt-related payments, based on the EDAG current yield curve valid at the time. By and large, the fair value of the financial liabilities corresponds to the book value. As at September 30, 2016 however, the fair value of the other interest-bearing liabilities [FLAC] amounted to € 139,146 thousand (12/31/2015: € 158,524 thousand), with a book value of € 135,963 thousand (12/31/2015: € 154,189 thousand). The valuation of the fair value took place according to the „Level 2" valuation category on the basis of the discounted cash flow method. In this context, the current market rates of interest and the contractually agreed parameters were taken as the basis.

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

in € thousand	Assessed at fair value 09/30/2016			
	Level 1	Level 2	Level 3	Total
Financial assets				
Assets available for sale	70	-	-	70
Derivative financial assets	-	81	-	81
Financial liabilities (liabilities)				
Other liabilities	-	-	98	98

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

The assets and liabilities assessed at fair value through profit or loss include derivative financial instruments. In the EDAG Group, these are employed to limit currency risks.
Classification of the attributable fair values in the three valuation categories of the fair value hierarchy is based on the availability of observable market prices.

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

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

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

5.9 Related Parties

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

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

There is a long-term, unsecured fixed interest loan with the ATON Group Finance GmbH which is due on November 6, 2018. This loan carries an interest rate of 5 percent, and can be redeemed in part prior to maturity. Compared to December 31, 2015, early repayment of a loan in the amount of € 23,625 thousand (including interest) was effected.

The following table gives an overview of ongoing business transactions with related parties:

in € thousand	01/01/2016 - 09/30/2016	01/01/2015 - 09/30/2015
EDAG Group with boards of directors (EDAG Group AG & EDAG Schweiz Sub-Holding AG)		
Work-related expenses	615	38
Travel and other expenses	2	-
Rental expenses	278	-
Consulting expenses	24	-
EDAG Group with supervisory boards (EDAG GmbH & EDAG Holding GmbH)		
Work-related expenses	150	335
Travel and other expenses	7	3
Compensation costs	456	184
EDAG Group with group executive management		
Goods and services received	9	9
EDAG Group with ATON GmbH		
Goods and services rendered	-	1
Interest income	-	74
Other operating income	4	33
Other operating expenses	48	4

in € thousand	01/01/2016 - 09/30/2016	01/01/2015 - 09/30/2015
EDAG Group with ATON affiliates		
Goods and services rendered	20,014	30,181
Goods and services received	518	508
Interest expense	4,970	6,021
Other operating income	558	716
Other operating expenses	312	352
EDAG Group with unconsolidated subsidiaries		
Other operating expenses	2	2
Income from investments	-	41
EDAG Group with associated companies		
Goods and services rendered	1,523	1,369
Goods and services received	2,141	198
Interest income	-	1,203
Other operating income	568	1,806
Other operating expenses	50	2,143
Income from investments	- 68	1,052
EDAG Group with other related companies and persons		
Goods and services rendered	19	21
Goods and services received	16	28
Interest income	-	75
Interest expense	637	615
Other operating income	13	15
Other operating expenses	3,041	333

5.10 Subsequent Events

No important events took place after the reporting period.

Arbon, November 10, 2016

EDAG Engineering Group AG

Jürgen Vogt, Chief Financial Officer (CFO)

Thomas Eichelmann, President of the Board of Directors

Dr. Michael Hammes, Member of the Board of Directors

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Legal Note

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

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