ATON GmbH, Munich

GROUP MANAGEMENT REPORT FOR THE FINANCIAL YEAR 2016

(Translation – the German text is authoritative)

Contents

I. GROUP PROFILE

1. Business segments

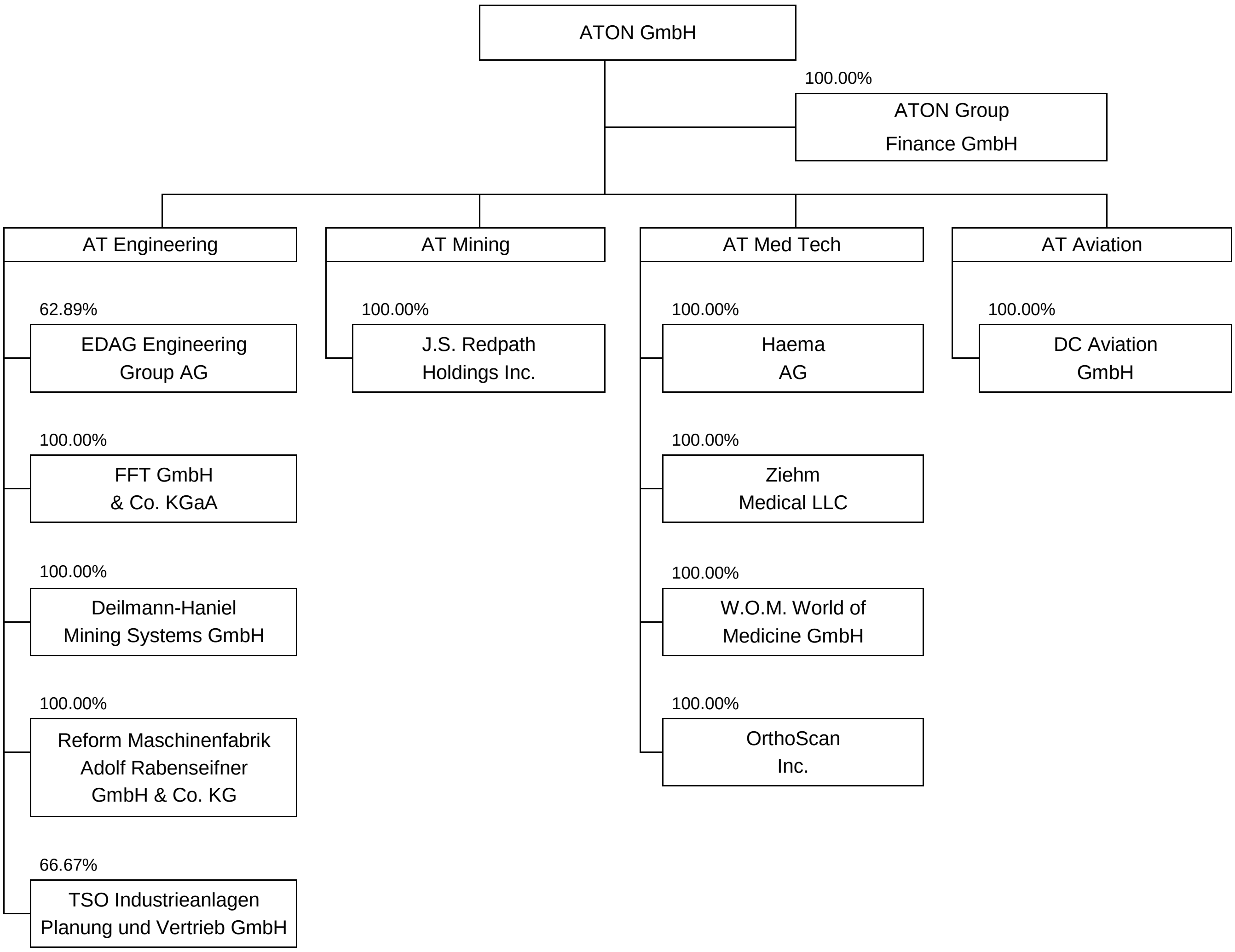
The ATON Group is an association of internationally operating companies in the business segments AT Engineering, AT Mining, AT Med Tech and AT Aviation.

The ATON Group comprises the ATON GmbH, a corporation established under German law, and the following investments:

	31.12.2016	31.12.2015
Subsidiaries	85	89
thereof consolidated	77	76
Joint Ventures	13	13
thereof consolidated	12	12
Associates	2	3
thereof consolidated	1	2
Total	**100**	**105**
thereof consolidated	**90**	**90**

In the ATON Group the development of the core competencies in the individual business segments is still in focus. Strategic investments, merging similar activities and using synergies as well as selling off peripheral activities shall enhance the companies' competitive advantage, optimise the use of existing resources and thus further increase added value.

The organisational structure of the ATON Group with the operating units allocated to the relevant business segments is as follows as of 31 December 2016:



The services of the **segment AT Engineering** cover in particular areas of engineering and plant construction for the automotive and mining industry, along with other sectors of the mobility industry, as well as manufacturing of specialised machines.

As a globally leading independent engineering partner to the international mobility industry, the **EDAG** Group develops ready-for-production solutions for the automotive future. The industry focus is on the automotive and commercial vehicle industry. The service portfolio includes the development of vehicles, derivatives, modules, and production plants. The EDAG Group is organised into the three lines of business Vehicle Engineering, Production Solutions and Electric/Electronics. Vehicle Engineering offers global engineering services and know-how along the entire automotive development process focusing on manufacturers and suppliers of the automotive industry. The service portfolio covers the key aspects of vehicle development and ranges from styling, form-finding and modelling through package, body and interior/exterior design development to the entire functional integration of systems into the vehicle. Production Solutions deals with the development of production facilities and factory concepts. The focus hereby is on factory, process and plant development as well as automation engineering and product cost management. Electric/Electronics covers the development and integration of electric/electronics systems in vehicles for vehicle manufacturers and system suppliers. The fields of activities include complete vehicle electric/electronics, comfort and body electronics, driver assistance and safety systems, infotainment and telematics systems as well as electrics/vehicle electrical systems. On 2 December 2015 the EDAG Group went public and is since then accounted for as an associated company.

The **FFT** Group is a global provider of automated and flexible production systems. As a turn-key partner for manufacturers and TIER1-suppliers of the automotive industry as well as for other non-automotive sectors the FFT Group assumes the responsibility for the implementation of complete production plants (turn-key body production and assembly lines). Process reliability, flexibility and adaptability of production facilities are in the focus of the development and implementation process of the FFT Group. By developing and implementing innovative production technologies FFT meets the requirements set by modern production technology. The integration of modern 3D technologies and digital factory tools as well as the systematic use and virtual start-up of these elements are the basis of flexible plant concepts.

Deilmann-Haniel Mining Systems is a plant engineer and a specialist manufacturer of machinery for the realisation and preparation of subsurface coal mines, as well as special applications for all subsurface mining operations.

REFORM is a specialised supplier of grinding machinery located in Fulda. Its product range spans from small knife grinding machines for the timber and paper industry to large-scale, CNC-controlled machines for processing aircraft engines in the aviation industry.

TSO designs, plans, manufactures and assembles customised machinery and equipment for non-food bulk commodities and dusts. Through its tailored solutions, TSO is a competent partner when it comes to conveyor and transport installations, load sensing equipment, dosing and filtering technology in particular.

The **segment AT Mining** offers mining and shaft-sinking services and products worldwide.

The **Redpath** Group is a global mining service provider. The Group's core competencies include contract mining, shaft-sinking and equipment, maintenance and renovation, as well as the development, construction and management of subsurface mines and installations.

The **segment AT Med Tech** develops solutions for the healthcare market in the fields of surgery and diagnostics, specialising in X-ray diagnostics, basic medical diagnostics and minimally invasive surgery, as well as products for the pharmaceuticals industry and hospitals.

Haema is the nationwide largest private blood donor service operating in the Federal Republic of Germany. In the German federal states of Bavaria, Berlin, Brandenburg, Thuringia, Mecklenburg-Western Pomerania, North Rhine-Westphalia, Saxony, Saxony-Anhalt and Schleswig-Holstein, Haema operates 35 modern blood donation centres. As with all blood donor services active in Germany blood and plasma donation are voluntary and unpaid. On request, the donors will be given an appropriate lumpsum compensation for their blood or plasma donation under the statutory provisions. Blood and plasma donations are processed into finished medical products or transferred to the plasma processing industry for handling. All blood products are subject to multiple testing in highly efficient, modern laboratories to ensure compliance with the highest quality and safety standards applicable to the produced finished medical products. At the same time Haema is monitored on a regular basis by independent institutions.

The **Ziehm** Group is specialised on the development, production and global marketing of mobile X-ray imaging systems solutions known as C-arms. The use of modern flat detectors reduces distortions created by standard image enhancers. These systems are primarily used in surgical and emergency care settings. The company also develops specialised equipment for endoscopic procedures. Ziehm is considered an expert and technology leader in the market of C-arms. With Ziehm Vision FD Vario 3D and Ziehm Vision RFD 3D Ziehm offers the only mobile C-arms with 3D imaging on the market that work with a flat-panel technology.

OrthoScan is also leading in the market for so-called mini C-arms used for orthopedic extremity (hand and foot) imaging. OrthoScan's mini C-arms offer orthopedic, casualty and hand and foot surgeons the solution they require for a high-quality, X-ray imager with small dimensions. Furthermore, OrthoScan offers the product Mobile DI. The Mobile DI is an even more compact portable, low-dosage X-ray imager, which can be used when rapid and effortless diagnostics of extremities are required. It is suitable for use in orthopedic practices and athletic sport teams, among other applications. Since the financial year 2015 the integration of OrthoScan into the Ziehm Group is further strengthened.

The **W.O.M**. WORLD OF MEDICINE Group is a pioneer of minimally invasive surgery with its technologies. It is a leading manufacturer of insufflators, which create cavities inside the body with the use of CO_2 gas or liquids. Those cavities are a prerequisite for minimally invasive laparoscopic surgeries via small openings rather than large incisions. Other key product areas include consumable supplies developed specifically for the equipment, endoscopic cameras and the Gamma Finder® used in oncological diagnostics.

The **segment AT Aviation** comprises business aviation and charter flights.

DC Aviation, as operator and charterer including aircraft technology, concentrates on the premium segment of private jets, particularly for medium and long-haul flights. As of 31 December 2016, the DC Aviation Group has 31 aircrafts under contract as an operator. Since 2013, the international presence has been strengthened by a 49 % joint venture in Dubai (DC Aviation Al Futtaim LLC) with local infrastructure at Dubai World Central airport.

ATON Group Finance GmbH is a 100 % subsidiary of ATON GmbH, which was founded on 4 October 2013 in Going, Austria. The main subject of the company is intercompany financing. In November 2013, ATON Group Finance GmbH issued a bond of EUR 200.0 million in the Prime Standard at the German Stock Exchange in Frankfurt am Main. Guarantor for this bond is ATON GmbH.

2. Management

ATON GmbH is a management holding company with extensive competencies regarding strategy and financing. The management of the individual subsidiaries assumes direct operative responsibility and acts within the scope agreed with the management board of ATON GmbH in order to meet the financial and strategic objectives. There is a constant exchange via a monthly reporting between the managing directors of the subsidiaries and the holding company.

3. Research and development

Several companies of the Group operate in technological fields that are constantly evolving. These companies are primarily EDAG, FFT, Ziehm, OrthoScan, W.O.M. and Deilmann-Haniel Mining Systems. In order to differentiate from competitors and to keep up with the latest technological developments, these companies individually operate research and development departments. Permanent development and enhancement of the product portfolio is of great strategic importance in the industries of the companies. The expenditures for research and development expenses of EUR 1.8 million (previous year: EUR 2.2 million) and for capitalised development costs of EUR 2.6 million (previous year: EUR 2.5 million) emphasise the activities for product development and product enhancement. The decline reflects the fact that the EDAG Group is no longer fully consolidated since December 2015.

II. MACROECONOMIC DEVELOPMENT

In the first half of 2016, the global economy had only developed modestly. Since middle of 2016 there is an upward trend, but its momentum was lower than before the economic crisis. The financial policy in many regions continued to support the economic situation.

Due to numerous political conflicts and crises, the global economy growth diminished from 2.8 % in 2015 to 2.5 % in 2016 and is therefore behind previous year's expectations.

The following overview presents the development of the gross domestic product (GDP) in the individual economic regions:

in %	2016 *	2015	2014	2013	2012
World	2.5	2.8	2.8	2.6	2.6
Europe	1.8	2.3	1.8	0.7	- 0.1
Germany	1.8	1.5	1.6	0.6	0.7
North America	1.6	2.5	2.4	1.8	2.2
South America	- 1.1	- 0.2	1.0	2.9	2.7
Asia/Pacific	4.7	4.8	4.7	5.1	4.8
China	6.7	6.9	7.3	7.8	7.8
Middle East	2.5	2.3	2.4	2.4	2.7
Africa	1.8	3.2	2.6	1.9	5.4

Source: Global Insight World Overview as of 15 January 2017.
* Forecast.

The only region to break the trend, with virtually unchanged growth, is Asia / Pacific. It grew by 4.7 % in 2016 (previous year: 4.8 %), despite the fact that, at 6.7 %, economic growth in China was down on the previous year's level of 6.9 %. In Europe, the economy expanded by 1.8 % (previous year: 2.3 %). With growth of 1.8 % (previous year: 1.5 %), the economic performance in Germany was on a par with the growth rate for Europe as a whole. Economic growth in North America fell to 1.6 % (previous year: 2.5 %). In South America, the economy shrank by -1.1 % (previous year: -0.2 %).

The oil price is one of the most important values in the commodity markets. In the first half of 2016, the average price for a barrel of Brent Crude was USD 41.20, which represents a drop of 30.5 % on the price for the same period in 2015. The price then climbed in the second half of the year, when a barrel of Brent Crude cost an average of USD 49.04. The average price over 2016 as a whole was USD 45.15 / barrel, or around 15.9 % less than in the previous year. On 31 December 2016, a barrel of Brent Crude cost USD 56.82 (year end 2015: USD 37.28).

The inflation rate in the euro zone rose to 0.20 % in financial year 2016 (previous year: 0.00 %). The main refinancing interest rate was reduced from 0.05 % to 0.00 % in March 2016. The interest rate on the marginal lending facility dropped at the same time from 0.30 % to 0.25 %, too. The negative interest rate on the deposit facility declined from -0.30 % to -0.40 % in March 2016.

Compared with the average rates in the previous year, the performance of the Euro against various other currencies was mixed in 2016. The average exchange rate against the US Dollar was 0.3 % down on the previous year. Following the UK's referendum on leaving the EU, the Euro gained on average 12.5 % against the British Pound in the second half of the year. The Euro likewise gained in value against the Chinese Renminbi and the Swiss Franc, by 5.4 % and 2.1 %, respectively. Against the Japanese Yen, the Euro fell by 10.6 %.

III. DEVELOPMENT OF THE BUSINESS SEGMENTS

The following figures indicate the gross revenue and results attributable to the particular segments.

1. AT Engineering

The gross revenue of this business segment is almost exclusively generated by the FFT Group, whose customers are mainly from the automotive sector. In addition, the EDAG Group, as associated company, provides a substantial contribution to the result of the business segment. Also, its customers are mainly found within the automotive sector. Insofar, the development of the automotive industry has an influence on this segment, whereas the volatility of the automotive industry only transfers partly and delayed on the segment, because manufacturers need to work on long term development projects for new vehicles and the subsequent capital expenditures on new assembly lines for new vehicle models, which require a longer period in advance, also in economically weak periods.

The global automotive market grew by an estimated 4 % to around 81.6 million units in 2016, exceeding the 80 million mark. The Western European automotive market grew by about 5 % to 13.9 million units. Even more, the Chinese automotive market surprised with an increase in sales by 15 % to 23.1 million units compared to the previous year. The US market, on the other hand, declined slightly (-2 %) to 17.1 million units, but still remains at a high level.

The gross revenue and the EBIT of this business segment developed as follows compared to the previous period:

in EUR '000	**2016**	**2015**	**Change**
Gross revenue	751,659	1,294,152	- 542,493
EBITDA	58,155	438,879	- 380,724
EBITDA margin in %	7.7	33.9	- 26.2
EBIT	46,994	400,067	- 353,073
EBIT margin in %	6.3	30.9	- 24.7

The performance indicators for the segment AT Engineering presented above are significantly influenced by the deconsolidation of the EDAG Group in December 2015. While the EDAG Group was fully included in previous year’s consolidated income statement for 11 months, it is only reflected within the financial result in 2016.

Gross revenue overall decreased by EUR 542.5 million, EBIT decreased by EUR 353.1 million compared to previous period. If the comparative period is adjusted for the figures of the EDAG Group (including the income from deconsolidation), the gross revenue is EUR 82.9 million an the EBIT EUR 22.6 million above previous year. This increase is in line with our expectations.

The following comments on the individual companies of the segment are based on unconsolidated figures.

The FFT Group was able to increase gross revenue by EUR 63.7 million to EUR 701.6 million. At the same time, EBIT increased by EUR 5.2 million to EUR 54.6 million in the reporting period (previous period:

EUR 49.4 million). As of 31 December 2016, the order backlog amounts to EUR 700.9 million (previous period: EUR 539.3 million) and thus increased significantly.

REFORM's gross revenue amounting to EUR 14.3 million is above the level of the previous period (EUR 13.0 million). However, mainly due to the increase in cost of materials EBIT declined by EUR 0.4 Mio to EUR -2.5 million in 2016.

The gross revenue of Deilmann-Haniel Mining Systems increased from EUR 18.1 million to EUR 33.1 million. As a consequence, EBIT improved from EUR -19.9 million in the previous period to EUR -7.8 million, but is still clearly negative as a result of impairments.

2. AT Mining

On the basis of the Bloomberg Commodity Index, commodity prices rose by 17 % in 2016. In the medium term, however, prices are still below the level of 2011.

Regarding industrial metals, zinc recorded the sharpest increase by 79 % during the year 2016. Lead increased by 37 %, nickel by 30 %. Copper rose by 29 %, aluminum by 15 % (on the basis of 1-month future contracts).

In the case of precious metals, gold and silver rose by 8 % and 16 % respectively over the year 2016. Platinum increased by 7 %, palladium by 32 %.

The price for potash decreased by 39 % over the year. The price of coal fell by 10 %.

Mining companies respond to the low level in commodity prices, among other things, by shifting and cancelling of projects.

The gross revenue and the EBIT of this segment developed as follows compared to the previous year. These figures are in line with our expectations:

in EUR '000	2016	2015	Change
Gross revenue	490,521	465,674	24,847
EBITDA	62,559	57,560	4,999
EBITDA margin in %	12.8	12.4	0.5
EBIT	31,791	31,461	330
EBIT margin in %	6.5	6.8	- 0.3

The following comments on the individual companies of the segment are based on unconsolidated figures.

The changes in the segment AT Mining are largely determined by the development of the Redpath Group.

The Redpath Group was able to increase its gross revenue by EUR 24.1 million or 5.2 % to EUR 490.7 million compared to the previous period. Without changes in the EUR/CAD exchange rate or measured in Canadian Dollar, the gross revenue would even rise by 8.8 %. Unchanged to previous year, the intense competition also had an effect on the EBIT of the Redpath Group. The company generated an EBIT of EUR 32.1 million (previous year: EUR 31.5 million) and an EBIT margin of 6.5 % (previous year: 6.8 %). Again, the foreign currency translation between the Euro and the Canadian dollar had a negative impact. The order backlog as of 31 December 2016 amounts to EUR 857.2 million, which is well above previous year (EUR 665.0 million).

3. AT Med Tech

Health expenditure worldwide amounts to about 10 % of the economic output which currently amounts to around USD 7 trillion. The annual growth rate in spending was topping 4 % in the year 2016.

Medical technology as an important medical supplier industry is growing around 5 % annually, too. At the moment, the volume of the global medical technology market amounts to approximately USD 400 billion. The United States alone, as the most important medical technology market, account for more than one third of all spending.

The national health markets are generally highly regulated and, consequently, the corresponding medical technology markets, too. Sometimes, this leads to a fluctuation in demand irrespective of the rest of the economy. For example, the US health reform under president Obama led to initial health insurance cover for more than ten million US citizens already in the first year of "Obamacare". On the other hand, medical device sales were slowed down by the “Medical Device Excise Tax“, which was introduced within the scope of the reform.

The gross revenue and the EBIT of this segment developed as follows compared to previous year:

in EUR '000	**2016**	**2015**	**Change**
Gross revenue	324,875	297,243	27,632
EBITDA	41,677	31,508	10,169
EBITDA margin in %	12.8	10.6	2.2
EBIT	29,182	20,157	9,025
EBIT margin in %	9.0	6.8	2.3

Both gross revenue and EBIT are in line with our expectations.

The following comments on the individual companies of the segment are based on unconsolidated figures.

The Ziehm Group generated a gross revenue of EUR 123.2 million in 2016, which corresponds to an increase of EUR 12.7 million compared to the previous period. The increase is mainly due to the region Western Europe. The EBIT could be improved disproportionately to the increase in gross revenue by EUR 3.2 million to EUR 14.7 million, whereby the EBIT margin now is at 12.0 % (previous year: 10.4 %).

The business development of W.O.M. Group is also positive. The gross revenue amounts to EUR 75.0 million in 2016 and is EUR 10.9 million above previous year’s figure. The EBIT is at EUR 9.6 million (previous period: EUR 7.7 million). The EBIT margin thus increased from 11.9 % in previous year to 12.8 % in 2016.

Haema's gross revenue amounting to EUR 101.4 million is at the level of the previous year (EUR 101.2 million). EBIT increased from EUR 5.7 million to EUR 6.3 million, improving the EBIT margin from 5.7 % in previous year to 6.2 % in 2016.

In the reporting period, OrthoScan generated a gross revenue of EUR 26.1 million and thus an increase by EUR 3.5 million compared to the previous year. As a consequence of this and due to cost-cutting measures, the EBIT improved as well from EUR -3.1 million in previous year to EUR 0.3 million in 2016.

4. AT Aviation

The sector of the business aviation continued to move in a difficult market environment with fierce competition during the year 2016. Above all, the persitently restrictive sanctions for Russia, which are rigorously implemented and promoted by the German government, continue to inhibit the recovery of the industry. This also affects the access of Eastern European customers to financing for the acquisition and ongoing maintenance of business jets. For the business jet manufacturers, it is generally difficult to deliver new aircrafts in the European markets. In this respect, the competition of business jet operators is focused on the acquisition of existing aircrafts from its competitors, which leads to an increasing numbers of takeovers of complete flight operations. Consequently, in the medium term further consolidation of customers at large fleet operators is expected. Aircraft acquisitions, flight hours and achievable charter rates in the market remain well below pre-crisis levels before the year 2008.

The gross revenue and the EBIT of this segment developed as follows compared to the previous year:

in EUR '000	2016	2015	Change
Gross revenue	65,954	74,290	- 8,336
EBITDA	- 1,938	1,829	- 3,767
EBITDA margin in %	- 2.9	2.5	- 5.4
EBIT	- 2,257	1,466	- 3,723
EBIT margin in %	- 3.4	2.0	- 5.4

Due to the difficult economic environment, both gross revenue and EBIT are below our expectations.

The gross revenue in the segment AT Aviation is determined solely by DC Aviation and declined by EUR 8.3 million to EUR 66.0 million compared to the previous year due to less flight hours and less aircraft ownerships, also compared to budget. Due to the sharp decline in gross revenue, DC Aviation's EBIT also dropped from EUR 0.3 million to EUR -2.3 million.

Previous year's segment EBIT was positively influenced with an amount of EUR 1.1 million by Augsburg Airways GmbH, which was deconsolidated in 2015.

IV. RESULTS OF OPERATIONS, FINANCIAL AND NET ASSETS POSITION

The overall picture of the business development of the ATON Group, which results from the sum of the above-illustrated segments as well as the ATON GmbH and the other companies within ATON Group, is explained below.

The key financial performance indicators are gross revenue, earnings before interest and taxes (EBIT) and earnings after tax (EAT).

1. Results of operations

The following overview presents the Group's results of operations, where the items of income and expense are grouped from an economic perspective:

in EUR '000	**2016**		**2015**		**Change**	
Revenue	1,634,601	100.2%	2,122,690	99.6%	- 488,089	
Gross revenue	**1,630,648**	**100.0%**	**2,130,783**	**100.0%**	**- 500,135**	**- 23.5%**
Cost of materials	781,657	47.9%	760,521	35.7%	21,136	
Gross profit	848,991	52.1%	1,370,262	64.3%	- 521,271	
Personnel expenses	520,533	31.9%	937,862	44.0%	- 417,329	
Other operating expenses ./. income	178,325	10.9%	- 57,494	- 2.7%	235,819	
EBITDA	**150,133**	**9.2%**	**489,894**	**23.0%**	**- 339,761**	**- 69.4%**
Depreciation and amortisation	52,685	3.2%	68,971	3.2%	- 16,286	
Impairment losses	2,377	0.1%	8,011	0.4%	- 5,634	
EBIT	**95,071**	**5.8%**	**412,911**	**19.4%**	**- 317,840**	**- 77.0%**
Net interest expense	- 7,065	- 0.4%	- 11,305	- 0.5%	4,240	
Other financial result	13,552	0.8%	10,312	0.5%	3,240	
Net financial result	**6,487**	**0.4%**	**- 993**	**- 0.0%**	**7,480**	
Income taxes	35,354	2.2%	52,869	2.5%	- 17,515	
EAT	**66,204**	**4.1%**	**359,049**	**16.9%**	**- 292,845**	**- 81.6%**
EAT attributable to non-controlling interest	- 935	- 0.1%	1,426	0.1%	- 2,361	
EAT attributable to owners of the parent	**67,139**	**4.1%**	**357,623**	**16.8%**	**- 290,484**	**- 81.2%**

The results of operations, compared to previous year, are significantly influenced by the deconsolidation of the EDAG Group in December 2015. Meanwhile the EDAG Group was fully included in previous year’s consolidated income statement for 11 months and in addition with the result of deconsolidation amounting to EUR 318.0 million, it is only reflected within the financial result in financial year 2016.

Overall, the gross revenue decreased by EUR 500.1 million compared to the previous year. Adjusting for EDAG Group’s contribution (EUR 625.4 million), the increase was EUR 125.3 million, which is in line with the expected positive development compared to previous year.

Gross revenue for the segment AT Engineering fell by EUR 542.5 million to EUR 751.7 million in the financial year 2016 due to the EDAG effect described above. The segment AT Mining recorded an increase of EUR 24.1 million, although the increase was still dampened due to currency translation effects. The gross revenue in the segment AT Med Tech increased by EUR 27.6 million compared with the previous year. The gross revenue in the segment AT Aviation decreased by EUR 8.3 million.

Gross profit also decreased by EUR 521.3 million. The deconsolidation of the EDAG Group led to a decline of EUR 539.5 million, which means that if EDAG Group's previous year figures are adjusted, gross profit rises by EUR 18.2 million. The gross profit margin declined from 64.3 % to 52.1 % mainly due to the deconsolidation of the high-margin EDAG Group. The material cost ratio thus rose from 35.7 % to 47.9 %. With exception of the segment AT Engineering, which is strongly influenced by the deconsolidation of the EDAG Group, there are no considerable changes of the material cost ratio within in the segments.

Personnel expenses with a personnel expenses ratio of 31.9 % declined by of 12.1 percentage points compared with the previous year. This is also primarily due to the deconsolidation of the personnel intensive EDAG Group.

As a result of the effects described above, EBITDA dropped by EUR 339.8 million to EUR 150.1 million. Adjusted for the EDAG Group's contribution and the income from deconsolidation in the previous year, EBITDA rose by EUR 58.4 million.

Scheduled depreciation and amortization decreased by 23.6 % to EUR 52.7 million compared to the previous period. Adjusting the EDAG Group in the previous year, scheduled depreciation and amortization rose by EUR 6.2 million.

EBIT decreased by EUR 317.8 million to EUR 95.1 million (previous period: EUR 412.9 million). Considering the deconsolidation of the EDAG Group EBIT exceeds previous year by EUR 57.9 million which is in line with our expectations. Thereby, the EBIT margin dropped from 19.4 % in the previous period to 5.8 % in the financial year 2016.

In the segment AT Engineering, the EBIT margin decreased from 30.9 % to 6.3 % due to the EDAG deconsolidation effect in previous year. In the segment AT Mining, the EBIT margin of 6.5 % is close to the previous year's level (6.8 %). In the segment AT Med Tech, the EBIT margin rose by 2.2 percentage points to 9.0 %. In the segment AT Aviation, the EBIT margin was -3.4 % (previous year: 2.0 %).

The net interest result is negative but improved by EUR 4.2 million compared to the previous year. This is mainly due to the interest income from the loans to the EDAG Group, which is no longer consolidated. The other financial result improved from EUR 10.3 million in the previous period to EUR 13.6 million in the financial year 2016, which is mainly due to higher income from securities.

The Group’s tax rate rose from 12.8 % in the comparable period to 34.8 %. The low tax rate in the previous year was influenced by the tax-exempt income from deconsolidation of the EDAG Group. The average tax rate in 2016 is slightly above the expected tax rate, mainly due to tax losses carried forward not recognised or impaired.

The earnings after taxes (EAT) decreased by EUR 292.8 million to EUR 66.2 million and are in line with our expectations. After deduction of EAT attributable to non-controlling interest, the EAT attributable to owners of the parent amounts to EUR 67.1 million (previous period: EUR 357.6 million).

2. Financial position

The statement of cash flows presents the Group's cash flows from operating, investing and financing activities, and the resulting change in cash and cash equivalents. The following overview provides a condensed cash flow statement:

in EUR '000	2016	2015	Change	
Cash and cash equivalents at the beginning of the period	**187,050**	**231,650**	**- 44,600**	**- 19.3%**
Income before interest, dividends and income taxes	98,799	418,745	- 319,946	
Depreciation and amortisation/write-ups of assets	55,228	75,557	- 20,329	
Result from the disposal of property, plant and equipment and securities	125	- 896	1,021	
Result from the disposal / deconsolidation of consolidated subsidiaries	-	- 318,060	318,060	
Change in provisions	- 10,970	- 262	- 10,708	
Other non-cash transactions	- 2,937	- 5,080	2,143	
Gross cash flow	**140,245**	**170,004**	**- 29,759**	**- 17.5%**
Interest, dividends and income taxes paid/received	- 12,627	- 65,086	52,459	
Changes in trade working capital	- 62,938	- 102,862	39,924	
Changes in other working capital	- 4,177	- 45,101	40,924	
Cash flow from operating activities	**60,503**	**- 43,045**	**103,548**	**> -100%**
Investments in/proceeds from the disposal of intangible assets and property, plant and equipment	- 59,229	- 84,105	24,876	
Investments in/proceeds from the disposal of financial assets / associates	7,482	- 2,493	9,975	
Payments for the acquisition of/proceeds from the disposal of consolidated subsidiaries	- 4,563	189,140	- 193,703	
Cash flow from investing activities	**- 56,310**	**102,542**	**- 158,852**	**> -100%**
Payments to shareholders	- 362	- 110,014	109,652	
Proceeds from/repayments of bank loans and finance leases	17,070	14,939	2,131	
Cash flow from financing activities	**16,708**	**- 95,075**	**111,783**	**> -100%**
Effect of changes in exchange rates	2,503	- 9,022	11,525	
Cash and cash equivalents at the end of the period	**210,454**	**187,050**	**23,404**	**12.5%**

Compared to previous year, the cash flows are significantly influenced by the deconsolidation of the EDAG Group in December 2015. While in previous year the EDAG Group was included in the cash flow statement for 11 months with its operating business and with the proceeds from the IPO in December 2015, it is reflected only in the dividends received and interests and loan repayments in 2016.

The gross cash flow decreased by EUR 29.8 million to EUR 140.2 million compared to the previous year. While the income before interest, dividends and income taxes, adjusting the income from deconsolidation of the EDAG Group, was almost unchanged compared to previous year, depreciation and amortisation decreased by EUR 20.3 million due to the disposal of the EDAG Group. Provisions also decreased by EUR 10.7 million, mainly as a result of lower provisions for onerous contracts.

The increase in dividends received by EUR 20.5 million had a positive effect on the cash flow from operating activities. These dividends include the dividend received in 2016 from the EDAG Group, which is no longer fully consolidated, amounting to EUR 11.2 million (EUR 0.75 per share). Income tax payments declined by EUR 29.6 million. At the same time, the interest received could be increased by EUR 2.9 million.

The increase in trade working capital is at EUR 62.9 million and therefore EUR 39.9 million lower than in previous year. The increase in other working capital during financial year 2016 by EUR 4.2 million was also reduced by EUR 40.9 million compared to the previous year. As a result, the improvement in the working capital change during 2016 amounting to EUR 80.8 million had a positive effect on the cash flow from operating activities.

The cash flow from investing activities in current reporting period results in a cash outflow of EUR 56.3 million (previous year cash inflow of EUR 102.5 million). Net cash outflow for investments in property, plant and equipment and intangible assets decreased by EUR 24.9 million to EUR 59.2 million, mainly due to the disposal of the EDAG Group. Net inflows from sales / investments in financial investments and associates amount to EUR 7.5 million in the financial year (previous period: EUR -2.5 million).

The acquisition of EKS InTec GmbH and Ciratec bvba resulted in a net cash outflow of EUR 4.6 million in 2016. In previous year, net proceeds from the disposal of consolidated subsidiaries, mainly due to the IPO of the EDAG Group, were at EUR 189.1 million.

The cash flow from financing activities shows a cash inflow of EUR 16.7 million (previous year: cash outflow of EUR 95.1 million). The cash inflow in 2016 mainly results from the net change in bank loans.

Taking into account the effect of changes in currency exchange rates, a total cash inflow amounting to EUR 23.4 million was generated in 2016 (in previous year cash outflow of EUR 44.6 million). Accordingly, cash and cash equivalents increased from EUR 187.1 million at the beginning of the reporting period to EUR 210.5 million at the end of the reporting period.

3. Net assets position

in EUR '000	31.12.2016		31.12.2015		Change	
Assets						
Intangible assets	158,789	8.1%	147,253	7.9%	11,536	7.8%
Property, plant and equipment	253,592	12.9%	238,027	12.8%	15,565	6.5%
Financial assets	627,598	31.9%	652,410	35.2%	- 24,812	- 3.8%
Inventories	153,620	7.8%	165,140	8.9%	- 11,520	- 7.0%
Trade and other receivables	525,781	26.8%	436,837	23.5%	88,944	20.4%
Deferred tax assets	20,636	1.1%	19,553	1.1%	1,083	5.5%
Cash and cash equivalents	210,454	10.7%	187,050	10.1%	23,404	12.5%
Other assets	14,286	0.7%	9,625	0.5%	4,661	48.4%
Total assets	**1,964,756**	**100.0%**	**1,855,895**	**100.0%**	**108,861**	**5.9%**
Equity and liabilities						
Equity	1,160,284	59.1%	1,081,236	58.3%	79,048	7.3%
Provisions	52,823	2.7%	59,853	3.2%	- 7,030	- 11.7%
Financial liabilities	311,028	15.8%	294,781	15.9%	16,247	5.5%
Trade and other payables	408,370	20.8%	395,733	21.3%	12,637	3.2%
Deferred tax liabilities	29,120	1.5%	21,382	1.2%	7,738	36.2%
Other liabilities	3,131	0.2%	2,910	0.2%	221	7.6%
Total equity and liabilities	**1,964,756**	**100.0%**	**1,855,895**	**100.0%**	**108,861**	**5.9%**

The balance sheet total increased by EUR 108.9 million compared to 31 December 2015.

The increase in intangible assets and property, plant and equipment is mainly due to the fact that the Group carried out more than just replacement investments and consequently, additions exceed scheduled amortisation / depreciations and disposals.

Financial assets fell by EUR 24.8 million. The decrease is mainly attributable to a net decrease in loans amounting to EUR 32.4 million and a derease in investments accounted for using the equity method of EUR 5.8 million. This decrease was partly compensated by an increase in securities by EUR 14.7 million.

Trade receivables and other receivables increased by EUR 88.9 million. The reason for this are mainly higher receivables from construction contracts against third parties.

Working capital rose by EUR 64.8 million. Inventories declined by EUR 11.5 million, meanwhile trade and other receivables increased by EUR 88.9 million. Otherwise, trade and other payables also increased by EUR 12.6 million.

Cash and cash equivalents increased by EUR 23.4 million. Concerning information on changes in cash and cash equivalents please refer to the section "Financial position".

The change in other assets mainly results from the growth in income tax receivables by EUR 4.7 million.

The equity ratio increased from 58.3 % at the end of the previous financial year to 59.1 % at the end of the reporting period. The increase in equity of EUR 79.0 million is primarily attributable to the consolidated profit for the financial year 2016 amounting to EUR 66.2 million and other comprehensive income (mostly from currency translation effects) amounting to EUR 12.9 million.

Provisions fell by EUR 7.0 million. This is particularly due to lower provisions for onerous contracts.

Financial liabilities rose by EUR 16.2 million. This is mainly attributable to a net increase in borrowing from banks amounting to EUR 28.2 million. On the other hand, liabilities from finance leases fell by EUR 9.0 million.

Trade payables and other liabilities increased by EUR 12.6 million, mainly because of higher third party trade payables and other liabilities and liabilities related to outstanding invoices.

Other liabilities include income tax liabilities and rose from EUR 2.9 million to EUR 3.1 million.

The following overview presents assets and capital according to maturity:

in EUR '000	**31.12.2016**		**31.12.2015**	
Non-current assets				
Intangible assets and property, plant and equipment	412,381	21.0%	385,280	20.8%
Financial assets	417,487	21.2%	462,061	24.9%
Other assets	25,389	1.3%	20,962	1.1%
	855,257	**43.5%**	**868,303**	**46.8%**
Current assets				
Inventories	153,620	7.8%	165,140	8.9%
Receivables	521,795	26.6%	436,234	23.5%
Other financial assets	210,111	10.7%	190,349	10.3%
Cash and cash equivalents	210,454	10.7%	187,050	10.1%
Other assets	13,519	0.7%	8,819	0.5%
	1,109,499	**56.5%**	**987,592**	**53.2%**
Long-term capital				
Equity	1,160,284	59.1%	1,081,236	58.3%
Financial liabilities	280,876	14.3%	225,020	12.1%
Provisions and liabilities	23,525	1.2%	18,141	1.0%
Other liabilities	29,120	1.5%	21,382	1.2%
	1,493,805	**76.0%**	**1,345,779**	**72.5%**
Short-term capital				
Financial liabilities	30,152	1.5%	69,761	3.8%
Provisions and liabilities	437,668	22.3%	437,445	23.6%
Other liabilities	3,131	0.2%	2,910	0.2%
	470,951	**24.0%**	**510,116**	**27.5%**

Non-current assets of EUR 855.3 million are financed by long-term capital by 174.7 % (previous year: 155.0 %). Including short-term financial liabilities from loan liabilities to related parties in the amount of EUR 4.2 million (previous year: EUR 4.2 million), which are available to the Group as basic funding, the ratio amounts to 175.2 % (previous year: 155.5 %). Furthermore, current assets are financed with long-term capital at a ratio of 57.6 % (previous year: 48.5 %).

The following overview presents the coverage ratios of current assets and capital:

in EUR '000	31.12.2016	Share in total assets	31.12.2015	Share in total assets
Current assets	1,109,499	56%	987,592	53%
Short-term capital	470,951	24%	510,116	27%
Surplus cover or Coverage ratio	**638,548**	**236%**	**477,476**	**194%**

The further improved coverage ratio shows that the Group is based upon a very sound financing as of 31 December 2016.

Net cash as of 31 December 2016 is as follows:

in EUR '000	31.12.2016	31.12.2015	Change
Cash and cash equivalents	210,454	187,050	23,404
Short-term securities	164,969	152,688	12,281
Short-term loans	45,036	37,589	7,447
Financial liabilities	- 311,028	- 294,781	- 16,247
Net cash (+)/debt (-)	**109,431**	**82,546**	**26,885**

V. EMPLOYEES

The expertise of qualified employees is our main asset. Qualified and highly-motivated employees are essential to the success and future competitive advantage of our company. In selective training programmes our employees are developed in professional, methodological and social skills. Furthermore, the Group promotes a systematic professional development training programme and prepares young employees to take on managerial responsibilities.

With initial vocational training and integrated study degree opportunities in business and technical professions, the company offers a broad selection of opportunities for the professional entry. The promotion of training programmes is supplemented with the cooperation with public educational providers and university-level institutes.

In 2016, EUR 4.4 million (previous year: EUR 6.9 million) were invested in advanced training and development programmes for our employees.

The ATON Group employed on average 10,271 employees during the financial year (previous year: 16,672 employees), whereby the decline is due to the deconsolidation of the EDAG Group in December 2015.

In the financial year, the breakdown of employees across into categories was as follows:

	2016	in %	2015	in %
Salaried staff	5,610	55%	11,969	72%
Industrial workers	4,000	39%	3,740	22%
Trainees and interns	661	6%	963	6%
Total employees	**10,271**	**100%**	**16,672**	**100%**
Production and service	8,564	83%	14,557	87%
General administration	1,201	12%	1,565	9%
Sales and marketing	314	3%	353	2%
Research and development	192	2%	197	1%
Total employees	**10,271**	**100%**	**16,672**	**100%**
Germany	4,374	43%	9,598	58%
Europe (excluding Germany)	487	5%	1,330	8%
North America	1,386	13%	1,714	10%
South America	152	1%	383	2%
Australia	305	3%	285	2%
Asia	2,251	22%	1,925	12%
Africa	1,316	13%	1,437	9%
Total employees	**10,271**	**100%**	**16,671**	**100%**

VI. EXPECTED DEVELOPMENTS, OPPORTUNITIES AND RISKS

1. Expected developments

According to the autumn reports 2016 of the German economic research institutes and the European Commission, the global production growth is only at 2.3 % in 2016 after 2.9 % in 2015. However, an increase in global economic growth to 2.7 % is expected for 2017. The current forecast is still dominated by downside risks. This is mainly due to the slowdown in the expansion of production in China and other emerging markets. Fiscal measures stimulate production, but at the same time lead to high debt levels in the corporate sector with decreasing profitability.

For 2017, the Euro zone is expected to grow by 1.5 % (2016: 1.6 %). In the EU, the systemic risks in the banking sector and the uncertainty about the consequences of Great Britain’s exit from the EU remain the most significant risks. Both could lead to investment and consumer restraints and dampen overall economic demand. In return, however, there are also chances of recovery. An increasing stabilization could lead to an increase in investments, which would lead to a much higher increase in demand than is predicted by the institutes.

Inflation within the Euro zone should gradually pick up and reach 1.5 % in 2017 (2016: 0.5 %) as higher wages, increased domestic demand and a slight rise in oil prices will increase price pressure.

For 2017, a growth of 1.4 % (2016: 1.9 %) is forecasted for the German economy. The institutes expect stable growth rates of the German gross domestic product (GDP) until end of 2018. Negotiations regarding the Brexit are considered a downside risk for the prognosis by the researchers. In the event of major confrontations or a significant deterioration in economic relations between the EU and Great Britain, the British economy will be affected more than projected and the German economy will be affected as well. However, given the extremely favorable monetary environment, the researchers also believe that higher growth is not ruled out.

After a economic growth rate of 1.6 % in 2016, the US economy is expected to grow by 2.1 % in 2017. On the whole, an economic upswing in the USA is recorded since 2010, affecting all industrial areas. In the course of the positive economic development, there was an ongoing increase in employment and simultaneously a sinking unemployment rate in 2016. The election of Donald Trump as president of the United States is a source of uncertainty for the forecasts. The political changes may weigh on sentiment, extending the current soft patch in investment and trade. Private consumption could also continue to weaken, so that the growth forecast for 2017 would be jeopardised. Economists are worried that Donald Trump could cut off the access to the US markets. This could have an adverse effect for export-oriented countries within the EU like for example Germany.

After a downturn of China's economic growth from 6.9 % in 2015 to 6.6 % in 2016, a further decline to 6.2 % for 2017 is projected. The short-term risks and opportunities are balanced. After the sharp decline in private investments, which was compensated by public investments in 2016, private investments could rise again in 2017. The weaker Renminbi (RMB) could also have a positive impact on exports in 2017. On the other hand, public investments to maintain a economic growth of 6.5 % led to a sharp debt increase. State intervention therefore does not seem sustainable in the long term.

The economic outlook remains extremely uncertain and the risks are increasing overall. These include slower growth in emerging markets, disorderly adjustments in China and possible further interest rate hikes in the United States. This could affect the financial markets or jeopardise the emerging markets and impoverish economic prospects. A further decline in oil prices could also have a negative effect on oil exporting countries and reduce the demand for exports from the EU. Similarly, risks within the EU could have a bearing on confidence and investment. On the other hand, the combination of currently favorable factors could lead to stronger impulses than expected, especially if investments are recovering.

Regarding the expected development of the business environment and political uncertainty, we assume that the gross revenue, EBIT and EAT in 2017 will be significantly above previous year's figures. This projection is based on the assumption that, with the expiration of the voting agreement, the EDAG Group will be fully consolidated again from mid 2017 on.

2. Risks

a) Macroeconomic risks

Regarding the macroeconomic risks, please refer to the expected developments as well as to the explanations of the macroeconomic development.

b) Financial risks

Liquidity risks

The provision of required liquid funds to implement corporate objectives continues to remain of central importance. The liquidity of the Group is currently secured by the available cash and bank balances, the issued bond as well as sufficient lines of credit. Cash, including short-term investments in bonds, amounted to EUR 375.4 million as of the end of the financial year; including short-term loans and financial liabilities, the net cash amounted to EUR 109.4 million. Financial liabilities of EUR 311.0 million include EUR 4.2 million of loans from related parties that are available on a long-term basis. In addition, the Group and the individual companies have access to sufficient lines of credit and guarantee facilities from banks and credit insurers. As of the end of December 2016, the Group was able to dispose of EUR 385.3 million unutilised lines of credit at banks and credit insurers.

The development of liquidity and available liquid funds is monitored and managed via weekly cash reports. Thus, liquidity risks are addressed by appropriate measures at an early stage. The implemented cash pooling process at the level of ATON GmbH is intended to serve the short-term, revolving financing and cash investments of the subsidiaries within the framework of predefined cash pool limits and to ensure that the Group's liquidity is distributed and managed in the most cost-effective manner. Additional profit contributions are generated by maturity transformation of financial assets. Furthermore, the necessary liquidity reserves at the overall Group level were reduced, the payment and cash management conditions with banks were improved by leveraging greater transaction volumes and the transparency and ability to plan total liquidity were improved.

Interest rate risks

Interest rate risks due to changes in the market interest rates primarily result from variable-rate loan liabilities. The Group addresses the risk through a mixture of fixed- and variable-rate financial liabilities. Liabilities from the issued bond are solely fixed-rate liabilities. As of the end of the year, EUR 16.0 million of financial liabilities from banks were fixed-rate liabilities and EUR 72.0 million were variable-rate liabilities. In addition, EUR 4.2 million of fixed-rate financial liabilities to related parties exists as of the end of the year. The low leverage of the Group contributes to a further reduction of the interest rate risk.

Foreign currency risks

To the extent possible and available, foreign currency risks are hedged via local financing of the subsidiaries in the respective national currency. For further protection, foreign exchange futures are concluded at the level of the subsidiaries and the parent, as well as between the parent and the subsidiaries in individual cases.

Default risks

In order to limit default risks, there are a number of protective measures at the subsidiaries. In Germany, default risks are generally addressed by credit insurers, letters of credit and prepayments. Domestically and abroad, there are established credit check procedures at the subsidiaries. In the great majority of cases, customers are companies with high credit ratings operating in the automotive, commodities or medical industries and public entities. Default risks are furthermore mitigated by retentions of title and the use of letters of credit.

Covenant risks

The majority of financing contracts with banks include covenants that are based on predefined financial ratios. The ratios mainly are equity ratios, leverage ratios and in individual cases, interest coverage ratios. If one of the agreed threshold of the covenants is violated, the lender has the right of termination. The existing covenants were complied with.

In the terms and conditions of the 2013 issued bond there are clauses included, which limit the financial leverage of the ATON Group as well as ATON subsidiaries by using financial ratios. Moreover, the terms and conditions include regulations regarding securing financial liabilities, transactions with owners, change of control and the maximum amount of dividends.

In the case of change of control each bondholder has the right of termination, in breach of other obligations a creditor quorum of 10 % is required for the validity of the termination. The clauses of the bond and the covenants of financing contracts with banks are permanently monitored concerning the companies' current financial results, thereby facilitating the early detection of risks. In the financial year 2016 the clauses of the issuance of the bond were complied with.

Other price risks

Another market risk is the price risk, being that prices for financial assets change unfavourably. Eligible risk variables are stock exchange prices or indices in particular. At the end of the financial year 2016, the Group reports bonds held to maturity amounting to EUR 1.5 million. These have a maximum remaining maturity of several years. Due to the amount of the investment there are no significant risks.

For further explanation regarding the risk report and the risk management system, please refer to note **34. Objectives and methods of financial risk management** of the notes to the consolidated financial statements.

c) Risks of the segments

In addition to the aforementioned macroeconomic and financial risks, the individual segments are exposed to specific risks from operating activities.

AT Engineering

In the segment AT Engineering, project risks are in the foreground. Especially, large-scale projects are complex and executed in parallel in different countries. Sometimes the scope of the services is agreed upon only after an agreement on the total price has been reached. Occasionally, the scope of the services is formulated in an unclear way and leads to additional expenses that are not reimbursed. Unexpected project developments may lead to delays, cost overruns and quality defects, thus straining the company's net assets and financial position and results of operations. Companies are able to detect and address such risks at an early stage by continuous project and risk management, constant project assessments as well as detailed reporting within the context of project steering committees.

Furthermore, the segment is particularly dependent on the development of the automotive industry. EDAG and FFT Group are in part strongly dependent on certain automotive manufacturers and hence on their long-term strategies and sales success.

AT Mining

The greatest risk concerning growth within the Redpath Group is the challenge to retain qualified employees to the company in the long term. In addition, political risks play an important role. The activities of the Redpath Group are partly executed in politically unstable regions. This may have an impact on the future results of operations of the Redpath Group. Other risks, especially in the short and medium term, are deterioration in commodity prices as this may cause mine operators to abandon or delay projects and to cut back on capital investments. Furthermore, long delivery times for machinery could lead to delays of existing projects and increasing competition could reduce profitability.

AT Med Tech

The companies Ziehm, OrthoScan and W.O.M. develop innovative products. In this regard on the one hand the risk exists that the products will not be accepted by the market as originally planned. This implies that the targeted expansion of market share may not be achieved or that market shares may get lost. The companies address this risk by continuously monitoring the market and conducting studies on the marketability of products throughout their entire life cycle. One the other hand a multitude of national and international standards and regulations must be complied with in the field of medical technology. With the increasing internationalisation and the high pace of innovation of the companies, regulatory requirements also increase. In case that the requirements are not complied with, this may lead to a ban on marketing the products.

Haema produces pharmaceuticals and active substances for human use, respectively raw materials for further processing into pharmaceuticals. These biological substances are associated with residual risks of transferring hepatitis and HIV. The company has adequate insurance coverage for these risks and has minimised manufacturing risks by implementing quality assurance standards and ongoing quality development.

A general risk for the segment is the development of healthcare policy. A weakening economy could lead to reduced spending in healthcare, which will directly impact the sale of products.

AT Aviation

Beside industry risks, such as increases in jet fuel prices, changes in the legal environment, additional levies (e.g. aviation taxes), etc., aviation companies are exposed to potential flight risks and technical operation risks. Particularly, these include the risk that flight operations cannot be constantly performed due to technical or external factors as well as the risk of aircraft accidents with the danger of property damage and personal injury. In order to reduce the risk of aircraft accidents caused by human error, pilots regularly participate in legally mandated and supplementary safety training programmes. Internal standard operating procedures and the continuous improvement of the internal control system ensure that risks are detected and prevented.

DC Aviation is specialised in the management and operation of business aircrafts and in the premium charter business. The business aviation sector usually directly responds to the economic climate. A weakening of the economy directly impacts the occupancy rates of charter flights, in which DC Aviation bears a direct cost risk, while the cost risk for aircraft management lies with the owners.

d) Legal risks

After the squeeze-out of the external stockholders of W.O.M. World of Medicine AG – now registered as W.O.M. WORLD OF MEDICINE GmbH – the former minority shareholders have initiated legal proceedings ("Spruchverfahren") to verify the adequacy of the compensation ("Barabfindung") of EUR 12.72 per share in the meantime. The legal proceedings before the Regional Court of Berlin ("Landgericht Berlin") are still pending. The duration and the outcome of the proceedings are still open.

3. Opportunities

a) Opportunities in general

The subsidiaries of the ATON Group belong to the national and international market leaders in various fields and product segments in terms of revenue or the technological level of their products and services. Based on the high level of technological expertise, a high product quality as well as long-term customer relationships the ATON Group sees opportunities for further expansion of the particular market shares. The future strategic orientation of the individual companies' services and products and prospective selective strengthening of the corporate portfolio in the individual business segments leveraging synergies within those segments will enable the companies to create additional opportunities.

b) Opportunities of the segments

AT Engineering

For 2017, the German Association of the Automotive Industry (VDA) is forecasting a growth of 2 % to 83.6 million units. This growth is mainly driven by a once again expected 5 % higher sales volume in China. For Russia, too, a growth of about 5 % is expected again after a minus of 10 % in 2016. Brazil, where the automotive market has declined by about 20 % in 2016, is expected to move sideways in 2017. A stable development is also expected for the Western European and the US market.

This continuation of global market growth in the automotive industry continues to provide positive impulses in the market for engineering services. Major growth impulses are generated mainly by electromobility and digitisation. German automotive manufacturers alone, want to expand their model range of e-cars from currently 30 models to nearly 100 models in the year 2020. Until 2020, more than EUR 40 billion will be invested in alternative drive concepts.

In addition to electromobility, digitisation is the second major future trend in the automotive industry. This involves the connected and automated driving. The entire automotive industry is in a digital transformation process with double-digit billion investments.

It is expected that our business segment Engineering will be strongly participating in these positive trends.

The EDAG Group is one of the leading engineering service provider. The resulting consolidated market position will offer opportunities to strengthen existing and acquire new client relationships.

Alongside the automotive industry, the FFT Group also shows business potential within the aviation industry. New contracts could be acquired during 2016. In this field, additional growth potential is considered as an opportunity.

AT Mining

The oversupply, which has dominated the commodity markets for considerable time, has not yet been completely dismantled. The enormous investment gap in the past few years due to the sharp drop in raw material prices will become increasingly noticeable. Particularly in areas with long investment cycles, such as in the case of classic industrial mining production, the weak investment activity of the past will increasingly be reflected in a weak supply development. Consequently, the year 2017 should be characterized by price stabilization in the commodity markets.

In the medium to long term, we also expect that the demand for commodities will recover. Therefore, the rising commodity prices will result in higher demand for mining contractor services. There will be increased demand for Redpath’s services because large mining operators will expand their mining operations in the long term.

AT Med Tech

After an annual growth rate in worldwide health expenditure topping 4 % in the year 2016, annual growth rate for spending in 2017 and 2018 is expected to rise to over 6 %. In addition to technological progress, drivers for continued growth are the demographic development of developed industrial nations towards an aging population, the increase in chronic civilization diseases (such as diabetes), a growing health consciousness, the growing purchasing power of the population in emerging markets (particularly in Asia and the Middle East) and the resulting willingness to invest in their own health. This is counteracted by the cost-saving pressure in the health care systems and the efficiency increases.

According to Spectaris, the German Med Tech professinoal association, the German manufacturers of medical devices generated a sales growth of 2.5 % in 2016 (previous year: 11.6 %). For the year 2017 the association expects a growth rate of at least 4 %, and for the coming years until 2025 an annual growth of approx. 6 %. ATON Group's growth potential lies mainly in a stronger penetration of the core markets of Europe and North America and a continuing expansion into the markets of Asia and South America. For this purpose, driving technological innovation and the protection of technological leadership associated therewith will open up new opportunities.

AT Aviation

The high quality of services offered, with safety standards above industry average particularly in business aviation, enables DC Aviation to secure and expand their market position. Opportunities for DC Aviation particularly arise in the area of aircraft management, due to its exceptional market position and reputation, to gradually acquire additional renowned corporate customers. The same applies to potential new customers in regions where the advantages of qualified services like those offered by DC Aviation are not provided to the same extent at the local level (Africa, Eastern Europe, Middle East). Reorganisations, especially in the field of technology, will also be reflected in a much more efficient organisational structure and improved capacity marketing opportunities from 2017 onward.

c) General statement on risks and opportunities

The ATON Group is exposed to a large number of different risks and opportunities. From the management's point of view, the operational risks of the business units as well as the macroeconomic risks are more important for the ATON Group than the legal and financial risks. According to the management's current assessment, these risks overall do not have adverse financial effects on the Group due to the heterogeneous structure and diversified operations in various markets of the ATON Group.

VII. RISK MANAGEMENT AND ACCOUNTING-RELATED INTERNAL CONTROL SYSTEM

1. Management of risks and opportunities

In the course of its business operations, the Group is exposed to risks, which are inextricably linked to its entrepreneurial initiative. A complete exclusion of those risks would only be possible by stopping business activities, insofar the acceptance of risks is part of entrepreneurial action.

The primary objective of the risk management is to ensure the success and going concern of the companies. Risks and opportunities of the individual subsidiaries have to be identified, evaluated, and any risks that potentially endanger the success of companies have to be limited or eliminated.

The subsidiaries of the ATON GmbH operate in different industries, different geographical locations and in various national and international markets. This entails individual company-specific risks, which can result in risks different in nature and scope depending on the activities and the environment of the respective company. Therefore, the focus of risk identification from the respective management board of the subsidiaries is first of all placed on the continuous identification of financial risks in the form of risks to results of operations, financial position and liquidity, which may jeopardise the company as a going concern. Identified risks are reported on an ad-hoc basis to ATON GmbH by the management boards of the subsidiaries. In addition, economic, legal, technical and other risks are assessed every six months and discussed with ATON GmbH.

As a result of the highly differentiated Group structure, the distribution of opportunities and risks also depends on very different factors in the individual segments and the individual companies respectively. For this reason, risk management and implementation of opportunities is planned and controlled by the companies and agreed with the holding company in short- and medium-term strategy and financial planning meetings. Monitoring of key financial data is performed weekly respectively monthly by means of financial reporting by the individual companies, which are analysed for deviations from the holding company. Regularly, the companies and the holding management review agreed development of strategy and results of operations and determine possible strategy adjustments and countermeasures.

2. Accounting-related internal control system

The internal control system of the ATON Group is designed to ensure that the (accounting-related) Group wide reporting processes are consistent, transparent and reliable as well as in compliance with legal standards and the company's own guidelines. It comprises principles, procedures and methods designed to reduce risk and ensure the effectiveness and accuracy of processes.

The Group's management board bears the overall responsibility for the internal control system and risk management with regard to the consolidated accounting process. All companies included in the consolidated financial statements are embedded in a defined management and reporting organisation. Areas of responsibility related to accounting are clearly structured and assigned by the ATON Group. The central units of the ATON GmbH, as well as the Group companies, are responsible for carrying out the accounting processes in an adequate way. Major processes and deadlines are defined Group wide by the ATON GmbH. Beyond that, the accounting of the ATON Group is decentralised. For the most part, accounting duties are performed by the consolidated companies at their own responsibility. The audited financial information of the subsidiaries prepared in accordance with IFRS and the uniform accounting policies are submitted to the Group. The departments involved in the accounting process are appropriately staffed and funded. The acting employees hold the necessary qualifications; case-related external experts are also involved. Control activities at Group level include analysing and, if necessary, adjusting the data reported in the financial information presented by the subsidiaries. The Group management report is centrally prepared in accordance with the applicable requirements and regulations with involvement of and in consultation with the Group companies. Segregation of duties and the implementation of the four-eye principle are additional control mechanisms. The IT systems are protected from unauthorized access. Access rights are assigned according to the functions.

Based upon documented processes, risks and controls, the internal control system is regularly monitored and adjusted to current developments and therefore provides transparency with regard to the structure, workflows and effectiveness of the internal and external reporting.

VIII. DISCLAIMER

The management report contains forward-looking statements concerning expected developments. These statements are based on current estimates and are subject to risks and uncertainties by nature. Actual events may deviate from the statements made in this management report.

Munich, 25 April 2017

ATON GmbH
Management Board

Thomas Eichelmann Jörg Fahrenbach

ATON GmbH, Munich

CONSOLIDATED FINANCIAL STATEMENTS

AS OF 31 DECEMBER 2016

(Translation – the German text is authoritative)

CONSOLIDATED INCOME STATEMENT 2016

in EUR '000	Note	2016	2015
Revenue	6	1,634,601	2,122,690
Changes in inventories and own work capitalised	7	- 3,953	8,093
Other operating income	8	43,152	382,254
Cost of materials	9	- 781,657	- 760,521
Personnel expenses	10	- 520,533	- 937,862
Depreciation and amortisation	16,17	- 55,062	- 76,983
Other operating expenses	11	- 221,477	- 324,760
Earnings before interest and taxes (EBIT)		**95,071**	**412,911**
Result from investments accounted for using the equity method	12	3,446	2,691
Other investment result	33	- 111	- 428
Interest income	13	8,444	5,482
Interest expense	13	- 15,509	- 16,787
Other financial result	14	10,217	8,049
Financial result		**6,487**	**- 993**
Earnings before income taxes (EBT)		**101,558**	**411,918**
Income taxes	15	- 35,354	- 52,869
Profit or loss for the period from continuing operations		**66,204**	**359,049**
Profit or loss for the period (EAT)		**66,204**	**359,049**
attributable to non-controlling interest	26	- 935	1,426
attributable to owners of the parent		**67,139**	**357,623**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME 2016

in EUR '000	Note	2016	2015
Profit or loss for the period		**66,204**	**359,049**
attributable to non-controlling interest		- 935	1,426
attributable to owners of the parent		67,139	357,623
Items that may be subsequently reclassified to profit or loss			
Available-for-sale financial assets			
Gains (+) / losses (-) from fair value valuation recognised in other comprehensive income	26	327	70
Amount reclassified to profit or loss		-	-
Deferred taxes on available-for-sale financial assets	15	- 75	- 20
Currency translation differences			
Gains (+) / losses (-) from currency translation differences recognised in other comprehensive income	26	12,008	- 22,731
Amount reclassified to profit or loss		-	-
Cash flow hedges			
Gains (+) / losses (-) from cash flow hedges recognised in other comprehensive income	26	2,048	- 2,266
Amount reclassified to profit or loss		-	-
Deferred taxes on gains / losses from cash flow hedges	15	- 699	917
		13,609	**- 24,030**
Items that will not be reclassified to profit or loss			
Remeasurements of defined benefit plans			
Remeasurements of defined benefit plans recognised in other comprehensive income	27	- 1,187	2,518
Deferred taxes on remeasurements of defined benefit plans	15	483	- 564
		- 704	**1,954**
Other comprehensive income before income taxes		**13,196**	**- 22,409**
Income taxes on other comprehensive income		**- 291**	**333**
Other comprehensive income, net of income taxes		**12,905**	**- 22,076**
attributable to non-controlling interest		- 173	156
attributable to owners of the parent		13,078	- 22,232
Total comprehensive income for the period		**79,109**	**336,973**
attributable to non-controlling interest		- 1,108	1,582
attributable to owners of the parent		80,217	335,391

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 31.12.2016

Assets **in EUR '000**	**Note**	**31.12.2016**	**31.12.2015**
Goodwill	16	138,348	127,517
Other intangible assets	16	20,441	19,736
Property, plant and equipment	17	253,592	238,027
Reparable aircraft spare parts		767	806
Other financial assets	21	124,230	163,029
Investments accounted for using the equity method	20	293,257	299,032
Trade and other receivables	22	3,986	603
Deferred tax assets	15	20,636	19,553
Non-current assets		**855,257**	**868,303**
Inventories	23	153,620	165,140
Trade and other receivables	22	521,795	436,234
Other financial assets	21	210,111	190,349
Income tax receivables	15	11,111	6,383
Cash and cash equivalents	24	210,454	187,050
		1,107,091	985,156
Assets held for sale and discontinued operations	25	2,408	2,436
Current assets		**1,109,499**	**987,592**
Total assets		**1,964,756**	**1,855,895**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 31.12.2016

Equity and liabilities in EUR '000	**Note**	**31.12.2016**	**31.12.2015**
Equity attributable to owners of the parent *	26	1,154,817	1,069,512
Non-controlling interest	26	5,467	11,724
Equity	26	**1,160,284**	**1,081,236**
Provisions for pensions	27	15,025	10,151
Other provisions	28	3,836	3,504
Financial liabilities	29	280,876	225,020
Trade and other payables	30	4,664	4,486
Deferred tax liabilities	15	29,120	21,382
Non-current liabilities		**333,521**	**264,543**
Provisions for income taxes	28	14,781	12,212
Other provisions	28	19,181	33,986
Financial liabilities	29	30,152	69,761
Trade and other payables	30	403,706	391,247
Income tax liabilities	15	3,131	2,910
Current liabilities		**470,951**	**510,116**
Total equity and liabilities		**1,964,756**	**1,855,895**

* Regarding the information of issued capital and reserves please refer to the statement of changes in equity.

STATEMENT OF CHANGES IN EQUITY AS OF 31.12.2016

in EUR '000	Equity attributable to owners of the parent								Non-controlling interest	Equity
				Other comprehensive income						
	Share capital	Capital reserve	Retained earnings incl. profit or loss	Currency translation differences	Cash flow hedges	Fair value of available-for-sale financial assets	Remea-surements of defined benefit plans	Total		
Balance as of 1st January 2015	**15,000**	**686,823**	**145,362**	**- 1,983**	**-**	**585**	**- 12,613**	**833,174**	**2,114**	**835,288**
Equity transactions with shareholders										
Changes in the scope of consolidation	-	- 1,306	1,603	2,065	-	- 1	8,026	10,387	8,042	18,429
Capital increase	-	560	-	-	-	-	-	560	-	560
Dividend payments	-	- 61,871	- 48,129	-	-	-	-	- 110,000	- 14	- 110,014
	-	- 62,617	- 46,526	2,065	-	- 1	8,026	- 99,053	8,028	- 91,025
Total comprehensive income for the period										
Other comprehensive income, net of income taxes 2015	-	-	-	- 22,873	- 1,349	50	1,940	- 22,232	156	- 22,076
Profit or loss 2015	-	-	357,623	-	-	-	-	357,623	1,426	359,049
	-	-	357,623	- 22,873	- 1,349	50	1,940	335,391	1,582	336,973
Balance as of 31 December 2015	**15,000**	**624,206**	**456,459**	**- 22,791**	**- 1,349**	**634**	**- 2,647**	**1,069,512**	**11,724**	**1,081,236**
Balance as of 1st January 2016	**15,000**	**624,206**	**456,459**	**- 22,791**	**- 1,349**	**634**	**- 2,647**	**1,069,512**	**11,724**	**1,081,236**
Equity transactions with shareholders										
Dividend payments	-	-	-	-	-	-	-	-	- 362	- 362
Other changes	-	4,962	126	-	-	-	-	5,088	- 4,787	301
	-	4,962	126	-	-	-	-	5,088	- 5,149	- 61
Total comprehensive income for the period										
Other comprehensive income, net of income taxes 2016	-	-	-	12,181	1,349	252	- 704	13,078	- 173	12,905
Profit or loss 2016	-	-	67,139	-	-	-	-	67,139	- 935	66,204
	-	-	67,139	12,181	1,349	252	- 704	80,217	- 1,108	79,109
Balance as of 31 December 2016	**15,000**	**629,168**	**523,724**	**- 10,610**	**-**	**886**	**- 3,351**	**1,154,817**	**5,467**	**1,160,284**

CONSOLIDATED STATEMENT OF CASH FLOWS 2016

in EUR '000	**Note**	**2016**	**2015**
Income before interest, dividends and income taxes	31	98,799	418,745
Income taxes paid		- 31,007	- 60,584
Interest paid		- 14,730	- 14,210
Interest received		8,166	5,230
Dividends received		24,944	4,478
Depreciation and amortisation/write-ups of assets		55,228	75,557
Change in provisions		- 10,970	- 262
Other non-cash transactions		- 2,937	- 5,080
Result from the disposal of property, plant and equipment		- 1,245	- 1,616
Result from the disposal of securities		1,370	720
Result from the disposal / deconsolidation of consolidated subsidiaries	5	-	- 318,060
Change in other assets		- 75,160	- 165,391
Change in other liabilities		8,045	17,428
Cash flow from operating activities		**60,503**	**- 43,045**
Investments in intangible assets	16	- 7,828	- 9,913
Proceeds from the disposal of intangible assets		2	428
Investments in property, plant and equipment	17	- 56,200	- 81,824
Proceeds from the disposal of property, plant and equipment		4,797	7,204
Investments in financial assets / associates		- 45,123	- 6,421
Proceeds from the disposal of financial assets		52,605	3,928
Payments for the acquisition of consolidated subsidiaries	5	- 4,563	- 1,161
Proceeds from the disposal of consolidated subsidiaries	5	-	190,301
Cash flow from investing activities		**- 56,310**	**102,542**
Payments to shareholders		- 362	- 110,014
Repayments of finance lease liabilities		- 9,924	- 4,192
Proceeds from finance leases		12,610	7,612
Proceeds from bank loans		118,350	30,397
Repayments of bank loans		- 103,966	- 18,878
Cash flow from financing activities		**16,708**	**- 95,075**
Change in cash and cash equivalents		20,901	- 35,578
Effect of changes in exchange rates		2,503	- 9,022
Cash and cash equivalents at the beginning of the period		187,050	231,650
Cash and cash equivalents at the end of the period	24	**210,454**	**187,050**

Notes to the consolidated financial statements 2016

Contents

1. General information

ATON GmbH (ATON GmbH or the "Company") has its registered office in Leopoldstraße 53, 80802 Munich, Germany, and is registered at the Munich Local Court under the registration number HRB 193331.

ATON GmbH and its subsidiaries (collectively, the "Group") are organised on a global basis and operate on all continents with core activities in the defined business segments of AT Engineering, AT Mining, AT Med Tech and AT Aviation.

The consolidated financial statements of ATON GmbH as of 31 December 2016 have been prepared in accordance with Section 315a of the German Commercial Code (Handelsgesetzbuch, "HGB") and the provisions of the International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB), London, applicable on the reporting date and as adopted by the European Union, and with the interpretations of the International Financial Reporting Interpretations Committee (IFRIC).

The annual financial statements of ATON GmbH, which were certified with an unqualified auditor's report by Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Munich, and the consolidated financial statements of ATON GmbH are submitted to the operator of the electronic Federal Gazette. The consolidated financial statements of ATON GmbH for the financial year 2016 were authorised for publication by a management resolution on 25 April 2017. Under the relevant statutory provisions, the shareholders still have the option in theory of making changes to the financial statements. Dr. Lutz Helmig exercises control over the Group.

The consolidated financial statements are prepared in Euro. Unless indicated otherwise, all amounts are rounded up or down to the nearest k EURO in accordance with normal commercial practice. Rounding may give rise to rounding differences of +/- EUR 1k.

The financial year corresponds to the calendar year.

Individual items in the income statement and the statement of comprehensive income, the statement of financial position, the statement of cash flows and the statement of changes in equity of the ATON Group have been combined in order to achieve greater clarity. Full details are given in the notes to the financial statements. The income statement has been prepared in accordance with the nature of expense method. The statement of financial position is classified by the maturity of the assets and liabilities. Assets and liabilities are treated as current if they are due within one year or within the normal business cycle of the company or of the Group, or if they are intended to be sold. Deferred tax assets and liabilities are principally presented as non-current, as are provisions for pensions.

2. Basis of preparation of the consolidated financial statements

2.1. General principles

The financial statements of the domestic and foreign subsidiaries included in the consolidated financial statements are prepared in accordance with the accounting policies that are consistently applied throughout the ATON Group. The financial statements of the subsidiaries included in the consolidated financial statements are prepared as of the reporting date of the consolidated financial statements.

The consolidated financial statements are prepared on the basis of historical acquisition and production costs, with the exception of items reported at their fair values, such as derivative financial instruments, available-for-sale financial assets and plan assets in connection with pension obligations.

2.2. Application of new, amended and revised standards

The accounting policies adopted are consistent with those of the previous financial year except as described below.

Accounting standards applied on a mandatory basis for the first time during the current financial year

The Group has applied all accounting pronouncements adopted by the EU and required to be applied as from 1 January 2016:

Amendments to IAS 19 „Defined Benefit Plans: Employee Contributions“

The amendments clarify the accounting for defined benefit plans that deal with the allocation of employee contributions or contributions from third parties to the service periods when the contributions are linked to the service period. In addition, simplifications are provided where the contributions do not vary with the length of employee service. These amendments do not have any impact on the Group.

Improvements to IFRS 2010 - 2012

As part of this annual improvement project changes within seven standards took place. The aim of adapting the wording of those individual IFRS is to clarify the existing regulations. This project affects the standards IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38. The changes do not have a material impact on ATON GmbH’s consolidated financial statements.

Improvements to IFRS 2012 - 2014

As part of this annual improvement project changes within four standards took place. The aim of adapting the wording of those individual IFRS is to clarify the existing regulations. This project affects the standards IFRS 5, IFRS 7, IAS 19 and IAS 34. The changes do not have a material impact on ATON GmbH’s consolidated financial statements.

Amendments to IFRS 11 „Joint Arrangements: Accounting for Acquisitions of Interests in Joint Operations“

The amendments to IFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business, must apply the relevant „IFRS 3 Business Combinations” principles for business combination accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation if joint control is retained. In addition, a scope exclusion has been added to IFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party.

The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation and are applied prospectively. These amendments do not have any impact on the Group as there has been no interest acquired in a joint operation during the period.

Amendment to IAS 16 „Property, plant and equipment“ and IAS 41 „Agriculture: Agriculture – Bearer plants“

The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of IAS 41 „Agriculture”. Instead, IAS 16 will apply. The amendments are applied retrospectively and do not have any impact on the Group as it does not have any bearer plants.

Amendment to IAS 16 „Property, plant and equipment“ and IAS 38 „Intangible Assets: Clarification of acceptable methods of depreciation an amortization“

The amendments clarify the principle in IAS 16 „Property, Plant and Equipment” and IAS 38 „Intangible Assets” that revenue represents economic benefits that are generated from operating a business (of which the asset is a part). Therefore, the economic benefits do not arise from the consumption, which results from the use of an asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are applied prospectively and do not have any impact on the Group, given that it has not used a revenue-based method to depreciate its non-current assets.

Amendments to IAS 1 „Presentation of Financial Statements: Disclosure Initiative“

The amendments to IAS 1 clarify, rather than significantly change, existing IAS 1 requirements. The following clarifications are stated:

- Materiality requirements in IAS 1
- Possiblity to disaggreate specific line items in the statement(s) of profit or loss and OCI and the statement of financial position

- Flexibility as to the order of the notes to financial statements

- Shares of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement(s) of profit or loss and OCI. These amendments do not have any material impact on the Group.

Amendments to IFRS 10, IFRS 12 and IAS 28 „Investment Entities – Applying the Consolidation Exemption"

The amendments address issues that have arisen in applying the investment entities exception under IFRS 10 „Consolidated Financial Statements". The amendments to IFRS 10 clarify that the exemption from presenting consolidated financial statements applies to a parent entity, if the superordinate parent does not consolidate its subsidiaries but measures them at fair value according to IFRS 10. Furthermore, the amendments to IFRS 10 clarify that only a subsidiary of an investment entity is consolidated that is not an investment entity itself and that provides support services to the investment entity. All other subsidiaries of an investment entity are measured at fair value. The amendments to IAS 28 „Investments in Associates and Joint Ventures" allow the investor, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries. These amendments are applied retrospectively and do not have any impact on the Group as the Group does not apply the consolidation exception.

New and amended standards and interpretations not applied

The Group did not early adopt the following accounting standards published by the IASB in its consolidated financial statements for the financial year 2016, because the application was not yet mandatory and the endorsement by the EU is still pending.

Standards/ Amendments		EU Endorsement	Mandatory application*[1)]	Expected effect
IFRS 9	Financial Instruments	Yes	01.01.2018	Effects are currently being examined [3)]
IFRS 15	Revenue from Contracts with Customers	Yes	01.01.2018	Effects are currently being examined [4)]
IFRS 16	Leases	No	01.01.2019	Effects are currently being examined [5)]
Amendments to IAS 12	Clarification of the requirements on recognition of deferred tax assets for unrealised losses	No	01.01.2017	No material effects
Amendments to IAS 7	Disclosure initiative	No	01.01.2017	Effects are currently being examined
Clarifications to IFRS 15	Revenue from Contracts with Customers	No	01.01.2018	Effects are currently being examined
Amendments to IFRS 2	Classification and Measurement of Share-based Payment Transactions	No	01.01.2018	Effects are currently being examined
Amendments to IFRS 4	Applying IFRS 9 "Financial Instruments" in connection with IFRS 4 " Insurance Contracts"	No	01.01.2018	None
	Annual Improvements to International Financial Reporting Standards (2014 - 2016) [2)]	No	01.01.2018 or 01.01.2017	Effects are currently being examined
IFRIC 22	Foreign Currency Transactions and Advance Consideration	No	01.01.2018	Effects are currently being examined
Amendments to IAS 40	Transfers of Investment Properties	No	01.01.2018	Effects are currently being examined

* Mandatory application in accordance with IFRSs for financial years beginning on or after the date given

1) In accordance with Section 315a HGB, application is not mandatory for standards and interpretations that have not yet been endorsed by the EU

2) Minor amendments to a number of IFRSs (IFRS 1, IFRS 12 and IAS 28)

3) IFRS 9 includes revised guidance for the recognition, measurement and derecognition of financial instruments as well as accounting rules for hedging transactions and replaces the previous regulations of IAS 39. In particular, the regulations on the classification of financial instruments, the regulation regarding impairment and parts of the accounting rules for hedging transactions have been revised. Unlike the incurred loss model described in IAS 39, IFRS 9 is based on the expected loss model. The new regulations regarding impairment are to be applied to financial assets that are measured at amortized cost or at fair value through other comprehensive income (OCI). Looking at the currently available financial instruments at the ATON Group, we do not expect any material effects from the revised classification of financial instruments. Due to the fact that impairment is based on the expected loss model in the future, we expect higher impairments on receivables. There will be no significant impact on hedging relationships.

4) IFRS 15 „Revenue from Contracts with Customers" provides a comprehensive framework for determining whether, to what extent and at what point in time revenues are recognized. It replaces existing revenue recognition guidelines, including IAS 18 „Revenue", IAS 11 „Construction contracts", and IFRIC 13 „Customer Loyalty Programmes". IFRS 15 is to be applied for the first time in financial years beginning on or after January 1, 2018. Early application is permitted, but is currently not intended. We have performed an initial analysis based on the current composition of ATON Group. In the ATON Group, IFRS 15 will have a major impact on the accounting for projects, which are currently being accounted for as construction contracts as defined in IAS 11. Revenue is currently being calculated according to the degree of completion (PoC method), whereby the project progress is measured according to the cost-to-cost method. According to IFRS 15, control is the decisive criterion for revenue recognition. Based on the findings of our analysis phase, we are cur-

rently assuming for the segment AT Engineering that there will be no changes in the revenue figures for „turn-key production facilities", which account for approximately 90 % of sales at FFT Group. Regarding the revenue stream „system technologies", which stand for around 2 to 3 % of FFT Group's revenue, we assume that for contracts, where currently revenue recognition takes place over a period of time, revenue might be recognized at a point in time. The revenue stream „transport racks", which accounts for approx. 3 % of the revenue of the FFT Group, is currently still being analysed to determine whether revenue recognition is required over a period of time (currently revenue recognition at a point in time). In the segment AT Mining, the analysis of the existing contracts and the effects of the new IFRS 15 have not yet finally been concluded, so currently no statement can be made regarding the potential effects. In the segment AT Med Tech, we do not expect any changes regarding revenue recognition for product sales (direct sales and distributors). In the service and spare parts business, there may be shifts in revenue recognition. Revenue recognition for service packages offered as a bundle of different services will partly take place at a certain point of time and partly over a period of time in ain the future, meanwhile currently revenue is recognised on a monthly straight-line basis. For the segment AT Aviation, we expect that by far the largest revenue stream "aircraft management" will not be affected by IFRS 15. The same applies to the revenue stream "consulting". Regarding the revenue streams "aircraft maintenance" and "business jet charter" we assume that current revenue recognition at a certain point in time will change to revenue recognition over a period of time. Due to the relatively short service performance periods, we only expect revenue shifts by some months. The Group has not yet decided which of the available transition options and reliefs will be used.

5) IFRS 16 introduces a uniform accounting model whereby leases are recognised in the lessee's balance sheet. A lessee recognises a right-of-use asset, which represents his right to use the underlying asset, as well as a liability arising from the lease that constitutes his obligation to make payments. There are exemptions for short-term leases and leases with regard to low-value assets. Accounting at the lessor is comparable to the current standard, which means that leasing companies continue to classify leases as finance or operating leases. IFRS 16 replaces the existing guidance on leases, including IAS 17 „Leases", IFRIC 4 „Determining Whether an Agreement Contains a Lease", SIC-15 „Operating Leases" - Incentives and SIC-27 „Evaluation the substance of transactions involving the legal form of lease". Subject to EU endorsement, the standard has to be applied for the first time in the first reporting period of a financial year beginning on or after 1 January 2019. Early adoption is permitted for companies that apply IFRS 15 „Revenue from Contracts with Customers" at the time of the first application of IFRS 16 or before. The ATON Group is currently reviewing the possible effects of applying IFRS 16 to its consolidated financial statements. Without being able to make concrete quantitative statement at this time, the assets and liabilities will increase as a result of the initial application and the equity ratio will therefore be reduced.

2.3. Scope of consolidation and consolidation principles

The shareholdings of the ATON Group comprise subsidiaries, associates and joint ventures.

Subsidiaries

In addition to ATON GmbH, the consolidated financial statements include all material subsidiaries. Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are fully consolidated from the date on which the Group gains control. When the control ceases, the Group deconsolidates the subsidiary as of this date.

All business combinations are accounted for using the acquisition method. The cost of a business acquisition is measured according to the fair values of the assets acquired and the liabilities entered into or assumed at the date of the acquisition. Acquisition-related costs are recognised as expenses at the date when they are incurred. The identifiable assets acquired in a business combination and the liabilities assumed are measured at their fair value at the date of acquisition, irrespective of the extent of any non-controlling interest in equity. Non-controlling interest is measured either at its fair value (full goodwill method) or at its proportionate share of the fair value of the assets acquired and liabilities assumed. The amount by which the total of the cost of the acquisition, the amount of the non-controlling interest in the business acquired and the fair value of any previously held equity interest at the date of acquisition exceeds the Group's share of the net assets measured at fair value is recognised as goodwill. If the cost of the acquisition is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

After initial recognition, profits and losses are attributed on an unlimited basis in proportion to the shareholdings, which may also result in a negative balance for non-controlling interest.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability are measured in accordance with IAS 39, and a resulting profit or loss is recorded in the income statement.

In cases where business acquisitions are achieved in stages, the equity share acquired before is remeasured at the fair value at the acquisition date. Transactions not resulting in a loss of control are recorded as equity transactions with no effect on profit or loss for non-controlling interest. At the date on which control is lost, all remaining shares are remeasured at their fair value through profit or loss.

Intercompany profit or losses and income, expenses arising from transactions within the scope of consolidation are eliminated, as are receivables and liabilities existing between consolidated companies. Unrealised gains and losses in non-current assets and in inventories arising from intra-Group transactions are removed. Consolidation entries with effect on profit or loss are recorded together with the related deferred tax effect.

Transactions with non-controlling interest that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between the fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary resulting from the acquisition of a non-controlling interest is recorded in equity. Gains or losses on disposals to non-controlling interest are also recorded in equity.

When the Group ceases to have control any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

Associates

The ATON Group accounts for investments in associates using the equity method.

An associate is an entity over which the Group has significant influence but not control, and which is not an interest in a joint venture. Excluded are investments in associates, which are accounted for under IFRS 5 as non-current assets held for sale and discontinued operations.

Based on the acquisition cost at the time of acquiring the shares in an associate, the relevant book value of the participation is increased or reduced to take account of the proportional profits or losses, reduced by dividends received by the ATON Group and movements in other comprehensive income as are allocable to the ATON Group. Goodwill arising from the acquisition of an associate is included in the book value of the investment and is not amortised; rather it is tested for impairment as part of the overall investment in the associate.

If the ATON Group’s share of losses of an investment accounted for using the equity method equals or exceeds its interest in the associate, no further losses are recognised, unless the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Unrealised intercompany profits and losses resulting from transactions by the Group companies with associates are eliminated proportionally in the profit or loss of the Group companies.

The Group tests at each reporting date whether there is any objective evidence that an impairment loss must be recognised in profit and loss regarding an investment accounted for using the equity method. If such evidence exists, the Group calculates the impairment loss as the difference between the book value and the recoverable amount.

Joint arrangements

Under IFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations. The ATON Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method. Regarding the accounting companies using the equity method please refer to the explanations for associated companies.

The companies included in the consolidated Group as of 31 December 2016 are as follows:

	Germany	Interna-tional	Total	31.12.2015
Fully consolidated companies	22	55	77	76
Associates	0	1	1	2
Joint ventures	9	3	12	12
Companies within the scope of consolidation	**31**	**59**	**90**	**90**

For a complete overview, please refer to the list of shareholdings.

Investments of minor significance are recognised at the lower of their respective acquisition cost or fair value and are not consolidated. Companies are classified to be of minor significance if their cumulated share of revenue, annual results and total assets amount to less than 1 % of consolidated revenue, annual result and total assets, and therefore, they are not relevant for the presentation of a true and fair view of the Group’s net assets, financial position, and profit or loss, as well as its cash flows.

The following domestic subsidiaries, having the legal form of a corporation or of a partnership within the meaning of Section 264a of the German Commercial Code (Handelsgesetzbuch, “HGB”), have satisfied the necessary conditions in accordance with Section 264 (3) and Section 264b HGB for making use of the exemption provision and therefore do not publish their annual financial statements:

Name of company	Registered office
FFT Produktionssysteme GmbH & Co. KG	Fulda
Reform Maschinenfabrik Adolf Rabenseifner GmbH & Co. KG	Fulda

2.4. Currency translation

The consolidated financial statements are prepared in Euro, the reporting currency of ATON GmbH. The functional currency of the subsidiaries is generally the same as the company’s respective national currency since the subsidiaries run their operations independently from a financial, economic and organisational point of view.

Foreign currency transactions in the separate financial statements of the Group companies are translated into the functional currency using the exchange rates at the transaction date. At each reporting date, monetary assets and liabilities whose amount is expressed in a foreign currency are translated at the closing rate. Non-monetary assets and liabilities measured at fair value and whose amount is expressed in a foreign currency are translated at the date on which the fair value is determined. Currency translation gains and losses are recorded in profit or loss. An exception is made in the case of currency translation differences relating to non-monetary assets and liabilities. Changes in whose fair values are recognised directly in equity.

The earnings and balance sheet items of all Group companies with a functional currency other than the Euro are translated into Euro as the reporting currency. The assets and liabilities of the relevant Group companies are translated at the closing rate. Items of income and expenses are translated at average exchange rates for the period. Components of equity are translated at historical rates at the respective dates at which they were initially recognised from the point of view of the Group.

Differences arising with respect to the translation at closing rates are reported separately in equity and in the disclosures in the notes under "Currency translation". Currency translation differences recorded directly in equity while the subsidiary forms part of the Group are reclassified to profit or loss when the subsidiary leaves the scope of consolidation.

Goodwill and fair value adjustments arising from the acquisition of a foreign company are treated as assets and liabilities of the foreign company and translated at the closing rate.

The most important exchange rates for the translation of the financial statements in foreign currencies in relation to the Euro have developed as follows (in each case for 1 EUR):

Country	Currency		2016		2015	
	Units per Euro		Closing rate	Average rate	Closing rate	Average rate
Australia	Dollar	AUD	1.4596	1.4886	1.4897	1.4765
Brazil	Real	BRL	3.4305	3.8616	4.3117	3.6916
China	Renminbi	CNY	7.3202	7.3496	7.0608	6.9730
United Kingdom	Pound	GBP	0.8562	0.8189	0.7340	0.7260
India	Rupee	INR	71.5935	74.3553	72.0215	71.1752
Japan	Yen	JPY	123.4000	120.3133	131.0700	134.2875
Canada	Dollar	CAD	1.4188	1.4664	1.5116	1.4176
Korea	Won	KRW	1,269.3600	1,284.5650	1,280.7800	1,255.7417
Malaysia	Ringgit	MYR	4.7287	4.5842	4.6959	4.3315
Mexico	Peso	MXN	21.7719	20.6550	18.9145	17.5995
Namibia	Dollar	NAD	14.3784	16.2911	16.8228	14.1529
Norway	Krone	NOK	9.0863	9.2927	9.6030	8.9417
Poland	Zloty	PLN	4.4103	4.3636	4.2639	4.1828
Romania	Leu	RON	4.5390	4.4908	4.5240	4.4452
Russian Federation	Ruble	RUB	64.3000	74.2224	80.6736	68.0068
Zambia	Kwacha	ZMW	10.3518	11.3895	11.9436	9.6351
Sweden	Krona	SEK	9.5525	9.4673	9.1895	9.3545
Switzerland	Franc	CHF	1.0739	1.0902	1.0835	1.0680
Singapore	Dollar	SGD	1.5234	1.5278	1.5417	1.5251
South Africa	Rand	ZAR	14.4570	16.2772	16.9530	14.1528
Czech Republic	Koruna	CZK	27.0210	27.0343	27.0230	27.2850
Hungary	Forint	HUF	309.8300	311.4600	315.9800	309.8975
USA	Dollar	USD	1.0541	1.1066	1.0887	1.1096

3. Summary of significant accounting policies

3.1. Goodwill

Goodwill is not amortised but is tested annually for impairment. An impairment test is also carried out during the financial year if events or circumstances (triggering events) occur giving rise to indications of possible impairment. Goodwill is reported on the basis of its purchase cost at the date of acquisition and measured in subsequent periods at its purchase cost less all accumulated impairment losses. For the purposes of impairment testing, goodwill acquired in the context of a business combination is allocated to the cash-generating unit or group of cash-generating units which are expected to benefit from the synergies of the combination. A cash-generating unit is the smallest identifiable group of assets capable of generating cash inflows that are largely independent of the cash inflows from other assets or other groups of assets. If the recoverable amount of a cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated firstly to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets pro rata on the basis of the carrying amount of each asset within the unit. The recoverable amount is the higher of the fair value of the unit less costs to sell and its value in use. As a matter of principle, the ATON Group utilises the value in use of the relevant cash-generating units to determine the recoverable amount. This is based on the current business plan prepared by management, which generally covers a period of three years. Reasonable assumptions are made with respect to the future development of the business for the subsequent years. The cash flows are determined on the basis of the expected growth rates in the relevant sectors and markets. The cash flows after the end of the detailed planning period are estimated using individual growth rates derived from information relating to the particular market of no more than 1.0 % p.a. Individual discount rates for the particular cash-generating units between 4.3 % and 9.2 % (previous year: 4.1 % and 11.5 %) are used for the purpose of determining the value in use. A goodwill impairment loss recognised in one period may not be reversed in future periods. In the event of the sale of a subsidiary, the associated amount of goodwill is included in the calculation of the gain or loss on disposal. The treatment of goodwill arising on the acquisition of an associate is described under "Associates".

3.2. Other intangible assets

Purchased intangible assets are measured at cost and amortised on a straight-line basis over their economic useful lives. Other intangible assets mainly comprise software, together with patents, licences and similar rights. The expected useful life for concessions, patents and similar rights is generally defined between two and fifteen years and for software between one and eight years.

Research costs are expensed in the period in which they are incurred.

The development costs of a project are only capitalised as an intangible asset if the company can demonstrate both the technical feasibility of completing the intangible asset so that it will be available for internal use or sale and also the intention to complete the intangible asset and to use or sell it. It must also demonstrate how the asset will generate future economic benefits, the availability of resources for the purpose of completing the asset and the ability to reliably measure the expenditure attributable to the intangible asset during its development.

The cost of an internally generated intangible asset is the total of the directly attributable direct costs and overheads incurred from the date when the intangible asset first meets the recognition criteria described above. Financing costs are not capitalised except in the case of qualifying assets. Internally generated intangible assets are amortised on a straight-line basis over their economic useful lives of three years. Amortisation in the case of internally generated intangible assets begins when the asset is available for use, i.e. when it is in the condition necessary for it to be capable of operating in the manner intended by management.

In cases where it is not possible to recognise an internally generated intangible asset, the costs of development are expensed in the period in which they are incurred.

Intangible assets acquired in a business combination are recorded separately from goodwill if the fair value of the asset can be reliably measured. The costs of such an intangible asset correspond to its fair value at the date of acquisition. Amortisation is calculated using the straight-line method based on the estimated useful life.

Intangible assets with indefinite useful lives are not amortised but are tested annually for possible impairment. If events or changes in circumstances occur giving indications of possible impairment, impairment testing must be carried out more frequently. Further details of the procedure for annual impairment tests are provided under note **3.4. Impairment of property, plant and equipment and other intangible assets**.

3.3. Property, plant and equipment

Items of property, plant and equipment used in the business for longer than one year are recognised at the cost of acquisition or production less straight-line depreciation and accumulated impairment losses. The cost of production comprises all directly attributable costs and appropriate portions of production-related overheads. Investment grants are generally deducted from the cost of the asset. If the production or acquisition of items of property, plant and equipment is spread over a longer period, borrowing costs incurred up to the date of completion are capitalised as a component of cost in conformity with the provisions of IAS 23. If the costs of particular components are significant in relation to the total cost of the item of property, plant and equipment, then those components are capitalised and depreciated separately. The cost of replacing a part of the item of property, plant and equipment is included in the carrying amount of that item at the date when it is incurred, provided that the criteria for recognition are satisfied. The cost of carrying out a major inspection is also recognised in the carrying amount of property, plant and equipment as a replacement, provided that the recognition criteria are met. All other servicing and maintenance costs are recorded immediately in the income statement. Subsequent costs of acquisition or production are only recognised as part of the cost of the asset if it is probable that it will bring future economic benefit to the Group and if the cost of the asset can be reliably determined.

The useful lives of the principal categories of assets of the Group are determined using comparative tables customary in the industry and on the basis of its own past experience, which can be classified as follows:

Property, plant and equipment	Useful life in years
Buildings	2 to 60
Technical equipment and machinery (excluding mining and construction machinery)	2 to 25
Other machinery and equipment	2 to 10
Operating and office equipment	1 to 25

3.4. Impairment of property, plant and equipment and other intangible assets

At each reporting date or the occurence of respective events, the Group assesses whether there are indications that items of property, plant and equipment and intangible assets might be impaired. If such indications are identified, the recoverable amount of the asset is estimated in order to determine the extent of an impairment loss. The recoverable amount is calculated as the higher of the fair value less costs to sell ("net realisable value") and the present value of the expected net cash inflows from the continuing use of the asset ("value in use"). Where a forecast of the expected cash inflows for an individual asset is not possible, the cash inflows are estimated for the next larger group of assets, which generates cash inflows that are largely independent of those from other assets, (cash-generating unit) to which the asset belongs to.

For the purpose of estimating value in use, the estimated future cash flows are discounted to their present value using a pre-tax rate of interest. If the estimated recoverable amount of an asset (or of a cash-generating unit) falls below its carrying amount, the carrying amount of the asset (or of the cash-generating unit) is reduced to the recoverable amount. First, any goodwill allocated to the cash-generating unit is impaired and any remaining impairment loss is then allocated to the other assets of the unit on the basis of the carrying amount of each asset in the unit.

The impairment loss is recognised immediately with effect on the income statement. If the impairment loss is subsequently reversed, the carrying amount of the asset (or of the cash-generating unit) is increased to the updated estimate of the recoverable amount. The carrying amount resulting from this increase must not exceed the carrying amount that would have been determined for the asset (or the cash-generating unit) if an impairment loss had not been recognised in previous periods. The reversal of an impairment loss is recorded immediately in the income statement. Impairment losses recognised in respect of goodwill may not be reversed.

Internally generated intangible assets that have not yet been completed are tested for impairment at least once a year.

3.5. Cash and cash equivalents

Cash reported in the consolidated statement of financial position comprises cheques, cash-in-hand and balances with banks with an original maturity of up to three months. Cash equivalents reported in the balance sheet consist of short-term, highly liquid financial assets that can be converted into specified amounts of cash at any time and are exposed only to insignificant risks of fluctuations in value. Cash and cash equivalents are measured at amortised cost. Cash and cash equivalents in the consolidated statement of cash flows are defined in accordance with the above definition.

3.6. Investment properties

This item refers to property held for the purpose of generating rental income and/or increase in value (including property being constructed or developed and intended for such purposes). Investment properties are initially recognised at cost, including transaction costs. In subsequent periods, investment properties are recorded at amortised cost net of accumulated straight-line depreciation and impairment losses. The useful life is between 50 and 60 years. Unchanged to prior year as of 31 December 2016 no investment properties exist.

3.7. Leases

The Group as lessee

Leases are classified as finance leases if substantially all of the risks and rewards associated with the ownership of the asset are transferred to the lessee under the lease agreement. All other leases are classified as operating leases. The rules described in this section also apply to sale and lease back transactions.

Assets held under the terms of a finance lease are initially recognised as assets of the Group at their fair value at the start of the lease or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is reported in the balance sheet as an obligation from finance leases. The lease payments are divided into interest expense and repayment of the lease commitment in such a way that the interest on the remaining liability remains constant. The interest expense is recorded directly in the income statement. Contingent rents are recognised as an expense in the period in which they arise.

Rental payments under operating leases are expensed on a straight-line basis over the term of the lease, unless another systematic basis is more representative of the time pattern of the lessee’s benefit. Contingent rents under the terms of an operating lease are recorded as an expense in the income statement in the period in which they arise.

In cases where incentives to enter into an operating lease have been received, those incentives are recorded as a liability. The cumulative benefit of incentives is recognised on a straight-line basis as a reduction of the rental payments, unless another systematic basis is more representative of the time pattern of the benefit from the leased asset.

The Group as lessor

Leases under which substantially all the risks and rewards of ownership are retained by the Group are classified as operating leases. The leased assets continue to be capitalised by the ATON Group as fixed assets. Initial direct costs incurred in negotiating and concluding a lease agreement are added to the carrying amount of the leased asset and expensed over the term of the lease agreement in a manner corresponding to the recognition of the rental income. Contingent rents are recorded in the period in which they are generated.

3.8. Reparable aircraft spare parts

For the purpose of measuring reparable aircraft spare parts, the spare parts are allocated to the individual aircraft models and depreciated over the remaining useful life of the respective aircraft model, taking into account estimated residual values. Residual values and useful lives are reviewed at each reporting date. Changes in the residual values and their effects on annual depreciation charges are reflected prospectively in accordance with IAS 8, “Accounting Policies, Changes in Accounting Estimates and Errors” in the period of the change and the subsequent periods.

3.9. Inventories

Inventories are valued at the lower of acquisition or production cost and their net realisable value on the reporting date. The net realisable value is the estimated selling price in the ordinary course of business less direct selling costs and directly attributable production costs still to be incurred. If the net realisable value is lower than the carrying amount, an impairment loss is recognised.

The cost of raw materials, consumables and supplies is mainly determined at average purchase prices, which are calculated on the basis of a moving average.

In addition to direct material costs, direct labour costs and special direct costs, the production costs of unfinished and finished goods include all directly attributable production-related overheads. General administrative costs and financing costs are not capitalised, except in the case of a qualifying asset. The production costs are determined on the basis of normal production capacity.

The purchasing cost of merchandise also includes incidental costs of purchase.

3.10. Non-current assets held for sale and disposal groups

Non-current assets or disposal groups are classified as held for sale if the associated carrying amount is mainly intended to be realised by means of a sale and not from continuing use. This condition is considered to have been satisfied only if the sale is highly probable and the asset (or the disposal group) is available for immediate sale in its current condition. Management must be committed to a plan for the sale of the asset (or the disposal group) and must have initiated an active programme to locate a buyer and to implement the plan. In addition, the asset (or the disposal group) must be actively marketed at a price that is reasonable in relation to its current fair value. There must be an expectation that this will result in the recognition of a completed sale transaction within one year of such classification. Depreciation is suspended in such cases. Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their original carrying amount and their fair value less costs to sell.

3.11. Financial assets

Financial assets are divided into the following categories: financial assets at fair value through profit or loss, held-to-maturity financial investments, loans and receivables, and available-for-sale financial assets. Management determines the classification of the financial assets at initial recognition.

Financial assets are initially measured at fair value. In the case of financial investments other than those classified as at fair value through profit or loss, transaction costs directly attributable to the purchase of the asset are also included in the carrying amount.

All purchases and sales of financial assets customary in the market are recorded in the financial statements at the trade date, i.e. the date on which the Group has entered into the obligation to buy or sell the asset.

Financial assets at fair value through profit or loss (FAHfT)

The category of financial assets at fair value through profit or loss comprises financial assets held for trading purposes and those designated as at fair value through profit or loss on initial recognition. Financial assets are classified as held for trading if they are acquired for the purposes of sale in the near future. Derivatives for which hedge accounting is not applied are also classified as held for trading. Financial assets are measured at fair value in subsequent periods. Gains or losses from financial assets held for trading and changes in the fair value of financial investments designated into this category are recorded in profit or loss.

Held-to-maturity investments (HtM)

Non-derivative financial assets with fixed or determinable payments and fixed maturity dates are classified as held-to-maturity investments if the Group has the intention and ability to hold them to maturity. After initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method. Gains and losses are recorded in the income statement for the period when the investments are derecognised or impaired, and also in relation to the amortisation process.

Loans and receivables (LaR)

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market. After initial recognition, loans and receivables are measured at amortised cost using the effective interest method less any impairment losses. Gains and losses are recorded in the income statement for the period when the loans and receivables are derecognised or impaired, and also in relation to the amortisation process.

Interest expenses arising from the sale of receivables are included in the financial result. Management fees are reported in other operating expenses.

Cash and cash equivalents, including cash accounts and short-term deposits with banks, have a remaining maturity of up to three months on initial recognition and are measured at amortised cost.

Available-for-sale financial assets (AfS)

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or have not been classified into one of the three previously mentioned categories. After initial recognition, available-for-sale financial assets are measured at fair value. Unrealised gains or losses are recorded directly in equity. If a financial asset in this category is derecognised or impaired, the accumulated gain or loss previously recorded directly in equity is recognised in the income statement.

Fair value

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal or most advantageous market at the measurement date under current market conditions. It is regardless whether that price is directly observable or estimated using another valuation technique. Those valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, reference to the current fair value of another financial instrument that is substantially the same, discounted cash flow analysis and the use of other valuation models incorporating current market parameters.

Fair value hierarchy

The measurement and presentation of the fair values of financial instruments is based on a fair value hierarchy that categorises the valuation techniques and input factors used to measure fair value into three levels.

Level 1: Quoted prices (adopted without changes) on active markets for identical assets and liabilities.

Level 2: Input data for the asset or liability observable either directly or indirectly which do not represent quoted prices according to level 1. The fair values of level 2 financial instruments are determined on the basis of the conditions prevailing at the end of the reporting period, such as exchange rates or interest rates, and using recognised valuation models.

Level 3: Input data for the asset or liability not based on observable market data (unobservable input data).

Amortised cost

Held-to-maturity investments as well as loans and receivables are measured at amortised cost. Amortised cost is determined using the effective interest method less any valuation allowances and taking into account discounts and premiums on acquisition, and includes transaction costs and fees that form an integral part of the effective interest rate.

Impairment of financial assets

At each reporting date, the Group tests whether there are objective indications that a financial asset or a group of financial assets may be impaired. A financial asset or a group of financial assets is impaired only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and if that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

A potential impairment loss is assumed to exist in respect of assets measured at amortised cost (LaR and HtM) in the case of certain events such as failure to make payments over a particular period, the initiation of enforcement measures, impending insolvency or over indebtedness, an application for or initiation of bankruptcy proceedings or the failure of a restructuring programme.

If an impairment of assets measured at amortised cost has occurred, the amount of the impairment loss is calculated as the difference between the carrying amount of the asset and the present value of the expected future cash flows (with the exception of expected future loan defaults that have not yet occurred), discounted at the original effective interest rate of the financial asset, i.e. the effective interest rate determined on initial recognition. For trade and other receivables the carrying amount of the asset is reduced using a valuation allowance account and for other assets the carrying amount is directly reduced. The impairment loss is recorded in the income statement. Valuation allowances are created in the form of individual valuation allowances. The receivables are derecognised if they are classified as uncollectible, i.e. a cash inflow is no longer expected to occur.

If the amount of the impairment loss decreases in the subsequent reporting periods and if this decrease can be objectively attributed to an event that occurred after the impairment loss was recorded, the impairment loss previously recognised is reversed. However, the revised carrying amount of the asset may not exceed its amortised cost at the date of the reversal. The reversal is recorded in profit or loss.

If the value of an available-for-sale financial asset is impaired, an amount equal to the difference between the acquisition cost of the asset measured at amortised cost (less any principal repayments and amortisation) and its current fair value (less any impairment losses previously recognised in the income statement) is reclassified into profit or loss from the amount previously recorded in equity. Reductions in impairment losses of equity instruments classified as available for sale may not be recognised in profit or loss. Reductions in impairment losses of debt instruments classified as available for sale are recognised in profit or loss if the increase in the fair value of the instrument can objectively be related to an event occurring after the impairment loss was recognised in the income statement.

In contrast, available-for-sale equity investments for which there is no quoted value on an active market and the fair value cannot be determined otherwise are measured at cost in subsequent periods. If the recoverable amount is lower than the carrying amount at the reporting date, an impairment loss is recognised in the income statement. Impairment losses recognised in profit and loss for an investment in an equity intrument classified as available for sales are not reversed through profit and loss.

3.12. Financial liabilities

Financial liabilities are classified either as financial liabilities at fair value through profit or loss or other financial liabilities measured at amortised cost.

Financial liabilities are measured at their fair value on initial recognition. Directly attributable transaction costs are also recognised in the case of all financial liabilities not subsequently measured at fair value through profit or loss.

Financial liabilities at fair value through profit or loss (FLHfT)

The category of financial liabilities at fair value through profit or loss comprises financial liabilities held for trading purposes and those designated as at fair value through profit or loss on initial recognition. Financial liabilities are classified as held for trading if they are entered into with a view to their purchase in the near future. Derivatives for which hedge accounting is not applied are also classified as held for trading. Financial liabilities are measured at fair value in subsequent periods and gains or losses are recorded in the income statement. No financial liabilities were designated as at fair value through profit or loss during the financial year.

Amortised cost

Trade payables and other non-derivative financial liabilities are generally measured at amortised cost using the effective interest method.

3.13. Derecognition of financial assets and financial liabilities

Financial assets

A financial asset (or a portion of a financial asset or a portion of a group of similar financial assets) is derecognised if one of the three following preconditions is met:

- The contractual rights to receive the cash flows from a financial asset have expired.
- While the Group retains the rights to receive the cash flows from a financial asset, it assumes a contractual obligation to pay the cash flows immediately to a third party under an arrangement that satisfies the conditions of IAS 39.19 (pass-through arrangement).
- The Group has transferred its contractual rights to receive the cash flows from a financial asset and in doing so has transferred substantially all the risks and rewards associated with ownership of the financial asset or, while it has neither transferred nor retained substantially all the risks and rewards associated with ownership of the financial asset, has nevertheless transferred control over the asset.

If the Group transfers its contractual rights to the cash flows from an asset, neither transfers nor retains substantially all the risks and rewards associated with ownership of that asset and at the same time also retains control over the transferred asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. When the continuing involvement takes the form of guaranteeing the transferred asset, the extent of the continuing involvement is the lower of the original carrying amount of the asset and the maximum amount of the consideration received that the Group could be required to repay. When the continuing involvement takes the form of a written and/or a purchased option on the transferred asset (including an option settled in cash or by a similar method), the extent of the Group's continuing involvement is the amount of the transferred asset that it may repurchase. However, in the case of a written put option (including an option settled in cash or by a similar method) on an asset that is measured at fair value, the extent of the Group's continuing involvement is limited to the lower of the fair value of the transferred asset and the exercise price of the option.

Financial liabilities

A financial liability is derecognised when the underlying obligation is discharged or cancelled or has expired. If an existing financial liability is exchanged for another financial liability of the same lender with substantially different terms or if the terms of an existing liability are substantially modified, such exchange or modification is accounted for as a derecognition of the original liability and the recognition of a new liability. The difference between the respective carrying amounts is recognised in profit or loss.

3.14. Derivative financial instruments

The Group uses derivative financial instruments such as forward exchange contracts and options in order to hedge against currency risks. These derivative financial instruments are recorded at their fair value at the date of inception of the contract and measured at their fair value in subsequent periods. Derivative financial instruments are recognised as assets if they have a positive fair value and as liabilities if their fair value is negative. Gains and losses from changes in the fair value of derivative financial instruments that do not meet the criteria for hedge accounting are recognised immediately in the income statement. The fair value of forward exchange contracts and options is calculated using recognised valuation models with reference to current market parameters.

Cash flow hedges are used to hedge the risk of fluctuations in the future cash flows associated with a recognised asset, a recognised liability or a highly probable forecast transaction. In the case of a cash flow hedge, unrealised gains and losses on the hedging instrument are initially recorded in other comprehensive income after reflecting deferred taxes. They are reclassified into the income statement only when the hedged item affects profit or loss. If forecast transactions are hedged and those transactions result in the recognition of a financial asset or a financial liability in subsequent periods, the amounts recorded in equity up to that date are reclassified into profit or loss in the same period in which the asset or the liability affects profit or loss. If the transactions result in the recognition of non-financial assets or liabilities, such as the purchase of property, plant and equipment, the amounts recorded directly in equity are included in the initial carrying amount of the asset or the liability.

IAS 39 stipulates the conditions under which hedge accounting may be applied. Among other things, they must be documented in detail and effective. A hedge is regarded as effective within the meaning of IAS 39 if changes in the fair value of the hedging instrument are within a range of 80 % to 125 % of the contrary changes in the fair value of the hedged item, both prospectively and retrospectively. Only the effective portion of a hedge may be accounted for in accordance with the rules described. The ineffective portion is recorded immediately in the income statement.

If the contracts contain embedded derivatives, the derivatives are accounted for separately from the underlying contract, unless the economic characteristics and risks of the embedded derivative are closely related to those of the underlying contract.

Written options for the purchase or sale of non-financial items that can be settled in cash are not own-use contracts.

3.15. Provisions

A provision is recognised if the Group has a present obligation (legal or constructive) as a result of a past event, an outflow of resources embodying economic benefits to settle the obligation is probable (more likely than not) and the amount of the obligation can be estimated reliably. If the Group expects reimbursement in respect of at least a portion of a provision recognised (such as in the case of an insurance policy), the reimbursement is recognised as a separate asset to the extent to which it is virtually certain that the reimbursement will be received. The expense from the recognition of the provision is reported in the income statement net of the reimbursement. If the interest effect from discounting is material, provisions are discounted at a pre-tax interest rate which reflects the specific risks for the liability. In the event of discounting, the increase in the provision over time is recorded as a financial expense.

3.16. Employee benefits

Pension obligations

The Group has both defined benefit and defined contribution pension plans. A defined contribution plan is a pension plan under which the Group pays fixed contributions to a company (fund) which is not a part of the Group. The Group has no legal or constructive obligation to make further payments if the fund does not have sufficient assets to pay all of the employees' pension entitlements from the current and previous financial years. In contrast, defined benefit plans typically specify an amount of pension benefits that an employee will receive on retirement and which is generally dependent on one or more factors such as age, years of service and salary.

The provision recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation (DBO) at the end of the reporting period less the fair value of the plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The measurement of the obligation in the statement of financial position is based on a number of actuarial assumptions. Assumptions are required to be made, in particular, about the long-term salary and pension trends as well as the average life expectancy. The assumptions about salary and pension trends are based on developments observed in the past, and take into account the level of interest rates and inflation in the particular country and the respective developments in the labour market. Recognised biometric bases for actuarial calculations are used to estimate the average life expectancy. The interest rate used for discounting the future payment obligations is derived from currency and term congruent high-quality corporate bonds.

Remeasurements arising from experience adjustments and changes in actuarial assumptions are recognised in other comprehensive income in equity in the period in which they arise. Past-service cost is recognised immediately in profit or loss.

Pension expenses are included in the personnel expenses with the exception of interest components which are included in the financial result.

In the case of defined contribution plans, the Group pays contributions to state or private pension insurance plans either on the basis of statutory or contractual obligations, or voluntarily. The Group has no further payment obligations once the contributions have been paid. The amounts are recorded in personnel expenses when they become due. Prepayments of contributions are recognised as assets to the extent that a right exists to a refund or a reduction in future payments.

Termination benefits

Termination benefits are paid if employment is terminated by a Group company before the employee reaches the regular retirement age or if an employee leaves the company voluntarily against a compensation payment. The Group recognises severance payments when it is demonstrably committed to terminate the employment of current employees in accordance with a detailed formal plan which cannot be withdrawn, or when it is demonstrably required to make severance payments as a result of voluntary termination of employment by employees. Payments that are due more than twelve months after the reporting date are discounted to their present value.

3.17. Revenue recognition

Revenue is measured at the fair value of the consideration received or to be received, less any expected customer returns, discounts and other similar deductions. The Group recognises revenue when the amount of the revenue can be reliably determined, when it is probable that future economic benefits will flow to the entity as a result and when the specific criteria for each type of activity set out below have been satisfied.

Sale of goods

Revenue from the sale of goods is recognised when the following conditions have been met:

- the Group has transferred the significant risks and rewards of ownership of the goods to the buyer,
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods and products sold,
- the amount of the revenue can be measured reliably,
- it is probable that the economic benefits associated with the transaction will flow to the entity, and the costs incurred or yet to be incurred in connection with the sale can be measured reliably.

Rendering of services

Revenue from service agreements is recognised as income by reference to the stage of completion of the transaction. The result of this is that contract income is recorded in the reporting period in which the service was rendered. For information on the determination of the stage of completion, please refer to the details provided under note **3.18 Construction contracts**.

Royalties

Income from royalties is recorded on an annual basis in accordance with the economic substance of the relevant agreement. Time-based royalties are recognised over the period of the agreement on a straight-line basis. Income from royalty agreements based on production, sales or other measures is recognised in accordance with the underlying agreement.

Dividends and interest

Dividend income from shares is recognised when the shareholder’s legal right to receive payment is established. Interest income is recognised on an accruals basis according to the amount of the principal outstanding using the applicable effective interest rate. The effective interest rate is the interest rate that exactly discounts the expected future cash inflows over the life of the financial asset to the net carrying amount of that asset.

Rental income

Income from leasing and rental income from operating leases are recorded on a straight-line basis over the rental period, provided that the Group is the economic owner.

3.18. Construction contracts

The Group mainly develops engineering services projects, machinery manufacturing projects and tunnel construction projects as long-term construction contracts, which are measured in accordance with the percentage of completion (PoC) method if the contract revenues and expenses can be reliably determined. A distinction is made between fixed price contracts and cost plus contracts. If the criteria for applying the percentage of completion method in accordance with IAS 11 for a fixed price contract or a cost plus contract, respectively, are satisfied, then the contract income and contract costs associated with this construction contract are allocated to the financial years in accordance with the stage of completion.

The percentage of completion is determined by the ratio of the contract costs incurred by the reporting date to the total contract costs estimated at the reporting date (cost-to-cost method). Contract costs include costs directly attributable to the contract, all indirect costs of general contracting activity that can be attributed to the contract and other costs specifically charged to the customer. If the projects are developed over a longer period of time, borrowing costs incurred before completion may be included in the contract costs in accordance with the conditions of IAS 23. Changes to contractual work, claims and incentive payments are included to the extent that they have been agreed with the customer. Individual construction contracts are subdivided or combined if specific criteria are satisfied.

If the outcome of the construction contract cannot be reliably estimated and the percentage of completion method may therefore not be applied, contract revenue is recognised only to the extent of the contract costs incurred that are expected to be recoverable. Contract costs are recognised as an expense in the period in which they arise. If it is probable that the total contract costs will exceed total contract revenue, the total expected loss must immediately be recorded as an expense and a provision for a loss-making contract is recognised. The gross amount due from customers for contract work comprises the net amount of the costs incurred plus profits recognised, less the total losses recognised and the partial billings for all contracts in progress, for which the costs incurred plus profits recognised exceed the partial billings. If the partial billings are higher, the contract represents an amount due to the customer. The gross amount due from customers for contract work is reported in the statement of financial position within the item "Trade and other receivables". The gross amount due to customers from contract work is included in "Trade and other payables".

3.19. Borrowing costs

Borrowing costs that can be directly allocated to the acquisition, construction or production of a qualifying asset are capitalised as a component of the acquisition or production cost of that asset. Other borrowing costs are recognised as an expense in the period in which they are incurred, if they are not also required to be capitalised under IAS 23.

3.20. Government grants

Government grants are recognised only when there is reasonable assurance that the Group will comply with the conditions attached to the grants and that the grants will also be received.

Government grants whose most important condition is the purchase, construction or other acquisition of non-current assets are recorded as a deduction from the acquisition or production cost of the asset. Other government grants are recognised as income over the period necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants received as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are offset against the expenses incurred in the period in which the entitlement is established.

3.21. Income taxes

The income tax expense for the period comprises current and deferred taxes.

Current taxes

The current tax expense for each entity liable to tax is derived from its taxable income. The Group's current tax liability is calculated on the basis of the applicable tax rates.

Deferred taxes

Deferred taxes are recognised for all temporary differences between the tax base of the assets and liabilities and their carrying amounts in the consolidated financial statements (balance sheet-oriented liability method). Deferred taxes are not recognised if the temporary differences arise from the initial recognition of goodwill or (except in the case of business combinations) of other assets and liabilities resulting from transactions that do not affect either taxable income or the net profit for the year.

Deferred tax assets and liabilities are generally recognised for all taxable temporary differences. When deferred tax assets exceed deferred tax liabilities, they are only recognised to the extent to which taxable income will probably be available against which the deductible temporary differences can be utilised, and where the assumption can be made that they will reverse in the foreseeable future.

Deferred tax liabilities are recognised for taxable temporary differences arising from investments in subsidiaries or associates as well as investments in joint ventures, unless the Group can control the timing of the reversal of the temporary differences and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities are calculated on the basis of the tax rates (and the tax laws) expected to be applicable at the date when the liability is settled or the asset is realised. The measurement of deferred tax assets and liabilities reflects the tax consequences that would arise from the manner in which the Group expects at the reporting date to settle the liability or to realise the asset. Deferred tax assets and liabilities are offset if there is a legally enforceable right to set off current tax assets against current tax liabilities, and if they relate to income taxes levied by the same tax authority and the Group intends to settle its current tax assets and liabilities on a net basis. Additionally, deferred tax assets for tax losses carried forward are recognised, if their use in following periods is expected to reduce tax payments.

Current and deferred taxes for the period

Current and deferred taxes are recorded as income or expenses unless they relate to items recognised directly in equity. In this event, the tax is also recorded directly in equity. In addition, tax effects are not recognised in the income statement if they result from the initial recognition of a business combination. In the case of a business combination, the tax effect is reflected in the calculation of the goodwill or in the determination of the excess of the acquirer’s share of the fair value of the identifiable assets, liabilities and contingent liabilities of the business acquired over the cost of the business combination.

4. Estimates and assumptions

In preparing the consolidated financial statements, estimates and assumptions are made to a certain extent that affect the amount and presentation of the assets and liabilities recognised, the income and expenses and the contingent liabilities for the reporting period. The premises underlying the estimates and assumptions are based on the state of knowledge available at the time in the particular case. Due to the uncertainty associated with these estimates and assumptions, however, outcomes may occur, which result in future adjustments to the carrying amounts of the assets and liabilities affected.

The material estimates listed below and the associated assumptions together with the uncertainties attaching to the accounting policies adopted are central to an understanding of the risks underlying the financial reporting and the effects that those estimates, assumptions and uncertainties may have on the financial statements.

Estimates are especially necessary in the case of the assets and liabilities referred to below and the associated income and expenses.

Business combinations

The measurement of items of property, plant and equipment and intangible assets acquired as part of a business combination requires estimates to be made for determining their fair value at the date of acquisition. The expected useful lives of the assets must also be estimated. The determination of the fair value of assets and liabilities and of the useful lives of the assets is based on the management's assessments.

Impairment of goodwill

The Group tests goodwill for possible impairment at least once a year. The calculation of the recoverable amount of a cash generating unit to which goodwill has been allocated requires estimates to be made by management. The Group generally determines these amounts using valuation techniques based on discounted cash flows. These cash flows are based on three-year forecasts derived from financial projections approved by management. The forecasts take into account past experience and are based on management's best estimate of future developments. The most important assumptions underlying the determination of the discounted cash flows comprise estimated growth rates, weighted interest rates and tax rates. These premises can have a significant effect on the relevant amounts and therefore on the extent to which goodwill is impaired.

Impairment of property, plant and equipment and intangible assets

The identification of indications that an asset may be impaired, the estimation of future cash flows and the determination of the fair values of assets or groups of assets require significant assessments by management regarding the identification and review of signs of impairment, the expected cash flows, the appropriate discount rates, the respective useful lives and any residual values.

Revenue recognition for construction contracts

Some companies, in particular those within FFT Group and Redpath Group, conduct a significant portion of their business with customers in the form of construction contracts. In the plant construction project business, revenue is often recognised in accordance with the stage of completion of the project using the percentage of completion method. The principal factors that have to be estimated for the purpose of determining the stage of completion include the total contract costs and revenue, as well as the contract risks. The companies constantly review all estimates made in connection with such construction contracts and adjust them where necessary.

Trade and other receivables

The Group recognises valuation allowances for doubtful receivables in order to reflect imminent losses resulting from customers' inability to pay. Management assesses the appropriateness of valuation allowances based on the maturity structure of the outstanding balances, the analysis of historical bad debts, the customer's creditworthiness, current economic developments and changes in the payment terms and conditions. In the event that the customer's liquidity position deteriorates, the extent of actual losses on receivables may exceed the imminent losses.

Pensions and other post-employment benefits

The obligation from defined benefit plans and other post-employment benefits is determined on the basis of actuarial calculations. The actuarial measurement is based on assumptions with respect to discount rates, future wage and salary increases, biometric bases and future increases in pensions.

The discount factors applied reflect the interest rates achievable at the reporting date for currency and term congruent high-quality corporate bonds. As a result of the changing situation in the market and the economy and the long-term orientation of these pension plans, the underlying premises may differ from the actual development, which may significantly affect the obligations for pensions and other post-employment benefits.

For a sensitivity analysis showing how the defined benefit obligation would have been affected by changes in the significant actuarial assumptions, reference is made to note **27. Provisions for pensions**.

Provisions

The determination of provisions for imminent losses from onerous contracts, provisions for warranties and provisions for litigation is dependent to a considerable extent on estimates of the likelihood of a future outflow of resources, as well as on past experience and the circumstances known at the reporting date. Because of the uncertainties associated with this assessment, actual losses may differ from the original estimates and therefore from the amount of the provision.

A significant portion of the business of FFT, Redpath and their subsidiaries is conducted in the form of long-term contracts. The Group recognises a provision for imminent losses from onerous contracts if the current estimate of the total contract costs exceeds the expected revenue from the relevant contract. These estimates are subject to revision in the light of new information as the project progresses. The companies identify onerous contracts by constantly monitoring the progress of the project and updating the calculation of total contract costs.

Leases

Assets and liabilities from finance leases are initially recognised at the lower of their fair value and the present value of the minimum lease payments. The determination of the fair value generally requires estimates to be made with respect to the cash flows from the use of the leased asset and with respect to the discount rate applied. The present value of the minimum lease payments is calculated using the lessor's internal rate of return. If the lessor's internal rate of return is not available, it is derived from the interest rate at which the total lease payments including any unguaranteed residual value must be discounted in order for the resulting present value to be equal to the fair value of the leased asset at the inception of the lease. The estimate of the unguaranteed residual value requires assumptions to be made which may differ from the actual residual value on expiry of the lease.

Fair value of derivative financial instruments

The fair value of financial instruments not traded on an active market is determined by applying appropriate valuation techniques, which are selected from a variety of methods. The underlying assumptions are based, to the greatest possible extent, on market conditions existing on the balance sheet date.

Deferred tax assets

Deferred tax assets are recognised to the extent that it is probable that they will be able to be utilised. The tax benefit from the utilisation of deferred tax assets depends on the ability to generate sufficient future taxable income relating to the particular type of taxation and tax jurisdiction, taking into account any statutory restrictions relating to minimum taxation or a maximum period for which tax losses may be carried forward. The assessment of the probability that deferred tax assets will be utilisable in future is based on a number of factors, such as past results of operations, operating business plans, or tax planning strategies. If actual results differ from these estimates or if adjustments to the estimates are necessary in future periods, this may have a negative impact on the results of operations, net assets and financial position. If there is a change in the assessment of the recoverability of deferred tax assets, the deferred tax assets are written down through profit or loss or other comprehensive income – according to their original recognition – or, respectively, impaired deferred tax assets are recognised through profit or loss or directly in equity.

5. Changes in the scope of consolidation

The following changes in the scope of consolidation took place in 2016:

The companies Redpath Ecuador Construcciones S.A., Quito, Ecuador, Redpath Mining Zambia Limited, Kitwe, Sambia, and the Joint Venture Borth 1, Saarbrücken are no longer consolidated due to liquidation.

The investment in EDAG Engineering Group AG, Arbon, Switzerland, has been contributed in kind by ATON GmbH into ATON Austria Holding GmbH, Going am Wilden Kaiser, Austria based on the contribution and transfer agreement dated 24 May 2016. The intragroup transaction has no impact on ATON GmbH’s consolidated financial statements.

Heli-Link Helikopter AG, Glattbrugg, Switzerland, was merged to Jet-Link AG, Glattbrugg, Switzerland, as of 1 July 2016. Since then, Jet-Link AG operates under the name DC Aviation Switzerland AG, Glattbrugg, Switzerland. The intragroup transaction has no impact on ATON GmbH’s consolidated financial statements.

The companies CLYXON Laser GmbH, Berlin, and World Of Medicine Lemke GmbH, Berlin, have been merged to W.O.M. World of Medicine GmbH, Berlin, as of 13 July 2016. The intragroup transaction has no impact on ATON GmbH’s consolidated financial statements.

As of 21 July 2016, ATON TS GmbH, Munich, was founded as a 100 % subsidiary of AT Aviation GmbH, Munich.

FFT Produktionssysteme Polska sp.z.o.o., Pozna, Poland, was founded as of 26 July 2016.

As of 27 July 2016, FFT Produktionssysteme GmbH & Co. KG, Fulda, acquired the outstanding 51.0 % share in EKS InTec GmbH, Weingarten. Since then, the company is fully consolidated. The following table sets out the assets and liabilities identified for the acquisition of the company and assumed at the time of acquisition:

in EUR '000	IFRS carrying amounts at date of acquisition	Purchase price allocation	Fair values at date of acquisition
Intangible assets	269	1,469	1,738
Property, plant and equipment	138	-	138
Non-current assets	**407**	**1,469**	**1,876**
Trade and other receivables	1,686	-	1,686
Cash and cash equivalents	1,991	-	1,991
Current assets	**3,677**	**-**	**3,677**
Total assets	**4,084**	**1,469**	**5,553**
Provisions	4	-	4
Trade payables	579	-	579
Other current liabilities	572	-	572
Deferred tax liabilities	39	427	466
Total liabilities	**1,194**	**427**	**1,621**
Net assets acquired	**2,890**	**1,042**	**3,932**

The following table gives an overview of the purchase price allocation of the operating business acquisition of in EKS InTec GmbH:

in EUR '000	2016
Attributable fair value of the purchase price for the net assets	10,947
Net assets at book value	2,890
Difference	**8,057**
Adjustment to fair value	0
Software	1,469
Deferred tax liability	427
Goodwill	**7,015**

The fair value of EKS InTec GmbH's equity interest, which was held immediately before the acquisition date, amounted to EUR 5,475k. This share of equity was revaluated at EUR 5,364k when the outstanding 51.0 % were acquired, resulting in a loss of TEUR 111.

A reorganization of the Ziehm Group took place in 2016. The shares in Ziehm Imaging GmbH, Nuremberg, and the shares in Ziehm Imaging Inc., Orlando, USA, were transferred from Ziehm Medical LLC, Reno, USA, to ATON GmbH on 25 August 2016 and 1 November 2016, respectively. These intragroup transactions have no impact on ATON GmbH’s consolidated financial statements.

On the basis of the merger agreement signed on 26 August 2016, AT Aviation GmbH, Munich, was merged with ATON GmbH retrospectively effective on 1 January 2016. The intragroup transaction has no impact on ATON GmbH’s consolidated financial statements.

FFT Produktionssysteme GmbH & Co. KG acquired Ciratec bvba, Diepenbeek, Belgium, effective as of 6 Oktober 2016. The following table sets out the assets and liabilities identified for the acquisition of the company and assumed at the time of acquisition:

in EUR '000	**IFRS carrying amounts at date of acquisition**	**Purchase price allocation**	**Fair values at date of acquisition**
Intangible assets	85	-	85
Property, plant and equipment	13	-	13
Non-current assets	**98**	**-**	**98**
Trade and other receivables	182	-	182
Cash and cash equivalents	107	-	107
Current assets	**289**	**-**	**289**
Total assets	**387**	**-**	**387**
Provisions	15	-	15
Trade payables	13	-	13
Financial liabilities	15	-	15
Other current liabilities	76	-	76
Deferred tax liabilities	-	-	-
Total liabilities	**119**	**-**	**119**
Net assets acquired	**268**	**-**	**268**

As a result of the purchase price allocation, there were therefore no hidden reserves or hidden liabilities, which are disclosed in the context of initial consolidation. As a consequence the following goodwill results from the acquisition:

in EUR '000	**2016**
Attributable fair value of the purchase price for the net assets	1,078
Net assets at book value	268
Difference	**810**
Adjustment to fair value	0
Goodwill	**810**

Ciratec bvba is fully consolidated at the ATON Group since 6 October 2016.

Ziehm Medical Properties Inc., Reno, USA, was merged to Ziehm Imaging Inc. as of 31 October 2016. The intragroup transaction has no impact on ATON GmbH’s consolidated financial statements.

Until the balance sheet date as of 31 December 2016, additional 784,788 shares of EDAG Engineering Group AG have been acquired and therefore the share in the EDAG Engineering Group AG is at 62.9 %.

Concerning the required disclosures for business combinations during the financial year 2015, we refer to the published previous year’s consolidated financial statements. Essentially, in 2015 iSILOG GmbH was acquired at a purchase price of EUR 1,354k and EDAG Engineering Group AG was deconsolidated as part of the initial public offering.

6. Revenue

The break down of reported revenue is as follows:

in EUR '000	2016	2015
Revenue from rendering of services	658,696	1,309,577
Revenue from construction contracts	619,662	488,454
Revenue from sales of goods	354,687	318,946
Other operating revenue	1,556	5,713
Revenue	**1,634,601**	**2,122,690**

The table below shows the revenue by geographical area:

in EUR '000	2016	2015
Germany	412,870	894,594
Europe (excluding Germany)	382,385	408,485
North America	374,207	336,496
South America	8,387	29,590
Australia	67,163	70,000
Asia	276,381	293,099
Africa	113,208	90,426
Revenue	**1,634,601**	**2,122,690**

Revenue was allocated to the business segments as follows:

in EUR '000	2016	2015
AT Engineering	763,397	1,287,660
AT Mining	489,874	465,770
AT Med Tech	317,737	295,546
AT Aviation	65,954	74,290
Holding/Consolidation	- 2,361	- 576
Revenue	**1,634,601**	**2,122,690**

7. Changes in inventories and own work capitalised

Changes in inventories and own work capitalised break down as follows:

in EUR '000	2016	2015
Changes in inventories of goods and services	-7,021	5,080
Own work capitalised	3,068	3,013
Changes in inventories and own work capitalised	**-3,953**	**8,093**

Changes in inventories reflect the increase / decrease in unfinished and finished goods and services calculated on the basis of the acquisition cost method.

The decline in inventories compared to the previous year results from a reduction in unfinished and thus products and services not yet invoiced, particularly within the segments AT Engineering and AT Mining. In contrast, there is an increase in unfinished and finished products and services in the segment Med Tech.

Own work capitalised in the reporting period mainly contains own work of the Ziehm Group amounting to EUR 2,983k (previous year: EUR 2,590k).

8. Other operating income

The other operating income comprises the following:

in EUR '000	2016	2015
Operating income		
Income from benefits from the use of a company car	1,752	4,893
Income from insurance compensation payments	1,349	350
Rental and lease income	1,315	3,196
Income from the reversal of specific valuation allowances	993	696
Income from reversal of provisions/derecognition of liabilities	570	1,169
Income from cost reimbursements	569	753
Government grants	538	1,762
Income from derecognised receivables	552	193
Income from recycling/scrap disposal	500	644
Income from external services and cost transfers third parties	340	857
Income from catering/canteen	204	948
Income from compensation and agreements for terminating contracts	131	156
Income from compensation payments due to contract terminations	-	2,000
Miscellaneous operating income	3,186	2,091
Operating income	**11,999**	**19,708**
Non-operating income		
Currency translation gains	12,888	30,176
Income from the reversal of provisions/derecognition of liabilities	11,807	7,273
Income from the disposal and write-ups of property, plant and equipment	3,555	2,202
Income from other periods	762	1,373
Income from hedging transactions	555	1,664
Income from the disposal and write-ups of current assets	1	1
Income from the disposal / deconsolidation of consolidated companies	-	317,799
Miscellaneous non-operating income	1,585	2,058
Non-operating income	**31,153**	**362,546**
Other operating income	**43,152**	**382,254**

Due to the deconsolidation of the EDAG Group in December 2015, other operating income declined overall compared to the previous year.

Government grants mainly consist of government grants in the form of training subsidies and research and development grants.

In 2015 income from the disposal / deconsolidation of consolidated companies amounting to EUR 317,799k related to the deconsolidation of the EDAG Group.

Miscellaneous operating income and non-operating income consists of a large number of small individual items.

9. Cost of materials

The cost of materials breaks down as follows:

in EUR '000	2016	2015
Cost of raw materials, consumables and supplies and of purchased merchandise	507,361	491,259
Cost of purchased services	274,296	269,262
Cost of materials	**781,657**	**760,521**

The cost of raw materials, consumables and supplies and of purchased merchandise allocates to the business segments as follows:

in EUR '000	2016	2015
AT Engineering	294,893	299,695
AT Mining	71,930	67,293
AT Med Tech	133,994	116,261
AT Aviation	7,540	9,185
Holding/Consolidation	- 996	- 1,175
Cost of materials	**507,361**	**491,259**

The costs mainly relate to expenses for purchased models and small parts as well as deliveries of materials for construction activities and plant construction.

The cost of purchased services can be allocated as follows:

in EUR '000	2016	2015
AT Engineering	219,313	198,810
AT Mining	16,929	23,548
AT Med Tech	5,559	10,900
AT Aviation	33,208	36,089
Holding/Consolidation	- 713	- 85
Cost of purchased services	**274,296**	**269,262**

The cost of purchased services primarily consists of costs for subcontractors.

10. Personnel expenses

The personnel expenses are attributable to the following items:

in EUR '000	2016	2015
Wages and salaries	436,133	789,153
Expenses for social security, retirement and other employee benefit expenses	84,400	148,709
Personnel expenses	**520,533**	**937,862**

The expenses for retirement include the cost of defined benefit pension commitments, among other items. Due to its financial character the net interest expense of the provisions for pensions is recorded in the financial result. For the presentation of the pension commitments, please see note **27**. **Provisions for pensions**.

The average number of employees of the companies included in the consolidated financial statements during the financial year, broken down by groups, is as follows in comparison with the previous year:

Number	2016	2015
Industrial workers	4,000	3,740
Salaried staff	5,610	11,969
Total employees excluding trainees and interns	**9,610**	**15,709**
Trainees and interns	661	963

11. Other operating expenses

The other operating expenses comprise the following:

in EUR '000	2016	2015
Operating expenses		
Travelling expenses	36,971	48,837
Administration costs	28,883	25,112
Selling and marketing costs	26,151	27,153
Rental and lease payments	24,009	52,672
Maintenance	18,606	32,014
Legal and consulting costs, audit costs	18,386	31,443
Other incidental personnel expenses	6,829	12,859
Other taxes and levies	6,674	6,530
Education and training costs	4,372	6,877
Insurances	4,017	4,960
Expenses from additions to provisions	3,650	9,943
Incidental rental costs and cleaning expenses	3,533	3,446
Car expenses	2,312	3,840
Research and development costs	1,794	2,170
Expenses from cost transfers third parties	1,646	241
Expenses from security services	1,110	1,824
Expenses from additions to specific valuation allowances	921	3,066
Non-deductible input tax	597	140
Bad debt expenses	374	573
Incidental costs of monetary transactions	287	298
Miscellaneous operating expenses	8,558	10,720
Operating expenses	**199,680**	**284,718**
Non-operating expenses		
Currency translation losses	17,989	26,780
Expense from hedging transactions	2,679	3,523
Expenses from the disposal of property, plant and equipment	544	586
Expenses from other periods	534	1,099
Expenses from the disposal of consolidated companies	0	0
Miscellaneous non-operating expenses	51	8,054
Non-operating expenses	**21,797**	**40,042**
Other operating expenses	**221,477**	**324,760**

As a result of the deconsolidation of the EDAG Group in December 2015, other operating expenses declined overall in comparison with the previous year.

Legal and consulting costs as well as audit costs in 2015 were significantly influenced by the activities related to the initial public offering of the EDAG Group. For this reason, legal and consulting costs and audit costs are significantly lower in 2016.

The miscellaneous operating expenses and miscellaneous non-operating expenses comprise a large number of small, non-material individual items.

12. Result from investments accounted for using the equity method

The result from investments accounted for using the equity method amounts to EUR 3,446k (previous year: EUR 2,691k). For further information please refer to note **20**. **Investments accounted for using the equity method**.

13. Net interest expense

The net interest expense comprises the following:

in EUR '000	2016	2015
Interest income		
Interest and similar income from related parties	7.146	2,513
Interest income from credit institutions	749	1,839
Other interest income	549	1,130
	8,444	**5,482**
Interest expense		
Interest expense to credit institutions and bondholders	11,098	10,492
Interest portion of finance lease agreements	495	1,219
Interest and similar expense to related parties	172	896
Net interest expense from defined benefit pension plans	229	621
Other interest expense	3,515	3,559
	15,509	**16,787**
	- 7,065	**- 11,305**

14. Other financial result

The other financial result comprises the following:

in EUR '000	2016	2015
Other financial income		
Interest and dividend income from securities	9,956	4,544
Gains from fair value measurement	4,959	3,413
Income from sale of securities	1,238	2,464
Income from the reversal of specific valuation allowances	131	50
Other financial income	27	659
	16,311	**11,130**
Other financial expense		
Losses from fair value measurement	5,303	1,892
Write-downs on securities	423	11
Losses from sales of securities	133	1,172
Expenses from specific valuation allowances	235	0
Other financial expense	0	6
	6,094	**3,081**
Other financial result	**10,217**	**8,049**

15. Income taxes

The income taxes reported include the actual taxes on income in the respective countries as well as deferred taxes.

The income taxes for the financial years 2016 and 2015 break down as follows:

in EUR '000	2016	2015
Income taxes		
Income taxes for the current year	25,811	45,100
Income taxes for previous years	5,391	3,673
Income from the reversal of provisions for income taxes	- 384	- 340
	30,818	**48,433**
Deferred taxes		
Deferred taxes from temporary differences	8,626	347
Deferred taxes on losses carried forward	- 4,090	4,089
	4,536	**4,436**
Income taxes	**35,354**	**52,869**

Unchanged from the previous year, current income taxes in Germany are based on a uniform corporate income tax rate of 15.0 % plus a solidarity surcharge of 5.5 % of this amount. In addition to the corporate income tax, trade tax is levied on profits generated in Germany. Taking into consideration that trade tax cannot be deducted as an operating expense, the average trade tax rate is 15.05 %, resulting in an average composite tax rate of 30.88 % for Germany. The higher assessment rate at the domicile of the parent company leads to a higher composite tax rate of 32.98 % unchanged to prior year.

The profit generated by foreign subsidiaries is calculated based on the regulation of the national tax law and using the tax rates applicable in the individual foreign countries. As in previous year, the tax rates applied by the foreign companies vary between 16.0 % and 35.0 %.

The income taxes of the reporting period amounting to EUR 35,354k (previous year: EUR 52,869k) are reconciled as follows from the expected income tax expense, that would have resulted if the parent's statutory income tax rate had been applied to the earnings before income taxes (EBT):

	2016		2015	
	EUR '000	**in %**	**EUR '000**	**in %**
Earnings before income taxes (EBT)	**101,558**		**411,918**	
Income tax rate of the parent		32.98%		32.98%
Expected income tax expense	**33,489**		**135,830**	
Tax-free income and non-deductible expenses, incl. the effect of sections 8a / 8b of the KStG (corporate tax law)	1,408	1.39%	- 84,606	-20.54%
Income taxes for previous years	4,806	4.73%	2,295	0.56%
Tax rate variances	- 4,232	-4.17%	- 4,831	-1.17%
Amount of tax losses carried forward and other deferred tax assets not recognised or impaired	6,504	6.40%	11,774	2.86%
Effects from the recognition of previously unused tax loss carried forward	- 5,805	-5.72%	- 5,945	-1.44%
Non-deductible withholding taxes	1,785	1.76%	1,368	0.33%
Other tax effects	- 2,601	-2.56%	- 3,016	-0.73%
Income taxes reported in the consolidated income statement	**35,354**		**52,869**	
Effective tax rate		**34.81%**		**12.83%**

Tax-free income in previous year mainly resulted from the income from deconsolidation of the EDAG Group.

The current and deferred taxes in the consolidated statement of financial position are comprised as follows:

in EUR '000	**31.12.2016**	**31.12.2015**
Current income taxes in the consolidated statement of financial position		
Income tax assets	11,111	6,383
Income tax liabilities	- 3,131	- 2,910
Provisions for income taxes	- 14,781	- 12,212
	- 6,801	**- 8,739**
Deferred taxes in the consolidated statement of financial position		
Deferred tax assets	20,636	19,553
Deferred tax liabilities	- 29,120	- 21,382
	- 8,484	**- 1,829**
Income taxes in the consolidated statement of financial position	**- 15,285**	**- 10,568**

The deferred tax assets and liabilities are attributable to the following items in the consolidated statement of financial position:

in EUR '000	31.12.2016	31.12.2015
Deferred tax assets		
Intangible assets	2,335	2,992
Property, plant and equipment	1,734	1,933
Financial assets	396	747
Inventories	6,144	3,682
Receivables and other assets	1,395	1,030
Provisions for pensions	225	751
Other provisions	2,430	1,826
Other liabilities	57,612	57,766
Losses carried forward	14,668	9,883
Netting	- 66,303	- 61,057
	20,636	**19,553**
of which: non-current before netting	**19,358**	**16,306**
Deferred tax liabilities		
Intangible assets	3,620	3,733
Property, plant and equipment	15,427	14,790
Financial assets	1,384	1,048
Inventories	100	101
Receivables and other assets	60,309	40,915
Provisions for pensions	0	-
Other provisions	11,708	16,104
Other liabilities	2,875	5,748
Netting	- 66,303	- 61,057
	29,120	**21,382**
of which: non-current before netting	**20,431**	**19,571**
Deferred taxes, net	**- 8,484**	**- 1,829**

The deferred taxes changed as follows:

in EUR '000	2016	2015
Deferred taxes at the beginning of the financial year	- 1,829	- 11,596
Changes in the scope of consolidation	- 3	10,346
Recognised in profit or loss	- 4,536	- 4,436
Recognised directly in equity	- 291	333
Currency translation differences	- 1,825	3,524
Deferred taxes at the end of the financial year	**- 8,484**	**- 1,829**

The changes in the scope auf consolidation in previous year amounting to EUR 10,346k mainly resulted from the deconsolidation of the EDAG Group.

Deferred taxes are assesed on a regular basis. The ability to realise tax income from deferred taxes depends on the ability to generate taxable income in the future and to use tax losses carried forward before they expire. Deferred tax assets are recognised to the extent to which it is probable that taxable profit will be available against which deductible temporary differences can be utilised and where the assumption can be made that they will reverse in the foreseeable future.

Deferred tax assets and liabilities are offset, where a legally enforceable right to set off current tax assets against current tax liabilities exists. In addition, tax assets and liabilities have to relate to the income taxes of the same taxable entity and have to be levied by the same tax authority.

The domestic and foreign corporate income tax losses carried forward were as follows as of the reporting dates:

in EUR '000	**2016**	**2015**
Losses carried forward (total)		
Losses carried forward expire within		
1 year	14,243	7,556
2 to 5 years	29,636	13,132
over 5 years	39,749	31,029
carried forward indefinitely	66,366	72,325
	149,994	**124,042**
Losses carried forward (not usable)		
Losses carried forward expire within		
1 year	507	0
2 to 5 years	95	0
over 5 years	31,188	16,627
carried forward indefinitely	66,366	72,325
	98,156	**88,952**
Expected use of usable tax losses carried forward		
1 year	13,736	7,556
2 to 5 years	29,541	13,132
over 5 years	8,561	14,402
	51,838	**35,090**

As of 31 December 2016, trade tax losses carried forward amount to EUR 51,892k (previous year: EUR 59,913k); thereof deferred tax assets were not recognised for an amount of EUR 46,835k (previous year: EUR 54,033k).

16. Goodwill and other intangible assets

The development of goodwill and other intangible assets is as follows during the financial year:

in EUR '000	Acquired goodwill	Develop-ment costs	Other acquired intangible assets	Advance payments	Total other intangible assets
Acquisition and production cost					
As of 1 January 2016	**140,916**	13,337	82,931	732	**97,000**
Changes in the scope of consolidation	**7,828**	22	1,830	0	**1,852**
Additions	**0**	2,558	2,945	582	**6,085**
Disposals	**0**	0	-2,604	0	**-2,604**
Reclassifications	**0**	0	440	-441	**-1**
Currency translation differences	**3,003**	13	768	0	**781**
As of 31 December 2016	**151,747**	**15,930**	**86,310**	**873**	**103,113**
Accumulated depreciation, amortisation and impairment losses					
As of 1 January 2016	**13,399**	8,241	69,023	0	**77,264**
Changes in the scope of consolidation	**0**	0	0	0	**0**
Depreciation, amortisation and impairment 2016	**0**	1,350	6,014	0	**7,364**
Depreciation and amortisation	**0**	1,350	6,004	0	**7,354**
Impairment losses	**0**	0	10	0	**10**
Disposals	**0**	0	-2,603	0	**-2,603**
Reclassifications	**0**	0	-1	0	**-1**
Currency translation differences	**0**	14	634	0	**648**
As of 31 December 2016	**13,399**	**9,605**	**73,067**	**0**	**82,672**
Carrying amounts					
As of 1 January 2016	127,517	5,096	13,908	732	19,736
As of 31 December 2016	138,348	6,325	13,243	873	20,441

The development of goodwill and other intangible assets is as follows during the previous year:

in EUR '000	Acquired goodwill	Develop-ment costs	Other acquired intangible assets	Advance payments	Total other intangible assets
Acquisition and production cost					
As of 1 January 2015	**209,174**	12,482	173,323	513	**186,318**
Changes in the scope of consolidation	**- 64,534**	- 1,397	- 77,980	8	**- 79,369**
Additions	**65**	2,480	6,629	313	**9,422**
Disposals	**-**	- 269	- 20,420	-	**- 20,689**
Reclassifications	**-**	-	165	- 102	**63**
Currency translation differences	**- 3,789**	41	1,214	-	**1,255**
As of 31 December 2015	**140,916**	**13,337**	**82,931**	**732**	**97,000**
Accumulated depreciation, amortisation and impairment losses					
As of 1 January 2015	**7,009**	6,456	111,346	0	**117,802**
Changes in the scope of consolidation	**- 88**	- 933	- 39,956	-	**- 40,889**
Depreciation, amortisation and impairment 2015	**6,478**	2,692	17,462	-	**20,154**
Depreciation and amortisation	**-**	1,720	17,462	-	**19,182**
Impairment losses	**6,478**	972	0	-	**972**
Disposals	**-**	-	- 20,261	-	**- 20,261**
Reclassifications	**-**	-	-	-	**-**
Currency translation differences	**-**	26	432	-	**458**
As of 31 December 2015	**13,399**	**8,241**	**69,023**	**0**	**77,264**
Carrying amounts					
As of 1 January 2015	202,165	6,026	61,977	513	68,516
As of 31 December 2015	127,517	5,096	13,908	732	19,736

Additions in acquired goodwill from changes in scope of consolidation result from the acquisition of EKS InTec GmbH (EUR 7.018k) und der Ciratec bvba (EUR 810k) by the FFT Group. In previous year the reductions from changes in scope of consolidation resulted from the deconsolidation of the EDAG Group.

Capitalised development costs relate to various smaller amounts for intangible assets internally generated by the affiliated companies. In addition to the capitalised development costs, research and development costs of EUR 1,794k (previous year: EUR 2,170k) were recognised as expenses.

Additions to other acquired intangible assets in the financial year 2016 primarily relate to software of the AT Engineering segment. The changes in the scope of consolidation mainly relate to the acquisition of EKS InTec GmbH (segment AT Engineering).

No borrowing costs were capitalised in the financial year. The purchase commitments for intangible assets amounted to EUR 0k as of 31 December 2016 (previous year: EUR 0k).

As in the previous year, intangible assets are not subject to any restrictions on title. The intangible assets do not include any assets acquired under finance leases. No government grants were deducted from acquisition and production cost either in the reporting period or in the previous year.

The carrying amounts of the goodwill attributable to the acquired companies have been allocated to the following cash-generating units:

in EUR '000	31.12.2016	31.12.2015
FFT	15,475	7,796
Goodwill AT Engineering	**15,475**	**7,796**
Goodwill AT Mining	**46,926**	**43,775**
Ziehm/OrthoScan	45,384	45,384
W.O.M.	15,921	15,921
Haema	14,642	14,641
Goodwill AT Med Tech	**75,947**	**75,946**
Goodwill	**138,348**	**127,517**

The Group tests its goodwill for impairment at least once a year. As of 31 December 2016, all goodwill items were subject to an impairment test conducted as presented in note **3.4. Goodwill**, by comparing the carrying amounts with the value in use as recoverable amount. The value in use is determined using the discounted cash flow method. For the financial year 2016 there is no impairment.

The increase in goodwill within the segment AT Engineering mainly results from the acquistion of EKS InTec GmbH (EUR 7.018k) und der Ciratec bvba (EUR 810k).

Within the segment AT Mining the increase in goodwill is only related to currency translation effects.

The determination of the recoverable amounts is based on the following basic assumptions:

	2016	2015
Planning period	3 years	3 years
Growth rate	1.00%	1.00%
Expected market return	6.96% bis 8.69%	7.67% to 8.21%
Return for risk-free investments	0.65% to 2.44%	1.17% to 2.45%
Post-tax discount rate	4.26% to 9.15%	4.10% to 11.49%

Regarding the impairment test for the segment AT Mining a post-tax discount rate of 9.15 % in 2016 (previous year: 11.49 %) was used. Assuming an increase of the discount rate to 13.20 % or more, this would lead to an impairment.

Since the valuation of the other goodwill is not critical, no further sensitivity analysis is considered necessary.

17. Property, plant and equipment and investment properties

The development of property, plant and equipment and investment properties is as follows in the financial year:

in EUR '000	Land, land rights and buildings, including buildings on third party land	Technical equipment and machinery	Other equipment, operating and office equipment	Advance payments for and construction in progress	Total property, plant and equipment
Acquisition and production cost					
As of 1 January 2016	80,863	196,236	75,969	8,490	**361,558**
Changes in the scope of consolidation	20	19	282	0	**321**
Additions	5,751	24,521	8,274	17,439	**55,985**
Disposals	-153	-16,594	-1,280	-1,017	**-19,044**
Reclassifications	559	12,484	922	-13,952	**13**
Reclassifications under IFRS 5	0	-199	0	0	**-199**
Currency translation differences	517	16,313	214	352	**17,396**
As of 31 December 2016	**87,557**	**232,780**	**84,381**	**11,312**	**416,030**
Accumulated depreciation, amortisation and impairment losses					
As of 1 January 2016	23,567	52,100	47,862	2	**123,531**
Changes in the scope of consolidation	13	9	84	0	**106**
Depreciation, amortisation and impairment 2016	5,763	33,382	8,533	20	**47,698**
Depreciation and amortisation	3,793	33,134	8,404	0	**45,331**
Impairment losses	1,970	248	129	20	**2,367**
Write-up	-1,250	-457	-60	0	**-1,767**
Disposals	-40	-14,618	-1,021	0	**-15,679**
Reclassifications	224	-1,074	851	0	**1**
Reclassifications under IFRS 5	0	0	0	0	**0**
Currency translation differences	238	8,120	190	0	**8,548**
As of 31 December 2016	**28,515**	**77,462**	**56,439**	**22**	**162,438**
Carrying amounts					
As of 1 January 2016	57,296	144,136	28,107	8,488	238,027
As of 31 December 2016	59,042	155,318	27,942	11,290	253,592

The development of property, plant and equipment is as follows during the previous year:

in EUR '000	Land, land rights and buildings, including buildings on third party land	Technical equipment and machinery	Other equipment, operating and office equipment	Advance pay-ments for and construc-tion in progress	Total property, plant and equipment
Acquisition and production cost					
As of 1 January 2015	101,504	233,239	126,319	7,271	**468,333**
Changes in the scope consolidation	-30,976	-43,080	-61,688	-3,527	**-139,271**
Additions	9,731	16,945	16,394	38,754	**81,824**
Disposals	-974	-25,171	-3,437	-771	**-30,353**
Reclassifications	2,873	31,313	-1,515	-32,735	**-64**
Reclassifications under IFRS 5	0	-2,342	0	0	**-2,342**
Currency translation differences	-1,295	-14,668	-104	-502	**-16,569**
As of 31 December 2015	**80,863**	**196,236**	**75,969**	**8,490**	**361,558**
Accumulated depreciation, amortisation and impairment losses					
As of 1 January 2015	30,030	77,122	79,841	52	**187,045**
Changes in the scope consolidation	-11,221	-25,200	-42,786	0	**-79,207**
Depreciation, amortisation and impairment 2015	4,835	31,551	14,015	-50	**50,351**
Depreciation and amortisation	4,253	31,541	13,995	0	**49,789**
Impairment losses	582	10	20	-50	**562**
Write-up	0	0	0	0	**0**
Disposals	-924	-23,882	-2,366	0	**-27,172**
Reclassifications	1,337	-587	-749	0	**1**
Reclassifications under IFRS 5	0	0	0	0	**0**
Currency translation differences	-490	-6,904	-93	0	**-7,487**
As of 31 December 2015	**23,567**	**52,100**	**47,862**	**2**	**123,531**
Carrying amounts					
As of 1 January 2015	71,474	156,117	46,478	7,219	281,288
As of 31 December 2015	57,296	144,136	28,107	8,488	238,027

Land and buildings increased from EUR 57,296k to EUR 59,042k mostly because of the segment AT Engineering.

The additions to and disposals of technical equipment and machinery, as well as advance payments and construction in progress primarily relate to technical equipment for major projects in the segment AT Mining. Within the segment AT Aviation the reclassifications according to IFRS 5 towards non-current assets held for sale amounts EUR 199k. Please refer to note **25**. **Assets held for sale and discontinued operations**.

Property, plant and equipment in the amount of EUR 8,246k (previous year: EUR 4,852k) was used as collateral for liabilities. Property, plant and equipment is subject to restrictions on title in the amount of EUR 8,246k (previous year: EUR 4,135k) which mainly results from the AT Mining segment. Property, plant and equipment includes assets in the amount of EUR 23,110k (previous year: EUR 38,355k) acquired as finance leases. The purchase commitments for property, plant and equipment amount to EUR 17,573k as of 31 December 2016 (previous year: EUR 13,458k).

There are no investment properties in financial year 2016 nor in 2015.

In financial year 2016 as well as in previous year no borrowing costs were capitalised.

18. The Group as lessee

The carrying amounts of property, plant and equipment accounted for under finance leases, other than sale-and-lease-back arrangements, are as follows as of 31 December 2016 and 31 December 2015:

in EUR '000	31.12.2016	31.12.2015
Land and buildings	0	10,563
Technical equipment and machinery	22,955	27,646
Other equipment, operating and office equipment	155	146
Net carrying amounts of capitalised leased assets	**23,110**	**38,355**

The lessor of land and buildings presented as finance leases in the previous year is now fully consolidated at the level of the FFT Group. This results in the decline in leased land and buildings.

All technical equipment and machinery, which amount to EUR 22,955k, is leased by the Redpath Group. The lease terms vary between two and five years.

As of the reporting date, future obligations arising from finance leases, other than sale-and-lease-back arrangements are as follows:

in EUR '000	2016			2015		
	Minimum lease payments	Interest portion included	Present values	Minimum lease payments	Interest portion included	Present values
Maturity						
Up to 1 year	7,609	248	7,361	9,872	866	9,006
1 to 5 years	9,505	243	9,262	10,703	2,115	8,588
Over 5 years	0	0	0	8,862	793	8,069
Total	**17,114**	**491**	**16,623**	**29,437**	**3,774**	**25,663**

As of the reporting date and the previous year no future obligations arising from sale-and-lease-back arrangements (finance leases) exist.

There are no significant renewal or purchase option clauses regarding finance leases.

The expenses recognised and the future minimum lease payments under operating leases are as follows:

in EUR '000	2016	2015
Lease payments recognised as expense	24,009	52,672
Future lease payments (maturity)		
Up to 1 year	16,872	15,802
1 to 5 years	27,385	26,866
Over 5 years	2,882	3,483
Total	**47,139**	**46,151**

The decrease in lease payments recognised as expenses is due to the deconsolidation of EDAG Group in December 2015.

Most of the obligations from non-cancellable operating leases arise from commercial real estate contracts, vehicles and technical equipment. There are no significant renewal or purchase option clauses regarding operating leases.

As in the previous year, no contingent lease payments were recognised as expenses in the financial year. In the financial year, there are no significant subleases.

19. The Group as lessor

The Group acts as lessor in operating leases, most of which relate to building premises. The contracts are normally short term without renewal options. Operating lease income recognised in profit or loss amounts to EUR 1,315k in the financial year (previous year: EUR 3,196k). The future minimum lease payments under non-cancellable operating leases mature as follows: up to one year EUR 34k (previous year: EUR 34k), one to five years EUR 0k (previous year: EUR 0k) and over five years EUR 0k (previous year: EUR 0k). Contingent rental income of EUR 19k (previous year: EUR 16k) was recognised in the income statement.

20. Investments accounted for using the equity method

The Group has investments in joint ventures and associates. The amounts recognised in the balance sheet in investments accounted for using the equity method are as follows:

in EUR '000	31.12.2016	31.12.2015
Investments accounted for using the equity method		
Associates	284,284	288,888
Joint Ventures	8,973	10,144
	293,257	**299,032**

The amounts recognised in the consolidated income statement are as follows:

in EUR '000	2016	2015
Result from investments accounted for using the equity method		
Associates	1,244	-195
Joint Ventures	2,202	2,886
	3,446	**2,691**

The most significant investment accounted for using the equity method as of 31 December 2016 is EDAG Egnineering Group AG, an independent engineering service provider working for the global automotive industry. The interest in EDAG Engineering Group AG increased from 59.8 % as of 31 December 2015 to 62.9 % as of 31 December 2016. Based on an agreement on voting rights, which restricts the voting rights of the majority shareholder and is also valid for the newly acquired interest, EDAG Engineering Group AG is not controlled and therefore unchanged accounted for as an associated using the equity method.

The 50.0 % interest in the joint venture Associated Mining Construction Inc., Saskatchewan, Canada, is also accounted for using the equity method. Associated Mining Construction Inc. is a strategic partnership for the Group between Redpath Group and Thyssen Mining Inc. The Joint Venture was established in 2008 and offers shaft sinking solutions for challenging ground conditions.

The 50.0 % interests in the joint venture Schacht Konrad 1, Dortmund, and the joint venture Schacht Konrad 2, Dortmund, are also accounted for using the equity method. These joint ventures are strategic partnerships for the Group between Deilmann-Haniel GmbH, Dortmund, and Thyssen Schachtbau GmbH. Schacht Konrad 1 and Schacht Konrad 2 offer access to the former iron ore mine in Salzgitter, which is converted at present.

EKS InTec GmbH was also accounted for using the equity method for its 49.0 % interest until 30 June 2016. EKS InTec GmbH provides services in the planning, development, simulation and commissioning of simple to complex production facilities and special purpose machines for the mobility industry as well as its suppliers. The company was a strategic partnership for the Group, providing FFT Group access to a virtual commissioning of production plants by software specially developed by EKS InTec GmbH. Due to the acquisition of the outstanding 51.0 % interest, EKS InTec GmbH is fully consolidated since 1 July 2016 and is therefore no longer listed below.

Summarised financial information for the most significant investments accounted for using the equity method as of 31 December 2016 are presented in the following tables.

The summarised balance sheet is as follows:

in EUR '000				
Company	**EDAG Engineering Group AG**		**Joint Venture Schacht Konrad 1**	
Nature of the relationship	Associate		Joint Venture	
	31.12.2016	**31.12.2015**	**31.12.2016**	**31.12.2015**
Interest held in %	63	60	50	50
Current				
Cash and cash equivalents	19,067	70,654	241	87
Other current assets (excluding cash)	222,524	212,330	4,486	6,090
Total current assets	**241,591**	**282,984**	**4,727**	**6,177**
Financial liabilities (excluding trade and other payables, provisions and tax liabilities)	-29,190	-24,284	0	0
Other liabilities (including trade and other payables, provisions and tax liabilities)	-122,163	-124,944	-1,058	-5,145
Total current liabilities	**-151,353**	**-149,228**	**-1,058**	**-5,145**
Non-current				
Assets	**188,825**	**192,560**	**106**	**166**
Financial liabilities (excluding trade and other payables, provisions and tax liabilities)	-88,080	-135,167	0	0
Other liabilities (including trade and other payables and provisions)	-38,219	-35,906	0	0
Total non-current liabilities	**-126,299**	**-171,073**	**0**	**0**
Net assets	**152,764**	**155,243**	**3,775**	**1,198**

in EUR '000				
Company	**Joint Venture Schacht Konrad 2**		**Associated Mining Construction Inc.**	
Nature of the relationship	Joint Venture		Joint Venture	
	31.12.2016	**31.12.2015**	**31.12.2016**	**31.12.2015**
Interest held in %	50	50	50	50
Current				
Cash and cash equivalents	671	719	7,913	12,573
Other current assets (excluding cash)	8,659	9,766	5,168	6,361
Total current assets	**9,330**	**10,485**	**13,081**	**18,934**
Financial liabilities (excluding trade and other payables, provisions and tax liabilities)	0	0	-1,010	-793
Other liabilities (including trade and other payables, provisions and tax liabilities)	-8,555	-8,708	-3,444	-4,848
Total current liabilities	**-8,555**	**-8,708**	**-4,454**	**-5,641**
Non-current				
Assets	**1,938**	**1,799**	**978**	**979**
Financial liabilities (excluding trade and other payables, provisions and tax liabilities)	0	0	0	0
Other liabilities (including trade and other payables, provisions and tax liabilities)	0	0	0	0
Total non-current liabilities	**0**	**0**	**0**	**0**
Net assets	**2,713**	**3,576**	**9,605**	**14,272**

The summarised statement of comprehensive income is as follows:

in EUR '000				
Company	**EDAG Engineering Group AG**		**Joint Venture Schacht Konrad 1**	
Nature of the relationship	Associate		Joint Venture	
	31.12.2016	**31.12.2015**	**31.12.2016**	**31.12.2015**
Interest held in %	63	60	50	50
Revenue	714,851	721,967	2,602	2,172
Depreciation and amortisation	-27,692	-25,564	-53	-71
Interest income	488	2,230	0	0
Interest expense	-8,567	-10,349	0	0
Profit (+) or loss (-) from continuing operations	**28,773**	**53,394**	**2,587**	**84**
Income tax expense (-) / income (+)	-10,677	-17,046	0	0
Profit (+) or loss (-) after tax from continuing operations	**18,096**	**36,348**	**2,587**	**84**
Other comprehensive income	-1,793	1,421	0	0
Total comprehensive income	**16,303**	**37,769**	**2,587**	**84**
Dividends received	-11,203	0	0	0

in EUR '000				
Company	**Joint Venture Schacht Konrad 2**		**Associated Mining Construction Inc.**	
Nature of the relationship	Joint Venture		Joint Venture	
	31.12.2016	**31.12.2015**	**31.12.2016**	**31.12.2015**
Interest held in %	50	50	50	50
Revenue	7,579	8,009	47	78,861
Depreciation and amortisation	-721	-745	-217	-2,543
Interest income	0	0	0	0
Interest expense	-25	-21	0	-10
Profit (+) or loss (-) from continuing operations	**-850**	**298**	**1,755**	**5,830**
Income tax expense (-) / income (+)	0	0	-464	-1,577
Profit (+) or loss (-) after tax from continuing operations	**-850**	**298**	**1,291**	**4,253**
Other comprehensive income	0	0	0	0
Total comprehensive income	**-850**	**298**	**1,291**	**4,253**
Dividends received	0	0	-3,410	-3,174

For investments in associates using the equity method total comprehensive income agrees with profit or loss for the period from continuing operations.

There are no commitments or contingent liabilities relating to the investments accounted for using the equity method.

The information above reflects the amounts presented in the financial statements of the investments accounted for using the equity method (and not ATON GmbH's share of those amounts).

The reconciliation of the summarised financial information related to the carrying amount of the investments accounted for using the equity method is presented in the following table:

in EUR '000								
Company	**EDAG Engineering Group AG**		**Arbeitsgemeinschaft Schacht Konrad 1**		**Arbeitsgemeinschaft Schacht Konrad 2**		**Associated Mining Construction Inc.**	
	2016	**2015**	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**
Net assets as of 1 January	155,243	0	1,197	1,111	3,576	3,279	14,272	17,348
Additions	0	153,942	0	0	0	0	0	0
Profit (+) / loss (-) for the period	18,096	1,183	2,590	86	-850	297	1,400	4,358
Other comprehensive income	-1,793	118	0	0	0	0	0	0
Increase in capital	0	0	0	0	0	0	0	0
Adjustments	8,302	0	0	0	0	0	0	0
Dividends received	-11,203	0	0	0	0	0	-6,820	-6,348
Currency translation differences	-1,577	0	-13	0	-13	0	752	-1,086
Net assets as of 31 December	**167,068**	**155,243**	**3,774**	**1,197**	**2,713**	**3,576**	**9,604**	**14,272**
Interest held in %	63	60	50	50	50	50	50	50
Interest in investments accounted for using the equity method	105,069	92,758	1,887	599	1,357	1,788	4,802	7,136
Allocatable hidden reserves/burden as a result of the PPA	113,851	125,450	0	0	0	0	0	0
Goodwill	65,364	65,364	0	0	0	0	0	0
Carrying value	**284,284**	**283,572**	**1,887**	**599**	**1,357**	**1,788**	**4,802**	**7,136**
investments accounted for using the equity method	284,284	283,572	1,887	599	1,357	1,788	4,802	7,136
liabilities to investments accounted for using the equity method	0	0	0	0	0	0	0	0

in EUR '000				
Company	**Other investments accounted for using the equity method**		**Total**	
	2016	**2015**	**2016**	**2015**
Net assets as of 1 January	3,188	1,994	177,476	24,351
Additions	0	0	0	153,942
Profit (+) / loss (-) for the period	1,999	865	23,235	6,789
Other comprehensive income	0	0	-1,793	118
Increase in capital	0	0	0	0
Adjustments	-2,272	0	6,030	0
Dividends received	-1,017	0	-19,040	-6,348
Currency translation differences	-44	329	-895	-757
Net assets as of 31 December	**1,854**	**3,188**	**185,013**	**178,095**
Interest held in %	49 resp. 50	49 resp. 50	49 resp. 50 resp. 62,89	49 resp. 50 resp. 59,75
Interest in investments accounted for using the equity method	927	1,878	114,042	104,159
Allocatable hidden reserves/burden as a result of the PPA	0	0	113,851	125,450
Goodwill	0	4,059	65,364	69,423
Carrying value	**927**	**5,937**	**293,257**	**299,032**
investments accounted for using the equity method	927	5,937	293,257	299,032
liabilities to investments accounted for using the equity method	-449	-246	-449	-246

For investments accounted for using the equity method, intercompany profits and losses are eliminated on a pro-rata basis in general.

21. Other financial assets

Other financial assets break down as follows:

in EUR '000	31.12.2016			31.12.2015		
	Remaining maturity			Remaining maturity		
	> 1 year	< 1 year	Total	> 1 year	< 1 year	Total
Non-consolidated investments in affiliated companies	1,953	-	1,953	2,826	-	2,826
Non-consolidated investments in associated companies	1,037	-	1,037	1,461	-	1,461
Loans	105,299	45,036	150,335	145,226	37,590	182,816
Securities held to maturity	1,499	-	1,499	1,337	-	1,337
Securities available for sale	14,442	-	14,442	12,179	-	12,179
Securities held for trading	-	164,969	164,969	-	152,688	152,688
Fair values of derivative financial instruments	-	-	-	-	1	1
Fair values of derivative financial instruments - hedging	-	106	106	-	70	70
Other financial assets	**124,230**	**210,111**	**334,341**	**163,029**	**190,349**	**353,378**

The non-consolidated investments in affiliated companies are recognised at acquisition costs because future cash flows cannot be reliably estimated and the fair value can therefore not be reliably determined. It is not planned to sell significant parts of securities available for sale, which are measured at acquisition costs, in the near future.

The loans of EUR 150,335k (previous year: EUR 182,816k) were not overdue as of the reporting date and will be repaid as planned. Specific allowances for non-current loans were not necessary in the reporting period as well as in previous year. The net decrease in loans is due to the scheduled and unscheduled repayment of loans whilst granting new loans at the same time.

The securities include bonds held to maturity amounting to EUR 1,499k (previous year: EUR 1,337k). In addition, securities amounting to EUR 14,442k (previous year: EUR 12,179k) are available for sale. Moreover, securities held for trading exist amounting to EUR 164,969k (previous year: EUR 152,688k), which exclusively consist of Western European publicly listed bonds.

Cash flow hedges are generally used to hedge against foreign currency risks from future procurement transactions. Option and future contracts serve as hedging instruments. Fair value changes of hedging instruments relating to the effective portion are recognised in other comprehensive income until the underlying hedged item is realised. The ineffective portion of the fair value change is recognised in the income statement.

When the underlying hedged item is realised, the associated fair value changes of the hedging transaction are reclassified from other comprehensive income to the income statement. The recognised fair value of cash flow hedging instruments amounts to EUR 106k as of the reporting date (previous year: EUR 70k). The transactions hedged with cash flow hedges are expected to be due and recognised in profit or loss until end of 2017.

In the reporting period, the changes in fair values of the hedging instruments amounting to EUR 2,048k (in previous year: EUR -2,266k) before taxes are accounted for directly within other comprehensive income without income statement effect. Those changes in fair values reflect the effective portion of the hedges.

Ineffectivenesses from cash flow hedges amounting to EUR 2,703k (in previous year: EUR 2,338k) have been accounted for as income within the income statement.

22. Trade and other receivables

in EUR '000	31.12.2016		31.12.2015	
	current	non-current	current	non-current
Trade receivables	197,892	47	203,714	222
Receivables from construction contracts	281,462	0	195,880	0
Other receivables	42,441	3,939	36,640	381
Carrying amount (net)	**521,795**	**3,986**	**436,234**	**603**

Receivables from construction contracts break down as follows:

in EUR '000	31.12.2016	31.12.2015
Accumulated direct costs	1,735,704	1,457,306
+ accumulated allocated gains	293,979	248,111
- accumulated allocated losses	105,313	67,940
+ accumulated currency translation differences	- 18,000	- 51,882
Accumulated contract revenue	**1,906,370**	**1,585,595**
- advance payments received	355,687	284,390
- partial billings	1,297,990	1,154,253
+ accumulated currency translations differences	28,769	48,928
Carrying amount	**281,462**	**195,880**

The allowances for trade receivables developed as follows:

in EUR '000	2016	2015
As of 1 January	4,790	3,737
Changes in the scope of consolidation	0	-839
Currency translation differences	37	53
Additions	921	3,066
Utilisation	-235	-541
Reversals	-993	-686
As of 31 December	**4,520**	**4,790**

For trade receivables not impaired an amount of EUR 62,486k (previous year: EUR 56,788k) was overdue as of the reporting date:

in EUR '000	2016	2015
Trade receivables (net)	197,939	203,936
of which neither impaired nor overdue	135,453	147,148
of which overdue in the following time bands, but not impaired		
up to 30 days	25,547	33,655
between 30 and 60 days	11,309	10,244
between 61 and 90 days	10,758	3,673
between 91 and 180 days	3,801	2,812
between 181 and 360 days	7,395	3,262
over 360 days	3,676	3,142

The receivables that are neither impaired nor overdue are expected to be fully recoverable because of the established receivables management processes in the respective subsidiaries and the case-by-case assessment of individual customer risks. The future risk of default of the existing receivables is reflected adequately within the allowances.

Other receivables break down as follows:

in EUR '000	31.12.2016	31.12.2015
Current		
Value added tax receivables	24,623	18,432
Receivables from employees	828	533
Other tax receivables	544	487
Creditors with debit balances	191	488
Other receivables	16,255	16,700
Allowances	-	-
	42,441	**36,640**
Non-current		
Other receivables	3,939	381
Allowances	-	-
	3,939	**381**
Other receivables	**46,380**	**37,021**

The allowances for other receivables changed as follows:

in EUR '000	2016	2015
As of 1 January	0	1,043
	0	-1,033
Currency translation differences	0	0
Additions	0	0
Utilisation	0	0
Reversals	0	-10
Reclassification	0	0
As of 31 December	**0**	**0**

For other receivables not impaired an amount of EUR 4,783k (previous year: EUR 722k) was overdue as of the reporting date:

in EUR '000	2016	2015
Other receivables (net)	46,380	37,021
of which neither impaired nor overdue	41,597	36,299
of which overdue in the following time bands, but not impaired		
up to 30 days	1,263	331
between 30 and 60 days	3,480	161
between 61 and 90 days	-	0
between 91 and 180 days	-	1
between 181 and 360 days	-	192
over 360 days	40	37

Receivables not impaired are subject to individual risk assessments in the respective subsidiaries. These assessments have not provided any further indication that the receivables carry any risks exceeding the allowances recognised as of the reporting date.

23. Inventories

The carrying amount of the inventories amounting to EUR 153,620k (previous year: EUR 165,140k), breaks down as follows:

in EUR '000	31.12.2016	31.12.2015
Raw materials, consumables and supplies	54,707	45,155
Unfinished goods, work in progress	14,165	24,667
Finished goods	19,433	15,952
Merchandises	36,257	33,886
Advance payments	29,058	45,480
Inventories	**153,620**	**165,140**

Inventories are written down to the lower net realisable value. The carrying amount of the inventories measured at the net realisable value amounts to EUR 16k (previous year: EUR 41k). Total write-downs amounted to EUR 16,190k (previous year: EUR 12,295k). As in the previous year, the impairment losses were fully recognised in cost of materials.

Unchanged to previous year no inventories were pledged as collateral for liabilities.

24. Cash and cash equivalents

in EUR '000	31.12.2016	31.12.2015
Cash and bank balances	210,198	186,800
Other cash equivalents	10	0
Cash in transit	246	250
Cash and cash equivalents	**210,454**	**187,050**

For details of changes in cash and cash equivalents, please refer to the consolidated statement of cash flows. As of 31 December 2016, the Group cannot freely dispose over a portion amounting to EUR 546k (previous year: EUR 69k).

25. Assets held for sale and discontinued operations

In the **segment AT Aviation** the following items were classified as assets held for sale in accordance with IFRS 5 in the reporting period and in the previous year:

As of 31 December 2015, DC Aviation GmbH classified one aircraft and spare parts as assets held for sale in accordance with IFRS 5, since those assets had no further use within the operating business. The assets have been handed over to a aircraft broker for resale.

As of 31 December 2016, DC Aviation GmbH still classifies this aircraft and spare parts as assets held for sale in accordance with IFRS 5. A reclassification has not been made, since the requirements of IFRS 5.9 are met. Based on current sales negotiations a disposal of these assets is expected during the financial year 2017.

The classification did not result in an impairment in 2015, neither a subsequent write-down was necessary in 2016.

26. Equity

Details of the development of the equity between 1 January and 31 December 2016 and the previous period are presented in the Group's statement of changes in equity.

Subscribed capital

The subscribed capital of EUR 15,000k (previous year: EUR 15,000k) corresponds to the equity item reported by the parent (ATON GmbH). As of 31 December 2016, the share capital of EUR 15,000k is fully paid in.

Capital reserve

The capital reserve as of 31 December 2016 is at EUR 629,168k (previous year: EUR 624,206k).

Other reserves

In the other reserves, the revenue reserves and profit or loss of previous years attributable to shareholders (profit or loss carried forward), the current net profit or loss attributable to shareholders, reserves from the transition from HGB (German GAAP) to IFRS accounting and total other comprehensive income are reported.

Other comprehensive income contains currency translation differences, effects from remeasurements of defined benefit plans, the effective part of changes from cash flow hedges as well as changes in the fair values of financial assets available for sale. The currency translation differences include the differences from translating the currencies of financial statements of foreign subsidiaries, which are recognised directly in equity.

In 2016 no payments to shareholders of ATON GmbH were made. To minority shareholders at the level of affiliates EUR 362k were paid in the current financial year (previous year: EUR 14k).

in EUR '000	31.12.2016	31.12.2015
Retained earnings including profit or loss		
Revenue reserves and profit (+) or loss (-) carried forward	454,391	96,642
Profit attributable to the owners	67,139	357,623
Reserve from the transition to IFRS	2,194	2,194
	523,724	**456,459**
Other comprehensive income		
Currency translation differences	-10,610	-22,791
Remeasurements of defined benefit plans	-3,351	-2,647
Effective part of changes from cash flow hedges	0	-1,349
Fair value valuation of available-for-sale financial assets	887	634
	-13,074	**-26,153**
Other reserves	**510,650**	**430,306**

Non-controlling interest

The non-controlling interest is attributable to the following companies:

in EUR '000	31.12.2016	31.12.2015
TSO	3,517	3,366
FFT subgroup	2,821	8,813
ATM subgroup	-871	-455
Total non-controlling interest	**5,467**	**11,724**

Non-controlling interests at FFT subgroup mainly result from EDAG Werkzeuge + Karroserie GmbH. ATON GmbH holds 51.0 % of this company via the fully consolidated FFT Group and the other 49.0 % via the EDAG Group which is accounted for using the equity method. Taking into account the proportion of the shareholding the EDAG Group, 81.8 % of EDAG Werkzeuge + Karroserie GmbH are thus attributable to the majority shareholder.

The non-controlling interests in TSO, FFT subgroup and ATM subgroup are not material, so that no information is presented for balance sheet, income statement and cash flow statement for subsidiaries with non-controlling interests.

The development of the non-controlling interest in equity is shown in the table below:

in EUR '000	**2016**	**2015**
As of 1 January	11,724	2,114
Changes in equity recognised directly in equity		
Changes in the scope of consolidation	0	8,041
Currency translation differences from translation of financial statements of foreign subsidiaries	- 173	142
Dividend payments	- 362	- 14
Other changes in equity	- 4,787	15
	- 5,322	**8,184**
Changes in equity recognised in profit or loss	- 935	1,426
As of 31 December	**5,467**	**11,724**

With regard to the changes in scope of consolidation in previous year please refer to the effect described above for EDAG Werkzeuge + Karroserie GmbH as a consequence of the deconsolidation of the EDAG Group.

The other changes in equity within non-controlling interest in 2016 and 2015 include actuarial gains from the remeasurements of defined benefit plans.

27. Provisions for pensions

The Group has occupational pension systems in the form of defined contribution plans and defined benefit plans.

Defined contribution plans take the form of old-age, disability and survivor's benefits. The employer contributions to the statutory pension insurance scheme payable in Germany should be treated as defined contribution plans of this type. The payments to defined contribution pension plans in the Group primarily relate to contributions to the statutory pension insurance schemes in Germany. The Group has no further payment obligations once the contributions have been paid. In the reporting period, current contributions of EUR 23,957k (previous year: EUR 50,920k) were paid. Other long-term employee benefits according to IAS 19.153 amount to EUR 224k in 2016 (previous year: EUR 721k).

The defined benefit obligations relate to direct pension commitments and indirect pension commitments through VKE Versorgungkasse EDAG-Firmengruppe e.V. (VKE) for companies of the FFT Group.

The direct pension commitments obligate the employer to life-long pension payments. The obligations partly take the form of fixed commitments and partly of commitments, which depend on years of service and salary. Commitments are made for old-age, disability and survivor's benefits.

The exclusive and unalterable purpose of VKE is to manage a special pension fund, which grants voluntary, one-time, repeated or recurring benefits to beneficiaries according to the benefit plan of VKE when they need support, become disabled or incapable to work and in old age. The funding companies (members of VKE) are as follows:

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

Beneficiaries can be employees and/or former employees of the funding companies as well as their close relatives (spouses and children) and/or surviving dependants. Individuals who find or found themselves in a comparable situation to that of employees of the funding companies are also classified as members of the funding companies. For employees recruited after 1 June 2006, there are no pension commitments.

The employees receive old-age, disability and survivor's benefits in accordance with the pension regulations applicable at the time. The benefit due in each case is paid as a lump sum.

In Germany, the provisions of the German Company Pensions Act apply to the pension commitments. Due to the legally prescribed pension adjustment, the pension obligations are subject to inflation risk. Furthermore, there is a risk that the actual payment obligations differ from the obligations expected at the time of the commitment, which is caused by changes in lifetime, disablement probabilities, and mortality rates.

In addition, the Redpath Group also has other post retirement benefit plans.

The pension obligations and the obligations from other post retirement benefit plans are determined on the basis of actuarial reports, which are requested annually. The benefit amount is determined on the basis of the years of service and the estimated future salary and pension trends.

The provisions for pensions recognised in the statement of financial position is as follows:

in EUR '000	**2016**	**2015**
Present value of funded obligations	13,094	6,583
Fair value of plan assets	- 4,308	- 4,285
Deficit of funded plans	**8,786**	**2,298**
Present value of unfunded obligations	6,239	7,853
Total deficit of defined benefit pension plans	**15,025**	**10,151**
Provisions for pensions as of 31 December	**15,025**	**10,151**

The provisions for pensions changed as follows:

in EUR '000	**2016**	**2015**
Provisions for pensions as of 1 January	10,151	32,470
Changes in the scope of consolidation	0	-22,022
Current service cost	399	1,794
Past service cost	0	0
Net interest cost (+) / income (-)	229	621
Remeasurements	1,187	-2,518
from changes in demographic assumptions	0	0
from changes in financial assumptions	1,449	-2,281
from experience gains (-) / losses (+)	-262	-237
Gains (-) / losses (+) from settlements	0	0
Currency translation differences	-106	111
Employer contributions	0	0
Contributions by plan participants	0	87
Benefit payments	-178	-392
Administration cost	0	0
Reclassification	3,343	0
Provisions for pensions as of 31 December	**15,025**	**10,151**

The increase in provisions for pensions in the financial year 2016 is mainly due to a change in presentation of an obligation at the Redpath Group, which caused an the increase in the provisions for pensions by EUR 3,343k. In addition, further declined discount rates caused remeasurement effects amounting to EUR 1,187k.

The present value of the defined benefit obligation developed as follows:

in EUR '000	2016	2015
Present value of the defined benefit obligation as of 1 January	14,436	61,112
Changes in the scope of consolidation	0	-46,649
Current service cost	399	1,794
Past service cost	0	0
Interest cost	321	1,234
Remeasurements of defined benefit plans		
from changes in demographic assumptions	0	0
from changes in financial assumptions	1,449	-2,208
from experience gains (-) / losses (+)	-157	-237
Currency translation differences	-89	482
Contributions by plan participants	0	87
Benefit payments	-369	-1,179
thereof from settlements	0	0
Administration cost	0	0
Reclassification	3,343	0
Present value of the defined benefit obligation as of 31 December	**19,333**	**14,436**

The fair value of plan assets developed as follows:

in EUR '000	2016	2015
Fair value of plan assets as of 1 January	4,285	28,642
Changes in the scope of consolidation	0	-24,629
Interest income	92	613
Return on (-) / loss from (-) plan assets excluding amounts included in interest income	105	73
Currency translation differences	17	372
Benefit payments	-191	-786
Fair value of plan assets as of 31 December	**4,308**	**4,285**

The asset allocation of the fair value of the plan assets is as follows:

in EUR '000	2016	in %	2015	in %
Debt instruments (Germany)	4,204	98%	4,178	98%
thereof without a quoted market price in an active market	0		0	
thereof investments in employer company or related parties	4,204		4,178	
Asset values of reinsurance cover pension trust (Germany)	104	2%	107	2%
thereof without a quoted market price in an active market	104		107	
Plan assets as of 31 December	**4,308**	**100%**	**4,285**	**100%**

Neither as of 31 December 2016 nor as of 31 December 2015, asset ceiling regulations had an effect regarding plan assets to be recorded.

The calculation of the present value of the defined benefit obligation is based on the following actuarial assumptions:

	2016	2015
Average discount rate		
Germany	1.75%	2.24%
Biometric accounting bases		
Germany	2005 G mortality tables	2005 G mortality tables

The following sensitivity analyses present the impact on the present value of the defined benefit obligation of an increase or decrease in the actuarial assumptions:

in EUR'000		2016	in %	2015	in %
Average discount rate	+ 0,50 %	18,486	-4.38	13,451	-6.82
	- 0,50 %	20,062	3.77	15,517	7.49
Average life expectancy	+ 1 year	20,021	3.56	14,890	3.14
	- 1 year	18,637	-3.60	13,828	-4.21

The above sensitivity analyses were calculated in analogy to the defined benefit obligation by changing one assumption while holding all other assumptions and the valuation method constant. If several assumptions change at the same time, the total effect does not have to be the same as the sum of the individual effects. In addition, the effects of the individual changes in assumptions are not linear. The assumptions for salary and pension increases do not have a material impact on the present value of the defined benefit obligation. Hence sensitivities for these assumptions are not disclosed.

For the financial year 2016, the Group expects contributions to defined benefit pension plans amounting to EUR 555k (previous year: EUR 493k) in total.

The weighted average duration of the defined benefit obligation of ATON's defined benefit plans is 15 years as of 31 December 2016 (previous year: 15 years).

28. Provisions for income taxes and other provisions

Provisions for income taxes and other provisions developed as follows:

in EUR '000	Income taxes	Personnel	Warranties	Rework	Onerous contracts	Litigation risks	Other	Total other provisions
As of 1 January 2016	**12,212**	**8,151**	**3,482**	**1,321**	**19,829**	**1,495**	**3,212**	**37,490**
thereof: current	**12,212**	5,961	2,688	1,321	19,829	1,495	2,692	**33,986**
Changes in the scope of consolidation	**0**	-	-	-	-	-	-	**-**
Currency translation differences	**2**	289	4	-	- 59	10	42	**286**
Additions	**8,218**	2,476	1,963	832	1,023	174	470	**6,938**
Consumption	**5,267**	2,690	82	-	1,309	462	2,445	**6,988**
Reversal	**384**	68	2,025	1,017	7,074	1,193	21	**11,398**
Interest effect	**-**	13	17	-	-	-	2	**32**
Other changes	**-**	- 3,343	-	-	-	-	0	**- 3,343**
As of 31 December 2016	**14,781**	**4,828**	**3,359**	**1,136**	**12,410**	**24**	**1,260**	**23,017**
thereof: current	**14,781**	2,264	2,633	1,136	12,410	24	714	**19,181**

in EUR '000	Income taxes	Personnel	Warranties	Rework	Onerous contracts	Litigation risks	Other	Total other provisions
As of 1 January 2015	**53,184**	**12,882**	**2,780**	**256**	**20,061**	**1,364**	**11,920**	**49,263**
thereof: current	51,724	9,747	2,152	256	20,061	1,364	7,152	**40,732**
Changes in the scope of consolidation	- 20,889	- 2,442	- 436	-	- 283	- 245	- 6,022	**- 9,428**
Currency translation differences	- 3	- 426	16	-	151	- 104	115	**- 248**
Additions	14,021	4,707	1,239	1,253	2,744	1,487	1,275	**12,705**
Consumption	33,761	4,947	-	188	2,453	605	1,402	**9,595**
Reversal	340	1,638	121	-	391	402	2,675	**5,227**
Interest effect	-	15	4	-	-	-	1	**20**
As of 31 December 2015	**12,212**	**8,151**	**3,482**	**1,321**	**19,829**	**1,495**	**3,212**	**37,490**
thereof: current	12,212	5,961	2,688	1,321	19,829	1,495	2,692	**33,986**

The provisions for income taxes include provisions for current income taxes and provisions for taxes to be paid as a result of tax audits.

Personnel provisions in particular relate to provisions for severance payments EUR 1,292k (previous year: EUR 4,565k) and service anniversaries provisions EUR 1,098k (previous year: EUR 929k). Other changes reflect the reclassification to other post retirement obligations as part of the provisions for pensions.

The provisions for warranties are recognised for statutory and contractual warranty obligations as well as goodwill services. The provisions were recognised based on the products sold with the period being selected depending on the product and the industry. The measurement is made on the basis of past experience for repairs and complaints.

The provisions for rework comprise subsequent obligations from sales of machinery.

Provisions for onerous contracts are recognised for expected contract-related losses from construction, sales and lease contracts.

The provisions for litigation risks result from current or future legal action of which the related outcome cannot be predicted with certainty. They are measured on the basis of individual assessments of the most likely result.

The provisions for archiving costs are part of the other provisions amount to EUR 563k (previous year: EUR 559k) in the financial year.

29. Financial liabilities

Financial liabilities break down as follows:

in EUR '000	31.12.2016 Total	Remaining maturities < 1 year	> 1 year < 5 years	> 5 years	31.12.2015 Total	Remaining maturities < 1 year	> 1 year < 5 years	> 5 years
Bonds	200,239	1,119	199,120	0	199,792	1,119	198,673	0
thereof non-convertible	200,239	1,119	199,120	0	199,792	1,119	198,673	0
Liabilities to banks	88,019	15,525	68,046	4,448	59,781	50,091	9,690	0
thereof from loans	85,380	12,886	68,046	4,448	59,781	50,091	9,690	0
Loan liabilities	4,769	4,769	0	0	4,545	4,545	0	0
thereof to shareholders	38	38	0	0	0	0	0	0
thereof to related parties	4,205	4,205	0	0	4,197	4,197	0	0
thereof to associates	77	77	0	0	102	102	0	0
thereof to investments accounted for using the equity method	449	449	0	0	246	246	0	0
Finance lease liabilities	16,623	7,361	9,262	0	25,664	9,007	8,588	8,069
Liabilities from derivative financial instruments	740	740	0	0	4,999	4,999	0	0
Liabilities from bills	638	638	0	0	0	0	0	0
Total	**311,028**	**30,152**	**276,428**	**4,448**	**294,781**	**69,761**	**216,951**	**8,069**

Liabilities to shareholders, related parties and associates have been agreed until further notice. For this reason the repayment is shown under "no fixed repayments". No demands for repayment are expected in the next years.

For details of lease liabilities, please refer to note **18. The Group as lessee**. For details of hedging liabilities, please refer to note **21. Other financial assets**.

The tables below show the future undiscounted cash flows of financial liabilities that have an impact on the future liquidity status of the ATON Group:

		Cash flow in 2017			Cash flow in 2018-2020			Cash flow in 2021 and beyond			
in EUR '000	**Carrying amount**	**Fixed interest rate**	**Variable interest rate**	**Repay-ment**	**Fixed interest rate**	**Variable interest rate**	**Repay-ment**	**Fixed interest rate**	**Variable interest rate**	**Repay-ment**	**No fixed repay-ment**
Bonds	200,239	7,750	0	0	6,717	0	200,000	0	0	0	0
Liabilities to banks	88,019	488	0	15,525	396	5,048	1,419	1,686	1,472	71,075	0
Finance lease liabilities	16,623	394	0	7,361	297	0	6,668	100	0	2,594	0
Loan liabilities to shareholders, related parties and associates	4,320	167	0	0	0	0	0	0	0	0	4,320
Loan liabilities to investments accounted for using the equity method	449	0	0	449	0	0	0	0	0	0	0
Liabilities from derivative financial instruments	740	0	0	740	0	0	0	0	0	0	0
Trade payables [1)]	134,484	0	0	131,458	0	0	3,026	0	0	0	0
Other liabilities (financial instruments as defined in IAS 32)	3,302	0	0	3,302	0	0	0	0	0	0	0
Total	**448,176**	**8,799**	**0**	**158,835**	**7,410**	**5,048**	**211,113**	**1,786**	**1,472**	**73,669**	**4,320**

1) Excludes liabilities from construction contracts

The table below shows the figures as of 31 December 2015, also disclosing the future undiscounted cash flows of the financial liabilities:

		Cash flow in 2016			Cash flow in 2017-2019			Cash flow in 2020 and beyond			
in EUR'000	**Carrying amount**	**Fixed interest rate**	**Variable interest rate**	**Repay-ment**	**Fixed interest rate**	**Variable interest rate**	**Repay-ment**	**Fixed interest rate**	**Variable interest rate**	**Repay-ment**	**No fixed repay-ment**
Bonds	199,792	7,750	0	0	15,500	0	200,000	0	0	0	0
Liabilities to banks	59,781	507	1,351	56,229	127	6	2,153	224	0	1,399	0
Finance lease liabilities	25,664	800	217	9,045	635	122	5,441	1,470	0	11,178	0
Loan liabilities to shareholders and related parties	4,299	65	0	0	0	0	0	0	0	0	4,299
Loan liabilities to investments accounted for using the equity method	246	0	0	246	0	0	0	0	0	0	0
Liabilities from derivative financial instruments	4,999	0	0	4,999	0	0	0	0	0	0	0
Trade payables [1)]	115,061	0	0	111,792	0	0	3,269	0	0	0	0
Other liabilities (financial instruments as defined in IAS 32)	3,211	0	0	3,211	0	0	0	0	0	0	0
Total	**413,053**	**9,122**	**1,568**	**185,522**	**16,262**	**128**	**210,863**	**1,694**	**0**	**12,577**	**4,299**

1) Excludes liabilities from construction contracts

30. Trade and other payables

	31.12.2016				31.12.2015			
	Total	Remaining maturities			Total	Remaining maturities		
in EUR '000		< 1 year	> 1 year < 5 years	> 5 years		< 1 year	> 1 year < 5 years	> 5 years
Trade payables								
to third parties	128,174	128,150	24	-	107,666	107,666	-	-
to related parties	3,287	3,287	-	-	3,264	3,264	-	-
to affiliated companies	15	15	-	-	670	670	-	-
to associates	3,008	6	3,002	-	3,461	191	3,270	-
from construction contracts	170,791	170,791	-	-	185,087	185,087	-	-
	305,275	**302,249**	**3,026**	**-**	**300,148**	**296,878**	**3,270**	**-**
Other liabilities								
payments received on account of orders	7,758	7,248	510	-	9,368	8,858	510	-
to affiliated companies	69	32	37	-	67	30	37	-
to related parties	41	41	-	-	-	-	-	-
to employees	45,024	45,024	-	-	39,456	39,456	-	-
from social security contributions	3,019	3,019	-	-	1,200	1,200	-	-
from value added tax and other taxes	37,946	37,946	-	-	37,872	37,872	-	-
from company purchase agreements	-	-	-	-	11	11	-	-
from deferred income	5,015	4,209	806	-	3,778	3,450	328	-
from other liabilities	4,223	3,938	285	-	3,833	3,492	341	-
	103,095	**101,457**	**1,638**	**-**	**95,585**	**94,369**	**1,216**	**-**
Total	**408,370**	**403,706**	**4,664**	**-**	**395,733**	**391,247**	**4,486**	**-**

Construction contracts with a liability balance due to customers are composed of the following net amounts:

in EUR '000	2016	2015
Accumulated direct costs	1,487,056	1,376,329
+ accumulated allocated gains	250,936	221,012
- accumulated allocated losses	40,819	46,576
+ accumulated currency translation differences	- 975	449
Accumulated contract revenue	**1,696,198**	**1,551,214**
- advance payments received	72,296	69,294
- amounts invoiced	1,794,546	1,667,456
+ accumulated currency translation differences	- 147	449
Carrying value	**- 170,791**	**- 185,087**

Other liabilities to employees primarily include liabilities from claims of bonus agreements, current salary payments, untaken leave and overtime credits.

Liabilities from social security contributions relate in particular to contributions to be paid to social security institutions.

Aside from this, other liabilities contain a large number of items that are individually insignificant.

31. Notes to the consolidated statement of cash flows

The statement of cash flows shows how the cash and cash equivalents of the ATON Group changed in the course of the reporting period as a result of cash inflows and cash outflows. The impact of changes in the scope of consolidation is disclosed separately only in the cash flow from investing activities. All other changes are disclosed on a net basis in the individual line items of the cash flow from operating activities and from financing activities. Compared to previous year the statement of cash flows is substantially influenced by the deconsolidation of the EDAG Group in December 2015. While in previous year the EDAG Group was included in the cash flow statement for 11 months with its operating business and with the proceeds from the IPO in December 2015, it is reflected only in the dividends received and interests and loan repayments in 2016.

The cash and cash equivalents reported in the consolidated statement of cash flows comprise cash, cheques and bank balances.

Cash flow from operating activities

Income before interest, dividends and income taxes includes earnings before income taxes (EUR 101,558k; previous year: EUR 411,918k) adjusted by the net amount of interest expense, interest income and dividend income (EUR -2,759k; previous year: EUR 6,827k). Part of the interest income is recognised in the other financial result.

In the reporting period, the cash flow from operating activities amounts to EUR 60,503k (previous period: EUR -43,045k) and thus increased by EUR 103,548k compared to previous year. The gross cash flow amounting to EUR 140,245k decreased by EUR 29,759k compared to previous year. On the other hand, the increase in other assets and liabilities could be reduced from EUR 147,963k to EUR 67,115k, which represents an improvement compared to previous year by EUR 80,848k.

In addition, the income taxes paid were EUR 29,577k below previous year. Dividends received amounting to EUR 24,944k are EUR 20,466k higher than in previous year.

Cash flow from investing activities

The cash outflow from investing activities amounts to EUR 56,310k (previous period: cash inflow of EUR 102,542k). The increased net cash outflow is mainly driven by previous year's proceeds from the IPO of the EDAG Group amounting to EUR 190,301k. On the contrary, net investments in intangible assets and property, plant and equipment declined by EUR 24,876k as a result of the disposal of the EDAG Group.

Cash flow from financing activities

In 2016, the cash inflow from financing activities amounts to EUR 16,708k (previous year: cash outflow of EUR 95,075k). The improvement in the cash flow from financing activities can be traced to the fact that in 2016 only payments to minority shareholders at subsidiaries amounting to EUR 362k have been made. Furthermore, there is a net cash inflow from bank loans and finance leases of EUR 17,070k (previous year: EUR 14,939k).

32. Contingent liabilities and other financial obligations

Contingent liabilities

For the contingent liabilities listed below no provisions were recognised, because at the reporting date it was deemed unlikely that the risk would materialise:

in EUR '000	31.12.2016	of which to affiliated companies	31.12.2015	of which to affiliated companies
Contingent liabilities from the granting of security for third-party liabilities	285	-	281	-
Other contingent liabilities	2,190	691	2,662	691
Contingent liabilities	**2,475**	**691**	**2,943**	**691**

The probability that the disclosed contingent liabilities will arise is very small.

Other financial obligations

In addition to the provisions, liabilities and contingent liabilities, there are other financial obligations, which break down as follows:

in EUR '000	31.12.2016	31.12.2015
Obligations from non-cancellable operating leases	47,212	46,151
Purchase commitments and other purchase obligations	28,486	16,680
Miscellaneous other obligations	4,502	5,047
Other financial obligations	**80,200**	**67,878**

For fix-term contracts the expenses during the entire term of the contract are taken into account, whereas for permanent contracts only the expenses of the following financial year are taken into the valuation.

The change in obligations from non-cancellable operating leases is primarily due to an increase in investments within the segments AT Med Tech and AT Mining, partly compensated by a decline in investments in the segment AT Aviation.

The increase in purchase commitments and other purchase obligations mainly results from the segment AT Mining.

The decrease in miscellaneous other obligations can be traced to the segments AT Engineering and AT Aviation.

33. Financial instrument disclosures

Carrying amount, valuation and fair values of financial instruments by measurement categories

Financial instruments are initially measured at fair value. Financial instruments not measured at fair value primarily include cash equivalents, trade receivables, trade payables and other financial liabilities, overdrafts and long-term loans.

In the case of cash equivalents and overdrafts, the carrying amount approximately corresponds to the fair value because of the short maturities of these financial instruments. For receivables and payables that are subject to normal trade credit terms, the carrying amount is likewise very similar to the fair value.

The fair value of the non-current loans are based on current borrowing interest rates with matching maturity and credit standards. The fair value of financial liabilities largely corresponds to their carrying amount, because the agreed interest rate is regularly adjusted to market levels. For fixed-rate items, the carrying amount is likewise very similar to the fair value, which results by discounting with a term-adequate interest rate, because the interest rate principally corresponds to the current market rates.

The fair values of assets and liabilities from derivative financial instruments are determined on the basis of market terms and conditions prevailing as of the reporting date. For the determination, recognised valuation models are used. For foreign exchange futures, the fair value is based on the expected discounted future cash flows. Options are measured using valuation models on the basis of market values.

The positive fair value of foreign exchange futures amounts to EUR 106k (previous year: EUR 71k). The negative fair value amounts to EUR 740k (previous year: EUR 264k).

The positive fair value of currency options amounts to EUR 0k (previous year: EUR 0k). The negative fair value amounts to EUR 0k (previous year: EUR 4,735k).

The following tables show the fair values and carrying amounts of the financial assets and financial liabilities included in the respective items of the statement of financial position as of 31 December 2016 and 31 December 2015, respectively. Thereby, a distinction is made between the following financial assets and financial liabilities, aggregated into measurement categories:

[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 EUR '000	Measurement category under IAS 39	Carrying amount as of 31.12.2016	Recognition under IAS 39			Recognition under IAS 17	Fair Value 31.12.2016
			Amortised cost	Cost	Fair Value		
Assets							
Cash and cash equivalents	LaR	210,454	210,454				210,454
Trade receivables	LaR	479,401	479,401				479,401
Other receivables and loans							
Financial instruments as defined in IAS 32	LaR	163,989	163,989				163,989
Non-financial instruments as defined in IAS 32	n/a	32,726	32,726				32,726
Other non-derivative financial assets							
Financial assets held for trading	FAHfT	164,969			164,969		164,969
Held-to-maturity investments	HtM	1,499	1,499				1,499
Available-for-sale financial assets	AfS	14,442			14,442		14,442
Non-consolidated equity investments	AfS	2,990		2,990			2,990
Derivative financial assets							
Foreign exchange futures	FAHfT	106			106		106
Liabilities							
Trade payables[1)]	FLAC	134,484	134,484				134,484
Non-convertible bonds	FLAC	200,239	200,239				200,239
Liabilities to banks	FLAC	88,019	88,019				88,019
Other interest-bearing liabilities	FLAC	4,769	4,769				4,769
Financial instruments as defined in IAS 32	FLAC	3,413	3,413				3,413
Non-financial instruments as defined in IAS 32	n/a	270,473	270,473				270,473
Finance lease liabilities	n/a	16,623				16,623	16,623
Derivative financial liabilities							
Foreign exchange futures	FLHfT	740			740		740
Currency options	FLHfT	-					
Of which aggregated into IAS 39 measurement categories							
Loans and receivables (LaR)	LaR	853,844	853,844				853,844
Held-to-maturity investments (HtM)	HtM	1,499	1,499				1,499
Available-for-sale financial assets (AfS)	AfS	17,432		2,990	14,442		17,432
Financial assets held for trading (FAHfT)	FAHfT	165,075			165,075		165,075
Financial liabilities measured at amortised cost (FLAC)	FLAC	430,924	430,924				430,924
Financial liabilities held for trading (FLHfT)	FLHfT	740			740		740

[1)] Excludes liabilities from construction contracts

in EUR '000	Measurement category under IAS 39	Carrying amount as of 31.12.2015	Recognition under IAS 39 Amortised cost	Cost	Fair Value	Recognition under IAS 17	Fair Value 31.12.2015
Assets							
Cash and cash equivalents	LaR	187,050	187,050				187,050
Trade receivables	LaR	399,816	399,816				399,816
Other receivables and loans							
Financial instruments as defined in IAS 32	LaR	192,944	192,944				192,944
Non-financial instruments as defined in IAS 32	n/a	26,893	26,893				26,893
Other non-derivative financial assets							
Financial assets held for trading	FAHfT	152,688			152,688		152,688
Held-to-maturity investments	HtM	1,337	1,337				1,337
Available-for-sale financial assets	AfS	12,179			12,179		12,179
Non-consolidated equity investments	AfS	4,287		4,287			4,287
Derivative financial assets							
Foreign exchange futures	FAHfT	71			71		71
Liabilities							
Trade payables[1)]	FLAC	115,061	115,061				115,061
Non-convertible bonds	FLAC	199,792	199,792				199,792
Liabilities to banks	FLAC	59,781	59,781				59,781
Other interest-bearing liabilities	FLAC	4,545	4,545				4,545
Financial instruments as defined in IAS 32	FLAC	3,278	3,278				3,278
Non-financial instruments as defined in IAS 32	n/a	277,392	277,392				277,392
Finance lease liabilities	n/a	25,664				25,664	25,664
Derivative financial liabilities							
Foreign exchange futures	FLHfT	264			264		264
Currency options	FLHfT	4,735			4,735		4,735
Of which aggregated into IAS 39 measurement categories							
Loans and receivables (LaR)	LaR	779,810	779,810				779,810
Held-to-maturity investments (HtM)	HtM	1,337	1,337				1,337
Available-for-sale financial assets (AfS)	AfS	16,466		4,287	12,179		16,466
Financial assets held for trading (FAHfT)	FAHfT	152,759			152,759		152,759
Financial liabilities measured at amortised cost (FLAC)	FLAC	382,457	382,457				382,457
Financial liabilities held for trading (FLHfT)	FLHfT	4,999			4,999		4,999

[1)] Excludes liabilities from construction contracts

If circumstances occur that require a different classification, the reclassification is performed on a quarterly basis.

The following table shows the gross and net amounts of the other financial assets and other financial liabilities as of 31 December 2016:

in EUR '000	Gross amounts reported in the balance sheet	Gross amounts offset in the balance sheet	Net amounts reported in the balance sheet	Amounts not offset in the balance sheet	Total net amount
Other financial assets					
Derivative financial assets	106		106	- 106	
Other financial liabilities					
Derivative financial liabilities	740		740	- 106	634

The following table shows the gross and net amounts of the other financial assets and other financial liabilities as of 31 December 2015:

in EUR '000	Gross amounts reported in the balance sheet	Gross amounts offset in the balance sheet	Net amounts reported in the balance sheet	Amounts not offset in the balance sheet	Total net amount
Other financial assets					
Derivative financial assets	71		71	- 71	
Other financial liabilities					
Derivative financial liabilities	4,999		4,999	- 71	4,928

Determination of the fair value of financial instruments

In the following tables the fair values of financial instruments are allocated to the relevant levels in accordance with IFRS 7. Thereby, the fair value measurement of a financial instrument is allocated in its entirety to the level for which inputs are material to determine its fair value. In level 1, fair values are mainly determined by using quoted prices in active markets for identical financial assets or liabilities. The market is considered active, if quoted prices are easily available and at regular intervals at an exchange, from a trader, broker, industry association, price calculation service or a supervisory authority and the prices reflect current recurring market transactions conducted at arm's length principle. The basis to determine fair values of level 2 are mainly observable quoted prices for similar financial assets or liabilities. Fair value is determined on the basis of the results of a valuation method that uses market data to the largest possible extent, avoiding company-specific data as far as possible. Fair value measurements of level 3 are mainly based on unobservable market data. In 2016 and 2015, the ATON Group determined fair values of financial instruments based on level 1 and level 2. The fair value measurement of level 3 was not used in 2016 nor 2015.

The table below shows the classification of the assets and liabilities measured at fair value as of 31 December 2016:

in EUR '000	Level 1	Level 2	Level 3	Total
Assets				
Financial assets held for trading	164,969			164,969
Securities available for sale	14,442			14,442
Foreign exchange futures		106		106
Liabilities				
Foreign exchange futures		740		740
Currency options		0		0

In the reporting period 2016 (as in the previous reporting period) there were no transfers between level 1 and level 2 of the fair value hierarchy for assets and liabilities that are measured at fair value on a recurring basis.

The table below shows the classification of the assets and liabilities measured at fair value as of 31 December 2015:

in EUR '000	Level 1	Level 2	Level 3	Total
Assets				
Financial assets held for trading	152,688			152,688
Securities available for sale	12,179			12,179
Foreign exchange futures		71		71
Liabilities				
Foreign exchange futures		264		264
Currency options		4,735		4,735

The instruments included in level 1 contain financial assets held for trading and securities available for sale.

The foreign exchange futures and currency options in level 2 relate to derivative financial instruments, for which hedge accounting is not applied.

Net gains or losses by measurement category

The Group recognises interest on financial instruments and the other components of net gains or losses in the financial result. Allowances on trade and other receivables assigned to the LaR measurement category are an exception. They are reported under other expenses or other income. Likewise, currency translation differences of the LaR and FLAC measurement categories are assigned to other expenses or other income.

The net gains or losses on financial assets and liabilities measured at fair value through profit or loss include gains or losses from changes in fair value as well as interest expense or income from these financial instruments.

The net gains or losses on available-for-sale financial assets include, among other things, income from equity investments and realised gains on the disposal of shares in such investments. The financial result on financial liabilities measured at amortised cost includes primarily interest expense on financial liabilities. In addition, the item includes interest income from discounting or compounding on trade payables.

The net gains or losses by measurement category are as follows:

in EUR '000	From interest and dividends	From subsequent measurement: Fair value	Currency translation	Allowances	From disposal	Net gain or loss 2016	2015
Loans and receivables (LaR)	8,470	0	-3,611	15	0	4,874	5,580
Held-to-maturity investments (HtM)	3	0	0	0	1,105	1,108	429
Available-for-sale financial assets (AfS)	266	0	-13	-423	-111	-281	265
Financial instruments held for trading (FAHfT und FLHfT)	10,920	-3,364	0	0	0	7,556	5,308
Financial liabilities measured at amortised cost (FLAC)	-14,689	0	-1,329	0	0	-16,018	-14,492
Net gain / loss	**4,970**	**-3,364**	**-4,953**	**-408**	**994**	**-2,761**	**-2,910**

Net interest income/expense and allowances

Fair value adjustments amounting to EUR 252k net (previous year: EUR 50k) were recognised directly in equity in the financial year under review, because changes in value of available-for-sale financial instruments are recognised in equity.

The total interest income and expense recognised in the financial result for financial assets and financial liabilities not classified as at fair value through profit or loss is as follows:

in EUR '000	2016	2015
Interest income	8,470	4,935
Interest expense	14,689	14,882
Net interest expense	**- 6,219**	**- 9,947**

Total net interest income or expense breaks down as follows into IAS 39 measurement categories:

in EUR '000	2016	2015
Loans and receivables (LaR)	8,470	4,868
Held-to-maturity investments (HtM)	3	1
Available-for-sale financial assets (AfS)	-3	66
Financial liabilities measured at amortised cost (FLAC)	-14,689	-14,882
Net interest income/expense	**-6,219**	**-9,947**

The allowances recognised to LaR are as follows:

in EUR '000	2016	2015
Bad debt expense	374	573
Expenses from additions to specific allowances	921	3,066
Income from release of specific allowances	-993	-696
Income from receivables written off	-552	-193
Income (reversals of impairment losses) from loans	0	-50
Loans and receivables (LaR)	**-15**	**2,700**

The allowances recognised to Available-for-sale financial assets (AfS) and Held-to-maturity investments (HtM) are as follows:

in EUR '000	2016	2015
Impairment losses on equity investments	0	-428
Impairment losses on securities	-423	-11
Available-for-sale financial assets (AfS)	-423	-11
Held-to-maturity investments (HtM)	0	428

The impairment losses on available-for-sale securities are mainly related to the segment AT Engineering.

34. Objectives and methods of financial risk management

Risk management principles

The main financial instruments used by the Group – except derivative financial instruments – comprise bank loans and overdrafts, finance leases and trade payables. The main purpose of these financial instruments is to finance the Group's operating activities. Besides, the Group has different financial assets, such as securities, trade receivables, cash and short-term deposits, which result directly from its operating activities.

With regard to its assets, liabilities and planned transactions, the Group is subject to various market risks, in particular risks from changes in exchange rates and interest rates, as well as liquidity and credit risks. The aim of financial risk management is to limit these market risks specifically by continuously taking operational and financial measures. For this purpose selected derivative and non-derivative hedging instruments are used. In general, risks are hedged only if they may have an impact on the Group's cash flows. In particular, foreign exchange futures and currency options are used as derivative financial instruments to hedge against foreign currency risks arising from the Group companies' operating activities.

Financial policy is defined by the Group's management board on an annual basis. The implementation of financial policy and ongoing risk management are the responsibility of the subgroups and single entities. To monitor financial policy, the Group's management board is regularly informed in quarterly meetings respectively in the event of material changes about the current risk exposure in terms of the extent and amount. In addition, certain transactions exceeding the nature and extent of normal business transactions are subject to prior approval by the Group's management board.

Risks from exchange rate fluctuations are limited by locally procuring most materials needed in the manufacturing and assembly processes in the respective countries.

Credit risk

As a result of their operating activities and certain financing activities, the Group companies of ATON are exposed to credit risk. Credit risk exists where a business partner involved in a transaction with non-derivative or derivative financial instruments cannot meet its obligations and this causes a loss of assets. As part of their operations, the Group companies enter into transactions only with third parties rated as creditworthy. Credit checks are performed for new customers. In the case of existing customer relationships, the customer's payment behaviour is analysed on a regular basis. In addition, orders and receivables are secured with letters of credit from major banks amounting to EUR 9,461k as of 31 December 2016 (previous year: EUR 3,345k). Most of the Group companies have business relationships with large-scale customers (especially international OEMs). The resulting risk is considered low, because these customers have high degrees of solvency and in addition there are no material dependencies. The end customer business with private individuals is of minor importance to the Group.

In the operating business, receivables are continuously monitored on a divisional, i.e. decentralised, basis, so that the Group is not exposed to any material credit risk. The trade and other receivables in the amount of

EUR 525,781k (previous year: EUR 436,837k) as well as other financial assets in the amount of EUR 334,341k (previous year: EUR 353,378k) reported in assets represent the maximum credit risk.

Risk of changes in interest rates

Most of the Group's financing is based on the issued fixed-rate bond and external bank financing. The ATON Group is generally exposed to fluctuations in market interest rates. Fluctuations in interest rates primarily concern liabilities to banks. These include among other things current account overdrafts as well as variable-rate loans and are therefore directly affected by changes in interest rates. These changes have an impact on future cash flows. In our opinion, no material risks arise from the fluctuations in market interest rates.

The table below shows the sensitivity of consolidated earnings before income taxes to a change in interest rates that is deemed reasonably possible. All other variables have remained unchanged.

The impact on equity includes the impact on both OCI and operating profit:

in EUR '000	Change in interest rate in basis points	Impact on profit after tax	Impact on equity
2016	+ 100	- 738	- 738
	./. 100	738	738
2015	+ 100	- 539	- 539
	./. 100	539	539

Foreign currency risk

Foreign currency risks result from investments, financing transactions and operating activities. Significant risks from foreign currencies are hedged, if they affect the Group's cash flows. Foreign currency risks that do not affect the Group's cash flows (i.e. risks resulting from the mere translation of the assets and liabilities of foreign corporate units into the Group's reporting currency) are not hedged.

The foreign currency risks regularly relate to current receivables and liabilities denominated in currencies other than the local currencies of the companies in the ATON Group or those that will arise in the normal course of business. The Group is exposed to material foreign exchange risks mainly because of the development of the USD and CAD exchange rate.

As of the reporting date, the Group was not exposed to any material risks from investment transactions denominated in foreign currency.

The Group companies settle most of their operating activities in their respective functional currencies. For this reason, the Group's foreign currency risk from operating activities is considered low. However, some Group companies are exposed to foreign currency risks in connection with planned payments not denominated in their functional currency. In some cases, derivative financial instruments (foreign exchange futures and currency options) are used to minimise the risk of changes in exchange rates. These financial instruments are used to hedge only existing or expected foreign currency risks.

As of 31 December 2016, material receivables and payables only exist in US dollar and Canadian dollar. As of 31 December 2015 there were also material receivables and payables in British pound. The non-derivative and derivative financial instruments existing at the end of the reporting period were measured in a hypothetical scenario as part of a sensitivity analysis. The effects of a 10.0 % increase / decrease in a currency per exchange rate to profit after taxes and equity as of 31 December 2016 and 31 December 2015 are as follows:

in EUR '000	change in %	EUR/USD	EUR/CAD	EUR/GBP
2016	+ 10	4,011	- 4,442	1
	./. 10	- 4,902	5,429	- 1
2015	+ 10	2,234	- 2,976	1,114
	./. 10	- 2,730	3,638	- 1,361

Relevant risk variables are all non-functional currencies in which the Group enters into financial instruments.

The currency sensitivity analyses are based on the following assumptions: Material non-derivative financial instruments (cash and cash equivalents, receivables, interest-bearing liabilities, finance lease liabilities, non-interest-bearing liabilities) are either denominated directly in the functional currency or, in material circumstances, they are transferred into the functional currency by using derivatives.

Equity instruments held by the Group are non-monetary and therefore not associated with foreign currency risk as defined in IFRS 7.

Liquidity risk

Ensuring permanent solvency is the responsibility of the respective management teams of the subgroups and single entities. The central objective specified for the Group is to continuously ensure that financial requirements are covered by using current account overdrafts, loans and leases. Central monitoring of the liquidity of the individual Group companies is performed with weekly reports to the mother company ATON GmbH. The information provided is presented to the Group's management board on a weekly basis for risk management purposes. Based on the current and expected business situation, the liquidity risk is considered low. Nevertheless, liquidity continues to be ensured through medium-term and long-term lines of credit. In general, it is ensured that there are sufficient free lines of credit. Appropriate measures are taken on time to ensure the financing of planned investments.

Please refer to note **29. Financial liabilities** for the liquidity analysis.

Covenant Risk

The majority of financing contracts with banks include covenants that are based on predefined financial ratios. The ratios mainly are equity ratios, leverage ratios and in individual cases, interest coverage ratios. If one of the agreed thresholds of the covenants is violated, the lender has the right of termination. The existing covenants were complied with.

In the terms and conditions of the bond issued in 2013 there are clauses included, which limit the financial leverage of the ATON Group as well as ATON subsidiaries by using financial ratios. Moreover, the terms and conditions include regulations regarding securing financial liabilities, transactions with owners, change of control and the maximum amount of dividends.

In the case of change of control each bondholder has the right of termination, in breach of other obligations a creditor quorum of 10 % is required for the validity of the termination. The clauses of the bond and the covenants of financing contracts with banks are permanently monitored concerning the companies' current financial results, thereby facilitating the early detection of risks. In the financial year 2016 the clauses of the issuance of the bond were complied with.

Other price risks

As part of the disclosure of market risks, IFRS 7 also requires information on how hypothetical changes in risk variables impact on the prices of financial instruments. Eligible risk variables are exchange prices or indices in particular.

in EUR '000	Change in prices in basis points	Impact on profit after tax	Impact on equity
2016	+ 100	1,794	1,794
	./. 100	- 1,794	- 1,794
2015	+ 100	1,649	1,649
	./. 100	- 1,649	- 1,649

There are no material concentration of risks in the ATON Group as of the 2016 reporting date.

Capital management / control

The main objective of the Group’s capital management system is to ensure that the Group’s ability to repay debt and its financial strength are maintained, combined with the corresponding credit rating and equity ratio.

The Group manages its capital structure and makes adjustments in line with changes in economic conditions.

Capital is primarily managed on the basis of a dynamic debt ratio (I and II), which corresponds to the ratio of first and second degree net financial liabilities to EBITDA. The debt ratio I monitored by the management board should not exceed 4 and the debt ratio II should not be higher than 10.

In the reporting period as in previous year, the dynamic debt ratios I and II are within the specified range:

in EUR '000	**2016**	**2015**
EBITDA	150,133	489,893
Liabilities to banks	88,019	59,781
Leasing liabilities	16,623	25,664
Other financial liabilities	202,142	205,103
	306,784	**290,548**
Cash and cash equivalents	210,454	187,050
First-degree net financial assets (-) / net financial liabilities (+)	**96,330**	**103,498**
Liabilities to shareholders/related parties	4,243	4,197
Investments in securities that can be liquidated at short notice	180,909	166,205
Second-degree net financial assets (-) / net financial liabilities (+)	**- 80,336**	**- 58,510**
Dynamic debt ratio I	**0.6**	**0.2**
Dynamic debt ratio II	**-**	**-**

35. Segment reporting

The management board is the main decision maker of the Group. Management has determined the operating segments for the purpose of allocating resources and assessing performance. The management board defines the business from a product perspective with the segments AT Engineering, AT Mining, AT Med Tech and AT Aviation.

The services of the segment **AT Engineering** cover in particular the areas of engineering and plant construction for the automotive industry, along with other sectors of the mobility industry, as well as manufacturing of specialised machine and mining.

The segment **AT Mining** offers mining and shaft-sinking services and products worldwide.

The segment **AT Med Tech** provides on the one hand solutions for the healthcare market in the fields of surgery and diagnostics, specialising in X-ray diagnostics, basic medical diagnostics and minimally invasive surgery, and on the other hand products for the pharmaceuticals industry and hospitals.

The segment **AT Aviation** comprises business aviation and charter flights.

The management board assesses the performance of the operating segments based on gross revenue, EBIT and EAT (profit or loss for the period).

Sales between segments are carried out in accordance with standard market practices. The revenue from external parties reported to the management board is measured in a manner consistent with that in the income statement.

The non-operating result contains the result from disposal of consolidated subsidiaries, from disposal of fixed assets, income and expenses from foreign currency translation, income from the reversal of provisions as well as other income and expenses from previous years.

The following table presents information for the Group's segments:

	AT Engineering		AT Mining		AT Med Tech	
in EUR '000	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**
External revenue (net)	763,266	1,287,545	484,153	463,414	317,737	292,908
Internal revenue (net)	131	115	5,721	2,356	-	2,638
Revenue	**763,397**	**1,287,660**	**489,874**	**465,770**	**317,737**	**295,546**
Changes in inventories and own work capitalised	-11,738	6,492	647	-96	7,138	1,697
Gross revenue	**751,659**	**1,294,152**	**490,521**	**465,674**	**324,875**	**297,243**
Non-operating result	9,007	318,968	-4,909	2,925	3,711	1,004
EBITDA	**58,155**	**438,879**	**62,559**	**57,560**	**41,677**	**31,508**
Depreciation and amortisation	9,493	31,818	30,068	25,082	12,486	11,351
Impairment losses	1,668	6,994	700	1,017	9	-
EBIT	**46,994**	**400,067**	**31,791**	**31,461**	**29,182**	**20,157**
Financial result	-5,271	-13,461	1,652	3,557	-758	-1,030
thereof result from at equity investments	1,243	-195	2,202	2,886	-	-
EBT	**41,723**	**386,606**	**33,443**	**35,018**	**28,424**	**19,127**
Income taxes	15,168	30,038	11,522	12,502	5,624	5,432
EAT	**26,555**	**356,568**	**21,921**	**22,516**	**22,800**	**13,695**
EAT attributable to non-controlling interest	-740	515	-195	911	-	-
EAT attributable to owners of the parent	**27,295**	**356,053**	**22,116**	**21,605**	**22,800**	**13,695**

	AT Engineering		AT Mining		AT Med Tech	
in EUR '000	**31.12.2016**	**31.12.2015**	**31.12.2016**	**31.12.2015**	**31.12.2016**	**31.12.2015**
Segment assets	831,192	801,410	426,919	348,992	251,895	236,566
Segment liabilities	398,058	415,570	199,983	151,850	67,177	58,508

	AT Aviation		Holding/Consolidation		ATON Group	
in EUR '000	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**
External revenue (net)	65,944	73,888	850	-	1,631,950	2,117,755
Internal revenue (net)	10	402	- 3,211	- 576	2,651	4,935
Revenue	**65,954**	**74,290**	**-2,361**	**-576**	**1,634,601**	**2,122,690**
Changes in inventories and own work capitalised	-	-	-	-	-3,953	8,093
Gross revenue	**65,954**	**74,290**	**-2,361**	**-576**	**1,630,648**	**2,130,783**
Non-operating result	247	1,465	1,301	-1,857	9,357	322,505
EBITDA	**-1,938**	**1,829**	**-10,320**	**-39,883**	**150,133**	**489,893**
Depreciation and amortisation	319	363	319	357	52,685	68,971
Impairment losses	-	-	-	-	2,377	8,011
EBIT	**-2,257**	**1,466**	**-10,639**	**-40,240**	**95,071**	**412,911**
Financial result	-233	1,454	11,097	8,487	6,487	-993
thereof result from at equity investments	-	-	-	-	3,445	2,691
EBT	**-2,490**	**2,920**	**458**	**-31,753**	**101,558**	**411,918**
Income taxes	111	1,358	2,930	3,539	35,354	52,869
EAT	**-2,601**	**1,562**	**-2,472**	**-35,292**	**66,204**	**359,049**
EAT attributable to non-controlling interest	-	-	-	-	-935	1,426
EAT attributable to owners of the parent	**-2,601**	**1,562**	**-2,472**	**-35,292**	**67,139**	**357,623**

	AT Aviation		Holding/Consolidation		ATON Group	
in EUR '000	**31.12.2016**	**31.12.2015**	**31.12.2016**	**31.12.2015**	**31.12.2016**	**31.12.2015**
Segment assets	26,224	65,366	428,526	403,561	1,964,756	1,855,895
Segment liabilities	31,678	27,872	107,577	120,859	804,472	774,659

36. Auditor‘s fees

For the services provided by Deloitte GmbH Wirtschaftsprüfungsgesellschaft (in previous year: PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft) the following fees have been recognised as expenses:

in EUR '000	**2016**	**2015**
Audits	913	1,148
Other attestation services	106	3,063
Tax consultation services	-	120
Other services	64	282
Total	**1,083**	**4,613**

37. Related party transactions

In addition to the subsidiaries included in the consolidated financial statements, ATON GmbH has direct or indirect relationships with the shareholders, non-consolidated affiliated subsidiaries, associates, joint ventures and other related parties in the course of normal business operations. These relationships are subject to disclosure requirements in accordance with IAS 24. Related parties have control or significant influence over the ATON Group or are a member of the key management of the ATON Group. Furthermore, there are relationships between ATON Group and related entities (non consolidated subsidiaries, entities accounted for using the equity method).

The volume of services provided to related parties by the ATON Group breaks down as follows:

in EUR ’000	2016 Revenue, other income and interest	31.12.2016 Receivables outstanding	2015 Revenue, other income and interest	31.12.2015 Receivables outstanding
Shareholders	214	0	-	0
Non-consolidated subsidiaries	683	9,963	876	11,520
Investments accounted for using the equity method	18,058	94,606	3,310	134,237
Other related parties	4,941	52,857	3,552	24,967
Total	**23,896**	**157,426**	**7,738**	**170,724**

Income with non-consolidated subsidiaries results primarily from rendering of services and from interest income.

Income with companies, which are accounted by using the equity method, mainly derives from deliveries of inventories and interests.

Income with other related parties essentially results from rendering of services.

The volume of services received from related parties by the ATON Group breaks down as follows:

in EUR ’000	2016 Purchased merchan-dise/services, other operating expenses and interest	31.12.2016 Liabilities outstanding	2015 Purchased merchan-dise/services, other operating expenses and interest	31.12.2015 Liabilities outstanding
Shareholders	86	107	-	103
Non-consolidated subsidiaries	8	92	6	736
Investments accounted for using the equity method	2,565	3,457	7,325	6,964
Other related parties	31,623	7,534	1,640	4,204
Total	**34,282**	**11,190**	**8,971**	**12,007**

Expenses with non-consolidated subsidiaries results mainly from intrests.

Expenses with companies, which are accounted by using the equity method, essentially arise from rendering of services.

Expenses with other related parties mainly result from the purchase of services.

The receivables from related parties and liabilities to related parties primarily include loans and borrowings as well as balances from deliveries and services.

Transactions with related parties are contractually agreed and conducted at arm's lengths conditions.

Transactions with the management board

The remuneration paid to the management board amounts to EUR 4,050k in the financial year (previous year: EUR 4,050k). Besides, in previous year a significant additional remuneration was granted to the key management. No such additional remuneration was granted in the current financial year.

There were no advances or loans to members of the management board, nor were there contingent liabilities or pension obligations as of the reporting date.

38. List of shareholdings

Concerning the list of shareholdings, please refer to the appendix, which is an integral part of these notes.

39. Events after the balance sheet date

On 23 August 2016, it was announced that a purchase up to 1,000,000 shares in the EDAG Engineering Group AG until 29 May 2017 is planned by the ATON Group. As a consequence of this repurchase program 301,031 shares were acquired until balance sheet date. The share repurchase will be continued also after the balance sheet date.

In the period between the balance sheet date and the date when these consolidated financial statements are authorised for issue, ATM Holding GmbH, Munich, (formerly Deilmann-Haniel International Mining & Tunneling GmbH, Dortmund) acquired shares with a significant influence in the listed company Murray & Roberts Holdings Limited, Bedfordview, South Africa. Henceforth, due to the significant influence, the company will be accounted for as an associate using the equity method in ATON's consolidated financial statements. The company will therefore contribute to the financial result.

Effective 15 March 2017, Ziehm Medical (Shanghai) Co. Ltd. was sold by Ziehm Medical LLC, Reno, USA, to Ziehm Imaging GmbH, Nuremberg.

40. Responsibility statement

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Group, and the Group management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the material opportunities and risks associated with the expected development of the Group.

Munich, 25 April 2017

ATON GmbH
Management Board

Thomas Eichelmann Jörg Fahrenbach

List of shareholdings (direct and indirect) of ATON GmbH

As of 31 December 2016

No.	Company	City	Country	Share in % direct	Share in % indirect	Currency	Equity as per 31 Dec 2016	Net Result 2016
I. Affiliated Companies								
1. Consolidated Companies								
a) Domestic companies								
1.	ATM Holding GmbH (formerly: Deilmann-Haniel International Mining and Tunneling GmbH)	München	Germany	100.0		kEUR	95,895	- 15,381
2.	ATON - Oldtimer GmbH	Munich	Germany	100.0		kEUR	12,165	- 180
3.	ATON TS GmbH	Munich	Germany	100.0		kEUR	5,353	57
4.	BBZ Berufsbildungszentrum Fulda GmbH	Fulda	Germany		80.0	kEUR	916	22
5.	BBZ Mitte GmbH	Petersberg	Germany		100.0	kEUR	- 676	- 555
6.	DC Aviation GmbH	Stuttgart	Germany	100.0		kEUR	592	- 2,601
7.	Deilmann-Haniel GmbH	Dortmund	Germany		100.0	kEUR	36,728	10,132
8.	Deilmann-Haniel Mining Systems GmbH	Dortmund	Germany		100.0	kEUR	- 7,419	- 9,581
9.	EDAG Werkzeug + Karosserie GmbH	Fulda	Germany		51.0	kEUR	16,469	- 2,009
10.	EKS InTec GmbH	Weingarten	Germany		100.0	kEUR	3,093	483
11.	FFT GmbH & Co. KGaA	Fulda	Germany	100.0		kEUR	18,324	22
12.	FFT Produktionssysteme GmbH & Co. KG	Fulda	Germany		100.0	kEUR	96,030	16,219
13.	Haema AG	Leipzig	Germany	100.0		kEUR	48,474	4,324
14.	Jota GmbH	Fulda	Germany		100.0	kEUR	4	- 87
15.	REFORM Grinding Technology GmbH	Fulda	Germany		100.0	kEUR	2,611	- 499
16.	REFORM Maschinenfabrik Adolf Rabenseifner GmbH & Co. KG	Fulda	Germany	100.0		kEUR	5,112	- 2,773
17.	Rosata Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Fulda-West KG	Grünwald	Germany		100.0	kEUR	- 226	- 159
18.	Scherwo Steuerungstechnik GmbH	Gauting	Germany		65.0	kEUR	285	- 54
19.	TSO Industrieanlagen Planung und Vertrieb GmbH	Uehlfeld	Germany	66.7		kEUR	10,552	453
20.	W.O.M. World of Medicine GmbH	Berlin	Germany	100.0		kEUR	24,192	6,240
21.	W.O.M. WORLD OF MEDICINE Produktions-GmbH	Reichenbach	Germany		100.0	kEUR	87	19
22.	Ziehm Imaging GmbH	Nuremberg	Germany	100.0		kEUR	47,480	8,154

No.	Company	City	Country	Share in % direct	Share in % indirect	Currency	Equity as per 31 Dec 2016	Net Result 2016
b) Foreign Companies								
23.	ATON Austria Holding GmbH	Going am Wilden Kaiser	Austria	100.0		kEUR	295,001	11,154
24.	ATON Group Finance GmbH	Going am Wilden Kaiser	Austria	100.0		kEUR	2,204	214
25.	ATON US Inc.	Delaware	USA	100.0		kUSD	66,063	- 1
26.	Ciratec bvba	Diepenbeek	Belgium		100.0	kEUR	465	98
27.	Deilmann-Haniel Schachtostroj OOO	Berezniki	Russia		99.9	kEUR	26,855	5,243
28.	Eroc Holdings Pty Limited	Brisbane	Australia		100.0	kCAD	5	0
29.	Eroc Malaysia Sdn. Bhd.	Kuala Lumpur	Malaysia		100.0	kCAD	- 94	- 8
30.	FFT Espana Tecnologías de Automoción S.A.U.	Silla (Valencia)	Spain		100.0	kEUR	10,155	3,805
31.	FFT Mexico S.A. de C.V.	Puebla	Mexico		100.0	kMXN	145,159	44,880
30.	FFT Production Systems, Inc.	Greer	USA		100.0	kUSD	695	2,423
31.	FFT Produktionssysteme Polska sp.z.o.o.	Pozna	Poland		100.0	kPLN	101	1
34.	FFT Production Systems S.R.L.	Municipiul Campulung	Romania		100.0	kRON	13,795	4,779
35.	FFT Production Systems (Shanghai) Co., Ltd.	Shanghai	China		100.0	kCNY	152,547	50,922
36.	FFT Servicios Mexico, S.A. de CV	Puebla	Mexico		100.0	kMXN	3,757	436
37.	FFT Technologies, Inc.	Montgomery	USA		100.0	kUSD	310	- 15

No.	Company	City	Country	Share in % direct	Share in % indirect	Currency	Equity as per 31 Dec 2016	Net Result 2016
38.	Great Southern Plant and Labour Hire Pty Limited	Brisbane	Australia		100.0	kCAD	- 51	- 3
39.	J.S. Redpath Corporation	Sparks	USA		100.0	kCAD	16,995	3,932
40.	J.S. Redpath Holdings Inc.	North Bay	Canada		100.0	kCAD	73,893	17,575
41.	J.S. Redpath Limited	North Bay	Canada		100.0	kCAD	99,430	7,078
42.	J.S. Redpath Peru SAC	Lima	Peru		100.0	kCAD	- 15	- 14
43.	Les Entreprises Mineres Redpath Ltee.	North Bay	Canada		100.0	kCAD	79	0
44.	OrthoScan Inc.	Delaware	USA		100.0	kUSD	6,442	- 199
45.	PT Redpath Indonesia	Jakarta	Indonesia		100.0	kCAD	10,535	1,030
46.	Redpath Africa Limited	Ebene	Mauritius		100.0	kCAD	7,227	- 291
47.	Redpath Argentina Construcciones S.A.	Buenos Aires	Argentina		100.0	kCAD	354	- 757
46.	Redpath (Australia) Holdings Pty Limited	Brisbane	Australia		100.0	kCAD	2,834	- 648
49.	Redpath Australia Pty Limited	Brisbane	Australia		100.0	kCAD	14,474	- 1,276
50.	Redpath Chilena Construcciones Y Cia. Limitada	Santiago	Chile		100.0	kCAD	- 8,368	1,495
51.	Redpath Contract Services Pty Ltd.	Brisbane	Australia		100.0	kCAD	6,057	632
52.	Redpath Global Mobility Services Inc.	North Bay	Canada		100.0	kCAD	138	35
53.	Redpath Greece Pivate Company	Athens	Greece		100.0	kCAD	422	256
54.	Redpath Guatemala Construcciones S.A.	Guatemala	Guatemala		100.0	kCAD	- 74	- 14
55.	Redpath KR LLC	Bishkek	Kirgizstan		100.0	kCAD	0	0
56.	Redpath Mexicana Construcciones SA de CV	Mexico City	Mexico		100.0	kCAD	1,554	1,391
57.	Redpath Mining (Botswana) (Pty) Ltd.	Gaborone	Botswana		74.0	kCAD	0	- 35
58.	Redpath Mining (S.A.) (Pty.) Ltd.	Johannesburg	South Africa		74.0	kCAD	- 12,250	- 2,042
59.	Redpath Mongolia LLC	Ulaanbaatar	Mongolia		100.0	kCAD	4,609	3,480
60.	Redpath Philippines Inc.	Makati	Philippines		100.0	kCAD	0	0
61.	Redpath PNG Limited	Port Moresby	Papua New Guinea		100.0	kCAD	1,257	- 28
62.	Redpath Raiseboring Limited	North Bay	Canada		100.0	kCAD	60,891	4,883
63.	Redpath Rig Resources JV Limited	Kitwe	Zambia		70.0	kCAD	- 416	- 1,745
64.	Redpath Venezolana C.A.	El Callao	Venezuela		100.0	kCAD	0	0
65.	Redpath Zambia Limited	Lusaka	Zambia		74.0	kCAD	9,731	3,301
66.	Triple S Insurance Company Limited	Bridgetown	Barbados		100.0	kCAD	19,682	3,380
67.	UnderAus Group Holdings Pty Limited	Brisbane	Australia		100.0	kCAD	6,820	0
68.	W.O.M. WORLD OF MEDICINE ASIA Ltd.	Hong Kong	China		100.0	kHKD	319	758
69.	W.O.M. World Of Medicine USA, Inc.	Orlando	USA		100.0	kUSD	2,150	627
70.	Ziehm Imaging Finnland (OY)	Hinthaara	Finland		100.0	kEUR	780	59
71.	Ziehm Imaging Inc.	Orlando	USA	100.0		kUSD	1,800	4,496
72.	Ziehm Imaging Sarl	Villejust	France		100.0	kEUR	408	217
73.	Ziehm Imaging Singapore Pte. Ltd. (PTE)	Singapore	Singapore		100.0	kSGD	1,559	130
74.	Ziehm Medical Do Brasil	Sao Paulo	Brazil		100.0	kBRL	- 992	883
75.	Ziehm Medical LLC	Reno Nev.	USA	100.0		kUSD	41,475	0
76.	Ziehm Medical (Shanghai) Co. Ltd.	Shanghai	China		100.0	kCNY	28,131	4,832
77.	Ziehm Imaging Srl a Socio Unico (SRL)	Reggio Nell' Emilia	Italy		100.0	kEUR	503	118

No.	Company	City	Country	Share in % direct	Share in % indirect	Currency	Equity as per 31 Dec 2016	Net Result 2016
2. Non-Consolidated Companies								
a) Domestic Companies								
78.	Flexible Fertigungstechnik GmbH	Mücke	Germany		100.0	kEUR	69	5
79.	REFORM Maschinenfabrik Adolf Ra-benseifner Beteiligungs GmbH	Fulda	Germany		100.0	kEUR	64	3
b) Foreign companies								
80.	Alternative Agro Energy Estate S.R.L.	Municipiul Campulung	Romania		100.0	kRON	- 96	0
81.	DC Aviation Holding Ltd.	Birkirkara	Malta		99.99	kEUR	184	- 8
82.	DC Aviation Ltd.	Luqa	Malta		99.8	kEUR	112	31
83.	DC Aviation Switzerland AG	Glattbrugg	Switzerland		100.0	kEUR	- 2,216	- 1,170
84.	Deilmann-Haniel RUS OOO	Berezniki	Russia		100.0	kEUR	707	460
84.	Distinct Crew Management Ltd.	Luqa	Malta		99.8	kEUR	- 26	7
85.	NextRay LLC	Wilmington	USA		100.0	kUSD	-	-
II. Joint Ventures - Equity-method investments								
1. Consolidated Companies								
a) Domestic Companies								
86.	Arbeitsgemeinschaft BS Schachtanlage ASSE	Dortmund	Germany		50.0	kEUR	1,706	887
87.	Arbeitsgemeinschaft Burg Altena	Schmallenberg	Germany		50.0	kEUR	0	0
88.	Arbeitsgemeinschaft Hüllrohre Schacht Rossenray 2	Mühlheim an der Ruhr	Germany		50.0	kEUR	0	0
89.	Arbeitsgemeinschaft Konrad Nordstrecke	Mühlheim an der Ruhr	Germany		50.0	kEUR	0	735
90.	Arbeitsgemeinschaft Konrad Versatzauf-bereitung Los 1	Mühlheim an der Ruhr	Germany		50.0		- 400	- 400
91.	Arbeitsgemeinschaft Neuhof Ellers	Mühlheim an der Ruhr	Deutschland		50.0	kEUR	3	3
92.	Arbeitsgemeinschaft Schacht Konrad 1	Dortmund	Germany		50.0	kEUR	3,787	2,591
93.	Arbeitsgemeinschaft Schacht Konrad 2	Dortmund	Germany		50.0	kEUR	2,722	- 851
94.	Arbeitsgemeinschaft Schächte Bergwerk Siegmundshall	Dortmund	Germany		50.0	kEUR	130	- 1
b) Foreign Companies								
95.	Associated Mining Construction Inc.	Saskatchewan	Canada		50.0	kCAD	6,813	3,973
96.	Deilmann-Haniel & Drillcon Iberia ACE	Braga	Portugal		50.0	kEUR	22	49
97.	Deilmann Thyssen Schachtbau Sp. z.o.o.	Katowice	Poland		50.0	kPLN	- 398	- 65
2. Non-Consolidated Companies								
a) Foreign Companies								
98.	DC Aviation Al Futtaim LLC	Dubai	U.A.E.		49.0	kEUR	- 4,336	147
III. Investments in associates								
1. Consolidated Companies								
a) Domestic Companies								
99.	EDAG Engineering Group AG	Arbon	Schweiz		62.9	kEUR	452,371	- 1,909
1. Non-Consolidated Companies								
a) Foreign Companies								
100.	XDF Auto Equipment (Beijing) Co., Ltd.	Beijing	China		15.0	kCNY	5,014	- 6,319

The following Auditors' Report (Bestätigungsvermerk) has been issued in accordance with Section 322 German Commercial Code (Handelsgesetzbuch) on the consolidated financial statements and group management report (Konzernlagebericht) of ATON GmbH as of and for the business year from January 1 to December 31, 2016.

The English version of the report is a translation of the German version of the report. The German version prevails.

Auditors' Report

We have audited the consolidated financial statements, comprising consolidated income statement, consolidated statement of comprehensive income, consolidated balance sheet, statement of cash flows, statement of changes in equity, and notes to the consolidated financial statements, prepared by ATON GmbH, Munich/Germany, as well as the group management report for the financial year from January 1, to December 31, 2016. The preparation of the consolidated financial statements and the group management report in accordance with International Financial Reporting Standards (IFRS), as applicable in the EU, and the regulations under German commercial law as complementarily applicable under Sec. 315a (1) German Commercial Code (HGB) is the responsibility of the Company's Management. Our responsibility is to express an opinion on the consolidated financial statements, together with the bookkeeping system and the group management report, based on our audit.

We conducted our audit of the consolidated financial statements in accordance with Sec. 317 German Commercial Code (HGB) and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer. Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with applicable accounting regulations and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and evaluations of possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records, the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the [annual] financial statements of the companies included in consolidation, the determination of the companies to be included in consolidation, the accounting and consolidation principles used and significant estimates made by the Management, as well as evaluating the overall presentation of the consolidated financial statements and the group 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, which is based on the results of our audit, the consolidated financial statements of ATON GmbH, Munich/Germany, comply with the IFRS, as applicable in the EU, and the regulations under German commercial law as complementarily applicable under Sec. 315a (1) German Commercial Code (HGB) and convey a true and fair view of the Group's net assets, financial position and results of operations in accordance with these regulations. The group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Company's and Group's position and suitably presents the opportunities and risks of future development.

Munich/Germany, 25 April 2017

Deloitte GmbH
Wirtschaftsprüfungsgesellschaft

Signed: Bedenbecker	Signed: Mantke
Wirtschaftsprüfer	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]