GET IN AND EXPERIENCE PERFORMANCE

EDAG ANNUAL REPORT 2014

SELECTED **PERFORMANCE FIGURES** FROM CONSOLIDATED FINANCIAL STATEMENT

(in million € or %)	**2014**	**2013**	**2012**
Incoming orders	742.2	639.0	-
Total revenue	689.7	632.4	415.2
EBIT[1]	87.6	38.5	35.5
EBIT margin [%]	12.7 %	6.1 %	8.6 %
EBIT, adjusted	57.9	49.7	32.0
EBIT margin [%], adjusted	8.4 %	7.9 %	7.7 %
Equity on reporting date	117.4	102.9	113.0
Statement of financial position total on reporting date	484.6	504.6	382.9
Equity ratio [%]	24.2 %	20.4 %	29.5 %
Net financial debt on reporting date	121.7	136.7	67.5
Operating cash flow	56.7	21.0	44.8
Investing cash flow	- 32.6	- 62.4	- 53.0
Free cash flow (equity approach)	24.1	- 41.4	- 8.3
Gross investments	25.2	22.4	16.4
Employees[2] on reporting date [number]	7.401	7.306	6.102

[1] *Earnings before interest and taxes*
[2] *Employees including trainees*

Report of the Executive Board 4

Report of the Supervisory Board 6

Business Values 10

Redefining Limits Creating the Future 14

Joint Management Report 38

Consolidated Financial Statements 80

Auditor's Report 240

Legal Notices 242

Imprint 243

REPORT OF THE
EXECUTIVE BOARD

Dear Sir or Madam,

In 2014, the business of the newly established EDAG Group profited from a number of favourable conditions:

- Despite local crises, the global economy increased by 3.3 percent in 2014
- The automotive industry was able to sell considerably more cars throughout the world
- The increasing individualisation of the model range and long-term technology trends meant that development of the the market for engineering services continued positive

This had a pleasing effect on the business development of the company.
Sales increased by approximately 9 percent to € 690 million. The EBIT rose at an even faster rate to € 88 million.

Positive strategic development for the future

The EDAG Group was given a new organisational structure in 2014:

- EDAG GmbH & Co. KG and Rücker GmbH were merged into EDAG Engineering GmbH
- Reporting and IT structures were harmonised
- Ancillary activities were either sold or spun off
- Real estate was sold and in some cases rented back

One of the world's largest engineering companies in the automotive industry came into being, with a workforce of some 7,400 employees at 70 locations in Gemany and abroad.
BFFT Fahrzeugtechnik GmbH, an Ingolstadt-based company which joined the new EDAG Engineering GmbH group of companies in January 2013 but will continue to be run as an independent entity, is one of the leading providers of electrical and electronic engineering services.
The merger has significantly increased our presence in Wolfsburg, Stuttgart and Munich. We now have almost 1,000 employees for future engineering tasks at each of these locations. Our international position has likewise been improved: in Spain, Eastern Europe, Sweden, Brazil, Mexico, the USA and China.

The business activities carried out by EDAG and Rücker complemented and supplemented each other perfectly. As a result, it will be possible to handle major projects in particular (e.g. module or complete vehicle development) even more effectively.
The reorganisation has already led to some very positive feedback from customers. At the end of the year, we were awarded the „Hessen Champions 2014" prize, designating us the most innovative company in the State of Hesse.

Workforce expansion

In the past financial year, we were able to attract and acquire an additional 640 employees for our workforce.
Key areas addressed with a view to increasing productivity and employee satisfaction were again education and training. The result of this was a further increase in competitiveness in the customer environment. We had an apprentice/trainee quota of 9.2 percent in Germany.
Our commitment to the company's work-life balance and health management programmes has also helped to add to our appeal.
We are particularly pleased that the company was again included in the „Top Employer 2014/2015" awards.

Outlook and targets

We are also confident about the future. Order volumes are positive, and both the world economy and the automotive industry are set to grow in the years ahead.
We anticipate a significant increase in our business as a result of the extension of the range of models and variants, the growth in the number of contracts being awarded, and also technology trends such as lightweight design, electric mobility, consumption optimisation, vehicle IT and autonomous driving.

Wiesbaden, 22th April 2015

Jörg Ohlsen Spokesman of the Executive Board/CEO	Harald Poeschke COO	Jürgen Vogt CFO

HARALD POESCHKE	**JÖRG OHLSEN**	**JÜRGEN VOGT**
COO	*CEO Spokesman of the Executive Board*	*CFO*

REPORT OF THE
SUPERVISORY BOARD

Dear Shareholder,

In accordance with § 171 section 2 of the German Companies Act, the following report provides information on the activities of the Supervisory Board during the financial year 2014, the findings of the audit of the annual and consolidated financial statements of EDAG Engineering GmbH (previously EDAG Engineering AG) as of 31st December 2014, and the consolidated financial statement, which has been combined with the management report, for financial year from 1st January to 31st December 2014.

By a resolution approved at the shareholder meeting on 5th March 2015 and registration under German commercial law on 18th March 2015, EDAG Engineering AG was changed from a joint stock company to a company with limited liability, in accordance with § 190 Section 1 of the German Reorganisation of Companies Act (UmwG). The name of the company is now EDAG Engineering GmbH. For this reason, the company is referred to as EDAG Engineering GmbH in the following, even though the company was still a joint-stock company („AG") in the 2014 financial year.

The following personnel changes were effected in the supervisory board of EDAG Engineering GmbH: two supervisory board members, Ms. Nina Rosen and Mr. Thomas Vennemann, resigned their posts with effect from 31st December 2014. At the extraordinary general meeting held on 11th December 2014, Mr. Wolfgang Rücker was appointed as a new member with effect from 1st January 2015. Mr. Werner Kropsbauer was also appointed as the other member of the supervisory board on the same date. Mr. Kropsbauer resigned from his position as CEO of EDAG Engineering GmbH and from the functions he played as an agent in various subsidiaries, with effect from 31st December 2014. The new list of supervisory board members was published on the commercial register website on 26th January 2015.

Supervisory Board of EDAG Engineering GmbH continually observed and advised the Executive Board as it managed the company throughout the financial year. The supervisory and advisory tasks required of the Supervisory Board by law and according to the articles of association were carried out with due care and attention. The Supervisory Board was involved in a timely and appropriate fashion in all decisions of fundamental importance. The Executive Board provided regular, prompt and comprehensive information regarding business trends, results of operations, the company's financial position, manpower situation, planning and further development. Any deviations arising in the course of business were explained in detail by the Executive Board, and possible courses of action outlined.

The Executive Board also informed the Supervisory Board immediately and in full of any particular events of major importance between the regular meetings. Between meetings, the Chairman of the Supervisory Board in particular maintained close contact with the Executive Board, and discussed important procedures and particular pending decisions.

A total of six supervisory board meetings were held in the 2014 financial year. The members of the Supervisory Board met twice on 18th February 2014, on 16th April 2014, again on 15th September 2014, and twice on 26th November 2014.

The topics regularly treated at the Supervisory Board meetings included current business developments as well as the medium-term plans for investment, personnel and earnings, and the financing of the company Further key aspects of the of the consultations were measures for improving the earnings situation and expanding operations.

In addition to the basic topics, the following key aspects were discussed at the Supervisory Board meetings:
On 18th February 2014, Mr. Jörg Ohlsen was appointed as a further member of the Executive Board. During the meeting on 26th November 2014, Mr. Jürgen Vogt's appointment to the Executive Board was extended until 31st December 2016.

During the meeting on 16th April 2014, the members of the audit and conciliation committees were appointed. The members of the audit committee are (for the employees) Mr. Michael von Beckerath and Mr. Michael Hiltmann, and (for the shareholders) Ms. Sylvia Schwing and Dr. Michael Hammes. The conciliation committee is made up of Mr. Thomas Eichelmann, Chairman of the Supervisory Board, and his deputy, Mr. Johann Horn, as well as Mr. von Beckerath for the employee and Mr. Jörg Fahrenbach for the shareholders.

The audit committee met for its constituting session on 26th June 2014, and then for two further meetings on 15th September 2014 and 26th November 2014. The annual auditor attended some of the meetings, and presented the points on which he would be concentrating during the audit of the annual and consolidated financial statements

THOMAS EICHELMANN
Chairman of the Supervisory Board

and the combined management report for the financial year from 1st January to 31st December 2014, which were then approved by the audit committee. The Executive Board also reported to the audit committee on the risk management system, measures for assuring compliance and internal auditing.

Following Mr. Kropsbauer's resignation, there was a re-allocation of responsibilities among the remaining members of the Executive Board; the Supervisory Board was kept fully informed of this process.

EDAG GmbH & Co. KG and Rücker GmbH were merged, with retrospective effect from 1st January 2014, into EDAG Engineering GmbH; entries were made in the companies register on 2nd June 2014 and 22nd July 2014 respectively. At each meeting, the Supervisory Board had the Executive Board report in detail on the resulting integration project.

PricewaterhouseCoopers AG Wirtschaftsprüfungsgesellschaft audited the annual financial statement and management report of EDAG Engineering GmbH drawn up by the Executive Board in accordance with the German Commercial Code (HGB), the consolidated financial statement prepared in compliance with IFRS international financial reporting standards as applicable in the EU, and the Group management report for the financial year from 1st January to 31st December 2014, and issued each with an unqualified audit certificate. The above-mentioned documents, the Executive Board's recommendation for the use of the net profit for the year and the audit reports issued by PricewaterhouseCoopers AG Wirtschaftsprüfungsgesellschaft, all of which were passed to the members of the Supervisory Board in good time, were discussed in detail first in the audit committee meeting on 16th June 2015, and then in the Supervisory Board meeting on 17th June 2015. All questions were answered exhaustively by the Executive Board and the auditors at the meetings. After examining and discussing the annual financial statement, the consolidated financial statements and the combined management report, the Supervisory Board had no grounds for objection, and therefore endorsed the annual financial statement of EDAG Engineering GmbH adopted in this way, and approved the consolidated financial statement. The Supervisory Board concurred with the Executive Board's recommendation for the use of the profits.

The reports on relations with affiliated companies drawn up by the Executive Board were likewise submitted to the Supervisory Board for examination. These gave no cause for concern. According to the final results of its examination, the Supervisory Board had no objections to the Executive Board's statements at the end of the reports on relations with affiliated companies.

The annual auditor inspected the reports on relations with affiliated companies, and issued the following opinion:

„Following our careful examination and assessment, we can confirm that

1) the information given in the report is correct, and
2) that in transactions of legal significance, expenditure on the part of the company was not excessively high."

The Supervisory Board has no objection to the result of the audit carried out by the annual auditor.

The Supervisory Board would like to thank the members of the Executive Board and all employees for their commitment, which contributed to the successful development of the company in the 2014 financial year.

Wiesbaden, 17th June 2015

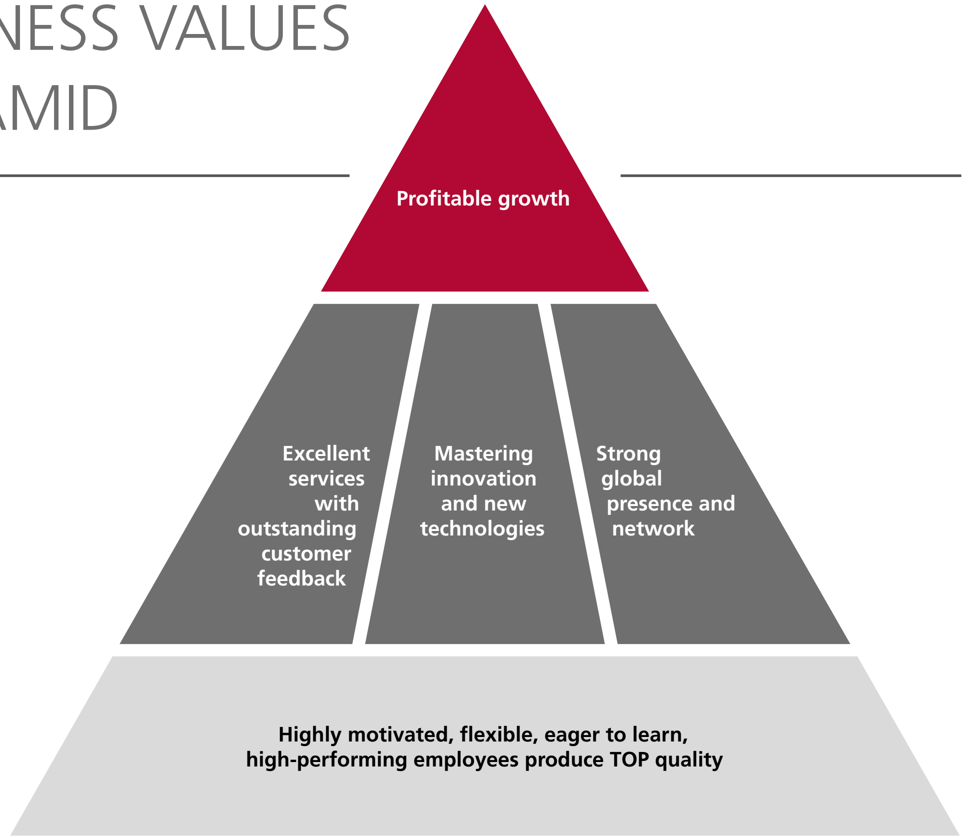
On behalf of the Supervisory Board

Thomas Eichelmann
Chairman of the Supervisory Board

BUSINESS VALUES

Business Values Pyramid

BUSINESS VALUES PYRAMID



We are the experts in the development of vehicles, production plants and the optimisation of processes.

When it comes to automobile development, what is needed is a fully integrated approach to the question of mobility. Development with passion. That's us. Our expertise includes the integrated development and optimisation of vehicles, production facilities, derivatives and modules. This has made us what we are today: the acknowledged, independent engineering experts for the automotive industry. And the business contact for the mobility of the future!

EDAG is when our mobility ideals mean re-defining the limits.

Our business values should always reflect this.

Employees who are highly motivated, flexible, eager to learn and high-performing produce TOP quality

We attach great importance to our professional development. Because our aim is to become better every day. This applies to the team as a whole and to each one of us individually.

To achieve this, we set great store on a constant willingness to learn. We are flexible, because only people with a desire to keep moving themselves - not just aimlessly, but in order to impress and fire enthusisam - can possibly further the mobility aspirations of others. And because top performance is only possible as part of a team, we expect our employees to be willing to work together to the maximum. The benefit for our customers is clear:

a high-performance, TOP level partner.

Excellent services with outstanding customer feedback

Mobility fascinates our customers. Progress in mobility creates enthusiasm. A great deal of passion often goes into developments that impress others. Our aim is not only to leave a lasting good impression on account of our work, attitude and manner, but also to guarantee a competitive edge for our customers. Outstanding feedback from highly satisfied customers is what spurs us on.

Mastering innovation and new technologies

Our work influences the future of the market. Not only do we work on current challenges, we also recognise trends and changes in the automobile industry at an early stage. We refuse to accept the status quo, since our aim is to continually improve product and production development and process quality, and it would seem that in doing so, we often manage to do the near-impossible. In this way, we deliver innovative solutions and new technologies for our customers, while ensuring that we maintain our leading position.

Strong global presence and network

Mobility is a basic global need. Just like our customers, we also display a strong global presence. However, Germany is and remains our base, since the future needs a past. As every nation has its own mobility requirements, our aim at all sites is to deliver best practice for the challenges in the automobile industry. To us, an excellent international network and dedicated teamwork are not only important, we see them as essential to achieving this aim.

Profitable growth

We also want to be among the best on the market when it comes to growth and profitability. Growth and profitability are not just claims made by the management, nor are they ends in themselves. They are a matter of common understanding between all managers and employees. Due to our inner strengths, values and scope for creative solutions, we are always discovering new opportunities for further development and improvement. In doing so, we provide constant impetus for growth, and are able to continue to develop our core services. We apply our strengths to the full, and make use of any opportunities that will promote our long-term advancement. This is the best form of sustainability, and a guarantee of the profitability of our growth strategy.

REDEFINING LIMITS
CREATING THE FUTURE

Highlights of the 2014 financial year 16

Two Become One – One Team
Integration of EDAG and RÜCKER 18

The Future is more than just one Moment 24

EDAG Genesis: Outstanding 32

Sustainable Networking of the Future 34

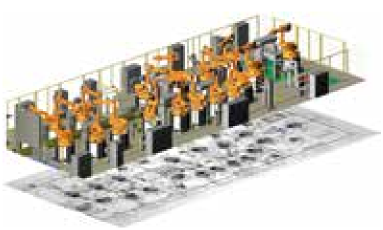
Formula Student:
Encouraging Young Talents 36

HIGHLIGHTS
OF THE 2014 FINANCIAL YEAR

Start of the project to integrate the two traditional companies EDAG and Rücker. One of the world's largest independent engineering companies in the automotive industry will come into being this year under the brand name of EDAG.

Subsidiary EDAG PS receives an order from an OEM for the general engineering of a complete CKD plant in a European country. Work began in the EDAG studio in Ismaning (Munich) on the Design Concept division's largest project to date.

For a joint venture project between two European vehicle manufacturers, EDAG accepts responsibility for the design development of two cross-over vehicles.



A component, a module or even a complete, one-piece vehicle body manufactured in a single production process? At the EDAG stand at the Geneva Motor Show, EDAG presented a futuristic vehicle sculpture, the „EDAG GENESIS", which, using the example of a bionically inspired body structure, demonstrates the revolutionary potential of additive manufacturing.

Small series production of a complete interior for a German car manufacturer.

EDAG increases its local presence in the south of Germany and opens a new facility in Mönsheim, in the immediate vicinity of our customer Porsche. The range of services to be provided includes vehicle development, computation, electrical/electronic systems and vehicle integration. By 2016, the team will have grown from 70 to over 150 employees.

The EDAG Group was accepted into the exclusive ranks of the top 100 innovators in Germany.
The award acknowledges EDAG's commitment as a think tank for innovative ideas.

The EDAG Group presents the „EDAG Integration Excellence Award" 2015, acknowledgement of the outstanding performance of the university teams that competed in the international Formula Student Award event. During the final, victory went to the WHZ Racing Team from the University of Zwickau.

The opening of the Heimerdingen facility means a further expansion of the service portfolio in southern Germany. At our premises measuring over 5,500 m², 45 employees work in the field of experimental and vehicle construction, ideally supplementing our range of services.

With more than 170 new apprentices and dual students and apprentice/trainee quota of over 9 percent in Germany, the EDAG Group continues its commitment to junior staff development.

After just eight months, one of the largest integration projects in the engineering industry was brought to a successful close. Operating under the joint brand name EDAG, a team of over 7,400 employees was formed to provide fully integrated engineering services at 70 locations in the field of vehicle and production plant development.

At the IAA for Commercial Vehicles, EDAG presented a topologically optimised commercial vehicle cab and chassis, the ultimate lightweight concept for the commercial vehicle sector. As a second highlight at the show, two Power Entry concepts were also presented - devices to make it easier for drivers to get into and out of the cab, and which can be integrated during production or retrofitted.
The EDAG Group currently maintains business relations with almost every European manufacturer of commercial vehicles.

At a ceremony in Wiesbaden attended by more than 1,000 guests, Hesse's Minister President Volker Bouffier and Economics Minister Tarek Al-Wazir awarded the EDAG Group the HESSEN CHAMPION 2014 prize (category „Innovation"). In the same month, EDAG was also presented with the silver Materialica Award 2014 for its competition entry, the „ultra-light, multi-functional housing for power electronics, manufactured using additive technology".

EDAG Production Solutions GmbH welcomes its 1,000th employee, an important milestone in the history of the company. Not only has the EDAG subsidiary successively expanded its capacity and global presence; it has also firmly established its position throughout the automotive industry as a partner for the development of complete production factories and plants.

EDAG expands activities in England, and receives an order from a local OEM for a complete derivative development project.
Following the success of the integration project, the EDAG Group looks back on an economically successful year. In 2014, the company's total revenue amounted to € 690 million, and its workforce increased to over 7,400 employees.

January February March April May June July August September October November December

TWO BECOME **ONE! – ONE TEAM**

EDAG and Rücker merged in 2014, resulting in the largest engineering company.

EDAG and Rücker. Two brand names, each of which has separately been a decisive factor in shaping the role of the engineering services industry over the last four decades. The merger of these two engineering heavyweights in 2014 marked a milestone in the company's history.
With the integration under the joint brand name of EDAG, a team of over 7,400 employees at 70 locations in Germany and abroad came into being, uniting a joint ideal: that of re-defining the limits of mobility. And in doing so, becoming the industry's largest and most exciting development partner. BFFT GmbH, an Ingolstadt-based company which joined the new EDAG Group in 2013 but will continue to be run as an independent entity, is one of the leading engineering service providers in the field of electrics/electronics development.

With its integration under company law at the end of July 2014, the parameters were set for the positive long-term development of the Wiesbaden engineering company. We have systematically geared the EDAG Group to customer requirements for wide-ranging technological competence and extensive local capacity levels, to enable us to handle major vehicle and production plant development projects with even greater efficiency. At each of the customer locations in Wolfsburg, Stuttgart and Munich, we today have a workforce of over 1,000 employees able to handle complex tasks on the company's own premises. Another result of the fusion is that we have gained new competencies and extended existing skills for the EDAG Group, e.g. in interior development and test + validation. The merger has also enabled us to acquire important new markets and customers for EDAG, in Spain and Sweden for instance, and to increase our capacities in Brazil, China and Eastern Europe.

Two cultures come together - the team building process.

Apart from being a strategically rewarding reorientation, an integration on this scale was nevertheless a challenge for the people in both companies. Two existing but different corporate cultures had to come together and jointly define themselves – in other words work together to gradually create a new, single unit.

Change processes like this do not happen by themselves, nor can they be decreed from above by the management. In the spring, therefore, we held a series of workshops in which over 100 managers from the two companies were brought together as a team, and given a platform for working out joint targets, rules and location-specific measures together. Not only did working together help to promote team spirit, it also generated mutual understanding for both of the previous leadership cultures.

For us, the team building process that was initiated at the beginning of 2014, the integration year, is still an ongoing process which has our continual support and, under the moderation of the managers, is gradually being optimised. There is already clear evidence of the teams having drawn closer together, and of a sense of unity having found its way into the workplace. A look at two body in white teams located in Munich provides a perfect example of the way in which EDAG and Rücker grew together to create a powerful team.

SEBASTIAN VORNKELLER
Age: 32
Dipl.-Ing. Maschinenbau
Employed by the EDAG Group since 2006
EDAG Team Leader
„BIW / Floor Assembly ",
Max-Diamand-Straße (Munich)

DAMIAN PORTKA
Age: 29
Maschinenbauingenieur
Employed by the Rücker GmbH since 2010
EDAG Team Leader
„BIW / Floor Assembly ",
Max-Diamand-Straße (Munich)

INTEGRATION IN **CONCRETE TERMS**

At the beginning of the integration year (2014), EDAG and Rücker each had 500 employees - competitors, or rivals, to each other - in Munich.
At EDAG's Max-Diamand-Strasse branch, Sebastian Vornkeller was responsible for his 40-strong team „body in white/floor assembly development". Just a few kilometres away, but still in the Bavarian capital, 40 Rücker employees under team leader Damian Portka were working in exactly the same field. Two teams and two rivals working for the same customers and with the same mission, who were expected to become a single entity following the fusion.
We spoke with both team leaders to find out their thoughts on consolidation.

What impression did you have of EDAG/Rücker before the integration?

Damian Portka: Of course I knew EDAG as a leading engineering service provider. The combination of vehicle development and production engineering was always something that impressed me. EDAG presented the market with a real unique selling proposition here. In the field of vehicle engineering, we were both working the Munich engineering market at a very high level.

Sebastian Vornkeller: That's exactly how we saw things at EDAG. Rücker was excellent competition in the field of vehicle development, as well as having an extensive testing portfolio. By bundling our capacities, the years of experience the employees had acquired, and above all, our individual strengths, we have considerably improved our market attractiveness and sent out a clear signal for Munich's automotive environment.

What was your initial reaction when you first heard of the planned integration?

Damian Portka: To put it in a nutshell: absolutely positive. I saw the fusion as a chance of further development for my team. After all, it opened up the prospect of having not only greater capacities to offer to our customers, but also a very wide range of engineering services from design and pre-series development to series development and test & validation.
This complete package in itself makes us even more attractive when customers are awarding large-scale orders and technologically interesting tasks. All the technical divisions will profit from this. As a young engineer, I also saw the advantage of being able to get an impression of more technical subjects and improve my learning curve.

How did you first come into contact as managers?

Sebastian Vornkeller: The integration workshops held for the managers were in fact the starting point. During these workshops, the first stages of our new, global and regional targets were defined. This was the basis on which those of us at middle management level began to derive our operative targets and especially to bundle the processes involving our customers. The regular meetings we had at the beginning of the year were a valuable experience: we got to know each other in person, and began quite simply to work together and coordinate ourselves. The extra work we put in and the structured integration process paid off: our customers very quickly came to regard us as one team and carried on their cooperation with us without any difficulties.

What were the greatest challenges that integration brought?

Damian Portka: EDAG's successful matrix organisation and ERP system were defined as standard for the new joint team, as these would both add to the efficiency of our interdisciplinary and location-spanning cooperation. The structured integration plan and training programme for the new systems helped us to find our way around the world of EDAG as quickly as possible. The recent move to a joint office was the final step towards our all working together more efficiently and directly as a team.

How is the cooperation going today?

Sebastian Vornkeller: The team members have now grown together, and see themselves as a unit. It is now quite normal for us to work together in „mixed" teams on the customer projects.

How would you describe the atmosphere today?

Damian Portka: Taking both relationships and work-related aspects into account, the fact is, we have arrived, we are part of the new EDAG. I am proud of my team; they kept a positive attitude to the extra challenges posed by the integration process, and mastered them in a very short time.

Sebastian Vornkeller: I would sum up the atmosphere as follows:
The terms „ex-EDAG" and „ex-Rücker" are almost never heard any more.
What you do hear in the corridors and offices is the word „we".

THE **FUTURE** IS MORE THAN JUST ONE **MOMENT**

TECHNOLOGY IS MEANT TO WORK. IT IS MEANT TO SIMPLIFY LIFE AND WORK AND IMPROVE THE QUALITY, CONVENIENCE AND EFFICIENCY OF EXISTING IDEAS AND PRODUCTS. IT IS MEANT TO BE ALIGNED TO THE TARGETS, NEEDS AND REQUIREMENTS OF THE MARKET. SEEN FROM THIS ANGLE, DEVELOPMENT OF AND FOR MOBILITY IS SOMETHING THAT ATTEMPTS TO MASTER THE CHALLENGES OF THE MOMENT.

At a time when the pace of development is rapidly increasing because moments are becoming shorter and the time frames for the next market trends narrower, it is becoming more and more difficult for developers to anticipate what the step after the next might be. Genuine innovation needs scope for freedom and space to evolve; aside from the obligatory tasks that are mastered for the moment, more than anything else, it needs time for testing.

At EDAG, this time for testing is something we allow for, call for, and indeed positively encourage. Not, though, simply to excite customers and markets with new ideas, products and services. Only rarely does innovation for innovation's sake pursue a goal. EDAG's goal is to improve what already exists, to optimise the technical status quo by means of development that is sustainable in the truest sense of the word. Sustainable because innovation can be seen not just in the details. But also within the context of the details. Because an innovation in a vehicle will always ultimately have an effect on its development and production, its marketing and use. And, in the interaction of these factors, it will then have an influence on the development of the society in which we live.

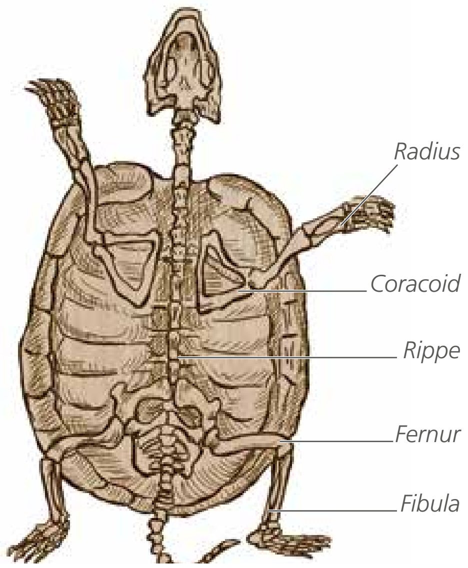
ADDITIVE MANUFACTURING

Additive manufacturing is a broad term describing the process previously often referred to as rapid prototyping, used to manufacture models, samples, prototypes, tools and finished products quickly and at low cost. This production method is based directly on computer-aided data models of shapeless (liquids, powder, etc.) or neutrally shaped (strip-shaped, wire-shaped) material, employing chemical and/or physical processes.

THE EVOLUTION OF INNOVATIONS

One example of the extent to which EDAG looks upon innovation as an essential wheel in society is EDAG Genesis, a study we presented in 2013 - a vehicle sculpture which at first glance looks like a daring attempt at anticipating a future straight out of a science fiction blockbuster. At second glance, however, the seemingly bizarre object reveals a vision of mobility that will radically change our lives.

The story behind Genesis is based on questions which have little to do with development for the moment, and more to do with improving something that moves us all: what would happen if development were no longer to adhere rigidly to the rules and blueprints of technology-oriented engineering? If you could put everything you had ever learned to one side, and completely re-think the automobile and its production? If the possibilities relating to the production of goods that are appearing on the horizon could already be put to use today? To be specific: what would happen if cars could be „printed"? And what would happen if this manufacturing freedom were to lead to people thinking in and developing design principles which, though brand new, are still tried and tested? What



MODELLED ON NATURE

The EDAG design team found their inspiration for the EDAG Genesis when watching turtles. The fact that a creature as delicate as a turtle is protected by a lightweight shell that it is almost impossible to destroy was the starting point for their thoughts on Genesis.

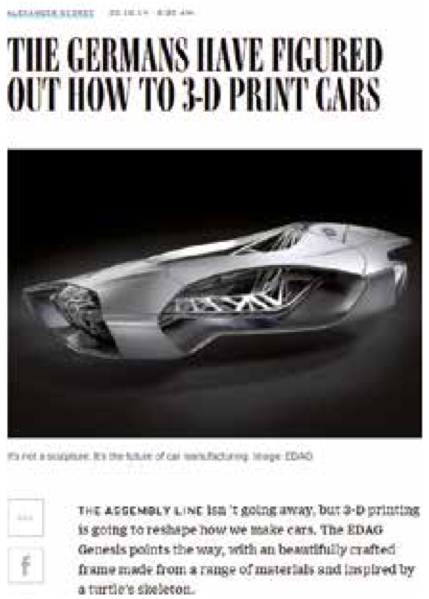
if it were possible for the tried and tested strategies of nature to be transferred directly to the car? What effect would this have on the car, production, and last but not least on our understanding of mobility?

EDAG Genesis supplies the answers: the principle of additive manufacturing puts us in a position to produce highly individual vehicles without employing conventional tools and production processes. The customised vehicle could - so the vision goes - be manufactured at the dealer's premises. A far-reaching change for classic manufacturing and logistics. And the engineering would also be different. EDAG Genesis is based on the philosophy of bionic design - the adaption of principles found in nature to form and function. Difficult though it might be to believe this, the inspiration for the sculpture was actually a turtle's shell which, in its original form, is characterised by a combination of ultra-light and extremely robust qualities. The fact that the new process enables us to adopt these principles and potential of nature is no less radical than the idea of breaking down manufacturing dogma itself. Who will need factories if they have a 3D printer in the future?

TWO **FUNDAMENTAL** PARADIGM SHIFTS

Not only in production does additive manufacturing open up new ways of increasing efficiency. The styling and design of products, automobiles in particular, will undergo dramatic changes in the future. One thing is clear: if cars can literally be „printed out", then there will no longer be any call for metal drawing tools and dies. The restrictions imposed on design by classic manufacturing methods will no longer count.
Suddenly, it will be simple to create the most complex of shapes - there can be a complete rethink on the stability and lightweight qualities of cars. And what could be more appropriate than to turn here to forms and designs that have stood the test of millions of years?
Bionics - the application of biological phenomena to engineering - is not a new design principle. But nevertheless it was still not possible to put it to unlimited use in the past: free though nature may be, technology has always had its limits. Of course Leonardo Da Vinci applied the principle of a bird's flight to machinery, and tongs were of course inspired by a crab's claws, as were suction cups by the octopus and Velcro fastenings by the burr. But whereas it was previously only possible to take a principle and translate it into engineering, today's additive manufacturing means and methods make it possible to take entire structures and use them. The EDAG Genesis is proof that this can be done.

That EDAG Genesis is more than just a one-day wonder can be seen from the media reaction it has generated. Feedback from all around the world - and not just from the technical press alone - is giving the message loud and clear: not only EDAG sees the potential of these ideas: the potential that shows that the future is being re-written here. A realisation that encouraged developers more than ever to step up their efforts to advance this newly discovered path towards the automotive future. A realisation that encouraged developers more than ever to step up their efforts to advance this newly discovered path towards the automotive future. If all they had been interested in had been just one single moment in time, in providing a brief, thought-provoking impulse, then the teams in Fulda, Wiesbaden and at the other EDAG facilities could have more than contented themselves with the murmur that went through the worldwide media. And when highly frequented technology blogs such as Wired bow down in respect, dedicating an extensive article entitled „The Germans finally figured out how to print cars!" to the developers, that might have been as good a time as any to go back to concentrating on day-to-day business, to banish the sculpture to the foyer of the busy head office, and devote our energies to obligatory tasks, affairs of the moment, day-to-day business. But if we had done, what difference would we have made, what would we have changed? Where would the influence of EDAG's thoughts on the status quo be then, the move towards something better?



THE GERMANS HAVE FIGURED OUT HOW TO 3-D PRINT CARS

It's not a sculpture. It's the future of car manufacturing. Image: EDAG

THE ASSEMBLY LINE isn't going away, but 3-D printing is going to reshape how we make cars. The EDAG Genesis points the way, with an beautifully crafted frame made from a range of materials and inspired by a turtle's skeleton.

TECH BLOG WIRED

Wired is regarded as the most important international technology magazine, and one of its claims to fame is that it coined the term „crowd sourcing".

THE **EVOLUTION** OF EDAG'S EVOLUTION

Genesis was not so much an aim as a landmark, a trend-setting milestone which, in spite of its visionary, almost utopian character, will influence many further developments, the afore-mentioned moments. And already has. Because the next stage of Genesis, the development of the development, was no less staggering for the sector - in a thoroughly positive sense.

Cue Genesis 2.0: the starting point for the next development stage was the question of how it might be possible to put the findings from Genesis to good use in the automotive engineering of today. So that they might influence the moment. And help the sector to develop further. Particularly for lightweight construction, which is one of EDAG's main focuses of development, additive manufacturing is a source of virtually inexhaustible potential - as complex structures can be „printed" in one piece, there is no longer any need for connection elements, for instance, which normally add to the weight. However, the real saving with Genesis was not so much in the material as in the structure itself. The central realisation that structures with a basic design inspired by nature are simply more stable and weigh less led to a new approach for the design of the outer skin for the next evolution stage. Thanks to the tool-free production solutions offered by additive manufacturing, it is very easy to create designs which are so complex that it would be impossible to produce them using standard manufacturing processes. And if a turtle's shell just happens to be the strongest and - above all - lightest form of „passenger safety" for the extremely sensitive turtle, what could be more reasonable than to transfer the structure of the shell to the automobile - this was in fact the template for the structure of Genesis. And the central insight on which the development of the no less spectacular successor, the EDAG Light Cocoon, was based.

With EDAG Light Cocoon, the idea was to show that not only will it be possible for bionic design to be applied to complete vehicle bodies in the near future, but that it can already be applied to structural parts. And that the benefits and added value of this design process more than justify its rapid integration into current automobile development. With this in mind, the engineers took the classic, tried and tested structure-providing surfaces of existing vehicles, crossed them with the principles of nature, sought inspiration in leaves and bats' wings, and, by „crossing" the two, came to the realisation that there is no reason why a car body should be regarded as a closed surface. Instead, an approach was adopted in which material was only actually used in areas where it was necessary for function, safety and stiffness. This means that the sheet metal surfaces that typically make up the outer skin of a vehicle were broken up. The result: the „EDAG Light Cocoon" presents the same kind of stable, branch-like load bearing structure that can be seen in nature.

This outer skin or structure that EDAG produced for the Light Cocoon using a 3D printer weighs considerably less than anything that is currently rolled and formed from metal. For the first time ever, lightweight design makes it possible to think in completely new dimensions.

The structure of the agile EDAG Light Cocoon vaguely resembles the inside of a beehive - which creates something of a problem: no matter how light and protective this stable volume skin might be, it would be unsuitable for road use for the simple reason that it is not weather resistant. The question was, therefore, how to go about protecting the interior while still showing off the refined structure of the car. The question was, therefore, how to go about protecting the interior while still showing off the refined structure of the car.

Admittedly, the idea of covering cars with fabric has a polarising effect - but in the case of the EDAG Light Cocoon, it does make sense. A durable, weather-resistant fabric was developed in cooperation with outdoor clothing specialists Jack Wolfskin, to provide an elegant cover for the vehicle's printed volume skin. This is not just some aesthetic gimmick - although LEDs are used to illuminate the structure of the show car from the inside, so it really is possible to see what the skeleton looks like - but the main reason for using the material is not so much for show as for its efficiency. The flexible cover weighs just 19 grammes per square metre. To compare: standard paper weighs in at 80 grammes per m². And apart from the reduction in weight, the whole thing is sustainable from other points of view: no more paint, absolute freedom when it comes to design and individualisation.

FINDINGS AND DEVELOPMENTS. FOR A **MOBILE FUTURE**

No-one can really say whether or not we will see fabric-covered cars on the street in a few years' time. What does seem very probable, though, is that there will soon be cars with surfaces that have „come out of the printer". Additive manufacturing processes are no longer a trend, they are a fact. Not only EDAG has spotted the benefits for the automotive industry. The ability not just to create a visionary image of the change this development heralds, but to produce concrete concepts to make it tangible and controllable - perhaps this is what makes EDAG special. Whether we are talking about cars,

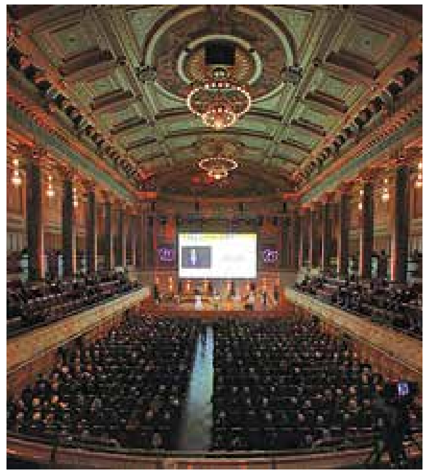
JOHANNES BARKMANN
DEPARTMENT MANAGER
DESIGN STUDIO

trucks from the printer or networked multi-media car sharing concepts, or other future-looking subjects: at EDAG, every vision, every innovation has its use. Admittedly, a use that emerges out of the moment, but the development of which is forward-looking, keeps an eye on sustainability, making the future tangible for the moment and its consequences. Simply initiating and moving things is not enough. The thing is to keep the movement in motion.

This principle of thinking beyond the present moment says a great deal about EDAG's attitudes and values. With the principle of carrying out development activities not just for development's sake, but to bring about something new. To improve technology to such an extent that it will enrich our lives long-term. And, as we said at the beginning, this needs scope for freedom and space. Scope for freedom to think, to act, to see, to understand. Scope which is consciously created at EDAG, efficiently used and continually expanded. Scope for freedom which makes the difference between a fleeting development just for the moment, and the development of an innovation that will have a tangible impact. An impact on matters important not just to engineers, but to all of us.

EDAG **GENESIS:** OUTSTANDING!

WE ARE HESSEN CHAMPION 2014 IN IN THE CATEGORY "INNOVATION"



There is a bit of EDAG in almost every car. Every day sees us working on innovative, quality solutions for our customers - always employing the ultimate in state of the art technology. As an engineering company, however, we are not always in a position to present our activities to the public or attach our own label to them. The most impressive evidence of our motivation or ambition of never being satisfied with standard quality and always looking to the future is provided at the Geneva Motor Show, where our concept cars can be presented under our own name and our capabilities effectively displayed to the general public. All the more gratifying when our visions for the mobility of the future receive not just the notice but also the acclaim of our customers and the general public. As was the case with the „EDAG Genesis"! Apart from the countless publications that have appeared in print and online media, we are particularly proud to have been awarded the HESSEN CHAMPION 2014 prize (category „Innovation") for the „EDAG Genesis" by Hesse's Minister President Volker Bouffier and Economics Minister Tarek Al-Wazir at an event in Wiesbaden attended by more than 1,000 guests on 28.10.2014. The jury - well-known Hessian representatives from the worlds of business, research, politics and the media - presented awards to innovative companies in Hesse that are world leaders in their fields or have developed new concepts, products or processes. Apart from the HESSEN CHAMPION 2014 prize, the EDAG Group also received a number of further awards for the „Genesis", including the German Design Award, the IF-Design Award and the Lünendonk Award. These awards underscore our capabilities as an innovative engineering company in the automotive sector.

SUSTAINABLE NETWORKING
OF THE **FUTURE**

NETWORKING IS ONE OF THIS DECADE'S MEGATRENDS. EDAG IS THEREFORE WORKING INTENSIVELY ON THE TASK OF NETWORKING MOBILITY TRENDS. THE CONNECTION BETWEEN SMARTPHONE, CAR AND POWER SUPPLY IS CURRENTLY OCCUPYING TWO COMPETENCE CENTRES THAT DEAL EXCLUSIVELY WITH ELECTRIC MOBILITY AND CAR IT.

There can be no doubt that the future belongs to alternative drive systems and especially to electric mobility. So far, however, implementation seems to be sluggish. The main reason for this is the lack of any standardised infrastructure: after all, if you are going to drive an electric vehicle, you need to be able to charge it.
Wherever you are when you need electricity. „The sector is pursuing two approaches at the moment," says Heiko Herchet, car IT and e-mobility expert at EDAG. „One is slow charging via the domestic power socket, while the other is the development of an entirely new standard that will allow faster charging. Neither concept rules the other out, though both need to be optimised - after all, we are also talking about the matter of safety here." The EDAG Competence Centre for Electric Mobility is currently not only working on such standards and the related safety aspects, but is also already trying to incorporate new developments, such as wireless charging.
The aim is to make these approaches ready for production and to act as a mediator between the energy industry and the vehicle manufacturers.

The two competence centres are working hand-in-hand on visions that will bring the smartphone, electric drive systems and mobility together. One idea is that the smartphone could help people to search for and reserve charging stations for their vehicles. And another idea we are thinking about is the urban trend of intermodal traffic. Taxi services via app, combinations of bus and rail transport with rental and car-sharing vehicles, and last but not least car and bike-sharing are already reality in urban areas. This communal mobility presents both the urban infrastructure and providers and manufacturers with new challenges - what happens with regard to the parking situation, where can vehicles be fuelled or charged, and above all, how are these systems and providers linked to each other? Questions that are being dealt with in an innovation network with representatives from the fields of politics, industry and science, with urban planners, energy providers and operators. The EDAG competence centre proved that solutions are possible several years ago, with the idea of the „EDAG LightCarSharing" - a vehicle that is tailored to the needs of car-sharing and currently serves as a proposition for the development of new concepts and their integration into future urban transport scenarios.

Whether or not these developments and ideas will come into effect, and if so how, is still unclear. The one thing that is clear is that our lives and mobility behaviour are changing - due to networks, new technologies and smartphones. It is only a matter of time. And the good ideas being worked on by EDAG.

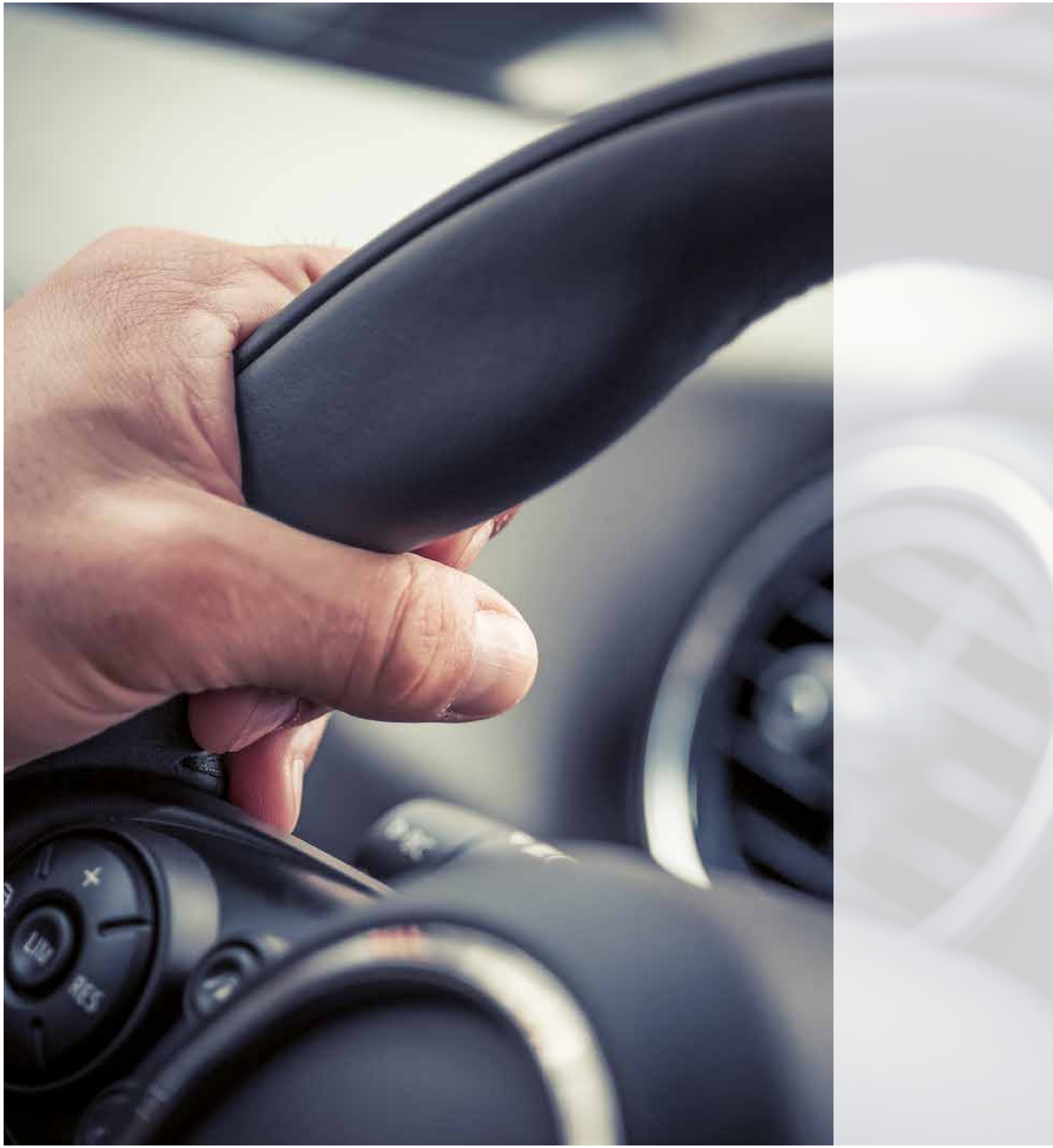
FORMULA STUDENT: **ENCOURAGING** YOUNG TALENTS

IF, IN LATE SUMMER, THE ROAR OF ENGINES CAN BE HEARD AT THE HOCKENHEIMRING, IT IS NOT NECESSARILY FORMULA 1 PILOTS WHO ARE OUT THERE. ONCE A YEAR, THE PEOPLE WHO WILL LATER BE BUILDING WHAT EXCITES MILLIONS OF MOTOR SPORTS FANS HAVE THE CHANCE TO TAKE TO THE TRACK THEMSELVES.

Formula Student has been the international design competition for students since 2006. The aim is to design and construct a one-seater racing car within a year, and then compete in it against teams from all around the world in a 5-day event. The point of the competition is not, however, to find the fastest car, but the team with the best implementation in design, racing performance, financial planning and marketing - the competing students are expected to look at all facets of automotive development. Besides aspects such as performance, handling and design, safety also plays a major role in the design of the competition entries. Due to the fact that the cars that will be competing in the challenging and hard-fought races are often prototypes, extensive crash testing and simulation must first be carried out. A central element of the design, and one which needs to be tested separately, is the so-called crash box, which provides the driver with the best protection possible in the event of a head-on crash. One of the basic Formula Student rules is that this part of the crumple zone must pass a separate function test - and computer simulation will just not do. When it comes down to it, the crash box must also withstand a real impact test. And the right experts and technical equipment need to be at hand for it to be carried out as effectively as possible. A case for EDAG.

Part of the standard equipment of design engineers working on crash tests and simulation is the drop tower. A test stand that can be used to test cockpit parts by dropping them from a height of 6 metres at drop speeds of up to 36 km/h, to reconstruct a crash under realistic conditions. And this drop tower, which has been in operation for three years now, is no longer made available to only the major car manufacturers, but also to the young talent in the automotive world. Every year, to show our commitment to the Formula Student competition, we invite the teams from all around the world to register for the test series before the competition takes place, and have their crash boxes tested to ensure that they conform with the rules and are safe.

The special thing about this is the lively interaction that goes with it. When the prospective engineers have the assistance of both the equipment and the experts, the effort is doubly worthwhile. This year alone, 16 teams registered and made good use of EDAG's test equipment and the know-how of the development engineers. In the end, all the participants' crash boxes passed the preliminary tests - not least because it was possible to give the students useful tips on how to optimise their designs. And teams can register for the test series again next year.



JOINT MANAGEMENT REPORT

Basic Information on the Group 40

Financial Report 50

Subsequent Events 65

Forecast, Risk and Reward Report 65

Dependent Companies Report 78

Disclaimer 78

1 Basic Information on the Group

1.1 Business Model

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.

EDAG Engineering GmbH is the largest independent engineering partner to the automotive industry, and specialises in the development of vehicles, derivatives, modules and production facilities. Our special know-how is in complete vehicle 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.

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 70 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 (in short: VE) consists of services along the vehicle development process as well as responsibility for derivative and complete vehicles. The key customers are the vehicle manufacturers and their suppliers. 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 as well as large-scale interdisciplinary module packages, partially including the international integration of subsidiaries, are managed in our Project Management department.

Presentation of the Production Solutions Segment

PRODUCTION SOLUTIONS

This segment handles the development and implementation of production processes.

In our „Production Solutions" segment, in our role as an all-round engineering partner, we are responsible for the development and implementation of production processes at 21 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 white body 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 well as 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.

In our „Electrics/Electronics" segment, we carry out the integration of new electrical/electronic components and modules in sustainable vehicle concepts and also focus on the key theme of energy in the vehicle. The E/E Vehicle Engineering department takes full responsibility for the functional development in derivative and complete vehicle projects, through to the commissioning, validation and the approval process. In our Engineering Services division we support development projects with professional and experienced employees. In doing so, our range of services starts from small-scale orders through to complete development packages. In Systems Engineering, we develop systems on behalf of our customers and manufacture our own niche products, focusing here on measuring, controlling and regulating the energy in the vehicle.

1.2 Targets and Strategies

The end customer'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 competence centres: „Lightweight Construction", „E-Mobility" and „Car IT". All of EDAG's divisions use these as drivers for innovation, or as incubators. On the strength of this concept, EDAG was voted one of the 100 most innovative companies in Germany by the German Forum for Middle Market Businesses in 2014.

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.

AUTOMOTIVE TREND-SETTERS

Typical trend-setting developments during the previous reporting year were autonomous driving, comfort, connectivity and sustainable mobility concepts.

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.

Bundling the Group's Engineering Activities

The year 2014 was marked by the integration of EDAG, Rücker and BFFT into the new company EDAG Engineering GmbH. The product portfolios, global set-up and allocation of competences to the local customers' sites complement each other perfectly. More than anything, customers are to benefit from this bundling of resources and competencies. This will enable us to cover fields of competence more effectively, and in particular to work together with customers on major projects (e.g. module or complete vehicle development).

In Germany, we have significantly increased our workforce: at our sites in Munich, Ingolstadt, Stuttgart and Wolfsburg, we now have up to 1,000 employees to deal with customers' orders.

Expansion and Development of International Facilities

We also have a broader international basis. Our presence in Spain has been considerably increased. We now employ some 450 engineers there. In addition, we have also expanded our presence in Sweden, Eastern Europe and Switzerland. Outside of Europe, the greatest benefit from the integration has been felt by the sites in India, China, the USA, Mexico and Brazil.

Strengthening of Leading Position as Knowledge and Technology Partner

In 2014, the company's high level of technological competence enabled us to expand EDAG's role as a knowledge and technology partner to the automotive industry. Our objective is to extend our know-how network with universities, technology start-ups, manufacturers of semi-finished products and other experts, and in this way push ahead with the realisation of complex technologies for automotive OEMs and their system suppliers. Here, too, EDAG's competence centre concept plays a key role. Technological projects such as „EDAG Genesis" and „EDAG Light Cocoon", projects presented at recent Geneva Motor Shows, underscore the role of the company and strengthen the competitive edge we have over competitors.

Focus on Training and Staff Development

A leading position in the fields of know-how and innovation cannot be maintained in the long term unless suitable staff development measures are guaranteed. For this reason, the education and ongoing training of all employees is not simply standard in the company, but a firmly integrated element of our brand essence „improvement". They benefit

TRAINING

Our apprentice/trainee quota was 9.2 percent in 2014. EDAG received the „Top Automotive Employer" award.

from an extensive qualification programme and a diversified range of training opportunities aimed at the continual improvement of not just their technical skills but also their leadership qualities. This serves to strengthen our competitive position with customers.
In 2014, we had an apprentice/trainee quota of 9.2 percent. The company invested heavily in training and staff development measures during the past reporting year. As in previous years, EDAG Engineering GmbH was again awarded the coveted prize „Top Automotive Employer 2014" for its excellence as an employer. The company took first place in two disciplines: „development opportunities" and „corporate culture".

E/E FOCAL POINTS

Subsidiary BFFT in Gaimersheim near Ingolstadt provides strategic reinforcement for the electrics/electronics segment.

Strategic Expansion of the Electrics/Electronics Division

Vehicle electronics will in the future be one of the major innovation drivers. It already accounts for a large proportion of the added value in the automotive industry today. In order to be able to participate in this development, competence was built up in the Electrics/Electronics segment last year, particularly in the fields of E/E architecture and power electronics. In the electrical system environment development, we are a full service partner to vehicle manufacturers and their system suppliers. In addition, this segment has been further strengthened by the subsidiary BFFT, which specialises in electric and electronic development, and covers future-oriented areas such as driver assistance systems and infotainment.

1.3 Internal Management System

A responsible company management that has the aim of achieving a sustainable increase in the company's value calls for the use of a control system. The management of the individual companies is subject to the same principles as the Group, and is based on IFRS standards. On account of its large contribution to the Group's added value, the same statements with regard to corporate management and strategy that apply to the EDAG Group also apply to EDAG Engineering GmbH.

To this end, EDAG has also drawn up group internal regulations for the handling of compliance and risk management, and defined financial and non-financial performance figures which display the value system, performance and success of the company. In the following, we first go into the management process, and then describe the key performance figures of the EDAG Group.
The starting point for controlling the EDAG Group is the annually prepared budget and medium-term planning. This serves to illustrate and safeguard defined targets and long-term strategies from both a technical and an economical point of view. This involves identifying developments on the market and in the segment, then taking these as the basis for defining anticipated new order volumes from which a sales revenue and earnings plan is derived. Further integrated components are the staff, investment and financial planning based on this.
The budget in the first year is planned across individual months, and is binding. Every month, this budget is compared with the actual figures realised, and any deviations analysed. If necessary, plans of action are drawn up to safeguard the budgeted targets. While taking the actual values that have already been realised, current estimates for the remainder of the year and any chances and risks reported into account, the projection for the current financial year is adjusted in a forecast. The validity and attainability of the operative targets for the current financial year are therefore at the centre of ongoing controlling operations.

To implement the control process at EDAG, the following central key performance figures have been defined on the basis of figures in accordance with IFRS:

- Sales revenues / Sales revenues and changes in inventories
- (Adjusted) EBIT and EBIT margin

Sales revenues are the financial reflection of our market success. The adjusted EBIT, i.e. earnings before tax, interest and special effects, is indicative of the economic success of our company, and is the Group's central management parameter. The EBIT margin is calculated from the relationship between the operating profit (EBIT) and sales revenues and changes in inventories, and helps to compare the performance of the segments, subsidiaries, technical divisions and profit centres.

Alongside the central key performance figures, the following performance figures are also analysed:

- Incoming orders / orders on hand
- Number of employees
- Productivity / capacity utilisation
- Investments

The incoming orders and orders on hand serve as early indicators for changing market requirements and demand patterns. They are indicative of the anticipated sales revenues for the following quarter. The number of employees is a measured variable for the achievement of growth targets. It is important here to keep a watch not only on the number of new appointments to the technical divisions and subsidiaries, but also on fluctuation. Productivity is defined as the quotient obtained when the hours worked on customer projects is divided by the available target hours of our employees. As it highlights utilisation peaks and deficiencies, it is an important element for managing our technical divisions and group-wide resources. The EDAG Group makes targeted investments to safeguard its innovative strength and capacity to compete. Every month, reports are presented comparing their development with the plans, and adherence to the budget is monitored.

1.4 Research and Development/Innovation

Research and development is per se a definition of the business activities of EDAG Engineering GmbH. In 2014, the company's integrated portfolio of services and skills relating to the development of vehicles, modules and production facilities, from concept to start of production, enabled EDAG once again to successfully participate in the ongoing trend of the global model and technology initiatives launched by the leading vehicle manufacturers. The strategic advancement of market-relevant technological subjects and the continual development of competencies and engineering activities in the vehicle engineering, electrics/electronics and production solutions segments were the focus of the company's innovation strategy and company management during the reporting year. In its pre-competitive and project-independent research and development, EDAG's various competence centres continued to work on their own particular future-oriented areas, namely „lightweight design, materials and technologies", „electric mobility" and „car IT"; the company also intends to set up similar facilities for the area of „light and sight".

In the reporting year, research and development expenses amounted to € 2,403 thousand (2013: € 1,605 thousand).

Lightweight Construction, Materials and Technologies

The car of the future will have to meet new requirements. To facilitate optimum fleet consumption and cut CO_2 emissions, vehicle bodies will be required to weigh less, possess a high degree of rigidity for better handling, and meet the requirements of demanding crash load cases. Thanks especially to intelligent lightweight design in hybrid construction, vehicles can weigh around 100 kg less than their predecessors, depending on which segment they belong to. In addition, weight savings of a further 10 - 20 percent are possible in the vehicle body and add-on parts.

With the support of EDAG experts, many manufacturers have already succeeded in bringing about a weight reduction. As keeping manufacturing costs at an acceptable level is always an issue with lightweight construction, the wide variety of lightweight technologies available makes optimisation a complex issue for the OEM. Only a very few independent engineering partners such as EDAG can make an economical assessment of the cost-effectiveness of innovative lightweight design solutions, and advise the manufacturers accordingly.

LIGHTWEIGHT DESIGN

EDAG is one of only a few engineering partners capable of assessing the economic viability of innovative lightweight production solutions and of advising manufacturers on this future-looking subject.

E-MOBILITY

EDAG promotes a holistic approach to e-mobility by building up the areas of energy management, modern E/E architectures and networking.

Electric Mobility

The theme of the electric mobility division in 2014 was „electric mobility goes into production". Some 15 models with electric drive systems are available in Germany today. Great advances have been made towards low-emission and even emission-free mobility. In this field, EDAG has established its position as a technology expert with all manufacturers and system suppliers, and can already look back on a number of successful projects dealing with power electronics, the connection of electric vehicles to the infrastructure, and battery integration.

EDAG sees further technological trends in energy management, new E/E architectures and the networking of electric-powered vehicles, and is continuing to develop the competencies required by our customers. Our aim is to guarantee a fully integrated concept for the development of electric vehicles.

CAR IT

EDAG founded its new Competence Centre for Car IT to concentrate networking competencies.

Car IT

When it comes to networking, not only electric vehicles offer the customer added value. With the legal requirement for an emergency call system to be installed in every new vehicle from 2015 on, there is already a connection with the infrastructure, and this marks the starting point for new functions. EDAG founded a further competence centre last year, to serve the growing trend of including IT systems in automobile development. The Car IT Competence Centre bundles all previous activities in this area, and is the basis for a systematic build-up of competencies in a field ranging from the networking of vehicles to autonomous driving.

In the future, therefore, EDAG will be able to handle not only embedded software/hardware development, but also application development, visualisation, the integration of database systems and all safety aspects, and in this way be a partner in this field of international automobile development, too.

PRODUCTION ENGINEERING

EDAG Production Solutions continued to expand its integrated engineering competencies.

Product and Process as a Unit

With a view to our unique selling proposition, acknowledged throughout the engineering market, of providing development and project competence, the company management pushed ahead with the expansion of competencies in global networked engineering in 2014. One focal point was the completion of the portfolio and the optimisation of the systematic interface management and concurrent continuous project management in the completion of project packages at various local sites. Our principle of production-optimised solutions provides a faster start of production with fewer start-up problems at any location in the world. In the reporting year, major orders were again acquired for what is known as a networked engineering project, responsibility for which is in EDAG's hands - from product development, through factory and production planning, to production-related support across all disciplines, including all interfaces.

With the aim of speeding up commissioning, another aspect on which we focussed was the further development of virtual commissioning. Operationally carried out by our subsidiary EDAG Production Solutions, new applications were applied in various projects; these will in the future enable the digital validation of systems to be carried out even more quickly, and also promise to reduce time spent on-site by up to 50 percent. In 2014, business was expanded with the launch of a newly developed hemming machine and support with the automation of fibre composite design concepts.

ADDITIVE MANUFACTURING („3D PRINTING")

This future-looking subject opens up new business opportunities for EDAG in connection with the integration of these innovative manufacturing process chains.

Additive Manufacturing

After consumer printers for 1,000 euros have conquered the market, industrial applications will follow. Generative manufacturing processes or additive manufacturing will leave rapid prototyping behind, adding a new dimension to the classical manufacturing methods and strongly influencing the lightweight design of the future.

The great potential of additive manufacturing inspired EDAG to join well-known experts in defining and analysing the current status quo of the latest technologies, and then assessing the extent to which it might be possible to use them in vehicle development and production.

Evolution in process speed, construction volumes and automation engineering gives rise to expectations of an exponential increase in productivity in the next 10 to 20 years. The development process chain - from performance specifications and topological analysis, function development and production-oriented design through to bionic component design - which this technology will make possible has not yet been established, and is still very time-consuming. Additive manufacturing process have not yet been integrated in the manufacturing process chain, which points to an engineering business opportunity for an independent design engineering company like EDAG.

In 2014, EDAG's designers and lightweight design experts were inspired by the vision of a full-scale, additively produced vehicle body made of a high-performance material that is both affordable and structural, as additive manufacturing is a future technology that will bring about ground-breaking improvements:

- an increase in material and resource efficiency
- an increase in the economic viability of complex products
- a reduction in damage to the environment.

2 Financial Report

2.1 Macroeconomic and Industry-Specific Conditions

MACROECONOMIC DATA

Global economic growth 3.3 percent
Euro area growth: 0.8 percent
GERMAN GROWTH: 1.5 percent

Basic Conditions and Overall Economic Development

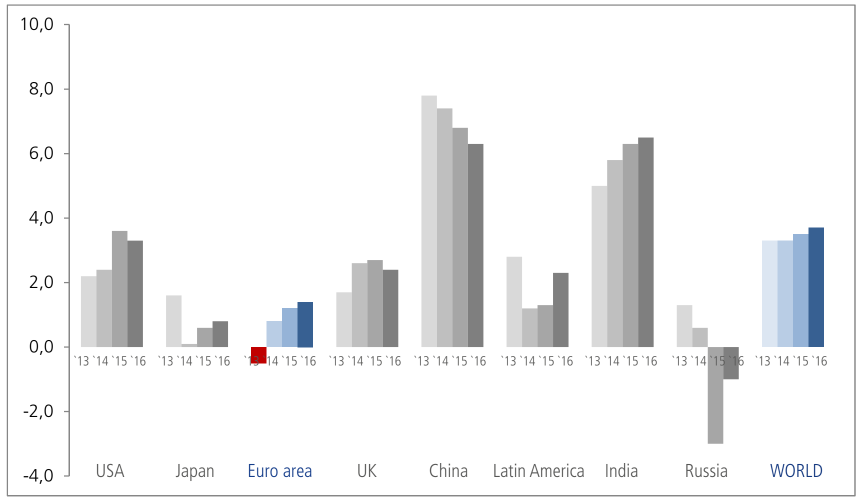
The company benefited from overall stable general conditions in the reporting year. As in the previous year, the world economy exhibited 3.3 percent growth in 2014. In China, GDP increased by 7.4 percent. The Japanese economy stagnated (+0.1 percent). Particularly positive growth rates were recorded in India (+5.8 percent) and the USA (+2.4 percent).

The euro zone's growth rate in 2014 was 0.8 percent, following a negative value of -0.5 percent in the previous year.

The German economy grew by 1.5 percent last year. This was significantly more than in 2013, when an increase of 0.2 percent was achieved. The German export industry successfully maintained its competitive position in 2014. Despite political tensions in the Ukraine, Greece and the Middle East, exports increased significantly when compared to 2013.

Growth forecasts 2015/2016

Change of GDP in percent



Source: IWF, World Economic Outlook January 2015

Automotive Industry Development

In 2014, a total of 73.8 million new vehicles were sold worldwide. This was about 4 percent more than in the previous year.

The largest auto market last year was China. 18.2 million units were sold there. This resulted in an 11.9 percent increase compared to last year. The United States also recorded a significant increase in vehicles sold from 15.6 million to 16.5 million units (+5.8 percent).

Sales in Germany, Japan, India, Great Britain and France roughly remained at last year's level. In Russia and Brazil, however, sales declined.

The most important car markets worldwide

Sales of passenger cars in thousands	**2013**	**2014**	**Forecast 2015**	**Forecast 2016**
China	16,304	18,245	19,486	20,752
USA	15,582	16,450	17,042	17,213
Japan	4,562	4,750	4,600	4,646
Brazil	3,580	3,280	3,240	3,305
Germany	2,952	3,035	3,040	3,080
Russia	2,777	2,400	2,300	2,400
India	2,554	2,530	2,610	2,727
UK	2,265	2,478	2,543	2,546
France	1,791	1,815	1,820	1,875
Rest of the world	18,677	18,766	19,301	20,001
World	**71,044**	**73,749**	**75,982**	**78,545**

Source: CAR University Duisburg-Essen

ENGINEERING MARKET DATA

Growth rate: 5 - 6 percent p.a.

The trend was towards awarding complete contracts and larger development packages

Market consolidation of international project scenarios

Development of the Engineering Market

The rapid technological development of the vehicle and its development process is heavily stimulating the market for engineering services now. The volume of engineering services externally awarded by the automotive OEMs will also increase beyond 2014. Studies currently anticipate a 5-6 percent global growth rate (Roland Berger Strategy Consultants). Last year's trend was in overall contract awards or larger development packages in the form of service contracts. This type of outsourcing is a logical reaction whenever an increase in vehicle derivatives occurs in order to be able to reduce the incurred administrative overhead of external services. Last year's public discussion on employment relationships in bogus temporary employment acted as an additional driver of this development. A consolidation of the market could be felt under these general conditions since market players must have a certain size or excellent specialist knowledge in order to continue to assert themselves and, moreover, be packageable as well. Likewise, great flexibility with regard to international project scenarios is increasingly required.
All of EDAG's segments are very well prepared both in terms of any technological challenges and any challenges of the market.

2.2 Financial performance, cash flows and financial position of the EDAG Group in accordance with IFRS

DATA ON THE RESULTS OF THE EDAG GROUP

Incoming orders: € 742.2 million
Total operating performance: € 689.7 million Orders on hand in 2014: € 310.8 million

Financial Performance

The EDAG Group's development in fiscal year 2014 moved forward characterised by continuity in growth and earnings. The reporting year was marked by a repositioning of the Group with the merger of the major German companies as EDAG Engineering GmbH as well as a focus on the core business. Overall, the figures in the financial year are represented as follows.

For the fiscal year 2014, the EDAG Group generated incoming orders amounting to € 742.2 million, which, compared to the previous year (2013: € 639.0 million), represents an increase of 16.2 percent. Sales revenues and changes in inventories was increased in 2014 by € 57.3 million to € 689.7 million or by 9.1 percent compared to the previous year (2013: € 632.4 million). Due to the stronger growth in incoming orders, the order backlog in 2014 was increased to € 310.8 million, which constitutes a solid basis for the coming financial years.
Materials expenses increased by 10.4 percent to € 115.8 million. The material cost ratio amounting to 16.8 percent changed only marginally in the past fiscal year compared to the previous year (2013: 16.6 percent).

EDAG GROUP EMPLOYMENT DATA

Workforce: 7401
Staff recruitment: 595
(Equivalent to 8.1 percent)

The EDAG Group's personnel expenses increased by € 31.1 million to € 417.3 million compared to the previous year. The ratio of personnel expenses in relation to sales revenues and changes in inventories, which stood at 60.5 percent, fell compared with the previous year (2013: 61.1 percent), which is attributable to efficiency gains and reflected in higher sales revenues and changes in inventories. The reporting date headcount (employees including trainees) at year's end was 7,401 employees (2013: 7,306 employees). Adjusted for the company divestitures of the Rücker Aerospace companies (212 employees), EKS InTec GmbH (62 employees), Wolfgang Rücker Ges.mbH, Vienna (30 employees) and EDAG Werkzeug + Karosserie GmbH (196 employees), the amount of new hires, incl. trainees, as of 31st December 2014 was 595 employees, which represents an increase of 8.1 percent.

Depreciation, mortization and impairment decreased slightly in relation to the Sales revenues and changes in inventories to 3.7 percent (2013: 4.0 percent). The ratio for other operating expenses in relation to sales revenues and changes in inventories was 14.8 percent and thus slightly below last year's level (2013: 14.9 percent).

DATA ON THE TRADING RESULTS OF THE EDAG GROUP

EBIT: € 87.6 million
EBIT margin: 12.7 percent

The EBIT in the reporting year increased significantly by € 49.1 million to € 87.6 million compared to last year (2013: € 38.5 million). An EBIT margin of 12.7 percent was achieved as a result (2013: 6.1 percent). This significant increase in earnings is partly due to special factors from sales of the Rücker Aerospace companies, EKS InTec GmbH and real estate sales. Moreover, EDAG Engineering GmbH's business unit ‚Werkzeug und Karosseriesysteme Eisenach" was initially spun off into EDAG Werkzeug + Karosserie GmbH and 51 percent subsequently sold in the 4th quarter of 2014. These positive special effects from sales were diminished by restructuring expenses related to the merging of EDAG and Rücker implemented in 2014, the resulting depreciation and amortisation from the purchase price allocation and impairment to a single building that was qualified as held for sale. After adjustment for these extraordinary effects, at € 57.9 million, the adjusted EBIT nevertheless lies in absolute terms at € 8.2 million or 16.5 percent - as expected by management - above the previous year's level. The adjusted EBIT margin also increased compared to last year and amounts to 8.4 percent (2013: 7.9 percent).

The financial result for the past financial year 2014 amounted to € -10.7 million (2013: € -6.8 million). The increase in financing expenses is primarily due to the acquisitions of Rücker AG and BFFT Gesellschaft für Fahrzeugtechnik GmbH, which have only had a proportional effect in 2013. Furthermore, with a debt assumption of financial liabilities of € 40 million realised in the reporting year, the inclusion of EDAG GmbH & Co. KGaA had a negative effect on the financial result.

Development of the „Vehicle Engineering“ segment

This division benefited particularly from the good situation in the automotive industry. The trend of OEMs towards awarding larger and more complex work packages to external engineering service providers continues to grow. However, this means that a company must have a certain size in order for these kinds of projects to be implemented. The merger of Rücker and EDAG under a single roof was therefore an important step which permitted an even better position to be achieved in the market in the future. Another trend is the increased implementation of work packages on the premises of external service providers and therefore no longer directly on site at the OEM.

Incoming orders increased in the past financial year with a value of € 450.0 million by 15.4 percent over the previous year (2013: € 389.9 million). Sales revenues and changes in inventories was increased to € 417.6 million, or by 6.6 percent (2013: € 391.8 million). All in all, an EBIT of € 26.0 million (2013: € 19.1 million) was achieved for the Vehicle Engineering segment in 2014. The EBIT margin thus increased disproportionately to the sales revenues and changes in inventories, to 6.2 percent.

VEHICLE ENGINEERING DATA

Total operating performance:
€ 417.6 million
EBIT: € 26 million

Development of the „Production Solutions“ segment

In order to better cover the entire spectrum of the value chain when developing new products for the customer, another area of focus is on digitally developing and planning production plants. This core competence is bundled in the „Production Solutions“ segment in order to generate cost, quality and time potential for OEMs.

In this segment, incoming orders increased by € 29.4 million over the previous year (2013: € 85.2 million) to € 114.6 million, which represents an increase of 34.6 percent. Sales revenues and changes in inventories increased to € 106.4 million (2013: € 77.8 million) or by 36.8 percent. Overall, an EBIT of € 12.0 million (2013: € 9.0 million) was generated for the Production Solutions segment in 2014. EBIT growth could thereby keep pace with the overall increase in sales revenues and changes in inventories.

PRODUCTION SOLUTIONS DATA

Total operating performance:
€ 106.4 million
EBIT: € 12 million

Development of the „Electrics/Electronics“ Segment

Increasingly, key issues in the development of new automotive products are connectivity, driver assistance from driver assistance systems and a growing environmental consciousness that manifests itself in the development of alternative drive technologies. To better position itself in these fields, the BFFT group was integrated into the group. Together with EDAG Engineering GmbH’s Electrics/Electronics department, competencies were bundled in this new business unit.

Incoming orders increased by 28.6 percent the past fiscal year (2014: € 130.2 million) compared to last year (2013: € 101.3 million). Sales revenues and changes in inventories reached a value of € 123.8 million (2013: € 98.0 million), which represents an increase of 26.4 percent. In the EBIT, the Electrics/Electronics division increased from € 6.6 million in 2013 to € 8.2 million in 2014, which represents an increase of 25.3 percent.

ELECTRICS/ELECTRONICS DATA

Total operating performance:
€ 123.8 million
EBIT: € 8.2 million

Cash Flows and Financial Position

EDAG Group’s statement of financial position total was reduced by € 20.0 million or 4.0 percent to € 484.6 million in the reporting period. On the assets side, non-current assets decreased by € 25.7 million, which was essentially due to the sale of some real estate (€ 26.3 million). For current assets, inventories decreased due to the sale of EDAG Werkzeug + Karosserie GmbH. Because of the increased output volume compared to last year, accounts receivables increased as well as future receivables from construction contracts. Cash and cash equivalents decreased by € 29.1 million due to the repayment of loan liabilities.
On the equity, liabilities and provisions side, equity increased by the annual net profit of € 59.8 million (2013: € 19.8 million). In contrast, the consolidation-related effects from the inclusion of EDAG GmbH & Co. KGaA, Fulda, and the valuation of pension benefits due to lower interest rates, reduced consolidated equity. Overall, equity increased to € 117.3 million (2013: € 102.9 million).
The non-current financial liabilities were reduced by € 35.7 million in the reporting year and the current financial liabilities reduced by € 30.7 million. Current accounts payables resulted in a build-up of € 26.8 million over the previous year due to the increased business volume.

A positive operating cash flow of € 56.7 million was achieved (2013: € 21.0 million) in the reporting year. A decisive factor for the increase in operating cash flow compared to last year was a € 36.5 million increase in earnings after taxes from continuing operations.

DATA ON THE FINANCIAL POSITION OF THE EDAG GROUP

Statement of financial position total:
€ 484.6 million (-4 percent)
Equity capital: € 117.3 million
Equity ratio: 24.2 percent

Working capital, in contrast, increased slightly, which had a diminishing effect on the operating cash flows.
Gross investment of € 25.2 million during the reporting year was up by around € 2.8 million compared to last year's level. Essentially, the investments are related to staff recruiting and were thus made to upgrade software and hardware and for site development. Proceeds from the disposal of some fully consolidated companies had a positive impact on the investing cash flow which amounted to € 30.0 million. In contrast, the assumption of debt had an impact of € 40.0 million negative within the context of including EDAG GmbH & Co. KGaA. In the financing cash flow, there was a net cash outflow of € 54.8 million (2013: cash inflow € 76.0 million). Current and non-current financial liabilities of € 31.9 million and € 35.6 million respectively could be repaid. Overall, free cash flow was increased by € 65.5 million compared to last year.

As part of a sale & leaseback transaction, essential parts of the properties were sold and leased back for the next 15 years. As a result, the other financial obligations increased significantly compared to last year.

The executive board regards the overall economic situation of the EDAG Group as good. With an equity ratio of 24.2 percent, the company has a sound financial basis, and was able to fulfill its payment obligations at all times throughout the reporting year.

2.3 Financial Performance, Cash Flows and Financial Position of EDAG Engineering GmbH according to the German Commercial Code (HGB)

Financial Performance

In fiscal 2014, the following separate legal entities were combined via mergers under the new company name EDAG Engineering GmbH: EDAG GmbH & Co. KGaA, Rücker GmbH, EDAG Rail GmbH, EDAG Aerospace GmbH and EDAG Sigma Concurrent Engineering GmbH. Furthermore, in the reporting year, the business units „Feynsinn[1]" and „Landshut[2]" were spun off into subsidiary EDAG Production Solutions GmbH & Co. KG, and the business unit ‚Werkzeug und Karosseriesysteme" was spun off into Werkzeug + Karosserie EDAG GmbH. Because of these various restructuring measures, the year under review is not comparable with the previous year. In this respect, comparisons with last year's figures adjusted in accordance with Article 265, Section 2, Clause 2 of the German commercial code (HGB) are made as follows (see notes of the single-entity financial statements).

For fiscal year 2014, EDAG GmbH achieved incoming orders of € 480.0 million, which represents a change of € 87.2 million compared to the previous year (2013: € 392.8 million). The sales revenues and changes in inventories was increased in 2014 by € 46.9 million to € 412.7 million compared to the previous year (2013: € 365.8 million). Due to the stronger growth in incoming orders, the order backlog in 2014 was increased to € 207.5 million, which constitutes a solid basis for the coming financial years.

The materials expenses increased by 16.6 percent to € 80.9 million. The materials expenses ratio of 19.6 percent increased slightly in the past fiscal year over the previous year (2013: 19.0 percent).

EDAG GmbH's personnel expenses increased by € 21.7 million to € 248.1 million compared to the previous year. By increasing efficiency, the personnel expenses ratio in relation to sales revenues and changes in inventories could be reduced to 60.1 percent compared to 61.9 percent in the previous year. The reporting date headcount (employees including trainees) at year's end was 3,980 employees (2013: 4,068 employees). After year-end adjustments by the intra-year spinoffs „Feysinn" (99 employees), „Landshut" (42 em-

[1] Product and production planning for CFRP production parts (carbon fibre reinforced plastics)

[2] Practical expert advice in the product development process

DATA ON THE RESULTS OF EDAG ENGINEERING GMBH

Incoming orders:
€ 480.0 million (+ € 87.2 million)
Total operating performance:
€ 412.7 million (+ € 46.9 million)
Orders on hand in 2014:
€ 207.5 million

ployees) and „Werkzeuge- und Karosseriesysteme" (192 employees), a net headcount increase of 245 employees results in 2014. The average headcount in the year under review was 4,156 employees (2013: 3,922 employees).

Compared to last year, depreciation, amortisation and impairment increased by € 14.9 million to a total of € 25.2 million (2013: € 10.4 million). This significant increase resulted from amortisation from the goodwill of the merger with Rücker GmbH, Wiesbaden (€ 112.1 million) and the hidden reserves (€ 8.0 million) from software licenses revealed in this context.

The ratio for other operating expenses to sales revenues and changes in inventories was reduced from 16.0 percent last year to 14.0 percent in the reporting year. The synergies from the merger have become noticeable here already.

The EBIT totalling € 20.1 million changed only marginally in the reporting period compared to the previous year (2013: € 28.3 million). An EBIT margin of 4.9 percent was thereby achieved (2013: 7.7 percent). Adjusted for the amortisation of goodwill (€ 11.2 million) and the hidden reserves (€ 2.7 million), however, an increase totaling € 22.0 million was achieved.

The financial result for the reporting year 2014 amounted to € 4.5 million (2013: € 7.3 million). The net dividend income included in the financial result amounting to € 12.1 million changed only marginally over the previous year (€ 11.5 million). The reduction of the financial result is attributable to the increase in financing costs caused primarily by the acquisition of Rücker AG, which only had a proportionate effect in 2013. Furthermore, with a debt assumption of financial liabilities of € 40 million realised in the reporting year, the inclusion of EDAG GmbH & Co. KGaA had a negative effect on the financial result.

With € 71.4 million in the reporting year (2013: € 2.2 million), a high extraordinary result was achieved. This result is attributable to special effects from the disposals of Rücker Aerospace companies, EKS InTec GmbH, EDAG Werkzeug + Karosserie GmbH, from merger profits of EDAG GmbH & Co. KGaA and EDAG Sigma Concurrent Engineering GmbH, and from real estate sales. These positive special effects from disposals were diminished due to restructuring expenses related to the merger of EDAG and Rücker implemented in 2014 and impairments to investments, debt waivers and specific valuation allowances owed to affiliated companies.

Cash Flows and Financial Position

EDAG GmbH's statement of financial position total was increased by € 12.5 million or 3.6 percent to € 364.2 million in the reporting period. On the asset side, fixed assets decreased by € 10.5 million, which is primarily due to the sale of some real estate (€ 12.8 million). On the current assets side, the accounts receivables increased by € 19.5 million to € 80.4 million due to the increased output volume.
On the equity, liabilities and provisions side, equity increased due to the net income totaling € 80.4 million (2013: € 31.5 million). The increase of the statement of financial position total was mitigated by the loan repayments from affiliated companies totalling € 23.8 million and related companies totalling € 25.4 million.

In the reporting year, a negative operating cash flow of € 3.1 million was achieved (2013: € 3.7 million). Significant for the reduction in operating cash flow compared to last year were an increased working capital inventory and extraordinary special effects that have not yet been cash-effective in the reporting year. Gross investments in the reporting year of € 14.5 million were in the moderate range. Essentially, the investments are related to staff recruiting and were thus made to upgrade software and hardware and for site development. Investments in financial assets amounted to € 40.2 million (of which € 40.0 million were from the inclusion of EDAG GmbH & Co. KGaA). However, € 33.2 million could be realised from disposals of affiliated companies. Proceeds continued to be realised from investment income totaling € 16.1 million. In total, an investing cash flow totalling € -2.6 million (2013: € -12.5 million) was achieved.
Overall, free cash flow was increased by € 3.1 million compared to the previous year. The cash outflow from financing activities was € 19.0 million (2013: Cash inflow € 45.8 million).

As part of a sale & lease back transaction, essential parts of the properties were sold and leased back for the next 15 years. As a result, the other financial obligations increased significantly compared to last year.

The Executive Board regards EDAG GmbH's overall economic situation as good. With an equity ratio of 38.8 percent, the company has a sound financial basis, and was able to fulfill its payment obligations at all times throughout the reporting year.

DATA ON THE FINANCIAL POSITION OF EDAG ENGINEERING GMBH

Statement of financial position total:
€ 364.2 million (+3.6 percent)
Equity ratio: 38.8 percent

2.4 Personnel Management and Development

The success and reputation 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. Because of its extensive service portfolio, the company is characterised by a variety of functions and numerous job profiles. Besides the associated heterogeneity of qualifications, the EDAG Group is characterised by the special attitude and mentality of its employees. They not only endeavour to achieve high quality work results but always aim to make the future of automobiles a bit better as well. For more than 45 years, EDAG has always ensured that both young and experienced employees are offered the prospect of and maximum space for personal responsibility and decision-making. This value will continue to prevail in the larger structure of the EDAG Group as well and be placed at the heart of personnel development and its identity.

Number of employees in the EDAG Group

From the integration of former Rücker GmbH, including its domestic and non-domestic companies, and the inclusion of BFFT Gesellschaft für Fahrzeugtechnik mbH as a 100 percent-owned subsidiary, the EDAG Group became the world's largest independent engineering service provider of the industry last year. On 31st December 2014, the newly formed EDAG Group employed a total of 7,401 employees, of which 505 were trainees and work-study students.

The number of employees in Germany was 5,708. At year's end our non-domestic companies employed 1,693 employees.

Age Structure and Continuous Employment

Our mix of experienced and young employees is an integral part of the EDAG Group's strategy for success. That's why the company has been equally encouraging initial vocational training and the technical and personal development of its existing workforce. With an average age of 36 years, the EDAG Group has a young, dynamic and at the same time technically adept team at its disposal. The average 6 years of continuous employment is an indication of high employee satisfaction and identification with the company. In tandem with this, the EDAG Group promotes the company's overall attractiveness with comprehensive vocational training and continuing training and with its commitment to „Reconciling family + career" and to „Health Management," both for the workforce as well as for prospective applicants.

DATA ON AGE STRUCTURE

Average age: 36 years

Average length of service: 6 years

Personnel Development and Vocational Training

Qualified and satisfied employees are the most important factors in a company's success. As a future-oriented technology company, the consistent encouragement of both professional and personal development are a key factor in personnel management and - ultimately - the company's success. By continuing to develop EDAG's training concept and increase specialist training courses, the efforts invested in this area of personnel development were continued at a high level in the reporting year. The focus was primarily on specialist training courses, which were carried out by both external and in-house trainers. As a result, the available company know-how of our employees is optimally utilised and developed further in a targeted manner. Furthermore, in 2014 too, the company also offered selected target groups extensive development measures to increase communication, leadership and project management skills. All in all, the EDAG Group invested more than € 2 million in continuing training and qualification measures. In the current fiscal year, the EDAG Group will increasingly concentrate on standardising the comprehensive training program for EDAG teams in the newly formed company and implement this across the board.

INVESTMENT IN TRAINING

The sum of € 2 million was invested in vocational training and qualification courses.

Apprenticeships

Initial vocational training is an indicator of success for the future development of the EDAG Group. For over 45 years, the EDAG Group has demonstrated its responsibility in this area and, has a 9.2 percent proportion of apprentices in Germany and 7.3 percent worldwide, 2014, an excellent value for the industry. Quality and continuity still represent the decisive core values of EDAG's training policy.

In the reporting year, the EDAG Group continued its commitment to occupational training unchanged and hired 135 young people as apprentices or work-study students. In 2014, school leavers were able to choose from 21 occupations requiring formal vocational training and over 35 dual study programs to find their personal, professional entry into the world of engineering.

Of particular note is the EDAG Group's continued company-wide commitment on Girls' Day. Nationwide, this day is an integral part of the vocational training activities to showcase at an early stage the work areas in vehicle and production plant engineering for girls.
In 2014, the company also held the so-called MINT Girls Camp at its Fulda site for the third time in a row. In cooperation with various educational institutions, the focus was

APPRENTICE/TRAINEE QUOTA

Our apprentice/trainee quota of 9.2 percent is an excellent value compared with other companies in this sector.

on familiarising young girls with the various professions in the fields of mathematics, computer science, natural sciences and technology (in German: MINT) as part of a project week. Together with trainers and trainees from the fields of electrics/electronics, model making, production and development, the girls designed a model car for a week - the so-called „EDAG MINT Car“ - and thus were able to experience the various phases of the vehicle development process in an interactive condensed format.

Awards

Our trainees and work-study students achieve on average good to very good results, the outcome of an intermeshed training system that is geared to the needs and abilities of its young talent early on. It was particularly gratifying that the EDAG Group was able to produce the Hessian regional winner in the „Auto body and vehicle construction mechanic“ apprenticeship programme during the reporting period. Three apprentices from EDAG's facilities in Munich and Ingolstadt were also awarded the Bavarian State Prize for their outstanding exam results in the „Technical Product Designer“ apprenticeship programme.

EDAG - TOP EMPLOYER 2015

EDAG was presented with the „Top Automotive Employer“ award for outstanding human resource management.

With the renewed distinction as „Top Employer 2014/2015,“ the EDAG group was able to document its appeal to the public.

Recruiting Measures

Systematic and target-oriented personnel marketing is aimed both at young and experienced professionals. To counteract demographic changes at an early stage, in 2014 activities were further intensified in the area of higher-education marketing. The focus was on a carefully coordinated mix of advertising opportunities directly on the college campus in the form of screen advertising, mailings and other campaigns. In addition, a new marketing campaign was developed, which was placed to achieve the greatest public resonance via transport media and billboard advertising near the campuses. At the same time, a combination of visits to colleges and graduate fairs and attendance at selected specialist job fairs made it possible to successfully address as large a target group of potential applicants as possible.

In 2014 we initiated our social media presence with the intent to reach out to the target group of potential new employees even more.
In 2014, the EDAG Group held its „Integration Excellence Award“ competition for the third time at its Fulda location. The competition is aimed at all national Formula Student college teams. Formula Student is a renowned and internationally orientated design competition for students, where each team plan, design and build their own race car and also participate in racing events.

The teams that best integrated their innovations or unusual technical solutions in a Formula Student car were rewarded at the Fulda location. The competition provides the EDAG Group with direct contact to dedicated students and opens up new and valuable networks for recruiting future top performers.

Outlook

In fiscal year 2015, human resource activities will continue their focus on increasing the work force organically at home and abroad. As a target figure, the EDAG Group aims to achieve annual growth of about 10 percent. In tandem with this, the expansion of personnel marketing and recruiting will continue to be accelerated and additional standardisation and harmonisation of HR tools and processes strived for in the EDAG Group.

2.5 Non-financial Performance Indicators

The EDAG Group continuously reviews the working environment of its employees and develops it further. Besides a fair market salary structure, another focus is on promoting non-monetary components, for example in the fields of continuing education and training, individual career planning, flexible working time models and health management.

Responsibility for our Employees

Competent, motivated employees are the basis for the business capacity and competitiveness of the EDAG Group.

Our strong commitment to training - 9.2 percent of our employees, represented in more than 21 occupations requiring formal vocational training and 35 dual study programs - as well as a large number of technical and methodological training courses contribute to the Group's sustainability.
As a global growth-oriented company with international teams, we also attach particular importance to non-judgemental attitudes among our staff.

ATTRACTIVE WORK ENVIRONMENT AT EDAG

Commitment to training:
21 apprenticed professions,
35 dual study courses

Balancing family and work:
Part-time working models and
working time accounts

Health management:
Sport and exercise,
nutritional advice, health courses

The „Family & Work" and „Health Management" Programmes

Family-friendly businesses have become a relevant decision factor for qualified applicants.
Eight years ago, the EDAG Group launched its „Family & Work" programme in order to improve the work-life balance with a wide range of part-time working models and working time accounts.

In addition, the EDAG Group's „Health Management" programme places another focus on the promotion and preservation of the health of its employees. The programme includes, among other things, the topics sport and exercise, nutritional advice and relaxation activities as well as a variety of courses and lectures on the subject of health.

3 Subsequent Events

On the basis of a non-cash incorporation against the granting of new shares, as the sole shareholder of EDAG Engineering AG, on January 14, 2015, the company ATON GmbH, Munich, transferred all of the shares in EDAG Engineering AG (non-cash contribution) to EDAG Engineering Holding GmbH, Munich.

On January 22, 2015, a control and profit transfer agreement as per § 291, section 1, AktG [Stock Corporations Act] was concluded between EDAG Engineering Holding GmbH, Munich, and EDAG Engineering GmbH, Wiesbaden. An entry was made in the Commercial Register on February 9, 2015.

By a resolution approved at the annual general meeting on March 5, 2015 and registration under German commercial law on March 18, 2015, EDAG Engineering AG was changed from a joint stock company to 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, Wiesbaden.

4 Forecast, Risk and Reward Report

4.1 Risk and Reward Report

Risk Policy

As a globally positioned and internationally operating company, EDAG Engineering GmbH is exposed to a number of the potential risks associated with any entrepreneurial venture. The Executive Board's risk policy adheres to the principle of minimising risks and taking advantage of potential rewards in order to systematically and sustainably increase the value of the company. The business performance of EDAG Engineering GmbH is in essence subject to the same risks and rewards as the EDAG Group.

Risks are any events and possible developments both inside and outside the company which may have a negative effect on the planned economic success of the company. Risks that cannot be measured directly in numbers, such as reputational risks, also merit attention with this definition.

As an engineering services provider, the company is heavily dependent on the auto industry, long-term strategies and sales successes, and therefore also on cyclical developments. Because of its profound know-how and longstanding leading market position, EDAG Engineering GmbH is able to identify opportunities and risks early on and realistically assess these.

Risk Management and Internal Control System

Internal Control System

The internal control system refers to the totality of all measures used in a company to ensure the accuracy of accounting and which has the objective of ensuring its correctness and effectiveness. All the companies within the group are included in this process. Content-wise, it depicts information that includes accounting-related data as well as key performance indicators and opportunities and risks. The system is organised in such a way that the subsidiaries are requested to provide relevant and up-to-date information each month, and this information is then verified, summarised and presented to management by the corporation's specialist departments. The accounting-related part primarily consists of the single-entity financial statements of each subsidiary, drawn up in accordance with the relevant national laws, then converted to IFRS and consolidated on a quarterly basis, taking into account corporate, valuation and accounting directives.

Apart from commenting on economic performance, with the key performance data we concentrate on future, market-related information and prospects for personnel development and productivity.

So-called „project management committees" attend to the special demands of any project-centred work. Moreover, a project acceptance process was also established. Before binding quotations are submitted or contracts entered into, specialists from various departments first perform detailed checks on the commercial and contractual conditions, and then present these to the Executive Board to ensure that any uncontrollable risks are avoided. Depending on the volume of tenders, certain procedures and formalities must be followed that are defined in the corresponding directives. This procedure thus commences even before the emergence of risks by critically reviewing the opportunity/risk profile of any tenders. Should the opportunity/risk profile prove to be unacceptable, then the Executive Board will not permit a contract sign-off.

Risk management system

In the year under review, a uniform risk management policy was created after the merger of EDAG Engineering GmbH and Rücker GmbH which complies with the current developments and general conditions of the Group.

To analyse, evaluate, control, monitor and communicate risks, a risk management system is in place in which all operating units and key central departments of EDAG Engineering GmbH are integrated. It encompasses both a framework of risk principles, organisational structures as well as the description of the risk management process. To ensure uniform implementation of this system, a group-wide risk policy is in place which is binding for all the employees of the company in all our business sectors and at every level of the hierarchy. The responsibility for implementation lies with the CFO, who is assisted by the Controlling department.

Existing risks are regularly recorded and assessed regarding the amount of loss and probability of occurrence. The risks are reported by the respective risk managers in the reporting units. There is a distinction between gross risk (without taking into account measures to reduce and control the risk) and net risk (taking into account measures to reduce and control the risk). When assessing the risk, the net loss with the associated expected probability of occurrence must be indicated in percent.

The following categories exist for the probabilities of occurrence:

- low: probability of occurrence < 25 %
- medium: 25 % <= probability of occurrence < 50 %
- high: 50 % <= probability of occurrence < 75 %
- very high: 75 % <= probability of occurrence < 100 %

For existing risks, it was defined that these are to be reported if the determined loss expectancy leads to a result deviation (in relation to EBIT p.a.) exceeding € 500 thousand. For existing opportunities, the reporting threshold lies at an opportunity expectation value of € 1 million.

The opportunity/risk profile of the EDAG Group was also updated after the merger of EDAG Engineering GmbH and Rücker GmbH. Risk categories were set up in which individual risks are grouped.

Aggregated for the Group, the risks are classified into A, B or C risks:

- A category A risk corresponds to an expected loss of > € 2.5 million
- A category B risk corresponds to an expected loss of > € 1.25 million
- A category C risk corresponds to an expected loss of < € 1.25 million

The following presents and analyses the risks and opportunities that may affect the business activities of EDAG Engineering GmbH.

Risk and Reward Profile

Macroeconomic Risks

In its current forecast, the Kiel Institute for the World Economy (IfW) in Kiel, Germany predicts 3.5 percent global economic growth in 2015 and 3.7 percent in 2016.

MACROECONOMIC OUTLOOK FOR 2015

Global economic growth: 3.5 percent
EUROZONE GROWTH: 1.2 percent

This development is supported by a particularly positive dynamic in China (6.8 percent) and India (6.3 percent). The United States will grow by 3.6 percent and Great Britain by 2.7 percent. While 1.2 percent growth is forecast for the euro zone, the growth rate in Japan is only 0.6 percent. Russia is expected to experience a 3.0 percent decline in economic output.

Although the prospects for the global economy are generally positive, the economically poor state of some euro countries may have a negative impact on the global economy. This also applies to the geopolitical risks such as the ongoing conflicts in the Ukraine and the Middle East, which have an adverse effect on the global economy. This risk to economic development would have an adverse impact on global trade and would therefore affect the export-oriented German automotive industry. We estimate the macroeconomic risks and rewards as largely unchanged from last year. This risk is classified as a category A risk with a medium probability of occurrence.

GLOBAL ECONOMIC GROWTH: 3.5 PERCENT
EUROZONE GROWTH: 1.2 PERCENT

The continuing trend of outsourcing engineering services leads to a positive estimate of EDAG's business development.

Industry Risks

Looking at the automotive industry, in addition to the unit sales of our customers, model variety, technological advances and the outsourcing behaviour of our customers are the driving forces behind our business model. The development of the global passenger car market is assessed as positive for the future. However, risks arise from the business model should an important customer cancel orders or postpone these until some future date. Moreover, the automotive sector is subject to cyclical fluctuations.
The trends towards model variety and increasing technological advances (e-mobility, CO_2 emissions, safety and comfort) are of considerable importance to the market success of German manufacturers. These trends have already led to an expansion of outsourcing for engineering services in recent years. Another positive effect on outsourcing behaviour are the new guidelines pertaining to contract staffing agreed in the coalition agreement which is currently leading to a noticeable increase in work contracts.

EDAG, therefore, sees in the industry - like last year - an overweighting of opportunities to risks. This assessment has not changed over the previous year. The potential risks are therefore classified as a category C risk with a low probability of occurrence.

Opportunities and risks from operative business

Risks to the EDAG Group could arise as a result of the postponement of projects or even the complete discontinuation of development contracts. As a rule, and depending on the order situation, it is not always possible to fully compensate for the fluctuations in capacity this might bring. EDAG is attempting to level off temporary volatile periods of capacity utilisation by introducing longer running projects and reducing its external capacity, and with flexible working time accounts and flexible deployment opportunities of its employees. We continue to see no fundamental turnaround from the manufacturers concerning the variety of models available, and project a slightly lower risk than last year.

OPERATIVE CHANCES AND RISKS

To counteract the risk of temporary volatile capacity utilisation, longer-running projects are being introduced, external capacities reduced, flexible working time accounts used, and the transition is being made to more flexible deployment opportunities for employees.
The continuing trend towards greater model diversity followed by all manufacturers can be seen as a chance.
Now that the company's integration process is complete, EDAG is in an ideal position to handle major project volumes and complete vehicle packages.

Project work, by its very nature, entails opportunities and risks. Major projects are usually highly complex and are often carried out in several countries simultaneously. Sometimes, details of services are not discussed until a total price has been finalised. Occasionally, work volumes are not clearly formulated, leading to extra work. Unforeseen developments in a project can lead to deadlines and costs being exceeded, as well as to quality defects, which burden the company's financial performance, cash flows and financial position. Through continuous project management, regular project evaluations and detailed reporting within the context of project steering committees, the EDAG Group is not only in a position to identify these kinds of risks at an early stage and counteract them, but also can take advantage of any opportunities that may arise.

Also of central importance to the company are the opportunities and risks arising from changes in demand on the market. Combined with a stronger competitive situation in Europe, we are still exposed to a perceptible price pressure. Besides further expanding our own internal, best-cost resources, our continuously lean organisational structure and efficient cost management, the EDAG Group's medium-term aim is to gain entry into new projects and markets geared even more strongly towards technology and engineering. In our estimation, there is a growing need for know-how here, and this will be reflected in continuing price increases.

Thanks to the successfully concluded integration process, the EDAG Group is optimally positioned to meet the future demands of the market. This creates opportunities such as fully taking on large projects and complete vehicle packages. On the other hand, the market for engineering services demands clear positioning along relevant technologies. Thanks to new areas of innovation, for example in the area of connectivity, the new EDAG Group sees itself as an innovator making its customers in the automotive industry technologically future-proof. The resulting merger-based opportunities from synergies in administrative processes, from economies of scale in purchasing and from IT standards were also successfully implemented. In 2014, these synergies were, however, still offset by extraordinary restructuring expenditures. We continue to see risks from the merger in the possible fluctuation of employees by the pending harmonisation of contractual arrangements between both companies. Accordingly, this represents a category A risk to EDAG with a medium probability of occurrence. Starting in 2015, we estimate these risks to be lower than last year and generally assume that we can completely realize the benefits from the merger of the two corporate groups both in the market and in terms of costs.

Personnel

Inadequately or unsuitably qualified staff or fluctuations in the knowledge holders can put project work at serious risk. Furthermore, we see a risk in the lack of qualified employees. We counter these risks by positioning ourselves as an attractive employer worldwide. This includes a wide variety of measures, such as stepping up our recruiting activities, specific promotion of skilled young people, further expansion in the area of occupational training and professional and personal development, etc. We regard any associated expenses and temporary losses in productivity as an investment in the future and as an opportunity to achieve sustained, organic growth, and rate this risk as a category A risk with a medium probability of occurrence.

PERSONNEL RISKS

Risks in conjunction with the fluctuation of know-how carriers are countered by measures to establish our position as an attractive employer.

Finances

Due to the nature of its business, the EDAG Group is generally exposed to financial risks. These include default risks for customer receivables, liquidity risks as well as changes in exchange rates and interest rates. Identified potential risks are controlled by defined guidelines and suitable security measures within the Group.

Accounts receivables are generally settled by customers according to previously agreed terms of payment. To minimise the risk of non-payment, creditworthiness is checked, especially when dealing with new customers. Individual, overdue receivables are taken into account by valuation allowances in statement of financial position according to defined rules. The risk of individual bad debts was reduced again compared to the previous year. The company is primarily financed by the shareholder or one of its subsidiaries or related companies. However, in spite of its restructuring, the EDAG Group was able to reduce its financing volume due to the good earnings situation in 2014 and the good working capital management of the company as of 31st December 2014. We currently see no risks in this regard.

FINANCIAL RISKS

The good results etc. achieved in 2014 enabled overall funding levels to be reduced yet again.

The risk from currency fluctuations for foreign currency reeivables and/or planned cash flows is partially secured by forward currency contracts. However, this is not of primary importance for the company's financial performance, cash flows and financial position. The same applies to the interest rate risk. Risks posed by changes in interest rates and fluctuations in exchange rates at the reporting date are secured by derivative financial instruments which are used exclusively for hedging and not for speculative purposes.

The company's financial situation is still solid due to a solid liquidity forecast and the available but little used lines of credit. It is monitored regularly and currently harbours no significant risks. Group liquidity was guaranteed at all times in the reporting year. This risk is assigned a class C status with a low probability of occurrence.

Legal risks

Since EDAG has operations worldwide, a large number of international and country-specific legal provisions and instructions must be observed. The Group's legal department supports the operating companies in this regard and thus contributes to mitigating any risks. Existing legal risks were already taken into account in the statement of financial position in previous years. Currently, no further legal risks that may be disadvantageous to the EDAG Group are foreseeable and this is therefore classified as a category B risk with a low to medium probability of occurrence.

LEGAL AND TAX RISKS

There are no legal or tax risks in existence during the reporting period that might prove disadvantageous to the edag group.

COMPLIANCE ORGANISATION

An extensive compliance management system was set up during the previous year to prevent potential damage to the company and employees.

Tax Risks

The different appraisal of tax-related situations abroad may entail several risks (double taxation). Because EDAG Group's business operations are worldwide, a number of international and country-specific regulations must be taken into consideration. Tax risks are regularly reviewed and evaluated. Any resulting need for action is counteracted by internal regulations. Any resulting measures are coordinated and implemented between the „Group Accounting & Taxes" department and the companies concerned. Aggregated over the Group, this risk is assigned to category A status. Given the numerous preventive regulations, the probability of occurrence is considered to be low.

There are no tax risks in the EDAG Group that represent a substantial influence on the financial performance, cash flows and financial position for the reporting period.

Compliance-relevant Risks

To better ensure future compliance with legal requirements and internal guidelines, measures were introduced in the year under review to develop a risk-based compliance organisation. These include the adoption of EDAG's code of conduct, introduction of a compliance hotline, and employee training on compliance issues.

The objective of EDAG's compliance organisation is to avert any harm to the company and each individual employee. In our risk management system, compliance-relevant risks are also considered since both cases involve identifying and assessing risks and finding suitable, preferably preventive countermeasures.
No major compliance-related risks occurred in 2014. This risk has category C status, associated with a low probability of occurrence.

Other Risks

By law, the company is liable for any damage suffered by the customer as a result of deficient or delayed performance. In an extreme case, such as in a widespread recall by a car manufacturer due to a defective EDAG design or service, this could threaten the existence of the company. In international projects, the applicable legal standards are often the ones valid in the foreign country where the customer's company is based - and are largely unknown in Germany. Our risks are further increased by contractual warranty risks resulting from the disposal of companies and by liability limitations specific to certain customers, which cannot always be fully passed on to subcontractors. The EDAG Group counteracts these risks by ensuring the high quality of our services, by employing attorneys with international experience and - to complement these measures - by taking out liability insurance. According to our estimates, these risks recorded a slight decline compared to last year and are assigned to category C, associated with a high likelihood of occurrence.

Overall assessment

The basis for the assessment of the opportunity/risk profile is the tried and tested risk management system implemented at EDAG. This is continuously employed by management and ensures the control and management of existing risks and the use of potential rewards. Continuous development and adjustments to new economic challenges by the risk management system put the EDAG Group in the position, within the context of its business activities, to diligently weigh the risks and rewards and be able to respond to these.

Altogether, this creates a scenario based on current information and estimates whereby the opportunities and risks are acceptable to EDAG. No individual or aggregate risks can be identified that could jeopardise the financial position, financial performance and cash flow and thus the existence of the company. The company is set up in such a way both strategically and financially that emerging business opportunities can be exploited. The effects of the ongoing European financial crisis as well as ongoing global crises, however, are difficult to assess and cannot be quantified at this time.

APPRAISAL

No individual or aggregate risks that might jeopardise the financial position, financial performance and cash flow, and therefore the existence of the company, can be identified.

Internal Control System and Risk Management System in Relation to the Group Accounting Process

The main features of the internal control system and the risk management system in relation to the (Group) accounting process in operation at EDAG Engineering GmbH can be described as follows:

- EDAG Engineering GmbH is characterised by a clear organisational, corporate as well as control and monitoring structure.
- Group-wide coordinated planning, reporting, controlling and early warning systems are in place to perform a comprehensive analysis and control of earnings-related risk factors and existential risks.
- The functions in all areas of the accounting process (e.g. financial accounting and controlling) are clearly assigned.

OBJECTIVE OF GROUP ACCOUNTING PROCESS

The internal control and risk management system ensures that all business matters are properly recorded, processed and evaluated and adopted in the external accounting procedures.

- The IT systems used for accounting purposes are protected against any unauthorized access.
- Standard software adapted to the needs of company is used predominantly in the financial systems area.
- Appropriate internal guidelines (such as a valid Group-wide risk management guideline) are set up, which are adjusted as needed.
- The departments involved in the financial reporting process meet the quantitative and qualitative requirements.
- The completeness and accuracy of any accounting data is ensured by the established internal accounting control system and the internal reporting system and primarily verified by plausibility analyses. The internal audit department also ensures the correctness of the established internal accounting control system on a random basis using system and function checks.
- The existing group-wide risk management system is continuously adapted to current developments and regularly tested for effectiveness.
- As a general rule, the principle of dual control and functional segregation are observed in all accounting-related activities.
- The Supervisory Board addresses, among other things, issues pertaining to accounting, risk management, the audit mandate and its key aspects.

The internal control and risk management system for the accounting process, the main features of which have been described above, ensures that all business matters are properly recorded, processed and evaluated and adopted in the external accounting procedures. The clear organisational, corporate, control and monitoring structure, as well as the adequate composition of the accounting department in terms of personnel and material, represent the basis for efficiency in those departments involved in accounting. Clear legal and corporate rules and policies ensure uniform and proper accounting. Risk identification by the risk management system ensures proper accounting. The internal control and risk management system at EDAG Engineering GmbH ensures that accounting at the company and all companies included in the consolidated financial statements are uniform and in accordance with the legal and statutory requirements and internal guidelines. In particular, the group-wide risk management system, which fulfills the statutory requirements, has the task of identifying risks in good time, assessing these and communicating these in an appropriate manner. The recipients of the report are informed in good time as a result.

Risk Report regarding the Use of Financial Instruments

The key financial liabilities used by the company include financial liabilities, accounts payables and other liabilities. The primary aim of these financial liabilities is to finance the company's business. The company has accounts receivables and other receivables as well as cash and short-term deposits that result directly from its operations.

The company is subject to credit and liquidity risks. Management of these risks is the responsibility of company management. Management ensures that financial activities by the EDAG Group associated with risks are carried out in accordance with the relevant operating instructions and that financial risks are identified, assessed and managed in accordance with these guidelines and taking into account the the company's willingness to take risks. Risk management also takes risk concentrations regarding individual transactions or group companies into account.

Because a great majority of the Group has been financed via fixed-interest loans to the shareholder or any of its subsidiaries or related companies as well as the VKE Versorgungskasse EDAG-Firmengruppe e.V, any risk of fluctuations in market interest rates is considered low. Any financial risks would therefore only result if credit lines were not extended.

Regarding leasing liabilities, the respective asset counts as security. The maturity of the financial liabilities is depicted in the notes. The Executive Board analyses the term of certain financial instruments and ensures their timely prolongation as far as these resources are still needed.

Currency-related risks to EDAG result from financing measures and operative activities. Insofar as they have a significant effect on the Group cash flow, foreign currency risks are always hedged. Foreign currency risks in the funding area result from financial liabilities in foreign currencies and foreign currency loans. These risks are covered by the Treasury. Currency derivatives are used to convert financial obligations and intra-group loans denominated in foreign currencies into the Group entities' functional currencies.

In the operative area, the separate group companies do most of their business in their own functional currencies. This means that any currency risk to EDAG from current, operative activities is assessed as being medium. Some group companies are, however, exposed to foreign currency risks in connection with planned payments not in their own

CURRENCY FLUCTUATIONS

The use of currency derivatives for hedging purposes reduced the currency risk to a minimum.

functional currencies. Here, too, EDAG is hedging with foreign currency derivatives. Due to these hedging activities, EDAG was not exposed to any significant currency risks in the operative divisions on the reporting date.

4.2 Forecast

Overall, the general economic conditions are positive. A 3.5 percent increase in economic activity is expected worldwide in 2015. Risks are represented by political conflicts concerning Ukraine, confrontations in the Middle East, and the question of continuing Greek membership in the euro zone. Opportunities for the euro zone lie in low oil prices and the depreciating euro.

Chapter „Automotive Industry Development" already referred to the sales situation in the automotive industry. Overall, a 3.0 percent increase in sales is expected worldwide for 2015. We see the following future trends for our business:

FORECAST FOR 2015

We expect both the total operating performance and the adjusted EBIT to continue to increase in 2015 and 2016.

- The worldwide reduction of CO_2 emissions will drive the technology forward in all vehicle modules (drive system, white body assembly, EE, etc.).
- The vision of accident-free driving stimulates vehicle networking while generating new vehicle functions (e.g. piloted driving).
- Customer demand for connectivity in the vehicle will bring new business models and players in the market.
- The demand for urban mobility will lead to new vehicle concepts and new mobility providers.
- New manufacturing processes and cost pressures require new international standardised production concepts.
- Individualisation is on the rise worldwide: the number of model versions is increasing.

These trends have already led to the expansion of outsourcing of engineering services in recent years. A recent industry study conducted by PWC also forecasts an increase in external value creation in the automotive industry for the coming years. A similar result comes from a market survey by Roland Berger Strategy Consultants in which the procurement volume of Europe's external service provider's market is expected to increase from € 6.2 billion in 2014 to € 7.4 billion in 2020. Regarding the external service provider's world market, Roland Berger experts expect an increase of 5 - 6 percent p.a., with a market volume of € 16.5 billion in 2020. The EE field is expected to show above-average growth. According to Berylls Strategy Advisors, external service providers with sales under € 100 million will not be able to survive without specialist knowledge. The German market will therefore consolidate.

GROWTH OF THE ENGINEERING SERVICE MARKET

Experts from Roland Berger expect a global increase of 5 - 6 percent p.a.

Based on the identified trends and their impact on the engineering services market, therefore, EDAG estimates the prospects as positive. With innovative ideas and high technological know-how, we have positioned ourselves as a solution-oriented and competent partner for our customers. From the merger of Rücker and EDAG, we were able to expand our range of services in terms of content and further strengthen our market position as an international engineering service provider for comprehensive vehicle developments and large module packages. The inclusion of the BFFT Group in EDAG will strengthens our position over time in the trendsetting field of electrics and electronics. Our objective of fulfilling our customers' requirement by using an international project management system and the flexible and mobile application of our expertise involving group-wide best-cost resources to effectively implement projects worldwide, was successfully implemented in 2014 in specific projects with Brazil and China. By making targeted investments in our performance and technology spectrum, we will continue to pursue our strategy. Qualified and committed employees are essential factors of the success on which we are focused. By offering specific continuing training measures and above-average occupational training, the EDAG Group will continue to meet the high customer requirements in the future and be perceived as an attractive employer. This applies equally to both experienced and young professionals. It is important for us to integrate new employees quickly into the EDAG family and to show them attractive opportunities for development.

Assuming favourable 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 predicts a further moderate increase in their sales revenues and changes in inventories and adjusted EBIT for the next fiscal year. This growth in sales revenues and changes in inventories is expected across all segments. On the segment level, the Executive Board anticipates stronger growth than in the engineering market as a whole. Because of this growth, we expect investment above the level achieved in previous years. Due to the good earnings situation, we expect a positive development of our financial situation in the future as well. On account of EDAG Engineering GmbH's integration with its subsidiaries and its weighting in the EDAG Group, the expectations for the Group also correspond to those of the parent company.

5 Dependent Companies Report

According to § 312 of the German Stock Corporation Act, the Executive Board is required to compile a dependent companies report. EDAG Engineering GmbH met this obligation for the 2014 financial year in March 2015.
The report concludes with the following closing statement by EDAG's Executive Board: „According to the circumstances known to us at the time, where legal transactions with the affiliated companies were carried out or forgone, the company received appropriate compensation for each transaction of legal significance and was not placed at a disadvantage through any actions taken or not taken."

6 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 FINANCIAL STATEMENTS

Consolidated Statement of Comprehensive Income	82
Consolidated Statement of Financial Position	86
Consolidated Cash Flow Statement	88
Consolidated Statement of Changes in Equity	90
Notes	92
General Information	92
Explanation of the complex Financial History of the EDAG Group	93
Basic Principles and Methods	95
Notes on the Statement of Comprehensive Income	139
Notes on the Statement of Financial Position	157
Notes regarding the Segment Reporting	198
Notes on the Cash Flow Statement	202
Other Notes	203
Shareholdings	236

7 Consolidated Statement of Comprehensive Income

in € thousand	Note	1.1.2014 – 31.12.2014	1.1.2013 – 31.12.2013	1.1.2012 – 31.12.2012
Profit or Loss				
Continuing Operations				
Sales revenues and changes in inventories		689,748	632,412	415,181
Sales revenues	(1)	697,458	620,127	415,836
Changes in inventories	(2)	- 7,710	12,285	- 655
Other income	(3)	58,868	16,326	20,267
Material expenses	(4)	- 115,823	- 104,943	- 79,514
Gross Profit		**632,793**	**543,795**	**355,934**
Personnel expenses	(5)	- 417,308	-386,226	- 245,664
Depreciation, amortisation and impairment	(6)	- 25,613	- 24,984	- 12,475
Other expenses	(7)	-102,229	-94,062	- 62,313
Earnings before interest and taxes (EBIT)		**87,643**	**38,523**	**35,482**

Reconciliation to adjusted earnings before interest and taxes (adjusted EBIT):	**(8)**			
Earnings before interest and taxes (EBIT)		**87,643**	**38,523**	**35,482**
Adjustments:				
Expenses (+) from purchase price allocation		6,965	8,351	1,338
Income (-) / Expenses (+) from deconsolidations		- 26,224	-	- 4,777
Income (-) / Expenses (+) from initial consolidations		30	-	-
Expenses (+) from additional selling costs from M & A transactions		866	-	-
Expenses (+) from restructuring		4,845	2,791	-
Income (-) from the sale of real estate		- 18,405	-	-
Expenses (+) from the sale of real estate		1,292	-	-
Expenses (+) from impairment of real estate		865	-	-
Adjusted earnings before interest and taxes (adjusted EBIT)		**57,877**	**49,665**	**32,043**

in € thousand	Note	1.1.2014 – 31.12.2014	1.1.2013 – 31.12.2013	1.1.2012 – 31.12.2012
Earnings before interest and taxes (EBIT)		**87,643**	**38,523**	**35,482**
Result from investments accounted for using the equity method	(9)	-	-	50
Financial income	(10)	1,035	1,487	2,997
Financing expenses	(11)	- 11,752	- 8,301	- 5,938
Financial result		**- 10,717**	**- 6,814**	**- 2,891**
Earnings before taxes from continuing operations		**76,926**	**31,709**	**32,591**
Income Taxes	(12)	- 18,688	- 9,982	- 7,672
Earnings after taxes from continuing operations		**58,238**	**21,727**	**24,919**
Discontinued operations				
Earnings after taxes from discontinued operations	**(13)**	**1,586**	**- 1,905**	**- 767**
Profit or Loss		**59,824**	**19,822**	**24,152**

in € thousand	Note	1.1.2014 – 31.12.2014	1.1.2013 – 31.12.2013	1.1.2012 – 31.12.2012
Profit or Loss		**59,824**	**19,822**	**24,152**
Other Comprehensive Income				
Reclassifiable profits/losses				
Currency conversion difference				
Profits/Losses included in equity from currency conversion difference		- 17	- 1,482	- 469
Reclassified in profits/losses		508	-	448
Financial assets available for sale				
Profits/Losses included in equity from valuation at fair value		5	87	102
Reclassified in profits/losses		- 165	-	-
Deferred taxes on financial assets available for sale		35	- 9	- 26
Reclassifiable OCI components from investments accounted for using the equity method		- 39	-	-
Total reclassifiable profits/losses		**327**	**- 1,404**	**55**
Not reclassifiable profits/losses				
Revaluation of property, plant and equipment, intangible assets and exploration and evaluation assets		-	-	-
Revaluation of net obligation from defined benefit plans				
Revaluation of net obligation from defined benefit plans before taxes	(24)	- 9,042	- 26	- 2,172
Deferred taxes on defined benefit commitments and similar obligations		2,675	6	672
Total not reclassifiable profits/losses		**- 6,367**	**- 20**	**- 1,500**
Total other comprehensive income before taxes		- 8,750	- 1,421	- 2,091
Total deferred taxes on other comprehensive income		2,710	- 3	646
Total other comprehensive income		**- 6,040**	**- 1,424**	**- 1,445**
Total comprehensive income		**53,784**	**18,398**	**22,707**
From the profit or loss attributable to:				
Shareholders of the parent company		59,868	18,634	24,277
Minority shares (non-controlling interest)	(14)	- 43	1,188	- 125
Of the total comprehensive income attributable to:				
Shareholders of the parent company		53,827	17,230	23,415
Non-controlling interests		- 43	1,168	- 708

For a more detailed explanation of the presentation of the 2012 financial year see chapter 11.2, „Explanation of the complex Financial History of the EDAG Group".

8 Consolidated Statement of Financial Position

in € thousand	Note	31.12.2014	31.12.2013	1.1.2013 / 31.12.2012	31.12.2011
Assets					
Intangible Assets	(15)	109,864	113,393	84,346	3,017
Property, Plant and Equipment	(16)	55,608	87,529	82,974	61,581
Investment Property	(16)	-	3,004	3,105	3,206
Financial assets	(17)	171	535	519	974
Investments accounted for using the equity method	(18)	15,519	-	-	6,271
Non-current accounts receivable and other receivables	(19)	1,350	1,301	1,464	661
Deferred tax assets	(20)	681	3,158	1,306	1,157
TOTAL non-current assets		**183,193**	**208,920**	**173,714**	**76,867**
Inventories	(21)	6,884	18,190	3,397	2,627
Future receivables from construction contracts	(19)	50,373	37,732	29,150	25,513
Current accounts receivable and other receivables	(19)	197,084	156,055	128,248	84,033
Other financial assets	(17)	92	109	68	64
Income tax assets	(20)	6,679	5,977	5,017	5,250
Cash and cash-equivalents	(22)	39,502	68,606	36,188	50,891
Assets held for sale/discontinued operations	(13)	750	9,043	7,105	41,212
TOTAL current assets		**301,364**	**295,712**	**209,173**	**209,590**
TOTAL assets		**484,557**	**504,632**	**382,887**	**286,457**

in € thousand	Note	31.12.2014	31.12.2013	1.1.2013 / 31.12.2012	31.12.2011
Equity, liabilities and provisions					
Subscribed capital		20,000	50	50	-
Capital reserves		40,746	40,000	40,000	-
Retained earnings		67,756	67,839	70,441	-
Reserves from profits and losses recognized directly in equity		- 9,592	-3,061	-2,976	-
Currency conversion difference		- 1,568	- 2,059	- 568	-
Equity attributable to shareholders of the parent company		**117,342**	**102,769**	**106,947**	**67,150**
Non-controlling interests		69	153	6,058	-
TOTAL equity	**(23)**	**117,411**	**102,922**	**113,005**	**67,150**
Provisions for pensions and similar obligations	(24)	22,358	12,018	10,698	1,604
Other non-current provisions	(25)	5,004	4,399	6,710	3,295
Non-current financial liabilities	(26)	162,003	197,737	6,001	8,506
Non-current accounts payable and other liabilities	(27)	151	92	83	72
Non-current income tax liabilities	(28)	1,460	1,460	1,335	-
Deferred tax liabilities	(28)	10,155	18,837	15,575	700
TOTAL non-current liabilities and provisions		**201,131**	**234,543**	**40,402**	**14,177**
Current provisions	(25)	12,767	13,083	8,384	8,612
Current financial liabilities	(26)	4,858	35,648	117,948	90,215
Future liabilities from construction contracts	(27)	61,618	38,579	27,575	27,305
Current accounts payable and other liabilities	(27)	73,082	69,281	71,839	60,272
Income tax liabilities	(28)	13,690	5,970	3,734	1,893
Provisions and liabilities in connection with assets held for sale/from discontinued operations	(13)	-	4,606	-	16,833
TOTAL current liabilities and provisions		**166,015**	**167,167**	**229,480**	**205,130**
TOTAL equity, liabilities and provisions		**484,557**	**504,632**	**382,887**	**286,457**

For a more detailed explanation of the presentation of the 2011 financial year see chapter 11.2 „Explanation of the complex Financial History of the EDAG Group“.

9 Consolidated Cash Flow Statement

in € thousand	2014	2013	2012
Earnings after taxes from continuing operations	**58.238**	**21.727**	**24.919**
Earnings after taxes from discontinued operations	**1.586**	**- 1.905**	**- 767**
+ Income tax expenses	19.367	9.171	7.786
- Income taxes paid	- 15.625	- 10.114	- 3.031
+ Financial result	10.717	6.814	3.827
+ Interest received	981	716	940
+/- Impairment from revaluation at fair value less costs of disposal	865	-	-
+/- Depreciation and amortisation/Write-ups on tangible and intangible assets	24.748	24.984	13.930
+ Depreciation on current assets	-	-	-
+/- Other non-cash expenses/income	- 34.664	- 716	- 10.124
+/- Increase/Decrease in non-current provisions	11.364	- 654	6.247
-/+ Profit/Loss on the disposal of fixed assets	- 18.321	- 151	- 683
-/+ Increase/Decrease in inventories	5.519	- 13.964	- 1.073
-/+ Increase / decrease in future receivables from construction contracts, receivables and other assets that are not attributable to investing or financing activities	- 42.080	- 27.567	18.690
+/- Increase/Decrease in current provisions	- 27	4.922	- 1.850
+/- Increase/Decrease in accounts payables and other liabilities and provisions that are not attributable to investing or financing activities	34.050	7.766	- 14.023
= Cash inflow/outflow from operating activities/operating cash flow	**56.718**	**21.029**	**44.788**
+ Deposits from disposals of tangible fixed assets	1.934	1.130	2.320
- Payments for investments in tangible fixed assets	- 17.469	- 15.924	- 13.545
+ Deposits from disposals of intangible fixed assets	81	253	1.013
- Payments for investments in intangible fixed assets	- 7.691	- 6.485	- 2.895
+ Deposits from disposals of financial assets	604	7.142	44
- Payments for investments in financial assets	- 104	- 41	- 203
+ Deposits from disposals in shares of fully consolidated companies/divisions	30.044	-	26.640
- Payments for investments in shares in fully consolidated companies	- 39.995	- 48.515	- 66.422
= Cash inflow/outflow from investing activities/investing cash flow	**- 32.596**	**- 62.440**	**- 53.048**

in € thousand	2014	2013	2012
+ Deposits from capital increases and grants from the shareholders	-	-	40.050
- Payments for investments in shares of fully consolidated companies from NCI	-	- 14.424	- 41.478
- Payments to shareholders/partners (prior year dividend, capital repayments, other distributions)	- 30	- 14.055	- 1
- Interest paid	- 9.560	- 6.189	- 3.954
+ Borrowing of short-term financial liabilities	-	102	87.996
- Repayment of short-term financial liabilities	- 31.868	- 84.046	- 68.134
+ Borrowing of medium-term and long-term financial liabilities	11	192.893	-
- Repayment of medium-term and long-term financial liabilities	- 35.608	- 954	- 338
- Repayment of leasing liabilities	- 260	- 395	- 506
+/- Repayment/Investment in financial receivables	22.541	3.047	- 20.078
= Cash inflow/outflow from financing activities/financing cash flow	**- 54.774**	**75.979**	**- 6.443**
Net Cash changes in financial funds	**- 30.652**	**34.568**	**- 14.703**
-/+ Effect of changes in currency exchange rate and other effects from changes of financial funds	252	- 854	- 185
+ Financial funds at the start of period	69.902	36.188	51.076
= Financial funds at the end of the period	**39.502**	**69.902**	**36.188**
of which: Cash and cash-equivalents	39.502	68.606	36.188
of which: Assets held for sale/discontinued operations	-	1.296	-
= Free cash flow (FCF) - equity approach	**24.122**	**- 41.411**	**- 8.260**
- Interest received	- 981	- 716	- 940
+ Interest paid	9.560	6.189	3.954
= Free cash flow (FCF) - entity approach	**32.701**	**- 35.938**	**- 5.246**

For a more detailed explanation of the cash flow statement, see chapter 11.7, and of the presentation of the 2012 financial year, see chapter 11.2, „Explanation of the complex Financial History of the EDAG Group".

10 Consolidated Statement of Changes in Equity

in € thousand	Subscribed capital	Capital reserves	Retained earnings: Legal reserves	Retained earnings: Other retained earnings	Net assets attributable to majority shareholders	Currency conversion
As per 1.1.2014	**50**	**40,000**	**5**	**67,834**	**-**	**- 2,059**
Contribution EDAG GmbH & Co.KGaA	19,950	-	-	- 59,950	-	-
As per 1.1.2014	**20,000**	**40,000**	**5**	**7,884**	**-**	**- 2,059**
Profit or Loss	-	-	-	59,867	-	-
Other comprehensive income	-	-	-	-	-	491
Total comprehensive income	**-**	**-**	**-**	**59,867**	**-**	**491**
Capital increase	-	746	-	-	-	-
Dividends	-	-	-	-	-	-
Transfers to legal reserves	-	-	1,995	- 1,995	-	-
Disposals of consolidated companies	-	-	-	-	-	-
As per 31.12.2014	**20,000**	**40,746**	**2,000**	**65,756**	**-**	**- 1,568**

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 1.1.2014	**- 3,187**	**126**	**-**	**102,769**	**153**	**102,922**
Contribution EDAG GmbH & Co.KGaA	-	-	-	- 40,000	-	- 40,000
As per 1.1.2014	**- 3,187**	**126**	**-**	**62,769**	**153**	**62,922**
Profit or Loss	-	-	-	59,867	- 43	59,824
Other comprehensive income	- 6,367	- 125	- 39	- 6,040	-	- 6,040
Total comprehensive income	**- 6,367**	**- 125**	**- 39**	**53,827**	**- 43**	**53,784**
Capital increase	-	-	-	746	-	746
Dividends	-	-	-	-	- 30	- 30
Transfers to legal reserves	-	-	-	-	-	-
Disposals of consolidated companies	-	-	-	-	- 11	- 11
As per 31.12.2014	**- 9,554**	**1**	**- 39**	**117,342**	**69**	**117,411**

in € thousand	Subscribed capital	Capital reserves	Retained earnings: Legal reserves	Retained earnings: Other retained earnings	Net assets attributable to majority shareholders	Currency conversion
Date of initial application 1.1.2013	50	40,000	-	- 25,592	-	- 13
Contribution EDAG GmbH & Co.KGaA	-	-	-	96,033	-	- 555
As per 1.1.2013	**50**	**40,000**	**-**	**70,441**	**-**	**- 568**
Profit or Loss	-	-	-	18,634	-	-
Other comprehensive income	-	-	-	-	-	- 1,461
Total comprehensive income	**-**	**-**	**-**	**18,634**	**-**	**- 1,461**
Capital increase	-	-	-	-	-	-
Acquisition Rücker	-	-	-	-	-	-
NCI acquisition	-	-	-	**- 7,641**	-	- 30
Dividends	-	-	-	**- 13,593**	-	-
Transfers to legal reserves	-	-	5	**- 5**	-	-
Other	-	-	-	**- 2**	-	-
As per 31.12.2013	**50**	**40,000**	**5**	**67,834**	**-**	**- 2,059**

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
Date of initial application 1.1.2013	- 1,318	65	-	13,192	6,058	19,250
Contribution EDAG GmbH & Co.KGaA	- 1,700	- 23	-	93,755	-	93,755
As per 1.1.2013	**- 3,018**	**42**	**-**	**106,947**	**6,058**	**113,005**
Profit or Loss	-	-	-	18,634	1,188	19,822
Other comprehensive income	- 18	75	-	- 1,404	- 20	- 1,424
Total comprehensive income	**- 18**	**75**	**-**	**17,230**	**1,168**	**18,398**
Capital increase	-	-	-	-	-	-
Acquisition Rücker	-	-	-	-	-	-
NCI acquisition	- 151	9	-	- 7,813	- 6,611	**- 14,424**
Dividends	-	-	-	- 13,593	- 462	**- 14,055**
Transfers to legal reserves	-	-	-	-	-	**-**
Other	-	-	-	- 2	-	**- 2**
As per 31.12.2013	**- 3,187**	**126**	**-**	**102,769**	**153**	**102,922**

For explanations concerning equity, see page 173, „Subscribed capital"

11 Notes

11.1 General Information

The EDAG Group are experts in the development of vehicles, derivatives, modules and production facilities, specialising in complete vehicle development. As the largest independent engineering partner 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 GmbH ("EDAG GmbH") previously known as EDAG Engineering AG, a company with limited liability registered in the Federal Republic of Germany. The headquarters of the company are at: Kreuzberger Ring 40, 65205 Wiesbaden. On the balance sheet date, the company still existed in the form of a joint-stock company. The legal form of the company was changed at the beginning of 2015 (see explanatory notes, point „Subsequent Events", page 234). EDAG GmbH a wholly owned subsidiary of EDAG Engineering Holding GmbH, Munich, which in turn is a wholly owned subsidiary of ATON GmbH, Munich. ATON GmbH is therefore the ultimate parent company in the Group and obliged to prepare a consolidated financial statement.
PricewaterhouseCoopers AG WPG, Hanover, issued unqualified auditor's reports on the 2014 annual accounts of EDAG Engineering GmbH and the consolidated financial statements of EDAG Engineering GmbH. The annual accounts and the consolidated financial statements will be submitted to the operator of the Electronic Federal Gazette.
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 GmbH (December 31).
The consolidated financial statements have been prepared using the euro as the reporting currency. If not otherwise stated, all amounts are stated in thousands of euros. Where percentage values and figures are given, differences of +/- € 1 thousand may occur due to rounding.
In order to improve the clarity and informational value of the consolidated financial statements, individual items consolidated both in the statement of financial position and in the statement of comprehensive income (including profit or loss), the cash flow statement and the statement of changes in equity; will be disclosed and explained separately in the notes.
In accordance with IAS 1, the statement of financial position is divided into non-current and current assets, liabilities and provisions. Assets, liabilities and provisions 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.

11.2 Explanation of the complex Financial History of the EDAG Group

EDAG GmbH was established on April 24, 2012, and purchased by ATON GmbH on July 24, 2012[1]. EDAG GmbH holds the shares in the Rücker Group and the BFFT Group. In addition, the former EDAG Group, with its previous parent company EDAG GmbH & Co. KGaA, also belonged to the engineering division, although the shares were held directly by ATON GmbH. Consequently, no legal group relationship existed between EDAG GmbH and the former EDAG Group in the financial years 2012 and 2013, as there was no parent/subsidiary relationship between EDAG GmbH and EDAG GmbH & Co. KGaA, but rather EDAG GmbH and EDAG GmbH & Co. KGaA were sister companies under the shared parent company, ATON GmbH.

The engineering division came into being over a period of time, as follows:

- Acquisition of the former EDAG Group by ATON GmbH in 2006
- Establishment and acquisition of the shell company EDAG GmbH (on April 24, and July 24, 2012, respectively) for the acquisition of the Rücker Group, and as a future holding company of the engineering division
- Acquisition of the Rücker Group with effect from October 1, 2012 (acquisition of control by purchase with subsequent merger of Rücker AG into Rücker GmbH in 2013; merger of Rücker GmbH into EDAG GmbH in 2014[2])
- Acquisition of the BFFT Group with effect from January 1, 2013

EDAG GmbH & Co. KGaA[3], the parent company of the former EDAG Group, was incorporated into EDAG GmbH by means of a non-cash contribution, with retrospective effect from January 1, 2014. ATON GmbH, the previous limited shareholder of EDAG GmbH

NOTES

[1] *EDAG AG was founded under the name Blitz 12-405 AG on February 8, 2012, and entered in the commercial register on April 24, 2012. With the purchase agreement of July 24, 2012 and the general meeting held on the same date, all shares were purchased by ATON GmbH and the company's name changed to ATON Engineering AG. A resolution was passed at the extraordinary general meeting held on December 9, 2013 to change the name of ATON Engineering AG to EDAG Engineering AG. By resolution of the extraordinary general meeting of March 5, 2015 and with the commercial registration of March 18, 2015, 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)*

[2] *The company was merged into EDAG GmbH with retrospective effect from January 1, 2014 (entered in the commercial register on July 22, 2014)*

[3] *The company was merged into EDAG GmbH with retrospective effect from January 1, 2014 (entered in the commercial register on June 2, 2014)*

& Co. KGaA, entered into a contribution, transfer, loan and post-formation acquisition agreement with EDAG GmbH on December 9, 2013. After this, all 11,718,750 limited shares in the holder's name - ATON GmbH - each with a nominal value of € 2.56 (total: € 30,000,000.00) were incorporated into EDAG GmbH. The proposition was approved during the extraordinary general meeting of EDAG GmbH held on February 19, 2014. The entry in the commercial register was made on March 6, 2014.

Insofar, 2014 was the first financial year in which it is possible to prepare consolidated financial statements for the newly formed EDAG Group, with its parent company EDAG GmbH.

The first IFRS consolidated financial statements for EDAG GmbH as defined in IFRS 1 was drawn up for the period ending December 31, 2014 and contains the comparative period ending December 31, 2013 and the opening statement of financial position is drawn up as of January 1, 2013. With the exception of the equity components, the values in the opening statement of financial position accord with the values as of December 31, 2012. In addition, the combined figures for the 2012 financial year and as of December 31, 2011 are also given; the basis of these is presented from the next section on. When preparing the statement of financial position, the valuation rates and accounting principles applied previously in the consolidated financial statements of ATON GmbH were used. The consolidated financial statement as of December 31, 2014 and the comparative periods were prepared in accordance with the IFRS standards adopted by the European Union.

In accordance with IFRS 1.3, the audited combined IFRS financial statements for ATON GmbH for the 2013 to 2011 financial years form the basis for this consolidated annual report for 2014. The comparative figures for the 2012 and 2011 financial years are shown in combination have limited comparability to the current Group's net assets (equity).

The EDAG Group applies IFRS 1.D16(a) („predecessor accounting method") when preparing the combined financial statement. In doing so, the EDAG Group uses the same accounting principles and valuation rates to draw up the combined financial statement as the combined EDAG companies each applied to the generation of financial information for the previous financial statements of ATON GmbH. The combined financial statement will be carried at its cost less any accumulated depreciation, as shown in ATON group financial statement at the time of the conversion to IFRS accounting standards (January 1, 2006).

The IFRS standards do not contain any guidelines for preparing combined financial statements. IAS 8.12 is therefore to be applied when preparing combined financial statements. IAS 8.12 calls for consideration of the most recent pronouncements of other standard setting bodies, other accounting pronouncements and acknowledged financial industry practices. The combined financial statement of the EDAG Group results from the aggregation of the net assets of EDAG Engineering GmbH, EDAG GmbH & Co. KGaA, Rücker GmbH, BFFT Holding GmbH and their direct and indirect subsidiaries. To this end, all intragroup balances, income and expenses, as well as all unrealised gains and losses on transactions between companies within the EDAG Group were eliminated when preparing the combined financial statements. Further, the financial assets and the parent company's respective share of the equity of the subsidiaries within the EDAG Group was also eliminated. Transactions with ATON GmbH and companies in the ATON Group which do not belong to the EDAG Group are reported as transactions with related companies.

In accordance with IFRS 8.13, the ATON segment „Engineering" is divided into the following segments for the EDAG sub-group:

- Vehicle Engineering
- Production Solutions
- Electrics/Electronics

11.3 Basic Principles and Methods

Basic accounting principles

The consolidated financial statements of EDAG GmbH and its subsidiaries for December 31, 2014 have been prepared in accordance with the International Financial Reporting Standards (IFRS) as issued by 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). The requirements of all accounting standards and interpretations resolved as of December 31, 2014 and adopted in national law by the European Commission and the additional requirements of German commercial law pursuant to § 315a section 3 of the German Commercial Code [HGB] 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 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.

New, Changed or Revised Accounting Standards

a) New and changed standards applicable for 2014

EDAG has adopted all accounting standards mandatorily effective for the first time in the financial year 2014. The following standards and interpretations were applied for the first time in the 2014 financial year and in the two comparative periods, although they did not have any significant effect on the assets, financial and earnings situation of the consolidated financial statements.

- IAS 32 – Offsetting Financial Instruments
- IAS 36 – Recoverable Amount of Non-Financial Assets
- IAS 39 Financial instruments: Novation of Derivatives and Continuation of Hedge Accounting
- Investment Entities – Changes to IFRS 10, 11,12
- Amendments to IFRS 10, IFRS 11 and IFRS 12: Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities - Transition Guidance
- IFRS 10 - Consolidated Financial Statements
- IFRS 11 - Joint Arrangements
- IFRS 12 - Disclosure of Interests in Other Entities
- IAS 27 - Separate Financial Statements
- IAS 28 - Investments in Associates and Joint Ventures
- Change to IFRS 7 - Financial Instruments: Disclosures – Offsetting financial assets and financial liabilities

b) Standards, interpretations and changes to published standards, which are not yet mandatory for 2014, and which have not been applied prematurely by the company

The following new, changed or revised, published, but not yet compulsory standards and interpretations have not yet been applied:

The new, changed or revised accounting standards will be applied, without exception, from the time when use is compulsory in each given case.

With the exception of IFRS 15 „Revenue from Contracts with Customers", this is not expected to have any significant effect on the Group.

The regulations and definitions set out in IFRS 15 will replace the contents of IAS 18 „Revenue" and of IAS 11 „Construction Contracts". The aim of the amended standards is to standardise the previous, somewhat limited provisions of the IFRS on the one hand and the extremely detailed, sometimes industry-specific US-GAAP provisions on the other, and in this way improve the transparency and comparability of financial information. According to IFRS 15, revenue is to be recognised when the customer obtains control of the promised goods and services, and can benefit from them. The critical point is no longer the transfer of significant chances and risks set out in the old regulations in IAS 18 „Revenue". Revenue is to be evaluated with the amount of consideration the company expects to receive. The new standard establishes a five-step model for recognising revenue, and first of all requires identification of the contract with a customer and of the performance obligations in the contract. Following this, the transaction price of the contract with the customer must be determined and the price allocated to each separate performance obligation. Finally, the new standard requires recognition of revenue for each performance obligation as soon as the promised goods have been delivered or services rendered, or the customer has obtained control of the goods/services. Predetermined criteria are applied to determine whether the satisfaction of a performance obligation occurs at a point in time or over time. With multi-component contracts in particular, this could lead to significant changes in evaluation, due to the different times at which revenue is recognised and to the distribution of the transaction price to separate performance obligations. The company is in the process of assessing the impact of IFRS 15.

	Standard / Interpretation[1]	Published by the IASB	Compulsory use	Endorsement by EU Commission effected on	Endorsement by EU Commission planned for
IAS 1	Change: Disclosure initiative	18.12.2014	1.1.2016		4th quarter, 2015
IAS 16 / IAS 38	Change: IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets: Clarification of acceptable methods of depreciation and amortisation	12.5.2014	1.1.2016		3rd quarter, 2015
IAS 16 / IAS 41	Agriculture: Bearer plants	30.6.2014	1.1.2016		3rd quarter, 2015
IAS 19	Change: Option with regard to accounting for defined benefit plans	21.11.2013	1.2.2015	17.12.2014	
IAS 27	Change: Use of equity method in separate financial statements	12.8.2014	1.1.2016		3rd quarter, 2015
IFRS 9	Financial instruments	24.7.2014	1.1.2018		not known
IFRS 10 / IAS 28	Change: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	11.9.2014	1.1.2016		not known
IFRS 10 / IFRS 12 / IAS 28	Change: Investment companies - applying the consolidation exception	18.12.2014	1.1.2016		1st quarter, 2016
IFRS 11	Change: Accounting for acquisitions of interest in joint operations	6.5.2014	1.1.2016		3rd quarter, 2015
IFRS 14	Regulatory deferral accounts	30.1.2014	1.1.2016		not known
IFRS 15	Revenue	28.5.2014	1.1.2017		3rd quarter, 2015
Various	Improvements to IFRS standards (2010 - 2012)	12.12.2013	1.2.2015	17.12.2014	
Various	Improvements to IFRS standards (2011 - 2013)	12.12.2013	1.1.2015	18.12.2014	
Various	Improvements to IFRS standards (2012 - 2014)	25.9.2014	1.1.2016		3rd quarter, 2015

[1] *Until 31.12.2014*

Consolidation principles

The basis for the preparation of the consolidated financial statement is formed by the individual financial statements of EDAG AG and its subsidiaries which have been presented pursuant to IAS 10, according to standardised accounting and valuation methods. All the companies included - with the exception of EDAG Engineering & Design India Private Limited, New Delhi/India and EDAG Technologies India Private Limited, New Delhi/India - use the calendar year as their financial year.

The country-specific financial statements of the Indian companies are prepared as of March 31. However, as of the balance sheet date December 31, interim financial statements were prepared according to the IFRS requirements.

Capital consolidation is carried out according to the purchase method described in IFRS 3, by offsetting the acquisition costs for the company merger against the proportional equity of the subsidiary included in the consolidated financial statements upon first-time consolidation. In order to determine the proportional equity at the time of acquisition, a valuation is performed of all identifiable assets, liabilities and provisions and contingent liabilities of the acquired company, including those which were not recognized by the acquired company, at their applicable fair values attributable at the date of acquisition. Non-current assets which are classified as being held for sale pursuant to IFRS 5 are valued at the attributable fair value, less disposal costs.

Should the acquisition costs exceed the fair value of the Group's share of the identifiable assets, liabilities and provisions and contingent liabilities of the subsidiary as of the acquisition date, the excess is allocated to one or several Cash Generating Units (CGU) and accounted for separately as goodwill. At least once a year - more frequently if there is reason to believe this is indicated - an impairment test is carried out to check the intrinsic value of the company's goodwill. In the event of impairment, unscheduled amortisation is carried out. In the event of the disposal of a subsidiary, the attributable share of the goodwill is taken into account when calculating the result of the disposal.

Non-controlling interest represents the proportion of the result and the net assets which is not attributable to the Group. Shares of other shareholders are shown separately in the Group statement of comprehensive income and in the Group statement of financial position, according to their shares in the attributable fair values of the identifiable assets, liabilities and provisions and contingent liabilities. This item is reported under equity in

the Group statement of financial position, separately from the equity attributable to the shareholders of the parent company.
Assets and liabilities, and also sales revenues, expenses and income between consolidated companies have been offset. No significant effects result from the intercompany profit consolidation, taking deferred taxes into account.

The first-time valuation of joint-venture companies is carried out at acquisition cost. For the subsequent valuation, the share of the profits and losses generated after the acquisition of the company valued in accordance with the equity method is recorded through profit or loss and the investment valuation increased or decreased accordingly. The investments valued in accordance with the equity method are recorded with the proportional, newly valued equity. The statement of comprehensive income includes the Group's share in the success of the joint venture. Changes reported directly in the equity of the joint venture are recorded by the Group in the amount of its share and - if applicable - reported in the statement of changes in equity. Profits and losses from transactions between the Group and the joint venture are eliminated in proportion to the share in the joint venture. The balance sheet date and the accounting and valuation methods for similar business transactions and results under comparable circumstances of the joint venture and the Group correspond.

The sub-group consolidated financial statements for EDAG is regarded as an extract from the consolidated financial statement of the superordinate direct shareholder, ATON GmbH. Accordingly, acquisitions of companies and also contributions and mergers within the ATON Group are reported, with reference to IAS 8.10, according to the principles of business combinations involving entities or businesses under common control, or to put it briefly, transactions under common control. As a general principle, any assets, liabilities and provisions or contingent liabilities acquired or disposed of in connection with a sale or spin-off are valuated using the fair value of the agreed consideration.

Companies included in the consolidation

In addition to EDAG GmbH, all material subsidiaries are included in the consolidated financial statement. Subsidiaries are companies in which EDAG GmbH exercises direct or indirect control, or in which EDAG GmbH & Co. KGaA exercised control during the prior periods.

Control exists when a parent company is subject to variable returns from its involvement with the subsidiary, or is enttiled to and has existing rights (articles of association, company contract or a contractual agreement) that grant the ability to affect those returns through its power over the subsidiary.

With all such investments, this is based on the majority of voting rights held directly or indirectly by the parent company. The financial statements of the subsidiaries are included in the consolidated financial statements by means of consolidation from the date of gaining control until the parent company ceases to control the subsidiary.

In addition to EDAG GmbH, the consolidated financial statement includes the companies listed in the note disclosures regarding shareholdings, which are fully consolidated as per IAS 27.
As the inclusion of several companies individually and overall is of little importance with regard to the obligation to give a fair presentation of the net assets, financial position and results of operations of the Group, this has been waived. These subsidiaries have been reported at acquisition cost, as per IAS 39 (see notes).

The following domestic incorporated and registered partnerships were included in the consolidated financial statements and group management report of EDAG AG, Wiesbaden in accordance with the regulations set out in § 291 HGB (German Commercial Code). The conditions for exemption from the preparing of the consolidated financial statement have been met.

- EDAG Production Solutions GmbH & Co. KG, Fulda
- BFFT Holding GmbH, Munich
- BFFT Fahrzeugtechnik mbH, Gaimersheim

The following domestic subsidiaries, either incorporated companies or registered partnerships as defined in § 264a HGB (German Commercial Code), have satisfied the conditions as per § 264b HGB (German Commercial Code) for claiming exemption, and will therefore not be preparing management reports or publishing their annual financial statements.

- EDAG Production Solutions GmbH & Co. KG, Fulda

Companies on which EDAG GmbH can, through involvement in their financial and business policies, have a significant effect (associated companies) are accounted for using the equity method as per IAS 28. As a general rule, „a significant effect" is assumed in cases where the share of voting rights is between 20 and 50 percent. Determination of when exactly the associated companies will be included in or withdrawn from the circle of companies accounted for using the equity method is analogous to the principles applicable to subsidiaries.

In the period January 1, 2012 to December 31, 2014, the the group of combined or consolidated companies developed as follows:

	Domestic	Non-domestic	Total
Fully consolidated companies			
Included as of 1.1.2012	**8**	**15**	**23**
Included for the first time in current financial year	11	20	31
Withdrawn in current financial year	3	3	6
Included as of 31.12.2012	**16**	**32**	**48**
Included for the first time in current financial year	2	3	5
Withdrawn in current financial year	1	-	1
Included as of 31.12.2013	**17**	**35**	**52**
Included for the first time in current financial year	1	1	2
Withdrawn in current financial year	8	8	16
Included as of 31.12.2014	**10**	**28**	**38**
Companies accounted for using the equity method			
Included as of 1.1.2012	**1**	**-**	**1**
Included for the first time in current financial year	-	-	-
Withdrawn in current financial year	-	-	-
Included as of 31.12.2012	**1**	**-**	**1**
Included for the first time in current financial year	-	-	-
Withdrawn in current financial year	1	-	1
Included as of 31.12.2013	**-**	**-**	**-**
Included for the first time in current financial year	3	-	3
Withdrawn in current financial year	-	-	-
Included as of 31.12.2014	**3**	**-**	**3**
Companies included at acquisition cost			
Included as of 1.1.2012	**3**	**1**	**4**
Included for the first time in current financial year	1	4	5
Withdrawn in current financial year	-	-	-
Included as of 31.12.2012	**4**	**5**	**9**
Included for the first time in current financial year	-	1	1
Withdrawn in current financial year	-	-	-
Included as of 31.12.2013	**4**	**6**	**10**
Included for the first time in current financial year	-	-	-
Withdrawn in current financial year	2	4	6
Included as of 31.12.2014	**2**	**2**	**4**

The companies included at acquisition cost are for the most part non-operational companies and general partners. All of the companies accounted for using the equity method are associated companies.
VR-Leasing Malakon GmbH & Co Immo. KG is included as a fully consolidated company, although the Group holds only 25 percent of the voting rights. On the other hand, it has an 85 percent share in the capital. Agreements under company law, however, result in control by EDAG in accordance with IFRS 10.7. EDAG is under no obligation to grant the company financial assistance. EDAG has not in the past voluntarily granted any such financial assistance, nor does the company have any intention of doing so in the future.

2012 Financial Year

As of the balance sheet date December 31, 2011, 8 domestic and 15 non-domestic companies belonging to the EDAG Group with its parent company EDAG GmbH & Co. KGaA, Fulda were included in the group of consolidated companies.
EDAG GmbH, as the company is known today, was founded under the name Blitz 12-405 AG on February 8, 2012and was entered in the commercial register on April 24, 2012. With the purchase agreement of July 24, 2012 and the general meeting held on the same date, all shares were purchased by ATON GmbH and the company's name was changed to ATON Engineering AG. A resolution was passed at the extraordinary general meeting held on December 9, 2013 to change the name of ATON Engineering AG to EDAG Engineering AG. By resolution of the extraordinary general meeting of March 5, 2015 and with the commercial registration of March 18, 2015, 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).
On February 29, 2012, 100 percent of the shares in **EDAG Engineering + Design de Mexico SA de CV,** Puebla, were sold. The loss of € 504 thousand incurred as a result of the deconsolidation was posted in earnings after tax from discontinued operations. In this context and on the same date, the assets, liabilities and provisions of the independent **„Armouring"** division of EDAG GmbH & Co. KGaA were also sold. The effects of the disinvestment are posted in cash flow from investment activities.
On March 2, 2012, the assets, liabilities and provisions of **EDAG Engineering + Design S.A.,** Matorell, were transferred to EDAG GmbH & Co. KGaA. Following this, the company was liquidated and deconsolidated. There was no deconsolidation effect.
EDAG Production Solutions GmbH & Co.KG, Fulda, was founded with the spin-off and takeover agreement of March 23, 2012: this was the spin-off of a division of EDAG GmbH & Co.KGaA. Spin-off date under commercial law was January 1, 2012.
EDAG Production Solutions Korea Ltd., Seoul, was founded on March 14, 2012. This is a fully owned subsidiary of EDAG Production Solutions GmbH & Co.KG, Fulda.
With the purchase and transfer agreement of April 1, 2012 and with economic effect as of January 1, 2012, 100 percent of the limited partner's shares in **ED Work GmbH & Co. KG** were sold to Kempfer & Kolakovic Personal Management GmbH, Jena. The profit of € 3,719 thousand generated by the deconsolidation was posted under other income.
On June 4, 2012, 100 percent of the shares in **WMU GmbH & Co. KG,** Hann. Münden, along with their subsidiary **Namibian Press and Tools International Prop. Ltd.,** Walvis Bay, were sold to Sungwoo Hitech Co. Ltd., Busan. The sum of € -305 thousand was posted to earnings after tax from discontinued operations.
EDAG Engineering and Design Co.,Ltd. Shanghai was founded on July 26, 2012. Operative business commenced on October 1, 2012, following the conclusion of an asset transfer agreement with FFT EDAG Production Systems Co., Ltd., Shanghai.
BFFT Holding GmbH, Munich was acquired for € 28 thousand on September 19, 2012.
On September 24, 2012, EDAG GmbH acquired 58.86 percent of the shares in **Rücker AG,** Wiesbaden. Rücker AG is a technological design engineering company working for the international automotive, aircraft and aerospace industries. As an independent partner to numerous renowned customers, in particular in the international automotive industry, Rücker stands for German cutting edge technology. In the course of this acquisition, 7 domestic and 18 non-domestic Rücker companies were also acquired. On November 27, 2012, the proportion of voting rights was successively raised to 89.71 percent. The purchase price of the shares acquired in 2012 totalled € 120,394 thousand.
On December 1, 2012, **Rosata Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Fulda-West KG,** Grünwald, was sold to FFT EDAG Produktionssysteme GmbH & Co. KG, Fulda. This sale was a transaction under common control, as all the parties involved were already under the control of the same owner, ATON GmbH, Hallbergmoos, prior to sale. The difference between the consideration paid (purchase price € 194 thousand) and the total of the Group book values of the assets, liabilities and provisions and contingent liabilities which were sold is € 1,058 thousand (deconsolidation profit). No disposed of cash and cash-equivalents were recorded.

2013 Financial Year

On January 18, 2013, EDAG GmbH acquired 100 percent of the shares in **BFFT Gesellschaft für Fahrzeugtechnik mbH,** Gaimersheim and in **BFFT Engineering**

GmbH, Gaimersheim via its subsidiary BFFT Holding GmbH, Munich. In the course of this acquisition, BFFT aeromotive GmbH, Gaimersheim, BFFT Hungary Kft., Györ (Hungary) and BFFT of America, Belmont, USA were also acquired. With effect from January 1, 2013, BFFT Engineering GmbH was merged with BFFT Gesellschaft für Fahrzeugtechnik mbH. BFFT Hungary Kft. is insignificant, and is therefore not included in the group of consolidated companies.

The BFFT Group is a manufacture-independent engineering service provider for the automotive and aerospace industries. The company has a workforce of almost 600 employees, mainly in Gaimersheim. Most of its employees are engineers. BFFT's most important customer is the Volkswagen Group. In the automotive field, BFFT works predominantly on the development of networked systems for vehicle electrical and electronic systems. In this business unit, BFFT handles the development of non-individualised hardware products for vehicle electronic systems as well as the the development and testing of alternative drive systems.

In January 2013, EDAG GmbH acquired 12,407 shares (0.148 percent) in **Rücker AG,** Wiesbaden at a purchase price of € 199 thousand. In April and May 2013, a further 7,740 shares (0.092 percent) were acquired at a purchase price of € 124 thousand. On June 30, 2013, therefore, the Group was in possession of 90.04 percent of the share capital of Rücker AG. At the time of acquisition, the book value of the minority interests was € 85 thousand and € 54 thousand respectively. The Group derecognised minority interests in the amount of € 139 thousand, and registered an increase in the equity attributable to the shareholders of the parent company in the amount of € 184 thousand.

On June 28, 2013, EDAG Engineering GmbH and Rücker AG entered into a merger agreement, according to which the assets of Rücker AG, the acquired company, were transferred to EDAG Engineering GmbH, the acquiring company, by way of merger by absorption in accordance with § 2 No. 1 UmwG [German Reorganisation of Companies Act], and in connection with which the minority shareholders were excluded in accordance with § 327a section 1 AktG [German Companies Act] in conjunction with § 62 section 1, 5 UmwG.

EDAG México, S.A. de C.V., Puebla, Mexico and **EDAG SERVICIOS México, S.A. de C.V.,** Puebla, Mexico were founded on April 18, 2013.

2014 Financial Year

The following companies were merged with EDAG Engineering GmbH, Wiesbaden with retrospective effect from January 1, 2014:

- EDAG GmbH & Co. KGaA, Fulda (registered on June 2, 2014)
- Rücker GmbH, Wiesbaden (registered on July 22, 2014)
- EDAG Rail GmbH, Fulda (registered on September 29, 2014)
- EDAG Aerospace GmbH, Fulda (registered on September 29, 2014)
- EDAG SIGMA Concurrent Engineering GmbH, Fulda (registered on September 29, 2014)

With effect from March 31, 2014, the EDAG Group disposed of shares in the following fully consolidated companies:

- Rücker Aerospace GmbH, Hamburg
- Silver Aerospace B.V., Haarlem, Netherlands
- Rücker France SARL, Blagnac, France
- Rücker-Sier GIE, Blagnac, France

In the 2013 financial year, these four companies were classified as a disposal group, in accordance with IFRS 5. The resulting deconsolidation profit amounts to € 4,567 thousand.

On May 31, 2014, the shares in **EKS InTec GmbH,** Weingarten were sold. The resulting deconsolidation profit amounts to € 7,976 thousand.

In addition, the two US subsidiaries **EDAG Productions LLC.** and **Star Design Inc.,** and also **EDAG S.A.R.L.,** France were deconsolidated on completion of their liquidation. The resulting deconsolidation profit amounts to € -515 thousand.

On July 31, 2014, all the shares in **Wolfgang Rücker Ges.m.b.H.,** Vienna were sold. The resulting deconsolidation profit amounts to € -228 thousand.

EDAG Production Solutions RU OOO, Russia, until then not yet consolidated, was included in the group of consolidated companies for the first time. This resulted in a positive difference in the amount of € 30 thousand, which was recognised through profit or loss.

As a result of a strategic analysis of the various company divisions, EDAG GmbH decided to establish its Tool and Body Systems division with **EDAG Werkzeug + Karosserie GmbH** by way of spin-off for absorption (spin-off in accordance with § 123 section 3 No. 1 UmwG). In this context, FFT Produktionssysteme GmbH & Co. KG, Fulda acquired

51 percent of the shares in the company. The deconsolidation profit resulting from the transitional consolidation amounts to € 14,424 thousand.
With the sales and assignment agreement dated December 12, 2014, 49 percent of the shares in **Zweite FOM Beteiligungs GmbH,** Heidelberg, and on the same date 49 percent of the limited partner's shares in **Zweite FOM Objekt GmbH & Co. KG,** Heidelberg were acquired.

Acquisitions

The following table gives an overview of the PPA (Purchase Price Allocation) of acquisitions in 2013 and 2012:

in € thousand	2013	2012
Purchase price for shares on date of initial consolidation	**49,806**	**78,916**
Net assets at book values, proportionate	20,318	18,263
Difference	**29,488**	**60,653**
Adjustment to fair values		
Non-current assets, proportionate	**14,355**	**23,083**
Other intangible assets, proportionate	14,355	23,083
TOTAL assets, proportionate	**14,355**	**23,083**
Non-current liabilities and provisions, proportionate	**-**	**250**
TOTAL liabilities and provisions, proportionate	**-**	**250**
TOTAL adjustments to fair values	**14,355**	**22,832**
Deferred tax liabilities on adjustments, proportionate	**4,242**	**6,705**
Remaining goodwill	**19,375**	**44,525**

The assets, liabilities and provisions acquired have been recognised at fair value in the purchase price allocation, in accordance with IFRS 3.

The most significant influence of the purchase price allocation on the statement of financial position and profit or loss resulted from the fair value adjustment of the intangible assets. The intangible assets include in particular existing customer relations, software licences and orders on hand. The deferred tax liabilities reported relate in particular to the re-evaluation of intangible assets. The remaining difference between the purchase price and the proportionate fair values was reported as goodwill. This consists primarily of non-separable values for the knowledge of the employees and benefits from the expected synergies with other companies. The fair value of these intangible assets cannot be assessed with any certainty.

1. Acquisition of Rücker AG, Wiesbaden on September 24, 2012
The acquisition cost for the purchase of 58.86 percent of the shares in Rücker AG, Wiesbaden on September 24, 2012 amounted to € 78,916 thousand.

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

CASH OUTFLOW DUE TO THE ACQUISITION OF THE COMPANY

in € thousand	2012
Outflow of cash and cash equivalents, total	78,916
Cash and cash equivalents acquired with the subsidiary	12,497
Actual cash outflow	66,419

All of the remaining shares were acquired in 2012 und 2013. The derecognised minority interest was offset against equity with no effect on profit or loss. The effects are shown in the table below.

in € thousand	2012	2013
Book value of non-controlling shares	17,809	6,611
Purchase price of non-controlling shares	41,478	14,424
Difference recorded in equity	23,669	7,813

The following table sets out the assets, liabilities and provisions 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	1,446	35,179	36,625
Property, plant and equipment	24,109	4,037	28,146
Other non-current assets	1,364	-	1,364
Non-current assets	**26,919**	**39,216**	**66,135**
Inventories	648	-	648
Other current assets	43,274	-	43,274
Cash and cash-equivalents	12,497	-	12,497
Current assets	**56,419**	**-**	**56,419**
TOTAL assets	**83,338**	**39,216**	**122,554**
Pension provisions	6,686	425	7,111
Non-current financial liabilities	6,263	-	6,263
Other non-current liabilities and provisions	1,609	11,391	13,000
Non-current liabilities and provisions	**14,558**	**11,816**	**26,374**
Current financial liabilities	11,627	-	11,627
Accounts payables	7,982	-	7,982
Other current liabilities and provisions	18,143	-	18,143
Current liabilities	**37,752**	**-**	**37,752**
TOTAL liabilities	**52,310**	**11,816**	**64,126**
Acquired net assets/ purchase price	**31,028**	**27,400**	**58,428**

As a result of the inclusion of the company, sales revenues have increased by € 48,344 thousand, and earnings after tax by € 213 thousand. Had the inclusion of the company been effected by January 1, 2012, group sales revenues would have been € 189,355 thousand higher, and earnings after tax € 7,602 thousand higher.

2. Acquisition of BFFT Gesellschaft für Fahrzeugtechnik mbH on January 18, 2013

The acquisition costs of the company merger amounted to a total of € 49,805 thousand. Incidental acquisition costs in the amount of € 476 thousand were also incurred in this context, and were posted as expenses in operating result.

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

CASH OUTFLOW DUE TO THE ACQUISITION OF THE COMPANY

in € thousand	2013
Outflow of cash and cash equivalents	49.806
Cash and cash equivalents acquired with the subsidiary	1.276
Actual cash outflow	48.530

The following table sets out the assets, liabilities and provisions 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
Customer relations	-	12,930	12,930
Orders on hand	-	1,362	1,362
Technology	-	63	63
Property, plant and equipment	4,559	-	4,559
Non-current accounts receivable and other non-current re-ceivables	12,009	-	12,009
Other non-current assets	1,079	-	1,079
Non-current assets	**17,647**	**14,355**	**32,002**
Accounts receivable and other receivables	10,380	-	10,380
Other current assets	994	-	994
Cash and cash-equivalents	1,276	-	1,276
Current assets	**12,650**	**-**	**12,650**
TOTAL assets	**30,297**	**14,355**	**44,652**
Financial liabilities	1,820	-	1,820
Accounts payables	2,168	-	2,168
Other current liabilities	5,446	-	5,446
Deferred tax liabilities	545	4,242	4,787
TOTAL liabilities and provisions	**9,979**	**4,242**	**14,221**
Acquired net assets / purchase price	**20,318**	**10,113**	**30,431**

As a result of the company merger, the EDAG Group's sales revenue increased by € 50,237 thousand in the 2013 financial year, and the earnings after tax for the year by € 1,898 thousand.

3. Inclusion of EDAG GmbH & Co. KGaA

The transaction was carried out as part of a mixed non-cash contribution agreement. On the one hand, new shareholder rights in the amount of € 19,950 thousand were granted, while on the other hand, a liability in the amount of € 40,000 thousand was recognised and promptly paid.

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

CASH OUTFLOW DUE TO THE ACQUISITION OF THE COMPANY

in € thousand	2014
Outflow of cash and cash equivalents	40.000
Cash and cash equivalents acquired with the subsidiary	14.095
Actual cash outflow	25.905

Accounting was carried out within the framework of a common control transaction. The assets, liabilities and provisions were continued at the carrying values from the consolidated financial statement of the ultimate parent company (IFRS 1.D16(a) „predecessor accounting method"). For ease of comparison and for reasons of transparency, the results, assets, liabilities and provisions were shown in the earliest period represented.

The following table sets out the assets, liabilities and provisions identified for the acquisition of the company:

in € thousand	Historical book values (IFRS)	Adjust-ments to fair values	Fair values at time of acquisition
Intangible assets	6,680	-	6,680
Property, plant and equipment	58,657	-	58,657
Financial assets	129	-	129
Non-current accounts receivable and other non-current re-ceivables	398	-	398
Other non-current assets	281	-	281
Non-current assets	**66,145**	**-**	**66,145**
Inventories	17,806	-	17,806
Accounts receivable and other receivables	131,784	-	131,784
Other current assets	3,718	-	3,718
Cash and cash-equivalents	14,095	-	14,095
Current assets	**167,403**	**-**	**167,403**
TOTAL assets	**233,548**	**-**	**233,548**
Provisions	25,129	-	25,129
Financial liabilities	22,081	-	22,081
Accounts payables	50,760	-	50,760
Other current liabilities	30,133	-	30,133
Deferred tax liabilities	4,255	-	4,255
TOTAL liabilities and provisions	**132,358**	**-**	**132,358**
Acquired net assets	**101,190**	**-**	**101,190**

Disinvestments

The following table provides an overview of the assets, liabilities and provisions of disinvestments in the period 2014 to 2012 at the time of deconsolidation:

in € thousand	2014	2013	2012
Intangible assets	613	-	470
Property, plant and equipment	9,805	-	30,242
Financial assets	114	-	97
Non-current accounts receivable and other non-current receivables	109	-	-
Deferred tax assets	416	-	268
Non-current assets	**11,057**	**-**	**31,077**
Inventories	5,794	-	23,158
Accounts receivable and other receivables	17,921	-	18,931
Other current assets	-	-	152
Cash and cash-equivalents	4,737	-	139
Current assets	**28,452**	**-**	**42,379**
TOTAL assets	**39,509**	**-**	**73,456**
Non-current provisions	672	-	113
Non-current financial liabilities	1,911	-	10,392
Other non-current liabilities	108	-	-
Deferred tax liabilities	199	-	376
Non-current liabilities and provisions	**2,889**	**-**	**10,882**
Current provisions	550	-	244
Current financial liabilities	950	-	4,828
Current accounts payables	7,837	-	9,442
Other current liabilities	4,039	-	8,533
Tax liabilities	156	-	-
Current liabilities and provisions	**13,533**	**-**	**23,047**
TOTAL liabilities and provisions	**16,422**	**-**	**33,929**
Net assets	**23,087**	**-**	**39,528**

Currency conversion

For initial recognition, foreign currency transactions in the individual annual financial statements accounts of the Group companies included are valued using the exchange rate at the time of the business transaction. Monetary assets and debts in a foreign currency (cash and cash-equivalents, receivables and liabilities) are valued at the spot exchange rate on the balance sheet date. The exchange rate gains and losses arising from the valuation or settlement of monetary items are shown in the statement of comprehensive income. Equity and non-monetary items are valued at historical rates.

The annual financial statements of the foreign Group companies are converted into euros, on the basis of the concept of functional currency, as per the modified reference date rate method (functional currency of the Group). Due to the fact that the subsidiaries conduct their business with financial, commercial and organisational independence, the functional currency is always identical to the national currency of the company in question. In the consolidated financial statements, therefore, the expenses and revenues from subsidiaries' financial statements drawn up in a foreign currency are converted at average rates of exchange for the year, while assets, liabilities and provisions are converted at year-end exchange rates. The currency difference arising from the conversion of equity is posted as a separate item. The conversion differences resulting from differing exchange rates between the statement of financial position and the statement of comprehensive income are also disclosed as a separate item and recognized directly in equity. When dealing with the disposal of a subsidiary, the currency translation differences recorded in equity during the years it belonged to the group are reversed to profit or loss.

Currency conversion was based on the following exchange rates.

Country	Currency 1 EUR = Nat. currency	Spot rate on balance sheet date				Average exchange rate for period		
		31.12.2014	31.12.2013	31.12.2012	1.1.2012	2014	2013	2012
Great Britain	GBP	0.7789	0.8337	0.8161	0.8367	0.8064	0.8493	0.8111
Brazil	BRL	3.2207	3.2576	2.7036	2.4137	3.1152	2.8668	2.5099
USA	USD	1.2141	1.3791	1.3194	1.2932	1.3289	1.3282	1.2856
Malaysia	MYR	4.2473	4.5221	4.0347	4.1010	4.3475	4.1854	3.9696
Australia	AUD	1.4829	1.5423	1.2712	1.2714	1.4724	1.3769	1.2414
Hungary	HUF	315.54	297.0400	292.30	312.82	308.725	296.9395	289.2938
India	INR	76.719	85.366	72.56	68.5855	81.0747	77.8722	68.6376
China	CNY	7.5358	8.3491	8.2207	8.1435	8.1884	8.1656	8.1102
Mexico	MXN	17.8679	18.0731	17.1845	18.0725	17.6633	16.9631	16.9088
Czech Republic	CZK	27.735	27.427	25.151	25.822	27.5357	25.9873	25.1451
Switzerland	CHF	1.2024	1.2276	1.2072	1.2165	1.2146	1.2312	1.2053
Poland	PLN	4.2732	4.1543	4.0740	4.458	4.1848	4.2088	4.1842
Romania	RON	4.4828	4.471	4.4445	4.3309	4.4444	4.4193	4.4582
Russia	RUB	72.337	45.3246	40.3295	41.6868	51.0183	42.3239	39.9308
Sweden	SEK	9.393	8.8591	8.582	8.9171	9.0970	8.6374	8.7055
Japan	JPY	145.23	144.72	113.61	100.0700	140.3797	129.6615	102.6223
South Korea	KRW	1,324.80	1,450.93	1,406.23	1,499.59	1,399.1114	1,453.85	1,447.89
Namibia	NAD	13.7542	14.566	11.1727	10.4763	14.4074	12.8285	10.5641

Accounting and valuation principles

The consolidated financial statement has been prepared on the basis of historical acquisition/production costs. The one exception to this rule are specific financial instruments which are reported on the basis of the attributable fair value.

When preparing the consolidated financial statement as of December 31, 2014, the same basic accounting and valuation methods were applied as for calculating the comparative figures.

Realisation of income and expenses

Income is measured at the attributable fair value for the consideration received or to be received for the sale of goods and services within the context of the ordinary business activity, less the price reductions and volume discounts granted by the company. VAT and other duties are not taken into account. Income is reported if the economic benefit is likely to accrue to the Group, and the amount of the income can be reliably ascertained.

With the sale of goods and services, this is the point in time at which ownership and risk are transferred, or the service is performed. Income from construction contracts is reported as income with reference to the stage of completion, if the result of the construction contract can be reliably estimated (percentage of completion method, PoC method). This is the case if the total income, any costs incurred up to the balance sheet date, any costs anticipated until the order has been completed, and the stage of completion can all be reliably ascertained. The stage of completion is ascertained on the basis of the costs incurred by the balance sheet date, as a percentage rate of the total costs estimated for the respective project. If the result of a construction contract cannot be reliably forecast, income is only posted to the extent to which the costs incurred can be recovered (zero-profit method).

In the statement of financial position, the parts of the order for which income has been accounted for with the PoC method are posted to accounts receivable, after deducting the advance payments received. Expected losses from construction contracts are initially offset on the asset side with the status as of the reference date, and the remainder is immediately posted in its full amount as pending loss.

If the sale of products encompasses an ascertainable partial amount for subsequent services („multi-component contracts"), the attributable sales revenues are accrued and released over the term of the contract, affecting net income. Release is generally proportional to the anticipated cost behaviour pattern.

Interest income and expenses are posted on a pro rata temporis basis, applying the effective interest method. Dividends are recorded when entitlement is legally effective.

Operating expenses are posted as costs when the service is utilised, or at the time they are incurred.

Research and development costs

For accounting purposes, research costs are defined as costs relating to targeted investigations which are intended to deliver new scientific or technical findings and insights. Development costs are defined as expenses relating to the application of research results or technical knowledge in production, production processes, services or goods prior to the start of commercial production or use. The EDAG Group mainly provides customers with development services which can then be capitalised within the context of a customer project, and subsequently accounted for.

Research costs are immediately posted to profit or loss. Development costs are capitalised if they fulfil specific, precisely defined valuation criteria (IAS 38.57). Capitalisation is effected if the development activity is sufficiently certain to lead to future inflows of funds which will also cover the corresponding development costs.

Production costs include directly attributable costs and directly attributable material and production overheads, and also interest on borrowed capital, where this is applicable.

Depreciation begins on completion of development, when the asset is available for use. Depreciation is recognised on a straight line basis, over the period during which sales revenues are anticipated. During the development period, in which the asset is not yet in use, it is reviewed annually with regard to impairment.
In the reporting year, research and development expenses amounted to € 2,403 thousand (2013: € 1,605 thousand; 2012: € 1,147 thousand).

Other intangible assets

Intangible assets are posted as per IAS 38 („Intangible Assets"), and capitalised accordingly if (a) the intangible asset is identifiable (i.e. it is separable or results from contractual or other right), (b) it is likely that the future economic benefit (e.g. liquid funds or other benefits, such as cost savings), which results from the asset which will flow to the company and, (c) the costs of the intangible asset can be reliably measured. The intangible assets of the EDAG Group include customer relations, concessions, industrial property rights and similar rights, IT software, goodwill and capitalised development costs.

Intangible assets acquired for consideration are capitalised at acquisition cost and written off over their useful life. The amortisation of intangible assets, with the exception of goodwill, is always carried out on a straight line basis, over the following period:

	Years
Customer relations	8 - 10
Capitalized orders on hand	1
Capitalized development services	3 - 5
Concessions, industrial property rights and similar rights	4 - 6
IT software	3 - 8

Amortisation begins as soon as the asset can be used, i.e. when it is at the location and in the condition necessary for it to be capable of operating in the manner intended by management. Impairments are accounted for by means of unscheduled amortisation. Should reasons for unscheduled amortisation be discontinued, corresponding write-ups are carried out to the recoverable amount, which must not exceed the acquisition costs carried forward.

The development costs for a project are only capitalised as an intangible asset if the technical implementation, the intention of completion and the utilisation or sale of the intangible asset can be demonstrated. Production costs cover the directly and indirectly attributable costs, and also, in the case of qualified assets in accordance with IAS 23, borrowing costs incurred during the production period. They are amortised on a straight-line basis over their estimated useful lives, which as a rule is not longer than five years.
In cases in which no own intangible asset can be recognised, the development costs are recognised as expenses in the period in which they occur.
Goodwill is tested for possible impairment once a year. In the event of incidents or changed circumstances indicating a possible reduction in value, the impairment review is to be carried out more frequently. Further details of the procedure to be followed in the annual impairment tests can be found in the section „Impairment".

Impairment

For each balance sheet date, or more frequently should incidents indicate the necessity, the Group checks the book values of the intangible assets and property, plant and equipment, to determine whether or not there is any evidence indicating impairment. Should this be the case, the recoverable amount of the asset in question is ascertained and compared with its book value, to determine the value of any adjustment that might need to be made. Should it not be possible to determine a recoverable amount for an individual asset, the recoverable amount is determined for the smallest identifiable group of assets which generates cash and to which the individual asset can be allocated (cash generating units).

The goodwill value or company value is divided up and assigned to the CGUs, and recoverability is tested at this level. The CGU residual book value is compared with the recoverable amount, i.e. with the net sales price or value in use, whichever is the greater of the two. The net sales price is the revenue which can be achieved by selling an asset, in a transaction using market conditions between two qualified parties willing to enter into a contract (attributable fair value), less disposal costs. The EDAG Group first determines the value in use in the course of the impairment test. Should this prove to be lower than the book value, the net disposal value after deduction of the disposal costs is determined. The cash generating unit's value in use is equal to the present value of the cash flow which, taking into account the continual usage of the strategic business unit and its disposal, can be expected at the end of its useful life. Payment prognosis is based on the current, long-term plans of the EDAG Group. The planning period is three years. At EDAG, the cost of capital is calculated as the weighted average of the equity and debt capital costs; the crucial factor here being the proportion of each of the total capital. The equity cost rate is determined with the Capital Asset Pricing Model (CAPM), from a zero-coupon bond interest rate with a time to maturity of 30 years plus a risk premium equivalent to one of the separate CGUs. Return on equity is 9.70 percent (2013: 10.60 percent; 2012: 9.40 percent). The borrowing costs used amount to 1.33 percent (2013: 2.45 percent; 2012: 2.45 percent), and represent the long-term funding conditions. Both components are derived from information on the capital market, and represent an interest rate before tax. The resulting WACC is 9.00 percent (2013:10.20 percent ; 2012: 9.05 percent). There are no specific capitalisation rates for the segments, as the peer group is identical in all cases.

The planning is based on expectations with regard to the future development of the global economy, on assumptions derived from the development of the engineering market, and on concrete customer commitments relating to individual projects. A perpetuity growth rate of one percent (previous year: also one percent) has been taken into account.

In cases in which the book value of the cash generating unit is higher than its recoverable amount, then there is a depreciation loss in the amount of the difference. The initial step is, taking the amount of this adjustment, which is posted as expense, to amortise the goodwill of the strategic business unit concerned. Any remaining sum is spread, proportional to the book values, across the other assets of the relevant strategic business unit. The following table shows the EDAG Group's CGUs along with their goodwill.

in € thousand	**2014**	**2013**	**2012**
Vehicle engineering	44,340	44,340	44,340
Production solutions	185	185	185
Electrics / electronics	19,378	19,378	3
Total	**63,903**	**63,903**	**44,528**

As in the comparative periods, there was no need for adjustments to be made to goodwill. Even if the equity cost rate is increased by 100 basis points, there is still no need for any adjustment to be made to the other cash generating units.

Should reasons for unscheduled amortisation be discontinued, corresponding write-ups are carried out. Write-ups are only carried out if changes have been made to the estimates used to determine the recoverable amount since the last time the expense incurred for impairments was recorded. If this is the case, then the book value of the asset is increased to its recoverable amount, but not more than its carried-forward acquisition cost, without taking into account any expense for impairment. Unscheduled depreciation of goodwill is not corrected by means of write-ups.

Unscheduled amortisation and/or write-ups are recorded as operating results in the statement of comprehensive income if continuing operations are involved. This does not apply, however, to newly rated assets if the profit/loss arising from the re-evaluation is recorded under equity. In this case, the depreciation is recorded in equity, up to the amount from a previous re-evaluation.

Property, plant and equipment

Property, plant and equipment are reported pursuant to IAS 16 and capitalised accordingly if (a) it is likely that the company will derive future economic benefit, and (b) the acquisition or production cost of the plant and equipment can be valued reliably.

Property, plant and equipment are valued at historical acquisition or production cost less scheduled, straight-line depreciation. Unscheduled depreciation is recognised if impairments exist. According to IAS 36 (Impairment of Assets), such impairments are ascertained on the basis of comparisons with the discounted future cash flows.

The following useful lives are used as a basis for the depreciation:

	Years
Buildings	10 - 60
Technical equipment	12 - 25
Machinery	8 - 25
Vehicle fleet	5
Hardware	3 - 4
Tools	5
Other operating and office equipment	3 - 20

Buildings and installations on external properties are depreciated over the term of the rental contracts or their useful life, if this is lower.

The acquisition costs are composed of the acquisition price, ancillary acquisition costs and subsequent acquisition costs, less acquisition price reductions received. If an obligation exists to shut down or dismantle a property, plant and equipment asset at the end of its useful life, or to restore a site to its former condition, the estimated cost of this work increases the acquisition cost of the asset, which is seen alongside a provision to be posted on the liability side.
In addition to directly attributable costs, the production costs for self-built facilities also

include directly attributable material and production overheads, as well as the general administration costs for the divisions dealing with building the facility. Tools that are owned by the Group are capitalised at acquisition or production cost.

Investment subsidies and allowances are offset against acquisition or production costs. Capitalisation of subsequent acquisition or production costs is carried out if a future economic benefit will accrue from the costs associated with the property, plant and equipment. Maintenance and repairs are posted through profit or loss.

Property, plant and equipment are split into components at the lowest level, if these components have useful lives which differ significantly from one another and these components will probably need to be replaced or overhauled at some point during the entire life of the facility.

Profits or losses on asset disposals are posted under other operating income or expenses. Property, plant and equipment is derecognised either on disposal, or at such time as no further economic benefit is anticipated from the continued use or disposal of the asset.

Leasing

Group as the Lessee

Leasing transactions are classified either as finance leases or operating leases. Leasing transactions in which the Group, as the lessee, bears all the significant risks and rewards associated with ownership are treated as finance leases. Accordingly, the Group capitalises the leasing object at the time of concluding the leasing relationship at either the attributable fair value or the net present value of the minimum leasing instalments, whichever is lower, and then depreciates the leasing object over the estimated useful economic life or the shorter contractual period. At the same time, a corresponding liability is created which is repaid and carried forward during the subsequent period, according to the effective interest method. All other leasing transactions in which the Group acts as lessee are treated as operating leases. In this case, leasing payments are recognised as expenses on a straight line basis, throughout the contract period.

Group as the Lessor

Leases which do not substantially transfer all the risks and rewards associated with ownership from the Group to the lessee are classified as operating leases. Initial direct costs incurred on account of the negotiations relating to and the conclusion of an operating leasing contract are added to the book value of the leased object and recognised as expenses corresponding to the income from rents, throughout the contract period.

Public sector benefits

Public sector benefits are only recorded if there are reasonable grounds for certainty that the associated conditions can be fulfilled and the benefits granted.

Taxable and tax-exempt state benefits for the acquisition of non-current assets are posted as a reduction of the acquisition and manufacturing costs for the acquired and self-produced assets. Profit-related benefits are always posted to profit or loss using the entity method in the periods during which the costs to be compensated are incurred. In contrast, subsidies for short-time working benefit are presented using the equity method.

Investment property

Investment property covers all real estate held for the purpose of earning income from rents, as long-term capital growth, or which is used for neither production nor administrative purposes. Property held as financial investments is valued at carried-forward acquisition cost in the statement of financial position, and depreciated on a straight line basis over 30 - 50 years.

Inventories

Assets which are held for sale in the ordinary course of business (finished goods, finished services and merchandise) which are being produced for sale (unfinished goods and service), or which are utilised within the context of manufacturing products or supplying services (raw materials and supplies) are reported as inventories, in accordance with IAS 2.

Inventories are valued either at acquisition or manufacturing cost or at their net sales value, whichever of the two is the lower, i.e. the recoverable sales proceeds during the ordinary course of business, less the estimated production and sales costs. The acquisition or manufacturing costs of inventories include all costs of acquisition and manufacturing which have been incurred in order to place the inventories at the current location and in their current condition. Acquisition or manufacturing costs are determined on the basis of the average method. The manufacturing costs include all directly attributable costs and production-related material and production overheads, including depreciation on production-related assets. Inventory risks that result from limited viability or a substantial storage period are taken into account by making corresponding adjustments. Administration costs are taken into account if they are attributable to production.

Financial instruments

General information
A financial instrument is a contract that simultaneously results in the creation of a financial asset for one company and a financial liability or equity instrument for another company.

Financial instruments in the sense of IAS 39 include financial assets which are valued at the attributable fair value, affecting net income, loans and receivables, financial investments held to maturity or financial assets available for sale. In particular, these include cash and cash equivalents, accounts receivable, other granted loans and receivables and original and derivative financial assets held for trading purposes.

Financial liabilities regularly constitute claims for repayment in cash or another financial asset. In the sense of IAS 39, these include financial liabilities valued at the attributable fair value affecting income, and financial liabilities that are valued at carried-forward acquisition costs. In particular, these include accounts payable, liabilities due to credit institutions, liabilities from finance leases, bonded loans and derivative financial liabilities, as well as bonds and other secured liabilities.

With first-time recognition of financial liabilities, these are valued at their attributable fair value. In the process, the transaction costs that are directly attributable to the acquisition must be taken into account for all financial assets which are not subsequently valued at the attributable fair value affecting income.

As a rule, financial instruments are valued as soon as EDAG becomes a contractual partner under the regulations of the financial instrument (trading date). In general, financial assets and financial liabilities are not offset; they are only netted if a right to offsetting exists and the intent is to settle on a net basis The company defines the categorisation of its financial assets and/or financial liabilities upon their initial recognition and reviews this classification at the end of each financial year, to the extent that this is admissible and appropriate. Reclassifications are carried out at the end of the financial year if these are admissible and appear necessary.

The attributable fair values posted in the statement of financial position generally correspond to the market prices of the financial assets. Should these not be directly available, they are calculated on the basis of recognised valuation models and the current market parameters. To this end, the cash flows that are already defined or determined on the basis of the current yield curve via forward rates are discounted on the valuation date, using the discount factors from the yield curve that applies on the reference date. The middle rates are used.

Financial assets
Financial assets at fair value through profit or loss
The group of financial assets valued at the attributable fair value, affecting income, includes the financial assets held for trading purposes which are classified at financial assets to be valued at the attributable fair value, upon first-time valuation. Financial assets are categorised as being held for trading purposes if they are acquired for the purpose of disposal within the foreseeable future. Profits or losses from financial assets held for trading purposes are posted to profit or loss. When recognised for the first time, financial assets may be designated as financial assets affecting income, at the attributable fair value if the following criteria are fulfilled: (a) the classification eliminates or reduces significant incongruities which would arise with other valuations of assets or the posting of profits and losses at different valuation methods would result; or (b) the assets are part of a group of financial assets which are controlled according to a documented risk management strategy and their performance is assessed on the basis of the attributable fair value; or (c) the financial asset includes an embedded derivative to be posted separately.

The financial assets that are valued at the attributable fair value affecting income mainly include derivative financial instruments, such as forward exchange contracts which are not involved in an effective collateral relationship pursuant to IAS 39 and must therefore be categorised as „held for trading purposes", other investments or specific securities. So far, EDAG has not made any use of the option to designate financial assets being recognised for the first time as financial assets affecting income, at the attributable fair value (Financial Assets at Fair Value Through Profit or Loss).

Cash and cash-equivalents
The cash in the statement of financial position includes cheques, cash balances and deposits with banks, with a term of up to three months. The cash equivalents in the statement of financial position include current, extremely liquid financial investments

which can be converted into payment instruments at any time, and are only subject to insignificant value fluctuation risks. Cash and cash equivalents are valued at the carried-forward acquisition costs. The financial funds in the consolidated cash flow statement are delineated according to the definition above.

Receivables

Accounts receivable and other current receivables are valued at carried-forward acquisition cost, using the effective interest method (net method) if applicable. The value adjustments which are carried out in the form of allowances for doubtful accounts sufficiently satisfy the anticipated risks of default; concrete defaults result in the derecognition of the relevant receivables.

Some of the value adjustments to accounts receivable and other receivables are carried out using value adjustment accounts. The decision regarding whether a default risk should be accounted for using a value adjustment account or by directly reducing the receivable depends on the degree of reliability of the assessment of the risk situation. Due to the various business fields and differing regional conditions involved, the final assessment is the responsibility of the persons responsible for the individual divisions. EDAG does not carry out any generalised or portfolio adjustments.

Other non-current receivables are valued using the effective interest method, at carried-forward acquisition cost.

Financial investments to be held to maturity

Financial investments held to maturity are non-derivative financial assets with fixed or determinable payments and fixed terms, which EDAG intends and is able to keep until their final maturity dates, but not any which are carried at fair value, classified as available for sale, or meet the criteria for the category „receivables" at the time of their first inclusion in the statement of financial position. These financial assets are valued using the effective interest method, with the carried-forward acquisition costs. Certain securities, for instance, come under this category.

Financial investments available for sale

The other original financial assets are categorised as „available for sale" and are always valued at either book value or attributable fair value. Financial assets available for sale are non-derivative financial assets which are classified as being available for sale and do not come under one of the above-mentioned categories. The profits and losses resulting from the valuation with the attributable fair value are posted to equity, without affecting income. This does not apply if permanent and/or significant impairments and currency-related changes in value of debt capital instruments which are posted with an effect on income are involved. The accumulated profits and losses from the valuation of the attributable fair value shown in equity are not posted to the statement of comprehensive income until the financial assets have been disposed of. Non-listed equity instruments are valued at their acquisition costs (less impairments, if applicable). Under certain circumstances, other investments (e.g. non-operational companies) and certain securities, the acquisition cost of any one of which must not exceed € 30 thousand, also come under this category.

Interest received from or paid on financial investments is posted as interest income or interest expense. The effective interest method is used. Dividends from financial instruments are posted as „dividends received", affecting income, when the legal claim to payment is created.

Impairment

On each reporting date, the book values of the financial assets which cannot be valued at the attributable fair value affecting net income are checked to see whether there are substantial, objective indications of impairment (such as the debtor being in serious financial difficulties, the high probability of insolvency proceedings being instituted against the debtor, the loss of an active market for the financial asset, significant changes to the technological, economical, legal or market environment of the issuer, a continuing fall in the attributable fair value of the financial asset to below the carried-forward acquisition costs). Any impairment on account of a lower attributable fair value, compared to the book value, are posted to profit or loss. Should any impairments of the attributable fair value of financial assets available for sale have been posted to equity without affecting income, then the value of the impairment calculated for these is to be eliminated from equity and posted to the statement of comprehensive income. If, during evaluations carried out at a later date, it should transpire that the attributable fair value has objectively increased as a result of circumstances occurring after the impairment was determined, then the impairment is withdrawn from equity instruments accordingly, without affecting income; impairments of debt instruments, on the other hand, are withdrawn through profit and loss. Impairments pertaining to non-listed equity instruments which are available for disposal and posted with the acquisition costs, must not be withdrawn. The fair value of securities held to maturity and the fair value of loans and receivables valued with the carried-forward acquisition costs, both to be defined during the impairment test, are equivalent to the cash value of the estimated future cash flows discounted at the value of the original effective annual interest rate. The fair value of non-listed equity instruments valued with the carried-forward acquisition costs is the cash value of the expected future cash flows discounted at the value of the current interest rate, equivalent to the investment's specific risk situation.

Derecognition

A financial asset (or part of a financial asset, or part of a group of similar financial assets) is derecognised when one of the following three conditions has been fulfilled:

- The contractual rights to draw on the cash flows from a financial asset have expired.

- Although the Group retains the rights to draw on the cash flows from financial assets, it has, however, accepted a contractual obligation requiring the immediate payment of the cash flows to a third party, within the context of an agreement which meets the requirements of IAS 39.19 („pass-through arrangement"), and in doing so has essentially neither transferred nor retained all risks and chances appertaining to the ownership of the financial asset, but has nevertheless transferred the authority to dispose of the asset.

- The Group has transferred its contractual rights to draw on cash flows from a financial asset, and in doing so has either (a) essentially transferred all risks and chances appertaining to the ownership of the financial asset, or (b) essentially neither transferred nor retained all risks and chances appertaining to the ownership of the financial asset, but has nevertheless transferred the authority to dispose of the asset.

If the Group transfers its contractual rights to cash flows from an asset, without in essence transferring all risks and chances appertaining to the ownership of this asset, and also retains the authority to dispose of the transferred asset, the Group continues to include the transferred asset in the volume of its ongoing commitments. If the form of the ongoing commitments guarantees the transferred asset, then the volume of the ongoing commitments is equivalent to the lower amount from the original book value of the asset and the maximum amount of the consideration received, which the Group might be liable for.

Financial liabilities
Financial liabilities measured at amortized costs

Accounts payable and other financial liabilities are always valued using the effective interest method, at carried-forward acquisition cost.

Derecognition
A financial liability is derecognised when the obligation on which it is based has been fulfilled, cancelled, or has expired.
If an existing financial liability is exchanged for another financial liability of the same loan creditor with substantial differences in contractual conditions, or if the conditions appertaining to an existing liability are considerably altered, then any such exchange or alteration is treated as the derecognition of the original liability and the recognition of a new liability. The difference between the book values is posted to profit or loss.

Derivative financial instruments
EDAG uses derivative financial instruments, such as forward exchange contracts and interest rate swaps, to secure interest rate and currency risks resulting from operating activities, financial transactions and financing. Derivative financial instruments are neither held nor issued for speculative purposes.

The derivative financial instruments are valued at attributable fair value when posted for the first time. The fair values are also relevant for subsequent valuations. The fair value of traded derivative financial instruments corresponds to the market value. This value can be positive or negative. If no market values are available, the fair values must be calculated using recognised actuarial models.

For derivative financial instruments, the fair value corresponds to the amount which EDAG either received or paid on maturity of the financial instrument, as of the reporting date. This is calculated using the relevant exchange rates and interest rates on the reporting date. Middle rates are used for the calculations.

The fair value of forward exchange contracts is determined using the current forward exchange rates for contracts with similar maturity structures. The fair value of interest rate swap contracts is determined using valuation models. Market parameters of similar instruments that can be observed are also included in these.

EDAG therefore carries out hedging measures which, while not fulfilling the strict requirements of IAS 39, still contribute towards effectively hedging the financial risk, as per the principles of risk management. Nor does EDAG apply hedge accounting in accordance with IAS 39 to hedge foreign currency risks for monetary assets and liabilities in the statement of financial position, as the profits and losses affecting income in accordance with IAS 21 are shown in the profit or loss along with the profits and losses from the derivatives used as hedging instruments.

Provisions
A provision (a debt the maturity and/or amount of which is uncertain) is formed according to IAS 37, if a current legal or factual obligation resulting from past events exists toward third parties, and, moreover, it is likely that the settlement of the obligation will result in an outflow of resources, and the amount of the provision can be reliably determined.

The provisions are valued at their anticipated repayment amount, and not offset against refund claims. Provisions that are based on a large number of similar types of events are accounted for at their expected value. All non-current provisions (with a term of more than one year) are posted with the anticipated, discounted amount to be paid on the balance sheet date. The amount to be paid also includes the cost increases to be taken into account on the balance sheet date.

If many similar types of obligations exist - as in the case of the statutory warranty - the probability of an outflow of resources is determined on the basis of this group of obligations. A provision is also posted as a liability if the probability of an asset impairment is negligible in relation to an individual obligation included in this group.

Pensions and other post-employment benefits
The Group has both defined benefit and defined contribution-based pension plans. A defined contribution-based pension plan is one which involves the Group paying fixed contributions into a non-Group company (fund). The Group is under no legal or actual obligation to pay additional contributions if the fund should fail to have sufficient assets to meet the pension entitlements of all employees from the current and previous financial years. By contrast, defined benefit-based plans typically define a pension benefit volume that the employee will receive on reaching retirement age, and as a rule depends on one or more factors such as age, length of service and salary.
The provision for defined benefit-based plans recognised in the statement of financial

position corresponds to the net present value of defined benefit obligations (DBO) on the balance sheet date, less the fair value of the plan assets. The DBO is calculated annually by an independent actuarial expert, using the project unit credit method. The accounting valuation of the obligations is based on various estimates. Assumptions need to be made in particular with regard to long-term trends in the development of salaries and pensions, and to average life expectancy. Assumptions relating to salary and pension trends are based on developments observed in the past, and also take the country-specific interest and inflation rates and relevant labour market developments into account. Acknowledged biometric bases for calculation form the basis for estimating average life expectancy. The interest rate used to discount the future payment obligations is derived from premium corporate bonds with corresponding currencies and maturities.

Re-evaluations based on experience-related adjustments and amendments to actuarial assumptions are recognised in other comprehensive income (in equity) in the period in which they occur. Adjustments to an employment period are expensed immediately.
With the exception of the interest components, which are recognised in the financial result, pension costs are posted under personnel costs.
With defined contribution plans, the Group pays premiums to public or private pension insurers on the basis of a legal or contractual obligation, or on a voluntary basis. The Group has no further payment obligations over and above payment of the premiums. The premiums are recognised in personnel expenses on maturity. Prepaid contributions are recognised as assets to the extent that there is a right to repayment or a reduction in future payments

Payments resulting from the termination of employment relationships

Payments resulting from the termination of employment relationships are made in the event of an employee being dismissed by a Group company before reaching regular pension age, or of an employee accepting the voluntary termination of the employment relationship in return for severance pay. The Group recognises severance pay if it is demonstrably obliged to terminate the employment of present employees in compliance with a detailed and irrevocable formal plan, or if it is demonstrably required to pay such benefits following the voluntary termination of employment by the employee. Payments which become due after more than 12 months after the effective date are discounted to their present value.

Income taxes

Income taxes include both current and deferred taxes. The current taxes relate to all taxes which are charged on the taxable profit of the Group companies.

Deferred tax assets and deferred tax liabilities are formed pursuant to IAS 12 „Income taxes" for temporary valuation differences between IFRS and tax statement of financial position of the individual companies, as well as for consolidation processes affecting income. The deferred tax assets also include tax reduction claims which result from the anticipated future use of existing tax losses carried forward, if the realisation of these is likely. Deferred tax assets are only to be reported if it is likely that future taxable income can be offset against tax credits and losses carried forward. A planning period of 3 years is always used as a basis here. This is in line with company planning, which is also used for the impairment tests, adjusted for tax effects.

To calculate deferred taxes, the tax rates applicable on the balance sheet date or applicable in future are used as a basis, provided these have already been legally defined, or the legislative process is essentially complete. Changes to deferred taxes in the statement of financial position always result in deferred tax expenses or income. If entries that result in a change in deferred taxes are booked directly against the equity, the change to the deferred taxes is also directly accounted for in equity.

Non-current assets held for sale (disposal groups)

Assets reported as being „held for disposal" are those which can be disposed of in their current condition and the disposal of which is very likely. This can involve individual, non-current assets or groups of assets (disposal groups). Non-current assets held for sale are no longer subject to scheduled depreciation and amortisation, but valued at their fair value less disposal costs, provided this is lower than the book value. In the event of an increase in the fair value less disposal costs, the previously reported impairment is reversed. The write-up is limited to the impairments previously recorded for the respective assets. Results from the valuation of certain individual assets held for sale and from disposal groups are reported in the result from continuing operations until final disposal.

Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualified asset are to be capitalised as a part of the acquisition or production costs of this asset. As in the previous year, no interest on borrowed capital was capitalised. Other borrowing costs are to be recognised as expenses in the period in which they occur.

Discretionary decisions

With the application of the accounting and valuation methods, the company management has made the following discretionary decisions, which significantly influence the figures in the financial statement. Decisions containing estimates are not taken into account here.

Non-current intangible assets, property, plant and equipment and investment property are valued at acquisition costs carried forward in the statement of financial position. No use has been made of the - also permitted - option of valuing these at fair value.

Estimates (assumptions)

Presentation of the consolidated financial statements in accordance with IFRS requires competent estimates for several statement of financial position items which have an effect on the basis and valuation in the statement of financial position and statement of comprehenisve income. 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.

In the following situations, the assumptions made on the balance sheet date are of particular significance:

The estimate of order costs and income is an important criterion for realising profit according to the percentage of completion method, pursuant to IAS 11. The result of a construction contract can only be reliably estimated if the economic advantages arising from the contract are likely to go to the company. Assumptions are also to be used as the basis on which to assess probability. The management continually reviews all estimates required for construction contracts, adjusting them wherever necessary.

Deferred tax assets are also recorded for tax losses carried forward. Their viability depends on future taxable results of the respective Group company. If there is any doubt regarding the realisation of losses carried forward, then no deferred taxes are posted.

Pension provisions are influenced by assumptions regarding the future development of wages and salaries or pensions, as well as by the interest, portfolio structure and anticipated performance of the plan assets of pension funds. Should the assumptions made fail to materialise, this will result in an actuarial surplus or shortfall, which is offset with the retained earnings, not affecting income.

Other provisions also cover risks from legal disputes and legal action. In addition to an assessment of the situation and claims awarded in similar cases, the results of comparable legal actions and independent legal opinions are also taken into consideration, as are assumptions regarding the probability of occurrence and the scope of possible claims, in order to determine the amount of a provision. The actual costs can deviate from these estimates. When discounting non-current provisions, assumptions are made regarding the interest rate to be used.

Unscheduled amortisation (impairments) on assets is recorded in the case of impairment. An annual impairment test is carried out for the goodwill and intangible assets with an indefinite useful life and more often if specific events indicate a possible impairment. In the impairment test, the carried-forward book values of the assets are compared with the recoverable amount of the assets. The recoverable amount is either the net disposal price or value in use of the asset, whichever value is higher. In order to determine the value in use, it is necessary to estimate and discount cash flows. The estimated cash flows and the assumptions made are based on whatever information is available on the balance sheet date, and may deviate from actual developments.

Assets, liabilities and provisions held for sale are subject to two fundamental uncertainty factors: firstly, the way in which negotiations develop, with possible loss of control; and secondly changes in value from ongoing activities, with possible loss of control.

When accounting for **leases**, an assessment must be made of whether or not the main risks and rewards associated with the ownership have been transferred. On the basis of this assessment, the leasing object is then allocated to either the lessee or the lessor. If they are being recognised for the first time, assets and liabilities from finance leases are recorded at fair value or, if this is lower, at the present value of the minimum leasing payments. The determination of fair value is regularly associated with estimates regarding the cash flows resulting from utilisation of the leasing object and the discount rate used.

Definition of the **useful lives** of depreciable assets is on the basis of the anticipated usability of the assets, and is based on estimates. Empirical values with comparable assets were used as a basis for orientation. The estimated useful lives of intangible assets and property, plant and equipment are examined at the end of the financial year and adjusted as necessary.

11.4 Notes on the Statement of Comprehensive Income

[1] Sales revenues

In the financial year, the sales revenues amounted to € 697,458 thousand (2013: € 620,127 thousand; 2012: € 415,836 thousand). Sales revenues are realised with the provision of the service and/or the transfer of the risk to the customer. This disclosure occurs net of sales tax and all discounts and bonuses. In addition to this, services assessed according to the Percentage of Completion ("POC") method are also disclosed as sales revenues. The construction contracts revenue recognized under POC for the reporting year amounted to € 101,534 thousand (2013: € 50,974 thousand; 2012: € 80,026 thousand).

The group sales revenues are broken down in terms of sales into the individual markets as follows. This breakdown reflects the regional classication of the EDAG locations.

in € thousand	2014		2013		2012	
Sales revenue by markets (sales related)						
Germany	544,050	78 %	469,168	76 %	328,948	79 %
Rest of Europe	86,741	12 %	98,905	16 %	48,760	12 %
North America	17,935	3 %	11,276	2 %	17,417	4 %
South America	20,521	3 %	21,682	3 %	9,066	2 %
Asia	27,934	4 %	18,858	3 %	11,401	3 %
Australia	7	0 %	1	0 %	102	0 %
Africa	270	0 %	237	0 %	142	0 %
Total	**697,458**	**100 %**	**620,127**	**100 %**	**415,836**	**100 %**

The following table reflects the concentration risk of the EDAG Group, divided according to the customer sales divisions, which are spread across all of the segments:

in € thousand	2014		2013		2012	
Customer sales division A	147,202	21 %	130,315	21 %	62,678	15 %
Customer sales division B	109,268	16 %	100,861	16 %	46,710	11 %
Customer sales division C	8,524	1 %	8,761	1 %	7,098	2 %
Customer sales division D	117,948	17 %	103,704	17 %	71,734	17 %
Customer sales division E	40,159	6 %	40,824	7 %	42,784	10 %
Customer sales division F	28,591	4 %	16,188	3 %	16,891	4 %
Customer sales division G	15,283	2 %	10,161	2 %	9,613	2 %
Customer sales division H	38,950	6 %	20,327	3 %	20,654	5 %
Customer sales division I	35,238	5 %	27,093	4 %	28,544	7 %
Miscellaneous (OEMs and system suppliers)	156,295	22 %	161,893	26 %	109,130	26 %
Total	**697,458**	**100 %**	**620,127**	**100 %**	**415,836**	**100 %**

The EDAG Group generates over 50 percent of its sales revenues with two corporate groups.

[2] Changes in inventory

Shown here is the increase/decrease in inventory of unfinished and finished goods and services which have been determined on the basis of the acquisition cost method. Inventory of unfinished and finished goods and services in the reporting year 2014 decreased by € 7,710 thousand (2013: increase of € 12,285 thousand; 2012: decrease of € 655 thousand).

[3] Other income

Miscellaneous income is classified as follows:

in € thousand	2014	2013	2012
Operating income			
Non-cash benefit from car leasing	3,287	2,804	2,282
Land and rental income	2,092	2,635	2,687
Cost transfer income	1,362	1,806	2,663
Income from currency gains	1,261	1,144	696
Catering/cafeteria income	659	604	619
Income from investment properties	551	645	628
Income from recycling/scrap	210	355	559
Income from compensation payments	165	158	74
Income from insurance reimbursements	19	-	-
Income from currency hedging transactions	-	111	226
Miscellaneous operating income	1,017	1,567	881
Total operating income	**10,623**	**11,829**	**11,315**
Non-operating income			
Deconsolidation income	26,966	-	4,777
Income from the disposal/subsequent capitalization of fixed assets	18,555	363	790
Public sector benefits	1,131	995	964
Income from the reversal of provisions	863	1,682	672
Income from impaired receivables	153	287	171
Miscellaneous non-operating income	577	1,170	1,578
Total non-operating income	**48,245**	**4,497**	**8,952**
Total other income	**58,868**	**16,326**	**20,267**

During the reporting year, public sector benefits of € 1,131 thousand (2013: € 995 thousand; 2012: € 964 thousand) were recognized through profit or loss in the statement of comprehensive income. These benefits consist of public sector subsidies for training, research and development.

There are no unfulfilled conditions or miscellaneous contingencies in relation to these benefits.

Income from the reversal of provisions to the amount of € 863 thousand (2013: €1,682 thousand; 2012: € 672 thousand) are made up of the unwinding of other provisions for personnel and miscellaneous provisions (see page 183 „Other provisions"). Other items cover income from the reversal of provisions for pensions in the amount of € 225 thousand (2013: € 0 thousand; 2012: € 427 thousand), onerous contracts in the amount of € 2 thousand (2013: € 45 thousand; 2012: € 54 thousand) and taxes in the amount of € 188 thousand (2013: € 16 thousand; 2012: € 259 thousand).

In the 2014 reporting year, the deconsolidation income relate to the Rücker Aerospace Group (€ 4,567 thousand), EKS InTec GmbH, Weingarten (€ 7,976 thousand) and EDAG Werkzeug + Karosserie GmbH (€ 14,424 thousand). In the 2012 financial year, € 3,719 thousand was realised from the sale of ED Work GmbH & Co. KG., Fulda and € 1,058 thousand from the sale of Rosata Grundstücks-Vermietungsgesellschaft mbH & Co. project Fulda-West KG, Grünwald.

[4] Material expenses

in € thousand	2014	2013	2012
Expenses for materials and supplies and for purchased goods	35,231	32,305	30,757
Expenses for purchased goods and services	80,592	72,638	48,757
Total	**115,823**	**104,943**	**79,514**

Expenses for materials and supplies and for purchased goods are mainly made up of expenses for models and small parts which have been purchased. Expenses for purchased goods and services are mainly made up of the costs for subcontractors and miscellaneous services received.

[5] Personnel expenses

in € thousand	2014	2013	2012
Wages and salaries	349,526	323,894	201,729
Social security contributions	62,493	58,103	40,567
Expenses on retirement pension plans and support	3,502	3,351	3,145
Wage-related and salary-related taxes	1,787	878	223
Total	**417,308**	**386,226**	**245,664**

Expenses for retirement pension plans and support include, but are not restricted to, expenses for defined benefit commitments. The interest portion of the valuation of retirement obligations is posted as a financing cost, as per the financing character. Anticipated income from the associated fund assets are stated as financing income. The presentation of guaranteed pension payments is explained in detail under „Pensions and other post-employment benefits [24]", page 174.

Wages and salaries include expenses in conjunction with the termination of employment contracts in the amount of € 1,028 thousand (2013: € 725 thousand; 2012: € 919 thousand). Expenses in conjunction with the termination of employment contracts to the amount of € 3,224 thousand (2013: € 700 thousand; 2012: € 0 thousand) are included in the miscellaneous non-operating expenses which are shown in the adjusted EBIT.

In the 2014 financial year an average of 7,484 employees were employed in the EDAG Group (2013: 7,011 employees; 2012: 4,557 employees). The following table provides a detailed overview.

	2014	2013	2012
Breakdown according to contractual relationship	**25,613**	**24,984**	**12,475**
Salaried employees	6,978	6,569	4,259
Apprentices	506	442	298
Total	**7,484**	**7,011**	**4,557**
Breakdown into divisions			
Vehicle Engineering	4,806	4,645	2,644
Production solutions	1,120	873	732
Electrics / electronics	1,292	1,043	354
Miscellaneous	266	450	827
Total	**7,484**	**7,011**	**4,557**
Geographical breakdown			
Germany	5,782	5,490	3,807
Rest of Europe	941	876	322
North America	131	96	113
South America	301	268	143
Asia	329	281	172
Africa	-	-	-
Total	**7,484**	**7,011**	**4,557**

The table above does not include any employees from discontinued operations. The employees in discontinued operations were as follows: in 2014 0 employees (2013: 0 employees; 2012: 125 employees).

[6] Depreciation, amortisation and impairment

The depreciation and amortisation of fixed assets in the amount of € 25,613 thousand (2013: € 24,984 thousand; 2012: € 12,475 thousand) include both amortisation of intangible assets and depreciation of property, plant and equipment. In the reporting year, one property was qualified as an asset held for sale in accordance with IFRS 5.6 and was valued at fair value according to IFRS 5.15. An impairment loss in the amount of € 865 thousand occurred here which is included in the adjusted EBIT reconciliation. The depreciation and amortisation includes depreciation and amortisation from the purchase price allocation in total of € 6,965 thousand (2013: € 8,351 thousand; 2012: € 1,338 thousand) which is also included in the adjusted EBIT reconciliation.

The depreciation and amortisation is based on the standard Group economic useful lives as shown in the notes on the accounting and valuation methods.

[7] Other expenses

The breakdown of the miscellaneous operating expenses for the financial year of results in:

in € thousand	2014	2013	2012
Operating expenses			
Rents and leases	26,684	24,600	14,921
Maintenance	16,384	13,236	10,571
Travel expenses	14,283	12,879	7,582
General administration expenses	6,034	5,794	3,075
Miscellaneous ancillary personnel expenses	5,987	5,081	3,559
Consulting, contributions and fees	4,396	4,560	5,374
Sales and marketing expenses	4,079	4,964	3,204
Personnel training and development expenses	2,094	2,070	1,557
Insurance	1,656	1,685	839
Vehicle fuel expenses / miscellaneous vehicle expenses	1,653	1,388	1,719
Miscellaneous taxes and duties	1,289	2,939	601
Surveillance and security expenses	1,201	-	-
Expenses from currency losses	542	1,065	703
Guarantees	294	176	1,149
Expenses from currency hedging transactions	266	-	-
Expenses from investment properties	72	84	39
Miscellaneous operating expenses	5,800	9,558	6,263
Total operating expenses	**92,714**	**90,079**	**61,156**
Non-operating expenses			
Deconsolidation expenses	743	-	-
Expenses from bad debt loss	413	143	474
Expenses from the disposal of assets	234	211	112
Expenses from impaired receivables	208	227	275
Restructuring expenses	188	-	-
Miscellaneous non-operating expenses	7,729	3,402	296
Total non-operating expenses	**9,515**	**3,983**	**1,157**
Total other expenses	**102,229**	**94,062**	**62,313**

The non-operating expenses include consulting and reengineering costs as well as expenses in conjunction with the termination of employment contracts at the new EDAG Group in the amount of € 6,844 thousand (2013: € 2,791 thousand; 2012: € 0 thousand). In addition to the deconsolidation expenses in the amount of €743 thousand and restructuring expenses totalling € 188 thousand, these expenses are included in the adjusted EBIT reconciliation.

[8] 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 in the scope of the company merger and all effects from the purchase price allocations on the EBIT are shown.

in € thousand	Note	2014	2013	2012
Earnings before interest and taxes (EBIT)		**87,643**	**38,523**	**35,482**
Adjustments:				
Expenses (+) from purchase price allocation	(6)	6,965	8,351	1,338
Income (-) / expenses (+) from deconsolidations	(3), (7)	- 26,224	-	- 4,777
Income (-) / expenses (+) from initial consolidations	(7)	30	-	-
Expenses (+) from additional selling costs from M&A transactions	(7)	866	-	-
Expenses (+) from restructuring	(7)	4,845	2,791	-
Income (-) from the sale of real estate	(3)	- 18,405	-	-
Expenses (+) from the sale of real estate	(7)	1,292	-	-
Expenses (+) from impairment of real estate	(6)	865		
Total adjustments		**- 29,766**	**11,142**	**- 3,439**
Adjusted earnings before interest and taxes (adjusted EBIT)		**57,877**	**49,665**	**32,043**

The „expenses (+) from the purchase price allocation" and the „expenses (+) from impairment of real estate" are stated under the amortisation. The „income (-) / expenses (+) from deconsolidations" are each shown separately in the non-operating expenses and non-operating income. The „income (-) from the sale of real estate" is shown separately under the non-operating income and under the separately shown position of „income from the disposal/subsequent capitalisation of fixed assets". The „income (-) / expenses (+) from initial consolidations", the „expenses (+) of additional selling costs from M&A transactions", the „expenses (+) from restructuring" are subsumed under the non-operating expenses in the positions of „miscellaneous non-operating expenses" and „ restructuring expenses".

[9] Result from investments accounted for using the equity method

The result from investments accounted for using the equity method in the amount of € 0 thousand in the 2014 financial year (2013: € 0 thousand; 2012: € 50 thousand) contains the proportionate result, each with 49 percent from EDAG Werkzeug + Karosserie GmbH, Fulda as well as Zweite FOM Objekt GmbH & Co. KG, Heidelberg and Zweite FOM Beteiligungs GmbH, Heidelberg.

The result from investments accounted for using the equity method in the 2012 financial year includes the proportionate result (49 percent) from ELAN-AUSY GmbH.

The group share in the individual items is shown in the position „Investments accounted for using the equity methodvalued at-equity [18]", page 165. The book value from 2012 is shown in the position „Assets held for sale/ discontinued operations [13]", page 153.

[10] Financial income

in € thousand	2014	2013	2012
Income from other securities/loans from financial assets	205	-	-
Interest income earned from discounting	112	138	164
Interest and similar income	718	1,326	2,833
Miscellaneous financial income	-	23	-
Total	**1,035**	**1,487**	**2,997**

[11] Financing expenses

in € thousand	2014	2013	2012
Interest and similar expenses	11,726	7,925	5,834
Losses from valuation at fair value	-	-	50
Miscellaneous financial expenses	26	376	54
Total	**11,752**	**8,301**	**5,938**

Of the interest and similar expenses, € 416 thousand (2013: € 405 thousand; 2012: € 347 thousand) is related to the interest percentage pension provisions.

[12] Income taxes

Taxes paid or owed on income and earnings in the individual countries, and also the deferred taxes, are reported as income taxes.

The main components of income tax expense for the 2014 to 2012 financial years are composed as follows:

in € thousand	2014	2013	2012
Actual income tax expense/income	22,548	12,069	3,175
Adjustment for actual income taxes attributable to prior periods	463	- 124	984
Deferred tax expense/income	26	376	54
from the emergence and/or reversal of temporary differences	- 4,363	- 1,558	3,504
from losses carried forward	40	- 405	8
Income Taxes	**18,688**	**9,982**	**7,671**
Discontinued operations	679	- 810	114
Total	**19,367**	**9,172**	**7,785**

The tax effect on continuing operations which refers to the discontinued operations amounts to € 0 thousand (2013: € 0 thousand; 2012: € 2,546 thousand).
The actual income tax for the current financial year includes corporate tax, the solidarity contribution, trade tax and other income tax incurred abroad.

Due to changes to the tax law implemented at the end of 2006, existing rights from the tax credit method in Germany will be paid out over a period of ten years, in equal annual amounts, from 2008 onwards. The annual accrued interest on the present value of these entitlements has a positive effect on the financial result.

Income taxes in the reporting year from continued activities amounting to € 18,688 thousand (2013: € 9,982 thousand; 2012: € 7,671 thousand) are derived as follows from „expected" income tax expenses which would have resulted from applying the statutory rate of income tax of the parent company to the earnings before income taxes. To determine the expected tax expense, the pre-tax earnings from continuing operations are multiplied by the tax rate of the group parent of 30.02 percent (2013: 29.83 percent; 2012: 29.13 percent). This consists of a tax rate of 15.83 percent for corporate tax and solidarity surcharge and 14.19 percent (2013: 14.00 percent; 2012: 13.3 percent) for trade tax.

	2014		2013		2012	
	in € thousand	in %	in € thousand	in %	in € thousand	in %
Earnings before tax	**76,926**		**31,709**		**32,591**	
Tax rate based on the applicable tax rate of the parent company	-	30.02 %	-	29.83 %	-	29.13 %
Expected tax expense on the basis of the tax rate applicable to the parent company	**23,091**	**-**	**9,457**	**-**	**9,492**	
Tax-free earnings and non-deductible expenses, and effects of § 8a and § 8b of the German Corporate Tax Law.	- 5,400	- 7.02 %	190	0.60 %	- 311	- 0.95 %
Tax effects from equity investments (+)	-	0.00 %	-	0.00 %	15	0.05 %
Tax rate deviations	- 256	- 0.33 %	- 507	- 1.60 %	- 346	- 1.06 %
Tax effects from losses carried forward	652	0.85 %	1,039	3.28 %	- 2,254	- 6.92 %
Taxes for previous years	463	0.60 %	- 124	- 0.39 %	984	3.02 %
Miscellaneous tax effects	138	0.18 %	- 73	- 0.23 %	92	0.28 %
Income taxes as disclosed in the statement of comprehensive income	**18,688**		**9,982**		**7,672**	
Effective tax rate		24.29 %		31.48 %		23.54 %

Deferred taxes developed as follows in the consolidated statement of financial position :

in € thousand	2014	2013	2012
Deferred tax assets	681	3,158	1,306
Deferred tax liabilities	- 10,155	- 18,837	- 15,575
Net	**- 9,474**	**- 15,679**	**- 14,269**
Difference to previous year	6,205	- 1,410	- 14,726
Through profit or loss	4,323	1,964	- 3,513
Recognized directly in equity	2,710	- 3	648
Discontinued operations	- 679	810	-
Reclassification as assets, liabilities and provisions held for sale	-	100	-
Acquisitions/disposals	- 269	- 4,177	- 11,799
Currency differences	120	- 104	- 62

Deferred taxes are allotted to the following statement of financial position positions, losses carried forward, and tax credits. In discontinued operations, the values which are still recorded under assets held for sale are included in the reconciliation.

	31.12.2014		31.12.2013		1.1.2013		31.12.2011	
in € thousand	**Deferred tax assets**	**Deferred tax liabilities**	**Deferred tax assets**	**Deferred tax liabilities**	**Deferred tax assets**	**Deferred tax liabilities**	**Deferred tax assets**	**Deferred tax liabilities**
Assets								
Intangible Assets	-	- 10,188	85	- 12,322	86	-10,269	-	- 270
Property, plant and equipment	14	- 2,790	556	- 6,099	69	- 6,458	-	- 4,283
Financial assets	44	-	-	- 337	5	- 233	-	- 316
Investment Properties	-	-	-	- 885	-	- 915	-	- 945
Inventories, receivables, other financial assets	1,939	-16,275	1,320	-12,850	940	- 8,648	530	- 8,183
Provisions	5,996	-8,309	3,208	-4,536	1,370	- 3,755	866	-5,614
Liabilities	20,396	- 406	15,664	-7	11,473	- 374	14,524	-61
Tax losses carried forward	105	-	524	-	2,440	-	4,209	-
Gross amount	**28,494**	**- 37,968**	**21,357**	**- 37,036**	**16,383**	**- 30,652**	**20,129**	**- 19,672**
Offsetting	- 27,813	27,813	- 18,199	18,199	- 15,077	15,077	-18,972	18,972
Statement of financial position valuation	**681**	**-10,155**	**3,158**	**-18,837**	**1,306**	**-15,575**	**1,157**	**- 700**

Apportioning the net tax items to individual statement of financial position items can lead to correspondingly deferred tax liabilities.

The deferred taxes are regularly assessed. The ability to realise tax income from deferred taxes depends on the ability to achieve taxable income in the future and to use tax losses carried forward before they expire. Deferred tax assets are only recognised to the extent that it is likely that a taxable income will be available, can be used against the deductible temporary differences, and it can be assumed that they will be reversed in the forseeable future.

An offsetting of deferred tax assets and liabilities occurs if an offsetting of actual tax assets is enforceable against actual tax liabilities. In addition to this, the tax assets and liabilities must also refer to income taxes on the same tax subject which are levied by the same tax authority.

For deductible temporary differences totalling € 79 thousand. (31.12.2013: € 23 thousand; 1.1.2013: € 172 thousand; 31.12.2011: € 3,619 thousand) no deferred tax asset was recorded in the statement of financial position, since no tax relief is to be expected.

As at December 31, 2014 the corporate income tax losses carried forward amount to € 14,874 thousand. (31.12.2013: € 21,222 thousand; 1.1.2013.: € 18,966 thousand; 31.12.2011: € 31,262 thousand). In addition to this, there were also trade tax losses carried forward totalling € 985 thousand (31.12.2013: € 15,341 thousand; 1.1.2013: € 29,487 thousand; 31.12.2011: € 46,952 thousand), which can be carried forward for an indefinite period.

The full amount of the losses carried forward has not been recorded, as, with a number of companies, it is unlikely that taxable income will be realisable in the foreseeable future. The unrecognised deferred taxes which result from losses carried forward can be seen in the following table:

in € thousand	31.12.2014	31.12.2013	1.1.2013	31.12.2011
Losses carried forward from corporate business tax (not usable)	**14.451**	**19.230**	**18.781**	**28.171**
Expiry within				
1 year	430	1,234	326	-
2 - 3 years	753	769	1,688	688
4 - 5 years	172	747	858	206
6 - 10 years	1,201	390	604	2,146
more than 10 years	7,759	7,062	5,710	6,275
able to be carried forward for an unlimited period	4,136	9,028	9,595	18,856

Further, no deferred taxes have been recorded for trade tax losses carried forward in the amount of € 790 thousand (31.12.2013: € 14,554 thousand; 1.1.2013: € 11,828 thousand; 31.12.2011: € 17,411 thousand).

[13] Assets held for sale/ discontinued operations

The discontinued operations as at January 1, 2012 included the assets, liabilities and provisions of the „Production Systems" and „Production" business areas that were classified as being held for sale. These business areas were fully deconsolidated in 2012. In 2013, provisions from the share purchase agreement were still being shown for the „Production" business area which were be completely reversed in 2014. The other expenses from 2014 were the result of an indemnity payment.

The result from the discontinued operations is as follows:

in € thousand	2014	2013	2012
Sales revenue and changes in inventories	-	-	36,896
Sales revenues	-	-	38,506
Changes in inventories	-	-	- 1,610
Other income	2,715	-	3,163
Material expenses	-	-	- 28,103
Gross profit	**2,715**	**-**	**11,956**
Personnel expenses	-	-	- 5,597
Depreciation, amortisation and impairment	-	-	- 1,456
Other expenses	- 450	- 2,715	- 4,620
Operating profit (EBIT)	**2,265**	**- 2,715**	**283**
Financial income	-	-	- 861
Financing expenses	-	-	- 75
Financial results	**-**	**-**	**- 936**
Earnings before tax from discontinued operations	**2,265**	**- 2,715**	**- 653**
Income taxes	- 679	810	- 114
Earnings after tax from discontinued operations	**1,586**	**- 1,905**	**- 767**

The net cash flows from the discontinued operations are as follows:

in € thousand	2014	2013	2012
Cash inflow / outflow from operating activities/ operating cash flow	-	-	781
Cash inflow / outflow from investing activities/ investing cash flow	-	-	- 244
Cash inflow / outflow from financing activities/ financing cash flow	-	-	- 590
Net cash changes in financial funds	**-**	**-**	**- 53**

The cash flow from financing activities was provided by the group.

	31.12.2014			31.12.2013			31.12.2012			1.1.2012		
in € thousand	**Book value**	**Value-adjust-ment**	**Fair Value**	**Book value**	**Value-adjust-ment**	**Fair Value**	**Book value**	**Value-adjust-ment**	**Fair Value**	**Book value**	**Value-adjust-ment**	**Fair Value**
Assets												
Intangible Assets	-	-	-	59	-	59	-	-	-	476	-	476
Property, plant and equipment	1,615	865	750	229	-	229	-	-	-	23,885	20,311	3,574
Financial assets	-	-	-	30	-	30	784	-	784	97	-	97
InInvestments accounted for using the equity method	-	-	-	-	-	-	6,321	-	6,321	-	-	-
Inventories	-	-	-	-	-	-	-	-	-	22,131	-	22,131
Receivables and other assets	-	-	-	10,037	-	10,037	-	-	-	15,129	-	15,129
Cash and cash equivalents	-	-	-	1,296	-	1,296	-	-	-	186	-	186
Consolidation	-	-	-	- 2,608	-	- 2,608	-	-	-	- 381	-	- 381
Assets classified as held for sale	**1,615**	**865**	**750**	**9,043**	**-**	**9,043**	**7,105**	**-**	**7,105**	**61,523**	**20,311**	**41,212**
Liabilities and provisions												
Non-current provisions	-	-	-	130	-	130	-	-	-	97	-	97
Non-current financial liabilities	-	-	-	20	-	20	-	-	-	2,483	-	2,483
Deferred tax liabilities	-	-	-	100	-	100	-	-	-	326	-	326
Current provisions	-	-	-	53	-	53	-	-	-	1,829	-	1,829
Current financial liabilities	-	-	-	1,878	-	1,878	-	-	-	29,165	-	29,165
Current accounts payables	-	-	-	3,422	-	3,422	-	-	-	10,146	-	10,146
Other current liabilities	-	-	-	2,359	-	2,359	-	-	-	2,609	-	2,609
Consolidation	-	-	-	- 3,356	-	- 3,356	-	-	-	- 29,822	-	- 29,822
Liabilities and provisions classified as held for sale	**-**	**-**	**-**	**4,606**	**-**	**4,606**	**-**	**-**	**-**	**16,833**	**-**	**16,833**
Net assets directly related to disposal	**1,615**	**865**	**750**	**4,437**	**-**	**4,437**	**7,105**	**-**	**7,105**	**44,690**	**20,311**	**24,379**

In the reporting year, one property was qualified as a non-current asset held for sale according to IFRS 5.6 and assessed at fair value according to IFRS 5.15. The fair value was derived by a property broker on the basis of a range of discussions with prospective buyers. In this context, an impairment loss in total of € 865 thousand was recognized.
As at December 31, 2012, the investment in ELAN-AUSY GmbH was classified as a non-current asset held for sale according to IFRS 5.

[14] Non-controlling interests

The non-controlling interest include shares held by third-parties in initial and generated equity of the fully consolidated subsidiaries.
The total comprehensive income to be attributed to non-controlling interests for the 2014 financial year is € -43 thousand (2013: € 1,188 thousand; 2012: € -125 thousand). The dividends to be allocated to the controlling shares for 2014 are € 179 thousand (2013: € 3,197 thousand; 2012: € 179 thousand).

The following table shows the fundamental financial information of the Group companies that are not controlled in full. As at December 31, 2011, this was EDWORK GmbH & Co. KG (non-controlling interest 35 percent). As at January 1, 2013, Rücker AG and its subsidiaries (non-controlling interest 10.21percent) have been shown. 100 percent of the shares could only be obtained as a result of the successive share purchases in 2013. As at December 31, 2013, VR-Leasing Malakon GmbH & Co Immo. KG, Eschborn (non-controlling interest 15 percent) and Rücker-Sier GIE, France (non-controlling interest 49 percent) are included. As at December 31, 2014, only VR-Leasing Malakon GmbH & Co Immo. KG, Eschborn is referred to.

in € thousand	31.12.2014	31.12.2013	1.1.2013	31.12.2011
Current assets	50	3,582	87,667	4,908
of which cash	50	210	18,930	5
Non-current assets	6,471	6,849	67,867	344
Total assets	**6,521**	**10,431**	**155,534**	**5,252**
Current liabilities and provisions	3,464	6,601	70,123	9,281
of which financial liabilities	641	611	24,626	3,927
Non-current liabilities and provisions	2,605	3,262	26,077	7
of which financial liabilities	2,118	2,760	5,842	-
Total liabilities and provisions	**6,069**	**9,863**	**96,200**	**9,288**
Net assets	**452**	**568**	**59,334**	**- 4,036**

11.5 Notes on the Statement of Financial Position

[15] Intangible assets

Intangible assets have developed as follows:

in € thousand	Concessions, industrial property rights, similar rights	IT software	Goodwill	Advance payments on intangible assets	Capitalised development costs	Intangible assets from purchase price allocations	Total
(Historical) Cost							
As at 31.12.2011 / 1.1.2012	**236**	**13,592**	**-**	**-**	**269**	**-**	**14,097**
Currency conversion differences	-	- 123	-	-	- 19	-	- 142
Additions	-	2,762	-	-	122	-	2,884
Disposals	- 20	- 4,387	-	-	-	-	- 4,407
Transfers	-	-	-	-	1,291	-	1,291
Changes in the scope of consolidation	- 74	8,194	44,528	-	101	28,237	80,986
As at 31.12.2012 / 1.1.2013	**142**	**20,038**	**44,528**	**-**	**1,764**	**28,237**	**94,709**
Currency conversion differences	-	- 387	-	-	- 31	- 68	- 486
Additions	-	6,314	-	87	-	-	6,401
Disposals	-	- 248	-	-	- 4	- 1,362	- 1,614
Transfers	-	49	-	-	-	-	49
Changes in the scope of consolidation	-	387	19,375	-	-	14,355	34,117
Assets held for sale/ discontinued operations	-	- 117	-	-	-	-	- 117
As at 31.12.2013/1.1.2014	**142**	**26,036**	**63,903**	**87**	**1,729**	**41,162**	**133,059**
Currency conversion differences	-	138	-	10	-	10	158
Additions	-	7,728	-	-	-	-	7,728
Disposals	-	- 99	-	-	- 108	- 63	- 270
Transfers	-	95	-	- 97	-	-	- 2
Changes in the scope of consolidation	-	- 420	-	-	- 224	- 210	- 854
As at 31.12.2014	**142**	**33,478**	**63,903**	**-**	**1,397**	**40,899**	**139,819**

in € thousand	Concessions, industrial property rights, similar rights	IT software	Goodwill	Advance payments on intangible assets	Capitalised development costs	Intangible assets from purchase price allocations	Total
Accumulated amortisation and impairments							
As at 31.12.2011 / 1.1.2012	**- 177**	**- 10,667**	**-**	**-**	**- 236**	**-**	**- 11,080**
Currency conversion differences	-	108	-	-	18	-	126
Additions (scheduled amortisation)	- 8	- 2,036	-	-	- 118	- 748	- 2,910
Additions (non-scheduled amortisa-tion)	-	-	-	-	- 543	-	- 543
Disposals	4	3,942	-	-	-	-	3,946
Changes in the scope of consolidation	62	36	-	-	-	-	98
As at 31.12.2012 / 1.1.2013	**- 119**	**- 8,617**	**-**	**-**	**- 879**	**- 748**	**- 10,363**
Currency conversion differences	-	331	-	-	30	4	365
Additions (scheduled amortisation)	- 3	- 4,957	-	-	- 133	- 5,995	- 11,088
Disposals	-	-	-	-	-	1,362	1,362
Transfers	-	- 1	-	-	-	-	- 1
Assets held for sale/ discontinued operations	-	59	-	-	-	-	59
As at 31.12.2013/1.1.2014	**- 122**	**- 13,185**	**-**	**-**	**- 982**	**- 5,377**	**- 19,666**
Currency conversion differences	-	- 82	-	-	-	-	- 82
Additions (scheduled amortisation)	- 3	- 5,926	-	-	- 115	- 4,650	- 10,694
Disposals	-	14	-	-	107	63	184
Transfers	-	- 2	-	-	-	-	- 2
Changes in the scope of consolidation	-	111	-	-	155	39	305
As at 31.12.2014	**- 125**	**- 19,070**	**-**	**-**	**- 835**	**- 9,925**	**- 29,955**
Book value 31.12.2011	**59**	**2,925**	**-**	**-**	**33**	**-**	**3,017**
Book value 1.1.2013	**23**	**11,421**	**44,528**	**-**	**885**	**27,489**	**84,346**
Book value 31.12.2013	**20**	**12,851**	**63,903**	**87**	**747**	**35,785**	**113,393**
Book value 31.12.2014	**17**	**14,408**	**63,903**	**-**	**562**	**30,974**	**109,864**

The intangible assets from the purchase price allocations are the result of the purchase of the Rücker Group in 2012 and the BFFT Group in 2013, and primarily include the orders on hand and customer lists. The following shows the details of how these have developed:

in € thousand	Order backlog	Customer list	Other	Total
(Historical) Cost				
As at 1.1.2012	**-**	**-**	**-**	**-**
Changes in the scope of consolidation	-	28,237	-	28,237
As at 31.12.2012 / 1.1.2013	**-**	**28,237**	**-**	**28,237**
Currency conversion differences	-	- 68	-	- 68
Disposals	- 1,362	-	-	- 1,362
Changes in the scope of consolidation	1,362	12,930	64	14,356
As at 31.12.2013 / 1.1.2014	**-**	**41,099**	**64**	**41,163**
Currency conversion differences	-	9	-	9
Disposals	-	-	- 64	- 64
Changes in the scope of consolidation	-	- 210	-	- 210
As at 31.12.2014	**-**	**40,898**	**-**	**40,898**
Accumulated amortisation and impairments				
As at 1.1.2012	**-**	**-**	**-**	**-**
Additions (scheduled amortisation)	-	- 748	-	- 748
As at 31.12.2012 / 1.1.2013	**-**	**- 748**	**-**	**- 748**
Currency conversion differences	-	4	-	4
Additions (scheduled amortisation)	- 1,362	- 4,601	- 32	- 5,995
Disposals	1,362	-	-	1,362
As at 31.12.2013 / 1.1.2014	**-**	**- 5,345**	**- 32**	**- 5,377**
Additions (scheduled amortisation)	-	- 4,618	- 32	- 4,650
Disposals	-	-	64	64
Changes in the scope of consolidation	-	39	-	39
As at 31.12.2014	**-**	**- 9,924**	**-**	**- 9,924**
Book value 31.12.2012	**-**	**27,489**	**-**	**27,489**
Book value 31.12.2013	**-**	**35,754**	**32**	**35,786**
Book value 31.12.2014	**-**	**30,974**	**-**	**30,974**

As at December 31, 2014, the remaining amortisation period for customer lists amounts to 8 years.

in € thousand	Customer list
Book value 31.12.2014	**30,974**
Remaining amortisation period	
2015	4,608
2016	4,608
2017	4,608
2018	4,608
2019	4,608
2020	4,399
2021	2,154
2022	1,615

No ownership restrictions exist on intangible assets. No assets acquired within the context of leasing arrangements and lease-to-buy contracts are included in intangible assets. During the 2012, 2013 and 2014 financial years, no public sector benefits were offset from the acquisition costs for intangible assets.

[16] Property, plant and equipment

As at December 31, 2014, no land charges were booked for obligations arising from partial retirement schemes (31.12.2013: € 534 thousand; 1.1.2013: € 1,663 thousand; 1.1.2012: € 2,556 thousand).

As in the previous years, no further ownership restrictions exist on property, plant and equipment.
Property, plant and equipment includes all leased assets, where the Group companies are the economic owners of the assets. The book values of land and buildings, technical equipment and operating and office equipment held within the context of financing leases and lease-to-buy contracts amounted to € 196 thousand as at December 31, 2014 (31.12.2013: € 506 thousand; 1.1.2013: € 844 thousand; 31.12.2011: € 7,949 thousand). During the financial year, additions in the amount of € 59 thousand (2013: € 304 thousand; 2012: € 36 thousand) were recorded. The sharp decline in the book values for land and buildings with regard to financing leases in the 2012 financial year is attributable to the sale of Rosata Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Fulda-West KG, Grünwald.

As at December 31, 2014, there was no own work capitalised in technical equipment and machinery (31.12.2013: € 0 thousand; 1.1.2013: €0 thousand; 31.12.2011: €1,138 thousand) or in construction in progress (31.12.2013: € 0 thousand; 1.1.2013: € 184 thousand; 31.12.2011: € 86 thousand).

During the 2014 financial year, an impairment loss was incurred for a property, classified as an asset held for sale as per IFRS 5.6 and valued at its fair value less costs of disposal as per IFRS 5.15, on the basis of observable market prices. In previous years, no impairment costs were incurred.

During the reporting year, public sector benefits of € 51 thousand (2013: € 61 thousand; 2012: € 815 thousand) were offset from acquisition costs for property, plant and equipment. These subsidies are investment allowances and subsidies. These subsidies were granted for technical equipment and machinery, as well as operating and office equipment. In connection with these subsidies, a 5-year specific purpose binding period exists for the investment allowance. Repayments amounting to € 0 thousand (2013: € 89 thousand ; 2012: € 0 thousand) were made on public sector benefits in 2014.

The investment properties were all sold in the 2014 financial year. The proceeds from the sale amounted to € 5,267 thousand. The profit in the amount of € 2,341 thousand arising from the sale has been recorded as income in profit or loss. The fair values as at December 31, 2013 of investment property held by the Group amounted to € 4,823 thousand (1.1.2013: € 5,078 thousand; 31.12.2011: € 4,762 thousand). These were calculated in-house, using a discounted cash flow method which takes into account future income from rents. The capitalisation rate of 11.52 percent as at December 31, 2013 (1.1.2013: 10.55 percent; 31.12.2011: 10.45 percent) is composed of the WACC of 10.12 percent (1.1.2013: 9.05 percent; 31.12.2011: 8.95 percent) and an inflation rate of 1.40 percent (1.1.2013: 1.5 percent; 31.12.2011: 1.5 percent). There was no evaluation by an independent assessor. In previous years, the evaluation was performed independently by the company.

Property, Plant and equipment have developed as follows:

in € thousand	Land and buildings	Technical equipment and machinery	Other equipment, operating and office equipment	Advance payments and construction in progress	Total property, plant and equipment	Investment property
(Historical) Cost						
As at 31.12.2011 / 1.1.2012	**48,210**	**37,372**	**38,707**	**1,944**	**126,233**	**3,808**
Currency conversion differences	- 244	- 202	- 179	-	- 625	-
Additions	1,383	3,473	7,411	1,098	13,365	-
Disposals	- 81	- 2,518	- 3,222	- 17	- 5,838	-
Transfers	161	160	2,262	- 3,874	- 1,291	-
Changes in the scope of consolidation	4,350	2,558	9,938	2,556	19,402	-
As at 31.12.2012 / 1.1.2013	**53,779**	**40,843**	**54,917**	**1,707**	**151,246**	**3,808**
Currency conversion differences	- 720	- 301	- 605	-	- 1,626	-
Additions	1,453	4,956	9,083	359	15,851	-
Disposals	-	- 1,125	- 946	-	- 2,071	-
Transfers	283	7,701	- 6,346	- 1,687	- 49	-
Changes in the scope of consolidation	516	1,935	1,707	-	4,158	-
Assets held for sale/ discontinued operations	-	-	- 333	- 10	- 343	-
As at 31.12.2013/1.1.2014	**55,311**	**54,009**	**57,477**	**369**	**167,166**	**3,808**
Currency conversion differences	- 6	18	268	-	280	-
Additions	1,663	5,767	9,353	757	17,540	-
Disposals	- 24,744	- 212	- 8,470	- 285	- 33,711	- 3,808
Transfers	1,034	159	- 861	- 330	2	-
Changes in the scope of consolidation	- 3,523	- 20,171	- 970	-	- 24,664	-
Assets held for sale/ discontinued operations	- 1,901	-	-	-	- 1,901	-
As at 31.12.2014	**27,834**	**39,570**	**56,797**	**511**	**124,712**	**-**

in € thousand	Land and buildings	Technical equipment and machinery	Other equipment, operating and office equipment	Advance payments and construction in progress	Total property, plant and equipment	Investment property
Accumulated depreciation						
As at 31.12.2011 / 1.1.2012	**- 6,995**	**- 26,629**	**- 31,029**	**-**	**- 64,653**	**- 602**
Currency conversion differences	82	187	145	-	414	-
Additions (scheduled depreciation)	- 1,442	- 2,826	- 4,653	-	- 8,921	- 101
Disposals	81	728	2,868	-	3,677	-
Transfers	-	272	- 272	-	-	-
Changes in the scope of consolidation	1,063	-	148	-	1,211	-
As at 31.12.2012 / 1.1.2013	**- 7,211**	**- 28,268**	**- 32,793**	**-**	**- 68,272**	**- 703**
Currency conversion differences	291	291	503	-	1,085	-
Additions (scheduled depreciation)	- 2,026	- 5,084	- 6,555	-	- 13,665	- 101
Disposals	-	1,099	-	-	1,099	-
Transfers	-	15	- 13	-	2	-
Assets held for sale/ discontinued operations	-	-	114	-	114	-
As at 31.12.2013 / 1.1.2014	**- 8,946**	**- 31,947**	**- 38,744**	**-**	**- 79,637**	**- 804**
Currency conversion differences	6	- 13	- 209	-	- 216	-
Additions (scheduled depreciation)	- 2,269	- 4,877	- 6,829	-	- 13,975	- 79
Disposals	1,284	173	7,892	-	9,349	883
Transfers	- 104	18	88	-	2	-
Changes in the scope of consolidation	543	14,454	90	-	15,087	-
Assets held for sale/ discontinued operations	286	-	-	-	286	-
As at 31.12.2014	**- 9,200**	**- 22,192**	**- 37,712**	**-**	**- 69,104**	**-**
Book value 31.12.2011	**41,215**	**10,743**	**7,678**	**1,944**	**61,580**	**3,206**
Book value 1.1.2013	**46,568**	**12,575**	**22,124**	**1,707**	**82,974**	**3,105**
Book value 31.12.2013	**46,365**	**22,062**	**18,733**	**369**	**87,529**	**3,004**
Book value 31.12.2014	**18,634**	**17,378**	**19,085**	**511**	**55,608**	**-**

[17] Non-current financial assets and current other financial assets

	31.12.2014			31.12.2013			1.1.2013			31.12.2011		
in € thousand	**Current**	**Non-current**	**Total**	**Current**	**Non-current**	**Total**	**Current**	**Non-current**	**Total**	**Current**	**Non-current**	**Total**
Shares in affiliated companies	-	53	53	-	97	97	-	96	96	-	94	94
Shares in investments	-	-	-	-	-	-	-	29	29	-	-	-
Loans	-	118	118	-	80	80	-	79	79	-	46	46
Securities - available for sale	92	-	92	80	358	438	68	315	383	64	-	64
Securities – at fair value through profit or loss	-	-	-	-	-	-	-	-	-	-	834	834
Market values of derivative financial instruments held for trading	-	-	-	29	-	29	-	-	-	-	-	-
Total	**92**	**171**	**263**	**109**	**535**	**644**	**68**	**519**	**587**	**64**	**974**	**1,038**

The non-consolidated shares in subsidiaries are recognised at acquisition cost because future cash flows cannot be estimated reliably, which means that the fair value cannot be reliably determined either. There are no plans for the near future to sell significant shares of the available for sale financial assets valued at acquisition cost.

As at December 31, 2014, net lending amounted to € 118 thousand (31.12.2013: € 80 thousand; 1.1.2013: € 79 thousand; 31.12.2011: € 46 thousand) and was primarily the result of loans extended to employees. The loans were not past due on the balance sheet date and are being repaid as scheduled.

Where securities positions are concerned, securities of € 92 thousand (31.12.2013: € 438 thousand; 01.01.2013: € 383 thousand; 31.12.2011: € 64 thousand) are available for sale. These are marketable debt and equity securities.

[18] Investments accounted for using the equity method

As at December 31, 2014, the EDAG Group holds 49 percent of EDAG Werkzeug & Karosserie GmbH, Zweite FOM Objekt GmbH & Co. KG, Heidelberg and Zweite FOM Beteiligungs GmbH, Heidelberg. The addition to investments was made in 2014. In 2012, a 49 percent investment in ELAN-AUSY GmbH was accounted for using the equity method. The investment in ELAN-AUSY GmbH was completely sold in 2013.

The share of assets, liabilities and provisions, income and expenses attributable to the Group for the investments accounted for using the equity method is shown in the following tables.

in € thousand	**2014**	**2013**	**2012**
Book value on 1.1.	**-**	**-**	**6,271**
Additions	15,153	-	-
Adjustment	366	-	50
Assets held for sale	-	-	- 6,321
Book value on 31.12.	**15,519**	**-**	**-**

In the following table, the summarised financial information on the investments accounted for using the equity method is shown on a 100 percent basis for statement of financial position items and on a pro rata basis for the statement of comprehensive income:

in € thousand	31.12.2014	31.12.2013	1.1.2013	31.12.2011
Current assets	15,236	-	8,355	5,671
of which cash	77	-	2,086	254
Non-current assets	48,326	-	192	251
Total assets	**63,562**	**-**	**8,547**	**5,922**
Current liabilities and provisions	8,005	-	7,726	5,225
of which financial liabilities	937	-	20	-
Non-current liabilities and provisions	38,916	-	250	176
of which financial liabilities	38,400	-	-	-
Total liabilities and provisions	**46,921**	**-**	**7,976**	**5,401**
Net assets	**16,641**	**-**	**571**	**521**
Sales revenue	7,088	-	15,700	-
Scheduled depreciation and amortisation	217	-	159	-
Interest income	-	-	18	-
Interest expense	5	-	212	-
Income tax expense/income [+/-]	189	-	77	-
Profit or loss	**405**	**-**	**50**	**-**
Other comprehensive income	- 39	-	-	-
Total comprehensive income	**366**	**-**	**50**	**-**

In the case of accounting using the equity method, intercompany profits must be eliminated in consolidation on a pro rata basis. As the book value of the investment accounted for using the equity method in Zweite FOM Objekt GmbH & Co. KG is € 0 thousand, the intercompany profits can either be carried forward as liability-side accruals and deferrals or as unrecognised negative profits. EDAG is using the second option so that € 7,772 thousand is carried over as unrecognised negative profit.

[19] Accounts receivable and other receivables

	31.12.2014			31.12.2013			1.1.2013			31.12.2011		
in € thousand	**Short-term**	**Long-term**	**Total**	**Short-term**	**Long-term**	**Total**	**Short-term**	**Long-term**	**Total**	**Short-term**	**Long-term**	**Total**
Accounts receivable and other receivables												
Due from third parties	134,844	-	134,844	112,875	-	112,875	80,029	-	80,029	61,591	-	61,591
Due from affiliated companies	7,631	-	7,631	31,441	-	31,441	25,293	-	25,293	10,918	-	10,918
Due from other related parties	4	-	4	4	-	4	5,507	-	5,507	5,893	-	5,893
Due from employees	831	1	832	422	1	423	360	-	360	332	-	332
Due from plan assets	-	998	998	-	891	891	-	867	867	-	-	-
Other remaining receivables	50,232	351	50,583	8,135	398	8,533	13,678	597	14,275	3,436	661	4,097
Total	**193,542**	**1,350**	**194,892**	**152,877**	**1,290**	**154,167**	**124,867**	**1,464**	**126,331**	**82,170**	**661**	**82,831**
Receivables from construction contracts (POC)												
with positive balance due from customers	108,758	-	108,758	78,408	-	78,408	90,549	-	90,549	58,084	-	58,084
Advance payments received on construction contracts with positive balance due from customers	- 58,385	-	- 58,385	- 40,676	-	- 40,676	- 61,399	-	- 61,399	- 32,572	-	- 32,572
Total	**50,373**	**-**	**50,373**	**37,732**	**-**	**37,732**	**29,150**	**-**	**29,150**	**25,512**	**-**	**25,512**
Accrued items	3,542	-	3,542	3,178	11	3,189	3,381	-	3,381	1,864	-	1,864
Total receivables	**247,457**	**1,350**	**248,807**	**193,787**	**1,301**	**195,088**	**157,398**	**1,464**	**158,862**	**109,546**	**661**	**110,207**

In the reporting year, non-financial assets in the amount of € 8,772 thousand (31.12.2013: € 8,051 thousand; 1.1.2013: € 6,590 thousand; 31.12.2011: € 4,001 thousand) are included in the total receivables. In addition to the asset-side accruals and deferrals, these also include other taxes that are included in the other remaining receivables.

Due to the fact that the general terms and conditions of the OEMs come to bear, there is no collateral pledged for receivables. The OEMs do not provide for any prolonged or extended retention of title for suppliers.

The gross amount due from construction contracts is composed of the following net amounts:

in € thousand	31.12.2014	31.12.2013	1.1.2013	31.12.2011
Accrued costs including partial profits and losses	576,901	433,611	365,890	303,170
Partial invoices	- 468,143	- 355,203	- 275,341	- 245,086
Total amount due from customers for construction contracts	**108,758**	**78,408**	**90,549**	**58,084**
Advance payments received from construction contracts with positive balance	58,385	40,676	61,399	32,572
Future receivables from construction contracts	**50,373**	**37,732**	**29,150**	**25,512**

As at December 31, 2014, accounts receivable with a nominal value of € 1,040 thousand (31.12.2013: € 1,020 thousand; 1.1.2013: € 1,598 thousand; 31.12.2011: € 1,210 thousand) and other receivables with a nominal value of € 1,000 thousand (31.12.2013: € 1,000 thousand; 1.1.2013: € 1,000 thousand; 31.12.2011: € 1,000 thousand) were impaired.

The development of the valuation allowances is shown in the following table:

in € thousand	2014	2013	2012
As at 1.1.	**2,193**	**2,733**	**2,210**
Currency conversion differences	8	- 21	11
Additions	208	278	273
Utilisation	- 197	- 339	- 607
Reversals	- 132	- 209	- 163
Changes to scope of consolidation	- 7	-	1,009
Assets held for sale/ discontinued operations	-	- 249	-
As at 31.12.	**2,073**	**2,193**	**2,733**

The total amount of the additions, € 208 thousand (2013: € 278 thousand; 2012: € 273 thousand), consists in its entirety of additions from specific valuation allowances. Should there be clear evidence of customers failing to fulfill their payment obligations, this is taken into due account.

As at December 31, 2014, the analysis of overdue, non-impaired accounts receivable and other receivables was as follows:

in € thousand	31.12.2014 Term to maturity		31.12.2013 Term to maturity		1.1.2013 Term to maturity		31.12.2011 Term to maturity	
	up to 1 year	more than 1 year	up to 1 year	more than 1 year	up to 1 year	more than 1 year	up to 1 year	more than 1 year
Book value, net	**193,542**	**1,350**	**152,877**	**1,290**	**124,867**	**1,464**	**82,170**	**661**
of which: on the reporting date								
neither impaired nor overdue	168,180	1,350	130,701	1,290	105,007	1,464	66,449	661
not impaired but overdue								
≤ 1 month	18,822	-	14,970	-	12,923	-	8,828	-
1–2 months	3,307	-	3,255	-	2,642	-	2,910	-
2–3 months	616	-	610	-	1,367	-	920	-
3–6 months	1,228	-	1,368	-	1,233	-	1,185	-
6–9 months	939	-	633	-	627	-	654	-
9–12 months	358	-	310	-	306	-	319	-
1–2 years	63	-	1,030	-	762	-	903	-
2–4 years	21	-	-	-	-	-	2	-
> 4 years	8	-	-	-	-	-	-	-

With regard to the balance of accounts receivable and other receivables which are neither overdue nor impaired, there is no indication on the reporting date that the debtors will not be fulfilling their payment obligations. Delays in payment are the result of, amongst other things, security deposits. We still expect to receive payment as the customers have good credit ratings.

The Group has established an internal risk monitoring system geared to individual customer risks. From the point of view of the Group, this is more appropriate than forming risk groups in accordance with IFRS 7.

[20] Income and deferred tax assets

in € thousand	31.12.2014	31.12.2013	1.1.2013	31.12.2011
Deferred tax assets	681	3,158	1,306	1,157
Income tax assets	6,679	5,977	5,017	5,250
Total	**7,360**	**9,135**	**6,323**	**6,407**

The assets from future income tax relief include deferred tax assets from temporary differences between the book values reported in the Group statement of financial position and the tax bases, as well as tax savings from losses carried forward assessed as being realisable in the future. Details of deferred tax assets are given in section „Income Taxes“, page 148. Of the deferred tax assets, € 5,313 thousand (31.12.2013: € 1,650 thousand; 1.1.2013: € 1,436 thousand; 31.12.2011: € 1,094 thousand) will be realisable after more than twelve months. Provided that the conditions for offsetting are met, deferred tax assets are shown on the statement of financial position set off against deferred tax liabilities.

[21] Inventories

The book value of the inventories in the amount of € 6,884 thousand (31.12.2013: € 18,190 thousand; 1.1.2013: € 3,397 thousand; 31.12.2011: € 2,627 thousand) is broken down as follows:

in € thousand	31.12.2014	31.12.2013	1.1.2013	31.12.2011
Raw materials and supplies	1,143	2,125	1,523	1,340
Unfinished goods and services	301	12,355	307	330
Finished goods	207	298	203	1
Merchandise	-	2	3	14
Advance payments made	5,233	3,410	1,361	942
Total	**6,884**	**18,190**	**3,397**	**2,627**

The difference to the changes in inventories of unfinished and finished goods and services shown in the statement of comprehensive income results from changes in the scope of the companies included in the consolidation and currency conversion differences. The raw materials and supplies as well as merchandise are capitalised at acquisition cost; the unfinished goods and services and finished goods at the lower of production cost or net disposal value. During the reporting year, impairments in the amount of € 30 thousand (2013: € 23 thousand; 2012: € 31 thousand) were carried out on inventories with a book value after impairment of € 63 thousand, and accordingly posted as material expense. As in previous years, no impairments on inventories were posted as depreciation on current assets.

Likewise, no reversals of impairment losses which reduce the material expense were carried out. As in previous years, the inventories were not pledged as securities for third party liabilities.

Both the unfinished goods and services, and the finished goods shown were valued at production cost, in accordance with the acquisition cost method.

[22] Cash and cash equivalents

The cash and cash equivalents are composed as follows:

in € thousand	31.12.2014	31.12.2013	1.1.2013	31.12.2011
Deposits with banks and cash in hand	39,168	68,585	30,101	50,891
Cash equivalents	329	21	6,087	-
Money transfer	5	-	-	-
Statement of financial position valuation/ financial funds	**39,502**	**68,606**	**36,188**	**50,891**

In the 2014 and 2013 financial years, the Group did not hold any cash or cash equivalents which are not at its unrestricted disposal. In the 2012 financial year, a fixed deposit account in the amount of € 210 thousand recorded under the cash in bank was pledged to Deutsche Bank AG, Frankfurt am Main, as security for the granting of a loan to a subsidiary.

[23] Equity

Subscribed capital

The fully paid-in subscribed capital in the amount of € 20,000 thousand (31.12.2013: € 50 thousand) as at December 31, 2014 is backed by 20 million (31.12.2013: 50 thousand) no-par value bearer shares. This means that each share has a nominal value of €1.00 of the equity. Each share carries voting rights and entitles the holder to receive dividends. At the beginning of 2015, the company changed its legal form to a GmbH (limited liability company). The new subscribed capital still amounts to € 20,000 thousand and is backed by a company share.

Net assets of the combined financial statements

Details of the development of the equity in 2011 - 2014 is shown in the Group's statement of changes in equity.

The combined equity of the EDAG Group is determined by aggregating the net assets of EDAG Engineering GmbH, EDAG GmbH & Co. KGaA, Rücker GmbH, BFFT Holding GmbH and their direct and indirect subsidiaries. Therefore, in 2011 and 2011, no subscribed capital and no retained capital and earnings are shown. In 2013, equity is reflected for the first time (predecessor accounting).

The inclusion of EDAG GmbH & Co.KGaA in the 2014 financial year was the result of financing with borrowed capital in the amount of € 40,000 thousand and an investment in kind in the subscribed capital in the amount of € 19,950 thousand. The positive difference resulting from the initial consolidation of EDAG GmbH & Co.KGaA in the amount of € 14,691 thousand was recognised directly in equity against the retained earnings.
Retained earnings comprise the legal reserves as per § 150 of the German Companies Act (AktG), other retained earnings, the reserve for conversion effects as per IFRS 1, and reserves from transactions under joint control, as well as the annual results of the previous years after dividend distributions and the profit of the current year.

Reserves from profits and losses recognized directly in equity (OCI)

As per IAS 39, unrealised profits and losses from changes to the market values of securities available for sale are posted to a separate item in equity, provided no impairments exist. Furthermore, this includes direct changes to equity resulting from the valuation of pension obligations.

Currency conversion difference

Differences from currency conversion include differences from the currency conversion of financial statements of non-domestic subsidiaries.

Paid and proposed dividends

Within the context of approving the annual financial statements, the Executive Board of EDAG GmbH, Wiesbaden, suggests that the Supervisory Board propose, at the shareholders' meeting, the distribution of a dividend in the amount of € 20 million.

Non-controlling interests

The shares of non-controlling interests include third-party shares in paid and generated equity of the fully consolidated subsidiaries.

[24] Pensions and other post-employment benefits

EDAG has a company pension scheme for its employees, which takes the form of defined benefit and/or defined contribution plans. In this way, care is taken for virtually all employees for the period after their retirement.

Defined contribution plans

The defined contribution benefits are benefits from state and private retirement insurers, to whom payments are made on the basis of statutory regulations, or on a voluntary basis. The employer contributions paid to the statutory pension scheme on a domestic level may be viewed as defined contribution plans of this nature. Payments to defined contribution pension plans in the Group predominantly refer to contributions to statutory pension schemes in Germany. The Group has no further payment obligations besides the payment of the contributions. In the reporting year, contributions amounting to € 27,395 thousand were paid (2013: € 25,472 thousand; 2012: € 25,472 thousand).

Defined benefit plans

The defined benefit plans involve both direct benefits (direct pension commitments) and indirect benefits made through VKE Versorgungskasse EDAG Firmengruppe e.V. (VKE).
The direct benefits are guaranteed life-long pension payments. In some cases, this means benefits at a fixed amount; in others, benefits that vary according to the length of service to the company and the employee's salary. Old-age, disability and surviving dependents' pensions are assured.
The purpose of VKE - a group support fund - is to serve as a social institution of EDAG and affiliated companies wishing to have their company retirement pension schemes managed by VKE. The sponsors (members using VKE to handle their company retirement pension schemes) are the following companies:

- EDAG Engineering GmbH[1] , Wiesbaden
- EDAG Production Solutions GmbH & Co. KG, Fulda
- EDAG Werkzeug + Karosserie GmbH[2] , Fulda
- FFT GmbH & Co. KG, Fulda

The exclusive and unchangeable purpose of VKE is to manage the support fund which grants to beneficiaries voluntary, one-off, recurring or ongoing benefits pursuant to the VKE benefit plan in the event of assistance being required, occupational incapacity or occupational disability, and during old age. Beneficiaries can be employees and/or former employees of the sponsor companies and their families (spouses, children) and/or surviving dependants. Members of the sponsor companies are also persons with whom the sponsor companies are, or have been, in an employment-type relationship. EDAG will no longer be entering into pension commitments for employees recruited on or after June 1, 2006. In accordance with the provisions of the pension scheme, employees who are entitled to benefits receive old-age and surviving dependents' benefits in the form of a lump-sum payment. The benefits are financed through an external fund, with the fund assets being re-invested in the form of loans in the sponsor companies.

In accordance with the provisions of this pension scheme, the employee receives old-age and surviving dependents' benefits. Each of the benefits due is paid as a lump sum.

Pension obligations in Germany are subject to the provisions of the German Company Pensions Act. Due to the pension adjustment obligation required by law, pension commitments are subject to inflation risk. Furthermore, there is the risk that, due to changes in life expectancy, the likelihood of becoming disabled and the likelihood of dying, the actual payment obligations are different than was expected at the time when the commitment was made.

In Switzerland, the Group's company pension scheme is handled by AXA Stiftung Berufliche Vorsorge. Assets are invested jointly for all accounts in a collective fund. This collective fund may change its financing system at any time. For the duration of a coverage deficit, and provided other measures do not lead to the desired result, the collective fund

[1] Legal successor of EDAG GmbH & Co. KGaA, Fulda
[2] Sponsor since October 1, 2014

can levy restucturing contributions from the employer and the employees.
In Italy, benefits are paid upon termination of the employment (Trattamento di Fine Rapporto [TFR]). Every employee is entitled to benefits in such cases. For each year of service, severance provisions must be created on the basis of total annual remuneration divided by 13.5. When setting aside these provisions, the employer must pay a proportion (0.5 percent of the salary) of this to the Italian National Social Security Institute or to an external pension fund over the course of the year. This amount is deducted from the severance provisions. On December 31, of each year, the severance pay accrued in the previous year is revalued using an index prescribed by law (1.5 percent plus 75 percent of the increase in the consumer price index for families of workers and employees based on the last 12 months).

Old-age pension obligations are determined on the basis of the actuarial expert report that is produced each year. The benefit amount is determined using the duration of employment as well as the estimated future salary and pension trends.

The pension provision recorded on the statement of financial position is shown as follows:

in € thousand	31.12.2014	31.12.2013	1.1.2013	31.12.2011
Present value of obligations financed through a fund	34,876	27,401	25,407	21,011
Fair value of plan assets	24,448	24,559	23,795	21,460
Financing deficit/surplus	**10,428**	**2,842**	**1,612**	**- 449**
Present value of obligations not financed through a fund	11,930	9,176	8,889	1,540
Total deficit of the defined benefit obligations	22,358	12,018	10,501	1,091
Amount not recorded as assets due to asset ceiling	-	-	197	513
Recognised pension provision	**22,358**	**12,018**	**10,698**	**1,604**

The pension provision developed as follows:

in € thousand	31.12.2014	31.12.2013	1.1.2013
Pension provision at the beginning of the financial year	12,018	10,698	1,604
Ongoing service cost	1,386	1,451	1,159
Past service cost	- 32	-	-
Net interest expense (+) / income (-)	416	406	348
Revaluations	9,479	26	2,218
Profits (-) / losses (+) from settlements	-	-	- 108
Effects of currency conversion	13	- 10	-
Benefit payments from company assets	- 265	- 235	- 229
Employer contributions to the fund	- 172	- 189	- 4
Employer contributions from the fund	-	-	1,185
Changes in the scope of consolidation	- 486	-	4,525
Administration costs	1	1	-
IFRS 5 reclassification	-	- 130	-
Recognised pension provision	**22,358**	**12,018**	**10,698**

The IFRS 5 reclassification in the amount of € -130 thousand in 2013 is the result of the classification of Rücker Aerospace GmbH as an asset held for sale according to IFRS 5. In 2012, the changes to scope of the companies included in the consolidation in the amount of € 4,525 thousand affect the pension provisions of Rücker AG, Wiesbaden, and some subsidiaries at the time of acquisition.

The past service period cost in the 2014 reporting year is based on a change of scheme for the supplementary conversion rates in Switzerland.

The vested net present value of the pension obligation and the fair value of the plan assets developed as follows:

	2014			2013			2012		
in € thousand	**Total**	**VKE**	**Direct bene-fits**	**Total**	**VKE**	**Direct bene-fits**	**Total**	**VKE**	**Direct bene-fits**
Change to vested net present value									
Vested net present value as at January 1,	**36,577**	**23,373**	**13,204**	**34,296**	**21,684**	**12,612**	**22,688**	**20,995**	**1,693**
Changes in the scope of consolidation	**- 1,423**	- 1,423	-	-	-	-	7,775	-	7,775
Ongoing service period cost	**1,386**	969	417	1,452	929	523	1,160	948	212
Past service cost	**- 32**	-	- 32	-	-	-	-	-	-
Interest expense	**1,247**	814	433	1,238	824	414	1,533	980	553
Revaluations of defined benefit plans									
from changes to the financial assumptions	**9,600**	6,815	2,785	260	- 21	281	1,815	- 375	2,190
from adjustments made on the basis of experience	**59**	448	- 389	169	349	- 180	266	-	266
Effects of currency conversion	**62**	-	62	- 43	-	- 43	-	-	-
Contributions from plan participants	**95**	-	95	84	-	84	110	-	110
Benefit payments from company assets	**- 265**	-	- 265	- 235	-	- 235	-187	-	-187
Benefit payments from the fund	**- 501**	- 464	- 37	- 515	- 392	- 123	-610	- 610	-
Payments for plan settlements	**-**	-	-	-	-	-	- 254	- 254	-
Administration costs	**1**	-	1	1	-	1	-	-	-
IFRS 5 reclassification	**-**	-	-	- 130	-	- 130	-	-	-
Vested net present value as at December 31,	**46,806**	**30,532**	**16,274**	**36,577**	**23,373**	**13,204**	**34,296**	**21,684**	**12,612**
Change in plan assets									
Fair value on January 1,	**24,559**	**20,666**	**3,893**	**23,795**	**20,200**	**3,595**	**21,460**	**21,371**	**89**
Changes in the scope of consolidation	**- 936**	- 936	-	-	-	-	3,250	-	3,250
Interest income	**832**	720	112	833	768	65	1,186	1,194	- 8
Profit (+) / loss (-) from plan assets excluding the amount included in the interest income	**178**	119	59	206	90	116	- 454	- 452	- 2
Effects of currency conversion	**49**	-	49	- 34	-	- 34	-	-	-
Employer contributions to the fund	**172**	-	172	189	-	189	- 1,071	- 1,185	114
Contributions from plan participants	**95**	-	95	84	-	84	110	-	110
Benefit payments from the fund	**- 501**	- 464	- 37	- 514	- 392	- 122	- 568	- 610	42
Payments for plan settlements	**-**	-	-	-	-	-	- 118	- 118	-
Fair value on December 31,	**24,448**	**20,105**	**4,343**	**24,559**	**20,666**	**3,893**	**23,795**	**20,200**	**3,595**

In 2012, the amount of € 1,185 thousand was transferred back to EDAG AG due to a surplus having been paid to VKE.

The IFRS 5 reclassification in the amount of € -130 thousand in 2013 is the result of the classification of Rücker Aerospace GmbH as an asset held for sale as per IFRS 5.

In 2012, the changes to companies included in the scope of consolidation in the amount of € 7,775 thousand affects the net present value of the pension obligations and, where the amount of € 3,250 thousand is concerned, the fair value of the plan assets of Rücker AG, Wiesbaden, as well as some subsidiaries at the time of acquisition.

The fair value of the plan assets is distributed as follows across the individual asset categories.

	31.12.2014		31.12.2013		1.1.2013		31.12.2011	
in € thousand	**Values**	**%**	**Values**	**%**	**Values**	**%**	**Values**	**%**
Debt securities (Germany)	20,105	82 %	20,666	84 %	20,201	85 %	21,371	100 %
– of which investments in the employer or related parties (without quoted market price)	20,105	-	20,666	-	20,201	-	21,371	-
Reinsurance cover asset values (Germany)	1,856	8 %	1,663	7 %	1,538	6 %	89	0 %
– of which without quoted market price in an active market	1,856	-	1,663	-	1,538	-	89	-
Collective fund (Switzerland)	2,487	10 %	2,230	9 %	2,056	9 %	-	0 %
– of which without quoted market price in an active market	2,487	-	2,230	-	2,056	-	-	-
Total plan assets	**24,448**	**100 %**	**24,559**	**100 %**	**23,795**	**100 %**	**21,460**	**100 %**

The asset ceiling has developed as follows:

in € thousand	2014 Total	2013 Total	2012 Total
Asset ceiling as at January 1,	-	197	513
Expected income from the asset ceiling	-	7	26
Profit (+) / loss (-) from changes to the asset ceiling	-	- 204	- 342
Asset ceiling as at December 31,	**-**	**-**	**197**

The asset ceiling arose from the fact that the asset value was larger than the value of the obligation but this surplus amount could not be used for coverage. This asset ceiling is no longer effective due to an amendement to VKE's articles of association.

The following sensitivity analysis shows the effects of an increase or decrease in the actuarial assumptions on the vested net present value:

in € thousand	2014	2013	2012
Ø Actuarial interest rate			
+0.50 %	43,562	34,049	32,593
- 0.50 %	50,500	39,421	35,971
Ø Life expectancy			
+ 1 year	47,338	37,988	-
- 1 year	46,273	34,605	-

The sensitivities were determined in the same way as the scope of obligations. In the process, one assumption was changed while the remaining assumptions and the evaluation methodology remained unchanged. If multiple assumptions change at the same time, the effect does not necessarily agree to the sum of the individual effects. Additionally, the effects of the individual assumption changes are not linear.

As the benefits from VKE take neither a vesting trend nor a pension trend into account, a change to this assumption has no significant effects on the total obligation.

The average weighted duration of the vested net present value of the defined benefit pension plans of EDAG as at December 31, 2014 was 15 years (2013: 15 years; 2012: 15 years).

For the 2015 financial year, the Group is expecting contributions to defined benefit pension plans to total € 1,958 thousand (2013: € 1,885 thousand; 2012: € 1,362 thousand).

For the 2015 financial year, the Group is expecting disbursements from the pension fund in the amount of € 750 thousand.

The following key actuarial assumptions are the basis of the calculation of the vested net present value:

	31.12.2014	31.12.2013	1.1.2013	31.12.2011
Ø Discount rate				
Germany	2.00 %	3.70 %	3.80 %	5.00 %
Switzerland	1.50 %	2.30 %	2.00 %	2.50 %
Italy	1.80 %	3.15 %	0	0
Vested trend				
Germany	0.00 %	0.00 %	0.00 %	0.00 %
Switzerland	1.00 %	1.00 %	1.00 %	1.00 %
Italy	2.50 %	2.50 %	0	0
Pension trend				
Germany	1.75 %	2.00 %	1.50 %	1.50 %
Switzerland	0.00 %	0.00 %	0.00 %	0.00 %
Italy	2.63 %	3.00 %	0	0
Inflation rate				
Germany	1.50 %	1.50 %	1.50 %	1.50 %
Switzerland	0.50 %	0.50 %	0.50 %	0.50 %
Italy	1.50 %	2.00 %	0	0
Biometric basis for calculation				
Germany	Heubeck tables 2005 G	Heubeck tables 2005 G	Heubeck tables 2005 G	Heubeck tables 2005 G
Switzerland	BVG 2010 GT	BVG 2010 GT	BVG 2010 GT	n.a.
Italy	RG48	RG48	n.a.	n.a.

[25] Other provisions

The development of other provisions is shown in the following provision schedule:

in € thousand	As at 1.1.2014	Change in the scope of consolidation	Provisions in connection with assets held for sale/ discontinued operations	Currency conversion differences	Discounting	Addition	Utilisation	Reversal	Transfer	As at 31.12.2014
Non-current provisions										
Personnel	683	- 46	-	-	10	376	- 72	- 206	-	745
Disinvestments	2,267	-	-	-	-	-	-	-	-	2,267
Other provisions	1,449	- 1	-	110	1	554	-	- 173	52	1,992
Total non-current provisions	**4,399**	**- 47**	**-**	**110**	**11**	**930**	**- 72**	**- 379**	**52**	**5,004**
Current provisions										
Taxes	2,070	- 122	-	- 4	-	256	- 277	- 162	-	1,761
Personnel	1,536	-	-	- 18	-	3,709	- 997	- 8	-	4,222
Warranty obligation	180	-	-	-	-	100	-	-	-	280
Onerous contracts	2,613	- 187	-	-	-	394	- 984	- 2	-	1,834
Restructuring	-	-	-	- 11	-	335	-	-	-	324
Legal disputes	352	- 15	-	4	-	14	- 6	- 7	-	342
Disinvestments	4,508	-	-	-	-	100	- 1,362	- 3,046	-	200
Other current provisions	1,824	-	-	29	-	2,278	- 256	- 19	- 52	3,804
Total current provisions	**13,083**	**- 324**	**-**	**-**	**-**	**7,186**	**- 3,882**	**- 3,244**	**- 52**	**12,767**

in € thousand	As at 1.1.2013	Change in the scope of consoli-dation	Provisions in connection with assets held for sale/ discontinued operations	Currency conversi-on diffe-rences	Discounting	Addi-tion	Utilisa-tion	Rever-sal	Trans-fer	As at 31.12.2014
Non-current provisions										
Personnel	2,433	-	-	- 39	10	295	- 1,305	- 47	- 664	683
Disinvestments	3,034	-	-	-	-	-	-	- 767	-	2,267
Other provisions	1,242	- 97	-	- 159	7	890	- 247	- 187	-	1,449
Total non-current provisions	**6,709**	**- 97**	**-**	**- 198**	**17**	**1,185**	**- 1,552**	**- 1,001**	**- 664**	**4,399**
Current provisions										
Taxes	161	-	-	-	-	2,070	- 161	-	-	2,070
Personnel	831	-	-	- 56	-	873	- 486	- 160	534	1,536
Warranty obligation	1,033	-	-	-	-	-	- 3	- 850	-	180
Onerous contracts	2,396	-	-	- 1	-	263	-	- 45	-	2,613
Legal disputes	185	10	-	- 56	-	213	-	-	-	352
Disinvestments	1,758	-	-	-	-	2,750	-	-	-	4,508
Other current provisions	2,019	46	- 53	- 56	-	118	- 165	- 85	-	1,824
Total current provisions	**8,383**	**56**	**- 53**	**- 169**	**-**	**6,287**	**- 815**	**- 1,140**	**534**	**13,083**

in € thousand	As at 1.1.2012	Change in the scope of consoli-dation	Provisions in connection with assets held for sale/ discontinued operations	Currency conversi-on diffe-rences	Discounting	Addi-tion	Utili-sation	Rever-sal	Trans-fer	As at 31.12.2014
Non-current provisions										
Personnel	2,754	582	-	- 13	-	518	- 1,265	-	- 144	2,432
Disinvestments	-	-	-	-	-	3,034	-	-	-	3,034
Other provisions	541	313	-	- 52	-	229	-	-	213	1,244
Total non-current provisions	**3,295**	**895**	**-**	**- 65**	**-**	**3,781**	**- 1,265**	**-**	**69**	**6,710**
Current provisions										
Taxes	861	-	-	-	-	161	- 855	- 6	-	161
Personnel	437	-	-	- 22	-	646	- 61	- 169	-	831
Warranty obligation	100	80	-	-	-	853	-	-	-	1,033
Onerous contracts	3,496	-	-	-	-	23	- 1,069	- 54	-	2,396
Legal disputes	207	-	-	- 22	-	-	-	-	-	185
Disinvestments	1,758	-	-	-	-	-	-	-	-	1,758
Other current provisions	1,753	78	-	- 2	-	666	- 185	- 77	- 213	2,020
Total current provisions	**8,612**	**158**	**-**	**- 46**	**-**	**2,349**	**- 2,170**	**- 306**	**- 213**	**8,384**

in € thousand	As at 1.1.2011	Change in the scope of consoli-dation	Provisions in connection with assets held for sale/ discontinued operations	Currency conversi-on diffe-rences	Discounting	Addi-tion	Utilisa-tion	Rever-sal	Trans-fer	As at 31.12.2014
Non-current provisions										
Personnel	5,712	- 2,324	- 36	- 26	-	678	- 1,120	- 130	-	2,754
Warranty obligation	37	-	- 34	- 3	-	-	-	-	-	-
Other provisions	693	- 72	- 5	- 75	-	-	-	-	-	541
Total non-current provisions	**6,442**	**- 2,396**	**- 75**	**- 104**	**-**	**678**	**- 1,120**	**- 130**	**-**	**3,295**
Current provisions										
Taxes	4,292	- 2,347	- 222	- 7	-	1,891	- 1,553	- 1,193	-	861
Personnel	980	- 12	-	- 18	-	234	- 440	- 307	-	437
Warranty obligation	589	- 451	- 150	12	-	100	-	-	-	100
Onerous contracts	5,056	- 1,595	- 242	- 27	-	310	-	- 6	-	3,496
Legal disputes	306	- 62	- 17	- 20	-	-	-	-	-	207
Disinvestments	-	-	-	-	-	1,758	-	-	-	1,758
Other current provisions	1,613	-	- 500	- 1	-	788	- 134	- 13	-	1,753
Total current provisions	**12,836**	**- 4,467**	**- 1,131**	**- 61**	**-**	**5,081**	**- 2,127**	**- 1,519**	**-**	**8,612**

The **other tax provisions** include possible obligations from other taxes (including but not limited to land transfer tax and tax on wages).

The **personnel provision** includes other long-term benefits to employees, within the meaning of IAS 19.153, that exist at the time of reporting in the amount of € 474.0 thousand (31.12.2013: € 322 thousand; 1.1.2013: € 1,941 thousand; 31.12.2011: € 2,798 thousand). Severance pay is also taken into account in this provision position.

The provision for **warranties** exists for statutory and contractual guarantee obligations, as well as for goodwill towards customers.

Provisions were recognized for warranty obligations from products sold within the last two years. The valuation is carried out on the basis of values derived from experience of repairs and complaints in the past. It is anticipated that the majority of these costs will be incurred within the next financial year, and the entire provisioned amount will be incurred within two years after the balance sheet date. The assumptions underlying the calculations for provisions for warranty obligations are based on the current level of sales and the currently available information regarding complaints for the products sold within the two-year warranty period.

Provisions for warranty obligations for specific customer projects were also established according to the expected value calculated for potential goodwill gestures.

Provisions for **onerous contracts** are formed when excess costs are incurred for pending sales transactions. As a general rule, losses from construction contracts are calculated on the basis of the production costs. A liability is only recognized if the costs are higher than the receivable on the reporting date.

Provisions for **disinvestments** have been created for potential obligations arising from various company sales.
As an internationally active company, the EDAG Group is exposed to numerous **legal risks.** These can particularly include risks from the areas of competition and anti-trust law, patent law, etc. As the results of currently pending and/or future legal action cannot be forecast with any certainty, it is possible that legal or official decisions or settlement agreements might lead to costs being incurred which are either not, or not fully, covered by insurance benefits.

In the case of current provisions, we work on the basis that the cash outflow is to be expected in the following year.
Non-current personnel provisions are primarily anniversary provisions that will be paid out within the next 2 - 25 years. Where the remaining non-current provisions are concerned, we work on the basis that these will be paid out within the next 2 - 4 years.

[26] Financial liabilities

in € thousand	31.12.2014	31.12.2013	1.1.2013	31.12.2011
Liabilities due to credit institutions	6,350	8,027	43,783	1,032
Liabilities from loans	160,169	224,885	79,186	88,370
due to third parties	17	24	-	-
due to affiliated companies	160,013	204,209	57,799	-
due to other related parties	139	20,652	21,387	88,370
Liabilities from financing leases	206	473	898	9,010
Liabilities from derivative financial instruments	136	-	82	309
Total	**166,861**	**233,385**	**123,949**	**98,721**

The liabilities due to credit institutions (current and non-current) include a property loan in the amount of € 2,759 thousand (31.12.2013: € 3,371 thousand; 1. 1.2013: € 3,953 thousand; 31.12.2011: € 0 thousand). This property loan is interest-bearing at an unchanged average interest rate of 4.82 percent p.a. and has been repaid with an unchanged monthly annuity installment of € 64 thousand. As at December 31, 2014, there are no liabilities from current account agreements (31.12.2013: € 59 thousand; 1.1.2013: € 1,140 thousand; 31.12.2011: € 0 thousand).

The sharp increase in liabilities due to credit institutions in the 2012 financial year is attributable to both the inclusion of the Rücker Group with liabilities on January 1, 2013 in the amount of € 17,411 thousand and a loan for short-term financing in the amount of € 25,000 thousand.

The Group has provided the following securities as collateral for the bank liabilities:

in € thousand	31.12.2014	31.12.2013	1.1.2013	31.12.2011
Registered land charges				
Nominal	1,200	1,916	1,916	-
Credit exposure	250	360	541	-
Securities				
Nominal	4,242	14,500	11,950	-
Credit exposure	2,002	1,288	8,325	-

In 2012, the liabilities due to credit institutions in the amount of € 25,000 thousand were collateralised by the pledging of shares held in the financial assets.

ATON Group Finance GmbH, Going am Wilden Kaiser, Austria, is the major creditor of the EDAG Group with a loan in the amount of € 160,013 thousand as at December 31, 2014 (31.12.2013: € 198,904 thousand; 1.1.2013: € 0 thousand; 31.12.2011: € 0 thousand). Of this amount, € 158,800 thousand (31.12.2013: € 192,893 thousand; 1.1.2013: € 0 thousand; 31.12.2011: € 0 thousand) is to be classified as non-current financing.

As at January 1, 2013, there was a loan in the amount of € 57,799 thousand with a term to maturity of up to 1 year due to the indirect shareholder ATON GmbH, Munich, Germany.

In 2012, the liabilities due to related companies significantly decreased by € 65,808 thousand, primarily due to the repayment of a loan by Horus Vermögensverwaltungs GmbH & Co. KG. The interest rate up to the point of complete repayment was 7 percent. In the 2013 financial year, the only outstanding loan was due to VKE Versorgungskasse EDAG-Firmengruppe e.V. This loan was repaid in the 2014 financial year. The average interest rate was 4.2 percent.

The liabilities from leases exist primarily due to hardware financing. The average interest rate is 6 percent. The sharp decline in liabilities from financing leases in the 2012 financial year is attributable to the sale of Rosata Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Fulda-West KG, Grünwald (transaction under common control). See page 205 „Leases" for additional information on leases.

Derivatives include the cash outflow of derivative financial instruments with a negative fair value as well as the cash outflow of derivatives with a positive fair value, for which gross settlement has been arranged.

in € thousand	Liabilities due to credit institutions	Liabilities from loans due to			Liabilities from Financing-leases	Liabilities from derivative financial instruments	Total
		third parties	affiliated companies	related parties			
Term to maturity as at 31.12.2014							
≤ 1 year	3,325	7	1,213	139	38	136	4,858
> 1 year to ≤ 5 years	3,025	10	158,800	-	168	-	162,003
> 5 years	-	-	-	-	-	-	-
Total	**6,350**	**17**	**160,013**	**139**	**206**	**136**	**166,861**
Term to maturity as at 31.12.2013							
≤ 1 year	3,497	24	11,316	20,652	159	-	35,648
> 1 year to ≤ 5 years	4,530	-	192,893	-	233	-	197,656
> 5 years	-	-	-	-	81	-	81
Total	**8,027**	**24**	**204,209**	**20,652**	**473**	**-**	**233,385**
Term to maturity as at 1.1.2013							
≤ 1 year	38,252	-	57,799	21,387	428	82	117,948
> 1 year to ≤ 5 years	4,791	-	-	-	372	-	5,163
> 5 years	740	-	-	-	98	-	838
Total	**43,783**	**-**	**57,799**	**21,387**	**898**	**82**	**123,949**
Term to maturity as at 31.12.2011							
≤ 1 year	1,032	-	-	88,370	504	309	90,215
> 1 year to ≤ 5 years	-	-	-	-	2,166	-	2,166
> 5 years	-	-	-	-	6,340	-	6,340
Total	**1,032**	**-**	**-**	**88,370**	**9,010**	**309**	**98,721**

It is the aim of the Group to preserve the balance between the ongoing coverage of funding requirements, and ensured flexibility through the use of current account overdraft, loans, financing leases and lease-to-buy contracts.

The following table shows the liquidity risk of EDAG. With this, the contractually agreed (non-discounted) interest and principal payments of the original financial liabilities and the derivative financial instruments are shown with their positive and negative attributable fair value. All instruments which were held on December 31, 2014, and for which payments were already contractually agreed, have been included. Plan figures for future new liabilities are not included. Foreign currency amounts have been converted at the spot exchange rate on the reporting date. Financial liabilities repayable at any time are always allocated to the earliest time scale.
There were no defaults on the recognized loans during the reporting year.

in € thousand	Book values 31.12.2014	Cash flows 2015			Cash flows 2016			Cash flows 2017 - 2019			Cash flows 2020 onwards			without fixed Prin-cipal repay-ment
		Interest fixed	Interest var	Prin-cipal repay-ment	Interest fixed	Interest var	Prin-cipal repay-ment	Interest fixed	Interest var	Prin-cipal repay-ment	Interest fixed	Interest var	Prin-cipal repay-ment	
Liabilities due to credit institutions	6,350	173	-	3,325	108	1	1,342	81	-	1,683	-	-	-	-
Liabilities from loans	160,169	-	-	1,359	2,618	-	6	5,222	-	158,804	-	-	-	-
due to third parties	17	-	-	7	-	-	6	-	-	4	-	-	-	
due to affiliated companies	160,013	-	-	1,213	2,618	-	-	5,222	-	158,800	-	-	-	-
due to related parties	139	-	-	139	-	-	-	-	-	-	-	-	-	-
Liabilities from financing leases	206	14	-	38	3	-	35	28	-	133	-	-	-	-
Liabilities from derivative financial instruments	136	-	-	136	-	-	-	-	-	-	-	-	-	-
Total	**166,861**	**187**	**-**	**4,858**	**2,729**	**1**	**1,383**	**5,331**	**-**	**160,620**	**-**	**-**	**-**	**-**
Receivables from derivative financial instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-

in € thousand	Book values 31.12.2013	Cash flows 2015			Cash flows 2016			Cash flows 2017 - 2019			Cash flows 2020 onwards			without fixed Prin-cipal repay-ment
		Interest fixed	Interest var	Prin-cipal repay-ment	Interest fixed	Interest var	Prin-cipal repay-ment	Interest fixed	Interest var	Prin-cipal repay-ment	Interest fixed	Interest var	Prin-cipal repay-ment	
Liabilities due to credit institutions	8,028	740	4	3,498	257	3	1,505	20	2	3,025	-	-	-	-
Liabilities from loans	224,885	3,471	-	10,842	16,420	-	266	29,868	-	193,125	-	-	-	20,652
due to third parties	24	-	-	24	-	-	-	-	-	-	-	-	-	-
due to affiliated companies	204,209	2,611	-	10,818	16,420	-	266	29,868	-	193,125	-	-	-	-
due to related parties	20,652	860	-	-	-	-	-	-	-	-	-	-	-	20,652
Liabilities from financing leases	473	10	-	159	8	-	53	4	-	180	-	-	81	-
Liabilities from derivative financial instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	**233,386**	**4,221**	**4**	**14,499**	**16,685**	**3**	**1,824**	**29,892**	**2**	**196,330**	**-**	**-**	**81**	**20,652**
Receivables from derivative financial instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-

in € thousand	Book values 1.1.2013	Cash flows 2015			Cash flows 2016			Cash flows 2017 - 2019			Cash flows 2020 onwards			without fixed
		Interest		Prin-cipal repay-ment	Interest		Prin-cipal repay-ment	Interest		Prin-cipal repay-ment	Interest		Prin-cipal repay-ment	Prin-cipal repay-ment
		fixed	var		fixed	var		fixed	var		fixed	var		
Liabilities due to credit institutions	43,785	357	8	38,253	259	6	1,751	306	6	3,041	22	-	740	-
Liabilities from loans	79,186	775	-	-	-	-	-	-	-	-	-	-	-	79,186
due to third parties	-	-	-	-	-	-	-	-	-	-	-	-	-	-
due to affiliated companies	57,799	-	-	-	-	-	-	-	-	-	-	-	-	57,799
due to related parties	21,387	775	-	-	-	-	-	-	-	-	-	-	-	21,387
Liabilities from financing leases	898	37	-	429	22	-	181	29	-	190	11	-	98	-
Liabilities from derivative financial instruments	82	-	-	3,100	-	-	-	-	-	-	-	-	-	-
Total	**123,951**	**1,169**	**8**	**41,782**	**281**	**6**	**1,932**	**335**	**6**	**3,231**	**33**	**-**	**838**	**79,186**
Receivables from derivative financial instruments	-	-	-	2,369	-	-	-	-	-	-	-	-	-	-

in € thousand	Book values 31.12.2011	Cash flows 2015			Cash flows 2016			Cash flows 2017 - 2019			Cash flows 2020 onwards			without fixed
		Interest		Prin-cipal repay-ment	Interest		Prin-cipal repay-ment	Interest		Prin-cipal repay-ment	Interest		Prin-cipal repay-ment	Prin-cipal repay-ment
		fixed	var		fixed	var		fixed	var		fixed	var		
Liabilities due to credit institutions	1,033	-	119	887	-	9	146	-	-	-	-	-	-	-
Liabilities from loans	88,370	6,123	-	434	-	-	-	-	-	-	-	-	-	87,936
due to third parties	-	-	-	-	-	-	-	-	-	-	-	-	-	-
due to affiliated companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
due to related parties	88,370	6,123	-	434	-	-	-	-	-	-	-	-	-	87,936
Liabilities from financing leases	9,010	534	-	504	505	-	516	3,121	-	1,650	1,572	-	6,340	-
Liabilities from derivative financial instruments	309	-	-	1,564	-	-	-	-	-	-	-	-	-	-
Total	**98,722**	**6,657**	**119**	**3,389**	**505**	**9**	**662**	**3,121**	**-**	**1,650**	**1,572**	**-**	**6,340**	**87,936**
Receivables from derivative financial instruments	-	-	-	2,809	-	-	-	-	-	-	-	-	-	-

In contrast to cash outflow due to derivatives for which gross settlement has been arranged, there are also cash inflows; these are not, however, shown in this maturity analysis. If the cash inflows were also to be taken into account, the cash outflows presented would be reduced considerably.

[27] Accounts payable and other liabilities

in € thousand	31.12.2014			31.12.2013			1.1.2013			31.12.2011		
	Total	Term to maturity		Total	Term to maturity		Total	Term to maturity		Total	Term to maturity	
		≤ 1 year	> 1 year ≤ 5 years		≤ 1 year	> 1 year ≤ 5 years		≤ 1 year	> 1 year ≤ 5 years		≤ 1 year	> 1 year ≤ 5 years
Accounts payables												
due to third parties	**18,421**	18,421	-	**18,866**	18,864	2	**21,752**	21,748	4	**16,486**	16,482	4
due to affiliated companies	**246**	246	-	**973**	973	-	**999**	999	-	**8,785**	8,785	-
due to related parties	**6**	6	-	**136**	136	-	**25**	25	-	**322**	322	-
from construction contracts with a negative balance	**12,349**	12,349	-	**6,130**	6,130	-	**5,568**	5,568	-	**8,768**	8,768	-
advance payments received on construction contracts with a negative balance	**49,269**	49,269	-	**32,449**	32,449	-	**22,007**	22,007	-	**18,537**	18,537	-
Total	**80,291**	**80,291**	**-**	**58,554**	**58,552**	**2**	**50,351**	**50,347**	**4**	**52,898**	**52,894**	**4**
Other liabilities												
advance payments received on orders	**467**	467	-	**142**	142	-	**186**	186	-	**598**	598	-
due to affiliated companies	**1,376**	1,376	-	**315**	315	-	**791**	791	-	**269**	269	-
due to related companies	**-**	-	-	**-**	-	-	**2**	2	-	**-**	-	-
due to employees	**21,921**	21,918	3	**23,232**	23,229	3	**27,181**	27,178	3	**21,414**	21,411	3
within the context of social security	**1,516**	1,368	148	**411**	324	87	**326**	250	76	**301**	236	65
deferred income	**407**	407	-	**636**	636	-	**296**	296	-	**55**	55	-
from value-added tax	**16,620**	16,620	-	**12,659**	12,659	-	**5,963**	5,963	-	**6,535**	6,535	-
from other taxes	**8,035**	8,035	-	**6,841**	6,841	-	**9,431**	9,431	-	**2,424**	2,424	-
other liabilities	**4,218**	4,218	-	**5,162**	5,162	-	**4,970**	4,970	-	**3,155**	3,155	-
Total	**54,560**	**54,409**	**151**	**49,398**	**49,308**	**90**	**49,146**	**49,067**	**79**	**34,751**	**34,683**	**68**
Overall	**134,851**	**134,700**	**151**	**107,952**	**107,860**	**92**	**99,497**	**99,414**	**83**	**87,649**	**87,577**	**72**

The gross amount due to customers for construction contracts is composed of the following net amounts.

in € thousand	31.12.2014	31.12.2013	1.1.2013	31.12.2011
Accrued costs including partial profits and losses	229,679	114,092	85,186	186,295
Partial settlements and advance payments received from construction contracts with a negative balance	- 291,297	- 152,671	- 112,761	- 213,600
Future liabilities from construction contracts	**- 61,618**	**- 38,579**	**- 27,575**	**- 27,305**

The liabilities due to employees are primarily composed of special salary payments (€ 958 thousand; 31.12.2013: € 2,138 thousand; 1.1.2013: € 6,710 thousand; 31.12.2011: € 5,457 thousand), obligations from overtime and flexi-time credits (€ 10,013 thousand; 31.12.2013: € 9,371 thousand; 1.1.2013: € 8,709 thousand; 31.12.2011: € 5,493 thousand), obligations from outstanding holiday allowances (€ 6,572 thousand; 31.12.2013: € 6,814 thousand; 1.1.2013: € 6,695 thousand; 31.12.2011: € 4,274 thousand), profit share obligations (€ 2,381 thousand; 31.12.2013: € 2,683 thousand; 1.1.2013: € 2,639 thousand; 31.12.2011: € 4,201 thousand) and obligations from holiday pay and Christmas bonuses (€ 617 thousand; 31.12.2013: € 1,013 thousand; 1.1.2013: € 1,309 thousand; 31.12.2011: € 332 thousand).

Deferred income is mainly comprised of large advance payments from customers which were received prior to the balance sheet date and not converted to revenue until the new year.

The other liabilities include accounts payable to employers' insurance associations, the integration agencies and overpayments.

[28] Income and deferred tax liabilities

in € thousand	31.12.2014	31.12.2013	1.1.2013	31.12.2011
Deferred tax liabilities	10,155	18,837	15,575	700
Non-current income tax liabilities	1,460	1,460	1,335	-
Current income tax liabilities	13,690	5,970	3,734	1,893
Total	**25,305**	**26,267**	**20,644**	**2,593**

In addition to the deferred taxes explained under the section titled „Income Tax", page 148, the income tax liabilities include income taxes from the current year and the previous years. Of the deferred tax liabilities, € 9,352 thousand (31.12.2013: € 18,663 thousand; 1.1.2013: € 15,068 thousand; 31.12.2011: € 5,194 thousand) will be realisable after more than twelve months. Provided that the conditions for offset are met, deferred tax assets are shown on the statement of financial position set off against deferred tax liabilities.

11.6 Notes regarding the Segment Reporting

The segment reporting was prepared in accordance with IFRS 8 „Operating Segments". Individual consolidated results are reported by company divisions in comformity 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. This reporting structure was developed in 2014 and determined retrospectively for the previous years. 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).
In the reporting year, the non-current assets amounted to € 183.2 million (31.12.2013: € 208.9 million; 1.1.2013: €173.7 million; 31.12.2011: € 76.9 million). Of these, € 171.9 million are domestic and €11.3 million are non-domestic (31.12.2013: [domestic: € 197.8 million; non-domestic: €11.4 million]; 1.1.2013: [domestic: €162.0 million; non-domestic: € 11.7 million]; 31.12.2011: [domestic: € 64.2 million; non-domestic: € 12.7 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 key customers are the vehicle manufacturers and their suppliers. 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 as well as large-scale interdisciplinary module packages, partially including the international integration of subsidiaries, are managed in our Project Management department.

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 21 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 white body 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 well as 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.

In our **„Electrics/Electronics"** segment (in short: EE), we carry out the integration of new electrical/electronic components and modules in sustainable vehicle concepts and also focus on the key theme of energy in the vehicle. The E/E Vehicle Engineering department takes full responsibility for the functional development in derivative and complete vehicle projects, through to the commissioning, validation and the approval process. In our Engineering Services division we support development projects with professional and experienced employees. In doing so, our range of services starts from small-scale orders through to complete development packages. In Systems Engineering, we develop systems on behalf of our customers and manufacture our own niche products, focusing here on measuring, controlling and regulating the energy in the vehicle.

Under „Others" it is essentially the small batch production of chassis modules at our location in Eisenach which is carried out. This also includes EKS InTec GmbH, Weingarten, which was sold on May 31, 2014, and the Aerospace business which was sold on March 31, 2014. Until its deconsolidation on May 31, 2012, it also included the personnel service provider ED WORK GmbH & Co. KG, Fulda. All of the essential non-operating expenses and income are also reported here. Among others, this includes income / expenses from deconsolidations, from company sales, from the sale of property and buildings, and from restructuring costs (severance pay, consulting costs).

	1.1.2014 - 31.12.2014						
in € thousand	**Vehicle Engineering**	**Production Solutions**	**Electrics/ Electronics**	**Others**	**Total Segments**	**Consolida-tion**	**Total Group**
Sales revenue with third parties	409,992	100,768	123,696	63,002	**697,458**	-	**697,458**
Sales revenue with other segments	7,375	5,607	149	564	**13,695**	- 13,695	**-**
Changes in inventories	237	-	- 11	- 7,936	**- 7,710**	-	**- 7,710**
Total sales revenue and changes in inventories	**417,604**	**106,375**	**123,834**	**55,630**	**703,443**	**- 13,695**	**689,748**
EBIT	26,027	11,974	8,219	41,423	**87,643**	-	**87,643**
EBIT margin [%]	6.2 %	11.3 %	6.6 %	74.5 %	**12.5 %**	-	**12.7 %**
Depreciation, amortisation and impairment	17,803	1,647	3,356	2,807	**25,613**	-	**25,613**

	1.1.2013 - 31.12.2013						
in € thousand	**Vehicle Engineering**	**Production Solutions**	**Electrics/ Electronics**	**Others**	**Total Segments**	**Consolida-tion**	**Total Group**
Sales revenue with third parties	387,443	75,427	97,836	59,421	**620,127**	-	**620,127**
Sales revenue with other segments	4,587	2,335	48	519	**7,489**	- 7,489	**-**
Changes in inventories	- 235	-	120	12,400	**12,285**	-	**12,285**
Total sales revenue and changes in inventories	**391,795**	**77,762**	**98,004**	**72,340**	**639,901**	**- 7,489**	**632,412**
EBIT	19,052	9,023	6,558	3,890	**38,523**	-	**38,523**
EBIT margin [%]	4.9 %	11.6 %	6.7 %	5.4 %	**6.0 %**	-	**6.1 %**
Depreciation, amortisation and impairment	16,802	1,139	4,645	2,398	**24,984**	-	**24,984**

in € thousand	Vehicle Engineering	Production Solutions	Electrics/ Electronics	Others	Total Segments	Consolida- tion	Total Group
	1.1.2012 - 31.12.2012						
Sales revenue with third parties	252,283	67,686	37,547	58,320	**415,836**	-	**415,836**
Sales revenue with other segments	2,584	3,681	1	5,611	**11,877**	- 11,877	**-**
Changes in inventories	- 763	-	31	77	**- 655**	-	**- 655**
Total sales revenue and changes in inventories	**254,104**	**71,367**	**37,579**	**64,008**	**427,058**	**- 11,877**	**415,181**
EBIT	17,672	7,140	3,416	7,254	**35,482**	-	**35,482**
EBIT margin [%]	7.0 %	10.0 %	9.1 %	11.3 %	**8.3 %**	-	**8.5 %**
Depreciation, amortisation and impairment	8,969	1,503	111	1,892	**12,475**	-	**12,475**

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

11.7 Notes on the Cash Flow Statement

A positive operating cash flow of € 56.7 million was achieved in the reporting year (2013: € 21.0 million). Of significance for the increase in the operating cash flow was an earnings after tax from continuing operations that was € 36.5 million higher in comparison with the previous year. The working capital, in comparison, increased slightly, which reduced the operating cash flow.

At € 25.2 million, the gross investments in the reporting year were approximately € 2.8 million higher than the previous year's level. The investments essentially relate to the recruitment that was carried out and were therefore completed for enhancements to the software and hardware and for the site development. The sales of certain fully consolidated companies had a positive influence in total of € 30.0 million on the investing cash flow. In contrast, the assumption of debt had a negative impact of € 40.0 million within the context of including EDAG GmbH & Co. KGaA.

In the financing cash flow we had a cash outflow in total of € 54.8 million (2013: cash inflow of € 76.0 million). Current and non-current financial liabilities of € 31.9 million and € 35.6 million respectively were repaid. Overall, free cash flow was increased by € 65.5 million compared to the previous year.

The changes to the statement of financial position items which are shown in the cash flow statement are not directly derivable from the statement of financial position, as effects from the currency conversion and from changes in the scope of consolidation are non-cash and disclosed separately.

11.8 Other Notes

Contingent Liabilities/Receivables and Other Financial Obligations

Contingent Liabilities

in € thousand	31.12.2014	31.12.2013	1.1.2013	31.12.2011
Liabilities from warranty agreements	-	-	-	7
Liability arrangements from the pledge of securities for third-party liabilities	-	-	3,137	3,465
Liabilities from contingent taxes	-	-	51	75
Other contingent liabilities	-	-	-	5
Total	**-**	**-**	**3,188**	**3,552**

No provisions were formed for the contingent liabilities in 2012, which are valued at nominal value, since, as per the balance sheet date, the applicable risks were considered unlikely to materialize.

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	31.12.2014	31.12.2013	1.1.2013	31.12.2011
Obligations from the renting of property	89,451	34,063	21,796	7,874
Obligations from miscellaneous renting and leasing contracts	8,862	11,674	12,136	7,590
Open purchase orders	1,179	1,704	1,674	1,530
Outstanding limited partner's share in registered partnerships	-	-	-	10
Other miscellaneous financial obligations	538	2,000	3,227	448
Total	**100,030**	**49,441**	**38,833**	**17,452**

In the case of fixed-term contracts, the expense which is incurred for the full time period is taken into account; in the case of permanent contracts, the expense from the following fiscal year was incoporated in the valuation. The other renting and leasing contracts related to the vehicle fleet and specific office and business equipment (photocopiers, printers). All cases refer to so-called operating-lease contracts which do not lead to any recognition of the properties in the company. The advantage of these contracts is in their limited capital commitment in comparison with the aquisition and in the cessation of the recovery risk. Risks could result from the contractual period insofar as it would no longer be possible to use the properties in full, although there is no current sign of this occurring. In addition to the miscellaneous obligations shown, the liability arrangements and the derivative financial instruments there are no off-statement of financial position transactions which could be of significance to the financial situation of the company.

Contingent Receivables

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

Leases

EDAG as the lessee

Financing leases

If the lessee bears the main rewards and risks associated with the leasing object, then the economic ownership of the leased objects is attributed to the lessee. The Group has concluded financing leases and lease-to-buy contracts for various items of technical equipment and operating and office equipment, as well as for a building complex, with third party lessors. The net book values of the leasing objects capitalised within the context of financing leasing activity on the reporting date are shown in the following schedule:

in € thousand	31.12.2014	31.12.2013	1.1.2013	31.12.2011
Land and buildings	-	-	-	7,616
Other equipment, operating and office equipment	196	506	844	333
Total	**196**	**506**	**844**	**7,949**

The payment obligation resulting from finance leasing as of the reporting date is posted as a liability in the amount of the net present value of the future minimum leasing payments. In subsequent years, this liability will be reduced by the repayment portion as part of the leasing instalments. The interest share of the payments is posted to the statement of comprehensive income.

In individual detail, the following future obligations result for the balance sheet date:

in € thousand	31.12.2014			31.12.2013			1.1.2013			31.12.2011		
	Minimum-leasing-payments	Interest portion	Present values	Minimum-leasing-payments	Interest portion	Present values	Minimum-leasing-payments	Interest portion	Present values	Minimum-leasing-payments	Interest portion	Present values
Due date												
up to 1 year	52	14	38	182	23	159	465	37	428	1,038	534	504
1 to 5 years	198	30	168	275	42	233	422	50	372	3,991	1,825	2,166
over 5 years	-	-	-	86	5	81	109	11	98	7,911	1,571	6,340
Total	**250**	**44**	**206**	**543**	**70**	**473**	**996**	**98**	**898**	**12,940**	**3,930**	**9,010**

As at the balance sheet date, there are no obligations from sale-and-lease-back contracts.

Operating leases

The economic ownership of leasing transactions is attributed to the lessor if the lessor bears the main rewards and risks associated with the leasing object. The obligations of EDAG from non-cancelable operating leases mainly exist for commercial property rental agreements, motor vehicles and technical equipment. At the year-end, the expenses of operating leases posted to the profit or loss amounted to € 26,684 thousand (2013: € 24,600 thousand; 2012: € 14,921 thousand). The future minimum leasing payments from operating-leasing business areas follows:

in € thousand	2014	2013	2012
future expenses from reporting year + 1	22,663	16,781	14,720
future expenses from reporting year + 2 to 4	36,694	21,094	15,800
future expenses from reporting year + 5 et seqq.	38,956	7,862	3,412
Total	**98,313**	**45,737**	**33,932**

Of these, as at the balance sheet date the following future minimum leasing payments exist which result from sale-and-lease-back transactions:

in € thousand	2014	2013	2012
future expenses from reporting year + 1	3,983	450	450
future expenses from reporting year + 2 to 4	15,140	1,801	1,801
future expenses from reporting year + 5 et seqq.	31,900	463	914
Total	**51,023**	**2,714**	**3,165**

The obligations from non-cancelable operating leases mainly exist for commercial property agreements, IT leasing, motor vehicles and technical equipment.

In the fiscal year, no conditional lease payments recognised in profit or loss were made (2013: € 0 thousand; 2012: € 12 thousand). At the year-end, the expenses from sublease payments totaled € 0 thousand (2013: € 52 thousand; 2012: € 50 thousand).

EDAG as the lessor

Financing leases

EDAG does not act as a lessor with regard to financing leases.

Operating leases

EDAG acts as a lessor with regard to operating leases, and continues to include the assets let in this respect in its statement of financial position. The leasing instalments received are posted through profit or loss. By and large, this involves the rental of buildings. As a general rule, leasing contracts tend to be short-term. At the year-end, the income from operating leasing amounted to € 2,092 thousand (2013: € 2,635 thousand; 2012: € 2,687 thousand).

The future minimum leasing payments from non-cancelable operating leases are as follows:

in € thousand	2014	2013	2012
future income from reporting year + 1	3,435	2,657	2,788
future income from reporting year + 2 to 4	986	1,828	1,629
future income from reporting year + 5 et seqq.	-	87	222
Total	**4,421**	**4,572**	**4,639**

In the 2014 fiscal year and in the years 2013 and 2012, no contingent rental income was recorded affecting net income.

Financial Instruments

Capital risk management

The Group manages its capital with the aim of maximising the earnings of those involved in the company by optimising the ratio of equity to borrowed capital. In the process, care is taken to ensure that the group companies can all operate on the assumption that the company is a going concern.

The Group capital structure is composed of debts, financing receivables, securities / derivative financial instruments, cash and cash equivalents, and also the equity due to the parent company's equity investor. This consists of the subscribed capital, the capital reserves and the retained earnings.

The capital structure of the Group is reviewed by the Executive Board on a half-yearly basis. During this review, the committee considers the cost of capital and the risks connected with each capital category. The Executive Board's aim is to keep the net financial debt as low as possible in relation to the equity ratio (net gearing). In the reporting period it proved possible to reduce the financial liabilities on account of miscellaneous loan repayments.

in € thousand	31.12.2014	31.12.2013	1.1.2013	31.12.2011
Financial Liabilities	- 166,861	- 233,385	- 123,951	- 98,721
Financial receivables from the cash pool towards the shareholder	5,539	27,986	20,209	-
Miscellaneous financing receivables	-	-	5,185	5,690
Securities / derivative financial instruments	92	109	68	64
Cash and cash-equivalents	39,502	68,606	36,188	50,891
Net - financial debt/-credit [-/+]	**- 121,728**	**- 136,684**	**- 62,301**	**- 42,076**
Equity	117,411	102,922	113,005	67,150
Net Gearing	**104 %**	**133 %**	**55 %**	**63 %**
Liabilities due to credit institutions	- 6,350	- 8,028	- 43,785	- 1,033
Cash and cash-equivalents	39,502	68,606	36,188	50,891
Net - financial balance with banks	**33,152**	**60,578**	**- 7,597**	**49,858**

Book Values, Valuation Approach and Fair Values of the Financial Instruments as per Valuation Category

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

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.

With the exception of accounts receivable and other receivables, none of the other financial instruments are either overdue or impaired on the reporting date. For the analysis of overdue, non-impaired accounts receivable and other receivables, see page 167 „Accounts receivable and other receivables [19]").

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.

A distinction is made between the following financial assets and financial liabilities, aggregated as per valuation category:

[LaR] Loans and Receivables
[HtM] Held-to-Maturity Investments
[FAHfT] Financial Assets Held for Trading
[AfS] Available-for-Sale Financial Assets
[FLAC] Financial Liabilities measured at Amortised Cost
[FLHfT] Financial Liabilities Held for Trading

in € thousand	Valuation category as per IAS 39	Book value 31.12.2014	Valuation category of statement of financial position as per IAS 39				Valuation statement of financial position as per IAS 17
			Amortised aquisition costs	Aquisition costs	Fair value recog-nized 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 liabilities (liabilities)							
Financial Liabilities							
Credit institutions	[FLAC]	6,350	6,350	-	-	-	-
Other interest-bearing liabilities	[FLAC]	160,169	160,169	-	-	-	-
Liabilities from financing leases	[n,a,]	206	-	-	-	-	206
Derivative financial liabilities	[FLHfT]	136	-	-	-	136	-
Accounts payable and other liabilities in terms of IAS 32.11	[FLAC]	22,168	22,168	-	-	-	-
Financial assets and financial liabilities, aggregated as per 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	-

in € thousand	Valuation category as per IAS 39	Book value 31.12.2013	Valuation category of statement of financial position as per IAS 39				Valuation statement of financial position as per IAS 17
			Amortised aquisition costs	Aquisition costs	Fair value recog-nized directly in equity	Fair value through profit or loss	
Financial assets (assets)							
Cash and cash-equivalents	[LaR]	68,606	68,606	-	-	-	-
Accounts receivable and other receivab-les in terms of IAS 32.11	[LaR]	149,305	149,305	-	-	-	-
Future receivables from construction contracts	[LaR]	37,732	37,732	-	-	-	-
Loans	[LaR]	80	80	-	-	-	-
Assets available for sale	[AfS]	535	97	-	438	-	-
Derivative financial assets							
Derivatives without hedge relationship	[FAHfT]	29	-	-	-	29	-
Financial liabilities (liabilities)							
Financial Liabilities							
Credit institutions	[FLAC]	8,028	8,028	-	-	-	-
Other interest-bearing liabilities	[FLAC]	224,884	224,884	-	-	-	-
Liabilities from financing leases	[n.a.]	473	-	-	-	-	473
Derivative financial liabilities	[FLHfT]	-	-	-	-	-	-
Accounts payable and other liabilities in terms of IAS 32.11	[FLAC]	24,085	24,085	-	-	-	-
Financial assets and financial liabilities, aggregated as per valuation category, in accordance with IAS 39							
Loans and receivables	[LaR]	255,723	255,723	-	-	-	-
Financial assets held for trading	[FAHfT]	29	-	-	-	29	-
Available-for-sale financial assets	[AfS]	535	97	-	438	-	-
Financial liabilities measured at amor-tised cost	[FLAC]	256,997	256,997	-	-	-	-
Financial liabilities held for trading	[FLHfT]	-	-	-	-	-	-

in € thousand	Valuation category as per IAS 39	Book value 1.1.2013	Valuation category of statement of financial position as per IAS 39				Valuation statement of financial position as per IAS 17
			Amortised aquisition costs	Aquisition costs	Fair value recog-nized directly in equity	Fair value through profit or loss	
Financial assets (assets)							
Cash and cash-equivalents	[LaR]	36,188	36,188	-	-	-	-
Accounts receivable and other receivables in terms of IAS 32.11	[LaR]	123,122	123,122	-	-	-	-
Future receivables from construction contracts	[LaR]	29,150	29,150	-	-	-	-
Loans	[LaR]	79	79	-	-	-	-
Assets available for sale	[AfS]	508	125	-	383	-	-
Derivative financial assets							
Derivatives without hedge relationship	[FAHfT]	-	-	-	-	-	-
Financial liabilities (liabilities)							
Financial Liabilities							
Credit institutions	[FLAC]	43,785	43,785	-	-	-	-
Other interest-bearing liabilities	[FLAC]	79,186	79,186	-	-	-	-
Liabilities from financing leases	[n.a.]	898	-	-	-	-	898
Derivative financial liabilities	[FLHfT]	82	-	-	-	82	-
Accounts payable and other liabilities in terms of IAS 32.11	[FLAC]	26,941	26,941	-	-	-	-
Financial assets and financial liabilities, aggregated as per valuation category, in accordance with IAS 39							
Loans and receivables	[LaR]	188,539	188,539	-	-	-	-
Financial assets held for trading	[FAHfT]	-	-	-	-	-	-
Available-for-sale financial assets	[AfS]	508	125	-	383	-	-
Financial liabilities measured at amortised cost	[FLAC]	149,912	149,912	-	-	-	-
Financial liabilities held for trading	[FLHfT]	82	-	-	-	82	-

in € thousand	Valuation category as per IAS 39	Book value 31.12.2011	Valuation category of statement of financial position as per IAS 39				Valuation statement of financial position as per IAS 17
			Amortised aquisition costs	Aquisition costs	Fair value recog-nized directly in equity	Fair value through profit or loss	
Financial assets (assets)							
Cash and cash-equivalents	[LaR]	50,891	50,891	-	-	-	-
Accounts receivable and other receivables in terms of IAS 32.11	[LaR]	80,693	80,693	-	-	-	-
Future receivables from construction contracts	[LaR]	25,513	25,513	-	-	-	-
Loans	[LaR]	46	46	-	-	-	-
Assets available for sale	[AfS]	158	94	-	64	-	-
Derivative financial assets							
Derivatives without hedge relationship	[FAHfT]	834	-	-	-	834	-
Financial liabilities (liabilities)							
Financial Liabilities							
Credit institutions	[FLAC]	1,033	1,033	-	-	-	-
Other interest-bearing liabilities	[FLAC]	88,370	88,370	-	-	-	-
Liabilities from financing leases	[n.a.]	9,010	-	-	-	-	9,010
Derivative financial liabilities	[FLHfT]	309	-	-	-	309	-
Accounts payable and other liabilities in terms of IAS 32.11	[FLAC]	27,221	27,221	-	-	-	-
Financial assets and financial liabilities, aggregated as per valuation category, in accordance with IAS 39							
Loans and receivables	[LaR]	157,143	157,143	-	-	-	-
Financial assets held for trading	[FAHfT]	834	-	-	-	834	-
Available-for-sale financial assets	[AfS]	158	94	-	64	-	-
Financial liabilities measured at amortised cost	[FLAC]	116,624	116,624	-	-	-	-
Financial liabilities held for trading	[FLHfT]	309	-	-	-	309	-

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 December 31, 2014 however, the fair value of the other interest-bearing liabilities [FLAC] amounted to € 165,183 thousand, with a book value of € 160,169 thousand. The valuation of the fair value took place according to the „Level 2" valuation category on the basis of a discounted cash-flow model. In this context, the current market rates of interest and the contractually agreed parameters were taken as the basis.

Apart from the pledged accounts receivable, no financial instruments serve as collateral (also see chapter 11.5 „Notes on the Statement of financial position", page 157).

The information for the determination of attributable fair value is given in tabular form, based on a three-level fair value hierarchy for each class of financial instrument. There are three evaluation categories:

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.

in € thousand	Assessed at fair value 31.12.2014			
	Level 1	Level 2	Level 3	Total
Financial assets (assets)				
Assets available for sale	92	-	-	92
Financial liabilities (liabilities)				
Derivative financial liabilities	-	136	-	136

in € thousand	Assessed at fair value 31.12.2013			
	Level 1	Level 2	Level 3	Total
Financial assets (assets)				
Assets available for sale	438	-	-	438
Derivative financial assets	-	29	-	29

in € thousand	Assessed at fair value 1.1.2013			
	Level 1	Level 2	Level 3	Total
Financial assets (assets)				
Assets available for sale	383	-	-	383
Financial liabilities (liabilities)				
Derivative financial liabilities	-	82	-	82

in € thousand	Assessed at fair value 31.12.2011			
	Level 1	Level 2	Level 3	Total
Financial assets (assets)				
Assets available for sale	64	-	-	64
Derivative financial assets	-	834	-	834
Financial liabilities (liabilities)				
Derivative financial liabilities	-	309	-	309

Offsetting of financial assets and liabilities

The financial assets and liabilities are generally shown with the gross value. A netting is only possible if, and only if, the netting of the recognised amounts can be legally realised at the present point in time and it is intended to carry out the settlement on a net basis, or to realise the asset and extinguish the liability at the same time.

The following table contains data concerning the offsetting effects on the consolidated statement of financial position as well as the financial effect of an offsetting in the event of financial instruments which are the object of a legally enforceable offsetting framework agreement or a similar agreement relating to December 31, 2011. As at December 31, 2013 and 2014 and January 1, 2013, there were no offsetting effects on the consolidated statement of financial position .

in € thousand	Balance sheet amount, gross 31.12.2011	Gross amounts, balanced	Balance sheet amount, net 31.12.2011	Gross amounts which have not led to a netting		Total amount, net 31.12.2011
				Financial instruments	cash deposits recei-ved	
Derivative financial assets	834	-	834	- 309	-	525
Derivative financial liabilities	309	-	309	- 309	-	-

Net Results as per valuation category

With the exception of the valuation allowances attributable to the valuation category „accounts receivable and other receivables" which are posted under non-operating expenses (see page 145 „Other Expenses [7]") or non-operating income (see page 141 „Other Income [3]") EDAG records interest from financial instruments and the other components of the net result in the financial results.

The net profit or loss from assets and liabilities which are valued at the attributable fair value through profit or loss include not only the results from changes in market value, but also interest paid or received on these financial instruments.

The net profit or loss from financial assets held for sale includes, but is not limited to, earnings from investments and profits from the disposal of such shares.

The net interest profit/loss from financial liabilities valued at amortised acquisition cost mainly includes interest expenses from financial liabilities. Interest earned from the addition and deduction of accrued interest on accounts payable is also included here.

The net results, according to valuation category, are as follows:

in € thousand	from interest, dividends	From subsequent valuation			on disposal	Net result
		at fair value	Currency conversion	Value adjustment		2014
Loans and Receivables (LaR)	761	-	719	- 78	- 390	1,012
Financial Instruments Held for Trading (FAHfT und FLHfT)	-	- 266	-	-	-	- 266
Available-for-Sale Financial Assets (AfS)	-	-	-	-	205	205
Financial Liabilities measured at Amortised Cost (FLAC)	- 11,315	-	-	-	-	- 11,315
Summe	**- 10,554**	**- 266**	**719**	**- 78**	**- 390**	**- 10,364**

in € thousand	from interest, dividends	From subsequent valuation			on disposal	Net result
		at fair value	Currency conversion	Value adjustment		2013
Loans and Receivables (LaR)	- 183	-	192	- 19	- 64	- 74
Financial Instruments Held for Trading (FAHfT und FLHfT)	-	111	-	-	-	111
Available-for-Sale Financial Assets (AfS)	-	-	-	-	- 14	- 14
Financial Liabilities measured at Amortised Cost (FLAC)	- 5,582	-	- 228	-	-	- 5,810
Summe	**- 5,765**	**111**	**- 36**	**- 19**	**- 78**	**- 5,787**

in € thousand	from interest, dividends	From subsequent valuation			on disposal	Net result
		at fair value	Currency conversion	Value adjustment		2012
Loans and Receivables (LaR)	1,586	-	- 5	- 108	- 469	1,004
Financial Instruments Held for Trading (FAHfT und FLHfT)	-	226	-	-	-	226
Available-for-Sale Financial Assets (AfS)	14	-	-	-	-	14
Financial Liabilities measured at Amortised Cost (FLAC)	- 4,122	-	3	-	-	- 4,119
Summe	**- 2,522**	**226**	**- 2**	**- 108**	**- 469**	**- 2,875**

Financial Risk Management Objectives and Methods

Risk Management Principles

The primary financial instruments used by the Group are - with the exception of derivative financial instruments - bank loans and current account overdraft, financing leases, accounts payables, and loans which have been granted. The main purpose of these financial instruments is to finance the business activities of the Group. Further, the Group has at its disposal various financial assets such as securities, accounts receivable, cash and short-term deposits resulting directly from its business activities.

With regard to financial instruments, EDAG is particularly subject to risks resulting from changes in exchange rates and interest rates, as well as to liquidity and credit risks. The aim of financial risk management is to limit these risks by means of on-going operating and finance-oriented activities. Selected derivative hedging instruments are employed to this effect. As a general rule, collateral is provided only against risks that will affect the cash flow of the Group. Foreign exchange futures and interest rate caps are two of the main derivative financial instruments. The purpose of the derivative financial instruments is to provide security against interest and currency risks resulting from the business activities of the Group and its funding sources. Derivative financial instruments are used solely as hedging instruments, i.e. they are not implemented for trading or other speculative purposes.

Every year, the basic intentions underlying company financial policy are defined by the Executive Board and monitored by the Supervisory Board. Group Treasury is responsible for the implementation of the financial policy and for on-going risk management.

Credit risk

As a result of its operating business and certain financial activities, EDAG is at risk of default. In the funding area, business is done only with contracting parties whose creditworthiness is impeccable. In the operating area, the Group does business with creditworthy third parties only. A credit assessment is carried out on almost all customers who wish to do business on a credit basis.

For the most part, EDAG does business with large customers, particularly with international OEMs (Original Equipment Manufacturers) from the automotive industry. The resulting risk is generally assessed as low, and as such is not subject to any separate monitoring of creditworthiness.

As a general rule, the creditworthiness of any other customers is automatically monitored. Any risk of default is addressed by specific valuation adjustments.
In addition, accounts receivable are continually monitored by the divisions, not centrally, which means that the Group is not at any great risk of default.

The maximum risk in the event of non-payment by a contracting party is reflected in the book values of the financial assets recorded in the statement of financial position (including derivative financial instruments with positive market values). On the reporting date, there are no significant agreements in existence that would reduce the maximum default risk (such as offsetting agreements).

As at the balance sheet date, EDAG is exposed to a maximum default risk of € 0 thousand (31.12.2013: € 0 thousand; 1.1.2013: € 3,188 thousand; 31.12.2011: € 3,552 thousand) as a result of financial guarantees given. Assessments indicate that there is little probability of any default risk occurring. For further details, see page 203 „Contingent Liabilities/Receivables and Other Financial Obligations“.

Liquidity Risk

The liquidity risk is shown separately on page 188 „Financial liabilities [26]".

As a general rule, it is the responsibility of the management of each individual company to keep a constant check on solvency.

The centrally specified objective of the EDAG Group is to guarantee that funding requirements are continually met by making use of current account overdraft, inter-company loans and leases. Reports are sent to the parent company on a weekly basis, to enable the liquidity of the individual Group companies to be monitored centrally. Each week, the information gained from these is submitted to Group management for risk control purposes. Although the liquidity risk is currently classified as slight, the liquidity nevertheless continues to be secured by appropriate lines of credit from external sources. There is also a cash-pooling agreement with the shareholder. There is no indication of any potential risk of default on account of a deterioration in the solvency of ATON GmbH. At the present time, ATON GmbH has at its disposal a sound equity base, considerable liquidity reserves and funding lines of its own. ATON GmbH exercises appropriate control functions to ensure that the financial situation is properly monitored.

Until the 3rd quarter of 2013, the sale of receivables from customers to a factorer was used as an additional short-term financing instrument. In this way, the default risk for receivables of large customers was transferred directly to the factoring company upon the invoicing and reduced accordingly. On the balance sheet dates on December 31, of both 2013 and 2014, no more receivables were sold to the factor (1.1.2013: € 20,910 thousand).

The company objective is to ensure that sufficient open lines of credit are available at any time. To this end, appropriate measures, such as intensive working capital management, are constantly implemented. Suitable measures are applied in good time, to guarantee the financing of any pending investments.

Market Risks

Interest risks

Due to the fact that the Group is primarily financed through fixed interest loans from the shareholder or one of his subsidiaries and/or related companies as well as the VKE Versorgungskasse EDAG-Firmengruppe e.V., we are of the opinion that any risk posed by fluctuations of market interest rates is not significant.

Changes to market interest rates of original, fixed-interest financial instruments do not affect the results unless they are valued at their attributable fair values. Accordingly, no financial instruments with a fixed interest rate valued at amortised acquisition costs are subject to risk due to changes in interest, in terms of IFRS 7.

The table below page 188 „Financial liabilities [26]" shows the book values of the Group's financial instruments that are subject to risk from changes in interest, organised according to their contractually defined maturity dates.

There are no variable interest-bearing financial instruments. The interest rate for current account overdraft is derived from a standard, fluctuating reference rate and a company-specific credit margin. The interest rate for fixed-interest financial instruments is defined up to the maturity date of the particular financial instrument. The Group's other financial instruments, which are not included in the table on page 188 „Financial liabilities [26]", are not interest-bearing, and therefore not subject to risk from changes in interest.

Currency risks

Currency-related risks to EDAG result from financing measures and operating activities. Insofar as they have a significant effect on the Group cash flow, foreign currency risks are always hedged. On the other hand, foreign currency risks not affecting the Group cash flow (i.e. risks resulting from the conversion of assets and liabilities of group companies located abroad into the reporting currency of the Group), are not generally hedged.

Foreign currency risks from financing activities result from financial liabilities in foreign currencies and foreign currency loans.

These risks are covered by the Treasury Department. Currency derivatives are used to convert financial obligations and intra-group loans denominated in foreign currencies into the Group entities' functional currencies.

On the balance sheet date, the receivables and liabilities denominated in foreign currencies, and for which the currency risks have been hedged, exist in USD, JPY, PLN, SEK and RUB. Due to these hedging activities, EDAG was not exposed to any significant currency risks from financing activites as per the reporting date.

In the operating activities, the individual group companies do most of their business in their own functional currencies. This means that any currency risk to EDAG from current, operating activities is assessed as being moderate. Some group companies are, however, exposed to foreign currency risks in connection with planned payments not in their own functional currencies.

EDAG uses currency derivatives to hedge these payments. Due to these hedging activities, EDAG was not exposed to any significant currency risks in the operating divisions on the reporting date.

For the presentation of market risks, IFRS 7 requires sensitivity analyses that show the effects of hypothetical changes of relevant risk variables on profit or loss and equity. The periodic effects are determined by relating the hypothetical changes in the risk variables to the balance of financial instruments on the reporting date. It is assumed that the balance on the reporting date is representative of the entire year.

Currency risks as defined by IFRS 7 arise as a result of financial instruments being denominated in a currency that is not the functional currency and being of a monetary nature; differences resulting from the translation of financial statements into the Group's presentation currency are not taken into consideration. Relevant risk variables are generally all non-functional currencies in which EDAG has financial instruments.

The currency sensitivity analysis is based on the following assumptions:
Major non-derivative monetary financial instruments (liquid assets, receivables, interest-bearing liabilities, finance lease liabilities, non-interest-bearing liabilities) are either directly denominated in the functional currency, or transferred to the functional currency through the use of derivatives. Changes in exchange rates therefore have no effect on profit or loss or equity.

EDAG is subject only to currency risks from certain currency derivatives. These are currency derivatives which are part of neither a hedging relationship as defined by IAS 39, nor a hedging relationship with on-balance-sheet underlying transactions (natural hedge). These derivatives serve as hedges for planned items. Exchange rate fluctuations in the currencies on which such financial instruments are based affect other operating expenses / income, as any currency losses / gains from the underlying transactions are also shown here (net gain / loss from the adjustment of financial assets to fair value).

Sensitivity analysis
The following table shows the sensitivities of the foreign currencies towards the EUR in the event of a 10 percent appreciation or devaluation on the fair-value of the hedging transaction in the foreign currency.

in € thousand	**31.12.2014**	**31.12.2013**	**1.1.2013**	**31.12.2011**
Currency sensitivities				
10 % appreciation				
EUR / USD	105	89	143	62
EUR / JPY	13	- 26	- 52	-
EUR / HUF	-	-	- 232	- 258
EUR / SEK	- 142	-	-	-
EUR / RUB	4	-	-	-
EUR / PLN	- 46	-	-	-
Total revaluation	**- 66**	**63**	**- 141**	**- 196**
10 % devaluation				
EUR / USD	- 415	- 34	- 296	505
EUR / JPY	- 1	22	36	-
EUR / HUF	-	-	250	58
EUR / SEK	159	-	-	-
EUR / RUB	- 12	-	-	-
EUR / PLN	49	-	-	-
Total devaluation	**- 220**	**- 12**	**- 10**	**563**

Other price risks

In the presentation of market risks, IFRS 7 also requires details of the effects hypothetical changes of risk variables would have on the prices of financial instruments. Important risk variables are stock exchange prices or indices.There are no substantial risks in this area in the EDAG Group.

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 financial statements, but also with subsidiaries which are affiliated but not consolidated, and with other related companies and persons. The disclosure requirements set out in IAS 24 apply with regard to these relations. Related companies which are controlled by the EDAG Group, or upon which the EDAG Group can exercise significant influence, are listed in the section „Companies Included in Consolidation". Since January 14, 2015, the sole shareholder of EDAG GmbH has been the company EDAG Engineering Holding GmbH, which is 100 percent owned by ATON GmbH. As a pure holding company, this is wholly owned by the family of Dr. Helmig.

The volumes of the services rendered by the EDAG Group to, and the services it received from related companies and individuals, are as follows:

in € thousand	2014	2013	2012
EDAG Group with supervisory board			
Work-related expenses	479	61	29
Travel and other expenses	6	-	5
Compensation costs	237	573	485
Rental expenses	-	-	16
Consulting expenses	-	-	17
Liabilities	-	-	56
EDAG Group with board of directors			
Liabilities from remuneration	150	-	-
Goods and services received	13	36	26
EDAG Group with ATON GmbH			
Goods and services rendered	8	3	4
Goods and services received	1	-	3
Interest income	127	132	29
Interest expenses	93	3,719	268
Other operating income	-	12	24
Other operating expenses	-	88	164
Receivables	66	87	20,211
Cash-pool receivables	5,539	27,956	20,209
Liabilities	67	580	-
Loan obligations	-	-	57,799
Cash pool liabilities	-	4,808	-

in € thousand	2014	2013	2012
EDAG Group with ATON subsidiary			
Goods and services rendered	35,892	27,847	31,795
Goods and services received	1,394	1,929	7,703
Interest income	-	-	37
Interest expense	9,618	255	-
Other operating income	1,963	2,428	4,685
Other operating expenses	256	919	785
Receivables	2,010	3,052	4,952
Advance payments made	4,412	3,209	1,203
Liabilities	249	840	1,042
Current loan obligations	1,213	6,011	
Non-current loan obligations	158,800	192,893	-
EDAG Group with unconsolidated subsidiaries			
Goods and services rendered	30	-	-
Goods and services received	164	-	-
Interest income	-	-	-
Interest expense	-	-	-
Other operating income	11	2	2
Other operating expenses	433	2	2
Income from investments	-	-	-
Receivables	8	2	2
Liabilities	273	-	15
EDAG Group with associated companies			
Goods and services rendered	87	593	827
Goods and services received	40	328	50
Interest income	1	5	268
Other operating expenses	-	-	203
Loans	-	-	52
Receivables	38,454	5,110	4,839
Liabilities	1,316	29	2

in € thousand	2014	2013	2012
EDAG Group with other related companies and persons			
Goods and services rendered	39	39	40
Interest expense	-	842	2,784
Other operating income	2	-	1,189
Other operating expenses	413	2,096	1,480
Receivables	1,254	-	1,189
Liabilities	139	20,788	21,412

Neither EDAG GmbH nor other EDAG group companies had service relationships with the parent company of EDAG GmbH, EDAG Engineering Holding GmbH, Munich in either 2014 or previous years.
Standard market conditions apply to the sale or delivery of products and services to, and the purchase of products or services from related companies and persons.
The sale of shares to ATON subsidiaries or related companies that was carried out in the years 2012 – 2014 is discussed on page 101 „Companies Included in Consolidation".
For the interest-bearing receivable towards an associated company (€ 38,4 million) there is a collateral from another related company to this amount.

For the short-term treasury management, there is a cash-pool agreement between EDAG GmbH and ATON GmbH. This affects only one bank account, which is not used for on-going payment transactions. A daily account clearing of all the bank accounts does not take place.
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.
The other items which were open at the end of the financial year are not collateralized, nor are they interest-bearing, and they are paid in cash.

As far as the receivables refer to down payments that have been made, these are balanced through services rendered. As in the previous years, receivables due from related companies and persons were not impaired in the fiscal year. An impairment test is carried out annually. This includes an assessment of the financial position of the related company or person, and the development of the market in which they are active.

Remuneration of the Members of the Executive Board and Supervisory Board

The managing directors represent the company either as a whole or together with an authorised signatory. The executive board consisted of the following persons:

- Jörg Ohlsen, Diplom-Ingenieur
  Spokesman of the Executive Board, CEO (from January 1, 2015)
  Chief Technical Officer, CTO (February 18, 2014 - December 31, 2014)

- Harald Poeschke, Diplom-Kaufmann
  Managing Director, COO (from November 5, 2013)

- Jürgen Vogt, Diplom-Kaufmann
  Commercial Managing Director, CFO (from November 5, 2013)

- Werner Kropsbauer, Diplom-Betriebswirt
  Spokesman of the Executive Board, CEO
  (December 9, 2013 – December 31, 2014)

In the reporting year, the short-term remuneration of the executive board (payments due at short notice) amounted to € 3,373 thousand (2013: €1,411 thousand; 2012: €1,267 thousand).
The remuneration of the board of directors also included possible non-cash benefits. It does not, however, include the expenses for accident insurance, legal protection insurance and D&O public liability insurance in total of € 45 thousand (2013: € 51 thousand; 2012: €57 thousand). No advances or loans have been granted to the members of the executive board of EDAG Engineering GmbH.
In the 2014 fiscal year, the ongoing service cost for the pension obligations according to IFRS amounted to € 129 thousand (2013: € 123 thousand; 2012: € 117 thousand). As of December 31, 2014, the net present value of the pension obligations of the active members of the executive board amounted to € 2,360 thousand (2013: € 1,991 thousand; 2012: € 1,582 thousand).
In the 2014 financial year, the total remuneration made to former managing directors of EDAG Engineering GmbH and their surviving dependents amounted to € 1,247 thousand (2013: € 4,013 thousand; 2012: € 3,009 thousand).
As of December 31, 2014, the company pension provisions for previous members of the board of directors and their surviving dependents amounted to € 3,042 thousand (2013: € 2,771 thousand; 2012: € 2,866 thousand).

The following men and women are members of the **supervisory board** of EDAG Engineering GmbH:

- Thomas Eichelmann [from July 24, 2012]
  Chairman of the Supervisory Board
  Managing Director of ATON GmbH, Munich
  Mandates:
  – V-Bank AG (Deputy Chairman of the Supervisory Board)
  – Wüstenrot & Württembergische AG (Member of the Supervisory Board)
  – Bankhaus Ellwanger & Geiger KG (Chairman of the Administrative Board)
  – FFT GmbH & Co. KGaA (Member of the Supervisory Board)
  – HAEMA AG (Member of the Supervisory Board)
  – ATON US, Inc. (Member of the Board)
  – J.S. Redpath Holdings, Inc. (Member of the Board)
  – OrthoScan, Inc. (Member of the Board)

- Jörg Fahrenbach [from July 24, 2012]
  Managing Director of ATON GmbH, Munich
  Mandates:
  – FFT GmbH & Co. KGaA (Member of the Supervisory Board)
  – ATON US, Inc. (Member of the Board)
  – J.S. Redpath Holdings, Inc. (Member of the Board)
  – OrthoScan, Inc. (Member of the Board)

- Dr. Michael Hammes [from November 7, 2013]
  Managing Director of senco Management Consultants GmbH, Frankfurt/Main
  Mandates:
  – V-Bank AG, Munich (Member of the Supervisory Board)
  – Spiekermann & Co. AG, Osnabrück (Chairman of the Supervisory Board)

- Sylvia Schwing [from November 7, 2013]
  Group Accounting ATON GmbH, Munich

- Thomas Vennemann [July 24, 2012 – December 31, 2014]
  Investment ATON GmbH, Munich

- Nina Rosen [November 7, 2013 – December 31, 2014]
  Lawyer, ATON GmbH, Munich
  Mandates:
  – ATON US, Inc. (Member of the Board)
  – OrthoScan, Inc. (Member of the Board)

- Wolfgang Rücker [from January 1, 2015]
  Managing Director of Nosta Oldtimer-Vermietungs-Gesellschaft mbH, Wiesbaden

- Werner Kropsbauer [from January 1, 2015]
  Strategic Consultant

- Johann Horn [from December 20, 2013]
  Deputy Chairman of the Supervisory Board
  Authorised representative of IG-Metall – Ingolstadt administrative agency
  Mandates:
  – Audi AG (Member of the Supervisory Board)

- Alexander Schneider [from December 20, 2013]
  Company Secretary to the Boad of IG-Metall, Frankfurt/Main

- Michael von Beckerath [from December 20, 2013]
  Motorcycle Development Team Leader EDAG Engineering GmbH, Wiesbaden
  Chairman of the Works Council of the Munich branch

- Michael Hiltmann [from December 20, 2013]
  Designer, EDAG Engineering GmbH, Wiesbaden
  Deputy Chairman of the Works Council of the Munich branch

- Ingrid Zenglein-Becker [from December 20, 2013]
  Technical Clerk, EDAG Engineering GmbH, Wiesbaden
  Member of the Works Council of the Munich branch

- Stefan Hebauer [from December 20, 2013]
  Automotive Engineering Project Manager,
  BFFT Gesellschaft für Fahrzeugtechnik mbH, Gaimersheim

The remuneration of the members of the supervisory board is governed in § 12 of the statutes of EDAG Engineering GmbH. The level of the remuneration is specified at the annual general meeting.
The members of the supervisory board only receive short-term benefits for their committee-related work. This excludes the remuneration and miscellaneous benefits to the company workers' representatives as stated in their employment contracts. In the years 2014, 2013 and 2012, no remuneration was paid for services personally rendered by the members of the supervisory board beyond the scope of their committee-related work, especially for consulting and procurement services. No advances or loans were granted to the members of the supervisory board of EDAG Engineering GmbH. The members of the supervisory board are insured in the scope of the company policies for legal protection and D&O public liability insurance.
In the reporting year, the payments to the members of the supervisory board amounted to € 479 thousand (2013: € 33 thousand; 2012: € 0 thousand).

Fees and services of the independent auditor

The following table provides a breakdown of the auditor's fees for the consolidated financial statement for the financial year as per § 314, section 1, no. 9 HGB [German Commercial Code]:

in € thousand	2014	2013	2012
Auditing services	432	631	153
Miscellaneous auditing services	118	-	19
Tax consulting services	120	26	3
Miscellaneous services	87	41	28
Total	**757**	**698**	**203**

In particular, the fees for the auditing services include fees for the for the statutory auditing of annual and consolidated financial statements.
The miscellaneous auditing services include auditing and review fees for interim financial statments according to the HGB [German Commercial Code] and IFRS.
Tax consulting fees primarily include fees for tax consulting services performed in connection with training courses as well as current or planned transactions and/or restructuring activities.
The remaining fees predominantly encompass project-related consulting services as well as the payroll accounting of federal guarantees.

Subsequent Events

On the basis of a non-cash incorporation against the granting of new shares, as the sole shareholder of EDAG Engineering AG, on January 14, 2015, the company ATON GmbH, Munich, transferred all of the shares in EDAG Engineering AG (non-cash contribution) to EDAG Engineering Holding GmbH, Munich.

On January 22, 2015, a control and profit transfer agreement as per § 291, section 1, AktG [Stock Corporations Act] was concluded between EDAG Engineering Holding GmbH, Munich, and EDAG Engineering GmbH, Wiesbaden. An entry was made in the Commercial Register on February 9, 2015. The impact on the future assets, financial position and results arises from the result of the individual company to be transferred under German commercial law. No further effects can be identified at the present time.

By a resolution approved at the annual general meeting on March 5, 2015 and registration under German commercial law on March 18, 2015, EDAG Engineering AG was changed from a joint stock company to 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, Wiesbaden.

Utilisation of the annual result and approval of the consolidated financial statement

As per § 29 GmbHG [Limited Companies Act], the dividend payout of EDAG Engineering GmbH is based on the retained earnings in the financial statements in accordance with the German Commercial Code shown by EDAG Engineering GmbH as at December 31, 2014.

From the annual net profit in 2014 in the amount of € 80,406,537.01, in consideration of the retained earnings from the previous year in the amount of € 1,047,779.07, as per § 150, section 2, AktG [Stock Corporations Act], an entry to the legal reserves in the amount of € 1,995,000.00 is carried out. For 2014, this results in retained earnings in total of € 79,459,316.08.

The Executive Board of EDAG Engineering GmbH officially approved the consolidated financial statement on April 22, 2015 and presented it to the supervisory board, which is expected to make a decision on it on June 17, 2015.

Wiesbaden, April 22, 2015

The Executive Board

Jörg Ohlsen,CEO Harald Poeschke,COO Jürgen Vogt, CFO

12 Shareholdings

Inland company	Domicile	Capital share in % Direct	Indirect	Voting right	Currency	Equity[1] 31.12.2014	Result[1] 2014
1. EDAG Engineering GmbH [2]	Germany	-	-	-	EUR	141,459,316	80,406,537
2. EDAG Beteiligung GmbH	Germany	100	-	100	EUR	43,430	- 5
3. EDAG Production Solutions Verwaltungs GmbH	Germany	100	-	100	EUR	23,330	- 398
4. EDAG Production Solutions GmbH & Co.KG	Germany	100	-	100	EUR	1,121,845	8,251,814
5. EDAG Werkzeug + Karosserie GmbH	Germany	49	-	49	EUR	17,205,793	454,692
6. Haus Kurfürst GmbH	Germany	100	-	100	EUR	21,698	-
7. BFFT Gesellschaft für Fahrzeugtechnik mbH	Germany	-	100	100	EUR	21,048,864	-
8. BFFT Aeromotive GmbH	Germany	-	100	100	EUR	- 229,969	- 227,474
9. BFFT Holding GmbH	Germany	100	-	100	EUR	2,018,007	3,533,805
10. EDAG Testing Solutions GmbH	Germany	100	-	100	EUR	3,950,039	260,913
11. Rücker Akademie GmbH	Germany	100	-	100	EUR	212,432	-
12. Hövelmann GmbH	Germany	100	-	100	EUR	- 96,110	- 319,609
13. VR-Leasing Malakon GmbH & Co Immo. KG [3]	Germany	85	-	25	EUR	37,542	214,495
14. Zweite FOM Objekt GmbH & Co.KG	Germany	49	-	49	EUR	1,000	-
15. Zweite FOM Beteiligungs GmbH	Germany	49	-	49	EUR	25,000	-

Company abroad	Domicile	Capital share in % Direct	Indirect	Voting right	Currency	Equity[1] 31.12.2014	Result[1] 2014
16. EDAG Engineering Limited	Great Britain	100	-	100	GBP	48,603	- 1,678
17. EDAG do Brasil Ltda.	Brazil	99	1	100	BRL	12,318,246	- 4,973,050
18. EDAG Inc.	USA	100	-	100	USD	262,473	- 516,254
19. EDAG Holding SDN BHD	Malaysia	100	-	100	MYR	2,252,536	460,777
20. EDAG Hungary Atófejlesztö Méröki Kft.	Hungary	100	-	100	EUR	1,512,685	430,424
21. EDAG Engineering & Design India Pvt. Ltd.	India	-	100	100	INR	211,214,897	56,141,734
22. EDAG Slovakia, spol. s.r.o.	Republic of Slovakia	100	-	100	EUR	53,528	-
23. EDAG Technologies India Priv. Ltd.	India	-	100	100	INR	15,518,778	15,235,782
24. EDAG Production Solutions CZ s.r.o.	Czech Republic	-	100	100	CZK	21,890,845	16,385,059
25. EDAG Japan Co., Ltd.	Japan	100	-	100	JPY	85,267,073	7,093,474
26. EDAG Production Solutions Korea Ltd.	South Korea	-	100	100	KRW	141,397,854	- 18,484,119
27. EDAG Engineering and Design (Shanghai) Co. Ltd.	China	100	-	100	CNY	4,804,641	10,460,563
28. EDAG México S.A. de C.V.	Mexico	99	1	100	MXN	8,160,773	8,883,699
29. EDAG SERVICIOS México S.A. de C.V.	Mexico	99	1	100	MXN	140,902	15,637
30. BFFT Hungary Kft.	Hungary	-	100	100	HUF	13,279,000	- 2,839,000
31. BFFT of America, Inc.	USA	-	100	100	USD	49,938	46,753
32. EDAG Engineering Schweiz GmbH	Switzerland	100	-	100	CHF	2,588,265	111,290
33. EDAG Engineering SRL.	Romania	100	-	100	RON	- 2,901,926	- 1,187,012
34. Rücker Vehicle Design (Shanghai) Co.,Ltd.	China	100	-	100	CNY	2,956,648	1,055,080
35. EDAG Italia S.R.L.	Italy	100	-	100	EUR	627,383	174,225
36. EDAG Engineering CZ spol. s r.o.	Czech Republic	100	-	100	CZK	6,907,575	- 10,849,101
37. EDAG Engineering Polska Sp. z o.o.	Poland	100	-	100	PLN	4,774,661	780,967
38. Rücker Lypsa S.L.	Spain	100	-	100	EUR	11,469,006	2,654,646
39. EDAG Immobilien spol. s r.o.	Czech Republic	100	-	100	CZK	36,780,768	3,744,459
40. EDAG Engineering AB	Sweden	100	-	100	SEK	30,859,344	3,920,728
41. Rücker Ges.m.b.H.	Austria	100	-	100	EUR	23,135	121,238
42. Star Design (UK) Ltd.	Great Britain	100	-	100	GBP	-	-
43. Rücker SR spol.s.r.o.	Republic of Slovakia	100	-	100	EUR	7,131	- 24,015
44. Star Design S.A. de C.V.	Mexico	100	-	100	MXN	64,438	-
45. OOO EDAG Production Solutions RU	Russia	-	100	100	RUB	- 2,570,840	- 1,997,385

[1] National trade law

[2] The company EDAG Engineering GmbH, Wiesbaden is part of the EDAG Group. However, the company is not a component of the Shareholdings as defined in Article 313, section 2, HGB [Commercial Code].

[3] VR-Leasing Malakon GmbH & Co Immo. KG is included as a fully consolidated company, although only 25 percent of the voting rights are held. For a more detailed explanation, see page 101 „Companies Included in Consolidation".

AUDITOR'S REPORT

LEGAL NOTICES

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AUDITOR'S REPORT

We have audited the consolidated financial statements of EDAG Engineering GmbH, Wiesbaden - comprising statement of financial position, statement of recognised income and expense, statement of changes in equity, cash flow statements and notes - and the group management report, which is combined with the management report of the company, for the financial year 1st January to 31st December 2014. The preparation of the consolidated financial statements and group management report in accordance with IFRS as applied in the EU and with the additional requirements of German commercial law pursuant to Article 315a Par. 1 HGB [German Commercial Code] is the responsibility of the management of the company. Our responsibility is to issue an opinion on the consolidated financial statement and group management report on the basis of our audit.

We concluded our audit of the consolidated financial statements in accordance with § 317 HGB [German Commercial Code] and with the auditing standards published by the German Institute of Certified Public Accountants (IDW) and generally accepted in Germany. These standards require us to plan and perform the audit in such a way as to obtain reasonable assurance that material misstatements affecting the presentation of net assets, financial position and profits in the consolidated financial statements in accordance with German accounting principles and in the combined management report can be detected. When determining the audit procedures, account was taken of our knowledge of the business activities, the economic and legal environment of the group, and of expectations as to any possible errors. During the audit, the effectiveness of the internal accounting-related control system and evidence supporting the disclosures in the consolidated financial statements and the group management report and analysis are examined, mainly on a random sampling basis. An audit includes an examination of the financial statements of the companies being consolidated and the determination of the companies being included in this consolidation, the principles of accounting and consolidation, as well as assessing significant estimates made by management and an assessment of the overall picture of the group presented by the consolidated financial statements and the combined management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, from knowledge obtained during the audit, the consolidated financial statements are in accordance with the IFRS, as applicable in the EU, and the supplementary trade law regulations as per § 315a Par. 1 HGB [German Commercial Code], and, in accordance with these principles, give a fair presentation of the group's net assets, financial position and results of operations. The combined management report is consistent with the consolidated financial statements, and gives a fair presentation of the group's situation and the opportunities and risks of future development.

Hanover, 4th May 2015

PricewaterhouseCoopers
Aktiengesellschaft
Auditing company

THOMAS STIEVE	ppa. MARTIN SOCHOR
Auditor	Auditor

LEGAL NOTICES

This report includes predictive statements about future developments that are based on the current views of the management team. Statements of this kind are associated with certain risks and uncertainties. Should one of these uncertainty factors or other uncertainties materialise, or the assumptions on which the statements are based prove to be inaccurate, the actual results may differ substantially from the results which are either expressed or implied in these statements. We neither have the intention nor undertake any obligation to continuously update forward-looking statements, as they exclusively relate to the circumstances that existed on the date of their publication.

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Legal notice & contact

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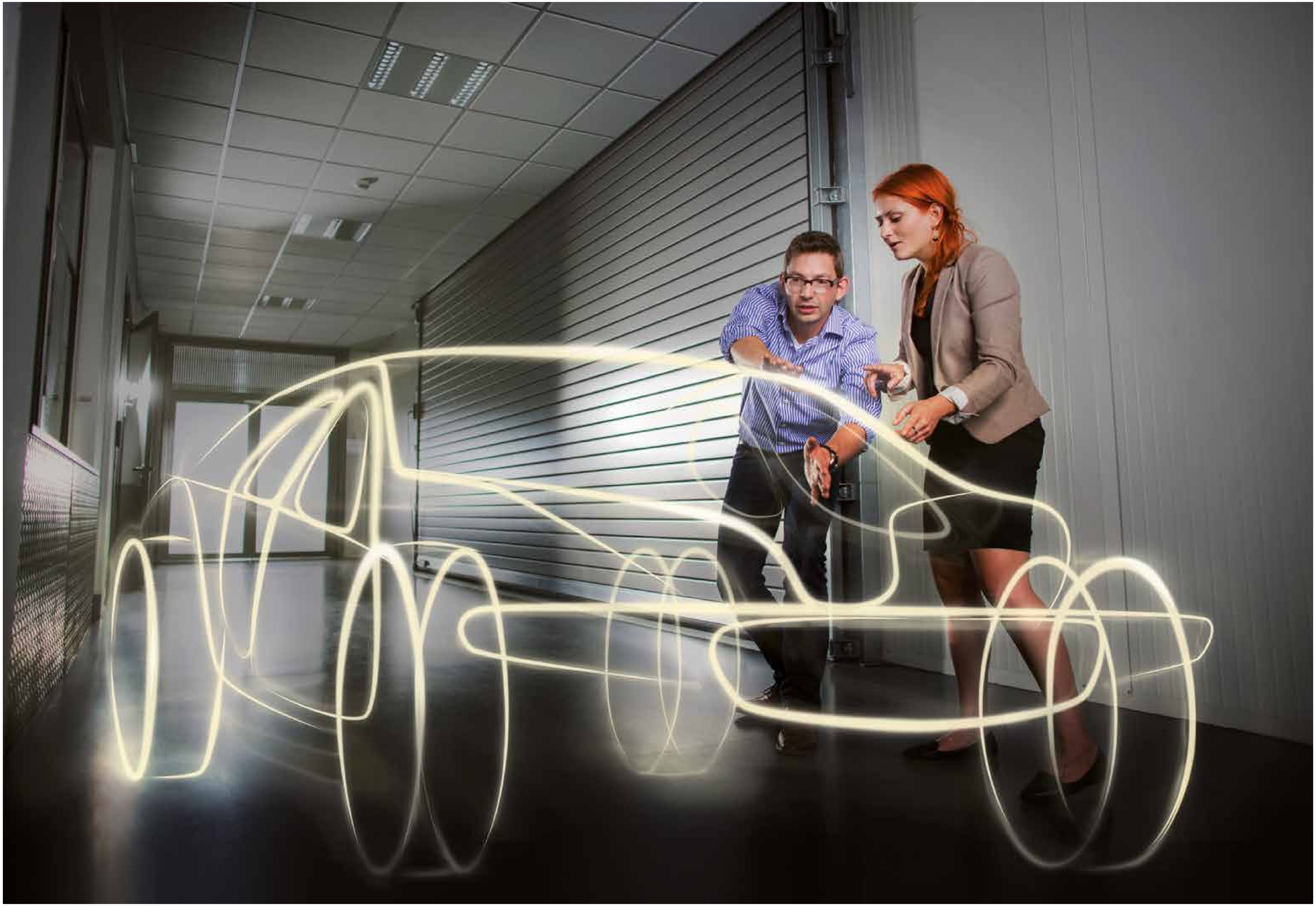

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