ATON GmbH, Munich

GROUP MANAGEMENT REPORT
FOR THE FINANCIAL YEAR 2017

(Translation – the German text is authoritative)

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I. GROUP PROFILE

1. Business segments

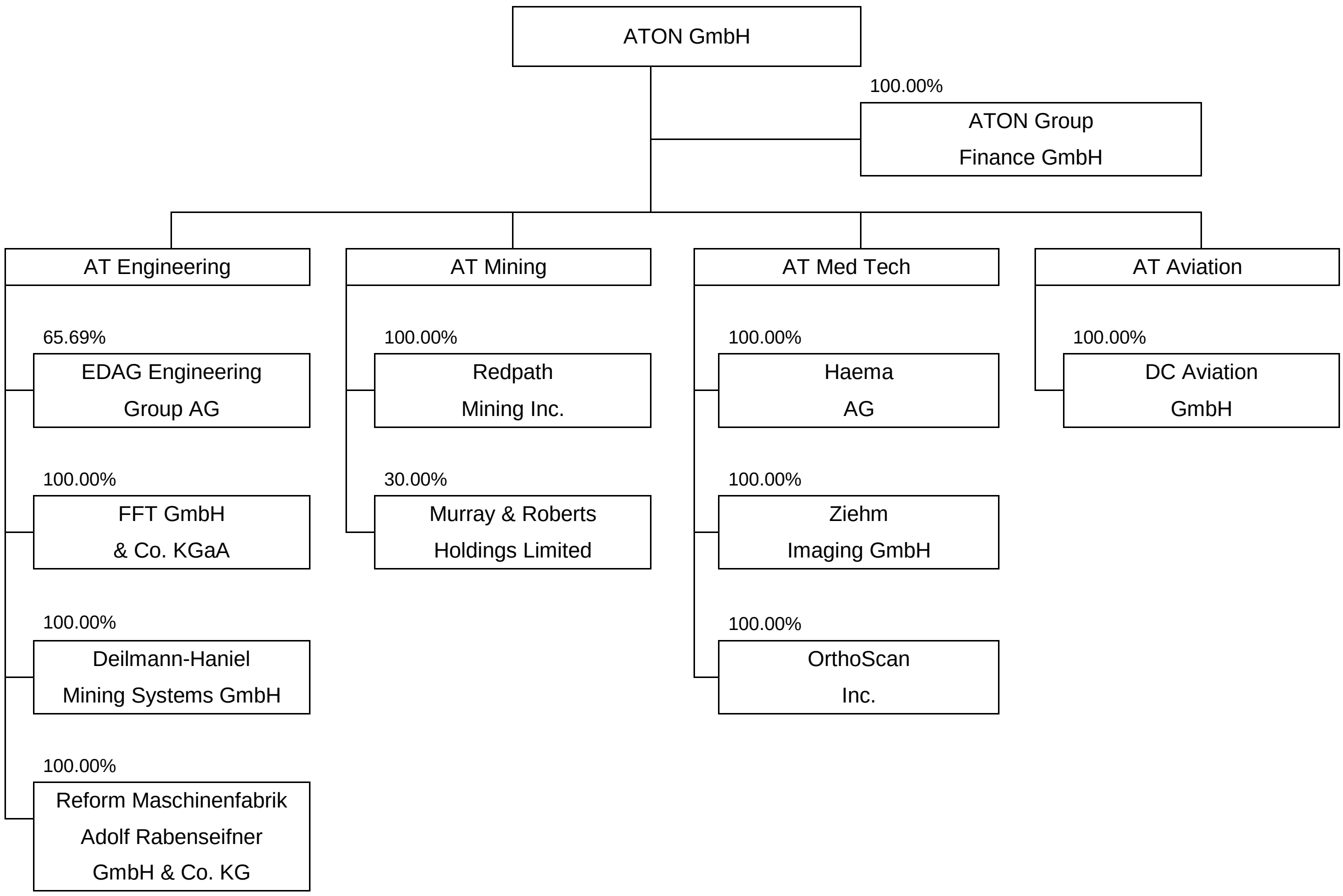
The ATON Group is an association of internationally operating companies in the business segments AT Engineering, AT Mining, AT Med Tech and AT Aviation.

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

	31.12.2017	**31.12.2016**
Subsidiaries	125	85
thereof consolidated	114	77
Joint Ventures	13	13
thereof consolidated using the equity method	12	12
Associates	2	2
thereof consolidated using the equity method	1	1
Total	**140**	**100**
thereof consolidated	**127**	**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 2017:



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 in 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 was since then accounted for as an associated company. With the expiration of the voting agreement between ATON and EDAG on 2 July 2017, the EDAG Group is controlled again by ATON in accordance with IFRS 10 since then and thus is fully consolidated again since the second half year of 2017.

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 the FFT Group 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 company was sold with effect from 30 June 2017.

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 **Murray & Roberts** Group is a global group for engineering, construction and underground mining services. The range of services covers the areas of oil & gas, underground mining and power & water.

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 lump sum compensation for their blood or plasma donation in accordance with 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 flat-panel technology.

OrthoScan is also leading in the market for so-called mini C-arms used for orthopaedic extremity (hand and foot) imaging. OrthoScan's mini C-arms offer orthopaedic, 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 orthopaedic 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 W.O.M. Group was sold with effect from 3 July 2017.

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 2017, the DC Aviation Group has 32 aircrafts under contract as an operator. Since 2013, the international presence has been strengthened by a 49.0 % joint venture in Dubai (DC Aviation Al Futtaim LLC) with local infrastructure at Dubai World Central airport. The second business segment, which is steadily growing in importance, is the maintenance, repair and technical modification of the business jets operated by DC Aviation as well as the maintenance of third-party aircraft that are not operated in the ownership of DC Aviation.

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 Group, FFT Group, Ziehm Group, OrthoScan, W.O.M. Group and Redpath Group. 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 1.0 million (previous year: EUR 1.8 million) and for capitalised development costs of EUR 2.8 million (previous year: EUR 2.6 million) emphasise the activities for product development and product enhancement. The decline reflects the fact that the W.O.M. Group is no longer fully consolidated since July 2017.

II. MACROECONOMIC DEVELOPMENT

According to the German economic research institutes, the global economy is in an upswing. Thus, production in most industrialized countries is rising faster than trend growth. The normal utilisation of production capacity has now been reached, in some countries already exceeded. Emerging economies also benefit from this upturn and rising commodity prices.

The geopolitical risks remain high and with the North Korea crisis another risk has been added. With regard to economic policy risks, it remains to be seen what impact the protection measures of the US government will have. The destabilisation of the Euro zone seems less likely following the electoral defeats of European-critical parties in some EU countries, and regarding Brexit there seems to be a longer transition period.

The global economy growth rate increased from 2.5 % in 2016 to 3.2 % in 2017. The following overview presents the development of the gross domestic product (GDP) in the individual economic regions:

in %	**2017 ***	**2016**	**2015**	**2014**	**2013**
World	3.2	2.5	2.9	2.9	2.7
Europe	2.6	2.0	2.3	2.0	0.8
Germany	2.6	1.9	1.5	1.9	0.6
North America	2.3	1.5	2.7	2.6	1.8
South America	1.5	- 1.3	-	1.1	2.9
Asia/Pacific	5.0	4.8	4.9	4.8	5.1
China	6.8	6.7	6.9	7.3	7.8
Middle East	1.4	4.0	1.7	2.7	2.7
Africa	3.2	1.9	3.2	2.6	2.1

Source: Global Insight World Overview as of 15 January 2018.

* Forecast.

The increase in global economic growth is evident in all major regions. The fastest growth rates were in the Asia / Pacific region, which grew by 5.0 % (previous year: 4.8 %). There, the Chinese economy expanded by 6.8 % (previous year: 6.7 %). Economic growth in Europe came to 2.6 % (previous year: 2.0 %). At 2.6 %, the German economy expanded on par with the European neighbouring countries (previous year: 1.9 %). Economic growth in North America of 2.3 % was also higher than the previous year (previous year: 1.5 %). Positive growth rates were recorded again in South America for the first time since 2014. The economy in this region expanded by 1.5 % (previous year: -1.3 %).

The oil price is one of the most important values in the commodity markets. The average price over 2017 was USD 54.79 / barrel, or around 21.3 % more than in the previous year. On 31 December 2017, a barrel of Brent Crude cost USD 66.87 (year end 2016: USD 56.82).

The inflation rate in the Euro zone rose to 1.4 % in December 2017 (previous year: 1.1 %). The main refinancing interest rate is unchanged at 0.00 %. The interest rate for the marginal lending facility and the interest rate on the deposit facility remain at 0.25 % and -0.40 %, respectively.

Compared with the average rates in the previous year, the performance of the Euro gained in 2017 compared to other major currencies. The average exchange rate against the US dollar was 2.1 % higher than in the previous year. On average, the Euro appreciated by 7.0% against the British pound. The Euro also appreciated against the Chinese Renminbi, the Swiss Franc and the Japanese Yen by 3.8 %, 2.0 % and 5.4 %, respectively.

III. DEVELOPMENT OF THE BUSINESS SEGMENTS

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

1. AT Engineering

The majority of the gross revenue of this business segment is generated by the FFT Group and by the EDAG Group, which has been fully consolidated again since the second half year of 2017. The customers of both groups are mainly from the automotive sector. Insofar, the development of the automotive industry has an influence on this segment. However, 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.

According to a market study by IHS Markit, the growth of global automobile production in 2017 is 2.1 %. The number of units produced increased from 93.1 to 95.1 million. This is mainly due to growth in Europe (3.7 %, from 21.5 to 22.3 million units), in Japan / Korea (4.7 %, from 12.9 to 13.5 million units), in South America (22.2 %, from 2.7 to 3.3 million units) and growth in China (0.7 %, from 27.4 to 27.6 million units produced). This growth was dampened by a decline in North America (-3.4 %, from 17.8 to 17.2 million units produced).

The gross revenue, the EBITDA and the EBIT of this business segment developed as follows compared to the previous year's period:

in EUR '000	2017	2016	Change
Gross revenue	1,218,954	751,659	467,295
EBITDA	68,188	58,155	10,033
EBITDA margin in %	5.6	7.7	- 2.1
EBIT	31,862	46,994	- 15,132
EBIT margin in %	2.6	6.3	- 3.6

The development of this segment is significantly influenced by the EDAG Group, which is consolidated since 2 July 2017. In addition, EBIT in 2017 was burdened by the scheduled scale down of Deilmann-Haniel Mining Systems' business activities. In line with expectations, gross revenue overall increased by EUR 467.3 million, EBIT decreased by EUR 15.1 million compared to previous year.

The following comments on the individual companies of the segment are based on unconsolidated figures and in case of EDAG before effects from the purchase price allocation.

The FFT Group was able to increase gross revenue by EUR 154.4 million to EUR 856.0 million. At the same time, EBIT increased by EUR 1.5 million to EUR 55.7 million in the reporting period (previous year: EUR 54.3 million). As of 31 December 2017, the order backlog amounts to EUR 519.4 million (previous year: EUR 700.9 million), which has dampened since the sharp rise at the turn of the previous year.

The EDAG Group, which has been fully consolidated since July 2017, generates a gross revenue of EUR 365.6 million in the second half of the year 2017. EBIT stands at EUR 15.9 million. This is offset by amortization effects for hidden reserves from the purchase price allocation at group level amounting to EUR 12.2 million. As of 31 December 2017, the order backlog amounts to EUR 340.0 million.

REFORM's gross revenue amounting to EUR 17.6 million is above the level of the previous year (EUR 14.3 million). EBIT slightly decreased from EUR -2.5 million to EUR -2.9 million, which is mainly due to the impairment of the net assets to the expected selling price regarding the sale of the Reform Grinding Technology GmbH in January 2018.

The gross revenue of Deilmann-Haniel Mining Systems decreased from EUR 33.1 million to EUR 8.4 million due to the scheduled scale down of the company's business. Due to a social plan negotiated at the end of the year, warranty issues and the existing fixed costs EBIT also declined from EUR -7.8 million in previous year to EUR -23.1 million.

2. AT Mining

The gross revenue of this segment is almost exclusively generated by the Redpath Group. In addition, the Murray & Roberts Group, as a newly acquired associated company, contributes to the results of the segment. The business development of the segment depends on the development of commodity prices.

On the basis of the Bloomberg Commodity Index, commodity prices rose by just under 1 % in the financial year 2017. However, prices are still below the level of 2011.

Regarding industrial metals, zinc recorded the strongest increase by 24 %. But also the prices for aluminum, copper and lead rose by 22 %, 20 % and 10 %, respectively (on the basis of 1-month future contracts).

The precious metals have also risen in price. The price for gold ascended by 12 %, silver by 4 % and platinum by 1 %. Palladium recorded the strongest price increase of 50 % (on the basis of 1-month future contracts).

The potash price increased by 4 % in the financial year 2017, price of coal rose by 25 %.

Mining companies, among others, are reacting to the continued low price level of commodity prices with the postponement and cancellation of projects.

The gross revenue, the EBITDA and the EBIT of this segment developed as follows compared to the previous year and are therefore in line with our expectations:

in EUR '000	2017	2016	Change
Gross revenue	568,540	490,521	78,019
EBITDA	65,123	62,559	2,564
EBITDA margin in %	11.5	12.8	- 1.3
EBIT	33,860	31,791	2,069
EBIT margin in %	6.0	6.5	- 0.5

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, since the Murray & Roberts Group as associate is accounted for using the equity method and thus only has an effect on the financial result.

The Redpath Group was able to increase its gross revenue by 15.9 % to EUR 568.7 million compared to previous year, mainly due to increased sales in Africa, Australia and the USA. The intense competition and the delayed start of new projects had a negative effect on the profitability of the Redpath Group. Nevertheless, the Redpath Group increased its EBIT from EUR 32.1 million to EUR 34.1 million, which corresponds to an EBIT margin of 6.0 % (previous year: 6.5 %). The order backlog as of 31 December 2017 amounts to EUR 1,352.8 million and is thus significantly higher than at previous year's balance sheet date (EUR 857.2 million).

3. AT Med Tech

Health expenditure worldwide accounts for about 10 % of economic output, and in the US even 17 %. In 2015, they were around USD 7.1 trillion and are growing at just over 4 % annually, with total spending expected to reach approximately USD 8.7 trillion in 2020. Approximately 70 % of those spendings are related to North America and Western Europe alone.

The medical technology market has a slightly higher growth rate than the healthcare market. In 2017, the global medical technology market has a volume of about USD 403 billion; it is expected to reach around USD 473 billion in 2020, thus growing at approximately 5.5 % per year.

The national health care markets, and consequently the corresponding medical technology markets, tend to be generally highly regulated, which may lead to a fluctuation in demand irrespective of the rest of the economy.

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

in EUR '000	2017	2016	Change
Gross revenue	292,363	324,875	- 32,512
EBITDA	108,877	41,677	67,200
EBITDA margin in %	37.2	12.8	24.4
EBIT	97,055	29,182	67,873
EBIT margin in %	33.2	9.0	24.3

Both gross revenue and EBIT are essentially in line with our expectations. It should be noted that the W.O.M. Group was sold at the middle of the year, which is why the gross revenue, EBIT and EBITDA of W.O.M. Group is only included for the first half of the year, but in return the gain of disposal amounting to EUR 73.5 million positively impacted EBIT and EBITDA.

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

The Ziehm Group generated a gross revenue of EUR 138.3 million in the year 2017, which corresponds to an increase of EUR 15.1 million compared to the previous year. In accordance with the significantly increased gross revenue, EBIT increased by EUR 1.9 million to EUR 16.6 million. The EBIT margin is therefore unchanged at 12.0 % (previous year: 12.0 %).

In the reporting period, OrthoScan generated a gross revenue of EUR 28.2 million and thus an increase by EUR 2.1 million compared to the previous year's period. As a consequence and due to implemented cost-cutting measures, the EBIT improved as well from EUR 0.3 million in previous year's period to EUR 1.3 million.

The W.O.M. Group was sold with effect from 3 July 2017, which is why it is included in the consolidated financial statements for only half a year. Until the deconsolidation, the business development of the W.O.M. Group in the first half of 2017 was positive. The gross revenue amounts to EUR 40.6 million in the first half-year 2017. Compared to the whole previous financial year this is a decrease of EUR 34.4 million. The EBIT for the first half of 2017 is EUR 4.9 million (total previous year: EUR 9.6 million). At 12.1 %, the EBIT margin was therefore almost at the high level of the previous year (12.8 %).

Haema's gross revenue in 2017 amounts to EUR 95.7 million (previous year: EUR 101.4 million). The EBIT is at EUR 2.6 million (previous year: EUR 6.3 million). This development is due to the reduced volume of donations and the decreased demand for finished pharmaceutical products.

4. AT Aviation

The volume of flights with business jets within Europe showed a positive growth trend of 3.6 % at the end of 2017. However, the volume of traffic is still 4.4 % below the pre-crisis level of September 2008. Growth impulses were registered in all leading markets. In addition to significant gains of 3 % in France and 8 % in Switzerland, moderate increases were recorded in Germany and the United Kingdom.

The gross revenue, the EBITDA and the EBIT of this segment developed as follows compared to the previous year's period:

in EUR '000	**2017**	**2016**	**Change**
Gross revenue	70,957	65,954	5,003
EBITDA	- 3,257	- 1,938	- 1,319
EBITDA margin in %	- 4.6	- 2.9	- 1.7
EBIT	- 3,521	- 2,257	- 1,264
EBIT margin in %	- 5.0	- 3.4	- 1.5

The segment AT Aviation is represented exclusively by the DC Aviation in both 2017 and 2016. Although the gross revenue is slightly above plan, the EBIT could not meet our expectations due to one-time effects.

In line with this market trend described above, the DC Aviation Group presents a 1.2 % increase in flight hours from 6,329 to 6,408 flight hours. As a result, gross revenue in the segment AT Aviation increased by 7.6 % to EUR 71.0 million compared to previous year's period. The non-recurring loss incurred by DC Aviation GmbH in 2017 was primarily due to one-time effects and measures to increase future earnings. Consequently, DC Aviation's EBIT declined from EUR -2.3 million to EUR -3.5 million. From 2018 on, a positive EBIT at current fleet size is expected.

All three existing international subsidiaries and joint ventures in Switzerland, Malta and Dubai already report positive results in 2017 and will continue to contribute to further growth to the fleet size of the DC Aviation Group in 2018, which consists of 32 aircraft at the end of 2017.

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 the 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	2017		2016		Change	
Revenue	2,150,386	100.1%	1,634,601	100.2%	515,785	
Gross revenue	**2,148,616**	**100.0%**	**1,630,648**	**100.0%**	**517,968**	**31.8%**
Cost of materials	917,534	42.7%	781,657	47.9%	135,877	
Gross profit	**1,231,082**	**57.3%**	**848,991**	**52.1%**	**382,091**	**45.0%**
Personnel expenses	826,088	38.4%	520,533	31.9%	305,555	
Other operating expenses ./. income	181,438	8.4%	178,325	10.9%	3,113	
EBITDA	**223,556**	**10.4%**	**150,133**	**9.2%**	**73,423**	**48.9%**
Depreciation and amortisation	79,325	3.7%	52,685	3.2%	26,640	
Impairment losses	578	0.0%	2,377	0.1%	- 1,799	
EBIT	**143,653**	**6.7%**	**95,071**	**5.8%**	**48,582**	**51.1%**
Net interest expense	- 15,371	- 0.7%	- 7,065	- 0.4%	- 8,306	
Other financial result	15,433	0.7%	13,552	0.8%	1,881	
Net financial result	**62**	**0.0%**	**6,487**	**0.4%**	**- 6,425**	**- 99.0%**
Income taxes	36,113	1.7%	35,354	2.2%	759	
EAT	**107,602**	**5.0%**	**66,204**	**4.1%**	**41,398**	**62.5%**
EAT attributable to non-controlling interest	- 141	- 0.0%	- 935	- 0.1%	794	
EAT attributable to owners of the parent	**107,743**	**5.0%**	**67,139**	**4.1%**	**40,604**	**60.5%**

The results of operations compared to the previous year are significantly influenced by the deconsolidation of the W.O.M. Group at the beginning of July 2017 and by the full consolidation of the EDAG Group since July 2017. While the W.O.M. Group had been included in the consolidated financial statements for a full twelve months in previous year, it is only included for six months in 2017. By contrast, the EDAG Group, accounted for using the equity method until mid 2017, is now fully consolidated during the second half of the year 2017.

Overall, the gross revenue decreased by EUR 518.0 million compared to the previous period. Adjusted for the now fully consolidated EDAG Group and the deconsolidated W.O.M. Group, the increase amounts to EUR 212.3 million, which corresponds to the expected positive development compared to the previous year.

Gross revenue for the segment AT Engineering rose by EUR 467.3 million to EUR 1,219.0 million in the reporting period. Even without taking into account the now fully consolidated EDAG Group, there is an increase of

EUR 122.0 million within the segment. The segment AT Mining recorded an increase in gross revenue of EUR 78.0 million. The gross revenue in the segment AT Med Tech decreased by EUR 32.5 million compared with the previous year. Upon adjustment of the deconsolidated W.O.M. Group, gross revenue increased by EUR 1.9 million. The gross revenue in the segment AT Aviation increased by EUR 5.0 million.

The cost of materials ratio declined from 47.9 % to 42.7 % compared to previous year. This is mainly due to the segment AT Engineering, where the less cost of material intensive EDAG Group has been fully consolidated since July 2017. As a consequence, gross profit rose by EUR 382.1 million to EUR 1,231.1 million. The gross profit margin increased to 57.3 % (previous year: 52.1 %).

The personnel expenses ratio of 38.4 % rose by 6.5 percentage points compared with the previous year, which is also mainly attributable to the EDAG Group, which has been fully consolidated since July 2017 and which is very labour-intensive. The EDAG Group only stands for an increase of EUR 228.4 million from the total increase of EUR 305.6 million. An additional EUR 61.2 million increase resulted from the Redpath Group, where personnel expenses increased slightly disproportionately to the rise in gross revenue.

The net amount of other operating expenses and other operating income increased slightly by EUR 3.1 million. The income of EUR 73.5 million from the deconsolidation of the W.O.M. Group contained therein was amongst others compensated by the net amount of other operating expenses and other operating income of the fully consolidated EDAG Group.

As a result of the effects described above, EBITDA increased by EUR 73.4 million to EUR 223.6 million.

Depreciation and amortisation increased by EUR 24.8 million to EUR 79.9 million compared to the previous year, mainly due to the full consolidation of the EDAG Group since July 2017 (EUR 26.7 million). In contrast, impairment losses on intangible assets and property, plant and equipment decreased by EUR 1.8 million and the deconsolidation of the W.O.M. Group by the middle of the year led to a decrease in depreciation and amortisation of EUR 1.2 million.

EBIT increased by EUR 48.6 million to EUR 143.7 million (previous period: EUR 95.1 million), which is in line with expectations. The EBIT margin grew from 5.8 % in previous year's period to 6.7 % in the reporting period.

In the segment AT Engineering, the EBIT margin fell from 6.3 % to 2.6 %, as the effects of the purchase price allocation of the EDAG Group sharply reduced the Group's EBIT and thus lowered the EBIT margin. At 6.0 %, the EBIT margin in the AT Mining segment is slightly below the previous year's level (6.5 %). In the segment AT Med Tech, the EBIT margin of 33.2 % was significantly higher than in the previous year (9.0 %), mainly due to the deconsolidation of the W.O.M. Group. In the segment AT Aviation, the EBIT margin worsened again from -3.4 % in the previous year to -5.0 % due to one-off items.

The net interest result is negative and fell by EUR 8.3 million compared to the previous year's period. This is partly the result of declining interest income, mainly from loans to the EDAG Group, which has been fully consolidated since mid of the year 2017. On the other hand, financial liabilities for working capital financing have significantly increased, leading to higher interest expenses.

The other financial result improved from EUR 13.6 million in the comparable period to EUR 15.4 million in the reporting period, mainly as a result of higher income from securities. By contrast, results from companies accounted for using the equity method have decreased.

The Group tax rate fell from 34.8 % in the previous year to 25.1 %. The decline results from the significantly reduced tax rate on the gain on disposal of the W.O.M. Group. The composition of the pre-tax result and the fact that deferred tax assets are not recognized in certain companies due to the lack of expected future use of the tax loss carryforwards had a counteracting effect.

The earnings after taxes (EAT) increased by EUR 41.4 million to EUR 107.6 million and are in line with expectations. After deduction of EAT attributable to non-controlling interest, the EAT attributable to owners of the parent amounts to EUR 107.7 million (previous year: EUR 67.1 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	2017	2016	Change	
Cash and cash equivalents at the beginning of the period	**210,454**	**187,050**	**23,404**	**12.5%**
Income before interest, dividends and income taxes	156,777	98,799	57,978	
Depreciation and amortisation / write-ups of assets	79,558	55,228	24,330	
Result from the disposal of property, plant and equipment and securities	- 2,900	125	- 3,025	
Result from the disposal / deconsolidation of consolidated subsidiaries	- 71,961	-	- 71,961	
Change in provisions	- 2,855	- 10,970	8,115	
Other non-cash transactions	1,841	- 2,937	4,778	
Gross cash flow	**160,460**	**140,245**	**20,215**	**14.4%**
Interest, dividends and income taxes paid / received	- 36,762	- 12,627	- 24,135	
Changes in trade working capital	- 133,628	- 62,938	- 70,690	
Changes in other working capital	99,486	- 4,177	103,663	
Cash flow from operating activities	**89,556**	**60,503**	**29,053**	**48.0%**
Investments in / proceeds from the disposal of intangible assets and property, plant and equipment	- 68,276	- 59,229	- 9,047	
Investments in / proceeds from the disposal of financial assets / associates	- 56,737	7,482	- 64,219	
Payments for the acquisition of / proceeds from the disposal of consolidated subsidiaries	131,140	- 4,563	135,703	
Cash flow from investing activities	**6,127**	**- 56,310**	**62,437**	**> -100%**
Payments to shareholders	- 93,633	- 362	- 93,271	
Payments for the acquisition of non-controlling interests	- 4,284	-	- 4,284	
Proceeds from / repayments of loans and finance leases	- 10,448	17,070	- 27,518	
Cash flow from financing activities	**- 108,365**	**16,708**	**- 125,073**	**> -100%**
Effect of changes in exchange rates	- 10,401	2,503	- 12,904	
Cash and cash equivalents at the end of the period	**187,371**	**210,454**	**- 23,083**	**- 11.0%**

The cash flow from operating activities increased by EUR 29.1 million compared to previous year’s period.

The gross cash flow thereby increased by EUR 20.2 million to EUR 160.5 million compared to the previous year’s period. The income before interest, dividends and income taxes has increased by EUR 58.0 million, depreciation and amortisation by EUR 24.3 million compared to previous year’s period. The basic amount includes the result from the disposal / deconsolidation of consolidated subsidiaries of EUR 72.0 million.

There is a negative impact on the cash flow from operating activities through the EUR 10.9 million increase in income taxes paid, the EUR 4.5 million higher interest paid and the EUR 3.8 million decrease in interest received. The dividends received in the amount of EUR 20.0 million (previous year: EUR 24.9 million) are also below the previous year's level and essentially comprise the dividends of the EDAG Group of EUR 12.1 million (EUR 0.75 per share). Furthermore, there are dividends from Murray & Roberts in the amount of EUR 3.8 million.

Amounting to EUR 133.6 million, the changes in trade working capital are EUR 70.7 million higher than in the previous year's period. On the contrary, the changes in other working capital amounting are reduced to EUR 99.5 million in the reporting period and therefore improved by EUR 103.7 million compared to previous year. Overall, the decrease in changes in working capital in the reporting period totalling EUR 33.0 million has a positive effect on the development of the cash flow from operating activities.

The cash flow from investing activities shows a cash inflow of EUR 6.1 million in the reporting period (previous year's cash outflow of EUR 56.3 million). Net investments in property, plant and equipment and intangible assets increased by EUR 9.0 million to EUR 68.3 million. Net cash outflows from investments / sales in financial assets and associated companies amounted to EUR 56.7 million (previous year: inflow of EUR 7.5 million). Investments in financial assets / associated companies (Murray & Roberts and EDAG) of EUR 179.3 million were largely financed by sales of securities. The net cash inflow from the sale / acquisition of consolidated components is at EUR 131.1 million and mainly due to the sale of the W.O.M. Group.

The cash flow from financing activities shows a cash outflow of EUR 108.4 million (previous year: cash inflow of EUR 16.7 million). The cash outflow in the reporting period is mainly due to the payments to the shareholders in the amount of EUR 93.6 million. In addition, there are net repayments of bank loans and finance leases amounting to EUR 10.4 million. The remaining cash outflow results from payments for the acquisition of non-controlling interests in the amount of EUR 4.3 million.

Taking into account the effect of changes in currency exchange rates, a total cash outflow of EUR 23.1 million resulted in the reporting period (previous year: cash inflow of EUR 23.4 million). Accordingly, cash and cash equivalents decreased from EUR 210.5 million at the beginning of the reporting period to EUR 187.4 million at the end of the reporting period.

3. Net assets position

in EUR '000	31.12.2017		31.12.2016		Change	
Assets						
Intangible assets	483,019	21.0%	158,789	8.1%	324,230	204.2%
Property, plant and equipment	324,703	14.1%	253,592	12.9%	71,111	28.0%
Financial assets	308,199	13.4%	627,598	31.9%	- 319,399	- 50.9%
Inventories	139,465	6.1%	153,620	7.8%	- 14,155	- 9.2%
Trade and other receivables	810,122	35.3%	525,781	26.8%	284,341	54.1%
Deferred tax assets	15,314	0.7%	20,636	1.1%	- 5,322	- 25.8%
Cash and cash equivalents	187,371	8.2%	210,454	10.7%	- 23,083	- 11.0%
Other assets	28,991	1.3%	14,286	0.7%	14,705	102.9%
Total assets	**2,297,184**	**100.0%**	**1,964,756**	**100.0%**	**332,428**	**16.9%**
Equity and liabilities						
Equity	1,192,699	51.9%	1,160,284	59.1%	32,415	2.8%
Provisions	80,075	3.5%	52,823	2.7%	27,252	51.6%
Financial liabilities	389,022	16.9%	311,028	15.8%	77,994	25.1%
Trade and other payables	536,679	23.4%	408,370	20.8%	128,309	31.4%
Deferred tax liabilities	81,797	3.6%	29,120	1.5%	52,677	180.9%
Other liabilities	16,912	0.7%	3,131	0.2%	13,781	440.1%
Total equity and liabilities	**2,297,184**	**100.0%**	**1,964,756**	**100.0%**	**332,428**	**16.9%**

The balance sheet total increased by EUR 332.4 million compared to 31 December 2016. Overall, the net assets position compared to previous year is significantly influenced by the full consolidation of the EDAG Group and the deconsolidation of the W.O.M. Group as well as TSO.

The increase in intangible assets by EUR 324.2 million in the financial year 2017 is primarily attributable to the EDAG Group, which has been fully consolidated since July 2017. This resulted in an increase in goodwill of EUR 166.0 million and other intangible assets by EUR 177.5 million. Countervailing effects result from the deconsolidation of the W.O.M. Group, resulting in a disposal of goodwill of EUR 15.9 million.

Property, plant and equipment rose by EUR 71.1 million. Investments in property, plant and equipment amount to EUR 88.6 million in the reporting period. Furthermore, property, plant and equipment increased by EUR 71.5 million as a result of the full consolidation of the EDAG Group. Depreciation amounts to EUR 54.1 million in the reporting period. Moreover, property, plant and equipment decreased due to deconsolidation of the W.O.M. Group and TSO by EUR 18.3 million. Additionally, there are disposals amounting to EUR 6.5 million. Furthermore, currency translation effects had a declining impact of EUR 9.4 million on property, plant and equipment.

Financial assets declined by EUR 319.4 million. The decrease is mainly attributable to the full consolidation of the EDAG Group and the related disposal of the EDAG Group by EUR 274.1 million which is accounted for using the equity method, the decline in loans of EUR 101.3 million (scheduled repayments and consolidation of loans to the EDAG Group) and the disposal of securities held for trading amounting to EUR 81.4 million. Countervailing effects result from the acquisition of shares in the associated company Murray & Roberts Holdings

Limited. The shares are recorded at an amount of EUR 145.8 million in the balance sheet of 31 December 2017.

Trade receivables and other receivables increased by EUR 284.3 million. The reason for this is mainly higher third party receivables (amongst others from construction contracts).

Working capital rose by EUR 141.9 million. Trade and other receivables increased by EUR 284.3 million, meanwhile inventories declined by EUR 14.2 million. Moreover, trade and other payables grew by EUR 128.3 million.

Cash and cash equivalents fell by EUR 23.1 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 assets held for sale by EUR 7.0 million, which are mainly due to Reform Grinding Technology GmbH and the EDAG Group. Furthermore income tax receivables increased by EUR 7.7 million.

The equity ratio decreased from 59.1 % at the end of the previous financial year to 51.9 % at the end of the reporting period. Despite the falling ratio, equity increased in absolute terms by EUR 32.4 million. The increase in equity is mainly attributable the consolidated annual result in 2017 of EUR 107.6 million and the changes in the scope of consolidation (EUR 42.9 million). Countervailing effects result from the dividend payment amounting to EUR 93.6 million and a negative other comprehensive income amounting to EUR 20.2 million, which is attributable in particular to currency translation.

Provisions increased by EUR 27.3 million. This is particularly due to the EDAG Group, which is fully consolidated since July 2017.

Financial liabilities rose by EUR 78.0 million. This is mainly attributable to the full consolidation of the EDAG Group, the financing of the increased working capital and the acquisition of shares in Murray & Roberts Holdings Limited.

Trade and other payables grew by EUR 128.3 million, mainly due to higher trade and VAT payables and an increase in advance payments received on orders at the reporting date.

The increase in deferred tax liabilities is mainly attributable to the purchase price allocation carried out as part of the full consolidation of the EDAG Group.

Other liabilities include liabilities associated with assets held for sale at Reform Grinding Technology GmbH (EUR 2.6 million) and income tax liabilities (EUR 14.3 million), increased due to the full consolidation of the EDAG Group by an amount of EUR 11.2 million.

The following overview presents assets and capital according to maturity:

in EUR '000	31.12.2017		31.12.2016	
Non-current assets				
Intangible assets and property, plant and equipment	807,722	35.2%	412,381	21.0%
Financial assets	224,711	9.8%	417,487	21.2%
Other assets	20,478	0.9%	25,389	1.3%
	1,052,911	**45.8%**	**855,257**	**43.5%**
Current assets				
Inventories	139,465	6.1%	153,620	7.8%
Receivables	805,758	35.1%	521,795	26.6%
Other financial assets	83,488	3.6%	210,111	10.7%
Cash and cash equivalents	187,371	8.2%	210,454	10.7%
Other assets	28,191	1.2%	13,519	0.7%
	1,244,273	**54.2%**	**1,109,499**	**56.5%**
Long-term capital				
Equity	1,192,699	51.9%	1,160,284	59.1%
Financial liabilities	88,161	3.8%	280,876	14.3%
Provisions and liabilities	59,791	2.6%	23,525	1.2%
Other liabilities	81,797	3.6%	29,120	1.5%
	1,422,448	**61.9%**	**1,493,805**	**76.0%**
Short-term capital				
Financial liabilities	300,861	13.1%	30,152	1.5%
Provisions and liabilities	556,963	24.2%	437,668	22.3%
Other liabilities	16,912	0.7%	3,131	0.2%
	874,736	**38.1%**	**470,951**	**24.0%**

Non-current assets of EUR 1,052.9 million are financed by long-term capital by 135.1 % (previous year: 174.7 %). Including short-term financial liabilities from loan liabilities to related parties in the amount of EUR 25.1 million (previous year: EUR 4.2 million), which are available to the Group as basic funding, the ratio amounts to 137.5 % (previous year: 175.2 %). Furthermore, current assets are financed with long-term capital at a ratio of 29.7 % (previous year: 57.6 %). The changes compared to the previous year are mainly attributable to the full consolidation of the EDAG Group since mid 2017 and the acquisition of an interest in Murray & Roberts Holdings Limited.

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

in EUR '000	**31.12.2017**	**Share in total assets**	**31.12.2016**	**Share in total assets**
Current assets	1,244,273	54.2%	1,109,499	56.5%
Short-term capital	874,736	38.1%	470,951	24.0%
Surplus cover or Coverage ratio	**369,537**	**142.2%**	**638,548**	**235.6%**

The coverage ratio shows that the Group is based upon a very sound financing as of 31 December 2017. This change in this ratio compared to previous year also results in particular from the full consolidation of the EDAG Group since mid 2017 and the acquisition of an interest in Murray & Roberts Holdings Limited.

Net debt position as of 31 December 2017 is as follows:

in EUR '000	**31.12.2017**	**31.12.2016**	**Change**
Cash and cash equivalents	187,371	210,454	- 23,083
Short-term securities	82,912	164,969	- 82,057
Short-term loans	183	45,036	- 44,853
Financial liabilities	- 389,022	- 311,028	- 77,994
Net debt (-)/cash (+)	**- 118,556**	**109,431**	**- 227,987**

The change of this performance indicator is primarily the result of the acquisition of shares in Murray & Roberts Holdings Limited and EDAG as well as the financing of working capital increase as of reporting date.

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 2017, EUR 5.8 million (previous year: EUR 4.4 million) were invested in advanced training and development programmes for our employees.

The ATON Group employed on average 15,561 employees during the financial year (previous year: 10,271 employees). The increase is mainly due to the EDAG Group, which is fully consolidated since July 2017.

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

	2017	**in %**	**2016**	**in %**
Salaried staff	9,823	63%	5,610	55%
Industrial workers	4,762	31%	4,000	39%
Trainees and interns	976	6%	661	6%
Total employees	**15,561**	**100%**	**10,271**	**100%**
Production and service	13,219	85%	8,564	83%
General administration	1,674	11%	1,201	12%
Sales and marketing	511	3%	314	3%
Research and development	157	1%	192	2%
Total employees	**15,561**	**100%**	**10,271**	**100%**
Germany	7,309	47%	4,374	43%
Europe (excluding Germany)	1,152	7%	487	5%
North America	1,678	11%	1,386	13%
South America	232	1%	152	1%
Australia	473	3%	305	3%
Asia	2,836	18%	2,251	22%
Africa	1,881	12%	1,316	13%
Total employees	**15,561**	**100%**	**10,271**	**100%**

VI. EXPECTED DEVELOPMENTS, OPPORTUNITIES AND RISKS

1. Expected developments

According to the autumn reports 2017 of the German economic research institutes and the European Commission, the global production growth is at 3.5 % in 2017 after 3.0 % in 2016. For 2018, a further increase in economic growth to 3.7 % is expected. Uncertainty remains due to the geopolitical risks and protectionist measures of the US government.

For the year 2018, the Euro zone is expected to grow overall by 2.1 % (2017: 2.2 %). The economy gained momentum in 2017 in the Euro zone. The upturn has a broad spectrum and has covered almost all member states. Although the stimulus from monetary policy should ease a little bit, fiscal policy should remain slightly expansionary. Thus, only a slight speed reduction of the economic upturn is to be expected. The British economy is being dampened by concerns about the consequences of the Brexit. The economy will only grow moderately as both consumers and investors are likely to exercise restraint in the face of uncertainty. In Central and Eastern European EU countries, economic growth remains robust. In some cases there is even a thread of economy overheating, which could cause to dampening interventions by politicians. Inflation in the Euro area is expected to remain stable at 1.4 % in 2018 after 1.5 % in 2017.

A growth of 2.1 % is predicted for the German economy in 2018 (2017: 2.2 %). By the end of 2019, the institutes expect the a continuing upswing at a slightly slower pace, if at all. Risks to economic development are seen in the persistent geopolitical and economic policy risks. In addition, the effects of the very long-lasting and extremely expansionary monetary policy are difficult to assess.

For the USA, it is expected that the solid economic growth of 2.1 % in 2017 will continue in 2018 with a growth rate of 2.3 %. Thereby, the growth impulse from the tax reform should be limited given the current stage of the economic cycle. The risks to the growth forecast are largely politic-related. A pronounced protectionist shift in US trade policy would place a significant drag on both US and global growth, especially if countermeasures are taken. In addition, the high and steadily rising corporate leverage remains a source of concern given the outlook for progressively higher interest rates.

After a higher growth rate than expected of 6.7 % in China in 2017, growth is expected to decline to 6.4 % in 2018, as structural factors such as a falling labour supply and declining returns on investments weigh on potential growth. In the short term, risks remain broadly balanced, with the resilience of the property market and domestic private investment as major uncertainties. Rapid credit growth and rising corporate leverage remain key trends that cast a shadow over the medium-term growth outlook.

The economic outlook remains highly uncertain, with opportunities and risks for economic growth being broadly balanced. In the short term, downside risks from the external environment mainly come from elevated geopolitical tensions (e.g. on the Korean peninsula and in the Middle East), but also from potentially tighter global financial conditions. In the medium term, external risks relate to a possible setback in global trade integration and a disorderly adjustment in China. In emerging markets, economic growth is still prone to disruption, especially in view of the abrupt worsening of global financing conditions. A hard landing for China in its transition process or sudden stops in capital flows to vulnerable emerging market economies would have a negative impact on the economic development in Europe and globally through weaker trade and deteriorating sentiment.

In the face of heightened criticism with regard to globalisation, inward-looking policies could introduce restrictions to foreign trade and foreign direct investment. This in turn can disrupt global supply chains, reduce productivity and distort economic growth, most notably in the more open economies. More inward-looking policies could also trigger a correction in asset valuations and an increase in financial market volatility.

Regarding the expected development of the business environment and political uncertainty, we assume that the gross revenue, EBIT and EAT will be moderately higher in the financial year 2018 than in previous year, after adjusting the effects of the W.O.M. Group which was sold in 2017. The sale of Haema AG was not considered in the budget for the financial year 2018 and will further increase EBIT and EAT. In return, the sale will have a reducing effect on the gross revenue.

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 270.3 million as of the end of the financial year; including short-term loans and financial liabilities, the net debt amounted to EUR 118.6 million. Financial liabilities of EUR 389.0 million include EUR 25.1 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 2017, the Group was able to dispose of EUR 696.0 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 24.8 million of financial liabilities from banks were fixed-rate liabilities and EUR 108.6 million were variable-rate liabilities. In addition, EUR 25.1 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 covenants. 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 2017 the clauses of the issuance of the bond were complied with.

In addition, on 28 December 2017, a loan agreement was signed with Landesbank Hessen-Thüringen Girozentrale for a loan agreement with a total amount of EUR 350.0 million. The loan agreement had an original term until 31 October 2018 and was extended by a renewal agreement dated 12 March 2018 until 30 April 2019 as the final maturity date. The loan has a variable interest rate and has not been paid out until balance sheet date. Similar to the terms of the issued bond, the terms and conditions of the loan agreement include contractual clauses that use financial covenants to limit the consolidated debt-equity ratio of the ATON Group and the financial liabilities of the subsidiaries. In addition, special unscheduled repayments have been agreed in case of certain events.

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 2017, the Group reports no more bonds held to maturity. There are securities held for trading amounting to EUR 82.9 million. These have a maximum remaining maturity of less than one year. Due to the amount of the investment there are no significant risks. Since these are fixed-interest corporate bonds and the securities account is permanently actively managed, there are no significant risks from this.

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 Group 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 and the associated Murray & Roberts 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 and the Murray & Roberts Group are partly executed in politically unstable regions. This may have an impact on the future results of operations of the Redpath Group and the Murray & Roberts 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 Ziehm Group and OrthoScan 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. Despite the sale of the W.O.M. Group, this risk remains with ATON as the acquirer of the former W.O.M. World of Medicine AG.

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 2018, IHS Markit forecasts a global volume of light vehicle production amounting 96.6 million units, representing a growth of 1.6 %. The primary drivers for this development are Europe, China and the US, with growth rates of between 1.4 % and 1.8 %, while higher growth rates are expected in the emerging markets (South America, Middle East and Africa), but with significantly smaller volumes. In the medium term, IHS Markit expects production volumes to grow by 2.2 % per year until 2020.

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 electro mobility and digitisation. In addition to electro mobility, digitisation is the second major future trend in the automotive industry. This is about networked and autonomous driving. Our segment AT Engineering is expected to participate strongly in these positive trends.

As one of the leading engineering service providers, the EDAG Group has opportunities to further expand its range of services with regard to electro mobility and digitisation and to play a key role in the transformation of the automotive industry. Thereby, existing customer relationships can be strengthened and new customer relationships can be established.

Due to electro mobility and digitization, opportunities for the FFT Group arise in particular through the resulting variety of variants and the required more complex production technologies. In addition to the automotive industry, the FFT Group also has business potential in the aviation industry. In this area, we see the opportunity of further growth potential.

AT Mining

The development of commodity prices is determined in the long run by the interaction between physical supply and demand. Until a few years ago, commodity markets were dominated by rising commodity demand in emerging markets due to the economic catching-up process. The sharp rise in prices until the financial crisis in 2007 triggered an investment wave in the commodities sector at that time. During this time, the production capacities of many raw materials were even so noticeably expanded that not only could the rising demand be met without any problems, but also increasingly overcapacities in the production of raw materials were created. The result was a downward trend in commodity prices over several years, which has ended since 2016. The low price level meant that investment activities were slowed down. In conjunction with the continued increase in global commodity demand, we expect commodity prices to rise again in the medium term. Rising commodity prices will result in higher demand for mining contractor services. Services from the Redpath Group and the Murray & Roberts Group will be in greater demand as large mining operators will expand their mining operations in the long term.

AT Med Tech

In addition to technological progress, the drivers for the expected sustained growth in health expenditure are demographic trends in the developed industrial nations towards an aging population, the increase in chronic diseases of civilization (such as diabetes), a rising health awareness, a rising purchasing power of the population in emerging markets (especially in Asia and the Middle East) and the associated willingness to invest in their own health. This is counteracted by the cost-saving pressure in the health care systems and the efficiency increases.

Growth potential for the companies of the ATON Group lies above all in the unchanged penetration of the core markets Europe and North America and in a continued expansion into the markets of Asia and South America. Driving technological innovation and the protection of technological leadership associated therewith will open up new opportunities.

AT Aviation

At the beginning of 2018, the DC Aviation Group received the approval to operate an aerospace company in Malta, expanding its presence with a fourth location. The Air Operator Certificate (AOC) in Malta opens up additional market opportunities for DC Aviation to acquire customers who do not want to register their aircraft in Germany or are seeking a new location as a result of the Brexit process. 15.6 % of the world's business jet fleet was located within the regions covered by the DC Aviation Group (Eurozone, UK, Middle East and other European countries including Eastern Europe) in 2017.

In addition, DC Aviation enjoys a worldwide reputation of above-average quality and safety standards in the segment business aviation. On the basis of this market position, the aim is to continuously expand fleet strength by acquiring renowned corporate clients and private individuals. In addition to aircraft management, the marketing of DC Aviation's own technical services is increasingly contributing to enhance the Group’s profitability.

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 the 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 2018

ATON GmbH
Management Board

Thomas Eichelmann Jörg Fahrenbach

ATON GmbH, Munich

CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2017

(Translation – the German text is authoritative)

CONSOLIDATED INCOME STATEMENT 2017

in EUR '000	Note	2017	2016
Revenue	6	2,150,386	1,634,601
Changes in inventories and own work capitalised	7	- 1,770	- 3,953
Other operating income	8	123,933	43,152
Cost of materials	9	- 917,534	- 781,657
Personnel expenses	10	- 826,088	- 520,533
Depreciation and amortisation	16, 17	- 79,903	- 55,062
Other operating expenses	11	- 305,371	- 221,477
Earnings before interest and taxes (EBIT)		**143,653**	**95,071**
Result from investments accounted for using the equity method	12	2,020	3,446
Other investment result		- 98	- 111
Interest income	13	4,670	8,444
Interest expense	13	- 20,041	- 15,509
Other financial result	14	13,511	10,217
Financial result		**62**	**6,487**
Earnings before income taxes (EBT)		**143,715**	**101,558**
Income taxes	15	- 36,113	- 35,354
Profit or loss for the period from continuing operations		**107,602**	**66,204**
Profit or loss for the period (EAT)		**107,602**	**66,204**
attributable to non-controlling interest		- 141	- 935
attributable to owners of the parent		**107,743**	**67,139**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME 2017

in EUR '000	Note	2017	2016
Profit or loss for the period		**107,602**	**66,204**
attributable to non-controlling interest		- 141	- 935
attributable to owners of the parent		107,743	67,139
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	- 474	327
Amount reclassified to profit or loss		-	-
Deferred taxes on available-for-sale financial assets	15	3	- 75
Currency translation differences			
Gains (+) / losses (-) from currency translation differences recognised in other comprehensive income	26	- 19,376	12,008
Amount reclassified to profit or loss		-	-
Cash flow hedges			
Gains (+) / losses (-) from cash flow hedges recognised in other comprehensive income	26	-	2,048
Amount reclassified to profit or loss		-	-
Deferred taxes on gains / losses from cash flow hedges	15	-	- 699
		- 19,847	**13,609**
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	- 525	- 1,187
Deferred taxes on remeasurements of defined benefit plans	15	156	483
		- 369	**- 704**
Other comprehensive income before income taxes		**- 20,375**	**13,196**
Income taxes on other comprehensive income		**159**	**- 291**
Other comprehensive income, net of income taxes		**- 20,216**	**12,905**
attributable to non-controlling interest		- 539	- 173
attributable to owners of the parent		- 19,677	13,078
Total comprehensive income for the period		**87,386**	**79,109**
attributable to non-controlling interest		- 680	- 1,108
attributable to owners of the parent		88,066	80,217

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 31.12.2017

Assets **in EUR '000**	**Note**	**31.12.2017**	**31.12.2016**
Goodwill	16	285,903	138,348
Other intangible assets	16	197,116	20,441
Property, plant and equipment	17	324,703	253,592
Reparable aircraft spare parts		800	767
Other financial assets	21	69,089	124,230
Investments accounted for using the equity method	20	155,622	293,257
Trade and other receivables	22	4,364	3,986
Deferred tax assets	15	15,314	20,636
Non-current assets		**1,052,911**	**855,257**
Inventories	23	139,465	153,620
Trade and other receivables	22	805,758	521,795
Other financial assets	21	83,488	210,111
Income tax receivables	15	18,803	11,111
Cash and cash equivalents	24	187,371	210,454
		1,234,885	1,107,091
Assets held for sale	25	9,388	2,408
Current assets		**1,244,273**	**1,109,499**
Total assets		**2,297,184**	**1,964,756**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 31.12.2017

Equity and liabilities in EUR '000	**Note**	**31.12.2017**	**31.12.2016**
Equity attributable to owners of the parent *	26	1,136,719	1,154,817
Non-controlling interest	26	55,980	5,467
Equity	26	**1,192,699**	**1,160,284**
Provisions for pensions	27	42,826	15,025
Provisions for income taxes	28	375	-
Other provisions	28	7,091	3,836
Financial liabilities	29	88,161	280,876
Trade and other payables	30	9,499	4,664
Deferred tax liabilities	15	81,797	29,120
Non-current liabilities		**229,749**	**333,521**
Provisions for income taxes	28	7,447	14,781
Other provisions	28	22,336	19,181
Financial liabilities	29	300,861	30,152
Trade and other payables	30	527,180	403,706
Income tax liabilities	15	14,293	3,131
		872,117	470,951
Liabilities associated with assets held for sale	25	2,619	-
Current liabilities		**874,736**	**470,951**
Total equity and liabilities		**2,297,184**	**1,964,756**

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

STATEMENT OF CHANGES IN EQUITY AS OF 31.12.2017

in EUR '000	Equity attributable to owners of the parent									
				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	Non-controlling interest	Equity
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**
Balance as of 1st January 2017	**15,000**	**629,168**	**523,724**	**- 10,610**	**-**	**886**	**- 3,351**	**1,154,817**	**5,467**	**1,160,284**
Equity transactions with shareholders										
Changes in the scope of consolidation	-	-	- 9,694	- 272	-	-	-	- 9,966	52,898	42,932
Step acquisition of non-controlling interest	-	-	- 2,580	-	-	-	-	- 2,580	- 1,672	- 4,252
Dividend payments	-	-	- 93,600	-	-	-	-	- 93,600	- 33	- 93,633
Other changes	-	-	- 18	-	-	-	-	- 18	-	- 18
	-	-	- 105,892	- 272	-	-	-	- 106,164	51,193	- 54,971
Total comprehensive income for the period										
Other comprehensive income, net of income taxes 2017	-	-	-	- 19,056	-	- 468	- 153	- 19,677	- 539	- 20,216
Profit or loss 2017	-	-	107,743	-	-	-	-	107,743	- 141	107,602
	-	-	107,743	- 19,056	-	- 468	- 153	88,066	- 680	87,386
Balance as of 31 December 2017	**15,000**	**629,168**	**525,575**	**- 29,938**	**-**	**418**	**- 3,504**	**1,136,719**	**55,980**	**1,192,699**

CONSOLIDATED STATEMENT OF CASH FLOWS 2017

in EUR '000	Note	2017	2016
Income before interest, dividends and income taxes	31	156,777	98,799
Income taxes paid		- 41,934	- 31,007
Interest paid		- 19,196	- 14,730
Interest received		4,372	8,166
Dividends received		19,996	24,944
Depreciation and amortisation / write-ups of assets		79,558	55,228
Change in provisions		- 2,855	- 10,970
Other non-cash transactions		1,841	- 2,937
Result from the disposal of property, plant and equipment		- 1,660	- 1,245
Result from the disposal of securities		- 1,240	1,370
Result from the disposal / deconsolidation of consolidated subsidiaries	5	- 71,961	-
Change in other assets		- 63,622	- 75,160
Change in other liabilities		29,480	8,045
Cash flow from operating activities		**89,556**	**60,503**
Investments in intangible assets	16	- 12,124	- 7,828
Proceeds from the disposal of intangible assets		1,631	2
Investments in property, plant and equipment	17	- 66,598	- 56,200
Proceeds from the disposal of property, plant and equipment		8,815	4,797
Investments in financial assets / associates		- 179,258	- 45,123
Proceeds from the disposal of financial assets		122,521	52,605
Cash inflow from the acquisition of consolidated subsidiaries	5	14,648	- 4,563
Cash inflow from the disposal of consolidated subsidiaries	5	116,492	-
Cash flow from investing activities		**6,127**	**- 56,310**
Payments to shareholders		- 93,633	- 362
Payments for the acquisition of non-controlling interest	26	- 4,284	-
Repayments of finance lease liabilities		- 12,883	- 9,924
Proceeds from finance leases		-	12,610
Proceeds from bank loans		106,598	118,350
Repayments of bank loans		- 104,163	- 103,966
Cash flow from financing activities		**- 108,365**	**16,708**
Change in cash and cash equivalents		- 12,682	20,901
Effect of changes in exchange rates		- 10,401	2,503
Cash and cash equivalents at the beginning of the period		210,454	187,050
Cash and cash equivalents at the end of the period	24	**187,371**	**210,454**

Notes to the consolidated financial statements 2017

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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 2017 have been prepared in accordance with Section 315e 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 2017 were authorised for publication by a management resolution on 25 April 2018. 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 2017. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

New and amended standards and interpretations

Amendments to IAS 7 „ Disclosure Initiative“

The amendment improves the information on the change in the company's debt. The company discloses the changes in those financial liabilities, whose cash inflows and cash outflows are presented as cash flow from financing activities within the statement of cash flows. Related financial assets are also included in the disclosures (for example assets from hedging).

Changes in cash and cash equivalents, changes resulting from the acquisition or disposal of companies, effects of changes in exchange rates, changes in fair value and other changes are disclosed. The information is presented in the form of a reconciliation statement from the opening balance in the balance sheet to the closing balance in the balance sheet.

The Group presents the changes between the opening balance and the closing balance of the respective financial liabilities in a reconciliation statement.

Amendments to IAS 12 „ Recognition of Deferred Tax Assets for Unrealised Losses “

The amendments clarify the recognition of deferred tax assets for unrealized losses on debt instruments measured at fair value.

The amendments have no significant impact on ATON's consolidated financial statements.

Improvements to IFRS 2014 - 2016

The annual improvements to IFRSs (2014-2016) amended three IFRSs, of which only the following was applicable in 2017:

It is clarified that IFRS 12 disclosures generally also apply to investments in subsidiaries, joint ventures or associates classified as held for sale within the meaning of IFRS 5; an exception to this is the information in accordance with IFRS 12.B10-B16 (financial Information).

The amendment has no effect on the ATON's consolidated financial statements.

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 as of 31 December 2017, as the application of these standards was not yet mandatory or 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 [2)]
IFRS 15	Revenue from Contracts with Customers	Yes	01.01.2018	Effects are currently being examined [3)]
Clarifications to IFRS 15	Revenue from Contracts with Customers	Yes	01.01.2018	Effects are currently being examined [3)]
IFRS 16	Leases	Yes	01.01.2019	Effects are currently being examined [4)]
Amendments to IFRS 4	Applying IFRS 9 "Financial Instruments" in connection with IFRS 4 " Insurance Contracts"	Yes	01.01.2018	None
	Annual Improvements to International Financial Reporting Standards (2014 - 2016) regarding IFRS 1 and IAS 28	Yes	01.01.2018	None
Amendments to IFRS 2	Classification and Measurement of Share-based Payment Transactions	Yes	01.01.2018	None
Amendments to IAS 40	Transfers of Investment Properties	Yes	01.01.2018	None
Amendments to IFRS 9	Prepayment Features with Negative Compensation	Yes	01.01.2019	Effects are currently being examined
Amendments to IAS 28	Long-term Interests in Associates and Joint Ventures	No	01.01.2019	Effects are currently being examined
IFRIC 22	Foreign Currency Transactions and Advance Consideration	Yes	01.01.2018	Effects are currently being examined
IFRIC 23	Uncertainty over Income Tax Treatments	No	01.01.2019	Effects are currently being examined
	Improvements to IFRS 2015 – 2017 regarding IFRS 3, IFRS 11, IAS 12 and IAS 23	No	01.01.2019	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 315e HGB, application is not mandatory for standards and interpretations that have not yet been endorsed by the EU.

2) 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). The expected credit losses are either based on the expected credit loss for the next 12 months or for the total residual term. The ATON Group will apply the simplified approach and will determine the credit loss over the total residual term for trade receivables and for contractual assets. Looking at the 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 trade receivables, contract assets, other receivables and loans. There will be no impact on hedging relationships since currently there is no hedge accounting in use.
The ATON Group will not apply the regulations of IFRS 9 retrospectively and thus will not adjust the comparative period. The expected impact from the application from IFRS 9 will reduce equity as of 1 January 2018 by less than EUR 500k (net of deferred taxes).

3) 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 1 January 2018. An early application has not been made. The ATON Group will apply the new standard modified retrospectively and thus not adjust the comparative information for balance sheet, income statement, statement of comprehensive income and statement of cash flows. The cumulative amount of the adjustments will be recognized in equity as of 1 January 2018 with no effect on the income statement. 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. Overall, we do not expect any material effects compared to the previous accounting practice under IAS 18.
Based on the findings of our conversion project, we assume for the segment AT Engineering that there will be no significant changes in the revenue figures for „turn-key production facilities", which account for approximately 90 % of sales at FFT Group. Regarding the revenue streams "supply of spare parts and standardized components under purchase contracts" as well as "provision of different type of services under service contracts" plays a subordinate role in the FFT Group due to its size. Again, for those revenue streams there are no significant changes resulting from the application of IFRS 15. The fulfilment of these performance obligations regarding the purchase contracts take place at the time of the transfer of these assets to the customer and thus at a certain point of time. Service contracts are completed over a period of time (less than one year) and corresponding revenues are also recognized over a period of time. In addition, development services with subsequent serial production exist in exceptional cases. The revenues from the development services are recognized over the period of time. Revenues from serial production are recognized when products are transferred to the customer. This leads to a change in accounting at one subsidiary, since a development service and serial production contract has been accounted for as one contract and revenue recognition took place over the period of the combined contract. Splitting the two contract components leads to a change in revenue recognition.
The performance obligations at the EDAG Group consist of the provision of engineering services and, to a large extent, so-called customer-specific construction contracts (project business) in the context of contracts for work. The fulfilment of the performance obligations leads regularly to a revenue recognition over the period of the project terms based on the percentage of completion. Overall, there are only insignificant adjustment effects from the application of IFRS 15 at EDAG.
In the segment AT Mining, the application of the new IFRS 15 has only a minor impact. In the case of the frequently occurring cost plus contract type, revenue recognition will generally continue to take place over the period of time.
In the segment AT Med Tech, there will be no changes in revenue recognition for product sales (direct sales and via distributors). In the service and spare parts business, there may be insignificant shifts in revenue recognition. For the service packages offered as bundles of service components, revenue will be recognized in the future partly over a period of time and partly at a point of time, meanwhile up to now revenue was recognised on a monthly straight-line basis.
In the AT Aviation segment, there is no material adjustment effect under IFRS 15 for the revenue streams "aircraft management", "consulting", "aircraft maintenance" and "business jet charter".

The ATON Group will apply the new standard IFRS 15 modified retrospectively, so that the previous year's figures will not be adjusted. The transition effects will be recognized directly in equity. The conversion effects will increase equity as of 1 January 2018 by less than EUR 500k (net of deferred taxes).

In addition, IFRS 15 contains more detailed presentation and disclosure requirements than currently applicable IFRSs. The new presentation and disclosure requirements are a major change from current practice and will require much more information in the future consolidated financial statements. In the financial year 2017, the ATON Group conducted reviews of its systems, policies and procedures to accurately record and report the required information in the future.

4) 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“. 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. However, the Group does not make use of this option. The ATON Group is currently reviewing the possible effects of applying IFRS 16 on its consolidated financial statements. Without being able to make concrete quantitative statements, the assets and liabilities will increase at initial application, thereby reducing the equity ratio. The first application as of 1 January 2019 is expected to be take place modified retrospectively and thus the comparative period will not be adjusted.

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.

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 2017 are as follows:

	Germany	International	Total	31.12.2016
Fully consolidated companies	27	87	114	77
Associates	0	1	1	1
Joint ventures	8	4	12	12
Companies within the scope of consolidation	**35**	**92**	**127**	**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
EDAG Productions Solutions GmbH & Co. KG	Fulda
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 differences. 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		2017		2016	
	Units per Euro		Closing rate	Average rate	Closing rate	Average rate
Australia	Dollar	AUD	1.5346	1.4732	1.4596	1.4886
Brazil	Real	BRL	3.9729	3.6054	3.4305	3.8616
China	Renminbi	CNY	7.8044	7.6290	7.3202	7.3496
United Kingdom	Pound	GBP	0.8872	0.8767	0.8562	0.8189
India	Rupee	INR	76.6055	73.5324	71.5935	74.3553
Japan	Yen	JPY	135.0100	126.7100	123.4000	120.3133
Canada	Dollar	CAD	1.5039	1.4647	1.4188	1.4664
Korea	Won	KRW	1,279.6100	1,276.7400	1,269.3600	1,284.5650
Malaysia	Ringgit	MYR	4.8536	4.8527	4.7287	4.5842
Mexico	Peso	MXN	23.6612	21.3286	21.7719	20.6550
Namibia	Dollar	NAD	14.7995	14.7183	14.3784	16.2911
Norway	Krone	NOK	9.8403	9.3270	9.0863	9.2927
Poland	Zloty	PLN	4.1770	4.2570	4.4103	4.3636
Romania	Leu	RON	4.6585	4.5688	4.5390	4.4908
Russian Federation	Ruble	RUB	69.3920	65.9383	64.3000	74.2224
Zambia	Kwacha	ZMW	11.3574	10.6701	10.3518	11.3895
Sweden	Krona	SEK	9.8438	9.6351	9.5525	9.4673
Switzerland	Franc	CHF	1.1702	1.1117	1.0739	1.0902
Singapore	Dollar	SGD	1.6024	1.5588	1.5234	1.5278
South Africa	Rand	ZAR	14.8054	15.0490	14.4570	16.2772
Czech Republic	Koruna	CZK	25.5350	26.3260	27.0210	27.0343
Hungary	Forint	HUF	310.3300	309.1900	309.8300	311.4600
USA	Dollar	USD	1.1993	1.1297	1.0541	1.1066

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 1.5 % p.a. Individual discount rates for the particular cash-generating units between 5.7 % and 10.0 % (previous year: 4.3 % and 9.2 %) 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 three and ten 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 one to ten 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	2 to 25
Other machinery and equipment	2 to 8
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 occurrence 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 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.

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 leaseback 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. In the financial year, no financial assets were designated at fair value.

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 instrument 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, 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 the FFT Group, EDAG 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 the FFT Group, the EDAG Group, the Redpath Group 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 and in terms of associated companies took place in the 2017:

Both, the joint venture Hüllrohre Schacht Rossenray 2, Mühlheim an der Ruhr, and the joint venture Konrad Nordstrecke, Mühlheim an der Ruhr, have been dissolved.

The joint venture Schacht Konrad Notfahreinrichtung, Dortmund, was founded with a 50% participation.

Associated Mining Construction UK Limited, Birmingham, Great Britain, was founded as a 50% joint venture.

ATM Holding GmbH, Munich, acquired a share of now 29.9985 % of the listed company Murray & Roberts Holdings Limited, Bedfordview, South Africa, during the period from 16 February to 12 April 2017. Under the terms of the share purchase and transfer agreement signed on 21 August 2017, ATM Holding GmbH transferred its shares in Murray & Roberts Holdings Limited to its sister company ATON Austria Holding GmbH, Going am Wilden Kaiser, Austria. This transaction with in the Group has no effect on the consolidated financial statements. Murray & Roberts Holdings Limited is accounted for as an associated company using the equity method.

Effective 15 March 2017, the shares in Ziehm Medical (Shanghai) Co., Ltd., Shanghai, China, were sold by Ziehm Medical LLC, Reno, USA, to Ziehm Imaging GmbH, Nuremberg. This intercompany transaction had no effect on the consolidated financial statements.

As of 28 April 2017, Ciratec BH d.o.o., Tuzla, Bosnia-Herzegovina, was founded.

The shares in Ziehm Medical do Brasil Equipamentos Médicos Ltda., Sao Paulo, Brasil, were assigned and transferred by Ziehm Medical LLC, Reno, USA, to ATON GmbH, Munich, effective 29 May 2017. On the same day, ATON GmbH has contributed these shares in Ziehm Medical do Brasil Equipamentos Médicos Ltda. into Ziehm Imaging GmbH, Nuremberg, without the issuance of new shares. This intercompany transaction had no effect on the consolidated financial statements.

As of 12 June 2017, Redpath-Deilmann d.o.o., Beograd, Serbia, was founded.

The 66.67 % share in TSO Industrieanlagen Planung und Vertrieb GmbH, Uehlfeld, was sold at EUR 5,500k as a consequence of the “agreement for the sale and assignment of GmbH shares” effective 30 June 2017 and therefore deconsolidated. The overall not material disposed total net assets amount to EUR 7,035k and included cash and cash equivalents amounting to EUR 6,197. This resulted in a deconsolidation loss of EUR 1,535k.

Since the voting agreement with EDAG Engineering Group AG, Arbon, Switzerland, expired on 2 July 2017 and therefor the ATON Group has control over EDAG Engineering Group AG again, the EDAG Group is since then fully consolidated again. The following table presents the assets and liabilities identified during the business combination at acquisition date:

in EUR '000	IFRS carrying amounts at date of acquisition	Purchase price allocation / settlement of pre-existing relationships / consolidation effects	Fair values at date of acquisition
Intangible assets	102,171	88,161	190,332
Property, plant and equipment	71,463	-	71,463
Financial assets	16,840	- 15,743	1,097
Deferred tax assets	2,269	-	2,269
Non-current assets	**192,743**	**72,418**	**265,161**
Trade and other receivables	234,560	-	234,560
Inventories	2,914	-	2,914
Cash and cash equivalents	21,811	-	21,811
Current assets	**259,285**	**-**	**259,285**
Total assets	**452,028**	**72,418**	**524,446**
Provisions	39,757	-	39,757
Financial liabilities	152,882	- 88,982	63,900
Non-financial liabilities	111,936	-	111,936
Deferred tax liabilities	6,724	53,368	60,092
Total liabilities	**311,299**	**- 35,614**	**275,685**
Net assets acquired (including non-controlling interest)	**140,729**	**108,032**	**248,761**
less non-controlling interest			- 19
Net assets acquired			**248,742**

The acquired trade and other receivables include impairments of EUR 1,917k. We assume that the fair values of the assets recognized in the balance sheet are completely recoverable.

Since EDAG Engineering Group AG was accounted for as an equity investment until 2 July 2017, the existing shares had to be remeasured to fair value at the time control was obtained. In addition to the stock exchange price, a control premium of 1.34 % was considered, which was derived from comparable transactions in the automotive sector. In addition, a loan to the EDAG Group existed at the time control was obtained, which is consolidated due to the full consolidation of the EDAG Group in the ATON's consolidated financial statements. Furthermore, the EDAG Group has an equity interest in the associated company EDAG Werkzeug + Karosserie GmbH at the time of acquisition. However, this company is already controlled by the ATON Group and is therefore already fully consolidated. The fair value of the consideration transferred for the acquisition is thus calculated as follows:

in EUR '000	**2017**
Value of the shares held by ATON at acquisition date at stock market price	270,448
Control premium (1.34 % of stock market price)	3,617
Fair value of 64.43 % share in EDAG (incl. Control premium)	**274,065**
Fair value of 100.00 % share in EDAG (incl. Control premium)	**425,365**
Book value of intercompany loan to EDAG (incl. accrued interest)	88,982
Fair value adjustment of intercompany loan	1,148
Adjustment regarding at-equity investment, which is already consolidated at ATON Group	-15,743
Consideration transferred at fair value	**499,752**

The fair value of the net assets acquired, taking into account the elimination of the pre-existing relationships, breaks down as follows:

in EUR '000	**2017**
Book value of net assets incl. Non-controlling interest	140,729
less non-controlling interest at acquisition date	-19
Less step-up from pre-existing intercompany loan to fair value	-1,148
Adjustment of intangible assets to fair value	88,161
Adjustment deferred tax liabilities	-53,368
Elimination of at-equity investment, which is already consolidated at ATON Group	-15,743
Elimination of intercompany loan from ATON (incl. accrued interests)	90,130
Fair value of net assets after deferred taxes and elimination of pre-existing relationships	**248,742**

The following table shows the goodwill resulting from the business combination, which is not deductible for tax purposes:

in EUR '000	**2017**
Consideration transferred at fair value	499,752
Fair value of net assets after deferred taxes and elimination of pre-existing relationships	248,742
Goodwill (at 100.00 %)	**251,010**
Goodwill (partial goodwill at 64.43 %)	**161,727**

The presented goodwill can be traced back to intangible assets that do not qualify for separate recognition (especially employees' know-how). There is no contingent consideration.

On 3 July 2017, the EDAG Group acquired 100.0 % of CKGP/PW & Associates Inc., Troy, USA. The company is fully consolidated since then. The acquisition caused a net outflow of cash and cash equivalents amounting to EUR 7,246k. The following table presents the assets and liabilities identified during the business combination at acquisition date:

in EUR '000	IFRS carrying amounts at date of acquisition	Purchase price allocation	Fair values at date of acquisition
Intangible assets	39	1,651	1,690
Property, plant and equipment	119	-	119
Non-current assets	**158**	**1,651**	**1,809**
Trade and other receivables	3,632	-	3,632
Cash and cash equivalents	212	-	212
Current assets	**3,844**	**-**	**3,844**
Total assets	**4,002**	**1,651**	**5,653**
Trade payables	347	-	347
Other current liabilities	420	-	420
Deferred tax liabilities	-	642	642
Total liabilities	**767**	**642**	**1,409**
Net assets acquired	**3,235**	**1,009**	**4,244**

The acquired trade and other receivables do not include significant impairments. We assume that the fair values of the assets recognized in the balance sheet are completely recoverable.

The following table shows the goodwill resulting from the business combination, which is not deductible for tax purposes:

in EUR '000	2017
Fair value of the purchase price for the net assets	9,127
Net assets acquired at fair value	4,244
Goodwill	**4,883**

The fair value of the purchase price consists of a base purchase price of EUR 7,458k and the net present value of the contingent consideration in the amount of EUR 1,669k. The contingent consideration in the undiscounted range of EUR 0k to EUR 1,753k is attributable to the existing shareholders if certain milestones regarding revenue and earnings as well as employee loyalty are reached. The resulting goodwill in the amount of EUR 4,883k is not deductible for tax purposes and essentially includes inseparable values for the employees' know-how and benefits from expected synergies.

The share repurchase program for EDAG Engineering Group AG was continued during the financial year and concluded on 4 December 2017 with the acquisition of a total of 1,000,000 shares. As a result, the interest held in EDAG Engineering Group AG as of the reporting date is 65.69 %. As all acquisitions after 2 July 2017 are step acquisitions under existing control, these acquisitions have been accounted for as pure equity transactions without a new purchase price allocation.

With effect from 3 July 2017 ATON GmbH has signed an “Agreement on the sale and transfer of all shares” regarding the sale of the W.O.M. Group. The final selling price was EUR 118,415k. The disposed net assets amounted to EUR 44,919k. The net assets included cash and cash equivalents in the amount of EUR 1,226k, goodwill in the amount of EUR 15,921k, other non-current assets (excluding goodwill) in the amount of EUR 17,822k, current assets (excluding cash and cash equivalents) in the amount of EUR 20,887k, non-current liabilities in the amount of EUR 917k and current liabilities in the amount of EUR 10,080k. This deconsolidation of the W.O.M. Group led to a deconsolidation gain of EUR 73,496k.

Since 6 July 2017, J.S. Redpath Holdings Inc., North Bay, Canada, trades under the name Redpath Mining Inc., J.S. Redpath Limited, North Bay, Canada, under the name Redpath Canada Limited.

HRM Engineering i Trestad AB, Sweden, was merged into HRM Engineering AB, Sweden, on 18 July 2017.

As of 27 July 2017, OOO Deilmann-Haniel Belschacchtostroj, Soligorsk, Belarus, was founded.

As of 14 October 2017, ATON FinCo GmbH, Going am Wilden Kaiser, Austria, was founded.

Effective 8 December 2017, EDAG Slovakia, spol. s.r.o., Slovakia, was sold. There was no income effect from deconsolidation.

On 19 December 2017, EDAG Engineering SRL, Romania, was liquidated.

With regard to the changes in the scope of consolidation in the previous financial year 2016, please refer to the previous year's financial statements published on the ATON website at www.aton.de.

6. Revenue

The breakdown of reported revenue is as follows:

in EUR '000	2017	2016
Revenue from rendering of services	1,200,827	658,696
Revenue from construction contracts	640,528	619,662
Revenue from sales of goods	307,930	354,687
Other operating revenue	1,101	1,556
Revenue	**2,150,386**	**1,634,601**

The table below shows the revenue by geographical area (based on the domicile of the recipient of goods and services):

in EUR '000	2017	2016
Germany	663,076	412,870
North America	483,117	374,207
Europe (excluding Germany)	421,995	382,385
Asia	332,419	276,381
Africa	121,375	113,208
Australia	111,636	67,163
South America	16,768	8,387
Revenue	**2,150,386**	**1,634,601**

Revenue was allocated to the business segments as follows:

in EUR '000	2017	2016
AT Engineering	1,222,021	763,397
AT Mining	567,015	489,874
AT Med Tech	292,591	317,737
AT Aviation	70,957	65,954
Holding/Consolidation	- 2,198	- 2,361
Revenue	**2,150,386**	**1,634,601**

7. Changes in inventories and own work capitalised

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

in EUR '000	2017	2016
Changes in inventories of goods and services	-6,159	-7,021
Own work capitalised	4,389	3,068
Changes in inventories and own work capitalised	**-1,770**	**-3,953**

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 Mining and AT Med Tech.

Own work capitalised in the reporting period mainly contains own work of the Ziehm Group amounting to EUR 3,564k (previous year: EUR 2,983k).

8. Other operating income

The other operating income comprises the following:

in EUR '000	2017	2016
Operating income		
Income from benefits from the use of a company car	3,821	1,752
Government grants	2,486	538
Rental and lease income	2,432	1,315
Income from reversal of provisions/derecognition of liabilities	907	570
Income from catering/canteen	708	204
Income from insurance compensation payments	677	1,349
Income from recycling/scrap disposal	615	500
Income from cost reimbursements	423	569
Income from the reversal of specific valuation allowances	394	993
Income from external services and cost transfers third parties	341	340
Income from compensation and agreements for terminating contracts	240	131
Income from derecognised receivables	9	552
Income from compensation payments due to contract terminations	-	0
Miscellaneous operating income	3,120	3,186
Operating income	**16,173**	**11,999**
Non-operating income		
Income from the disposal / deconsolidation of consolidated companies	73,496	-
Income from the reversal of provisions/derecognition of liabilities	15,614	11,807
Currency translation gains	12,910	12,888
Income from the disposal and write-ups of property, plant and equipment	2,169	3,555
Income from hedging transactions	1,470	555
Income from other periods	292	762
Income from the disposal and write-ups of current assets	1	1
Miscellaneous non-operating income	1,808	1,585
Non-operating income	**107,760**	**31,153**
Other operating income	**123,933**	**43,152**

Due to the EDAG Group which is fully consolidated since July 2017, other operating income increased overall compared to the previous year.

In 2017 income from the disposal / deconsolidation of consolidated companies amounting to EUR 73,496k relates to the sale of the W.O.M. Group.

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

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	2017	2016
Cost of raw materials, consumables and supplies and of purchased merchandise	603,418	507,361
Cost of purchased services	314,116	274,296
Cost of materials	**917,534**	**781,657**

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

in EUR '000	2017	2016
AT Engineering	391,588	294,893
AT Mining	89,878	71,930
AT Med Tech	113,857	133,994
AT Aviation	9,535	7,540
Holding/Consolidation	- 1,440	- 996
Cost of materials	**603,418**	**507,361**

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	2017	2016
AT Engineering	258,741	219,313
AT Mining	15,446	16,929
AT Med Tech	4,424	5,559
AT Aviation	36,373	33,208
Holding/Consolidation	- 868	- 713
Cost of purchased services	**314,116**	**274,296**

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	2017	2016
Wages and salaries	699,488	436,133
Expenses for social security, retirement and other employee benefit expenses	126,600	84,400
Personnel expenses	**826,088**	**520,533**

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	2017	2016
Industrial workers	4,762	4,000
Salaried staff	9,823	5,610
Total employees excluding trainees	**14,585**	**9,610**
Trainees	976	661

11. Other operating expenses

The other operating expenses comprise the following:

in EUR '000	2017	2016
Operating expenses		
Travelling expenses	50,293	36,971
Rental and lease payments	44,596	24,009
Administration costs	36,831	28,883
Selling and marketing costs	32,388	26,151
Legal and consulting costs, audit costs	23,573	18,386
Maintenance	23,416	18,606
Expenses from additions to provisions	13,998	3,650
Other incidental personnel expenses	9,428	6,829
Other taxes and levies	6,571	6,674
Education and training costs	5,845	4,372
Expenses from additions to specific valuation allowances	4,663	921
Insurances	4,561	4,017
Expenses from cost transfers third parties	4,255	1,646
Car expenses	3,334	2,312
Incidental rental costs and cleaning expenses	2,840	3,533
Expenses from security services	1,756	1,110
Bad debt expenses	1,173	374
Research and development costs	1,028	1,794
Non-deductible input tax	904	597
Incidental costs of monetary transactions	472	287
Miscellaneous operating expenses	8,338	8,558
Operating expenses	**280,263**	**199,680**
Non-operating expenses		
Currency translation losses	21,915	17,989
Expenses from the disposal of consolidated companies	1,535	0
Expenses from the disposal of property, plant and equipment	510	544
Expense from hedging transactions	502	2,679
Expenses from other periods	458	534
Miscellaneous non-operating expenses	188	51
Non-operating expenses	**25,108**	**21,797**
Other operating expenses	**305,371**	**221,477**

The increase in other operating expenses is mainly attributable to the EDAG Group, which is fully consolidated since 2 July 2017.

Expenses from the disposal of consolidated companies result from the deconsolidation of TSO on 30 June 2017.

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 2,020k (previous year: EUR 3,446k). 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	**2017**	**2016**
Interest income		
Interest and similar income from related parties	3,338	7,146
Interest income from credit institutions	928	749
Other interest income	404	549
	4,670	**8,444**
Interest expense		
Interest expense to credit institutions and bondholders	13,289	11,098
Interest portion of finance lease agreements	767	495
Interest and similar expense to related parties	359	172
Net interest expense from defined benefit pension plans	47	229
Other interest expense	5,579	3,515
	20,041	**15,509**
	- 15,371	**- 7,065**

14. Other financial result

The other financial result comprises the following:

in EUR '000	2017	2016
Other financial income		
Gains from fair value measurement	9,993	4,959
Interest and dividend income from securities	2,591	9,956
Income from sale of securities	1,552	1,238
Income from the reversal of specific valuation allowances	499	131
Other financial income	156	27
	14,791	**16,311**
Other financial expense		
Losses from fair value measurement	881	5,303
Write-downs on securities	35	423
Losses from sales of securities	312	133
Expenses from specific valuation allowances	-	235
Other financial expense	52	0
	1,280	**6,094**
Other financial result	**13,511**	**10,217**

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 2017 and 2016 break down as follows:

in EUR '000	2017	2016
Income taxes		
Income taxes for the current year	33,931	25,811
Income taxes for previous years	476	5,391
Income from the reversal of provisions for income taxes	- 79	- 384
	34,328	**30,818**
Deferred taxes		
Deferred taxes from temporary differences	1,587	8,626
Deferred taxes on losses carried forward	198	- 4,090
	1,785	**4,536**
Income taxes	**36,113**	**35,354**

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. The tax rates applied by the foreign companies vary between 9.0 % and 39.0 % (previous year: 16.0 % and 39.0 %).

The income taxes of the reporting period amounting to EUR 36,113k (previous year: EUR 35,354k) 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):

	2017		2016	
	EUR '000	**in %**	**EUR '000**	**in %**
Earnings before income taxes (EBT)	**143,715**		**101,558**	
Income tax rate of the parent		32.98%		32.98%
Expected income tax expense	**47,390**		**33,489**	
Tax-free income and non-deductible expenses, incl. the effect of sections 8a / 8b of the KStG (corporate tax law)	- 15,162	-10.55%	1,408	1.39%
Income taxes for previous years	599	0.42%	4,806	4.73%
Tax rate variances	- 1,349	-0.94%	- 4,232	-4.17%
Amount of tax losses carried forward and other deferred tax assets not recognised or impaired	6,946	4.83%	6,504	6.40%
Effects from the recognition of previously unused tax loss carryforwards	29	0.02%	- 5,805	-5.72%
Non-deductible withholding taxes	1,627	1.13%	1,785	1.76%
Other tax effects	- 3,967	-2.76%	- 2,601	-2.56%
Income taxes reported in the consolidated income statement	**36,113**		**35,354**	
Effective tax rate		**25.13%**		**34.82%**

Tax-free income mainly resulted from the income from the disposal of subsidiaries.

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

in EUR '000	**31.12.2017**	**31.12.2016**
Current income taxes in the consolidated statement of financial position		
Income tax assets	18,803	11,111
Income tax liabilities	- 14,293	- 3,131
Provisions for income taxes	- 7,822	- 14,781
	- 3,312	**- 6,801**
Deferred taxes in the consolidated statement of financial position		
Deferred tax assets	15,314	20,636
Deferred tax liabilities	- 81,797	- 29,120
	- 66,483	**- 8,484**
Income taxes in the consolidated statement of financial position	**- 69,795**	**- 15,285**

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

in EUR '000	31.12.2017	31.12.2016
Deferred tax assets		
Intangible assets	2,810	2,335
Property, plant and equipment	1,573	1,734
Financial assets	1,921	396
Inventories	6,825	6,144
Receivables and other assets	7,367	1,395
Provisions for pensions	6,276	225
Other provisions	3,642	2,430
Other liabilities	86,550	57,612
Losses carried forward	14,787	14,668
Netting	- 116,437	- 66,303
	15,314	**20,636**
of which: non-current before netting	**27,367**	**19,358**
Deferred tax liabilities		
Intangible assets	58,359	3,620
Property, plant and equipment	17,249	15,427
Financial assets	1,981	1,384
Inventories	400	100
Receivables and other assets	94,498	60,309
Other provisions	24,600	11,708
Other liabilities	1,147	2,875
Netting	- 116,437	- 66,303
	81,797	**29,120**
of which: non-current before netting	**77,589**	**20,431**
Deferred taxes, net	**- 66,483**	**- 8,484**

The deferred taxes changed as follows:

in EUR '000	2017	2016
Deferred taxes at the beginning of the financial year	- 8,484	- 1,829
Changes in the scope of consolidation	- 58,812	- 3
Recognised in profit or loss	- 1,785	- 4,536
Recognised directly in equity	159	- 291
Currency translation differences	2,439	- 1,825
Deferred taxes at the end of the financial year	**- 66,483**	**- 8,484**

The changes in the scope of consolidation in the amount of TEUR -58,812k mainly result from the consolidation of the EDAG Group and there for the most part to deferred tax liabilities on intangible assets capitalized under IFRS.

Deferred taxes are assessed 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	2017	2016
Losses carried forward (total)		
Losses carried forward expire within		
1 year	8,742	14,243
2 to 5 years	42,991	29,636
over 5 years	41,018	39,749
carried forward indefinitely	100,338	66,366
	193,089	**149,994**
Losses carried forward (not usable)		
Losses carried forward expire within		
1 year	57	507
2 to 5 years	559	95
over 5 years	33,639	31,188
carried forward indefinitely	100,338	66,366
	134,593	**98,156**
Expected use of usable tax losses carried forward		
1 year	8,685	13,736
2 to 5 years	42,432	29,541
over 5 years	7,379	8,561
	58,496	**51,838**

As of 31 December 2017, trade tax losses carried forward amount to EUR 77,672k (previous year: EUR 51,892k); thereof deferred tax assets were not recognised for an amount of EUR 70,410k (previous year: EUR 46,835k).

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 2017	**151,747**	15,930	86,310	873	**103,113**
Changes in the scope of consolidation	**166,610**	3,792	242,677	0	**246,469**
Additions	**0**	2,808	7,915	792	**11,515**
Disposals	**0**	0	-1,818	-6	**-1,824**
Reclassifications	**0**	0	1,464	-812	**652**
Reclassification under IFRS 5	**-22,931**	-2,933	-13,299	0	**-16,232**
Currency translation differences	**-3,134**	-50	-2,678	-9	**-2,737**
As of 31 December 2017	**292,292**	**19,547**	**320,571**	**838**	**340,956**
Accumulated depreciation, amortisation and impairment losses					
As of 1 January 2017	**13,399**	9,605	73,067	0	**82,672**
Changes in the scope of consolidation	**0**	1,606	52,327	0	**53,933**
Depreciation, amortisation and impairment 2017	**0**	2,117	23,638	0	**25,755**
Depreciation and amortisation	**0**	2,117	23,636	0	**25,753**
Impairment losses	**0**	0	2	0	**2**
Disposals	**0**	0	-1,775	0	**-1,775**
Reclassifications	**0**	-180	223	0	**43**
Reclassifications under IFRS 5	**-7,010**	-1,980	-12,670	0	**-14,650**
Currency translation differences	**0**	-50	-2,088	0	**-2,138**
As of 31 December 2017	**6,389**	**11,118**	**132,722**	**0**	**143,840**
Carrying amounts					
As of 1 January 2017	138,348	6,325	13,243	873	20,441
As of 31 December 2017	285,903	8,429	187,849	838	197,116

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 2016	**140,916**	13,337	82,931	732	**97,000**
Changes in the scope of consolidation	**7,828**	22	1,830	-	**1,852**
Additions	**0**	2,558	2,945	582	**6,085**
Disposals	**-**	-	- 2,604	-	**- 2,604**
Reclassifications	**-**	-	440	- 441	**- 1**
Currency translation differences	**3,003**	13	768	-	**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**	-	-	-	**-**
Depreciation, amortisation and impairment 2016	**-**	1,350	6,014	-	**7,364**
Depreciation and amortisation	**-**	1,350	6,004	-	**7,354**
Impairment losses	**-**	-	10	-	**10**
Disposals	**-**	-	- 2,603	-	**- 2,603**
Reclassifications	**-**	-	- 1	-	**- 1**
Currency translation differences	**-**	14	634	-	**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 additions from changes to the scope of consolidation for the acquired goodwill results from the EDAG Group, which has been fully consolidated since July 2017 (EUR 161,727k) and acquisitions of the EDAG Group in the second half of 2017 (EUR 4,883k). The disposal of goodwill from the deconsolidation of W.O.M. Group (EUR 15,921k net) is reflected in the line reclassifications under IFRS 5. In previous year the additions from changes in scope of consolidation resulted from the acquisition of EKS InTec GmbH and Ciratec bvba by the FFT 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 1,028k (previous year: EUR 1,794k) were recognised as expenses.

Additions to other acquired intangible assets in the financial year 2017 primarily relate to EDAG Group, which is fully consolidated since July 2017. The reclassifications under IFRS 5 amounting mainly relate to the W.O.M. Group.

No borrowing costs were capitalised in the financial year as well as in previous year. The purchase commitments for intangible assets amounted to EUR 99k as of 31 December 2017 (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	**31.12.2017**	**31.12.2016**
EDAG	166,024	-
FFT / Reform / DHMS	15,395	15,475
Goodwill AT Engineering	**181,419**	**15,475**
Goodwill AT Mining	**44,460**	**46,926**
Ziehm/OrthoScan	45,383	45,384
Haema	14,641	14,642
W.O.M.	-	15,921
Goodwill AT Med Tech	**60,024**	**75,947**
Goodwill	**285,903**	**138,348**

The Group tests its goodwill for impairment at least once a year. As of 31 December 2017, all goodwill items were subject to an impairment test conducted as presented in note **3.1 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 2017 there is no impairment.

The increase in goodwill in the segment AT Engineering is mainly attributable to the full consolidation of the EDAG Group since 2 July 2017. This resulted in goodwill of EUR 161,727k. The acquisition of CKGP/PW & Associates Inc., Troy, USA, by the EDAG Group resulted in additional goodwill of EUR 4,883k. The remaining changes in goodwill in the segment are due to exchange rate effects.

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

In the segment AT Med Tech the decline in goodwill is caused by the sale of the W.O.M. Group in July 2017.

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

	2017	**2016**
Planning period	3 years	3 years
Growth rate	1.00% - 1.50%	1.00%
Expected market return	6.81% to 7.38%	6.96% to 8.69%
Return for risk-free investments	1.31% to 2.25%	0.65% to 2.44%
Post-tax discount rate	5.71% to 9.98%	4.26% to 9.15%

Regarding the impairment test for Haema, a growth factor of 1.50 % in the perpetual annuity was applied in 2017. Lowering the growth factor below 1.48 % would result in an impairment loss. However, there is no need for impairment on the basis of the stock purchase agreement signed on 19 March 2018 and the preliminary purchase price agreed therein.

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 and construction in progress	Total property, plant and equipment
Acquisition and production cost					
As of 1 January 2017	87,557	232,780	84,381	11,312	**416,030**
Changes in the scope of consolidation	29,585	53,770	73,918	1,364	**158,637**
Additions	5,995	41,775	13,390	27,471	**88,631**
Disposals	-464	-17,952	-6,749	-283	**-25,448**
Reclassifications	585	14,255	689	-16,227	**-698**
Reclassifications under IFRS 5	-10,008	-9,412	-5,349	-2,167	**-26,936**
Currency translation differences	-945	-17,587	-1,314	-355	**-20,201**
As of 31 December 2017	**112,305**	**297,629**	**158,966**	**21,115**	**590,015**
Accumulated depreciation, amortisation and impairment losses					
As of 1 January 2017	28,515	77,462	56,439	22	**162,438**
Changes in the scope of consolidation	12,406	31,535	46,101	0	**90,042**
Depreciation, amortisation and impairment 2017	3,913	36,663	13,572	0	**54,148**
Depreciation and amortisation	3,913	36,376	13,229	0	**53,518**
Impairment losses	0	287	343	0	**630**
Write-up	0	0	0	0	**0**
Disposals	-270	-13,249	-5,413	0	**-18,932**
Reclassifications	0	-300	242	-1	**-59**
Reclassifications under IFRS 5	-3,694	-4,918	-2,957	21	**-11,548**
Currency translation differences	-526	-9,290	-961	0	**-10,777**
As of 31 December 2017	**40,344**	**117,903**	**107,023**	**42**	**265,312**
Carrying amounts					
As of 1 January 2017	59,042	155,318	27,942	11,290	253,592
As of 31 December 2017	71,961	179,726	51,943	21,073	324,703

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 payments 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 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 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

Land and buildings increased from EUR 59,042k to EUR 71,961k mostly because of the full consolidation of the EDAG Group

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 segments AT Med Tech and AT Engineering the reclassifications according to IFRS 5 towards non-current assets held for sale amounts EUR 9,412k. Please refer to note **25. Assets held for sale / liabilities associated with assets held for sale**.

Property, plant and equipment in the amount of EUR 16,510k (previous year: EUR 8,246k) was used as collateral for liabilities. Property, plant and equipment is subject to restrictions on title in the amount of EUR 16,070k (previous year: EUR 8,246k) which mainly results from the AT Mining segment. Property, plant and equipment includes assets in the amount of EUR 31,858k (previous year: EUR 23,110k) acquired as finance leases. The purchase commitments for property, plant and equipment amount to EUR 28,955k as of 31 December 2017 (previous year: EUR 17,573k).

There are no investment properties in financial year 2017 nor in 2016.

In financial year 2017 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 2017 and 31 December 2016:

in EUR '000	31.12.2017	31.12.2016
Technical equipment and machinery	28,934	22,955
Other equipment, operating and office equipment	2,924	155
Net carrying amounts of capitalised leased assets	**31,858**	**23,110**

All technical equipment and machinery, which amount to EUR 28,934k, can be completely traced back to the Redpath Group. As in previous year, the lease terms vary between two and five years.

The increase in other equipment, operating and office equipment results from the EDAG Group, which has been fully consolidated since July 2017.

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

	2017			2016		
in EUR '000	Minimum lease payments	Interest portion included	Present values	Minimum lease payments	Interest portion included	Present values
Maturity						
Up to 1 year	11,904	277	11,627	7,609	248	7,361
1 to 5 years	15,141	210	14,931	9,505	243	9,262
Total	**27,045**	**487**	**26,558**	**17,114**	**491**	**16,623**

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	2017	2016
Lease payments recognised as expense	44,596	24,009
Future lease payments (maturity)		
Up to 1 year	48,739	16,872
1 to 5 years	86,959	27,385
Over 5 years	64,239	2,882
Total	**199,937**	**47,139**

The increase in lease payments recognised as expenses is due to the full consolidation of the EDAG Group.

Most of the obligations from non-cancellable operating leases arise from commercial real estate contracts, fixtures and fittings as well as 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 and machinery and equipment. The contracts are normally short term without renewal options. Operating lease income recognised in profit or loss amounts to EUR 2,432k in the financial year (previous year: EUR 1,315k). The future minimum lease payments under non-cancellable operating leases mature as follows: up to one year EUR 1,638k (previous year: EUR 34k), one to five years EUR 35k (previous year: EUR 0k) and over five years EUR 0k (previous year: EUR 0k). Contingent rental income of EUR 0k (previous year: EUR 19k) 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	31.12.2017	31.12.2016
Investments accounted for using the equity method		
Associates	145,825	284,284
Joint Ventures	9,797	8,973
	155,622	**293,257**

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

in EUR '000	2017	2016
Result from investments accounted for using the equity method		
Associates	-563	1,244
Joint Ventures	2,583	2,202
	2,020	**3,446**

The most significant investment accounted for using the equity method at previous year's balance sheet date was EDAG Engineering Group AG, an independent engineering service provider for the global automotive industry. The interest in EDAG Engineering Group AG increased from 62.9 % as of 31 December 2016 to 64.4 % as of 2 July 2017. As of 2 July 2017, the voting agreement, which limited the voting rights of the majority shareholder, expired. Since then, the EDAG Engineering Group AG is controlled again and the EDAG Group is since then fully consolidated again. As a result, EDAG Engineering Group AG is no longer an investment accounted for using the equity method as of the balance sheet date.

Between February and April 2017, a share of 30.0 % in Murray & Roberts Holdings Limited, Bedfordview, South Africa, was successively acquired. Murray & Roberts Holdings Limited is listed in South Africa and is accounted for using the equity method in the present consolidated financial statements. The Group operates worldwide in engineering, construction and underground mining services. The range of services covers the areas of oil & gas, underground mining and power & water. The company has a financial year that deviates from the calendar year which lasts from 1 July to 30 June, but also publishes interim financial statements as of 31 December. The following tables present the values for the period from 1 January through 31 December 2017.

The 50.0 % interests in the joint venture Schacht Konrad 1, Dortmund, the joint venture Schacht Konrad 2, Dortmund, and the joint venture Konrad Versatzaufbereitung Los 1, 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. As part of the joint venture Konrad Versatzaufbereitung Los 1 mine areas are opened and expanded. In addition to the retrofitting of the shafts and the excavation of the storage chambers, the so-called auxiliary pit areas for the required infrastructure regarding the emplacement operations are built or extended.

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 the Thyssen Mining Inc. The Joint Venture was established in 2008 and offers shaft sinking solutions for challenging ground conditions.

The 50.0 % interest in the joint venture Associated Mining Construction UK Limited, Birmingham, Great Britain, is also accounted for using the equity method. Associated Mining Construction UK Limited is a strategic partnership for the Group between Redpath Group and Thyssen Group. The Joint Venture carries out large scale projects for shaft sinking, mine development, raiseboring and engineering.

Summarised financial information for the most significant investments accounted for using the equity method as of 31 December 2017 are presented in the following tables.

The summarised balance sheets are as follows:

in EUR '000				
Company	**Murray & Roberts Holdings Limited**		**Joint Venture Schacht Konrad 1**	
Nature of the relationship	Associate		Joint Venture	
	31.12.2017	**31.12.2016**	**31.12.2017**	**31.12.2016**
Interest held in %	30	0	50	50
Current				
Cash and cash equivalents	152,917	0	571	241
Other current assets (excluding cash)	463,142	0	3,965	4,486
Total current assets	**616,059**	**0**	**4,536**	**4,727**
Financial liabilities (excluding trade and other payables, provisions and tax liabilities)	-50,522	0	0	0
Other liabilities (including trade and other payables, provisions and tax liabilities)	-451,389	0	-1,240	-1,058
Total current liabilities	**-501,911**	**0**	**-1,240**	**-1,058**
Non-current				
Assets	**349,062**	**0**	**536**	**106**
Financial liabilities (excluding trade and other payables, provisions and tax liabilities)	-12,901	0	0	0
Other liabilities (including trade and other payables and provisions)	-24,113	0	0	0
Total non-current liabilities	**-37,014**	**0**	**0**	**0**
Net assets	**426,196**	**0**	**3,832**	**3,775**

in EUR '000				
Company	**Joint Venture Schacht Konrad 2**		**Associated Mining Construction Inc.**	
Nature of the relationship	Joint Venture		Joint Venture	
	31.12.2017	**31.12.2016**	**31.12.2017**	**31.12.2016**
Interest held in %	50	50	50	50
Current				
Cash and cash equivalents	473	671	8,027	7,913
Other current assets (excluding cash)	8,695	8,659	4,442	5,168
Total current assets	**9,168**	**9,330**	**12,469**	**13,081**
Financial liabilities (excluding trade and other payables, provisions and tax liabilities)	0	0	-1,691	-1,010
Other liabilities (including trade and other payables, provisions and tax liabilities)	-6,501	-8,555	-2,431	-3,444
Total current liabilities	**-6,501**	**-8,555**	**-4,122**	**-4,454**
Non-current				
Assets	**1,357**	**1,938**	**97**	**978**
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	**4,024**	**2,713**	**8,444**	**9,605**

in EUR '000				
Company	**Associated Mining Construction UK Limited**		**Arbeitsgemeinschaft Konrad Versatztaufbereitung Los 1**	
Nature of the relationship	Joint Venture		Joint Venture	
	31.12.2017	**31.12.2016**	**31.12.2017**	**31.12.2016**
Interest held in %	50	50	50	50
Current				
Cash and cash equivalents	6,074	0	377	0
Other current assets (excluding cash)	951	0	18,761	0
Total current assets	**7,025**	**0**	**19,138**	**0**
Financial liabilities (excluding trade and other payables, provisions and tax liabilities)	-18,157	0	0	0
Other liabilities (including trade and other payables, provisions and tax liabilities)	-5,886	0	-20,412	0
Total current liabilities	**-24,043**	**0**	**-20,412**	**0**
Non-current				
Assets	**13,244**	**0**	**2,074**	**0**
Financial liabilities (excluding trade and other payables, provisions and tax liabilities)	-868	0	0	0
Other liabilities (including trade and other payables, provisions and tax liabilities)	0	0	0	0
Total non-current liabilities	**-868**	**0**	**0**	**0**
Net assets	**-4,642**	**0**	**800**	**0**

The summarised statements of comprehensive income are as follows:

in EUR '000				
Company	**Murray & Roberts Holdings Limited**		**Joint Venture Schacht Konrad 1**	
Nature of the relationship	Associate		Joint Venture	
	31.12.2017	**31.12.2016**	**31.12.2017**	**31.12.2016**
Interest held in %	30	0	50	50
Revenue	1,498,638	0	1,188	2,602
Depreciation and amortisation	-31,231	0	-52	-53
Interest income	0	0	0	0
Interest expense	-2,126	0	0	0
Profit (+) or loss (-) from continuing operations	**37,810**	**0**	**47**	**2,587**
Income tax expense (-) / income (+)	-11,629	0	0	0
Profit (+) or loss (-) after tax from continuing operations	**26,181**	**0**	**47**	**2,587**
Profit (+) or loss (-) after tax from discontinuing operations	-12,559	0	0	0
Other comprehensive income	-15,283	0	0	0
Total comprehensive income	**-1,661**	**0**	**47**	**2,587**
Dividends received	-3,989	0	0	0

in EUR '000				
Company	**Joint Venture Schacht Konrad 2**		**Associated Mining Construction Inc.**	
Nature of the relationship	Joint Venture		Joint Venture	
	31.12.2017	**31.12.2016**	**31.12.2017**	**31.12.2016**
Interest held in %	50	50	50	50
Revenue	12,222	7,579	41,955	47
Depreciation and amortisation	-682	-721	-151	-217
Interest income	0	0	0	0
Interest expense	0	-25	0	0
Profit (+) or loss (-) from continuing operations	**-1,382**	**-850**	**4,155**	**1,755**
Income tax expense (-) / income (+)	0	0	-986	-464
Profit (+) or loss (-) after tax from continuing operations	**-1,382**	**-850**	**3,169**	**1,291**
Other comprehensive income	0	0	0	0
Total comprehensive income	**-1,382**	**-850**	**3,169**	**1,291**
Dividends received	0	0	-1,878	-3,410

in EUR '000				
Company	**Associated Mining Construction UK Limited**		**Arbeitsgemeinschaft Konrad Versatztaufbereitung Los 1**	
Nature of the relationship	Joint Venture		Joint Venture	
	31.12.2017	**31.12.2016**	**31.12.2017**	**31.12.2016**
Interest held in %	50	0	50	50
Revenue	24,816	0	11,931	0
Depreciation and amortisation	-1,542	0	-652	0
Interest income	0	0	0	0
Interest expense	0	0	0	0
Profit (+) or loss (-) from continuing operations	**-1,068**	**0**	**1,135**	**0**
Income tax expense (-) / income (+)	0	0	0	0
Profit (+) or loss (-) after tax from continuing operations	**-1,068**	**0**	**1,135**	**0**
Profit (+) or loss (-) after tax from discontinuing operations	0	0	0	0
Other comprehensive income	0	0	0	0
Total comprehensive income	**-1,068**	**0**	**1,135**	**0**
Dividends received	0	0	0	0

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	**Murray & Roberts Holdings Limited**		**Joint Venture Schacht Konrad 1**		**Joint Venture Schacht Konrad 2**		**Associated Mining Construction Inc.**	
	2017	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**
Net assets as of 1 January	0	0	3,774	1,197	2,713	3,576	9,604	14,272
Additions	485,023	0	0	0	0	0	0	0
Profit (+) / loss (-) for the period	13,622	0	47	2,590	1,382	-850	3,122	1,400
Other comprehensive income	0	0	0	0	0	0	0	0
Increase in capital	0	0	0	0	0	0	0	0
Adjustments / Disposals	0	0	0	0	0	0	0	0
Dividends received	-12,521	0	0	0	0	0	-3,755	-6,820
Currency translation differences	0	0	12	-13	8	-13	-527	752
Net assets as of 31 December	**486,124**	**0**	**3,833**	**3,774**	**4,103**	**2,713**	**8,444**	**9,604**
Interest held in %	30	0	50	50	50	50	50	50
Interest in investments accounted for using the equity method	145,825	0	1,917	1,887	2,052	1,357	4,222	4,802
Allocatable hidden reserves/burden as a result of the PPA	0	0	0	0	0	0	0	0
Goodwill	0	0	0	0	0	0	0	0
Carrying value	**145,825**	**0**	**1,917**	**1,887**	**2,052**	**1,357**	**4,222**	**4,802**
investments accounted for using the equity method	145,825	0	1,917	1,887	2,052	1,357	4,222	4,802
Receivables (+) / liabilities (-) to investments accounted for using the equity method	0	0	-1,684	0	-1,182	0	1,102	0

in EUR '000								
Company	**Associated Mining Con-struction UK Limited**		**Joint Venture Konrad Versatz-taufbereitung Los 1**		**Other investments accounted for using the equity method**		**Total**	
	2017	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**
Net assets as of 1 January	0	0	0	0	159,318	158,431	175,409	177,476
Additions	1,084	0	0	0	0	0	486,107	0
Profit (+) / loss (-) for the period	-1,068	0	870	0	-2,632	20,095	15,343	23,235
Other comprehensive income	0	0	0	0	0	-1,793	0	-1,793
Increase in capital	0	0	0	0	0	0	0	0
Adjustments / Disposals	0	0	0	0	-142,294	6,030	-142,294	6,030
Dividends received	0	0	0	0	-12,057	-12,220	-28,333	-19,040
Currency translation differences	-16	0	0	0	7	-1,621	-516	-895
Net assets as of 31 December	**0**	**0**	**870**	**0**	**2,342**	**168,922**	**505,716**	**185,013**
Interest held in %	50	0	50	50	30 resp. 49 resp. 50	49 resp. 50 resp. 63	30 resp. 49 resp. 50	49 resp. 50 resp. 63
Interest in investments accounted for using the equity method	0	0	435	0	1,171	105,996	155,622	114,042
Allocatable hidden reserves/burden as a result of the PPA	0	0	0	0	0	113,851	0	113,851
Goodwill	0	0	0	0	0	65,364	0	65,364
Carrying value	**0**	**0**	**435**	**0**	**1,171**	**285,211**	**155,622**	**293,257**
investments accounted for using the equity method	0	0	435	0	1,171	285,211	155,622	293,257
liabilities to investments accounted for using the equity method	4,345	0	1,102	0	-1,590	-449	2,093	-449

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	31.12.2017			31.12.2016		
	Remaining maturity			Remaining maturity		
	> 1 year	< 1 year	Total	> 1 year	< 1 year	Total
Non-consolidated investments in affiliated companies	2,603	-	2,603	1,953	-	1,953
Non-consolidated investments in associated companies	1,036	-	1,036	1,037	-	1,037
Loans	48,861	183	49,044	105,299	45,036	150,335
Securities held to maturity	0	-	0	1,499	-	1,499
Securities available for sale	16,589	43	16,632	14,442	-	14,442
Securities held for trading	-	82,869	82,869	-	164,969	164,969
Fair values of derivative financial instruments	-	393	393	-	-	-
Fair values of derivative financial instruments - hedging	-	-	-	-	106	106
Other financial assets	**69,089**	**83,488**	**152,577**	**124,230**	**210,111**	**334,341**

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 49,044k (previous year: EUR 150,335k) 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 decline in loans results from the scheduled and unscheduled repayment of loans and the full consolidation of the EDAG Group, which is why these loans are now eliminated.

The securities include bonds held to maturity amounting to EUR 0k (previous year: EUR 1,499k). In addition, securities amounting to EUR 16,632k (previous year: EUR 14,442k) are available for sale. Moreover, securities held for trading exist amounting to EUR 82,869k (previous year: EUR 164,969k), which exclusively consist of publicly listed Western European and US American 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 0k as of the reporting date (previous year: EUR 106k).

In the reporting period, the changes in fair values of the hedging instruments amounting to EUR 0k (in previous year: EUR 2,048k) 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 0k (in previous year: EUR 2,703k) have been accounted for as income within the income statement.

22. Trade and other receivables

in EUR '000	31.12.2017		31.12.2016	
	current	non-current	current	non-current
Trade receivables	339,098	170	197,892	47
Receivables from construction contracts	430,271	0	281,462	0
	575	4,094	905	3,849
Other receivables	35,814	100	41,536	90
Carrying amount (net)	**805,758**	**4,364**	**521,795**	**3,986**

Receivables from construction contracts break down as follows:

in EUR '000	31.12.2017	31.12.2016
Accumulated direct costs	3,106,419	1,735,704
+ accumulated allocated gains	451,316	293,979
- accumulated allocated losses	132,742	105,313
+ accumulated currency translation differences	- 4,981	- 18,000
Accumulated contract revenue	**3,420,012**	**1,906,370**
- advance payments received	435,064	355,687
- partial billings	2,540,597	1,297,990
+ accumulated currency translations differences	- 14,080	28,769
Carrying amount	**430,271**	**281,462**

The allowances for trade receivables developed as follows:

in EUR '000	2017	2016
As of 1 January	4,520	4,790
Changes in the scope of consolidation	848	0
Currency translation differences	-196	37
Additions	2,070	921
Utilisation	-87	-235
Reversals	-394	-993
As of 31 December	**6,761**	**4,520**

For trade receivables not impaired an amount of EUR 94,886k (previous year: EUR 62,486k) was overdue as of the reporting date:

in EUR '000	2017	2016
Trade receivables (net)	339,268	197,939
of which neither impaired nor overdue	244,382	135,453
of which overdue in the following time bands, but not impaired		
up to 30 days	45,408	25,547
between 30 and 60 days	25,684	11,309
between 61 and 90 days	6,644	10,758
between 91 and 180 days	6,106	3,801
between 181 and 360 days	6,133	7,395
over 360 days	4,911	3,676

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	31.12.2017	31.12.2016
Current		
Value added tax receivables	9,114	24,623
Receivables from employees	1,697	828
Other tax receivables	1,613	544
Creditors with debit balances	6	191
Other receivables	24,037	16,255
Allowances	- 78	-
	36,389	**42,441**
Non-current		
Other receivables	5,194	3,939
Allowances	- 1,000	-
	4,194	**3,939**
Other receivables	**40,583**	**46,380**

The allowances for other receivables changed as follows:

in EUR '000	2017	2016
As of 1 January	0	0
Changes in the scope of consolidation	1,050	0
Currency translation differences	1	0
Additions	1,545	0
Utilisation	0	0
Reversals	0	0
Reclassification	-1,518	0
As of 31 December	**1,078**	**0**

For other receivables not impaired an amount of EUR 1,888k (previous year: EUR 4,783k) was overdue as of the reporting date:

in EUR '000	2017	2016
Other receivables (net)	40,583	46,380
of which neither impaired nor overdue	38,695	41,597
of which overdue in the following time bands, but not impaired		
up to 30 days	231	1,263
between 30 and 60 days	978	3,480
between 61 and 90 days	-	-
between 91 and 180 days	-	-
between 181 and 360 days	660	-
over 360 days	19	40

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 139,465k (previous year: EUR 153,620k), breaks down as follows:

in EUR '000	31.12.2017	31.12.2016
Raw materials, consumables and supplies	37,303	54,707
Unfinished goods, work in progress	10,284	14,165
Finished goods	17,155	19,433
Merchandises	44,370	36,257
Advance payments	30,353	29,058
Inventories	**139,465**	**153,620**

Inventories are written down to the lower net realisable value if necessary. The carrying amount of the inventories measured at the net realisable value amounts to EUR 0k (previous year: EUR 16k). Total write-downs amounted to EUR 11,461k (previous year: EUR 16,190k). 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	31.12.2017	31.12.2016
Cash and bank balances	187,106	210,198
Other cash equivalents	15	10
Cash in transit	250	246
Cash and cash equivalents	**187,371**	**210,454**

For details of changes in cash and cash equivalents, please refer to the consolidated statement of cash flows. As of 31 December 2017, the Group cannot freely dispose over a portion amounting to EUR 827k (previous year: EUR 546k).

25. Assets held for sale / liabilities associated with assets held for sale

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

As of 31 December 2016, DC Aviation GmbH classified one aircraft and spare parts amounting to EUR 2,408k 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 an aircraft broker for resale. The classification did not result in an impairment as of 31 December 2016.

As of 31 December 2017, DC Aviation GmbH still classifies this aircraft and spare parts with a gross book value of EUR 2,342k 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. Due to the current sales negotiations, it is currently expected that the assets will be sold in the first half of the financial year 2018. However, an impairment of EUR 1,175k was made to the expected selling price. Consequently, as of 31 December 2017 there are still assets held for sale in accordance with IFRS 5 amounting to EUR 1,167k.

In the **segment AT Med Tech** the following assets and liabilities of W.O.M. Group were classified as assets held for sale / liabilities associated with assets held for sale as of 30 June 2017 due the sales agreement for the W.O.M. Group dated 6 June 2017. The classification as of 30 June 2017 did not result in an impairment. With closing as of 3 July 2017 the sales agreement became effective and the net assets of the W.O.M. Group have been disposed. This resulted in a deconsolidation gain of EUR 73,496k, which is presented as other operating income.

Consequently, there are no items in this segment classified as assets held for sale in accordance with IFRS 5 either as of 31 December 2017 nor as of 31 December 2016.

In the **segment AT Engineering** the following assets and liabilities of the Reform Grinding Technology GmbH were classified as assets held for sale / liabilities associated with assets held for sale as of 31 December 2017 due the share purchase and transfer agreement for the Reform Grinding Technology GmbH dated 30 January 2018, which became effective with closing as of 30 January 2018 (fair value hierarchy measurement level 1):

in EUR '000	**31.12.2017**
Other intangible assets	14
Property, plant and equipment	72
Trade and other receivables	3,815
Inventories	915
Cash and cash equivalents	205
Assets held for disposal	**5,021**

in EUR '000	**31.12.2017**
Other provisions	179
Trade and other payables	2,392
Deferred tax liabilities	48
Liabilities associated with assets held for disposal	**2,619**

As part of the fair value measurement (devaluation of the disposal group to the sale price) before reclassification in accordance with IFRS 5, taking into account the resumption of the previously consolidated intercompany receivables at the moment of the company's disposal, a loss in the amount of EUR 1,544k was recognized as an impairment loss on fixed assets under depreciation and amortisation or as an impairment on inventories, receivables and other assets under other operating expenses.

In addition, assets held for sale amounting to EUR 3,200k exist at the EDAG Group within the **segment AT Engineering**. Those assets relate to a real estate valued at EUR 4,242k at the time of initial consolidation of the EDAG Group. As part of the subsequent valuation in the course of the second half of the year, an impairment loss of EUR 1,042k was recognized to now expected fair value less costs to sell of EUR 3,200k. Due to unfavourable, unforeseeable market conditions, the real estate could not be sold in the year under review. However, management assumes that the real estate will be sold in the first half of the year 2018 due to a continuing, immediate, active intention to sell and the associated intensive sales negotiations.

26. Equity

Details of the development of the equity between 1 January and 31 December 2017 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 2017, the share capital of EUR 15,000k is fully paid in.

Capital reserve

The capital reserve as of 31 December 2017 is at EUR 629,168k (previous year: EUR 629,168k).

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 2017 payments to the shareholder of ATON GmbH amounting to EUR 93,600k (previous year: EUR 0k) were made. To minority shareholders at the level of affiliates EUR 33k were paid in the current financial year (previous year: EUR 362k).

in EUR '000	**31.12.2017**	**31.12.2016**
Retained earnings including profit or loss		
Revenue reserves and profit (+) or loss (-) carried forward	415,638	454,391
Profit attributable to the owners	107,743	67,139
Reserve from the transition to IFRSs	2,194	2,194
	525,575	**523,724**
Other comprehensive income		
Currency translation differences	-29,938	-10,610
Remeasurements of defined benefit plans	-3,504	-3,351
Fair value valuation of available-for-sale financial assets	418	887
	-33,024	**-13,074**
Other reserves	**492,551**	**510,650**

The difference from the step acquisition of shares in the EDAG Group after the initial full consolidation on 2 July 2017, was offset retained earnings without effect on the income statement.

Non-controlling interest

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

in EUR '000	31.12.2017	31.12.2016
EDAG subgroup	53,877	0
FFT subgroup	3,883	2,821
ATM subgroup	-1,780	-871
TSO	0	3,517
Total non-controlling interest	**55,980**	**5,467**

Non-controlling interests in the EDAG subgroup result from the fact that the ATON Group only hold 65.7 % of the interest in EDAG Engineering Group AG, Arbon, Switzerland. In previous year EDAG Engineering Group AG was still accounted for using the equity method and thus not fully consolidated.

Non-controlling interests at FFT subgroup mainly result from EDAG Werkzeug + Karosserie GmbH. ATON GmbH holds 51.0 % of this company via the fully consolidated FFT Group and the other 49.0 % via the again fully consolidated EDAG Group. Taking into account the proportion of the shareholding the EDAG Group, 83.2 % of EDAG Werkzeug + Karosserie GmbH are thus attributable to the majority shareholder.

The TSO was sold effective 30 June 2017. Thus, there are no more non-controlling interests.

The non-controlling interests in the FFT subgroup and the ATM subgroup are not material as in previous year, so that no information is presented for balance sheet, income statement and cash flow statement for subsidiar-ies with non-controlling interests.

The following table presents information regarding the material, non-controlling interest in the EDAG Group (after effects from purchase price allocation):

in EUR '000	31.12.2017
Percentage of non-controlling interest	**34.3**
Non-current assets	254,900
Current assets	240,184
Non-current liabilities	- 86,927
Current liabilities	- 194,179
Net assets	**213,978**
Net assets corresponding to non-controlling interest	**73,394**
Revenue	344,863
Profit or loss for the period	69
Other comprehensive income, net of income taxes	- 1,595
Total comprehensive income for the period	**- 1,526**
Profit or loss for the period corresponding to non-controlling interest	45
Other comprehensive income (net of taxes) corresponding to non-controlling interest	- 216
Cash flow from operating activities	46,728
Cash flow from investing activities	- 13,907
Cash flow from financing activities	- 41,045
Net reduction of cash and cash equivalents	**- 8,224**

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

in EUR '000	2017	2016
As of 1 January	5,467	11,724
Changes in equity recognised directly in equity		
Changes in the scope of consolidation	52,898	0
Currency translation differences from translation of financial statements of foreign subsidiaries	- 320	- 173
Dividend payments	- 33	- 362
Change in non-controlling interest due to step acquisition	- 1,672	-
Other changes in equity	- 219	- 4,787
	50,654	**- 5,322**
Changes in equity recognised in profit or loss	- 141	- 935
As of 31 December	**55,980**	**5,467**

With regard to the change in the scope of consolidation, these are the effects of the full consolidation of the EDAG Group, in which ATON Group holds only 65.7 %. The sale of the shares in TSO, in which the ATON Group held 66.7 %, had a counteracting effect.

Due to the step acquisition of shares in the EDAG Group since the initial consolidation on 2 July 2017, minority interests declined.

The other changes in equity within non-controlling interest in 2017 and 2016 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 45,713k (previous year: EUR 23,957k) were paid. Other long-term employee benefits according to IAS 19.153 amount to EUR 929k in 2017 (previous year: EUR 224k). The increase in current contributions and other long-term employee benefits results from the fact that the EDAG Group has been fully consolidated again since 2 July 2017.

The defined benefit obligations relate to direct pension commitments and indirect pension commitments through VKE Versorgungskasse EDAG-Firmengruppe e.V. (VKE) for companies of the FFT Group and the EDAG Group. As a result of the full consolidation of the EDAG Group since 2 July 2017, the latter are again part of the consolidated financial statements. 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 (funding company since 1 October 2014)
- 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.

Employees receive old-age, disability and survivor's benefits in the form of a lump sum payment in accordance with the provisions of the applicable pension plan. The benefits are financed through an external fund, whereby the fund assets are reinvested in the funding companies in the form of loans.

In addition, there are to a lesser extent defined benefit obligations at Deilmann-Haniel Mining Systems GmbH, Dortmund. Beneficiaries are employees which are not member of the miner's pension insurance not miners and salaried employees who joined the company until 30 June 1995.

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 Switzerland, the Group is associated to the AXA foundation for occupational benefits. The collective foundation jointly invests the capital of all members. The collective foundation can change its funding system at any time. In the event of underfunding, provided that other measures do not lead to the desired results, the collective foundation can collect restructuring contributions from the employer and the employees.

In Italy, it concerns termination benefits (Trattamento di Fine Rapporto [TFR]). Every employee is entitled to benefits. For every year of service, provisions for severance payments have to be recognised based on the total annual remuneration divided by 13.5. Hence the employer pays a part (0.5 % of the salary) during the year to the Italian social institution or to an external pensions fund. This amount is subtracted from the provisions for severance payments. On 31 December of each year the accumulated provision of the previous year is revalued by a legally required index (1.5 % plus 75 % increase of the consumer price index for families of workers and employees based on the last 12 month).

In India, according to the Compensation Act from 1972 ("gratuity act"), post-employment benefits are paid to employees provided that they have served at least 4.5 years. The payment is based on the monthly base salary divided by 26 days multiplied by 15 days for each completed year, with six completed months being considered as one year.

In South Korea, employees who have been with the company for at least one year have a settlement claim. For each successive year of service, 30 days of average pay on termination of employment are paid.

In Mexico, workers also have a settlement claim. There is a payment of 12 days per year of service. In addition, in the event of unjustified termination at retirement age, compensation for the years of service paid must be paid. The compensation is 3 monthly salaries plus 20 days per year of service.

In addition, in Indonesia there are other post-employment benefit plans in accordance with Indonesian law who applies to employed Indonesian nationals. The obligation is to pay a severance at completion of the employment contract. The benefit amount for each individual employee varies according to length of service and other factors such as age and position.

The pension obligations and the obligations from other post-employment 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	**2017**	**2016**
Present value of funded obligations	48,328	13,094
Fair value of plan assets	- 29,343	- 4,308
Deficit of funded plans	**18,985**	**8,786**
Present value of unfunded obligations	23,841	6,239
Total deficit of defined benefit pension plans	**42,826**	**15,025**
Provisions for pensions as of 31 December	**42,826**	**15,025**

The provisions for pensions changed as follows:

in EUR '000	**2017**	**2016**
Provisions for pensions as of 1 January	15,025	10,151
Changes in the scope of consolidation	26,502	0
Current service cost	1,006	399
Past service cost	0	0
Net interest cost (+) / income (-)	47	229
Remeasurements	525	1,187
from changes in demographic assumptions	602	0
from changes in financial assumptions	-115	1,449
from experience gains (-) / losses (+)	38	-262
Gains (-) / losses (+) from settlements	0	0
Currency translation differences	-227	-106
Employer contributions	-108	0
Contributions by plan participants	482	0
Benefit payments	-427	-178
thereof from settlements	0	0
Administration cost	1	0
Reclassification	0	3,343
Provisions for pensions as of 31 December	**42,826**	**15,025**

The increase in the provision for pensions in the financial year 2017 is mainly due to the fact that the EDAG Group has been fully consolidated again since 2 July 2017. This is the main reason for the addition of EUR 26,502k from changes in the scope of consolidation.

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

in EUR '000	2017	2016
Present value of the defined benefit obligation as of 1 January	19,333	14,436
Changes in the scope of consolidation	52,052	0
Current service cost	1,006	399
Past service cost	0	0
Interest cost	327	321
Remeasurements of defined benefit plans		
from changes in demographic assumptions	602	0
from changes in financial assumptions	-288	1,449
from experience gains (-) / losses (+)	38	-157
Currency translation differences	-341	-89
Contributions by plan participants	547	0
Benefit payments	-1,108	-369
thereof from settlements	0	0
Administration cost	1	0
Reclassification	0	3,343
Present value of the defined benefit obligation as of 31 December	**72,169**	**19,333**

The fair value of plan assets developed as follows:

in EUR '000	2017	2016
Fair value of plan assets as of 1 January	4,308	4,285
Changes in the scope of consolidation	25,550	0
Interest income	280	92
Gains (+) / losses (-) from settlements	0	0
Return on (-) / loss from (-) plan assets excluding amounts included in interest income	-173	105
Currency translation differences	-114	17
Employer contributions	108	0
Contributions by plan participants	65	0
Benefit payments	-681	-191
thereof payments from settlements	0	0
Fair value of plan assets as of 31 December	**29,343**	**4,308**

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

in EUR '000	2017	in %	2016	in %
Debt instruments (Germany)	25,093	86%	4,204	98%
thereof without a quoted market price in an active market	0		0	
thereof investments in employer company or related parties	25,093		4,204	
Asset values of reinsurance cover pension trust (Germany)	4,250	14%	104	2%
thereof without a quoted market price in an active market	4,250		104	
Plan assets as of 31 December	**29,343**	**100%**	**4,308**	**100%**

Neither as of 31 December 2017 nor as of 31 December 2016, 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:

	2017	2016
Average discount rate		
Germany	1.86%	1.75%
India	7.50%	-
Indonesia	6.75%	8.15%
Italy	1.45%	-
Mexico	7.80%	-
Switzerland	0.80%	-
South Korea	2.85%	-
Biometric accounting bases		
Germany	2005 G mortality tables	2005 G mortality tables
India	IALM 2006 - 08	-
Indonesia	TMI 3 (2011)	TMI 3 (2011)
Italy	RG 48	-
Mexico	AMIS 2000	-
Switzerland	BVG 2017 GT	-
South Korea	Insurance Development Agency	-

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		2017	in %	2016	in %
Average discount rate	+ 0,50 %	68,101	-5.64	18,486	-4.38
	- 0,50 %	76,364	5.81	20,062	3.77
Average life expectancy	+ 1 year	72,361	0.27	20,021	3.56
	- 1 year	71,723	-0.62	18,637	-3.60

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 2018, the Group expects contributions to defined benefit pension plans amounting to EUR 2,324k (previous year: EUR 555k) 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 2017	**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**
Changes in the scope of consolidation	**2,575**	6,323	161	-	1,053	606	3,998	**12,141**
Currency translation differences	**- 72**	- 472	- 18	-	- 91	99	- 188	**- 670**
Additions	**6,100**	4,707	1,601	105	11,177	488	619	**18,697**
Consumption	**- 11,261**	- 5,716	- 159	- 568	- 1,210	- 15	- 443	**- 8,111**
Reversal	**- 79**	- 404	- 1,411	- 143	- 11,289	- 222	- 275	**- 13,744**
Interest effect	**-**	25	-	-	-	-	- 1	**24**
Reclassification under IFRS 5	**- 2,762**	- 90	- 765	-	-	- 52	- 298	**- 1,205**
Other changes	**- 1,460**	- 722	-	-	-	-	-	**- 722**
As of 31 December 2017	**7,822**	**8,479**	**2,768**	**530**	**12,050**	**928**	**4,672**	**29,427**
thereof: current	**7,447**	4,617	1,983	530	12,050	928	2,228	**22,336**

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**
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**

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 3,563k (previous year: EUR 1,292k) and service anniversaries provisions EUR 1,841k (previous year: EUR 1,098k).

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 500k (previous year: EUR 563k) in the financial year.

29. Financial liabilities

Financial liabilities break down as follows:

in EUR '000	31.12.2017 Total	31.12.2017 Remaining maturities < 1 year	> 1 year < 5 years	> 5 years	31.12.2016 Total	31.12.2016 Remaining maturities < 1 year	> 1 year < 5 years	> 5 years
Bonds	200,705	200,705	-	0	200,239	1,119	199,120	0
thereof non-convertible	200,705	200,705	-	0	200,239	1,119	199,120	0
Liabilities to banks	133,442	60,212	69,456	3,774	88,019	15,525	68,046	4,448
thereof from loans	93,056	19,826	69,456	3,774	85,380	12,886	68,046	4,448
Loan liabilities	25,469	25,469	0	0	4,769	4,769	0	0
thereof to shareholders	39	39	0	0	38	38	0	0
thereof to related parties	25,094	25,094	0	0	4,205	4,205	0	0
thereof to associates	78	78	0	0	77	77	0	0
thereof to investments accounted for using the equity method	257	257	0	0	449	449	0	0
Finance lease liabilities	26,558	11,627	14,931	0	16,623	7,361	9,262	0
Liabilities from derivative financial instruments	427	427	0	0	740	740	0	0
Liabilities from bills	2,421	2,421	0	0	638	638	0	0
Total	**389,022**	**300,861**	**84,387**	**3,774**	**311,028**	**30,152**	**276,428**	**4,448**

Liabilities to shareholders, related parties and associates have been agreed until further notice. Even though no demands for repayment are expected in the next years, those liabilities are presented as current in accordance with IFRS.

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 2018			Cash flow in 2019-2021			Cash flow in 2022 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	200,705	7,422	0	200,000	0	0	0	0	0	0	0
Liabilities to banks	133,442	1,405	10	60,212	535	2,933	60,843	1,238	0	6,587	5,800
Finance lease liabilities	26,558	758	0	11,627	470	0	11,099	74	0	3,832	0
Loan liabilities to shareholders, related parties and associates	25,211	3,732	0	0	0	0	0	0	0	0	25,211
Loan liabilities to investments accounted for using the equity method	257	0	0	257	0	0	0	0	0	0	0
Liabilities from derivative financial instruments	427	0	0	427	0	0	0	0	0	0	0
Trade payables [1)]	154,597	0	0	150,863	0	0	3,734	0	0	-3,708	3,708
Other liabilities (financial instru-ments)	6,528	0	0	6,528	0	0	0	0	0	0	0
Total	**547,726**	**13,317**	**10**	**429,914**	**1,005**	**2,933**	**75,676**	**1,312**	**0**	**6,711**	**34,720**

1) Excludes liabilities from construction contracts

The table below shows the figures as of 31 December 2016, also disclosing the future undiscounted cash flows of the financial liabilities:

		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 and related parties	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 instru-ments)	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

30. Trade and other payables

in EUR '000	31.12.2017 Total	31.12.2017 Remaining maturities < 1 year	> 1 year < 5 years	> 5 years	31.12.2016 Total	31.12.2016 Remaining maturities < 1 year	> 1 year < 5 years	> 5 years
Trade payables								
to third parties	150,834	150,808	26	-	128,174	128,150	24	-
to related parties	-	-	-	-	3,287	3,287	-	-
to affiliated companies	15	15	-	-	15	15	-	-
to associates	3,748	40	3,708	-	3,008	6	3,002	-
from construction contracts	177,296	177,296	-	-	170,791	170,791	-	-
	331,893	**328,159**	**3,734**	**-**	**305,275**	**302,249**	**3,026**	**-**
Other liabilities								
Other liabilities (financial instruments)								
payments received on account of orders	52,686	50,502	2,184	-	7,758	7,248	510	-
to affiliated companies	63	34	29	-	69	32	37	-
to associates	-	-	-	-	-	-	-	-
to related parties	209	209	-	-	41	41	-	-
from company purchase agreements	2,987	744	2,243	-	-	-	-	-
from other liabilities (financial instruments)	6,528	6,528	-	-	3,302	3,302	-	-
	62,473	**58,017**	**4,456**	**-**	**11,170**	**10,623**	**547**	**-**
Other liabilities (no financial instruments)								
to employees	74,149	74,149	-	-	45,024	45,024	-	-
from social security contributions	4,007	4,007	-	-	3,019	3,019	-	-
from value added tax and other taxes	57,060	57,060	-	-	37,946	37,946	-	-
from deferred income	6,279	5,151	1,117	11	5,015	4,209	806	-
from other liabilities (no financial instruments)	818	637	181	-	921	636	285	-
	142,313	**141,004**	**1,298**	**11**	91,925	90,834	1,091	-
Total	**536,679**	**527,180**	**9,488**	**11**	**408,370**	**403,706**	**4,664**	**-**

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

in EUR '000	**2017**	**2016**
Accumulated direct costs	1,736,128	1,487,056
+ accumulated allocated gains	272,048	250,936
- accumulated allocated losses	55,643	40,819
+ accumulated currency translation differences	939	- 975
Accumulated contract revenue	**1,953,472**	**1,696,198**
- advance payments received	98,690	72,296
- amounts invoiced	2,032,256	1,794,546
+ accumulated currency translation differences	178	- 147
Carrying value	**- 177,296**	**- 170,791**

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

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

Other liabilities from company purchase agreements include outstanding purchase price payments from company acquisitions.

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.

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 143,715k; previous year: EUR 101,558k) adjusted by the net amount of interest expense, interest income and dividend income (EUR 13,062k; previous year: EUR -2,759k). This includes the result from the sale / deconsolidation of consolidated subsidiaries in the amount of TEUR 71,961.

In the reporting period, the cash flow from operating activities amounts to EUR 89,556k (previous year: EUR 60,503k) and thus increased by EUR 29,053k compared to previous year's period. The gross cash flow amounting to EUR 160,460k is also EUR 20,215k above previous year's figures.

Cash flow from investing activities

The cash inflow from investing activities amounts to EUR 6,127k (previous year: cash outflow of EUR 56,310k). The net cash inflow is mainly driven by net proceeds from the disposal / acquisition of consolidated amounting to EUR 131,140k, which were partially compensated by the net investments in intangible assets and property, plant and equipment EUR 68,276k and net investments in financial assets amounting to EUR 56,737k.

Cash flow from financing activities

In the reporting period, the cash outflow from financing activities amounts to EUR 108,365k (previous year: cash inflow of EUR 16,708k). The decrease in the cash flow from financing activities can mainly be traced to the payments to shareholders amount to EUR 93,633k (previous year: EUR 362k). Additionally, the net repayments of loans and finance lease liabilities amounting to EUR 10,448k (previous year: net proceeds of EUR 17,070k).

Reconciliation of changes financial liabilities to consolidated statement of cash flows

The following table shows the changes of financial liabilities which are presented within the cash flow from financing activities:

in kEUR	Balance as of 1 January 2017	Cash related changes	Changes without cash flows				Balance as of 31.12.2017
			Acquisitions (non-cash)	Currency translation differences	Changes in fair value	Reclassifications / restatements / additions and disposals of leases	
Current liabilities to banks, from bonds and other current financial liabilities	22,791	- 2,836	60,490	- 682	7,623	201,847	289,233
Non-current liabilities to banks, from bonds and other non-current financial liabilities	271,614	5,271	375	- 3,153	466	-201,343	73,230
Current finance lease liabilities	7,361	- 11,478	18,536	- 502	-	-2,289	11,628
Non-current finance lease liabilities	9,262	- 1,405	5,810	- 682	-	1,946	14,931
Total	**311,028**	**- 10,448**	**85,211**	**- 5,019**	**8,089**	**161**	**389,022**

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	31.12.2017	of which to affiliated companies	31.12.2016	of which to affiliated companies
Contingent liabilities from the granting of security for third-party liabilities	268	-	285	-
Other contingent liabilities	1,541	0	2,190	0
Contingent liabilities	**1,809**	**0**	**2,475**	**0**

The probability that the disclosed contingent liabilities will arise is very low. The change in contingent liabilities results from the segment AT Engineering.

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	31.12.2017	31.12.2016
Obligations from non-cancellable operating leases	199,281	47,212
Purchase commitments and other purchase obligations	97,577	28,486
Miscellaneous other obligations	2,975	4,502
Other financial obligations	**299,833**	**80,200**

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 increase in obligations from non-cancellable operating leases results from the segment AT Engineering.

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

The decrease in miscellaneous other obligations can be traced to the segment 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 393k (previous year: EUR 106k). The negative fair value amounts to EUR 110k (previous year: EUR 740k).

The positive fair value of currency options amounts to EUR 0k (previous year: EUR 0k). The negative fair value amounts to EUR 317k (previous year: EUR 0k).

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 2017 and 31 December 2016, 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 31.12.2017	Recognition under IAS 39 Amortised cost	Cost	Fair Value	Recognition under IAS 17	Fair Value 31.12.2017
Assets							
Cash and cash equivalents	LaR	187,371	187,371				187,371
Trade receivables	LaR	769,539	769,539				769,539
Other receivables and loans							
Loans	LaR	49,044	49,044				49,044
Other Receivables (Financial instruments as defined in IAS 32)	LaR	4,669	4,669				4,669
Other non-derivative financial assets							
Financial assets held for trading	FAHfT	82,869			82,869		82,869
Held-to-maturity investments	HtM	0	0				0
Available-for-sale financial assets	AfS	16,632			16,632		16,632
Other Investments	AfS	3,639		3,639			3,639
Derivative financial assets							
Foreign exchange futures	FAHfT	393			393		393
Liabilities							
Trade payables[1)]	FLAC	154,597	154,597				154,597
Non-convertible bonds	FLAC	200,705	200,705				200,705
Liabilities to banks	FLAC	133,442	133,442				133,442
Other interest-bearing liabilities	FLAC	25,469	25,469				25,469
Other liabilities (Financial instruments as defined in IAS 32)	FLAC	62,473	62,473				62,473
Finance lease liabilities	n/a	26,558				26,558	26,558
Derivative financial liabilities							
Foreign exchange futures	FLHfT	110			110		110
Currency options	FLHfT	317			317		317
Of which aggregated into IAS 39 measurement categories							
Loans and receivables (LaR)	LaR	1,010,623	1,010,623				1,010,623
Held-to-maturity investments (HtM)	HtM	0	0				0
Available-for-sale financial assets (AfS)	AfS	20,271		3,639	16,632		20,271
Financial assets held for trading (FAHfT)	FAHfT	83,262			83,262		83,262
Financial liabilities measured at amortised cost (FLAC)	FLAC	576,686	576,686				576,686
Financial liabilities held for trading (FLHfT)	FLHfT	427			427		427

[1)] Excludes liabilities from construction contracts

in EUR '000	Measurement category under IAS 39	Carrying amount as of 31.12.2016	Recognition under IAS 39 Amortised cost	Cost	Fair Value	Recognition under IAS 17	Fair Value 31.12.2016
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							
Loans	LaR	150,335	150,335				150,335
Other Receivables (Financial instruments as defined in IAS 32)	LaR	4,754	4,754				4,754
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
Other 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
Other non-interest-bearing liabilities							
Other liabilities (Financial instruments as defined in IAS 32)	FLAC	11,170	11,170				11,170
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	844,944	844,944				844,944
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	438,681	438,681				438,681
Financial liabilities held for trading (FLHfT)	FLHfT	740			740		740

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 2017:

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	393		393	- 393	
Other financial liabilities					
Derivative financial liabilities	427		427	- 393	34

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

Determination of the fair value of financial instruments

In the tables below the fair values of financial instruments are allocated to the relevant levels in accordance with IFRS 13. 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 2017 and 2016, 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 2017 nor 2016.

The table below shows the classification of the assets and liabilities measured at fair value as of 31 December 2017:

in EUR '000	Level 1	Level 2	Level 3	Total
Assets				
Financial assets held for trading	82,869			82,869
Securities available for sale	16,632			16,632
Foreign exchange futures		393		393
Currency options		0		0
Liabilities				
Foreign exchange futures		110		110
Currency options		317		317

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
Currency options		0		0
Liabilities				
Foreign exchange futures		740		740
Currency options		0		0

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.

In the reporting period 2017 (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.

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			From disposal	Net gain or loss	
		Fair value	Currency translation	Allowances		2017	2016
Loans and receivables (LaR)	4,825	0	-10,503	-4,385	460	-9,603	4,874
Held-to-maturity investments (HtM)	1	0	0	0	0	1	1,108
Available-for-sale financial assets (AfS)	233	0	12	0	-779	-534	-281
Financial instruments held for trading (FAHfT und FLHfT)	2,414	10,081	0	486	41	13,022	7,556
Financial liabilities measured at amortised cost (FLAC)	-19,197	0	1,239	0	0	-17,958	-16,018
Net gain / loss	**-11,724**	**10,081**	**-9,252**	**-3,899**	**-278**	**-15,072**	**-2,761**

Net interest income/expense and allowances

Fair value adjustments amounting to EUR -468k net (previous year: EUR 252k) 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	2017	2016
Interest income	4,915	8,470
Interest expense	19,197	14,689
Net interest expense	**- 14,282**	**- 6,219**

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

in EUR '000	2017	2016
Loans and receivables (LaR)	4,825	8,470
Held-to-maturity investments (HtM)	1	3
Available-for-sale financial assets (AfS)	89	-3
Financial liabilities measured at amortised cost (FLAC)	-19,197	-14,689
Net interest income/expense	**-14,282**	**-6,219**

The allowances recognised to LaR are as follows:

in EUR '000	2017	2016
Bad debt expense	1,173	374
Expenses from additions to specific allowances	3,615	921
Income from release of specific allowances	-394	-993
Income from receivables written off	-9	-552
Loans and receivables (LaR)	**4,385**	**-250**

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

in EUR '000	2017	2016
Impairment losses on equity investments	-97	0
Impairment losses on securities	-35	-423
Available-for-sale financial assets (AfS)	0	-423
Held-to-maturity investments (HtM)	0	0

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 1,283k as of 31 December 2017 (previous year: EUR 9,461k). 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 810,122k (previous year: EUR 525,781k) as well as other financial assets in the amount of EUR 152,577k (previous year: EUR 334,341k) 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
2017	+ 100	- 656	- 656
	./. 100	656	656
2016	+ 100	- 738	- 738
	./. 100	738	738

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 2017, material receivables and payables only exist in US dollar, Canadian dollar and South African Rand. 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 % increase / decrease in a currency per exchange rate to profit after taxes and equity as of 31 December 2017 and 31 December 2016 are as follows:

in EUR '000	change in %	EUR/USD	EUR/CAD	EUR/ZAR
2017	+ 10	714	- 5,231	- 1,354
	./. 10	- 873	6,393	1,654
2016	+ 10	4,011	- 4,442	210
	./. 10	- 4,902	5,429	- 256

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 parent ATON. 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 10.0 % 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 2017 the clauses of the issuance of the bond were complied with.

In addition, on 28 December 2017, a loan agreement was signed with Landesbank Hessen-Thüringen Girozentrale for a loan agreement with a total amount of EUR 350.0 million. The loan agreement had an original term until 31 October 2018 and was extended by a renewal agreement dated 12 March 2018 until 30 April 2019 as the final maturity date. The loan has a variable interest rate and has not been paid out until balance sheet date. Similar to the terms of the bond, the terms and conditions of the loan agreement include contractual clauses that use financial covenants to limit the consolidated debt-equity ratio of the ATON Group and the financial liabilities of the subsidiaries. In addition, special unscheduled repayments have been agreed in case of certain events.

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**
2017	+ 100	995	995
	./. 100	- 995	- 995
2016	+ 100	1,794	1,794
	./. 100	- 1,794	- 1,794

There are no material concentration of risks in the ATON Group as of the 2017 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	**2017**	**2016**
EBITDA	223,556	150,133
Liabilities to banks	133,442	88,019
Leasing liabilities	26,558	16,623
Other financial liabilities	203,890	202,142
	363,890	**306,784**
Cash and cash equivalents	187,371	210,454
First-degree net financial assets (-) / net financial liabilities (+)	**176,519**	**96,330**
Liabilities to shareholders/related parties	25,133	4,243
Investments in securities that can be liquidated at short notice	99,501	180,909
Second-degree net financial assets (-) / net financial liabilities (+)	**102,151**	**- 80,336**
Dynamic debt ratio I	**0.8**	**0.6**
Dynamic debt ratio II	**0.5**	**-**

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	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**
External revenue (net)	1,221,886	763,266	560,897	484,153	292,591	317,737
Internal revenue (net)	135	131	6,118	5,721	-	-
Revenue	**1,222,021**	**763,397**	**567,015**	**489,874**	**292,591**	**317,737**
Changes in inventories and own work capitalised	-3,067	-11,738	1,525	647	-228	7,138
Gross revenue	**1,218,954**	**751,659**	**568,540**	**490,521**	**292,363**	**324,875**
Non-operating result	9,101	9,007	-521	-4,909	73,758	3,711
EBITDA	**68,188**	**58,155**	**65,123**	**62,559**	**108,877**	**41,677**
Depreciation and amortisation	36,307	9,493	30,710	30,068	11,816	12,486
Impairment losses	19	1,668	553	700	6	9
EBIT	**31,862**	**46,994**	**33,860**	**31,791**	**97,055**	**29,182**
Financial result	-13,310	-5,271	694	1,652	-907	-758
thereof interest income	663	787	395	330	73	89
thereof interest expenses	-10,854	-6,828	-7,112	-3,633	- 979	- 851
thereof result from at equity investments	-4,283	1,243	6,303	2,202	-	-
EBT	**18,552**	**41,723**	**34,554**	**33,443**	**96,148**	**28,424**
Income taxes	12,566	15,167	13,591	11,522	8,535	5,624
EAT	**5,986**	**26,556**	**20,963**	**21,921**	**87,613**	**22,800**
EAT attributable to non-controlling interest	789	-740	-930	-195	-	-
EAT attributable to owners of the parent	**5,197**	**27,296**	**21,893**	**22,116**	**87,613**	**22,800**

	AT Engineering		AT Mining		AT Med Tech	
in EUR '000	**31.12.2017**	**31.12.2016**	**31.12.2017**	**31.12.2016**	**31.12.2017**	**31.12.2016**
Segment assets	1,043,237	831,192	593,550	426,919	218,494	251,895
Segment liabilities	731,680	398,057	240,842	199,983	52,830	67,177

	AT Aviation		Holding/Consolidation		ATON Group	
in EUR '000	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**
External revenue (net)	70,957	65,944	54	850	2,146,385	1,631,950
Internal revenue (net)	-	10	- 2,252	- 3,211	4,001	2,651
Revenue	**70,957**	**65,954**	**- 2,198**	**-2,361**	**2,150,386**	**1,634,601**
Changes in inventories and own work capitalised	-	-	-	-	-1,770	-3,953
Gross revenue	**70,957**	**65,954**	**-2,198**	**-2,361**	**2,148,616**	**1,630,648**
Non-operating result	267	247	-996	1,301	81,609	9,357
EBITDA	**-3,257**	**-1,938**	**-15,375**	**-10,320**	**223,556**	**150,133**
Depreciation and amortisation	264	319	228	319	79,325	52,685
Impairment losses	-	-	-	-	578	2,377
EBIT	**-3,521**	**-2,257**	**-15,603**	**-10,639**	**143,653**	**95,071**
Financial result	-20	-233	13,605	11,097	62	6,487
thereof interest income	454	444	3,085	6,794	4,670	8,444
thereof interest expenses	- 410	- 727	- 687	- 3,470	-20,042	-15,509
thereof result from at equity investments	-	-	-	-	2,020	3,445
EBT	**-3,541**	**-2,490**	**-1,998**	**458**	**143,715**	**101,558**
Income taxes	-172	111	1,593	2,930	36,113	35,354
EAT	**-3,369**	**-2,601**	**-3,591**	**-2,472**	**107,602**	**66,204**
EAT attributable to non-controlling interest	-	-	-	-	-141	-935
EAT attributable to owners of the parent	**-3,369**	**-2,601**	**-3,591**	**-2,472**	**107,743**	**67,139**

	AT Aviation		Holding/Consolidation		ATON Group	
in EUR '000	**31.12.2017**	**31.12.2016**	**31.12.2017**	**31.12.2016**	**31.12.2017**	**31.12.2016**
Segment assets	30,175	26,224	411,728	428,526	2,297,184	1,964,756
Segment liabilities	28,453	31,678	50,681	107,577	1,104,486	804,472

Due to the diversification of the ATON Group, there are no significant dependencies from individual customers.

36. Auditor‘s fees

For the services provided by Deloitte GmbH Wirtschaftsprüfungsgesellschaft the following fees have been recognised as expenses:

in EUR '000	2017	2016
Audits	1,201	913
Other attestation services	44	106
Tax consultation services	28	-
Other services	301	64
Total	**1,574**	**1,083**

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	2017 Revenue, other income and interest	31.12.2017 Receivables outstanding	2016 Revenue, other income and interest	31.12.2016 Receivables outstanding
Shareholders	1,011	2	214	0
Non-consolidated subsidiaries	5,087	9,224	683	9,963
Investments accounted for using the equity method	12,263	10,255	18,058	94,606
Other related parties	14,608	38,096	4,941	52,857
Total	**32,969**	**57,577**	**23,896**	**157,426**

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.

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	2017 Purchased merchan-dise/services, other operating expenses and interest	31.12.2017 Liabilities outstanding	2016 Purchased merchan-dise/services, other operating expenses and interest	31.12.2016 Liabilities outstanding
Shareholders	-	102	86	107
Non-consolidated subsidiaries	8	94	8	92
Investments accounted for using the equity method	15,734	4,005	2,565	3,457
Other related parties	668	25,303	31,623	7,534
Total	**16,410**	**29,504**	**34,282**	**11,190**

Expenses with non-consolidated subsidiaries results mainly from interests.

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 and interest expenses.

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).

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

As a result of the share purchase and transfer agreement, the Reform Grinding Technology GmbH was sold effective 30 January 2018. Since the sale was already considered highly probable as of 31 December 2017, all assets and liabilities in accordance with IFRS 5 are reclassified as held for sale in the present consolidated financial statements. The net assets and the individual assets, respectively, of Reform Grinding Technology GmbH were already impaired to the probable selling price when the reclassification took place in accordance with IFRS 5. Consequently, the sale in the consolidated financial statements 2018 will have no effect on earnings.

On 28 December the loan agreement conducted with the Landesbank Hessen-Thüringen Girozentrale, which expires on 31 October 2018, was extended from 12 March 2018 to 30 April 2019. The loan amounts to EUR 350.0 million was disbursed on 16 March 2018. On 29 March 2018, a partial repayment of EUR 50.0 million was made.

On 19 March 2018, ATON GmbH signed a "Stock Purchase Agreement" regarding 100% shares in Haema AG. The transfer of the shares will take place under consideration of various conditions precedent. Amongst other, the approval of the antitrust authorities regarding the agreement and the extension of several leases are essential for the closing. We expect that the terms will be met latest by the end of the second quarter of 2018 and consequently the transfer of the shares will take place. The selling price will be EUR 220.0 million, which will be adjusted if the estimated net working capital is exceeded or fallen short of. The purchase price payment and the deconsolidation will have a significant positive impact on the financial and asset position of the ATON Group.

On 10 April 2018, the ATON Group made a takeover bid, payable in cash, for the listed Murray & Roberts Holdings Limited, Bedfordview, South Africa. The ATON Group already holds 30.0% of the target company as of the balance sheet dateand the shareholdings was increased to 39.8 % until 16 April 2018. The offer amounts to ZAR 15 per share and will come into effect on the condition that the ATON Group holds more than half of the shares after the takeover offer and the antitrust authorities agree to the takeover. We believe that the antitrust regulatory review can take between nine to twelve months. The initial consolidation is therefore currently not expected during financial year 2018. At present, no statement can be made regarding the effects of a purchase price allocation still to be carried out. With regard to the possible effects of an acquisition on the net assets, financial position and results of operations of the ATON Group, we refer to the most recent published semi-annual financial statements of the target company as at 31 December 2017 at www.murrob-online.co.za/interims-2018/index.php.

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 2018

ATON GmbH
Management Board

Thomas Eichelmann Jörg Fahrenbach

List of shareholdings (direct and indirect) of ATON GmbH

As of 31 December 2017

No.	Company	City	Country	Share in % direct	Share in % indirect	Currency	Equity as per 31 Dec 2017	Net Result 2017
I. Affiliated Companies								
1. Consolidated Companies								
a) Domestic companies								
1.	ATM Holding GmbH	München	Germany	100.0		kEUR	76,895	- 19,000
2.	ATON - Oldtimer GmbH	Munich	Germany	100.0		kEUR	11,836	- 329
3.	ATON TS GmbH	Munich	Germany	100.0		kEUR	5,898	445
4.	BBZ Berufsbildungszentrum Fulda GmbH	Fulda	Germany		80.0	kEUR	960	45
5.	BBZ Mitte GmbH	Petersberg	Germany		100.0	kEUR	- 561	116
6.	BFFT aeromotive GmbH	Gaimersheim	Germany		100.0	kEUR	373	290
7.	BFFT Gesellschaft für Fahrzeugtechnik mbH	Gaimersheim	Germany		100.0	kEUR	21,049	0
8.	BFFT Holding GmbH	Munich	Germany		100.0	kEUR	4,067	596
9.	DC Aviation GmbH	Stuttgart	Germany	100.0		kEUR	1,723	- 3,369
10.	Deilmann-Haniel GmbH	Dortmund	Germany		100.0	kEUR	12,145	1,944
11.	Deilmann-Haniel Mining Systems GmbH	Dortmund	Germany		100.0	kEUR	- 25,472	- 23,828
12.	EDAG Engineering GmbH	Wiesbaden	Germany		100.0	kEUR	248,759	0
13.	EDAG Engineering Holding GmbH	Munich	Germany		100.0	kEUR	93,913	17,111
14.	EDAG Production Solutions GmbH & Co. KG	Fulda	Germany		100.0	kEUR	10,000	6,400
15.	EDAG Werkzeug + Karosserie GmbH	Fulda	Germany		100.0	kEUR	17,557	2,456
16.	EKS InTec GmbH	Weingarten	Germany		100.0	kEUR	3,406	313
17.	FFT GmbH & Co. KGaA	Fulda	Germany	100.0		kEUR	18,422	99
18.	FFT Produktionssysteme GmbH & Co. KG	Fulda	Germany		100.0	kEUR	119,319	25,589
19.	Haema AG	Leipzig	Germany	100.0		kEUR	48,233	1,759
20.	Jota GmbH	Fulda	Germany		100.0	kEUR	- 43	- 47
21.	REFORM Grinding Technology GmbH	Fulda	Germany		100.0	kEUR	1,870	- 741
22.	REFORM Maschinenfabrik Adolf Rabenseifner GmbH & Co. KG	Fulda	Germany	100.0		kEUR	5,214	- 2,398
23.	Rosata Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Fulda-West KG	Grünwald	Germany		100.0	kEUR	62	392
24.	Rücker Akademie GmbH	Wiesbaden	Germany		100.0	kEUR	212	0
25.	Scherwo Steuerungstechnik GmbH	Gauting	Germany		65.0	kEUR	303	18
26.	VR Leasing Malakon GmbH & Co. Immobilien KG	Eschborn	Germany		100.0	kEUR	35	213
27.	Ziehm Imaging GmbH	Nuremberg	Germany	100.0		kEUR	59,675	12,134
b) Foreign Companies								
28.	ATON Austria Holding GmbH	Going am Wilden Kaiser	Austria	100.0		kEUR	410,403	- 2,367
29.	ATON FinCo GmbH	Going am Wilden Kaiser	Austria	100.0		kEUR	83	- 17
30.	ATON Group Finance GmbH	Going am Wilden Kaiser	Austria	100.0		kEUR	2,647	443
31.	ATON US Inc.	Scottsdale	USA	100.0		kUSD	66,066	3
32.	BFFT Italia S.R.L.	Bozen	Italia		100.0	kEUR	210	- 85
33.	BFFT of America Inc.	Los Angeles	USA		100.0	kUSD	309	31
34.	Ciratec BH d.o.o.	Tuzla	Bosnien und Herzegowina		100.0	kBAM	90	- 8
35.	Ciratec bvba	Diepenbeek	Belgium		100.0	kEUR	724	277
36.	CKGP/PW & Associates, Inc.	Troy	USA		100.0	kUSD	4,143	452
37.	Deilmann-Haniel Schachtostroj OOO	Berezniki	Russia		100.0	kEUR	25,168	298
38.	EDAG do Brasil Ltda.	Sao Bernardo do Campo	Brazil		100.0	kBRL	16,539	- 1,226
39.	EDAG Engineering AB	Göteborg	Sweden		100.0	kSEK	66,429	- 10,825
40.	EDAG Engineering and Design (Shanghai) Co. Ltd.	Shanghai	China		100.0	kCNY	23,901	571
41.	EDAG Engineering CZ spol. s.r.o.	Mladà Boleslav	Czech Republic		100.0	kCZK	33,140	3,526
42.	EDAG Engineering Group AG	Arbon	Switzerland	65.7		kEUR	431,531	- 2,090
43.	EDAG Engineering Ltd.	Markyate	Great Britain		100.0	kGBP	- 590	42

No.	Company	City	Country	Share in % direct	Share in % indirect	Currency	Equity as per 31 Dec 2017	Net Result 2017
b) Foreign Companies								
44.	EDAG Engineering Polska Sp.z.o.o.	Warszawa	Poland		100.0	kPLN	6,122	1,873
45.	EDAG Engineering Schweiz GmbH	Arbon	Switzerland		100.0	kCHF	2,109	186
46.	EDAG Engineering Schweiz Sub-Holding AG	Arbon	Switzerland		100.0	kEUR	476,113	- 18
47.	EDAG Holding Sdn. Bhd. Malaysia	Shah Alam	Malaysia		100.0	kMYR	1,929	371
48.	EDAG Hungary Kft.	Györ	Hungary		100.0	kEUR	2,463	359
49.	EDAG Inc.	Troy	USA		100.0	kUSD	7,303	- 137
50.	EDAG Italia S.R.L.	Torino	Italy		100.0	kEUR	772	35
51.	EDAG Japan Co. Ltd.	Yokohama	Japan		100.0	kJPY	62,827	- 8,819
52.	EDAG Mexico S.A. de C.V.	Puebla	Mexico		100.0	kMXN	1,351	- 115,017
53.	EDAG Netherlands B.V.	Helmond	Netherlands		100.0	kEUR	271	151
54.	EDAG Production Solutions CZ s.r.o.	Mladà Boleslav	Czech Republic		100.0	kCZK	26,577	14,633
55.	EDAG Production Solutions, Inc.	Troy	USA		100.0	kUSD	8,642	- 359
56.	EDAG Production Solutions India Priv. Ltd.	Gurgaon	India		100.0	kINR	214,569	39,458
57.	EDAG Production Solutions Korea Ltd.	Seoul	South Korea		100.0	kKRW	- 16,919	- 173,027
58.	EDAG SERVICIOS Mexico S.A. de C.V.	Puebla	Mexico		100.0	kMXN	140	0
59.	EDAG Technologies India Priv. Ltd.	Gurgaon	India		100.0	kINR	34,940	- 2,360
60.	Eroc Holdings Pty Limited	Brisbane	Australia		100.0	kCAD	5	0
61.	Eroc Malaysia Sdn. Bhd.	Kuala Lumpur	Malaysia		100.0	kCAD	- 104	- 9
62.	FFT Espana Tecnologías de Automoción S.A.U.	Silla (Valencia)	Spain		100.0	kEUR	10,480	337
63.	FFT Mexico S.A. de C.V.	Puebla	Mexico		100.0	kMXN	268,363	123,205
64.	FFT Production Systems, Inc.	Greer	USA		100.0	kUSD	788	93
65.	FFT Produktionssysteme Polska sp.z.o.o.	Pozna	Poland		100.0	kPLN	106	4
66.	FFT Production Systems S.R.L.	Municipiul Campulung	Romania		100.0	kRON	17,450	3,655
67.	FFT Production Systems (Shanghai) Co., Ltd.	Shanghai	China		100.0	kCNY	201,257	47,620
68.	FFT Servicios Mexico, S.A. de CV	Puebla	Mexico		100.0	kMXN	5,028	1,271
69.	FFT Technologies, Inc.	Montgomery	USA		100.0	kUSD	301	- 9
70.	Great Southern Plant and Labour Hire Pty Limited	Brisbane	Australia		100.0	kCAD	- 106	- 28
71.	HRM Engineering AB	Göteborg	Sweden		100.0	kSEK	9,800	520
72.	J.S. Redpath Corporation	Sparks	USA		100.0	kCAD	19,829	9,240
73.	J.S. Redpath Peru SAC	Lima	Peru		100.0	kCAD	- 22	- 7
74.	Les Entreprises Mineres Redpath Ltee.	North Bay	Canada		100.0	kCAD	79	1,297
75.	Müller HRM Engineering AB	Göteborg	Sweden		100.0	kSEK	1,449	- 1,094
76.	OOO Deilmann-Haniel Belschachtostroj	Soligorsk	Belarus		99.9	kCAD	4	- 140
77.	OOO EDAG Production Solutions RU	Kaluga	Russia		100.0	kRUB	- 785	- 3,275
78.	OrthoScan Inc.	Scottsdale	USA		100.0	kUSD	5,073	- 1,370
79.	PT Redpath Indonesia	Jakarta	Indonesia		100.0	kCAD	9,672	- 202
80.	Redpath Africa Limited	Ebene	Mauritius		100.0	kCAD	5,348	- 1,457
81.	Redpath Argentina Construcciones S.A.	Buenos Aires	Argentina		100.0	kCAD	298	24
82.	Redpath (Australia) Holdings Pty Limited	Brisbane	Australia		100.0	kCAD	8,561	1,778
83.	Redpath Australia Pty Limited	Brisbane	Australia		100.0	kCAD	15,467	- 2,466
84.	Redpath Canada Limited (formerly: J.S. Redpath Limited)	North Bay	Canada		100.0	kCAD	91,568	17,138
85.	Redpath Chilena Construcciones Y Cia. Limitada	Santiago	Chile		100.0	kCAD	- 11,905	- 3,351
86.	Redpath Contract Services Pty Ltd.	Brisbane	Australia		100.0	kCAD	7,833	1,237
87.	Redpath-Deilmann d.o.o Beograd	Belgrad	Republic of Serbia		100.0	kCAD	0	0
88.	Redpath Global Mobility Services Inc.	North Bay	Canada		100.0	kCAD	96	- 42
89.	Redpath Greece Pivate Company	Athens	Greece		100.0	kCAD	593	133
90.	Redpath Guatemala Construcciones S.A.	Guatemala	Guatemala		100.0	kCAD	- 74	- 2
91.	Redpath KR LLC	Bishkek	Kirgizstan		100.0	kCAD	0	0
92.	Redpath Mexicana Construcciones SA de CV	Mexico City	Mexico		100.0	kCAD	5	- 311
93.	Redpath Mining (Botswana) (Pty) Ltd.	Gaborone	Botswana		74.0	kCAD	0	0
94.	Redpath Mining (S.A.) (Pty.) Ltd.	Johannesburg	South Africa		74.0	kCAD	- 12,192	869

No.	Company	City	Country	Share in % direct	Share in % indirect	Currency	Equity as per 31 Dec 2017	Net Result 2017
95.	Redpath Mining Inc. (formerly: J.S. Redpath Holdings Inc.)	North Bay	Canada	100.0		kCAD	93,708	31,815
96.	Redpath Mongolia LLC	Ulaanbaatar	Mongolia		100.0	kCAD	4,908	7,168
97.	Redpath Philippines Inc.	Makati	Philippines		100.0	kCAD	0	0
98.	Redpath PNG Limited	Port Moresby	Papua New Guinea		100.0	kCAD	1,233	- 39
99.	Redpath Raiseboring Limited	North Bay	Canada		100.0	kCAD	64,522	3,631
00.	Redpath Rig Resources JV Limited	Kitwe	Zambia		70.0	kCAD	- 5,388	- 5,630
101.	Redpath Venezolana C.A.	El Callao	Venezuela		100.0	kCAD	0	0
102.	Redpath Zambia Limited	Lusaka	Zambia		74.0	kCAD	11,478	2,663
103.	Rücker Lypsa, S.L.U.	Cornellá de Llobregat	Spain		100.0	kEUR	13,957	2,970
104.	Rücker Vehicle Design (Shanghai) Co., Ltd.	Shanghai	China		100.0	kCNY	2,528	- 40
105.	Triple S Insurance Company Limited	Bridgetown	Barbados		100.0	kCAD	23,258	4,197
106.	UnderAus Group Holdings Pty Limited	Brisbane	Australia		100.0	kCAD	6,902	0
107.	Ziehm Imaging Finnland (OY)	Hinthaara	Finland		100.0	kEUR	158	79
108.	Ziehm Imaging Inc.	Orlando	USA	100.0		kUSD	3,195	1,395
109.	Ziehm Imaging Sarl	Villejust	France		100.0	kEUR	485	77
110.	Ziehm Imaging Singapore Pte. Ltd. (PTE)	Singapore	Singapore		100.0	kSGD	604	95
111.	Ziehm Medical Do Brasil	Sao Paulo	Brazil		100.0	kBRL	- 782	210
112.	Ziehm Medical LLC	Reno Nev.	USA	100.0		kUSD	46,578	5,103
113.	Ziehm Medical (Shanghai) Co. Ltd.	Shanghai	China		100.0	kCNY	31,301	3,170
114.	Ziehm Imaging Srl a Socio Unico (SRL)	Reggio Nell' Emilia	Italy		100.0	kEUR	607	104

No.	Company	City	Country	Share in % direct	Share in % indirect	Currency	Equity as per 31 Dec 2017	Net Result 2017
2. Non-Consolidated Companies								
a) Domestic Companies								
115.	EDAG-Beteiligung GmbH	Fulda	Germany		100.0	kEUR	37	- 2
116.	EDAG Production Solutions Verwaltungs GmbH	Fulda	Germany		100.0	kEUR	17	- 2
117.	Flexible Fertigungstechnik GmbH	Mücke	Germany		100.0	kEUR	70	0
118.	REFORM Maschinenfabrik Adolf Ra-benseifner Beteiligungs GmbH	Fulda	Germany		100.0	kEUR	62	- 2
b) Foreign companies								
119.	Alternative Agro Energy Estate S.R.L.	Municipiul Campulung	Romania		100.0	kRON	- 91	4
120.	DC Aviation Holding Ltd.	Birkirkara	Malta		100.0	kEUR	375	- 9
121.	DC Aviation Ltd.	Luqa	Malta		99.8	kEUR	375	65
122.	DC Aviation Switzerland AG	Glattbrugg	Switzerland		100.0	kEUR	- 1,080	488
123.	Deilmann-Haniel RUS OOO	Meschduretschensk	Russia		100.0	kEUR	1,128	603
124.	Distinct Crew Management Ltd.	Luqa	Malta		99.8	kEUR	- 81	39
125.	NextRay LLC	Wilmington	USA		100.0	kUSD	-	-

II. Joint Ventures - Equity-method investments

1. Consolidated Companies

a) Domestic Companies

No.	Company	City	Country	Share in % direct	Share in % indirect	Currency	Equity as per 31 Dec 2017	Net Result 2017
126.	Arbeitsgemeinschaft BS Schachtanlage ASSE	Mühlheim an der Ruhr	Germany		50.0	kEUR	2,210	504
127.	Arbeitsgemeinschaft Burg Altena	Schmallenberg	Germany		50.0	kEUR	501	- 1
128.	Arbeitsgemeinschaft Konrad Versatzaufbereitung Los 1	Dortmund	Germany		50.0		870	1,270
129.	Arbeitsgemeinschaft Neuhof Ellers	Dortmund	Germany		50.0	kEUR	3	0
130.	Arbeitsgemeinschaft Schacht Konrad 1	Mühlheim an der Ruhr	Germany		50.0	kEUR	3,834	47
131.	Arbeitsgemeinschaft Schacht Konrad 2	Mühlheim an der Ruhr	Germany		50.0	kEUR	4,105	1,383
132.	Arbeitsgemeinschaft Schacht Konrad Notfahreinrichtung	Dortmund	Germany		50.0	kEUR	0	0
133.	Arbeitsgemeinschaft Schächte Bergwerk Siegmundshall	Mühlheim an der Ruhr	Germany		50.0	kEUR	130	0

b) Foreign Companies

No.	Company	City	Country	Share in % direct	Share in % indirect	Currency	Equity as per 31 Dec 2017	Net Result 2017
134.	Associated Mining Construction Inc.	Saskatchewan	Canada		50.0	kCAD	12,700	4,642
135.	Associated Mining Construction UK Limited	Birmingham	Great Britain		50.0	kCAD	- 637	- 7,055
136.	Deilmann-Haniel & Drillcon Iberia ACE	Braga	Portugal		50.0	kEUR	- 13	- 28
137.	Deilmann Thyssen Schachtbau Sp. z.o.o.	Katowice	Poland		50.0	kPLN	- 2,204	- 257

2. Non-Consolidated Companies

a) Foreign Companies

No.	Company	City	Country	Share in % direct	Share in % indirect	Currency	Equity as per 31 Dec 2017	Net Result 2017
138.	DC Aviation Al Futtaim LLC	Dubai	U.A.E.		49.0	kEUR	- 3,594	341

III. Investments in associates

1. Consolidated Companies

a) Domestic Companies

No.	Company	City	Country	Share in % direct	Share in % indirect	Currency	Equity as per 31 Dec 2017	Net Result 2017
139.	Murray & Roberts Holdings Ltd.	Bedfordview	Südafrika		30.0	kZAR	6,310,000	107,000

1. Non-Consolidated Companies

a) Foreign Companies

No.	Company	City	Country	Share in % direct	Share in % indirect	Currency	Equity as per 31 Dec 2017	Net Result 2017
140.	XDF Auto Equipment (Beijing) Co., Ltd.	Beijing	China		15.0	kCNY	- 871	- 5,863

*Figures from the interim consolidated financial statements, as Murray & Roberts has a different financial year

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, 2017.

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, 2017. 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 2018

Deloitte GmbH
Wirtschaftsprüfungsgesellschaft

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