

# **Consolidated Financial Statements as of December 31, 2016**

Cintinori Holding GmbH  
Neu-Isenburg, Germany

## **Appendices**



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## Cintinori Holding GmbH

Consolidated Balance Sheet  
as of December 31, 2016

Assets					Equity and liabilities				
Amounts in € thousands	Notes	12/31/2016	12/31/2015	12/31/2014	Amounts in € thousands	Notes	12/31/2016	12/31/2015	12/31/2014
<b>Noncurrent assets</b>					<b>Equity</b>				
Intangible assets	(7)	261,543	281,734	309,685	Subscribed capital		25	25	25
Property, plant, and equipment	(8)	80,139	85,115	77,629	Capital reserves		79,728	79,728	79,728
Investments accounted for using the equity method	(9)	13,778	10,355	14,231	Other reserves		-22,545	-20,821	-18,462
Deferred tax assets	(10)	10,265	12,568	9,632	Retained earnings		-194,576	-179,402	-135,044
Other noncurrent financial assets	(11), (14)	52	346	461	Equity attributable to owners of the parent		-137,368	-120,470	-73,753
Receivables from shareholders	(40)	0	769	0	Noncontrolling interests		0	0	0
Other noncurrent assets	(13)	80	76	72		(16)	<b>-137,368</b>	<b>-120,470</b>	<b>-73,753</b>
		<b>365,857</b>	<b>390,963</b>	<b>411,710</b>					
<b>Current assets</b>					<b>Noncurrent liabilities</b>				
Inventories	(12)	90,415	92,595	86,558	Liabilities to shareholders	(20)	132,474	121,704	186,534
Trade receivables	(13)	90,050	88,382	77,607	Pension obligations	(17)	60,655	53,736	62,230
Receivables from income taxes		3,460	4,104	1,396	Other provisions	(18)	2,992	1,489	1,908
Other current financial assets	(11), (14)	1,085	860	2,876	Interest-bearing loans and borrowings	(21)	314,023	319,704	209,621
Receivables from shareholders	(40)	0	1,529	0	Deferred tax liabilities	(10)	126,206	128,033	135,739
Other current assets	(13)	6,312	8,191	6,583	Other noncurrent financial liabilities	(11), (23)	0	126	2,687
Cash and cash equivalents	(15)	47,189	40,410	42,945	Other noncurrent liabilities	(22)	5,010	4,376	5,211
		<b>238,511</b>	<b>236,071</b>	<b>217,965</b>			<b>641,360</b>	<b>629,168</b>	<b>603,930</b>
					<b>Current liabilities</b>				
					Pension obligations	(17)	1,744	1,887	1,630
					Other provisions	(18)	14,958	11,096	12,486
					Interest-bearing loans and borrowings	(21)	6,002	11,573	447
					Trade payables	(22)	57,714	71,839	59,298
					Liabilities from income taxes		3,080	3,754	6,837
					Other current financial liabilities	(11), (23)	489	2,624	3,204
					Other current liabilities	(22)	16,389	15,563	15,596
							<b>100,376</b>	<b>118,336</b>	<b>99,498</b>
		<b>604,368</b>	<b>627,034</b>	<b>629,675</b>			<b>604,368</b>	<b>627,034</b>	<b>629,675</b>

# Cintinori Holding GmbH

## Condensed Consolidated Statement of Income - by function of expenses for the twelve months ended December 31, 2016

Amounts in € thousands	Notes	January 1 - December 31, 2016	January 1 - December 31, 2015	January 1 - December 31, 2014
<b>Sales revenues</b>	(25)	<b>633,947</b>	<b>649,800</b>	<b>516,294</b>
Cost of sales	(26)	-456,054	-485,155	-376,217
<b>Gross profit</b>		<b>177,893</b>	<b>164,645</b>	<b>140,077</b>
Selling expenses	(27)	-82,120	-80,994	-1,189
<i>thereof: depreciation and amortization of assets</i>		-26,121	-28,941	-19,737
<i>thereof: impairment of assets</i>		0	-2,685	0
<i>thereof: reversal of impairment of assets</i>		0	0	63,981
Research and development expenses	(28)	-10,710	-9,406	-7,598
Administrative expenses	(29)	-54,363	-55,514	-35,568
Other income	(30)	7,350	7,140	2,903
Other expenses	(30)	-6,289	-2,720	-3,954
Share of profit or loss of equity method investments		1,371	1,415	2,683
<b>Operating profit (EBIT)</b>		<b>33,132</b>	<b>24,566</b>	<b>97,354</b>
Financial income	(32)	3,890	1,107	4,409
Financial expense	(33)	-39,112	-76,581	-51,531
<b>Net finance result</b>		<b>-35,222</b>	<b>-75,474</b>	<b>-47,122</b>
<b>Loss (-)/ Profit before tax</b>		<b>-2,090</b>	<b>-50,908</b>	<b>50,232</b>
Income taxes	(37)	-13,084	-1,161	-21,940
<b>Consolidated net loss (-)/ income for the year</b>		<b>-15,174</b>	<b>-52,069</b>	<b>28,292</b>
Noncontrolling interests		0	0	-3
<b>Loss (-)/ Profit attributable to owners of the parent</b>		<b>-15,174</b>	<b>-52,069</b>	<b>28,295</b>



## Cintinori Holding GmbH

### Consolidated Statement of Comprehensive Income for the twelve months ended December 31, 2016

Amounts in € thousands	Notes	January 1 - December 31, 2016	January 1 - December 31, 2015	January 1 - December 31, 2014
<b>Consolidated net loss (-)/ income for the year</b>		<b>-15,174</b>	<b>-52,069</b>	<b>28,292</b>
<b>Items that will be reclassified to profit or loss</b>				
Exchange differences on translating foreign operations		3,027	-1,931	6,873
<b>Items that will not be reclassified to profit or loss</b>				
Remeasurements from defined benefit plans	(17), (18)	-6,787	10,402	-15,631
Deferred taxes relating to other comprehensive income	(10)	2,036	-3,119	4,689
<b>Other comprehensive income</b>		<b>-1,724</b>	<b>5,352</b>	<b>-4,069</b>
<b>Total comprehensive income</b>		<b>-16,898</b>	<b>-46,717</b>	<b>24,223</b>
Noncontrolling interests		0	0	-3
<b>Total comprehensive income attributable to owners of the parent</b>		<b>-16,898</b>	<b>-46,717</b>	<b>24,226</b>

Cintinori Holding GmbH

Consolidated Statement of Changes in Equity  
for the Fiscal Year from January 1, 2016 to December 31, 2016

	Subscribed capital	Capital reserves	Retained earnings	Other reserves			Equity attributable to owners of the parent	Non-controlling interests	Total consolidated equity
				Exchange differences on translating foreign operations	Remeasurements from defined benefit plans	Other reserves			
Notes	(16)	(16)	(16)	(16)	(16), (17)	(16)			
<b>Amounts in € thousands</b>									
<b>Balance at January 1, 2014</b>	<b>25</b>	<b>79,728</b>	<b>-163,339</b>	<b>-7,844</b>	<b>-6,446</b>	<b>-85</b>	<b>-97,961</b>	<b>75</b>	<b>-97,886</b>
Consolidated net loss (-)/income for the year	0	0	28,295	0	0	0	28,295	-3	28,292
Other comprehensive income	0	0	0	6,873	-15,631	0	-8,758	0	-8,758
Deferred taxes relating to other comprehensive income	0	0	0	0	4,689	0	4,689	0	4,689
Total comprehensive income	0	0	28,295	6,873	-10,942	0	24,226	-3	24,223
Acquisition of noncontrolling interest	0	0	0	0	0	-18	-18	-72	-90
<b>Balance at December 31, 2014</b>	<b>25</b>	<b>79,728</b>	<b>-135,044</b>	<b>-971</b>	<b>-17,388</b>	<b>-103</b>	<b>-73,753</b>	<b>0</b>	<b>-73,753</b>
Consolidated net loss (-)/income for the year	0	0	-52,069	0	0	0	-52,069	0	-52,069
Reclassifications	0	0	7,711	0	-7,711	0	0	0	0
Other comprehensive income	0	0	0	-1,931	10,402	0	8,471	0	8,471
Deferred taxes relating to other comprehensive income	0	0	0	0	-3,119	0	-3,119	0	-3,119
Total comprehensive income	0	0	-44,358	-1,931	-428	0	-46,717	0	-46,717
Acquisition of noncontrolling interest	0	0	0	0	0	0	0	0	0
<b>Balance at December 31, 2015</b>	<b>25</b>	<b>79,728</b>	<b>-179,402</b>	<b>-2,902</b>	<b>-17,816</b>	<b>-103</b>	<b>-120,470</b>	<b>0</b>	<b>-120,470</b>
Consolidated net loss (-)/income for the year	0	0	-15,174	0	0	0	-15,174	0	-15,174
Reclassifications	0	0	0	0	0	0	0	0	0
Other comprehensive income	0	0	0	3,027	-6,787	0	-3,760	0	-3,760
Deferred taxes relating to other comprehensive income	0	0	0	0	2,036	0	2,036	0	2,036
Total comprehensive income	0	0	-15,174	3,027	-4,751	0	-16,898	0	-16,898
Acquisition of noncontrolling interest	0	0	0	0	0	0	0	0	0
<b>Balance at December 31, 2016</b>	<b>25</b>	<b>79,728</b>	<b>-194,576</b>	<b>125</b>	<b>-22,567</b>	<b>-103</b>	<b>-137,368</b>	<b>0</b>	<b>-137,368</b>

## Cintinori Holding GmbH

### Consolidated Cash Flow Statement for the twelve months ended December 31, 2016

Amounts in € thousands	Notes	January 1 - December 31, 2016	January 1 - December 31, 2015	January 1 - December 31, 2014
<b>Loss (-)/Profit before tax</b>		<b>-2,090</b>	<b>-50,908</b>	<b>50,232</b>
Depreciation, amortization, impairment losses and reversal of impairment on non current assets	(36)	41,251	46,578	-33,689
Other noncash expenses	(39)	20,484	46,765	41,037
Change in other assets and liabilities		6,845	18,983	4,075
Income tax payments	(37)	-9,884	-18,917	-8,549
<b>Cash flow from operating activities</b>		<b>56,606</b>	<b>42,501</b>	<b>53,106</b>
Payments to acquire intangible assets	(7)	-5,088	-5,902	-3,969
Proceeds from sales of property, plant, and equipment	(8)	1,444	5,401	0
Payments to acquire property, plant, and equipment	(8)	-13,282	-24,419	-15,113
Acquisition of subsidiary, net of cash acquired	(3.1)	0	-3,000	-18,300
Loans granted to related parties	(40)	0	-769	-300
Dividends received	(9)	196	1,543	3,238
Interests received	(9)	659	392	358
<b>Cash flow from investing activities</b>		<b>-16,071</b>	<b>-26,754</b>	<b>-34,086</b>
Interest payments	(21)	-16,903	-8,162	-9,364
Proceeds from short-term borrowings	(21)	0	10,500	0
Proceeds from long-term borrowings	(21)	0	108,235	0
Refinancing costs	(21)	-3,823	-5,915	0
Repayment of long-term borrowings	(21)	0	0	-11,715
Repayment of short-term borrowings	(21)	-10,500	-447	0
Repayment of long-term liabilities to shareholders	(20)	0	-107,216	0
Interest payments to shareholders	(20)	-2,956	-15,231	0
Acquisition of interest in a subsidiary		0	0	-90
<b>Cash flow from financing activities</b>		<b>-34,182</b>	<b>-18,236</b>	<b>-21,169</b>
<b>Net change in cash and cash equivalents</b>		<b>6,353</b>	<b>-2,489</b>	<b>-2,149</b>
Change in cash and cash equivalents due to exchange rate movements		426	-46	1,045
Cash and cash equivalents at January 1		40,410	42,945	44,049
<b>Cash and cash equivalents at December 31</b>	(15)	<b>47,189</b>	<b>40,410</b>	<b>42,945</b>

# Notes to the Consolidated Financial Statements

## 1. General Information

Cintinori Holding GmbH (hereinafter also the “Group,” or “Company,” or the “JOST Group”) was founded on February 27, 2008. Its registered office is at 2, Siemensstraße in D-63263 Neu-Isenburg. The Company is registered in the Register of Commerce of Offenbach am Main under the section B number 43750. On August 28, 2008 Jasion GmbH a subsidiary of Cintinori Holding GmbH acquired all the shares of the JOST Group.

The Group is a global manufacturer of vehicle couplings and components (mainly fifth wheel coupling units for semitrailers and drawbars) for heavy trucks, semitrailers, and trailers, and distributes its products on all continents.

Board of Managers approved the consolidated financial statements of Cintinori Holding GmbH for issue on April 11, 2017.

The consolidated annual financial statements of Cintinori Holding GmbH and its subsidiaries as of December 31, 2016, were prepared in accordance with the International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB), London, that are effective as of the reporting date, and the Interpretations (IFRS IC) issued by the International Financial Reporting Interpretations Committee, as adopted by the European Union (EU).

Certain items in the consolidated balance sheet and the consolidated income statement were combined in order to enhance the clarity of presentation. These items are analysed in detail in the notes to the consolidated financial statements. The consolidated financial statements have been prepared in thousands of euros (€ thousands). The income statement uses the cost of sales format. The consolidated financial statements have been prepared under the historical cost convention.

During the preparation of the consolidated financial statements of Cintinori Holding GmbH going concern was assumed.

Immediate parent entity of the company is Jantinori 2 S.à r.l., Luxembourg. The ultimate parent of the JOST Group is JOST-Global & Co S.C.A., Luxembourg, domiciled in Luxembourg.

### 1. New and amended standards applied in 2016

The following new and amended International Financial Reporting Standards and Interpretations that are effective for fiscal years beginning on or after January 1, 2016 were applied for the first time:

**i. Accounting for acquisitions of interests in joint operations – Amendments to IFRS 11**

These amendments did not have any impact on the current period or any prior period and is not likely to affect future periods.

**ii. Clarification of acceptable methods of depreciation and amortization – Amendments to IAS 16 and IAS 38**

These amendments did not have any impact on the current period or any prior period and is not likely to affect future periods.

**iii. Others**

“Annual Improvements to IFRSs 2012-2014 cycle” are not relevant and do not have any effects on the Group’s financial statements.

In addition, there were further changes in accounting policies which have no effect on the Group’s net assets, financial position and results of operations.

**2. Standards, interpretations, and amendments to published standards that are not required to be applied in 2016 and were not applied by the Group prior to their effective date**

**i. IFRS 9 – Financial Instruments**

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. Early application of previous versions of IFRS 9 (2009, 2010 and 2013) is permitted if the date of initial application is before February 1, 2015. The Group is currently assessing the impact of IFRS 9 and plans to adopt the new standard on the required effective date.

**ii. IFRS 15 – Revenue from Contracts with Customers**

IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognising revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full

or modified retrospective application is required for annual periods beginning on or after January 1, 2018 with early adoption permitted. The Group is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date.

### **iii. IFRS 16 – Leases**

In January 2016, the IASB issued the new IFRS 16 standard, which requires lessees to recognize assets and liabilities for most leases. For lessors, there is little change to the existing accounting in IAS 17 “Leases”. As a result of the first-time adoption, the majority of the liabilities from operating rental and lease agreements, currently presented under section 24. “Other financial obligations”, will be presented as an extension to the balance sheet. Application of IFRS 16 is required for annual periods beginning on or after January 1, 2019. The Group is currently assessing the impact of IFRS 16 and plans to adopt the new standard on the required effective date.

### **3. Effects on the consolidated financial statements**

The Group does not anticipate any relevant effects (if at all) on its consolidated financial statements from the initial application of the new standards and interpretations for fiscal year 2016.

## 2. Consolidation Methods

The consolidated financial statements were prepared on the basis of the annual financial statements of the consolidated companies as of December 31, 2016, which in turn were prepared using uniform accounting policies in accordance with IFRS as adopted by the European Union.

The group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The group recognizes any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains and losses arising from such re-measurement are recognised in profit or loss.

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 is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement.

All domestic and foreign subsidiaries are included in the consolidated financial statements. The liquidation of the associate (J.I. Component RO S.R.L., Timisoara/Romania), which was not included in the consolidated financial statements for reasons of materiality in the last years, was completed on April 11, 2016. Furthermore, the liquidation of JOST Gigant Auto Components Pte. Ltd., Jharkhand / India was completed on March 2, 2016.

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, 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 control is transferred to the group. They are deconsolidated from the date that control ceases.

The Group reporting date (December 31 of each fiscal year) is the reporting date of the annual financial statements of the parent Cintinori Holding GmbH. Audited interim financial statements as of December 31, 2016 were included for JOST India.

The investment in the JOST Brasil Sistemas Automotivos Ltda. joint venture is accounted for in the consolidated balance sheet using the equity method.

The accounting and valuation principles applied correspond to those of the parent.

Currency translation differences were recognised in other comprehensive income in the “Exchange differences on translating foreign operations” item in other reserves.

Intercompany profits and losses, intercompany revenues, expenses, and income, as well as all receivables and liabilities between consolidated companies were eliminated.

### **Transactions with non-controlling interests**

The Group accounts for transactions with non-controlling interests as transactions with equity owners of the Group. If non-controlling interests are acquired, the difference between the amount paid and the share of the carrying amount of the net assets of the subsidiary acquired is recognised directly in equity. Gains or losses on purchases of non-controlling interests are also recorded in equity.



### 3. Scope of consolidation

#### 1. JOST Group

The consolidated financial statements include the financial statements of Cintinori Holding GmbH, the subsidiaries, and the following joint ventures:

Cintinori Holding GmbH Consolidated Financial Statements as of December 31, 2016			
List of shareholdings			
Company		Interest held by Cintinori Holding GmbH	nature of business
<b>Consolidated companies</b>			
<b>Jasione GmbH</b> Neu-Isenburg		100.00%	holding company
<b>JOST-Werke Deutschland GmbH</b> Neu-Isenburg	1)	100.00%	production company sales company
<b>Jost-Werke International Beteiligungsverwaltung GmbH</b> Neu-Isenburg	1)	100.00%	holding company
<b>Rockinger Agriculture GmbH</b> Waltershausen / Germany	1)	100.00%	production company sales company
<b>Regensburger Zuggabel GmbH</b> Neu-Isenburg	1)	100.00%	shelf company
<b>JOST France S.à r.l.</b> Paris / France	1)	100.00%	sales company
<b>JOST Iberica S.A.</b> Zaragoza / Spain	1)	100.00%	production company sales company
<b>JOST Nederland B.V.</b> Breukelen / Netherlands	1)	100.00%	sales company
<b>Jost Italia S.r.l.</b> Milan / Italia	1)	100.00%	sales company
<b>Jost GB Ltd.</b> Bolton / United Kingdom	1)	100.00%	holding company
<b>Jost UK Ltd.</b> Bolton / United Kingdom	1)	100.00%	production company sales company
<b>ooo JOST RUS</b> Moscow / Russia	1)	100.00%	production company sales company
<b>JOST Polska Sp. z o.o.</b> Nowa Sól / Poland	1)	100.00%	production company
<b>Jost Hungaria BT</b> Veszprém / Hungary	1)	100.00%	production company
<b>JOST TAT LLC</b> Naberezhnye Chelny / Russia	1)	100.00%	sales company
<b>Tridec Holdings B.V.</b> Son / Netherlands	1)	100.00%	holding company
<b>Tridec B.V.</b> Son / Netherlands	1)	100.00%	production company sales company
<b>Tridec Ltda.</b> Cantanhede / Portugal	1)	100.00%	production company
<b>JOST Achsen Systeme GmbH</b> Calden / Germany	1)	100.00%	sales company
<b>Jost Axle Systems Southern Europe S.A.S.</b> Lattes / France	1)	100.00%	sales company

<b>JOST (S.A.) Pty. Ltd.</b> Chlookop / South Africa	1)	100.00%	production company sales company
<b>JOST Transport Equipment Pty. Ltd.</b> Chlookop / South Africa	1)	100.00%	sales company
<b>Jost Australia Pty. Ltd.</b> Seven Hills / Australia	1)	100.00%	sales company
<b>JOST International Corp.</b> Grand Haven, Michigan / U.S.A.	1)	100.00%	production company sales company
<b>Jost (China) Auto Component Co. Ltd.</b> Wuhan, Province Hubei / PR China	1)	100.00%	production company sales company
<b>Jost (Shanghai) Auto Component Co. Ltd.</b> Shanghai / PR China	1)	100.00%	production company sales company
<b>JOST (Shanghai) Trading Co. Ltd.</b> Shanghai / PR China	1)	100.00%	sales company
<b>Jost Far East Pte. Ltd.</b> Singapore	1)	100.00%	sales company
<b>JOST India Auto Component Pte. Ltd.</b> Jamshedpur / India	1)	100.00%	production company sales company
<b>JOST Japan Co. Ltd.</b> Yokohama / Japan	1)	100.00%	sales company
<b>Joint Ventures</b>			
<b>JOST Brasil Sistemas Automotivos Ltda.</b> Caxias do Sul / Brasil	1)	49.00%	production company sales company

1) Indirectly via Jasion GmbH

In 2014, Edbro Nederland BV, Nieuw Vennepe / Netherlands, was merged into Tridex B.V., Son / Netherlands and Edbro S.à r.l., Wasquehal / France, was merged into JOST France S.à r.l., Paris / France. The mergers took place with retrospective effect on January 1, 2014. As at September 18, 2014, JOST-Werke Deutschland GmbH (formerly: JOST-Werke GmbH), Neu-Isenburg, acquired all shares of JOST Achsen Systeme GmbH (formerly: Jost Achsen Systeme GmbH), Kassel, and on December 18, 2014, JOST France S.à r.l., Paris / France, acquired all shares of Jost Axle Systems Southern Europe S.A.S., Lattes / France. For further information see note 3.3.

On December 18, 2014, the JOST Group acquired the business of the Mercedes-Benz TrailerAxleSystems, including acquisition of all shares of Trailer Axle Systems Southern Europe S.A.S. Lattes / France, renamed to Jost Axle Systems Southern Europe S.A.S., Lattes / France. Through the acquisition, the Group will be able to expand its product portfolio for commercial vehicles to incorporate trailer axles, especially for European axle activities.

The second purchase price payment of € 3,000 thousand relating to the Acquisition of the business of the Mercedes-Benz TrailerAxleSystems were paid in 2015 as agreed.

There were no adjustments to the original purchase price allocation during 2015 necessary.

In 2015 this acquisition had material effects on the consolidated sales and net income. For this reason the prior year's figures are not unreservedly comparable with the figures in the consolidated financial statements as of December 31, 2014.

The liquidation of JOST Gigant Auto Components Pte. Ltd., Jharkhand / India was completed on March 2, 2016. Therefore the company has been removed from the scope of consolidation of JOST Group. This liquidation had no material effect on sales, net income and balance sheet.

## 2. Transactions with non-controlling interests

On March 31, 2014, the company acquired the remaining 49 % of the issued shares of JOST Gigant Auto Components Pte. Ltd., Jharkhand / India (JOST Gigant), for a purchase consideration of € 90 thousand. The Group then held 100 % of the equity shares capital of JOST Gigant. The carrying amount of the non-controlling interests in JOST Gigant on the date of acquisition was € 72 thousand. The Group derecognised non-controlling interests of € 72 thousand and recorded a decrease in equity attributable to owners of the parent of € 18 thousand. The effect of changes in the ownership interest of JOST Gigant on the equity attributable to owners of the company during the year is summarized as follows:

Amounts in € thousands	
Carrying amount of noncontrolling interests acquired	72
Consideration paid to noncontrolling interests	90
<b>Excess of consideration paid recognized in parent's equity (other reserves)</b>	<b>18</b>

As of December 31, 2016, the company is already liquidated as mentioned above (see note 3.1.).

## 4. Currency Conversion

### Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in EUR, which is the group's presentation currency.

### Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other income or other expenses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as available-for-sale financial assets are recognised in other comprehensive income.

### Group companies

The results and financial position of all the group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (a) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- (b) income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- (c) all resulting exchange differences are recognised in other comprehensive income.

## **5. Accounting Policies in the Consolidated Financial Statements**

### **1. Management judgment, estimates, and assumptions**

Application of accounting policies under IFRSs as adopted in the EU requires the Group to make assumptions and exercise judgment affecting the reported amounts of assets, liabilities, income, and expenses in the financial statements. In certain cases, the actual amounts may differ from the assumptions and estimates made. Such changes are recognised in the income statement as soon as they become known. The most important assumptions about the future and other key sources of estimation uncertainty at the reporting date that entail a major risk that could result in a material adjustment of the carrying amounts of assets and liabilities within the next fiscal year are discussed in the following.

#### **Measurement of shareholder loans**

Specific management judgement is also required in connection with the valuation of the shareholder loans. As discussed further in note 5.13, management has to take into account changed expectations of future cash-outflows at each balance sheet date. Those assessments are based on the same assessments about future cash-flows for other purposes, e.g. when performing impairment tests.

#### **Measurement of items of property, plant, and equipment, and intangible assets with finite useful lives**

The measurement of items of property, plant, and equipment, and intangible assets, with finite useful lives requires the use of estimates to measure fair value at the acquisition date, especially in the case of assets acquired in the course of a business combination. The expected useful life of these assets must also be estimated. Measuring the fair value of such assets, estimating their useful lives, and performing impairment tests if there are indications of impairment are based on management judgment. For further details, see notes 7. "Goodwill and Other Intangible Assets" and 8. "Property, Plant, and Equipment."

#### **Pensions and similar obligations**

Provisions and expenses for defined-benefit plans and other post-employment medical benefits are determined on the basis of actuarial calculations. The actuarial valuation is based on assumptions concerning discount rates, future wage and salary increases, mortality rates, future pension increases, and expected staff turnover. All assumptions are reviewed at the balance sheet date. The discount rate is based on high quality corporate bond yields for the currency in question at the reporting date. The mortality rate is based on publicly available mortality tables for the country in question. Future wage and salary increases, as well as pension increases, are based on expected future inflation rates for the country concerned, as well as on the structure of the defined-benefit plan. Such estimates are subject to significant uncertainties, in line with the long-term orientation of the pension plans. For effects using different actuarial assumptions on carrying amount of pension obligations, see note 17. "Pension Obligations".

## Other provisions

Other provisions are recognised and measured based on estimates of the probability of future outflows of payments and reflect past experience and circumstances known at the reporting date. For this reason, outflows of actual payments may differ from the recognised amount of other provisions.

## Financial instruments

If the fair value of financial assets and liabilities recognised in the balance sheet cannot be measured using prices in an active market, it is estimated using valuation techniques. The inputs used in the valuation model are based as far as possible on observable market data. If this is not possible, fair value measurement is subject to a degree of management judgment. This management judgment affects inputs such as liquidity risk, credit risk, and volatility. Changes in the assumptions regarding these inputs may affect the recognised fair value of financial instruments.

## Others

The Group has not any relevant risk (if at all) on valuation of inventories, realisation of deferred taxes, and reasons for impairment tests as of December 31, 2016. Further details are discussed in the following.

## 2. Goodwill and other intangible assets

Purchased intangible assets are recognised at cost and reduced by straight-line amortization over their useful lives. There are no intangible assets with indefinite useful life. Impairment losses are recognised if required. Goodwill is not amortized.

The useful lives specified in the accounting policies applied to the Group's intangible assets can be summarized as follows:

	Order backlog	Software	Patents	Customer list	Trademarks
Useful lives	1 year	3 years	6 - 13 years	15 - 22 years	20 years

**Goodwill** resulting from business combinations represents the excess of the consideration transferred over the acquirer's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree.

For impairment testing purposes, goodwill acquired in the course of a business combination is allocated from the acquisition date to the Group's cash-generating units that are expected to benefit from the synergies generated by the business combination. Cintonori Holding GmbH has designated the geographic markets as its cash-generating units. The identified cash-generating units are Europe, South Africa and Australia, North America, and Asia.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. Goodwill is tested for impairment at the level of the cash-generating unit to which it is allocated by comparing the carrying amount of the cash-generating unit with its recoverable amount. If the carrying amount is higher than the recoverable amount, the cash-generating unit is impaired and must be written down to the recoverable amount. The recoverable amount of a cash-generating unit is the higher of its fair value less costs to sell and its value in use. Value in use is defined as the present value of the future cash flows expected to be derived by the entity from the cash-generating unit. Value in use is calculated by discounting the estimated future cash flows to their present value by applying a pre-tax discount rate that reflects current market expectations of the time value of money and the risks specific to the cash-generating unit. An appropriate discounted cash flow model is used to measure fair value less costs to sell. Impairment losses on goodwill may not be reversed in future periods if the reasons for recognizing the impairment loss in previous periods no longer apply. The carrying value of the cash-generating unit containing the goodwill / intangible asset is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal.

### **Research and development expenses**

In addition to the costs of the research departments and process development, this item includes third-party services and the cost of technical tests. Expenditure on research shall be recognised as an expense when it is incurred. Development expenses are expensed in full in the period in which they are incurred unless the recognition criteria in IAS 38 require the expenses to be capitalized. If development expenses are capitalized, the cost model is applied after initial recognition of the development expenses, under which the asset is recognised at cost less any cumulative straight-line amortization and any cumulative impairment losses. Capitalized development expenses are amortized over the period of the expected future revenues associated with the project in question of three to five years. The carrying amount of capitalized development expenses is tested for impairment once a year if the asset is not yet in use, or more frequently if there are indications of impairment during the course of the fiscal year.

### **3. Impairment of intangible assets with finite useful lives**

In the case of intangible assets that have an indefinite useful life or intangible assets not ready to use are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Intangible assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date that will be booked if identified appropriately.

#### 4. Property, plant, and equipment

Items of property, plant, and equipment are recognised at cost less cumulative depreciation and any cumulative impairment losses. Straight-line depreciation is based on the estimated useful lives of the assets. The carrying amounts of items of property, plant, and equipment are tested for impairment if there are indications that the carrying amount of an asset is higher than its recoverable amount. Costs subsequent to initial recognition, for example because of expansion or replacement investments, are only recognised as part of the cost of the assets or - if applicable - as a separate asset if it is probable that the Group will derive future economic benefits from them and the cost of the asset can be measured reliably. Expenses for repairs and maintenance that do not represent significant replacement investments (day-to-day servicing) are recognised as expenses in the financial year in which they are incurred. An item of property, plant, and equipment is derecognised when it is disposed of or if no future economic benefits are expected from its continued use or sale. The gains or losses on derecognition of the asset are determined as the difference between the net disposal proceeds and its carrying amount and are recognised in profit or loss in the period in which the asset is derecognised. The residual values of assets, useful lives, and depreciation methods are reviewed at the end of each fiscal year and adjusted if necessary. The useful lives specified in the accounting policies applied to the Group's property, plant, and equipment are summarized as follows (Land is not depreciated):

	Operating and office equipment	Technical equipment and machinery	Buildings
Useful lives	1 - 8 years	4 - 20 years	20 - 50 years

Borrowing costs that are directly attributable to the acquisition, construction, or production of an asset (qualifying asset) in cases where a substantial period of time (12 month) is required to get the asset ready for its intended use or sale are capitalized as part of the cost of the asset in question. All other borrowing costs are recognised as expenses in the period in which they are incurred.

#### 5. Investments accounted for using the equity method

Investments in joint ventures are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The group's investment in associates includes goodwill identified on acquisition. Joint Ventures and associates of the group are accounted for using the equity method.

The group determines at each reporting date whether there is any objective evidence that the investment in the joint venture is impaired. If this is the case, the group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value and recognises the amount as impairment loss in the income statement.



## **6. Inventories**

Inventories are measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less applicable variable selling expenses. The cost of raw materials, consumables, and supplies is measured using a weighted average cost formula. The cost of finished goods and work in progress comprises the costs of raw materials, consumables, and supplies, direct labor, other direct costs, and indirect costs that can be directly attributable to the production process (based on normal capacity). The cost of inventories does not contain any borrowing costs because no inventories are purchased or acquired for which a substantial period of time is required to get them ready for their intended use or sale. Inventories are written down if necessary to reflect reduced marketability.

## **7. Receivables and other financial assets**

Receivables and other financial assets are initially recognised at fair value including transaction costs and subsequently measured at amortized cost using the effective interest method, net of any impairment losses. Impairment losses are recognised in the “Selling expenses” item in the statement of income. If there are indications that a receivable is uncollectible, it is written off against the allowance account for doubtful receivables. Other indications of impairment include significant financial difficulty of a debtor, an increased probability that a borrower will enter bankruptcy or other reorganization proceedings, as well as a breach of contract such as default or delinquency in interest or principal payments. Payments subsequently received on amounts that have been written off are credited against the impairment losses recognised on trade receivables in the “Selling expenses” item in the Statement of Income.

## **8. Financial assets and financial liabilities**

The categorization of financial instruments is based on the purpose for which the financial instruments were acquired. The Group categorizes its financial assets and the financial liabilities in the following categories: at fair value through profit or loss, loans and receivables, and other liabilities.

Financial assets and liabilities are not netted.

Regular way purchases and sales of financial assets are recognized on trade-date, the date on which the Group commits to purchase or sell the asset. A financial liability is recognised when the entity becomes a party to the obligation specified in the contractual provisions of the liability.

A financial asset is derecognised when, and only when, the contractual rights of the Group to the cash flows from the financial asset expires or when the Group transfers the financial assets and the transfer qualifies for derecognition. A financial liability (or a part of a financial liability) is removed from the statement of financial position of the Group when, and only when, it is extinguished – for example when the obligation specified in the contract is discharged or cancelled or expires.

Regular way purchases and sales of financial assets are accounted for at the trade date.

Net gains and losses on financial instruments comprise measurement gains and losses, currency translation gains and losses, and interest and dividends.

#### LaR = Loans and receivables

Loans and receivables are nonderivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. Loans and receivables (including trade receivables, other financial assets, bank balances, and cash funds) are measured at amortized cost net of any impairment losses using the effective interest method.

Interest income is measured using the effective interest method, with the exception of current receivables.

#### OL = other liabilities

Other liabilities are measured at amortized cost using the effective interest method.

#### AFVP&L = at fair value through profit or loss

These comprise financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months, otherwise they are classified as non-current.

Changes in the fair value of financial assets in this category are recognised in profit or loss at the time of the increase or decrease in fair value.

### **9. Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand, bank balances, and short-term deposits with original maturities of less than three months.

### **10. Pensions**

Group companies operate various pension schemes. The schemes are for the most part for employees and managing directors of JOST-Werke Deutschland GmbH, Neu-Isenburg. Some schemes are funded through payments to insurance companies, determined by periodic actuarial calculations. The Group has both defined benefit and defined contribution plans. A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee ser-

vice in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan.

Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. The major pension scheme is a final salary pension plan providing life-long payments in case of retirement, disability or death. Besides there are individual pension promises providing fixed amounts of life-long payments or lump sum payments in case of retirement, disability or death. Risks of the pension schemes, such as life expectancy and inflation, are in general borne by the Group companies.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. In currencies where there is no deep market in such bonds, the market rates on government bonds are used.

Remeasurements arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise and shall not be reclassified to profit or loss in a subsequent period.

Past-service costs are recognised as an expense immediately in income.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

## **11. Other provisions**

Provisions are recorded when a past event gives rise to a present legal or constructive obligation to a third party, utilization of the obligation is probable and the anticipated amount of the obligation can be estimated reliably. The measurement of these provisions is at the present best estimate of the expenses necessary to fulfil the obligation. If appropriate, the amount of the provisions corresponds to the present value of the expenditures expected to be necessary to meet the obligations. Refund claims are capitalized separately, if applicable. If the Group expects at least a partial refund for provisions, the refund is recognized under other assets if the return of the refund is expected.

## **12. Trade payables and other liabilities**

Trade payables and other financial liabilities are initially measured at fair value less transaction costs. They are subsequently measured at amortized cost using the effective interest method.

## **13. Interest-bearing loans and borrowings and liabilities to shareholders**

Interest-bearing loans and borrowings are initially measured at fair value. Borrowings are subsequently carried at amortized costs.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs.

Shareholder loans were initially measured at fair value. Due to the difficult situation of the group at that time (January 28, 2011) together with the declared subordination of the lenders (see Section 20) the fair value of the loans was significantly lower than its nominal amount. After initial recognition, shareholder loans are measured at amortised cost using the effective interest method, i.e. the difference between the initial values (fair value) and the repayable amounts is amortized over the term of the loans using the original effective interest rate. Those expenses are recognized as interest expenses. At each balance sheet date the company additionally analyses to which extent it is able to fulfil the financial obligations according to the shareholder loans taking into account the deferral mechanism of the subordination agreement. To the extent that the expected cash-outflows have changed compared to the previous balance sheet date the company adjusts the carrying values of the shareholder loans to reflect actual and revised estimated cash flows. The expense or income according to this adjustment is recognized as "remeasurement" in the financial income/ expenses.

## **14. Derivatives**

The Group uses derivatives to hedge existing interest rate risks.

The fair values of various derivative instruments used for hedging purposes are disclosed in note 14. and 23. Movements on the hedging provisions are reflected in the consolidated statement of income and shown in 32. and 33. The full fair value of a hedging derivative is classified as non-current liability when the remaining maturity of hedged items is more than 12 months, and as a current liability when the maturity of the hedged item is less than 12 months.

The fair values of the derivatives are determined using valuation techniques, as they are not traded in an active market. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. Since all significant inputs are observable, the instruments are included in level 2 in accordance with IFRS 13. In order to fair value an instrument JOST calculates the present value of the estimated future cash flows based on observable yield curves.

## **15. Revenue Recognition**

Sales revenues are measured at the fair value of the consideration received or receivable for the sale of goods in the ordinary course of business. Sales revenues are reported net of value added tax, returns, rebates, and discounts, and after elimination of intercompany revenues. The Group recognizes sales revenues when the amount of revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the entity. The Group makes estimates on the basis of historical data that reflect customer-specific, transaction-specific, and contract-specific factors for the purpose of bonus and guarantee calculations.

## **16. Taxes**

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax assets and liabilities are recognised for temporary differences between IFRS values and tax base. Deferred tax assets are also recognised for loss carry forwards in most cases. They are only recognised if it is probable that taxable profit will be available against which the tax asset can be utilized. Deferred tax assets and liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

## **17. Leases**

Leases are classified as operating leases if substantially all the risks and rewards incidental to ownership remain with the lessor. Payments made in connection with an operating lease are recognised as expenses in the Statement of Comprehensive Income on a straight-line basis over the lease term, net of any incentive payments received from the lessor.

Leases of items of property, plant, and equipment for which the Group bears substantially all the risks and rewards incidental to ownership are classified as finance leases. Assets leased under finance leases are generally recognised at inception of the lease at the lower of the fair value of the leased asset and the present value of the minimum lease payments. A lease liability is recognised in the same amount in noncurrent liabilities. Lease payments are apportioned between the finance charge and the reduction of the outstanding liability in such a way as to produce a

constant periodic rate of interest on the remaining balance of the liability. The net lease liability is reported in noncurrent liabilities. The finance charge is recognised as an expense in the Statement of Comprehensive Income so as to produce a constant periodic rate of interest over the term of the lease.

The property, plant, and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

#### **18. Share-based payment in accordance with IFRS 2**

Share-based payment transactions are treated in accordance with IFRS 2, Share-based Payment, in the JOST Group. The standard encompasses all arrangements where an entity purchases goods or services in exchange for the issue of an entity's equity instruments, or cash payments based on the fair value of the entity's equity instruments, unless the transaction is clearly for a purpose other than payment for goods or services supplied to the entity receiving them. In accordance with IFRS 2, JOST Group distinguishes between equity-settled and cash-settled plans. The financial benefit from equity-settled plans granted on grant date is allocated over the expected vesting period against equity. Expenses from cash-settled plans are also allocated over the expected vesting period, but against as a liability. A description of the existing equity-settled management profit-sharing plan for the JOST Group can be found in note 35.

## 6. Segment Information

According to IFRS 8, the identification of operating segments to be included in the reporting process is based on the so-called management approach. External reporting should therefore be based on the Group's internal organization and management structure, as well as internal financial reporting to the Chief Operating Decision Maker. In JOST Group, the Managing Directors are responsible for assessing and controlling the success of the various segments.

Management reporting is organized into region-oriented segments. The following three operating segments are specified in the management reporting:

- Europe
- North America
- Asia, Pacific and Africa

The operating segments include all legal independent companies of the region. The product portfolio (truck parts and trailer parts) of the operating segments is broadly similar.

The Asia, Pacific and Africa segment is in aggregate the sum of segments Asia, Africa and Australia.

The Managing Directors monitor the operating segments on the basis of key earning figures. The Managing Directors measure operating segment performance primarily on adjusted earnings before interest, taxes, depreciation and amortization (adjusted EBITDA). Adjusted EBIT is calculated based on the consolidated financial statements in accordance with IFRS of Cintinori Holding GmbH adjusted for exceptional items, depreciation and amortization of property, plant, and equipment and intangible assets from the purchase price allocation (PPA) and impairment and reversal of impairment of property, plant, and equipment and intangible assets from the purchase price allocation (PPA). The exceptional items include other non-recurring expense and income. Exceptional items occurred mainly in acquisition of TrailerAxles business and IPO. Exceptional items are only allocated to segment Europe. Share of profit or loss of investments accounted for using the equity method are not allocated to a segment and is therefore include in the reconciliation/ other column.

Group financing (including finance expenses and finance income) and income taxes are not managed on operating segment level. Transactions between the business units are charged at market conditions. Profits and losses resulting from intrasegment transactions are eliminated in each segment; income and expenses resulting from internal transactions are eliminated in the reconciliation column.

The following table shows the reconciliation from operating profit to adjusted EBITDA:

Amounts in € thousands	2016	2015	2014
<b>EBIT</b>	<b>33,132</b>	<b>24,566</b>	<b>97,354</b>
Edbro Acquisition	-759	-772	-758
Axle Acquisition	-315	-2,796	-912
IT/ ERP project	-185	-719	-2,701
IPO	-1,130	-2,181	0
Other	-1,199	-2,611	-1,610
Additional depreciation from PPA	-2,221	-2,380	-2,036
Additional amortization from PPA	-22,986	-26,159	-17,459
Additional reversal of impairment from PPA	0	0	63,981
<b>Adjusted EBIT</b>	<b>61,927</b>	<b>62,184</b>	<b>58,849</b>
Depreciation of property, plant, and equipment	-10,345	-9,542	-7,907
Amortization of intangible assets	-5,699	-5,812	-2,890
<b>Adjusted EBITDA</b>	<b>77,971</b>	<b>77,538</b>	<b>69,646</b>

#### Segment reporting for December 31, 2016:

Amounts in € thousands	Asia, Pacific and Africa	Europe	North America	Reconciliation/ other***	Consolidated financial statements
<b>Sales revenues*</b>	<b>129,792</b>	<b>676,991</b>	<b>109,946</b>	<b>-282,782</b>	<b>633,947 **</b>
<i>thereof: external sales revenues*</i>	103,235	420,920	109,792	0	633,947
<i>thereof: internal sales revenues*</i>	26,557	256,071	154	-282,782	0
<b>adjusted EBIT</b>	<b>15,856</b>	<b>34,994</b>	<b>9,706</b>	<b>1,371</b>	<b>61,927</b>
<i>thereof: depreciation and amortization</i>	1,383	12,617	2,044		16,044
<b>adjusted EBITDA</b>	<b>17,239</b>	<b>47,611</b>	<b>11,750</b>	<b>1,371</b>	<b>77,971</b>

\* Sales by destination in 2016:

- Americas: € 114,476 thousand
- Asia, Pacific and Africa: € 147,306 thousand
- Europe: € 372,164 thousand

\*\* Sales revenues in the segments show the sales revenues by origin.

\*\*\* Adjusted EBIT/ EBITDA includes share of profit or loss of investments accounted for using the equity method.

#### Segment reporting for December 31, 2015:

Amounts in € thousands	Asia, Pacific and Africa	Europe	North America	Reconciliation/ other***	Consolidated financial statements
<b>Sales revenues*</b>	<b>136,575</b>	<b>636,474</b>	<b>130,149</b>	<b>-253,398</b>	<b>649,800 **</b>
<i>thereof: external sales revenues*</i>	98,905	420,987	129,908	0	649,800
<i>thereof: internal sales revenues*</i>	37,670	215,487	241	-253,398	0
<b>adjusted EBIT</b>	<b>14,787</b>	<b>38,046</b>	<b>7,936</b>	<b>1,415</b>	<b>62,184</b>
<i>thereof: depreciation and amortization</i>	1,563	11,765	2,026		15,354
<b>adjusted EBITDA</b>	<b>16,350</b>	<b>49,811</b>	<b>9,962</b>	<b>1,415</b>	<b>77,538</b>

\* Sales by destination in 2015:

- Americas: € 135,470 thousand
- Asia, Pacific and Africa: € 147,778 thousand
- Europe: € 366,552 thousand

\*\* Sales revenues in the segments show the sales revenues by origin.

\*\*\* Adjusted EBIT/ EBITDA includes share of profit or loss of investments accounted for using the equity method.



### Segment reporting for December 31, 2014:

Amounts in € thousands	Asia, Pacific and Africa	Europe	North America	Reconciliation/ other***	Consolidated financial statements
<b>Sales revenues*</b>	<b>121,477</b>	<b>504,465</b>	<b>94,511</b>	<b>-204,159</b>	<b>516,294 **</b>
<i>thereof: external sales revenues*</i>	<i>85,871</i>	<i>336,064</i>	<i>94,359</i>	<i>0</i>	<i>516,294</i>
<i>thereof: internal sales revenues*</i>	<i>35,606</i>	<i>168,401</i>	<i>152</i>	<i>-204,159</i>	<i>0</i>
<b>adjusted EBIT</b>	<b>13,181</b>	<b>40,907</b>	<b>2,078</b>	<b>2,683</b>	<b>58,849</b>
<i>thereof: depreciation and amortization</i>	<i>1,393</i>	<i>8,115</i>	<i>1,289</i>		<i>10,797</i>
<b>adjusted EBITDA</b>	<b>14,574</b>	<b>49,022</b>	<b>3,367</b>	<b>2,683</b>	<b>69,646</b>

\* Sales by destination in 2014:

- Americas: € 101,485 thousand
- Asia, Pacific and Africa: € 134,963 thousand
- Europe: € 279,846 thousand

\*\* Sales revenues in the segments show the sales revenues by origin.

\*\*\* Adjusted EBIT/ EBITDA includes share of profit or loss of investments accounted for using the equity method.

In the reporting periods the JOST Group does not generate more than 10 % of total external sales revenue with one customer.

The JOST Group generated external sales revenues in Germany in the amount of € 280,267 thousand (2015: € 287,589 thousand; 2014: € 235,712 thousand). The sales revenues in Germany show the sales revenues by origin. In USA JOST Group generated external sales revenues in the amount of € 109,792 thousand (2015: € 129,908 thousand; 2014: € 94,359 thousand).

### The following tables show noncurrent assets by operating segments for December 31, 2016:

Amounts in € thousands	Asia, Pacific and Africa	Europe*	North America	Reconciliation	Consolidated financial statements
non-current assets	29,431	295,847	30,214	0	355,492

\* Thereof non-current assets relating to Germany € 52,138 thousand which do not include intangibles recognized in the PPA as they are not available and the cost to develop it would be excessive.

### The following tables show noncurrent assets by operating segments for December 31, 2015:

Amounts in € thousands	Asia, Pacific and Africa	Europe*	North America	Reconciliation	Consolidated financial statements
non-current assets	29,585	318,303	30,431	0	378,319

\* Thereof non-current assets relating to Germany € 58,543 thousand which do not include intangibles recognized in the PPA as they are not available and the cost to develop it would be excessive.

### The following tables show noncurrent assets by operating segments for December 31, 2014:

Amounts in € thousands	Sum of Africa and Australia and Asia	Europe*	North America	Reconciliation	Consolidated financial statements
non-current assets	32,353	342,314	27,339	0	402,006

\* Thereof non-current assets relating to Germany € 60,456 thousand which do not include intangibles recognized in the PPA as they are not available and the cost to develop it would be excessive.

Noncurrent assets consist of intangible assets, property, plant, and equipment, investments accounted for using the equity method, receivables from shareholders and other noncurrent financial assets (excluding financial instruments). Effects from purchase price allocation are allocated to each segment.

The results of the impairment tests can be summarized as follows:

2016:

Amounts in € thousands	Asia, Pacific and Africa	Europe	North America	Reconciliation	Consolidated financial statements
impairments and reversals of impairments	0	0	0	0	0

For further details regarding the impairments and reversal of impairment see notes 7 and 8.

2015:

Amounts in € thousands	Asia, Pacific and Africa	Europe	North America	Reconciliation	Consolidated financial statements
impairments and reversals of impairments	0	-2,770	0	0	-2,770

2014:

Amounts in € thousands	Sum of Africa and Australia and Asia	Europe	North America	Reconciliation	Consolidated financial statements
impairments and reversals of impairments	4,530	57,222	2,229	0	63,981

## 7. Goodwill and Other Intangible Assets

	Goodwill	Internally generated intangible assets	Customer list	Other intangible assets	Total other intangible assets
Amounts in € thousands					
<b>Cost</b>					
<b>Balance as of January 1, 2014</b>	<b>74,267</b>	<b>4,242</b>	<b>370,562</b>	<b>74,525</b>	<b>449,329</b>
Changes in the group of consolidated companies	0	0	10,001	1,472	11,473
Additions	0	1,445	0	2,524	3,969
Currency and other changes	0	0	14,311	3,020	17,331
Transfers	0	0	0	0	0
Disposals	0	0	0	-216	-216
<b>Balance as of December 31, 2014</b>	<b>74,267</b>	<b>5,687</b>	<b>394,874</b>	<b>81,325</b>	<b>481,866</b>
Changes in the group of consolidated companies	0	0	0	0	0
Additions	0	1,988	0	3,913	5,901
Currency and other changes	0	0	-587	-663	-1,250
Transfers	0	0	0	1,731	1,731
Disposals	0	0	0	-371	-371
<b>Balance as of December 31, 2015</b>	<b>74,267</b>	<b>7,675</b>	<b>394,287</b>	<b>85,935</b>	<b>487,897</b>
Changes in the group of consolidated companies	0	0	0	0	0
Additions	0	1,984	0	3,104	5,088
Currency and other changes	0	0	1,602	143	1,745
Transfers	0	0	0	832	832
Disposals	0	0	0	-14	-14
<b>Balance as of December 31, 2016</b>	<b>74,267</b>	<b>9,659</b>	<b>395,889</b>	<b>90,000</b>	<b>495,548</b>
<b>Amortization and impairment</b>					
<b>Balance as of January 1, 2014</b>	<b>74,267</b>	<b>2,690</b>	<b>154,628</b>	<b>44,274</b>	<b>201,592</b>
Additions	0	917	15,185	4,247	20,349
Impairment	0	0	0	0	0
Reversal of Impairment	0	0	-54,353	-9,628	-63,981
Currency and other changes	0	0	12,247	2,033	14,280
Disposals	0	0	0	-39	-39
<b>Balance as of December 31, 2014</b>	<b>74,267</b>	<b>3,607</b>	<b>127,707</b>	<b>40,887</b>	<b>172,201</b>
Additions	0	1,007	22,848	8,116	31,971
Impairment	0	0	0	2,685	2,685
Reversal of Impairment	0	0	0	0	0
Currency and other changes	0	0	190	-513	-323
Disposals	0	0	0	-371	-371
<b>Balance as of December 31, 2015</b>	<b>74,267</b>	<b>4,614</b>	<b>150,745</b>	<b>50,804</b>	<b>206,163</b>
Additions	0	1,466	20,655	6,557	28,678
Impairment	0	0	0	0	0
Reversal of Impairment	0	0	0	0	0
Currency and other changes	0	0	-649	-173	-822
Disposals	0	0	0	-14	-14
<b>Balance as of December 31, 2016</b>	<b>74,267</b>	<b>6,080</b>	<b>170,751</b>	<b>57,174</b>	<b>234,005</b>
<b>Carrying amount as of December 31, 2014</b>	<b>0</b>	<b>2,080</b>	<b>267,167</b>	<b>40,438</b>	<b>309,685</b>
<b>Carrying amount as of December 31, 2015</b>	<b>0</b>	<b>3,061</b>	<b>243,542</b>	<b>35,131</b>	<b>281,734</b>
<b>Carrying amount as of December 31, 2016</b>	<b>0</b>	<b>3,579</b>	<b>225,138</b>	<b>32,826</b>	<b>261,543</b>

The goodwill presented above was impaired in 2009.

If the Company is unable to discharge its obligations under the loan agreements, the lenders are entitled to the proceeds from the liquidation of the assets. For further details see note 19.

In the previous year, a patent which had been acquired in 2013 and related to the cash-generating unit Europe was fully written off with an amount of € 2,685 thousand due to decreased fuel costs the marketing of this product will no longer be pushed. Therefore we do not expect any material cash flows from this asset any more.

For further details regarding the depreciation, amortization, impairment, and reversal of impairment see note 36.

## 8. Property, Plant, and Equipment

	Land, land and rights, and buildings, including buildings on third-party land	Technical equipment and machinery	Other equipment, operating and office equipment	Advance payments and assets under construction	Total
Amounts in € thousands					
<b>Cost</b>					
<b>Balance as of January 1, 2014</b>	<b>42,900</b>	<b>35,074</b>	<b>17,758</b>	<b>661</b>	<b>96,393</b>
Changes in the group of consolidated companies	0	0	0	6,655	6,655
Additions	635	3,678	4,030	6,770	15,113
Currency and other changes	1,697	2,917	2,091	-238	6,467
Transfers	4	1,124	54	-1,182	0
Disposals	-67	-2,834	-5,442	-7	-8,350
<b>Balance as of December 31, 2014</b>	<b>45,169</b>	<b>39,959</b>	<b>18,491</b>	<b>12,659</b>	<b>116,278</b>
Changes in the group of consolidated companies	0	0	0	0	0
Additions	1,305	11,181	4,895	7,038	24,419
Currency and other changes	1,415	2,584	1,840	112	5,951
Transfers	56	3,818	295	-5,900	-1,731
Disposals	-233	-1,817	-2,663	-5,012	-9,725
<b>Balance as of December 31, 2015</b>	<b>47,712</b>	<b>55,725</b>	<b>22,858</b>	<b>8,897</b>	<b>135,192</b>
Changes in the group of consolidated companies	0	0	0	0	0
Additions	546	6,206	3,947	2,583	13,282
Currency and other changes	-395	-5,754	265	-1,513	-7,397
Transfers	129	8,233	289	-9,483	-832
Disposals	-63	-6,094	-2,125	-162	-8,444
<b>Balance as of December 31, 2016</b>	<b>47,929</b>	<b>58,316</b>	<b>25,234</b>	<b>322</b>	<b>131,801</b>
<b>Depreciation and impairment</b>					
<b>Balance as of January 1, 2014</b>	<b>10,205</b>	<b>13,662</b>	<b>8,731</b>	<b>0</b>	<b>32,598</b>
Additions	1,748	4,731	3,464	0	9,943
Impairment	0	0	0	0	0
Currency and other changes	767	2,183	1,465	0	4,415
Transfers	0	0	-13	0	-13
Disposals	-64	-2,834	-5,396	0	-8,294
<b>Balance as of December 31, 2014</b>	<b>12,656</b>	<b>17,742</b>	<b>8,251</b>	<b>0</b>	<b>38,649</b>
Additions	3,372	5,284	3,181	0	11,837
Impairment	0	85	0	0	85
Currency and other changes	476	2,025	1,329	0	3,830
Transfers	0	-5	5	0	0
Disposals	-8	-1,806	-2,510	0	-4,324
<b>Balance as of December 31, 2015</b>	<b>16,496</b>	<b>23,325</b>	<b>10,256</b>	<b>0</b>	<b>50,077</b>
Additions	1,936	6,081	4,556	0	12,573
Impairment	0	0	0	0	0
Currency and other changes	-622	-3,681	315	0	-3,988
Transfers	0	0	0	0	0
Disposals	-61	-5,318	-1,621	0	-7,000
<b>Balance as of December 31, 2016</b>	<b>17,749</b>	<b>20,407</b>	<b>13,506</b>	<b>0</b>	<b>51,662</b>
<b>Carrying amount as of December 31, 2014</b>	<b>32,513</b>	<b>22,217</b>	<b>10,240</b>	<b>12,659</b>	<b>77,629</b>
<b>Carrying amount as of December 31, 2015</b>	<b>31,216</b>	<b>32,400</b>	<b>12,602</b>	<b>8,897</b>	<b>85,115</b>
<b>Carrying amount as of December 31, 2016</b>	<b>30,180</b>	<b>37,909</b>	<b>11,728</b>	<b>322</b>	<b>80,139</b>

If the Company is unable to discharge its obligations under the loan agreements, the lenders are entitled to the proceeds from the liquidation of the assets. For further details see note 19.

For further details regarding the Depreciation and Amortization, see note 36.

## 9. Investments accounted for using the equity method

Equity method investments relate to JOST Brasil Sistemas Automotivos Ltda., Caxias do Sul/Brazil, which is producing and marketing JOST branded products in South America and is JOST's access into this market. The associate is an integral vehicle through which the group conducts its operations and its strategy. This equity method investment has successfully operated for 20 years and is of strategic significance. This entity is under common control as all material decisions have to be agreed unanimously together between JOST and the other shareholder.

Amounts in € thousands	2016	2015	2014
Non-current assets	8,031	6,416	8,643
Current assets	18,739	13,880	19,639
Non-current liabilities	1,106	727	3,220
Current liabilities	6,539	4,848	5,374
Equity	19,125	14,720	19,688
Sales revenues	29,062	31,298	59,080
Income	31,108	42,378	79,085
Expenses	28,310	39,490	73,610
Profit or loss for the period*	2,798	2,888	5,476
Interest (%)	49	49	49
Share of profit or loss for the period	1,371	1,415	2,683
Carrying amount of investment at 12/31	13,778	10,355	14,231

\*For 2016, 2015, and 2014 there is no other comprehensive income; thus the profit of the year is also the total comprehensive income.

Reconciliation of the summarized financial information presented to the carrying amount of interest in the joint venture is as follows:

Amounts in € thousands	2016	2015	2014
<b>Net assets at 31/12</b>	<b>19,125</b>	<b>14,720</b>	<b>19,688</b>
Interest in joint venture	9,371	7,213	9,647
Goodwill (translated with current fx-rate)	3,549	2,824	3,737
FX-effects on net assets	858	318	847
<b>Carrying value</b>	<b>13,778</b>	<b>10,355</b>	<b>14,231</b>

Additional information:

Amounts in € thousands	2016	2015	2014
Cash and Cash equivalents	10,930	8,515	9,489
Current financial liabilities	107	1,440	34
Non-current financial liabilities	535	497	2,558
Depreciation and amortization	827	872	1,031
Interest income	2,007	2,319	2,195
Interest expenses	792	833	713
Income tax expenses	831	768	1,829

Dividend income of € 196 thousand (2015: € 1,543 thousand; 2014: € 3,238 thousand) and received interest of € 393 thousand (2015: € 392 thousand; 2014: € 358 thousand) were recognised in fiscal year 2016.

An average of 222 people were employed in the reporting period (78 salaried employees and 144 hourly paid workers) (2015: 268 people (85 salaried employees and 183 hourly paid workers); 2014: 367 people (103 salaried employees and 264 hourly paid workers)).

As in prior years there were no contingent liabilities as at December 31, 2016.

## 10. Deferred Tax Assets and Liabilities

The analysis of deferred tax assets and deferred tax liabilities is as follows:

Amounts in € thousands	2016	2015	2014
Deferred tax assets in € thousands:			
Deferred tax assets realized after more than 12 months	8,675	12,568	9,241
Deferred tax assets realized within 12 months	1,590	0	391
<b>Total</b>	<b>10,265</b>	<b>12,568</b>	<b>9,632</b>
Deferred tax liabilities in € thousands:			
Deferred tax liabilities realized after more than 12 months	118,706	119,624	130,956
Deferred tax liabilities realized within 12 months	7,500	7,488	4,783
<b>Total</b>	<b>126,206</b>	<b>128,033</b>	<b>135,739</b>
<b>Deferred tax liabilities (net)</b>	<b>115,941</b>	<b>115,465</b>	<b>126,107</b>

The movement in deferred income tax assets and liabilities during the year, without taking into consideration of offsetting of balances within the same tax jurisdiction, is as follows:

	Pensions*	Inventories	Tax Exemption Grant for profits in economic zones	Other liabilities	Other	Total
Deferred tax assets in € thousands						
<b>Balance at 01/01/2014</b>	<b>9,537</b>	<b>3,595</b>	<b>1,061</b>	<b>699</b>	<b>3,170</b>	<b>18,062</b>
Addition through change in the group of consolidated companies	0	29	0	0	0	29
Amount recognized in profit or loss	-244	383	550	-50	195	834
Amount recognized in equity	4,689	0	0	0	0	4,689
Currency changes	0	0	0	0	0	0
<b>Balance at 12/31/2014</b>	<b>13,982</b>	<b>4,007</b>	<b>1,611</b>	<b>649</b>	<b>3,365</b>	<b>23,614</b>
Amount recognized in profit or loss	-594	-319	907	-150	2,498	2,342
Amount recognized in equity	-3,119	0	0	0	0	-3,119
Currency changes	0	0	0	0	0	0
<b>Balance at 12/31/2015</b>	<b>10,269</b>	<b>3,688</b>	<b>2,518</b>	<b>499</b>	<b>5,863</b>	<b>22,837</b>
Amount recognized in profit or loss	-792	-603	-1,303	996	-1,393	-3,095
Amount recognized in equity	2,036	0	0	0	0	2,036
Currency changes	0	0	0	0	0	0
<b>Balance at 12/31/2016</b>	<b>11,513</b>	<b>3,085</b>	<b>1,215</b>	<b>1,495</b>	<b>4,470</b>	<b>21,778</b>

\* Deferred tax assets have been netted against deferred tax liabilities.

Deferred tax liabilities in € thousands	Intangible Assets	Property, plant, and equipment	Investment in associates	Liabilities to shareholders	Total
<b>Balance at 01/01/2014</b>	<b>71,297</b>	<b>4,359</b>	<b>205</b>	<b>59,094</b>	<b>134,955</b>
Addition through change in the group of consolidated companies	1,463	0	0	0	1,463
Amount recognized in profit or loss	13,956	-610	-14	-747	12,585
Amount recognized in equity	0	0	0	0	0
Currency changes	718	0	0	0	718
<b>Balance at 12/31/2014</b>	<b>87,434</b>	<b>3,749</b>	<b>191</b>	<b>58,347</b>	<b>149,721</b>
Amount recognized in profit or loss	-6,989	-610	-8	-4,099	-11,706
Amount recognized in equity	0	0	0	0	0
Currency changes	287	0	0	0	287
<b>Balance at 12/31/2015</b>	<b>80,732</b>	<b>3,139</b>	<b>183</b>	<b>54,248</b>	<b>138,302</b>
Amount recognized in profit or loss	-6,176	-667	24	6,170	-649
Amount recognized in equity	0	0	0	0	0
Currency changes	66	0	0	0	66
<b>Balance at 12/31/2016</b>	<b>74,622</b>	<b>2,472</b>	<b>207</b>	<b>60,418</b>	<b>137,719</b>

Deferred taxes are calculated using the tax rates applicable when the temporary differences are expected to reverse. The effects of changes in tax rates or tax laws on deferred tax assets and liabilities are usually recognised in profit or loss. Changes relating to deferred taxes that were previously recognised in other comprehensive income are reported in other comprehensive income. The change is generally recorded in the period during which the material legislative procedure was completed.

Deferred taxes are measured using the income tax rates enacted or substantively enacted at the reporting date in the respective countries. The deferred taxes recognized mainly relate to Germany. For deferred taxes relating to Germany a tax rate of 30 % (2015: 30 %, 2014: 30 %) has been used: In addition to corporate income tax of 15 % (2015: 15 %, 2014: 15 %), the solidarity surcharge amounting to 5.5 % of corporate income tax and the average trade tax rate of 14 % (2015: 14 %, 2014: 14 %) was taken into account.

The changes in deferred taxes (net) are as follows:

Amounts in € thousands	2016	2015	2014
<b>Balance at 01/01 (net liability)</b>	<b>115,465</b>	<b>126,107</b>	<b>116,893</b>
Addition through change in the group of consolidated companies	0	0	1,434
Expense (+) / income (-) in income statement	2,446	-14,048	11,751
Income taxes recognized in OCI ( - profit / + loss) (pensions)	-2,036	3,119	-4,689
Currency changes	66	287	718
<b>Balance at 12/31 (net liability)</b>	<b>115,941</b>	<b>115,465</b>	<b>126,107</b>

Taxes on income in € thousands	2016	2015	2014
Current tax on profits for the year	10,638	15,209	10,190
Deferred taxes	2,446	-14,048	11,750
<b>Taxes on income</b>	<b>13,084</b>	<b>1,161</b>	<b>21,940</b>



Current tax on profits for the year compromise expenses for other fiscal years with an amount of € 576 thousand (2015: € 1,618 thousand, 2014: € 0 thousand).

The reasons for the difference between the expected and reported tax expense and the expected and effective tax rate in the Group are as follows:

Reconciliation in € thousands	2016	2015	2014
Loss (-)/Profit before tax	-2,090	-50,908	50,232
Expected tax rate in %	30.0%	30.0%	30.0%
Expected income taxes	-627	-15,272	15,070
Taxes on distributed dividends	793	660	668
Differences due to deviating tax rates from group tax rate	-2,434	-1,108	-597
Income not taxable due to special tax grant	0	0	-682
Recognition of deferred taxes on special tax grant	1,303	-907	-550
Income tax reduction for results from associates	-49	-386	-810
Tax effects of expenses that are non-deductible	238	272	549
Tax effects of interest expenses that are non-deductible	10,571	10,590	8,495
Losses for which no deferred taxes were capitalized	257	2,509	187
Expenses for other fiscal years	576	1,618	0
Other	2,456	3,185	-389
Effective tax charges	13,084	1,161	21,940
Effective tax rate in %	-626.0%	-2.3%	43.7%

As expected tax rate the tax rate of Germany has been used as the major part of operations takes place in Germany and therefore the German tax rate is the most relevant tax rate.

Taxable temporary differences amounting to € 122,595 thousand at December 31, 2016 (December 31, 2015: € 93,375 thousand; December 31, 2014: € 83,018 thousand) associated with investments in subsidiaries are not recognised as deferred tax liabilities, since the respective parent is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. These unremitted earnings of subsidiaries could become subject to additional tax if they were remitted as dividends or if the Group were to sell its shareholdings in the subsidiaries.

Deferred tax assets for tax loss carryforwards are recognised in the amount at which the related tax benefits are likely to be realised from future taxable profits. There were no corresponding deferred tax assets accounted by the JOST Group in 2016, 2015 and 2014. Deferred tax assets that relate to entities which experienced a history of losses or realised a loss this year amount to € 1,550 thousand (2015: € 793 thousand; 2014: € 89 thousand). The Group did not recognise deferred tax assets in the amount of € 88,631 thousand (2015: € 75,964 thousand; 2014: € 60,605 thousand) that relate to losses and interests of € 295,438 thousand (2015: € 253,214 thousand; 2014: € 202,018 thousand) and that can be carried forward and offset against future taxable profits and / or interests, but for which the tax assets are not expected to be realized in the foreseeable future.

Tax loss carryforwards in € thousands	2016	2015	2014
German loss carryforwards	2,882	2,177	877
German interest carryforwards	289,186	246,559	197,994
Non-German loss carryforwards	3,370	4,478	3,147
<b>Total</b>	<b>295,438</b>	<b>253,214</b>	<b>202,018</b>

The losses can be carried forward indefinitely and have no expiry date.

## 11. Financial assets and financial liabilities

The carrying amounts, fair values, categories and classes of financial assets and financial liabilities are as follows:

Amounts in € thousands	Category in accordance with IAS 39	Carrying amount 12/31/2016	Fair Value 12/31/2016	Carrying amount 12/31/2015	Fair Value 12/31/2015	Carrying amount 12/31/2014	Fair Value 12/31/2014	Level
<b>Assets</b>								
Cash and cash equivalents	LaR	47,189	-	40,410	-	42,945	-	n/a
Trade receivables	LaR	90,050	-	88,382	-	77,607	-	n/a
Receivables from shareholders	LaR	0	-	1,529	-	0	-	n/a
Loans to shareholders	LaR	0	0	769	769	0	-	3
Other financial assets	LaR	1,117	-	1,206	-	3,337	-	n/a
Derivative financial assets	AFVP&L	20	20	-	-	-	-	2
<b>Total</b>		<b>138,376</b>	<b>20</b>	<b>132,296</b>	<b>769</b>	<b>123,889</b>	<b>-</b>	

Cash and cash equivalents, trade receivables, receivables from shareholders, loans to shareholder as well as other financial assets have in general short durations. Therefore carrying amount and fair value do not differ.

Amounts in € thousands	Category in accordance with IAS 39	Carrying amount 12/31/2016	Fair Value 12/31/2016	Carrying amount 12/31/2015	Fair Value 12/31/2015	Carrying amount 12/31/2014	Fair Value 12/31/2014	Level
<b>Liabilities</b>								
Trade payables	OL	57,714	-	71,839	-	59,298	-	n/a
Interest-bearing loans and borrowings*	OL	320,025	320,025	331,277	331,277	210,909	186,167	2
Shareholder loans	OL	132,474	327,331	121,704	121,704	186,534	229,804	2
Other liabilities	OL	351	-	2,492	-	5,513	-	n/a
Derivative financial liabilities	AFVP&L	138	138	258	258	378	378	2
<b>Total</b>		<b>510,702</b>	<b>647,494</b>	<b>527,570</b>	<b>453,239</b>	<b>462,632</b>	<b>416,349</b>	

\* excluding accrued financing costs (see note 21)

Trade payables and other liabilities have expected short duration, therefore carrying amount and fair value do not differ.

The fair value of the shareholder loans as at December 31, 2016, is approximately in accordance with a business valuation using a multiple approach by an independent Public Audit Company.

Amounts in € thousands		Net gains / losses 2016	Carrying amount 12/31/2016	Fair Value 12/31/2016	Net gains / losses 2015	Carrying amount 12/31/2015	Fair Value 12/31/2015	Net gains / losses 2014	Carrying amount 12/31/2014	Fair Value 12/31/2014
Of which aggregated by measurement categories in accordance with IAS 39										
Loans and receivables	LaR	-316	138,356	138,356	-19	132,296	132,296	0	123,889	123,889
- Other liabilities	OL	-53,595	510,564	705,421	-75,145	527,312	527,312	-50,181	462,254	460,782
- Financial assets and liabilities at fair value through profit or loss	AFVP & L	35	158	158	39	258	258	-1,350	378	378

The JOST Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices)

Level 3: Inputs for the assets or liabilities that are not based on observable market data (that is, unobservable inputs).

There were no transfers between the levels of the fair value hierarchy during 2016, 2015, and 2014.

The fair value of the interest-bearing loans and borrowings is determined in 2016, 2015, and 2014 considering actual interest curves and classified as level 2 of the fair value hierarchy.

The fair value of the shareholder loans at each balance sheet date was calculated by discounting the (changed) expected future cash flows by corresponding market interest rates taking into account the company's credit risk and the subordination of the loan.

The valuation of derivatives is described in note 5.14., 14. and 23.

## 12. Inventories

Amounts in € thousands	12/31/2016	12/31/2015	12/31/2014
Raw materials, consumables, and supplies	43,665	43,381	39,995
Work in process	11,840	13,274	11,411
Finished goods and merchandise	34,910	35,940	35,152
<b>Total</b>	<b>90,415</b>	<b>92,595</b>	<b>86,558</b>

At December 31, 2016 impairments on inventories amounting to € 12,256 thousand (December 31, 2015: € 14,338 thousand; December 31, 2014: € 13,643 thousand) were recognised. The Group reversed € 2,082 thousand of previous impairments on inventories as the Group sold relevant goods. They are included in cost of sales.

### 13. Trade Receivables and Other Assets

#### Trade Receivables:

Trade receivables amounted to € 90,050 thousand at the closing date (2015: € 88,382 thousand; 2014: € 77,607 thousand).

Allowances for doubtful accounts changed as follows:

Amounts in € thousands	2016	2015	2014
<b>Balance at 01/01</b>	<b>1,900</b>	<b>2,529</b>	<b>2,006</b>
Additions	426	131	844
Utilization	-103	-576	-208
Currency and other changes	-111	-184	-112
<b>Balance at 12/31</b>	<b>2,112</b>	<b>1,900</b>	<b>2,529</b>

The ageing of receivables is as follows:

Amounts in € thousands	Carrying amount	Of which neither written down nor overdue at the closing date	Of which not written down but overdue at the closing date				Of which written down and overdue at the closing date
			up to 3 month*	3-6 month	6-12 month	more than 12 month	
December 31, 2016	90,050	77,215	9,004	2,104	1,249	478	2,112
December 31, 2015	88,382	73,833	13,067	1,482	0	0	1,900
December 31, 2014	77,607	63,910	12,675	1,023	0	0	2,529

\* The figures in the column "up to 3 month" include receivables due immediately.

The receivables not written down but overdue since more than 6 months at balance sheet date are nearly completely settled in the meantime.

As of December, 2016, trade receivables of € 2,112 thousand (2015: € 1,900 thousand; 2014: € 2,529 thousand) were impaired. The ageing of these receivables is as follows:

Amounts in € thousands	Total	up to 6 month	over 6 month
December 31, 2016	2,112	515	1,597
December 31, 2015	1,900	314	1,586
December 31, 2014	2,529	294	2,235

As of the reporting date, all receivables are due within one year. Furthermore, there is no indication that the debtors will default on their obligations with regard to trade receivables that are neither past due nor impaired.

#### Other Assets:

As of the end of the year, other assets amount to € 6,392 thousand (2015: € 8,267 thousand; 2014: € 6,655 thousand). Other noncurrent assets consist pension liability insurance claims

(2016: € 80 thousand; 2015: € 76 thousand; 2014: € 72 thousand). Other current assets primarily include VAT receivables (2016: € 2,340 thousand; 2015: € 4,576 thousand; 2014: € 4,090 thousand), prepaid expenses (2016: € 2,289 thousand; 2015: € 1,868 thousand; 2014: € 1,229 thousand) and recoverable taxes from business operations (2016: € 722 thousand; 2015: € 966 thousand; 2014: € 1,113 thousand). The remaining amount is composed of a large number of individually immaterial items at the subsidiaries. The Company did not record any losses on other assets in the year under review. Other assets do not include any overdue items as of the reporting dates. Due to the short-term character, the fair value does not material fluctuates to the book value as of the balance sheet dates.

#### 14. Other financial assets

Other financial assets primarily include overpayments to suppliers in the amount of € 532 thousand (2015: € 383 thousand; 2014: € 576 thousand) and deposits in the amount of € 296 thousand (2015: € 306 thousand; 2014: € 151 thousand).

Future interest rate volatility is hedged via four interest rate swaps and three interest rate caps (Please see also note 23.). Overall, the interest rate caps have a positive fair value of € 20 thousand (2015: € 0 thousand; 2014: € 0 thousand) as of December 31, 2016 (mark-to-market valuation) which is recorded in the Balance Sheet as other noncurrent financial assets. As of December 31, 2016, approximately 51 % (2015: 9 %; 2014: 33 %) of the liabilities under senior loans were hedged by these derivative financial instruments. Concerning maturities of Facilities see note 19.

#### 15. Cash and Cash Equivalents

Amounts in € thousands	12/31/2016	12/31/2015	12/31/2014
Cash on hand and bank balances	37,288	33,564	36,365
Drafts	9,901	6,846	6,580
<b>Total</b>	<b>47,189</b>	<b>40,410</b>	<b>42,945</b>

The development and application of cash and cash equivalents is stated in the Consolidated Financial Cash Flow Statement.

## 16. Equity

The JOST Group's subscribed capital of € 25 thousand has been fully paid up and is the same as in the previous years. At the incorporation of the Company the subscribed capital was represented by one share with a nominal value of € 25 thousand.

Capital reserves result from additional payments of the shareholder.

The retained earnings include the net loss for the period of € -15,174 thousand (2015: net loss of € -52,069 thousand; 2014: net gain of € 28,295 thousand) and the net accumulated losses from the previous years.

The other comprehensive income for the fiscal year 2016 includes exchange differences on translating foreign operations of € 3,027 thousand, remeasurements from defined benefit plans with an amount of € -6,787 thousand and deferred taxes relating to remeasurements from defined benefit plans of € 2,036 thousand, and recognised in other reserves with an amount of € -1,724 thousand. The unrealized gains/ losses on exchange rate differences on translating foreign operations which are currently recognized in other reserves in equity might be reclassified to profit and loss in case of disposal of a foreign operation according to IAS 21.

In fiscal year 2014 the group recognised directly in equity a loss on purchase of non-controlling interests with an amount of € 18 thousand (see note 3.2.).

## 17. Pension Obligations

Some of the JOST Group entities, particularly in Germany, have established pension plans for their employees. As of December 31, 2016, the defined benefit obligations amounted to € 69,305 thousand in total as calculated pursuant to IAS 19 with a discount rate of 1.5 %, which were not covered by underlying plan assets. The majority of these pension liabilities are derived from an unfunded pension plan for the employees of JOST-Werke Deutschland GmbH (JOST Versorgungsordnung). Although this pension plan was established in 1977 and was closed for new entries in 1992, it continues to apply to active employees, former employees and pensioners of the company who received a pension promise prior to the scheme closure. This pension scheme provides for a pension upon reaching a certain age of life as well as an individual payment for invalidity and survivor's pension benefits, all of which depend on the employee's duration of service and the monthly gross salary at the end of his/ her employment with the Group. Further, some of our companies make contributions to external pension providers for their employees. For example, our UK entities participate in a pension plan where the company makes certain statutory contributions in addition to the contributions made by the employee. Plan assets are held by pension liability insurers and are endowed annually. Remeasurements that could result from differences between the calculated expected changes and actual changes in the number of employees and the calculation assumptions are recognised in full in the period in

which they occur. They are presented in other comprehensive income reported in the Statement of Comprehensive Income.

Amounts in € thousands	Defined benefit obligation	Plan assets	Total
<b>Balance at 01/01/2014</b>	<b>52,335</b>	<b>-6,176</b>	<b>46,159</b>
Current service cost	2,014	0	2,014
Interest cost	1,735	-105	1,630
Remeasurements on obligation	15,978	-347	15,631
<i>thereof: experience adjustments</i>	-961	0	-961
<i>thereof: changes in demographic assumptions</i>	0	0	0
<i>thereof: changes in financial assumptions</i>	16,939	0	16,939
<i>thereof: return on plan assets</i>	0	-347	-347
Benefits paid	-1,380	0	-1,380
Employer contributions	0	-194	-194
<b>Balance at 12/31/2014</b>	<b>70,682</b>	<b>-6,822</b>	<b>63,860</b>
Current service cost	2,045	0	2,045
Interest cost	1,178	-150	1,028
Remeasurements on obligation	-10,408	6	-10,402
<i>thereof: experience adjustments</i>	-1,976	0	-1,976
<i>thereof: changes in demographic assumptions</i>	0	0	0
<i>thereof: changes in financial assumptions</i>	-8,432	0	-8,432
<i>thereof: return on plan assets</i>	0	6	6
Benefits paid	-1,260	519	-741
Employer contributions	0	-167	-167
<b>Balance at 12/31/2015</b>	<b>62,237</b>	<b>-6,614</b>	<b>55,623</b>
Current service cost	474	0	474
Interest cost	1,360	-149	1,211
Remeasurements on obligation	6,908	-121	6,787
<i>thereof: experience adjustments</i>	-412	0	-412
<i>thereof: changes in demographic assumptions</i>	0	0	0
<i>thereof: changes in financial assumptions</i>	7,320	0	7,320
<i>thereof: return on plan assets</i>	0	-121	-121
Benefits paid	-1,674	145	-1,529
Employer contributions	0	-167	-167
<b>Balance at 12/31/2016</b>	<b>69,305</b>	<b>-6,906</b>	<b>62,399</b>

Amounts in € thousands	2016	2015	2014
Recognised provision (unfunded pension obligation)	62,399	55,623	63,860
Funded pension obligation	6,906	6,614	6,822
<b>Total pension obligations</b>	<b>69,305</b>	<b>62,237</b>	<b>70,682</b>
Total pension obligations	69,305	62,237	70,682
Net of plan assets	-6,906	-6,614	-6,822
<b>Carrying amount (corresponds to underfunding)</b>	<b>62,399</b>	<b>55,623</b>	<b>63,860</b>
<b>Reimbursement rights</b>	<b>80</b>	<b>76</b>	<b>72</b>
Expected return			
<b>Expense reported in the income statement</b>	<b>1,684</b>	<b>3,071</b>	<b>3,643</b>
consisting of			
Service cost	474	2,045	2,014
Interest cost	1,360	1,178	1,735
Interest income on plan assets	-149	-150	-105
Interest income on reimbursement rights	-1	-2	-1
<b>Total</b>	<b>1,684</b>	<b>3,071</b>	<b>3,643</b>

In addition, the Company incurred expenses for employer contributions to the statutory pension insurance system in the amount of € 2,724 thousand in fiscal year 2016 (2015: € 2,555 thousand; 2014: € 2,433 thousand).

The defined benefit obligation and the fair value of plan assets developed as follows:

Amounts in € thousands	2016	2015	2014
Income and expenses from remeasurements recognised in OCI	6,787	-10,402	15,631
<b>Changes in the defined benefit obligation in the fiscal year</b>			
<b>Balance at 01/01</b>	<b>62,237</b>	<b>70,682</b>	<b>52,335</b>
Current service cost	474	2,045	2,014
Interest cost	1,360	1,178	1,735
Remeasurements on obligation	6,908	-10,408	15,978
Benefits paid	-1,674	-1,260	-1,380
<b>Balance at 12/31</b>	<b>69,305</b>	<b>62,237</b>	<b>70,682</b>
<b>Fair value of plan assets</b>			
<b>Balance at 01/01</b>	<b>6,614</b>	<b>6,822</b>	<b>6,176</b>
Interest income	149	150	105
Return on plan assets	121	-6	347
Employer contributions	167	167	194
Benefits paid	-145	-519	0
<b>Balance at 12/31</b>	<b>6,906</b>	<b>6,614</b>	<b>6,822</b>

The plan assets only relate to Germany and include with 100 % (2015: 100 %; 2014: 100 %) pension liability insurances with guaranteed return and are not quoted in an active market. The total amount of expenses recognised in the Statement of Comprehensive Income was included in administrative expenses.



Fair values of reimbursement rights			
Amounts in € thousands	2016	2015	2014
<b>Balance at 01/01</b>	<b>76</b>	<b>72</b>	<b>65</b>
Interest income	1	2	1
Employer contributions	3	2	6
Benefit payments	0	0	0
<b>Balance at 12/31 (fair value)</b>	<b>80</b>	<b>76</b>	<b>72</b>

This relates to claims under pension liability insurance policies that did not qualify as plan assets due to a lack of insolvency protection. The reimbursement rights are therefore reported under other noncurrent assets on the asset side of the balance sheet.

The following significant actuarial assumptions were made:

Assumptions	2016	2015	2014
Discount rate	1.5%	2.2%	1.7%
Inflation rate/future pension increases	2.0%	2.0%	2.5%
Future salary increases	2.0%	2.0%	1.5%

The Heubeck 2005 G mortality tables are used as a basis for biometric calculation in Germany. Otherwise, the underlying mortality probabilities are based on statistics and historical data in the respective countries. The staff turnover rate was set to 0 % as many of the beneficiaries are no longer actively employed.

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

2016:

	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	0.5%	Decrease by 7.9%	Increase by 9.0%
Salary growth rate	0.5%	Increase by 1.3%	Decrease by 1.3%
Pension growth rate	0.5%	Increase by 6.3%	Decrease by 5.7%
Life expectancy	1 year	Increase by 4.1%	Decrease by 3.7%

2015:

	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	0.5%	Decrease by 7.5%	Increase by 8.6%
Salary growth rate	0.5%	Increase by 1.3%	Decrease by 1.3%
Pension growth rate	0.5%	Increase by 6.0%	Decrease by 5.4%
Life expectancy	1 year	Increase by 3.8%	Decrease by 3.5%

2014:

	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	0.5%	Decrease by 8.3%	Increase by 9.4%
Salary growth rate	0.5%	Increase by 1.5%	Decrease by 1.5%
Pension growth rate	0.5%	Increase by 6.5%	Decrease by 5.8%

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statement of financial position.

Expected maturity analysis of undiscounted pension benefits:

2016:

Amounts in € thousands	Up to 1 year	1 to 2 years	2 to 5 years	5 to 10 years	Total
	1,744	4,341	6,163	13,099	25,347

2015:

Amounts in € thousands	Up to 1 year	1 to 2 years	2 to 5 years	5 to 10 years	Total
	1,887	1,815	8,512	12,688	24,902

2014:

Amounts in € thousands	Up to 1 year	1 to 2 years	2 to 5 years	5 to 10 years	Total
	1,630	1,777	8,562	12,477	24,446

Expected undiscounted pension benefits over 10 years are not presented in the table.

The weighted average duration of the defined benefit obligation is 17 years (2015: 17 years; 2014: 18 years).

Expected contributions to plan assets and reimbursement rights for the year ending December 31, 2017 are € 46 thousand (2016: € 169 thousand; 2015: € 196 thousand).

## 18. Other Provisions

Other provisions changed as follows:

Amounts in € thousands	Warranties	Commissions and bonuses	Legal claims	Personnel and other costs	Total
<b>Balance at 01/01/2016</b>	<b>3,660</b>	<b>5,179</b>	<b>109</b>	<b>3,637</b>	<b>12,585</b>
of which current	2,269	5,170	109	3,548	11,096
of which non current	1,391	9	0	89	1,489
Addition	1,377	5,490	2,235	5,150	14,252
Utilization	-1,290	-5,086	0	-1,800	-8,176
Reversal	-20	-96	0	-299	-415
Unwinding of discount	0	0	0	7	7
Currency and other changes	438	-895	7	147	-303
<b>Balance at 12/31/2016</b>	<b>4,165</b>	<b>4,592</b>	<b>2,351</b>	<b>6,842</b>	<b>17,950</b>
of which current	3,282	4,592	2,351	4,733	14,958
of which non current	883	0	0	2,109	2,992

Amounts in € thousands	Warranties	Commissions and bonuses	Legal claims	Personnel and other costs	Total
<b>Balance at 01/01/2015</b>	<b>4,377</b>	<b>4,223</b>	<b>809</b>	<b>4,985</b>	<b>14,394</b>
of which current	3,057	4,223	809	4,397	12,486
of which non current	1,320	0	0	588	1,908
Addition	832	5,048	0	1,896	7,776
Utilization	-1,301	-3,840	-658	-888	-6,687
Reversal	-389	-383	-42	-2,352	-3,166
Unwinding of discount	0	0	0	5	5
Currency and other changes	141	131	0	-9	263
<b>Balance at 12/31/2015</b>	<b>3,660</b>	<b>5,179</b>	<b>109</b>	<b>3,637</b>	<b>12,585</b>
of which current	2,269	5,170	109	3,548	11,096
of which non current	1,391	9	0	89	1,489

Amounts in € thousands	Warranties	Commissions and bonuses	Legal claims	Personnel and other costs	Total
<b>Balance at 01/01/2014</b>	<b>2,470</b>	<b>3,160</b>	<b>467</b>	<b>6,103</b>	<b>12,200</b>
of which current	1,991	3,160	467	4,567	10,185
of which non current	479	0	0	1,536	2,015
Addition through change in the group of consolidated companies	640	0	0	27	667
Addition	1,823	3,044	558	975	6,400
Utilization	-522	-1,919	-216	-1,915	-4,572
Reversal	-132	-89	0	-184	-405
Unwinding of discount	0	0	0	141	141
Currency and other changes	97	27	0	-162	-38
<b>Balance at 12/31/2014</b>	<b>4,377</b>	<b>4,223</b>	<b>809</b>	<b>4,985</b>	<b>14,394</b>
of which current	3,057	4,223	809	4,397	12,486
of which non current	1,320	0	0	588	1,908

### Warranties

Based on past experience, this provision was recognised for products that were sold in prior periods. The warranties are limited to free repairs and replacements. Warranty provision is due within two years.

## Commissions and bonuses

Provisions for sales transactions mainly include expected bonuses and commissions that were granted to contractual partners in the year under review or earlier, but are only paid out in subsequent years. Bonus payments depend on the final agreement with the customers.

## Legal claims

Provisions were recognised for risks resulting from legal claims.

## Personnel and other costs

Personnel mainly comprise jubilee benefits as well as salary bonus payments. The average duration of the jubilee benefits obligation is 15 years. Salary bonus payments depend on the final approval of the management.

## 19. Financial Liabilities

The following overview shows the maturity of financial liabilities and derivative financial instruments as of December 31, 2016. The undiscounted contractual cash outflows are presented:

Amounts in € thousands	Up to 1 year	over 1 to 5 years	More than 5 years	Total
Financial liabilities	79,838	100,187	1,706,352	1,886,377
Derivatives	138	0	0	138
<b>Total</b>	<b>79,976</b>	<b>100,187</b>	<b>1,706,352</b>	<b>1,886,515</b>

The fixed cash outflows (without shareholder loans) during the next year resulting essentially from downpayments of Senior Loan are € 6,000 thousand, while cash outflows relating to accounts payables are expected in the amount of € 57,714 thousand (note 22.) while variable cash outs are expected in a height of € 15,771 thousand. Expected cash out (without shareholder loans) in the period from 1 to 5 years are € 41,000 thousand fixed which are downpayments of the Senior Loan and € 59,187 thousand variable relating to interest payments. The fixed cash outflows (without shareholder loans) in the period over 5 years resulting essentially from downpayments of Senior Loan in the amount of € 273,023 thousand. The variable cash outs in the period over 5 years resulting from interest payments in the amount of € 13,786 thousand.

With respect to the shareholder loans the tables above show the undiscounted cash-outflows according to the contractual maturity, for periods over 5 years € 1,419,543 thousand. However, based on the estimates as of each balance sheet date, the group is not able to meet this obligation (including accrued interests) at maturity in full and therefore would take advantage of the subordination agreement (see note 20.). According to the estimates as of each balance sheet date the group would have to use all excess cash-flow beginning in the periods after 5 years to partially repay its obligations according to the shareholder loans.

Undiscounted cash outflow as of December 31, 2015:

Amounts in € thousands	Up to 1 year	over 1 to 5 years	More than 5 years	Total
Financial liabilities	101,750	96,745	1,423,080	1,621,575
Derivatives	132	126	0	258
<b>Total</b>	<b>101,882</b>	<b>96,871</b>	<b>1,423,080</b>	<b>1,621,833</b>

Undiscounted cash outflow as of December 31, 2014:

Amounts in € thousands	Up to 1 year	over 1 to 5 years	More than 5 years	Total
Financial liabilities	71,072	528,147	1,178,895	1,778,114
Derivatives	170	291	0	461
<b>Total</b>	<b>71,242</b>	<b>528,438</b>	<b>1,178,895</b>	<b>1,778,575</b>

Liabilities to banks are collateralised by senior land charges and the pledge of the following assets:

If the Company is unable to discharge its obligations under the loan agreements, the lenders are entitled to the proceeds from the liquidation of the assets.

Amounts in € thousands	2016	2015	2014
Property, plant, and equipment	24,205	24,613	25,517
Intangible assets	25,552	28,587	33,138
Bank balances	3,992	6,509	11,718
Customer receivables	32,257	32,454	29,355
<b>Total</b>	<b>86,006</b>	<b>92,163</b>	<b>99,728</b>

## 20. Liabilities to shareholder

As of December 21, 2015 Shareholder Loan A (including accrued interest) was fully repaid early. In addition, Shareholder Loan C (including accrued interest) was repaid early in the amount of € 52,796 thousand. In this regard, the term of the Shareholder Loan B agreement was extended for additional 5 years. In 2016 Shareholder Loan C (including accrued interest) was reduced early in the amount of € 4,862 thousand (thereof € 2,956 thousand by cash settlement and € 1,906 thousand by offsetting).

The following table shows the actual conditions of the shareholder loans:

	Initial nominal amount in thousand €	Interest rate	Maturity date
Shareholder loan B	80,000	14.375%	28.08.2023
Shareholder loan C	93,400	7.50%	27.08.2038

Interests on shareholder loans are accrued until maturity.

The lender of the shareholder loans agreed that any payment may be made only from freely available funds in a certain order of priority. In order to avoid an overindebtedness of the company within the meaning of Section 19 (2) Sentence 1 of the German Insolvency Code ("Insolvenzordnung") the parties agreed that the claims of the lender against the company for repayment of the loans and for payment of interest thereon shall in the event that insolvency proceedings are commenced be subordinated and rank behind other claims and receivables.

## **21. Interest-bearing Loans and Borrowings**

As of December 18, 2015, an amendment of the senior facilities agreement was signed with a consortium of banks. In connection with this amendment essential terms of the contract has been changed.

On basis of this amended senior facilities agreement JOST Group is able to use Facility A in the amount of € 50,000 thousand, Facility B1 in the amount of € 262,965 thousand and Facility B2 in the amount of USD 10,602 thousand. Furthermore JOST Group is able to use a Revolving Facility amounting to € 50,000 thousand to finance operating business. In addition to these facilities an uncommitted facility of € 40,000 thousand was granted. Concerning maturities of Facilities see note 19.

All of the loans under the amended senior facilities agreement are borrowed at variable interest rates. The Group hedges a portion of the interest rate risk with interest swaps and interest caps. For further details see note 14. and 23.

The following table shows the loans under the amended senior facilities agreement as of December 31, 2016:

Amounts in € thousands		12/31/2016	12/31/2015	12/31/2014
Senior loans	Facility A	47,000	50,000	28,862
	Facility B1	262,965	262,965	15,985
	Facility B2	10,058	9,738	74,147
	Facility C1	0	0	15,994
	Facility C2	0	0	74,131
<b>Senior loan</b>		<b>320,023</b>	<b>322,703</b>	<b>209,119</b>
<b>Capex</b>		<b>0</b>	<b>0</b>	<b>1,343</b>
<b>Revolver</b>		<b>0</b>	<b>7,500</b>	<b>0</b>
<b>Other</b>		<b>2</b>	<b>1,074</b>	<b>447</b>
<b>Interest bearing loans</b>		<b>320,025</b>	<b>331,277</b>	<b>210,909</b>
<b>Accrued Financing Costs</b>		<b>0</b>	<b>0</b>	<b>-841</b>
<b>Total</b>		<b>320,025</b>	<b>331,277</b>	<b>210,068</b>

As the terms of the amended senior facilities agreement are substantially different, the modification was accounted for as an extinguishment of the original financial liability and a new financial liability was recognised. Therefore, previously accrued financing costs were expensed in 2015. Costs incurred in the course of the refinancing were recognised as part of the gain or loss in the previous year. The refinancing costs amounted to € 7,001 thousand in 2015.

In the fiscal year the Group realised loan repayments with an amount of € 10,500 thousand (2015: € 0 thousand; 2014: € 11,715 thousand) and interest payments of € 16,903 thousand (2015: € 8,162 thousand; 2014: € 9,364 thousand).

## 22. Trade Payables and other liabilities

Trade payables recognised at the reporting date are non-interest bearing and are settled within one month. The fair value therefore corresponds to the carrying amount. As of the end of the year, Trade payables amount to € 57,714 thousand (2015: € 71,839 thousand; 2014: € 59,298 thousand).

Other liabilities amount to € 21,399 thousand (2015: € 19,939 thousand; 2014: € 20,807 thousand). They primarily include € 12,260 thousand employee benefits (2015: € 12,040 thousand; 2014: € 7,958 thousand) and € 1,768 thousand other payables of social charges (2015: € 1,465 thousand; 2014: € 3,161 thousand). Furthermore other liabilities include VAT liabilities in the amount of € 849 thousand (2015: € 923 thousand; 2014: € 645 thousand) and wage taxes in the amount of € 942 thousand (2015: € 734 thousand; 2014: € 617 thousand).

## 23. Other Financial Liabilities

Other financial liabilities primarily include overpayment from customers in the amount of € 351 thousand (2015: € 1,922 thousand; 2014: € 0 thousand).

Future interest rate volatility is hedged via four interest rate swaps and three interest rate caps (Please see also note 14.). Overall, the interest rate swaps have a negative fair value of € 138 thousand (2015: € 258 thousand; 2014: € 378 thousand) as of December 31, 2016 (mark-to-market valuation) which is recorded in the Balance Sheet as other financial liability. As of December 31, 2016, approximately 51 % (2015: 9 %; 2014: 33 %;) of the liabilities under senior loans were hedged by these derivative financial instruments. Concerning maturities of Facilities see note 19.

## 24. Other Financial Obligations

Other financial obligations of the Group amounting to € 39,678 thousand (2015: € 40,386 thousand; 2014: € 34,905 thousand) as well as payment obligations under lease and rental agreements. These include financial obligations of € 29,498 thousand (2015: € 28,513 thousand; 2014: € 25,492 thousand) under lease and rental agreements that relate primarily to the production site in Poland, two robot welding facilities, IT systems, various forklifts, and passenger vehicles. These payment obligations are in general minimum lease obligations. As of December 31, 2016 lease agreements have lease terms of up to 10 years. The company does not have the option to purchase the assets at the end of the lease agreement. The lease agreements relieve the Company from capital expenditure payments. The Company recorded € 9,584 thousand (2015: € 7,942 thousand; 2014: € 6,773 thousand) in rental and lease expenses in 2016.

The Group expects the following minimum lease payments from non-cancellable rental and lease agreements in the coming years.

Amounts in € thousands	1 year	1 to 5 years	More than 5 years	Total
2016	7,080	15,936	6,482	29,498
2015	6,272	16,191	6,049	28,513
2014	5,389	13,244	6,859	25,492



## 25. Sales Revenues

The Group sales revenues are as follows, broken down by sales origin:

Amounts in € thousands	2016	2015	2014
Europe	420,920	420,987	336,064
North America	109,792	129,908	94,359
South Africa and Australia	42,159	42,297	43,658
Asia	61,076	56,608	42,213
<b>Total</b>	<b>633,947</b>	<b>649,800</b>	<b>516,294</b>

Sales revenue mainly results from the sale of products.

Mercedes-Benz TrailerAxleSystems has been consolidated in the JOST Group since December 18, 2014. Assuming that this business combination described had been completed on January 1, 2014, Group sales would have been approximately € 74,100 thousand higher and net income € 3,100 thousand higher. This pro forma information is provided only for the purpose of comparability. It does not necessarily represent actual sales which would have been realised if the business combination had been concluded as on January 1, 2014, and it does not serve as an indicator of future sales and net income.

## 26. Cost of Sales

The cost of sales mainly comprises the cost of materials amounting to € -338,780 thousand (2015: € -362,236 thousand; 2014: € -274,039 thousand), personnel expenses of € -59,868 thousand (2015: € -60,341 thousand; 2014: € -50,778 thousand;), depreciation of property, plant, and equipment of € -8,271 thousand (2015: € -7,102 thousand; 2014: € -6,200 thousand), amortization of intangible assets of € -150 thousand (2015: € -2,453 thousand; 2014: € -579 thousand) and is compensated by impairment (gains) on inventories of € 2,082 thousand (2015: € -695 thousand (losses); 2014: € -913 thousand (losses)).

## 27. Selling Expenses

Selling expenses mainly comprise personnel expenses of € -25,880 thousand (2015: € -25,664 thousand; 2014: € -22,356 thousand), depreciation of property, plant, and equipment of € -3,131 thousand (2015: € -2,753 thousand; 2014: € -2,129 thousand), amortization of intangible assets of € -22,990 thousand (2015: € -26,188 thousand; 2014: € -17,608 thousand), impairment of intangible assets of € 0 thousand (2015: € 2,685 thousand; 2014: € 0 thousand), and reversal of impairment of intangible assets of € 0 thousand (2015: € 0 thousand; 2014: € 63,981 thousand).

## **28. Research and Development Expenses**

Research and development expenses mainly include personnel expenses of € -7,625 thousand (2015: € -6,745 thousand; 2014: € -5,206 thousand) and amortization of intangible assets of € -1,466 thousand (2015: € -1,007 thousand; 2014: € -917 thousand).

## **29. Administrative Expenses**

Administrative expenses mainly comprise personnel expenses of € -25,020 thousand (2015: € -27,359 thousand; 2014: € -22,465 thousand), purchased services of € -8,294 thousand (2015: € -12,432 thousand; 2014: € -2,793 thousand), rent of € -1,131 thousand (2015: € -1,145 thousand; 2014: € -884 thousand), insurance of € -1,766 thousand (2015: € -1,702 thousand; 2014: € -1,441 thousand), depreciation of property, plant, and equipment of € -1,164 thousand (2015: € -2,067 thousand; 2014: € -1,614 thousand) amortization of intangible assets of € -4,079 thousand (2015: € -2,323 thousand; 2014: € -1,245 thousand) and impairment of property, plant, and equipment of € 0 thousand (2015: € -85 thousand; 2014: € 0 thousand).

The increase in personnel administrative expenses resulted from acquisition of Mercedes-Benz TrailerAxleSystems business in December 2014. The decrease in purchased services resulted from last year's legal and consulting fees in connection with the planned public offering.

## **30. Other income / other expenses**

As of the end of the year, other income amount to € 7,350 thousand (2015: € 7,140 thousand; 2014: € 2,903 thousand) and other expenses amount to € -6,289 thousand (2015: € -2,720 thousand; 2014: € -3,954 thousand).

In 2016 as well as in 2015 and 2014 the other income mainly compromise currency gains. The other expenses mainly compromise currency losses.

## **31. Share of Profit or Loss of Equity Method Investments**

The share of the profit or loss of equity method investments (€ 1,371 thousand; 2015: € 1,415 thousand; 2014: € 2,683 thousand) relates to JOST Brasil Sistemas Automotivos Ltdas.

## 32. Financial Income

Financial income is composed of the following items:

Amounts in € thousands	2016	2015	2014
Interest income	302	371	1,110
Realized and unrealized currency gains	224	669	1,863
Other financial income	77	67	1,436
Revaluation shareholder loans	3,287	0	0
<b>Total</b>	<b>3,890</b>	<b>1,107</b>	<b>4,409</b>

## 33. Financial Expense

Financial expense is composed of the following items:

Amounts in € thousands	2016	2015	2014
Interest expenses	-37,322	-33,932	-32,025
Realized and unrealized currency losses	-1,441	-535	-1,544
Other financial expenses	-349	-11,205	-313
losses from derecognition of shareholder loans	0	-30,909	0
Revaluation shareholder loans	0	0	-17,649
<b>Total</b>	<b>-39,112</b>	<b>-76,581</b>	<b>-51,531</b>

Interest expenses mainly arise from liabilities to banks, liabilities to shareholder, and besides from interest expenses for defined benefit obligation and jubilee benefits obligation with an amount of € 1,188 thousand (2015: € 1,033 thousand; 2014: € 1,895 thousand). Other financial expenses of 2015 mainly include costs incurred in the course of the refinancing as of the end of 2015 and the discharge of previously amortized costs of previous financing (see note 21.).

## 34. Employee Benefit Expenses

Employee benefit expenses are composed of the following items:

Amounts in € thousands	2016	2015	2014
Employee benefit expenses	-102,590	-102,716	-85,948
Social security contributions*	-15,329	-15,348	-12,843
Pension expenses	-474	-2,045	-2,014
<b>Total</b>	<b>-118,393</b>	<b>-120,109</b>	<b>-100,805</b>

\*The Company incurred expenses for employer contributions to the statutory pension insurance system in the amount of € 2,724 thousand in fiscal year 2016 (2015: € 2,555 thousand; 2014: € 2,433 thousand).

### **35. Management Profit-sharing Plan**

As a result of the restructuring of JOST Group 2011, the investors have implemented a new Management Profit-sharing Plan, which replaces the Plan from 2008 with Ventinori S.à r.l., Luxembourg. Ventinori S.à r.l. has been converted into Ventinori & Co S.C.A. on January 28, 2011 and further changed name into Jost-Global & Co S.C.A. on October 11, 2011. The transfer from the old to the new Management Profit-sharing Plan did not result in a change of the value ratios of the beneficiaries. Especially, there was no creation of fair value. The goal of the new program is similar to the 2008 program to reward management and selected consultants (together: beneficiaries) for the creation of sustainable corporate development and shareholder value.

The goal of investors is to achieve a successful exit at a currently not identified date, preferably through an IPO. Nevertheless, there are also other exit routes possible (e.g. sale of the company). In all these cases the majority investor has drag along and tag along rights towards beneficiaries, which hold an indirect equity interest in the JOST Group.

The beneficiaries hold several investments through A-shares, C-shares (participation certificates) and Common Shares in former Ventinori S.à r.l., Luxembourg. The share classes are different in terms of distribution profits in an exit event, the guaranteed interest and the associated voting rights. Depending on the profits generated by the investors in an exit event, certain ratchets can increase the profit distribution for the beneficiaries disproportionately. The share of management is 23.4 % of Common Shares and 100 % of C-shares (participation certificates).

Up until the exit event, so called leaver events govern the procedures to be taken for any premature exit of any of the beneficiaries. For all leaver cases former Ventinori S.à r.l., Luxembourg, or a company nominated can exercise a call option on the shares of the existing beneficiary. On the exercise of the call option the settlement amount is based on the time and reason for the leaving event, the fair market value of the share class, the original funding amount and potentially a pre-defined fixed amount. Any payout will only occur in an exit event.

In accordance with IFRS 2 the accounting has to be done analogue to equity-settled share-based payment transactions, since in no scenario, not even exit or leaver cases there is a payment obligation on the reporting entity. Due to the fact that the investments of the beneficiaries were based on fair value, there is no material benefit at grant date. The result of this is, that at no stage there is an expense recognition, not even at exit or in a leaver event of any of the beneficiaries.

### 36. Depreciation, Amortization, Impairment and Reversal of Impairment

Depreciation, amortization, and impairments charge for the year is recognised in the following line items in the income statement:

Amounts in € thousands	Depreciation/Impairment of property, plant, and equipment	Amortization/Impairment of intangible assets
Cost of sales	-8,271	-150
Selling expenses	-3,131	-22,990
<i>thereof: depreciation and amortization from PPA*</i>	-2,221	-22,986
Research and development expenses	0	-1,466
Administrative expenses	-1,164	-4,079
<b>Total</b>	<b>-12,566</b>	<b>-28,685</b>

\* PPA: Purchase Price Allocation

Depreciation, amortization, and impairments charge for 2015 is recognised in the following line items in the income statement:

Amounts in € thousands	Depreciation/Impairment of property, plant, and equipment	Amortization/Impairment of intangible assets
Cost of sales	-7,102	-2,453
Selling expenses	-2,753	-28,873
<i>thereof: depreciation and amortization from PPA*</i>	-2,380	-26,159
Research and development expenses	0	-1,007
Administrative expenses	-2,067	-2,323
<b>Total</b>	<b>-11,922</b>	<b>-34,656</b>

\* PPA: Purchase Price Allocation

Depreciation, amortization, and impairments charge for 2014 is recognised in the following line items in the income statement:

Amounts in € thousands	Depreciation/Impairment of property, plant, and equipment	Amortization/Impairment of intangible assets
Cost of sales	-6,200	-579
Selling expenses	-2,129	46,373
<i>thereof: depreciation and amortization from PPA*</i>	-2,036	-17,459
<i>thereof: reversal of impairment from PPA*</i>	0	63,981
Research and development expenses	0	-917
Administrative expenses	-1,614	-1,245
<b>Total</b>	<b>-9,943</b>	<b>43,632</b>

\* PPA: Purchase Price Allocation

### **37. Income Taxes**

Taxes on income reported in the consolidated financial statements comprise domestic corporate income and trade income tax as well as the comparable foreign taxes. They are calculated using the tax regulations governing the individual companies. The total amount of € -13,084 thousand (2015: € -1,161 thousand; 2014: € -21,940 thousand) includes deferred tax income or deferred expenses from origination and reversal of temporary differences € -1,143 thousand (2015: € 13,141 thousand; 2014: € -12,300 thousand), deferred tax expenses from recognition of tax exempt grant € -1,303 thousand (2015: € 907 thousand -income-; 2014: € 550 thousand -income-), and current tax expenses on profit for the year at an amount of € -10,638 thousand (2015: € -15,209 thousand; 2014: € -10,190 thousand).

In the fiscal year 2016 the Group realised income tax payments with an amount of € 9,884 thousand (2015: € 18,917 thousand; 2014: € 8,549 thousand).

### **38. Number of Employees**

An average of 2,691 people were employed by the Group in the reporting period (2015: 2,675 people; 2014: 2,476 people). For personnel expenses please see notes 26. to 29. and 34.

### **39. Cash Flow Statement**

The Consolidated Cash Flow Statement was prepared in accordance with IAS 7 and classifies cash flow into operating, investing, and financing activities. Cash flow from operating activities was determined using the indirect method, whereas cash flow from investing activities was calculated on the basis of the direct method. Investing activities relate to the acquisition and disposal of noncurrent assets that are not included in cash equivalents. Cash flow from financing activities is also determined using the direct method. Financing activities are activities that affect the extent and composition of equity items and the Company's borrowings. The other noncash expenses mainly comprises accrued interest expenses (2016: € 18,918 thousand; 2015: € 11,509 thousand; 2014: € 21,172 thousand) and gains from the revaluation of the shareholder loans (2016: € 3,287 thousand; 2015: € 0 thousand; 2014: € 17,649 thousand -losses-). In the prior years the other noncash expenses mainly include losses from derecognition of shareholder loans (2016: € 0 thousand; 2015: € 30,909 thousand; 2014: € 0 thousand) and accrued interest expenses (2016: € 18,918 thousand; 2015: € 11,509 thousand; 2014: € 21,172 thousand).

## 40. Related Party Disclosures

The subsidiaries and the joint venture of JOST Group are listed in note 3.1.

Management comprises the following members who are all related parties within the meaning of IAS 24:

Lars Brorsen, cand. oecon., Heubach

Chairman of the management of Cintinori Holding GmbH, Neu-Isenburg

Dr. Ingenieur Ralf Eichler, Diplom-Ingenieur, Dreieich

Managing Director, Engineering, at Cintinori Holding GmbH, Neu-Isenburg

Christoph Hobo, Diplom-Kaufmann, Frankfurt am Main

Managing Director, Finance, at Cintinori Holding GmbH, Neu-Isenburg (since October 15, 2016)

Alexander Kleinke, Diplom-Volkswirt, Frankfurt am Main

Managing Director, Finance, at Cintinori Holding GmbH, Neu-Isenburg (until October 15, 2016)

Total remuneration for Managing Directors amount to € 3,590 thousand in the reporting period (2015: € 3,243 thousand; 2014: € 2,914 thousand). Remuneration comprise of short-term employee benefits € 3,418 thousand (2015: € 3,216 thousand; 2014: € 2,680 thousand), long-term employee benefits € 150 thousand (2015: € 0 thousand; 2014: € 0 thousand), and post-employment benefits € 22 thousand (2015: € 27 thousand; 2014: € 234 thousand). Pension provisions amounted to € 7,652 thousand (2015: € 6,933 thousand; 2014: € 7,401 thousand).

Lars Brorsen, Alexander Kleinke, Dr. Ralf Eichler, Dr. Klaus-Peter Bleyer, Lindau (management consultant), and Dirk Schmidt, Diplom-Ingenieur (BA), Königstein (former Managing Director of the Company and now a management consultant) participate in the Management Profit-sharing Plan (see note 5.18. and 35. disclosures on IFRS 2). As the investment by the Managing Directors participating in the Management Profit-sharing Plan was based on fair value, no material benefit was granted and thus, no expense was incurred in 2016, 2015, and 2014.

Dr. Bleyer charged the JOST Group € 116 thousand for consulting services in 2016 (2015: € 140 thousand; 2014: € 140 thousand). The consulting services invoiced by Mr. Schmidt amounted to € 200 thousand in 2016 (2015: € 200 thousand; 2014: € 200 thousand).

The following entities are direct or indirect shareholders of the Company and control the Group:

- Jantineri 2 S.à r.l., Luxembourg
- Jantineri 1 S.à r.l., Luxembourg
- Cintinori S.à r.l., Luxembourg
- Jost-Global & Co S.C.A., Luxembourg

Jost-Global GP S.à r.l., Luxembourg, Cintinori S.à r.l., Luxembourg, Jantinori 1 S.à r.l., Luxembourg and Jantinori 2 S.à r.l., Luxembourg also have a Conseil de Gérance (Board) with decision-making powers that comprises the following members:

Danièle Arendt-Michels, Luxembourg

David Konings, Luxembourg

Jan Schönfeld, Frankfurt am Main

Robert Jan Schol, Luxembourg

John Dercksen, Luxembourg

Manfred Wennemer, Bensheim

Prof. Dr. Bernd Gottschalk, Esslingen

Jürgen Schaubel, Baar/Zug/Schweiz

Prof. Dr. Gottschalk and Mr. Schaubel charged the JOST Group in each case € 43 thousand for consulting services in 2016 (2015: € 43 thousand; 2014: € 43 thousand). Manfred Wennemer charged the JOST Group € 40 thousand for consulting services in 2016 (2015: € 0 thousand; 2014: € 0 thousand). As of December 31, 2016 € 11 thousand (December 31, 2015: € 43 thousand; December 31, 2014: € 11 thousand) are still outstanding.

#### Related party transactions as of December 31, 2016

Amounts in € thousands	Proceeds from sales to related parties	Purchases from related parties	Amounts owed by related parties	Amounts owed to related parties
JOST Brasil Sistemas Automotivos Ltda., Caxias do Sul / Brazil	1,110	173	428	11

#### Related party transactions as of December 31, 2015

Amounts in € thousands	Proceeds from sales to related parties	Purchases from related parties	Amounts owed by related parties	Amounts owed to related parties
JOST Brasil Sistemas Automotivos Ltda., Caxias do Sul / Brazil	1,429	227	258	2

#### Related party transactions as of December 31, 2014

Amounts in € thousands	Proceeds from sales to related parties	Purchases from related parties	Amounts owed by related parties	Amounts owed to related parties
JOST Brasil Sistemas Automotivos Ltda., Caxias do Sul / Brazil	3,445	625	591	0

For further details regarding dividends from JOST Brasil Sistemas Automotivos Ltda. see note 9.



The loan to Jantinori 1 S.à r.l., Luxembourg, the shareholder of Jantinori 2 S.à r.l., Luxembourg with an amount of € 300 thousand was repaid in 2016.

Furthermore, it exists a loan against the immediate parent entity. As of December 21, 2015 Shareholder Loan A (including accrued interest) in the amount of € 69,651 thousand was fully repaid early. In addition, Shareholder Loan C (including accrued interest) was repaid early in the amount of € 52,796 thousand. In 2016 nominal interest expenses were charged in the amount of € 36,201 thousand (2015: € 40,125 thousand; 2014: € 36,165 thousand). The financial result only contains interest expenses in the amount of € 18,918 thousand (2015: € 26,740 thousand; 2014: € 21,172 thousand) due to the valuation of the shareholder loans at amortised cost using the effective interest expenses. For more details see note 5.13. and 20.

The loan to Jantinori 2 S.à r.l., Luxembourg, in the amount of € 769 thousand was repaid in 2016; the loan was extended to Jantinori 2 S.à r.l., Luxembourg, the immediate parent entity in December 2015 with an interest rate of 7.5 % p.a.

The legal and consulting fees in connection with the planned public offering were charged to immediate parent entity in the amount of € 1,525 thousand. The company claims costs based on the Cost Allocation and Indemnity Agreement between Jantinori 2 S.à r.l and Cintinori Holding GmbH. The charges are based on a preliminary percentage between shares that were allocated to Jantinori 2 S.à r.l and Cintinori Holding GmbH.

## **41. Financial Risk Management**

As an internationally operating Group, Cintinori Holding GmbH is exposed to a variety of risks. Management is aware of both the risks and the opportunities and deploys suitable measures to manage them so as to be able to react quickly to changes in the competitive environment and the general market environment.

The Group has identified market risk, credit risk, and liquidity risk as material risks.

### **Financial risk factors**

#### **Market risk/ exchange rate risk**

Certain of the Group's transactions are denominated in foreign currencies, exposing the Group to the risk of changes in exchange rates. As in previous years the Group does not in general hedge this risk. To mitigate the risk of exchange rate movements, the subsidiaries conduct their operating business largely in their local currency. Further, on an ongoing basis the company reviews the exchange rate exposures in the various currencies.

In 2016 JOST International Corp. has long-term bank liabilities denominated in USD of € 10,058 thousand (2015: € 9,738 thousand; 2014: € 8,732 thousand) corresponding

USD 10,602 thousand as part of the B Tranche (2015: USD 10,602 thousand and 2014: USD 10,602 thousand as part of the B and C Tranche). Caused by the dollar fluctuation against the euro compared with December 31, 2015, the long-term bank liabilities increased by approximately € 320 thousand in fiscal year 2016 due to the change of exchange rates. This effect will reverse if the euro recovers against the dollar. A change in the exchange rate by 5 %, while all other variables held constant, in fiscal year 2016 corresponds to a € 26 thousand (2015: € 20 thousand; 2014: € 14 thousand) change in interest expenses on the USD tranche of the senior loans. Such a change in the exchange rate will have an impact of € -479 thousand or € 529 thousand (2015: € -464 thousand or € 513 thousand; 2014: € -416 thousand or € 460 thousand) to the total bank liabilities. Fx-changes do only have an effect on equity, but no effect on income statement. To avoid major risk concentration (fx and interest risk) the company hedges the interest.

Further balance sheet positions where fx-changes could have a significant influence are trade receivables as well as payables. A 5 % change of the year end fx-rate of all fx-rates against the Euro, while all other parameters are constant, will change the trade receivables by € 2,363 thousand and trade payables by € 1,840 thousand.

Exchange rate losses totaling € 1,217 thousand (2015: € 134 thousand -gains-; 2014: € 319 thousand -gains-) were recognised in fiscal year 2016 due to exchange rate movements. The Group transacts a significant portion of its sales revenues in euros. Subsidiaries in non-eurozone countries mainly invoice in their local currency and also procure their supplies largely on the local market, with the result that exchange rate risk from operating activities in the Group is low.

The exchange rates of the major currencies developed as follows:

Exchange rate 1 EUR =	ISO CODE	Closing rate 12/31/2016	Closing rate 12/31/2015	Closing rate 12/31/2014	Average Year rate 12/31/2016	Average Year rate 12/31/2015	Average Year rate 12/31/2014	Net income Sensitivity € thousand	Equity Sensitivity € thousand
Australia	AUD	1.46	1.49	1.48	1.49	1.48	1.47	89.84	536.09
Brazil	BRL	3.43	4.31	3.22	3.86	3.69	3.12	65.29	446.25
China	CNY	7.32	7.06	7.54	7.35	6.90	8.19	299.23	1,240.78
Great Britain	GBP	0.86	0.73	0.78	0.82	0.73	0.81	160.03	501.73
Hungary	HUF	309.83	315.98	315.54	311.44	309.59	308.71	0.00	0.00
India	INR	71.59	72.02	76.72	74.37	71.09	81.04	11.17	302.75
Japan	JPY	123.40	131.07	145.23	120.20	134.38	140.31	1.97	10.33
Poland	PLN	4.41	4.26	4.27	4.36	4.18	4.18	152.88	604.45
Russia	RUB	64.30	80.67	72.34	74.14	67.85	50.95	31.96	86.02
Singapore	SGD	1.52	1.54	1.61	1.53	1.53	1.68	16.96	130.60
United States	USD	1.05	1.09	1.21	1.11	1.11	1.33	283.68	959.83
South Africa	ZAR	14.46	16.95	14.04	16.26	14.15	14.40	174.49	683.32

Table above shows influence to net income and equity caused by a fx-rate change of 5 %.

### Market Risk/ Interest Rate Risk

The Group is exposed to interest rate risk because it has borrowed funds at variable rates of interest. Interest rate risk arises in particular from the variable interest rate portion of its interest rate exposure, which is pegged to current market interest rates and affects cash flow from fi-

ancing activities. A 10 basis point change in the variable interest rate (EURIBOR/ LIBOR), while all other variables held constant, in fiscal year 2016 results in a € 68 thousand and USD 11 thousand (2015: € 199 thousand and USD 11 thousand; 2014: € 210 thousand/ USD 11 thousand) increase/ decrease in the Group's interest expense.

Cash flow risk arises primarily from changes in market interest rates. Higher market interest rates result in an increase in cash outflow from financing activities, while lower rates result in a decrease. To mitigate the risk of changing cash flows, the Company has hedged per December 31, 2016 about 51 % of its senior bank loans using interest rate swaps and caps. The Company incurred interest income of € 20 thousand (2015: € 0 thousand; 2014: € 0 thousand) and interest expenses of € 182 thousand (2015: € 287 thousand; 2014: € 1,351 thousand) in fiscal year 2016 for these hedging transactions. The Group did not apply hedge accounting in accordance with IAS 39 in fiscal year 2016.

Amounts in € thousands	Type	Maturity	Nominal amount at 12/31/2016	Negative Fair Value at 12/31/2013	Utilization	Additions	Reversal	Negative Fair Value at 12/31/2014	Utilization	Additions	Reversal	Negative Fair Value at 12/31/2015	Utilization	Additions	Reversal	Negative Fair Value at 12/31/2016
Commerzbank AG	SWAP	30.12.2014	0	1,208	1,208	0	0	0	0	0	0	0	0	0	0	0
Commerzbank AG	SWAP	30.12.2015	0	47	0	28	0	75	75	0	0	0	0	0	0	0
Commerzbank AG	SWAP	30.12.2015	0	0	0	32	0	32	32	0	0	0	0	0	0	0
NIBC	SWAP	31.12.2015	0	48	0	24	0	72	72	0	0	0	0	0	0	0
BNP	SWAP	28.08.2017	15,000	0	0	95	0	95	45	79	0	129	62	0	0	67
Societe Generale	SWAP	28.08.2017	15,000	0	0	104	0	104	45	69	0	128	66	0	0	62
KfB	SWAP	30.12.2018	25,000	0	0	0	0	0	0	0	0	0	0	58	0	4
Unicredit Bank	SWAP	30.12.2018	47,000	0	0	0	0	0	0	0	0	0	0	100	0	5
<b>Total SWAP</b>			<b>102,000</b>	<b>1,303</b>	<b>1,208</b>	<b>283</b>	<b>0</b>	<b>378</b>	<b>269</b>	<b>148</b>	<b>0</b>	<b>257</b>	<b>128</b>	<b>158</b>	<b>149</b>	<b>138</b>

In addition, the three interest rate caps have a positive fair value of € 20 thousand (2015: € 0 thousand; 2014: € 0 thousand).

### Credit risk/ Default risk

Credit risk denotes the risk to the Group that a party to a contract will fail to discharge its obligations. To minimize this risk, the Group pays close attention to the credit quality of its contractual partners and, wherever possible, takes out credit insurance to protect against the default of all receivables from third parties. In the event that a customer is unable to discharge its payment obligations, receivables are secured in the amount of 90 % of the net amount receivable € 90 million. The default risk is estimated at a maximum of € 9 million resulting from accounts receivables. There is no major credit risk, due to the wide customer Base. If the Group cannot take out credit insurance, the goods are delivered against advance payment or the receivables are secured by a documentary letter of credit.

Appropriate credit limits have been established for all customers.

### Liquidity risk

Liquidity risk describes the risk that an entity will not have sufficient cash to discharge its existing or future payment obligations, due to the fact that each of our subsidiary has its own Cash Management we have no concentrated Liquidity Risk to certain regions.

In addition to daily monitoring of the liquidity position, liquidity is monitored and managed by rolling liquidity and cash flow projections.

In fiscal year 2016, the Company discharged all of its payment obligations under the bank liabilities. The total amounts in fiscal year 2016 were:

Interest payments: € 16,903 thousand (2015: € 8,162 thousand; 2014: € 9,364 thousand)

Principal repayments: € 10,500 thousand (2015: € 0 thousand; 2014: € 11,715 thousand)

The interest payments and principal repayments shown above are undiscounted cash outflows.

## 42. Capital Management

The primary objective of the Group's capital management activities is to ensure that the Company can discharge all of its financial obligations in the future and secure the Group as a going concern. The Group's capital management activities cover the whole group. Policies for steering and optimising the existing financing structure are, in addition to the earnings figure EBITDA, monitoring the development of working capital as well as cash flow.

The various financial covenants are monitored on Jantinori 2 S.à r.l., Luxembourg level. Therefore the following table shows net debt and net debt to equity ratio based on the consolidated financial statements of Jantinori 2 S.à r.l., Luxembourg. Net debt largely comprises long-term loans from banks, shareholders, and other lenders.

Amounts in € thousands	12/31/2016	12/31/2015	12/31/2014
Interest-bearing Loans	320,025	331,277	210,909
Cash and cash equivalents	47,367	40,819	42,948
<b>Net debt</b>	<b>272,658</b>	<b>290,458</b>	<b>167,961</b>
Equity	54,574	48,306	172,607
Net debt to equity ratio	20%	17%	103%

As in previous years Jantinori 2 S.à r.l., Luxembourg was required to comply with various financial covenants relating to long-term liabilities. The bank loans are subject to the compliance with various financial covenants derived from the group financial statements of the ultimate parent company. In case of non-compliance with those financial covenants bank loans may be called to be paid back immediately.

Jantinori 2 S.à r.l., Luxembourg did comply in 2016 at every time with the relevant covenants.

### 43. Auditors' Fees

Fees paid to PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, for services are composed of the following items:

Amounts in € thousands	2016	2015	2014
Audit services	318	344	365
Other assurance services	22	1,757	0
Tax advisory services	354	390	154
<b>Total</b>	<b>694</b>	<b>2,491</b>	<b>519</b>

The fees paid related foreign based PricewaterhouseCoopers individual partnerships and legal entities for services are composed of the following items:

Amounts in € thousands	2016	2015	2014
Audit services	168	212	229
Other assurance services	13	0	0
Tax advisory services	18	1	25
<b>Total</b>	<b>199</b>	<b>213</b>	<b>254</b>

### 44. Events after the Reporting Date

No material events have occurred since the reporting date.

Neu-Isenburg, April 11, 2017



Lars Brorsen



Dr. Ralf Eichler



Christoph Hobo