FINANCIAL YEAR 2016

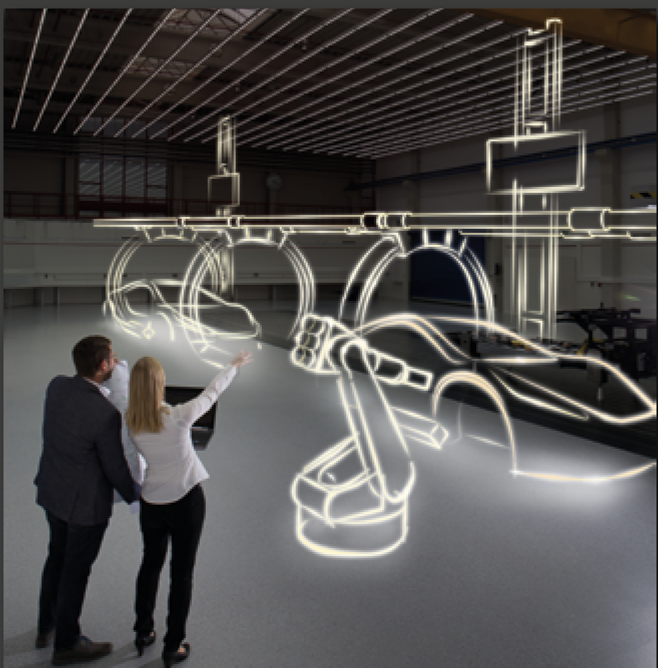
HALF-YEARLY FINANCIAL REPORT 2016

CONTENT

SUMMARY OF THE FIRST HALF OF THE 2016 FINANCIAL YEAR

INTERNATIONAL EDAG PS PROJECT TEAM PAVES THE WAY FOR THE FIRST CARBON FIBRE FACTORY IN CHINA

It is not just in Europe that lightweight design and electric mobility are predominant trends in the automotive industry. Thanks to the state backing it receives, the Chinese market in particular is demonstrating great commitment to establishing electric drive systems. Lightweight design is obviously something that cannot be overlooked in the process. The Kangde Investment Group aims to join the ranks of global companies for hi-tech composite materials. The Beijing-based corporate group's „carbon fiber" division spans the entire industrial value adding process, starting with the raw



material, through carbon fiber manufacture, and ending with the carbon fiber component. EDAG Production Solutions in Asia were awarded a contract requiring them to carry out a feasibility study for the first carbon fiber factory in China. The factory is expected to produce carbon fiber components for electric vehicles in the future. Working as part of an international network, the planning specialists from EDAG PS developed a logistics concept and created the process layouts, including the IT infrastructure, for the construction of the carbon fiber factory at the planned site in Langfang.

The comprehensive feasibility study, which adhered closely to the principles of „lean logistics" and „lean production", met with the approval of the Chinese customer, and served as the basis for the planning and construction of the first carbon fibre factory for electric vehicles in China.

APRIL MAY

FUTURISTIC BIKE CONCEPT WITH SERIES POTENTIAL

EDAG's engineering specialists are constantly involved in the proactive development of their own mobility concepts and concepts for future vehicles. The EDAG motorcycle team in Munich have developed a new type of front wheel suspension integrated in an innovative motorcycle platform concept. As a result, not only is it possible to adjust the way the handlebars buck – something other systems can already do today – but the new concept also provides a far greater degree of variability, for alternative drive concepts, for instance, such as an electric powertrain with a battery pack, or hybrid solutions. As with passenger cars, the internal combustion engine has long since ceased to be the only dynamic means of getting about on two wheels. Dispensing with the classic telescopic fork gives the bike a futuristic silhouette and at the same time improves the flexibility of the installation space. This means that there is no longer any need for intricate measures to install modules such as the powertrain or body parts in the chassis, as these can now be attached one after the other. An additional advantage is that there is none of the bucking feel in the handlebars that occurs when braking with a classic telescopic fork, which gives the rider a far more stable steering geometry when cornering or braking in an emergency: a clear advantage in terms of safety, comfort and stability. At its initial presentation at the recent Aachen Colloquium, the Munich-based EDAG Motorcycle Team's new concept met with enormous interest.

J U N E

SUMMARY OF THE FIRST HALF OF THE 2016 FINANCIAL YEAR

UNEARTHING OUR OWN TREASURE:
EDAG STARTS MENTORING PROGRAM FOR AMBITIOUS JUNIOR EMPLOYEES

In addition to providing strong support for initial vocational training, EDAG has extended its junior staff development, which now includes a new mentoring program that focuses on potential that is already in the company. June 21, 2016 saw the start of a 24-month program for 30 ambitious junior staff. The aim of the program is to qualify them for managerial positions in automotive or production plant development.

The central element of our new junior staff development module is the mentor principle. Each of the 30 participants has at his or her side an experienced mentor who will provide an in-depth, on the job introduction to managerial tasks and solution strategies.
To accompany the program, there will also be a training package which will include the fields of communication, assumption of responsibility and self-management.
What is particularly gratifying is the large number of female employees who applied for a place on the first round of the mentoring program. It is an open secret at EDAG that the number of women in technical and managerial positions is to be significantly increased. The kind of systematic advancement offered by the mentoring program will be helpful here

APRIL MAY

STRESS-FREE PARKING: TRIVE.ME DEVELOPS PARKING GARAGE APP TO PROVIDE DRIVERS WITH STRESS-FREE OUTDOOR AND INDOOR NAVIGATION TO A FREE PARKING SPACE

Everyone in the automotive industry is talking about connectivity. It is often associated with the idea of autonomous driving. There are still a great many technical and legal obstacles to be overcome before this fascinating vision can become reality on Germany's roads. However, the networked world is already making mobility not just simpler, but even more to the point, more convenient. The developers of trive.me – an EDAG Group brand – have re-defined connectivity and developed a parking garage app that will help to make life easier for the motorist in the future. The first pilot installation went into operation in the parking garage at EDAG Engineering GmbH in Wolfsburg-Warmenau at the beginning of July 2016. The newly developed product trive.park is a smart way of helping the driver to find a free parking space in parking garages, and then to find his car again later, and includes the annoying process of paying at the pay station and the handling of chips or parking tickets at the exit barrier. At the core of trive.park is an app which will first be made available to Android smartphone users in the Google Play Store. Not only does the app take charge of navigating the driver to the parking garage, it also shows the user the shortest route to his VIP parking space. Once inside the parking garage, the app interacts with trive.me's indoor navigation, and takes the driver to his destination. This is followed by pedestrian navigation to the main entrance. After his appointment, the pedestrian navigation then leads the customer back to his parked car.

JUNE

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

(in million € or %)	01/01/2016 – 06/30/2016	01/01/2015 – 06/30/2015	04/01/2016 – 06/30/2016	04/01/2015 – 06/30/2015
Vehicle Engineering	229.5	225.6	113.2	114.7
Production Solutions	60.1	58.2	31.3	30.5
Electrics / Electronics	77.6	76.6	37.6	38.1
Consolidation	- 4.7	- 5.2	- 2.1	- 2.8
Total revenues and changes in inventories (core business)	**362.4**	**355.2**	**179.9**	**180.5**
Growth:				
Vehicle Engineering	*1.7%*	*9.0%*	*-1.3%*	*6.9%*
Production Solutions	*3.2%*	*21.8%*	*2.5%*	*29.8%*
Electrics / Electronics	*1.2%*	*47.2%*	*-1.5%*	*41.2%*
Total change of revenues and changes in inventories (core business)	**2.0%**	**17.0%**	**-0.3%**	**15.8%**
Vehicle Engineering	15.1	23.5	6.3	12.5
Production Solutions	6.0	6.8	3.5	4.0
Electrics / Electronics	1.6	5.4	0.0	1.6
Adjusted EBIT (core business)	**22.7**	**35.6**	**9.8**	**18.0**
Vehicle Engineering	*6.6%*	*10.4%*	*5.6%*	*10.9%*
Production Solutions	*10.0%*	*11.6%*	*11.1%*	*13.0%*
Electrics / Electronics	*2.1%*	*7.0%*	*0.0%*	*4.1%*
Adjusted EBIT-margin (core business)	**6.3%**	**10.0%**	**5.4%**	**10.0%**
Profit or loss	**9.5**	**20.3**	**3.5**	**10.4**
Earnings per share (€)	0.38	0.81	0.14	0.41

(in million € or %)	06/30/2016	12/31/2015
Fixed assets	194.4	190.5
Net working capital	134.6	95.2
Net financial debt	- 143.1	- 93.4
Provisions	- 43.5	- 37.7
Held for sale	-	0.6
Equity	142.4	155.2
Balance sheet total	457.6	475.5
Equity / BS total	*31.1%*	*32.6%*
Net financial debt / Equity	*100.5%*	*60.2%*

(in million € or %)	01/01/2016 – 06/30/2016	01/01/2015 – 06/30/2015	04/01/2016 – 06/30/2016	04/01/2015 – 06/30/2015
Operating cash flow	- 9.0	- 0.1	- 13.0	- 11.6
Investing cash flow	- 16.5	- 7.6	- 8.9	- 7.8
Free cash flow	- 25.5	- 7.7	- 21.9	- 19.4
Financing cash flow	- 21.3	23.8	- 19.9	54.5
Adjusted cash conversion rate[1]	*48.9%*	*71.8%*	*35.8%*	*68.8%*
CapEx	16.8	12.4	9.7	7.0
CapEx / Revenues and changes in inventories	*4.6%*	*3.5%*	*5.4%*	*3.9%*

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

	06/30/2016	12/31/2015
Headcount end of period	8,267	8,139
Trainees as %	*5.6%*	*6.5%*

The market environment of the EDAG Group during the current financial year has so far been challenging and not satisfactory.

The sales revenues and changes in inventories for the core business were increased from € 355.2 million in the previous year to € 362.4 million in the first half of 2016. All three segments (Vehicle Engineering, Production Solutions and Electrics/Electronics) contributed to this moderate growth.
The EBIT from the core business, which was primarily adjusted for the effects from the purchase price allocations, stood at € 22.7 million, € 12.9 million below the value for the previous year (€ 35.6 million). Important reasons for the deviation in the results compared to the same period in the previous year were lower productivity and increasing price pressure in the market for engineering services. The unadjusted EBIT stood at € 18.7 million, compared to the previous year’s value of € 32.6 million.

The EDAG Group continues to grow – on the reporting date, the company had 8,267 employees working to secure the success of the Group (12/31/2015: 8,139 employees; 6/30/2015: 7,761 employees).

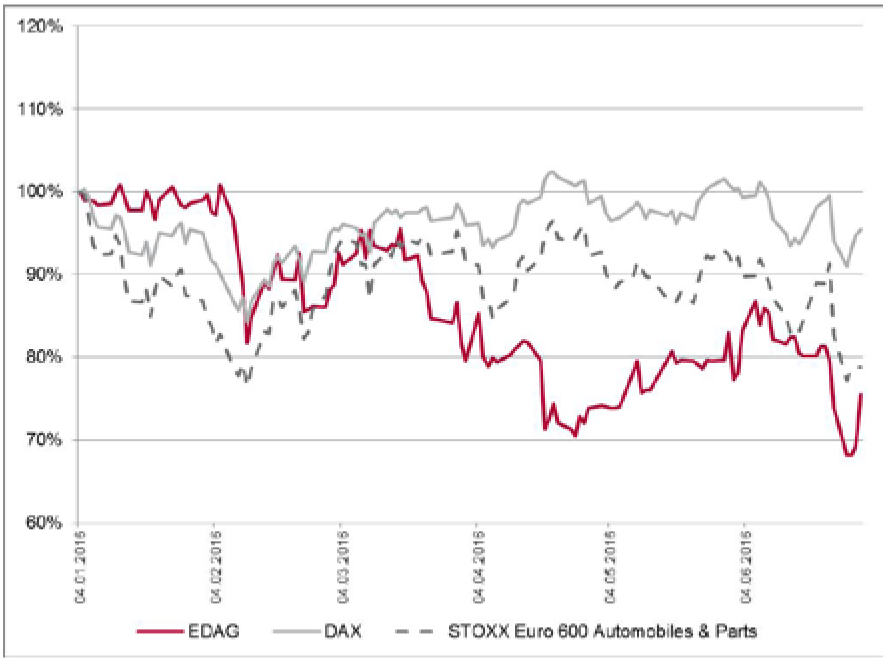
In the first half of the year, gross investments in fixed assets amounted to € 16.8 million, which was above the level of the same period in the previous year (€ 12.4 million). The equity ratio on the reporting date was 31.1 percent (12/31/2015: 32.6 percent).

At € 143.1 million, the net financial debt is well above the levels recorded on June 30, 2015 (€ 133.7 million) and on December 31, 2015 (€ 93.4 million). The reasons for this are firstly the fact that more working capital was built up in the first half of the year than in the comparative period, and secondly the dividend payout, which amounted to € 18.8 million.

THE EDAG SHARE

On January 4, 2016, the DAX started the 2016 financial year with 10,486 points. After a slow start, the lowest level in the reporting period, 8,735 points, was reached on February 11, 2016. The DAX subsequently rose to 10,436 points on April 21, and closed with 9,680 points on the last day of trading in the reporting period. The STOXX Automobiles & Parts Index fluctuated between 417.45 and 539.73 points during the same period.

On January 4, 2016, the opening price of the EDAG share in XETRA trading was € 22.50, which was also the highest price in the reporting period. The lowest price, € 15.55, was reached on June 27. The closing price on June 30, 2016 stood at € 16.70. During the first half of 2016, the average XETRA trade volume was 22,965 shares a day.



Source: Comdirect

	01/01/2016 – 06/30/2016
Prices and trading volume	
Share price on 31 March (€)[1]	16.70
Share price, high (€)[1]	22.42
Share price, low (€)[1]	15.55
Average daily trading volume (number of shares)[2]	22,965
Market capitalisation on 31 March (Mio. €)	417.50

[1] Closing price on Xetra

[2] On Xetra

A current summary of the analysts' recommendations and target prices for the EDAG share, the current share price and financial calendar is available on our homepage, on ir.edag.com. With the voting rights notification of May 30, 2016, the announcement was made that 59.75 percent of the EDAG shares had been transferred from ATON GmbH, Munich to ATON Austria Holding GmbH, Going am Wilden Kaiser. In this context, the existing voting restriction with an identical period of validity was likewise transferred.

INTERIM MANAGEMENT REPORT

1 Basic Information on the Group

1.1 Business Model

Three Segments

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

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

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

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

Presentation of the Vehicle Engineering Segment

The „Vehicle Engineering" segment consists of services along the vehicle development process as well as responsibility for derivative and complete vehicles. The segment is divided into the following divisions:
In the **Design Concepts** department, we offer a full range of styling and design services, and in our design studios we are able to support the virtual design process and realize large model building volumes. Our **Body Engineering** department brings together all of our services such as package & ergonomics, body assembly as well as interior and exterior.

This also includes the development of door systems. Our **Vehicle Integration** department is responsible for the complete functional integration and for vehicle validation. This department employs computer-aided engineering (CAE) to carry out the early validation of products and their properties. In addition to dealing with computation and simulation, the Dimensional Management team works on the reproducibility and geometrical quality of the products. Functionality is validated and durability analyzed on the test equipment and facilities at our certified test laboratories, in readiness for start of production. This includes tests on individual components, modules, engines, motors, transmissions, and even complete vehicles. Complete vehicle development and large-scale interdisciplinary module packages, some of them calling for the involvement of our international subsidiaries, are managed by the **Project Management** division. The **Product Quality & Care** department provides assistance with consulting and support for quality-related matters, as well as services which explain a product and enable it to be used effectively.

Presentation of the Production Solutions Segment

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

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

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

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

Presentation of the Electrics/Electronics Segment

The range of services offered by the „Electrics/Electronics" segment includes the development of electrical and electronic systems for the comfort, driver assistance and safety functions of a vehicle, and the development of cable harnesses. These services are provided by four divisions focusing on the following competencies:

The **E/E Vehicle Engineering** division is responsible for function development in the course of complete vehicle or derivative projects. The range of tasks extends from the concept phase to production support. Further fields of activity include the development of new electronic architectures, and approval, drafting and control activities in the development or integration of physical vehicle electrical systems. Alternative drive systems such as electric or hybrid drives, have a significant influence on the E/E architecture and the vehicle electrical system. The E/E Vehicle Engineering department is dealing more and more with these trends.

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

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

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

1.2 Targets and Strategies

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

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

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

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

2 Financial Report

2.1 Macroeconomic and Industry-Specific Conditions

Basic Conditions and Overall Economic Development

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

Despite similar geopolitical risks and continuously low commodity prices to those in the previous year, growth of 3.2 percent was originally expected for 2016. The growth rate in China will be around 6.5 percent, while 2.4 is expected in the USA, and 1.5 percent in the euro area. Great Britain's withdrawal from the EU has once again increased the risk potential for economic development. For this reason, the IMF has revised its growth forecast for 2016 from 3.2 percent to 3.1 percent.

Automotive Industry Development

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

An increase of 2.8 percent to 78.8 million units is expected for 2016. Expansion of the markets in China und India will be particularly vigorous. A 6 percent growth rate is predicted for each country, whereas growth in the USA and Europe will be more moderate. In the first half year, there was a significant increase in particular in Western Europe (+8.5 percent) and China (+12 percent), whereas sales declined in Japan, Russia and Brazil, as expected.

Development of the Engineering Market

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

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

2.2 Business Trends and Developments

Financial Performance

Development of the EDAG Group

In the half year just ended, the EDAG Group generated incoming orders amounting to € 409.9 million, which compared to the same quarter in the previous year (€ 441.2 million), represents a change of € -31.3 million. The reason for this sharp decline is the restraint of one of the major OEMs in the awarding of contracts. The sales revenues and changes in inventories on the other hand were increased by € 7.3 million or 2.0 percent to € 362.6 million compared to the same period in the previous year (first half of 2015 € 355.3 million). At € 362.4 million, the sales revenues and changes in inventories in the three operative segments (core business) increased by 2.0 percent compared to the same period in the previous year (€ 355.2 million). As of June 30, 2016, orders on hand amounted to € 339.4 million, compared to € 287.3 million as of December 31, 2015.

Compared to the previous year, the EBIT decreased by € 13.9 million to € 18.7 million (first half of 2015: € 32.6 million) in the reporting half year. This means that an EBIT margin of 5.2 percent was achieved (first half of 2015: 9.2 percent). Adjusted for the depreciation, amortization and impairments from the purchase price allocations of the previous financial years that were recorded in the first half of 2016, the adjusted core EBIT figure was € 22.7 million (first half of 2015: € 35.6 million), which is equivalent to an adjusted core EBIT margin of 6.3 percent (first half of 2015: 10.0 percent). The reason for the reduction in the EBIT margin is the difficult engineering service market environment. This results in increasing price pressure on the one hand, and in delays in awarding contracts with difficult supplementary negotiations with customers on the other, and led to lower productivity in the first half year compared to the same period in the previous year.

The materials expenses decreased by 2.3 percent to € 46.8 million. At 12.9 percent, the materials expenses ratio was below the level of the same period of the previous year (first half of 2015: 13.5 percent).

The EDAG Group's personnel expenses increased by € 12.6 million or 5.6 percent to € 236.0 million compared to the same period in the previous year. This was primarily due to the increase in manpower; as of June 30, 2015, the company had a workforce of 8,267 employees, including apprentices (6/30/2015: 7,761 employees). The ratio of personnel expenses in relation to sales revenues and changes in inventories, which stood at 65.1 percent, increased considerably compared with the same period in the previous year (first half of 2015: 62.9 percent). The reasons for this increase are lower productivity due to changes in market conditions on the one hand, and increased employee capacity for the performance of an equivalent service on the other.

Depreciation, amortization and impairments totaled € 13.8 million (first half of 2015: € 11.8 million). The ratio for other expenses in relation to sales revenues and changes in inventories was 15.3 percent and thus slightly above last year's level (first half of 2015: 13.9 percent).
In the half year just ended, the financial result was € -4.3 million (first half of 2015: € -3.6 million), a drop of € 0.7 million compared with the same period in the previous year. One significant effect was a decline in the results of investments accounted for using the equity method compared with the same period in the previous year. Lower interest charges were almost completely compensated for by interest expenses.

Development of the „Vehicle Engineering" Segment

Incoming orders amounted to € 259.1 million in the first half of 2016, a decrease of € 12.9 million or 4.7 percent compared to the value for the same period in the previous year (first half of 2015: € 271.9 million). Although the sales revenues and changes in inventories were increased by € 3.9 million (1.7 percent) to € 229.5 million (first half of 2015: € 225.6 million), at € 12.6 million, overall, the EBIT fell below that of the previous year (first half of 2015: € 20.9 million). The EBIT margin amounted to 5.5 percent (first half of 2015: 9.3 percent). Without the effects from the purchase price allocations, this resulted in an adjusted EBIT margin of 6.6 percent (first half of 2015: 10.4 percent). The deviation in the results compared to the same period in the previous year is due to the generally difficult engineering service market environment, and in particular to a reduction in project margins in the Design Concepts segment and short time being worked by some employees in the Body Engineering division at the Osnabrück and Wolfsburg branches.

Development of the „Production Solutions" Segment

In this segment, incoming orders amounted to € 73.1 million, slightly above the level of the same period in the previous year year (first half of 2015: € 72.2 million). Sales revenues and changes in inventories increased by € 1.8 million (3.2 percent) to € 60.1 million (first half of 2015: € 58.2 million). Overall, an EBIT of € 5.8 million (first half of 2015: € 6.7 million) was generated in the Production Solutions segment in 2016. Although there is also price pressure in the market in this segment, capacity utilization remains at a high level. At 10.0 percent, therefore, the adjusted EBIT margin is only slightly below the previous year's outstanding level (first half of 2015: 11.6 percent).

Development of the „Electrics/Electronics" Segment

Incoming orders decreased by € 26.0 million to € 86.3 million compared to the same period in the previous year (first half of 2015: € 112.3 million). Sales revenues and changes in inventories, however, reached a value of € 77.6 million (first half of 2015: € 76.6 million), which represents an increase of € 0.9 million (1.2 percent). Nevertheless, an EBIT of just € 0.8 million was achieved during the reporting period (first half of 2015: € 4.6 million). At 1.0 percent, the EBIT margin is well below the previous year's level (first half of 2015: 6.0 percent). Without the effects from the purchase price allocations, this resulted in an adjusted EBIT margin of 2.1 percent (first half of 2015: 7.0 percent). The negative effects on the EBIT margin described in „Development of the EDAG Group" were felt particularly strongly in this segment. Further reasons for the unsatisfactory EBIT margin are the loss or cancellation of additional order values previously confirmed by customers.

Cash Flows and Financial Position

Compared to December 31, 2015, the EDAG Group's statement of financial position total decreased by € 18.0 million to € 457.6 million. The reduction of current accounts receivable and other receivables (€ -24.5 million) is balanced by an increase in future receivables from construction contracts in the amount of € 46.9 million. Cash and cash-equivalents decreased by € 46.6 million to € 24.1 million. The reasons for this were the dividend payout of € 18.8 million, the augmentation of working capital, and the increase of € 16.8 million in gross investments.

On the equity, liabilities and provisions side, equity decreased by € 12.8 million to € 142.4 million, and the quota is now approximately 31.1 percent (12/31/2015: 32.6 percent). This decrease is primarily due to the dividend payout to the shareholders in the amount of € 18.8 million, and to the decrease in the profits and losses recognized directly in equity resulting from a decrease in the actuarial interest rate in the amount of € 3.9 million. The opposite effect was had by current profits totaling € 9.5 million.

Accounts payable fell by € 4.7 million, compared to December 31, 2015. However, this was balanced by a slight increase in current financial liabilities amounting to € 3.5 million. These are primarily interest liabilities owing to ATON Group Finance GmbH but not yet due.

In the first half of 2016, the operating cash flow was € -9.0 million (first half of 2015: € -0.1 million). Essentially, the decrease in comparison to the same period in the previous year is the result of the low profit and an increased working capital inventory.

At € 16.8 million, gross investments in the reporting year were some 35.2 percent higher than in the previous year (first half of 2015: € 12.4 million). The ratio between the sales revenues and changes in inventories and gross investments was 4.6 percent (first half of 2015: 3.5 percent).
On the reporting date unused lines of credit in the amount of € 41.8 million exist in the Group. The Executive Board regards the overall economic situation of the EDAG Group as good. With an equity ratio of 31.1 percent, the company has a sound financial basis, and was able to fulfil its payment obligations at all times throughout the reporting year.

2.3 HR Management and Development

The success of the EDAG Group as a leading engineering service provider in the automotive sector is inextricably linked to the skills and motivation of its employees. Behind the company's comprehensive service portfolio are people with widely differing occupations and qualifications. In addition, the EDAG Group is also characterized by the by the special attitude and mentality of its employees. For more than 45 years, EDAG has always ensured that both young and experienced employees are offered the prospect of and the necessary

space for personal responsibility and decision-making. And this is the primary focus of both our human resources management and development. For a more detailed representation of personnel management and development, please see the Annual Report for 2015.
On June 30, 2016 the EDAG Group employed a workforce of 8,267 employees (12/31/2015: 8,139 employees). In the first half of 2016, personnel expenses amounted to € 236.0 million (first half of 2015: € 223.4 million).

3 Forecast, Risk and Reward Report

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

It continues to be difficult to assess the possible impact of the current global crises. The public discussion about measuring the emission values of passenger cars that has been raging since September 2015 continues unabated. It is not possible at the present time to realistically assess whether this subject will bring about changes in the industry, and if it does, to what extent. In the first half of 2016, moreover, we faced increasing price pressure, delays in contract awards and difficult supplementary negotiations in the market. We therefore assess the risk to our particular industry as a category A risk (2015: category C) with a high (2015: low) probability of occurrence. As our assumptions regarding operative risks remain unchanged, we continue to rate these as a category A risk, though with a high (2015: medium) probability of occurrence. We continue to see the financial risk as a category C risk, but with a medium (2015: low) probability of occurrence.

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

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

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

As a result, we anticipate only a moderate increase in sales in the lower single digit percentage rate for 2016 as a whole. This moderate growth in performance is expected across all segments. With regard to the adjusted EBIT, we anticipate a margin of 6 to 8 percent. While the VE segment is within this range, a higher margin is anticipated for the PS segment, and a lower margin for the E/E segment. Because of the moderate growth, we expect investments to be at the same level as in previous years. Due to the continuing positive financial performance, we also expect a secure development of our financial situation in the future.

4 Disclaimer

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

CONSOLIDATED HALF-YEAR REPORT

1 Consolidated Statement of Comprehensive Income

in € thousand	01/01/2016 - 06/30/2016	01/01/2015 - 06/30/2015	04/01/2016 - 06/30/2016	04/01/2015 - 06/30/2015
Profit or Loss				
Continuing Operations				
Sales revenues and changes in inventories	362,605	355,330	180,024	180,606
Sales revenues	362,680	355,184	180,029	180,919
Changes in inventories	- 75	146	- 5	- 313
Other income	8,230	9,815	4,561	5,207
Material expenses	- 46,769	- 47,852	- 22,672	- 24,846
Gross Profit	**324,066**	**317,293**	**161,913**	**160,967**
Personnel expenses	- 235,954	- 223,356	- 118,076	- 112,848
Depreciation, amortisation and impairment	- 13,801	- 11,824	- 7,134	- 6,214
Other expenses	- 55,625	- 49,479	- 28,839	- 25,009
Earnings before interest and taxes (EBIT)	**18,686**	**32,634**	**7,864**	**16,896**
Reconciliation to adjusted earnings before interest and taxes (adjusted EBIT):				
Earnings before interest and taxes (EBIT)	**18,686**	**32,634**	**7,864**	**16,896**
Adjustments:				
Expenses (+) from purchase price allocation	3,490	3,385	1,755	1,680
Income (-) from reversal of provisions	- 169	- 2,154	- 159	- 2,154
Expenses (+) from additional selling costs from M&A transactions	-	70	-	70
Expenses (+) from restructuring	205	1,410	106	1,410
Expenses (+) from the sale of real estate	254	70	80	70
Adjusted earnings before interest and taxes (adjusted EBIT)	**22,466**	**35,415**	**9,646**	**17,972**
Earnings before interest and taxes (EBIT)	**18,686**	**32,634**	**7,864**	**16,896**
Result from investments accounted for using the equity method	- 41	527	- 21	160
Financial income	268	1,284	136	675
Financing expenses	- 4,525	- 5,440	- 2,307	- 2,953
Financial result	**- 4,298**	**- 3,629**	**- 2,192**	**- 2,118**
Earnings before taxes from continuing operations	**14,388**	**29,005**	**5,672**	**14,778**
Income Taxes	- 4,859	- 8,664	- 2,116	- 4,414
Earnings after taxes from continuing operations	**9,529**	**20,341**	**3,556**	**10,364**
Profit or Loss	**9,529**	**20,341**	**3,556**	**10,364**

in € thousand	01/01/2016 - 06/30/2016	01/01/2015 - 06/30/2015	04/01/2016 - 06/30/2016	04/01/2015 - 06/30/2015
Profit or Loss	**9,529**	**20,341**	**3,556**	**10,364**
Other Comprehensive Income				
Reclassifiable profits/losses				
Financial assets available for sale				
Profits/Losses included in equity from valuation at fair value	- 4	-	- 6	-
Deferred taxes on financial assets available for sale	1	-	2	-
Currency conversion difference				
Profits/Losses included in equity from currency conversion difference	298	559	374	- 223
Total reclassifiable profits/losses	**295**	**559**	**370**	**- 223**
Not reclassifiable profits/losses				
Revaluation of net obligation from defined benefit plans				
Revaluation of net obligation from defined benefit plans before taxes	- 5,634	2,208	- 3,748	6,421
Deferred taxes on defined benefit commitments and similar obligations	1,775	- 663	1,209	- 1,927
Share of other comprehensive income of at-equity accounted investments, net of tax	- 52	25	- 32	25
Total not reclassifiable profits/losses	**- 3,911**	**1,570**	**- 2,571**	**4,519**
Total other comprehensive income before taxes	- 5,392	2,792	- 3,412	6,223
Total deferred taxes on the other comprehensive income	1,776	- 663	1,211	- 1,927
Total other comprehensive income	**- 3,616**	**2,129**	**- 2,201**	**4,296**
Total comprehensive income	**5,913**	**22,470**	**1,355**	**14,660**
From the profit or loss attributable to:				
Shareholders of the parent company	9,503	20,317	3,542	10,351
Minority shares (non-controlling interest)	26	24	14	13
Of the total comprehensive income attributable to:				
Shareholders of the parent company	5,887	22,446	1,341	14,647
Minority shares (non-controlling interest)	26	24	14	13
Earnings per share of shareholders of EDAG Group AG [diluted/undiluted in EUR]				
Earnings per share	0.38	0.81	0.14	0.41

2 Consolidated Statement of Financial Position

in € thousand	06/30/2016	12/31/2015
Assets		
Goodwill	64,531	64,235
Other intangible assets	38,351	41,399
Property, plant and equipment	74,967	67,908
Financial assets	198	182
Investments accounted for using the equity method	16,381	16,733
Non-current accounts receivable and other receivables	962	1,323
Deferred tax assets	855	780
TOTAL non-current assets	**196,245**	**192,560**
Inventories	1,784	1,599
Future receivables from construction contracts	140,107	93,257
Current accounts receivable and other receivables	87,267	111,792
Other financial assets	64	68
Income tax assets	8,039	4,979
Cash and cash-equivalents	24,054	70,654
Assets held for sale / discontinued operations	-	635
TOTAL current assets	**261,315**	**282,984**
TOTAL assets	**457,560**	**475,544**

in € thousand	06/30/2016	12/31/2015
Equity, liabilities and provisions		
Subscribed capital	920	920
Capital reserves	40,000	40,000
Retained earnings	114,735	123,982
Reserves from profits and losses recognized directly in equity	- 11,649	- 7,735
Currency conversion differences	- 1,705	- 2,004
Equity attributable to shareholders of the parent company	**142,301**	**155,163**
Non-controlling interests	106	80
TOTAL equity	**142,407**	**155,243**
Provisions for pensions and similar obligations	28,518	21,991
Other non-current provisions	2,905	3,244
Non-current financial liabilities	134,776	135,167
Non-current accounts payable and other liabilities	3	3
Non-current income tax liabilities	1,460	1,460
Deferred tax liabilities	7,373	9,208
TOTAL non-current liabilities and provisions	**175,035**	**171,073**
Current provisions	12,117	12,462
Current financial liabilities	32,423	28,942
Future liabilities from construction contracts	22,456	24,284
Current accounts payable and other liabilities	69,000	78,792
Income tax liabilities	4,122	4,748
TOTAL current liabilities and provisions	**140,118**	**149,228**
TOTAL equity, liabilities and provisions	**457,560**	**475,544**

3 Consolidated Cash Flow Statement

	in € thousand	01/01/2016 - 06/30/2016	01/01/2015 - 06/30/2015
	Earnings after taxes from continuing operations	**9,529**	**20,341**
+	Income tax expenses	4,859	8,664
-	Income taxes paid	- 8,564	- 4,645
+	Financial result	4,298	3,630
+	Interest and dividend received	500	340
+/-	Depreciation and amortisation/Write-ups on tangible and intangible assets	13,801	11,824
+/-	Other non-cash item expenses/income	- 5,126	1,731
+/-	Increase/decrease in non-current provisions	6,190	- 1,550
-/+	Profit/loss on the disposal of fixed assets	252	- 171
-/+	Increase/decrease in inventories	- 183	- 245
-/+	Increase/decrease in future receivables from construction contracts, receivables and other assets that are not attributable to investing or financing activities	- 22,215	- 17,006
+/-	Increase/decrease in current provisions	- 570	- 4,765
+/-	Increase/decrease in accounts payables and other liabilities and provisions that are not attributable to investing or financing activities	- 11,778	- 18,212
=	**Cash inflow/outflow from operating activities/operating cash flow**	**- 9,007**	**- 64**
+	Deposits from disposals of tangible fixed assets	873	5,758
-	Payments for investments in tangible fixed assets	- 14,280	- 9,111
+	Deposits from disposals of intangible fixed assets	29	174
-	Payments for investments in intangible fixed assets	- 2,470	- 3,277
+	Deposits from disposals of financial assets	15	19
-	Payments for investments in financial assets	- 32	- 7
-	Payments for investments in shares of fully consolidated companies/divisions	- 586	- 1,161
=	**Cash inflow/outflow from investing activities/investing cash flow**	**- 16,451**	**- 7,605**

	in € thousand	01/01/2016 - 06/30/2016	01/01/2015 - 06/30/2015
-	Payments to shareholders/partners (prior year dividend, capital repayments, other distributions)	- 18,750	-
-	Interest paid	- 493	- 369
+	Borrowing of financial liabilities	102	21,270
-	Repayment of financial liabilities	- 1,161	-
-	Repayment of leasing liabilities	- 1,018	- 11
+/-	Repayment/Investment in financial receivables	-	2,958
=	**Cash inflow/outflow from financing activities/financing cash flow**	**- 21,320**	**23,848**
	Net Cash changes in financial funds	**- 46,778**	**16,179**
-/+	Effect of changes in currency exchange rate and other effects from changes of financial funds	178	300
+	Financial funds at the start of the period	70,654	39,502
=	**Financial funds at the end of the period [cash & cash-equivalents]**	**24,054**	**55,981**
=	**Free cash flow (FCF) - equity approach**	**- 25,458**	**- 7,669**

4 Consolidated Statement of Changes in Equity

in € thousand	Subscribed capital	Capital reserves	Retained earnings		Currency conversion
			Legal reserves	Other retained earnings	
As per 01/01/2016	**920**	**40,000**	**-**	**123,982**	**- 2,004**
Profit or loss	-	-	-	9,503	-
Other comprehensive income	-	-	-	-	299
Total comprehensive income	**-**	**-**	**-**	**9,503**	**299**
Dividends	-	-	-	- 18,750	-
As per 06/30/2016	**920**	**40,000**	**-**	**114,735**	**- 1,705**

in € thousand	Subscribed capital	Capital reserves	Retained earnings		Currency conversion
			Legal reserves	Other retained earnings	
As per 01/01/2015	**20,000**	**40,746**	**2,000**	**65,756**	**- 1,568**
Profit or loss	-	-	-	20,317	-
Other comprehensive income	-	-	-	-	559
Total comprehensive income	**-**	**-**	**-**	**20,317**	**559**
Capital increase	-	373	-	-	-
As per 06/30/2015	**20,000**	**41,119**	**2,000**	**86,073**	**- 1,009**

in € thousand	Revaluation from pension plans	Securities available for sale	Shares in investments accounted for using the equity method	Total equity attributable to majority shareholders	NCI	Total equity
As per 01/01/2016	**- 7,706**	**- 4**	**- 25**	**155,163**	**80**	**155,243**
Profit or loss	-	-	-	9,503	26	9,529
Other comprehensive income	- 3,859	- 3	- 52	- 3,615	-	- 3,615
Total comprehensive income	**- 3,859**	**- 3**	**- 52**	**5,888**	**26**	**5,914**
Dividends	-	-	-	- 18,750	-	- 18,750
As per 06/30/2016	**- 11,565**	**- 7**	**- 77**	**142,301**	**106**	**142,407**

in € thousand	Revaluation from pension plans	Securities available for sale	Shares in investments accounted for using the equity method	Total equity attributable to majority shareholders	NCI	Total equity
As per 01/01/2015	**- 9,554**	**1**	**- 39**	**117,342**	**69**	**117,411**
Profit or loss	-	-	-	20,317	24	20,341
Other comprehensive income	1,545	-	25	2,129	-	2,129
Total comprehensive income	**1,545**	**-**	**25**	**22,446**	**24**	**22,470**
Capital increase	-	-	-	373	-	373
As per 06/30/2015	**- 8,009**	**1**	**- 14**	**140,161**	**93**	**140,254**

5 Notes

5.1 General Information

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

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

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

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

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

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

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

The financial statements of the companies included in the consolidated financial statement have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the European Union as of the financial reporting date of EDAG Group AG (June 30). The comparative figures shown for June 30, 2015 are based on the consolidated half-year report of EDAG Engineering GmbH, Wiesbaden.

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

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

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

5.2 Basic Principles and Methods

Basic Accounting Principles

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

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

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

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

Accounting and Valuation Principles

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

- IFRS 11: Change in accounting for acquisitions of interest in joint operations
- IAS 16/IAS 38: Change to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets: Clarification of acceptable methods of depreciation and amortization
- IAS 16/IAS 41: Agriculture: Bearer plants
- IAS 27: Change in the use of equity method in separate financial statements
- IAS 1: Change: Disclosure initiative

- Annual improvements of IFRS 2012-2014 (Annual Improvement Project 2014):
  - IFRS 5: Non-current assets held for sale and discontinued operations
  - IFRS 7: Financial instruments
  - IAS 19: Employee benefits
  - IAS 34: Interim financial reporting

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

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

For this consolidated half-year report, a discount rate of 1.56 percent has been used for pension provisions in Germany (12/31/2015: 2.36 percent). A discount rate of 0.50 percent has been used for pension provisions in Switzerland (12/31/2015: 1.00 percent). The reduction in the interest rates in Germany led to an overall increase in the pension provisions, to the applicable deferred taxes, and to the actuarial losses related to pension provisions recorded in reserves from profits and losses recognized directly in equity.

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

Restructuring measures in the amount of € 205 thousand were carried out in the period covered by the consolidated half-year report (see chapter „Reconciliation of the Adjusted Operating Profit (adjusted EBIT)"). A reversal in the amount of € 169 thousand was carried out for provisions for restructuring measures created the year before. These effects are shown in the adjusted operating profit (adjusted EBIT).

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

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

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

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

5.3 Changes in the Scope of Consolidation

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

	Switzerland	Germany	Others	Total
Fully consolidated companies				
Included as of 12/31/2015	**3**	**10**	**24**	**37**
Included for the first time in current financial year	-	-	1	1
Withdrawn in current financial year	-	-	-	-
Included as of 06/30/2016	**3**	**10**	**25**	**38**
Companies accounted for using the equity method				
Included as of 12/31/2015	**-**	**1**	**-**	**1**
Included for the first time in current financial year	-	-	-	-
Withdrawn in current financial year	-	-	-	-
Included as of 06/30/2016	**-**	**1**	**-**	**1**
Companies included at acquisition cost				
Included as of 12/31/2015	**-**	**3**	**-**	**3**
Included for the first time in current financial year	-	-	-	-
Withdrawn in current financial year	-	-	-	-
Included as of 06/30/2016	**-**	**3**	**-**	**3**

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

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

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

CASH OUTFLOW DUE TO THE ACQUISITION OF THE COMPANY

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

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

in € thousand	Historical book values (IFRS)	Adjustments to fair values	Fair values at time of acquisition
Intangible Assets	-	267	267
Property, plant and equipment	10	-	10
Non-current accounts receivable and other non-current receivables	1	-	1
Other non-current assets	11	-	11
Non-current assets	**22**	**267**	**289**
Accounts receivable and other receivables	223	-	223
Cash and cash-equivalents	1	-	1
Current assets	**224**	**-**	**224**
TOTAL assets	**246**	**267**	**513**
Financial liabilities	3	-	3
Trade payables	62	-	62
Other current liabilities	172	-	172
Deferred tax liabilities	-	53	53
TOTAL liabilities and provisions	**237**	**53**	**290**
Acquired net assets	**9**	**214**	**223**

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

With effect from April 1, 2016, EDAG acquired 100 percent of the shares in DuvedeC Europe B.V., which has its head office in the Netherlands. This acquisition is a further extension of EDAG's European site network, and enables the company to provide local presence and support in the Netherlands for the first time ever. Founded in 1982, Duvedec Europe B.V. has successfully established its position as an engineering partner to European vehicle manufacturers and suppliers. Its current 18-strong workforce is based in Helmond, and provides engineering services in the field of interior and exterior development, mainly for the commercial vehicle industry. The resulting goodwill in the amount of € 365 thousand is not tax-deductible, and consists primarily of non-separable values for the knowledge of the employees and benefits from the expected synergies with other companies. The sales revenues of Duvedec Europe B.V. included in the consolidated statement of comprehensive income since the acquisition date amounted to € 346 thousand, the recognized loss to € 8 thousand. Had the inclusion of the company been effected by January 1, group sales revenues would have been € 319 thousand higher, and earnings after tax € 2 thousand higher.

5.4 Currency Conversion

Currency conversion in the consolidated half-year report was based on the following exchange rates:

Country	Currency 1 EUR = Nat. currency	06/30/2016 Spot rate on balance sheet date	1 half year 2016 Average exchange rate for period	12/31/2015 Spot rate on balance sheet date	1 half year 2015 Average exchange rate for period
Great Britain	GBP	0.8265	0.7785	0.7340	0.7322
Brazil	BRL	3.5898	4.1349	4.3117	3.3068
USA	USD	1.1102	1.1155	1.0887	1.1155
Malaysia	MYR	4.4301	4.5748	4.6959	4.0598
Hungary	HUF	317.0600	312.7042	315.9800	307.4110
India	INR	74.9603	74.9776	72.0215	70.1016
China	CNY	7.3755	7.2937	7.0608	6.9392
Mexico	MXN	20.6347	20.1599	18.9145	16.8812
Czech Republic	CZK	27.1310	27.0394	27.0230	27.5022
Switzerland	CHF	1.0867	1.0960	1.0835	1.0565
Poland	PLN	4.4362	4.3686	4.2639	4.1396
Romania	RON	4.5234	4.4956	4.5240	4.4477
Russia	RUB	71.5200	78.4122	80.6736	64.5890
Sweden	SEK	9.4242	9.3015	9.1895	9.3409
Japan	JPY	114.0500	124.5015	131.0700	134.1389
South Korea	KRW	1,278.4800	1,318.8083	1,280.7800	1,226.7011

5.5 Reconciliation of the Adjusted Operating Profit (Adjusted EBIT)

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

in € thousand	01/01/2016 - 06/30/2016	01/01/2015 - 06/30/2015	04/01/2016 - 06/30/2016	04/01/2015 - 06/30/2015
Earnings before interest and taxes (EBIT)	**18,686**	**32,634**	**7,864**	**16,896**
Adjustments:				
Expenses (+) from purchase price allocation	3,490	3,385	1,755	1,680
Income (-) from reversal of provisions	- 169	- 2,154	- 159	- 2,154
Expenses (+) from additional selling costs from M&A transactions	-	70	-	70
Expenses (+) from restructuring	205	1,410	106	1,410
Expenses (+) from the sale of real estate	254	70	80	70
Total adjustments	**3,780**	**2,781**	**1,782**	**1,076**
Adjusted earnings before interest and taxes (adjusted EBIT)	**22,466**	**35,415**	**9,646**	**17,972**

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

5.6 Segment Reporting

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

As at June 30, 2016, the non-current assets amounted to € 196.2 million (12/31/2015: € 192.6 million). Of these, € 2.0 million are domestic, € 178.0 million are German, and € 16.2 million are non-domestic (12/31/2015: [domestic: € 2.2 million; Germany: € 174.2 million; non-domestic: € 16.2 million]).

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

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

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

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

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

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

in € thousand	01/01/2016 - 06/30/2016 Vehicle Engineering	Production Solutions	Electrics/ Electronics	Consolida-tion core busines	Total core business	Others	Consoli-dation	Total Group
Sales revenue	226,767	58,185	77,552	-	362,504	176	-	362,680
Sales revenue with other segments	2,787	1,906	12	- 4,705	-	82	- 82	-
Changes in inventories	- 80	-	5	-	- 75	-	-	- 75
Total sales revenues and changes in inventories	**229,474**	**60,091**	**77,569**	**- 4,705**	**362,429**	**258**	**- 82**	**362,605**
EBIT	**12,559**	**5,839**	**796**	**-**	**19,194**	**- 508**	**-**	**18,686**
EBIT margin [%]	5.5%	9.7%	1.0%	-	5.3%	n/a	-	5.2%
Purchase price allocation (PPA)	2,536	146	808	-	3,490	-	-	3,490
Other adjustments	-	-	-	-	-	290	-	290
Adjusted EBIT	**15,095**	**5,985**	**1,604**	**-**	**22,684**	**- 218**	**-**	**22,466**
Adjusted EBIT margin [%]	6.6%	10.0%	2.1%	-	6.3%	n/a	-	6.2%
Depreciation, amortization and impairment	- 10,270	- 1,439	- 2,091	-	- 13,800	- 1	-	- 13,801

in € thousand	01/01/2015 - 06/30/2015 Vehicle Engineering	Production Solutions	Electrics/ Electronics	Consolida-tion core busines	Total core business	Others	Consoli-dation	Total Group
Sales revenue	223,005	55,516	76,565	-	355,086	98	-	355,184
Sales revenue with other segments	2,412	2,726	56	- 5,194	-	88	- 88	-
Changes in inventories	135	-	11	-	146	-	-	146
Total sales revenues and changes in inventories	**225,552**	**58,242**	**76,632**	**- 5,194**	**355,232**	**186**	**- 88**	**355,330**
EBIT	**20,940**	**6,717**	**4,562**	**-**	**32,219**	**415**	**-**	**32,634**
EBIT margin [%]	9.3%	11.5%	6.0%	-	9.1%	n/a	-	9.2%
Purchase price allocation (PPA)	2,528	49	808	-	3,385	-	-	3,385
Other adjustments	-	-	-	-	-	- 604	-	- 604
Adjusted EBIT	**23,468**	**6,766**	**5,370**	**-**	**35,604**	**- 189**	**-**	**35,415**
Adjusted EBIT margin [%]	10.4%	11.6%	7.0%	-	10.0%	n/a	-	10.0%
Depreciation, amortization and impairment	- 8,887	- 1,017	- 1,918	-	- 11,822	- 2	-	- 11,824

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

5.7 Contingent Liabilities/Receivables and Other Financial Obligations

Contingent Liabilities

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

Other Financial Obligations

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

in € thousand	06/30/2016	12/31/2015
Obligation from the renting of property	170,893	173,635
Obligations from miscellaneous renting and leasing contracts	10,280	8,922
Open purchase orders	1,917	2,387
Other miscellaneous financial obligations	926	1,085
Total	**184,016**	**186,029**

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

Contingent Receivables

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

5.8 Financial Instruments

Net Financial Debt/Credit

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

in € thousand	06/30/2016	12/31/2015
Non-current financial liabilities	- 134,776	- 135,167
Current financial liabilities	- 32,423	- 28,942
Securities/derivative financial instruments	64	68
Cash and cash-equivalents	24,054	70,654
Net financial debt/-credit [-/+]	**- 143,081**	**- 93,387**
Equity	142,407	155,243
Net Gearing [%]	**100.5%**	**60.2%**
Liabilities due to credit institutions	- 6,597	- 7,665
Cash and cash-equivalents	24,054	70,654
Net financial balance with banks	**17,457**	**62,989**

By resolution of the general meeting of May 31, 2016, EDAG Group AG effected a dividend payout of € 18,750 thousand, which corresponds to € 0.75 per share. Apart from ATON Group Finance GmbH, Going am Wilden Kaiser, Austria, the other major creditor of the EDAG Group is VKE Versorgungskasse EDAG-Firmengruppe e.V.

As of June 30, 2016, there were loan obligations to ATON Group Finance GmbH (including accrued interest) in the amount of € 137,171 thousand (12/31/2015: € 133,814 thousand). Of this amount, € 132,800 thousand is to be classified as non-current financing. As of June 30, 2016, there is a current loan, including interest, in the amount of € 20,615 thousand from VKE Versorgungskasse EDAG-Firmengruppe e.V. (12/31/2015: € 20,364 thousand).

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

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

	in € thousand	06/30/2016	12/31/2015
	Inventories	1,784	1,599
+	Future receivables from construction contracts	140,107	93,257
+	Current accounts receivable	73,394	102,332
-	Future liabilities from construction contracts	- 22,456	- 24,284
-	Current accounts payable	- 15,604	- 19,848
=	**Trade working capital (TWC)**	**177,225**	**153,056**
+	Non-current accounts receivable and other receivables	962	1,323
+	Deferred tax assets	855	780
+	Current other receivables excl. Interest-bearing receivables	13,872	9,460
+	Income tax assets	8,039	4,979
-	Non-current accounts payable and other liabilities	- 3	- 3
-	Non-current income tax liabilities	- 1,460	- 1,460
-	Deferred tax liabilities	- 7,373	- 9,208
-	Current other liabilities	- 53,397	- 58,944
-	Income tax liabilities	- 4,122	- 4,748
=	**Other working capital (OWC)**	**- 42,627**	**- 57,821**
	Net Working Capital (NWC)	**134,598**	**95,235**

The trade working capital increased from € 153.1 million to € 177.2 million, compared to December 31, 2015. This is a result of the additional increase in future receivables from construction contracts.

Compared to December 31, 2015, there was a change in other working capital from € -57.8 million to € -42.6 million. This effect was largely due to the increase in current other liabilities from asset-side accruals and deferrals and a reduction of current other liabilities.

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

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

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

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

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

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

in € thousand	Valuation category as per IAS 39	Book value 06/30/2016	Valuation category of balance sheet as per IAS 39				Valuation balance sheet as per IAS 17
			Amortized costs	Acquisition costs	Fair value recognized directly in equity	Fair value through profit or loss	
Financial assets							
Cash and cash-equivalents	[LaR]	24,054	24,054	-	-	-	-
Accounts receivable and other receivables in terms of IAS 32.11	[LaR]	77,117	77,117	-	-	-	-
Future receivables from construction contracts	[LaR]	140,107	140,107	-	-	-	-
Loans	[LaR]	122	122	-	-	-	-
Assets available for sale	[AfS]	141	77	-	64	-	-
Financial liabilities (liabilities)							
Financial liabilities							
Credit institutions	[FLAC]	6,597	6,597	-	-	-	-
Other interest-bearing liabilities	[FLAC]	157,794	157,794	-	-	-	-
Liabilities from financing leases	[n.a.]	2,640	-	-	-	-	2,640
Derivative financial liabilities	[FLHfT]	168	-	-	-	168	-
Accounts payable and other liabilities in terms of IAS 32.11	[FLAC]	18,703	18,608	-	-	95	-
Financial assets and financial liabilities, aggregated according to valuation category in accordance with IAS 39							
Loans and Receivables	[LaR]	241,400	241,400	-	-	-	-
Financial assets Held for Trading	[FAHfT]	-	-	-	-	-	-
Available-for-Sale financial assets	[AfS]	141	77	-	64	-	-
Financial liabilities measured at Amortized Cost	[FLAC]	183,094	182,999	-	-	95	-
Financial liabilities Held for Trading	[FLHfT]	168	-	-	-	168	-

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

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

The attributable fair values of liabilities due to credit institutions, loans and other financial liabilities are calculated as present values of the debt-related payments, based on the EDAG current yield curve valid at the time. By and large, the fair value of the financial liabilities corresponds to the book value. As at June 30, 2016 however, the fair value of the other interest-bearing liabilities [FLAC] amounted to € 165,049 thousand (12/31/2015: € 158,524 thousand), with a book value of € 157,794 thousand (12/31/2015: € 154,189 thousand). The valuation of the fair value took place according to the „Level 2" valuation category on the basis of the discounted cash flow method. In this context, the current market rates of interest and the contractually agreed parameters were taken as the basis.

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

in € thousand	Assessed at fair value 06/30/2016			
	Level 1	Level 2	Level 3	Total
Financial assets				
Assets available for sale	64	-	-	64
Financial liabilities (liabilities)				
Derivative financial liabilities	-	168	-	168
Other liabilities	-	-	95	95

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

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

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

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

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

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

1.1 Related Parties

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

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

There is a long-term, unsecured fixed interest loan with the ATON Group Finance GmbH which is due on November 6, 2018. This loan carries an interest rate of 5 percent, and can be redeemed in part prior to maturity. Compared to December 31, 2015, liabilities due to ATON Group Finance GmbH from proportionate accrued interest increased by € 3.4 million.

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

in € thousand	01/01/2016 - 06/30/2016	01/01/2015 - 06/30/2015
EDAG Group with boards of directors (EDAG Group AG & EDAG Schweiz Sub-Holding AG)		
Work-related expenses	410	-
Travel and other expenses	2	-
Rental expenses	177	-
Consulting expenses	15	-
EDAG Group with supervisory boards (EDAG GmbH & EDAG Holding GmbH)		
Work-related expenses	150	227
Travel and other expenses	6	3
Compensation costs	317	113
EDAG Group with group executive management		
Goods and services received	6	6
EDAG Group with ATON GmbH		
Goods and services rendered	-	1
Interest income	-	60
Other operating income	4	1
Other operating expenses	48	2

in € thousand	01/01/2016 - 06/30/2016	01/01/2015 - 06/30/2015
EDAG Group with ATON affiliates		
Goods and services rendered	12,848	20,859
Goods and services received	412	309
Interest expense	3,357	3,992
Other operating income	297	596
Other operating expenses	190	200
EDAG Group with unconsolidated subsidiaries		
Other operating expenses	2	2
EDAG Group with associated companies		
Goods and services rendered	1,091	991
Goods and services received	1,076	119
Interest income	-	902
Other operating expenses	25	1,604
Income from investments	- 41	527
EDAG Group with other related companies and persons		
Goods and services rendered	13	8
Goods and services received	16	28
Interest expense	425	408
Other operating income	-	15
Other operating expenses	2,031	230

1.2 Subsequent Events

Having obtained the approval of the Board of Directors on August 11, 2016, the Executive Board has passed a plan of action to deal with the difficult engineering service market environment. The key individual measures include capacity adjustments in the Design Concepts and Body Engineering divisions. The Executive Board estimates that the effects on profit and loss will amount to € 3.9 million.

AFFIRMATION OF THE LEGAL REPRESENTATIVE

We hereby certify, to the best of our knowledge, that in accordance with the applicable accounting principles, the consolidated half-year report conveys a proper picture of the assets, financial position and financial performance of the Group, and that the interim management report represents the company's business trends, including the financial results and the position of the Group, such that the actual conditions and the essential opportunities and risks pertaining to the anticipated development of the Group are accurately delineated.

Arbon, August 22, 2016
EDAG Engineering Group AG

Jörg Ohlsen, Chief Executive Officer (CEO)

Jürgen Vogt, Chief Financial Officer (CFO)

Thomas Eichelmann, President of the Board of Directors

Dr. Michael Hammes, Member of the Board of Directors

Sylvia Schorr, Member of the Board of Directors

Dr. Philippe Weber, Member of the Board of Directors

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Legal Note

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

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