(Fig. 1)

W^2

I^2

N^2

(Fig. 16)

Binder+Co

IFRS Key Business Development Indicators

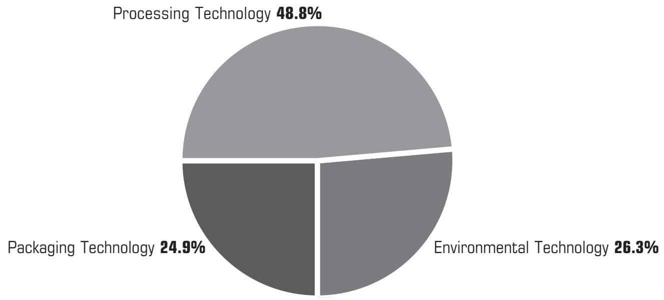
		2016	2015	2014
Sales revenues	EUR m	120.12	95.50	87.94
thereof Processing Technology	EUR m	58.61	47.08	46.58
thereof Environmental Technology	EUR m	31.64	23.23	18.87
thereof Packaging Technology	EUR m	29.87	25.19	22.49
EBIT	EUR m	5.22	5.93	4.30
EBIT margin	%	4.3	6.2	4.9
EBT	EUR m	4.48	5.31	3.71
EBT margin	%	3.7	5.6	4.2
Result for the period	EUR m	3.26	4.15	2.86
Consolidated result after minority interests	EUR m	2.25	3.17	1.88
Earnings per share (undiluted)	EUR	0.61	0.86	0.51
Earnings per share (diluted)	EUR	0.61	0.86	0.51
Operating cash flow	EUR k	–1,493	5,887	9,266
Investments	EUR k	–4,601	–3,949	–9,034
Employees	Number on the closing date	399	385	373
Sales revenues/employee	EUR k	301	248	236
EBIT/employee	EUR k	13	15	12
Order intake	EUR m	122.44	86.43	105.59
thereof Processing Technology	EUR m	47.42	42.72	54.34
thereof Environmental Technology	EUR m	33.70	25.45	20.52
thereof Packaging Technology	EUR m	41.32	18.26	30.73
Order backlog	EUR m	47.25	45.06	54.20
thereof Processing Technology	EUR m	20.64	31.94	36.36
thereof Environmental Technology	EUR m	9.15	7.10	4.88
thereof Packaging Technology	EUR m	17.46	6.01	12.95

IFRS Key Consolidated Balance Sheet Indicators

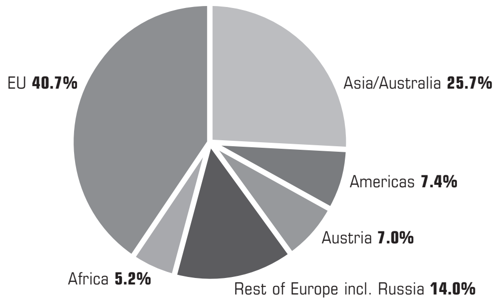
Assets		**31 Dec. 2016**	31 Dec. 2015	31 Dec. 2014
Non-current assets	EUR m	49.07	48.34	47.72
Current assets	EUR m	55.18	44.58	42.46
Liabilities and shareholders' equity				
Equity	EUR m	24.86	28.39	27.23
Non-current debt	EUR m	29.94	29.84	30.13
thereof borrowings	EUR m	15.92	12.29	13.24
Current debt	EUR m	49.45	34.69	32.82
thereof borrowingsn	EUR m	14.97	9.21	8.83
Total assets	EUR m	104.25	92.92	90.18
Equity ratio	%	23.8	30.6	30.2
Return on equity $(ROE)_{EBT}$[1]	%	15.8	19.5	13.6

[1] The basis for the calculation of the ROE values is the amount of equity at the beginning of the respective year. The 2014 and 2015 values were adjusted accordingly.

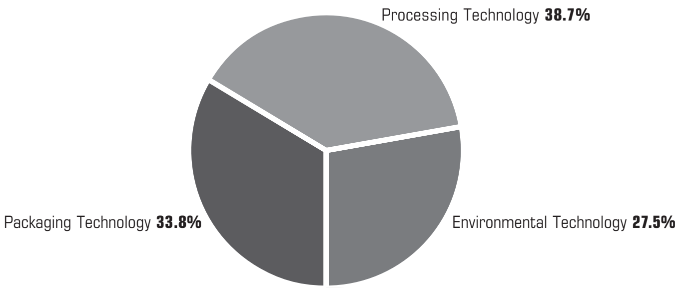
Sales revenues 2016 by segment



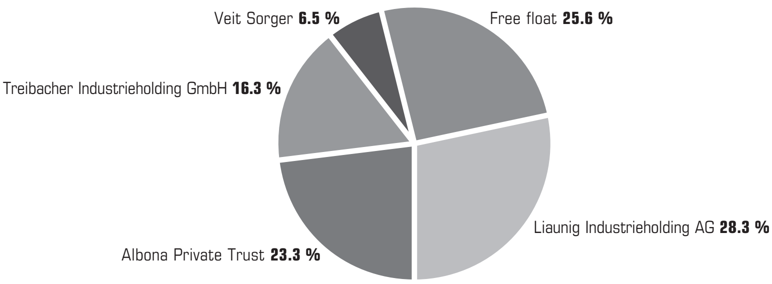
Sales revenues 2016 by region



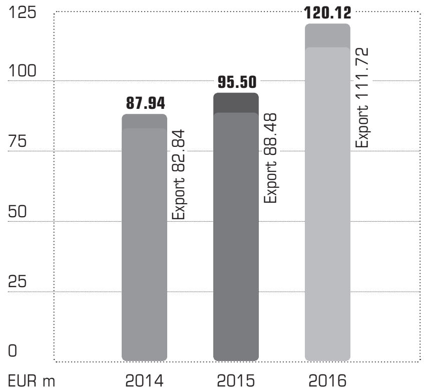
Order intake 2016 by segment



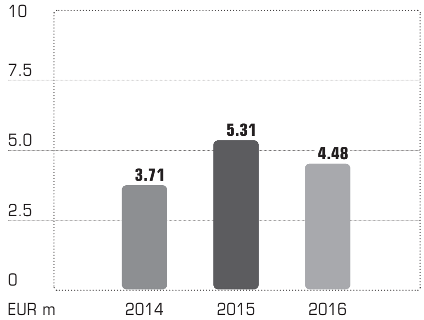
Binder+Co AG ownership structure



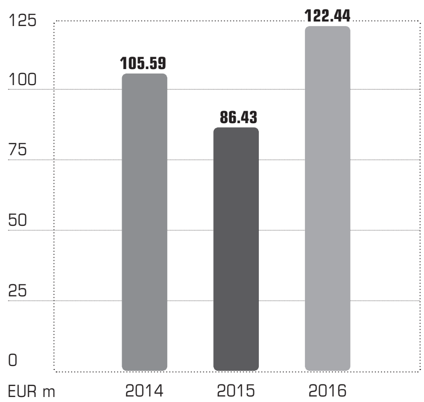
Sales revenues/Export sales



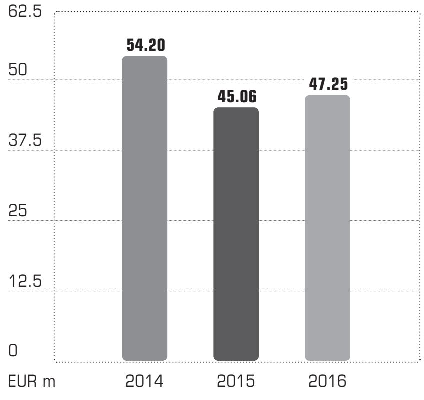
EBT



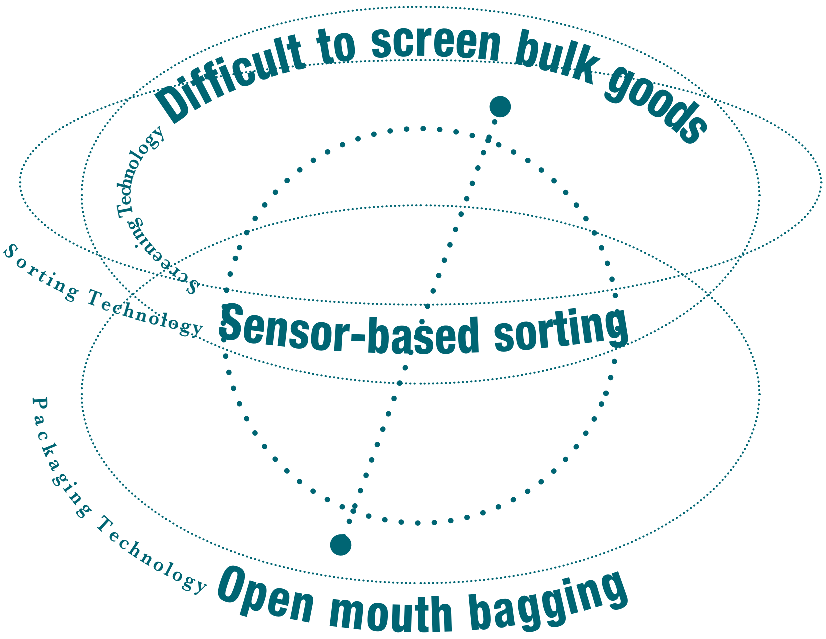
Order intake



Order backlog as at 31 December



(Fig. 1) Global Market Leader



We set benchmarks. With our innovative machines and plants, we are not only the global leader in the screening and sorting technology markets, but also one of the top 3 in the packaging technology field.

For Binder+Co, 2016 presented several differing aspects. On the one hand, it was a record year during which we achieved an increase in sales revenues of 26% to a hefty EUR 120 million and thus clearly surpassed the EUR 100 million threshold for the first time. On the other, EBT failed to keep pace with this strong sales growth and instead lagged well behind expectations at EUR 4.5 million. **Therefore, for us 2016 was also a year of disappointment and self-criticism** for although we are naturally exposed to intensified competition and thus to some extent, related pressure on margins, we do not wish to make excuses, or find comfort in the fact that our result for 2016 was still above the average for our industry. **Instead, we have undertaken self-reflection and are working every day to rapidly achieve greater efficiency and profitability, especially as considerable potential remains unexploited.**

One pleasing success in 2016 undoubtedly derived from the fact that our **single machine, spare part and service business all demonstrated sizeable growth** and thus had a stabilizing effect. In addition, each of the roughly 700 machines that we sell annually represents a double cause for celebration, as subsequently the innovative single machines also provide solid results in the spare part and service sectors.

Our Styrian roots are extremely important to us. After all, the heart of Binder+Co beats in Gleisdorf. At the same time, we obtain 93% of our sales revenues in other countries and live from exports. **Therefore, we have taken another important step towards internationalization with the foundation of our own sales unit in the USA.** We see Binder+Co USA Inc. as a satellite of group headquarters, which is also the case with regard to our subsidiaries in Italy and China. All these entities are to remain as lean as possible and cooperate with headquarters and our international sales partners in dealing with the global market.

Our company traditions dating back more than 120 years thus bear witness to the durable nature of our business success. Accordingly, together with our team, today we are making every effort to ensure that Binder+Co continues to write history as a world market leader from Styria.

Karl Grabner, Jörg Rosegger
Binder+Co AG Management Board

(Fig. 2) Stepped Growth

+26%

Record high

EUR 120 m Sales revenues 2016 *

As compared to 2015, in the 2016 financial year we increased our sales revenues by 26% to EUR 120 million, which represented an all-time Binder+Co record.

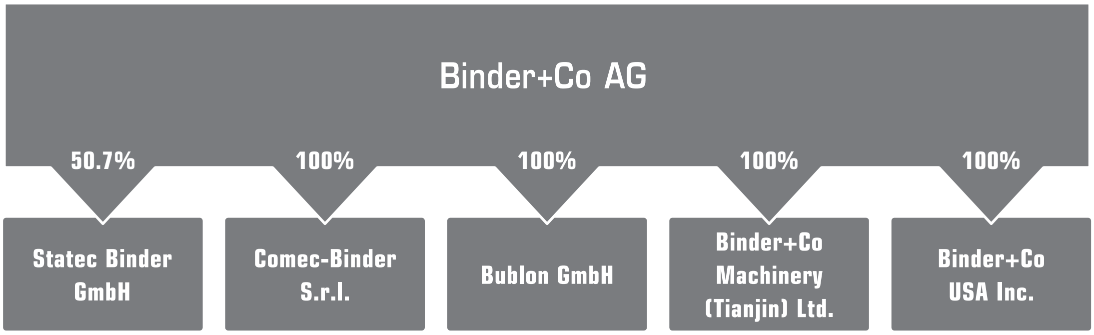
EUR 96 m Sales revenues 2015

EUR 88 m Sales revenues 2014

* To date, EBIT has still not kept pace with this powerful sales revenue growth. Therefore, our declared aim is to become even more efficient and profitable as quickly as possible.

Contents

The Binder+Co Group



(Fig. 1, 7, 8, 9)

The Binder+Co name is a synonym for innovation and sustainability. With its machinery and plants the group is the global market leader in the screening and sorting technology fields, and also one of the world's top 3 suppliers of packaging technology. Apart from its headquarters and main plant in Gleisdorf, Styria, the group has locations in Italy, China and the USA.

To date, the Binder+Co Group has already delivered 21,000 machines around the world and every year approximately another 700 are added to this figure.

Binder+Co AG

(Fig. 7)

Our parent company, Binder+Co AG, constitutes the group's heart and brain. Not only do the entire core components and know-how parts employed worldwide derive from the original production centre in Gleisdorf, Styria, but the headquarters also masterminds all of the Binder+Co Group's major project developments.

Statec Binder GmbH

In 2008, we brought our packaging technology activities into a joint venture with our former competitor, Statec, and thus established an even stronger position as an internationally sought-after specialist in the high-performance packaging segment. Since the foundation of Statec Binder GmbH, the Packaging Segment's share of sales revenues has doubled and EBIT has increased tenfold.

Comec-Binder S.r.l.

The Italian-based Comec-Binder S.r.l., which specializes in comminution and dewatering technology, has been part of our group since 2011. This has not only meant the addition of these two important technologies to our product portfolio, but also the penetration of the Mediterranean region as an important market and a springboard for further expansion in a southerly direction.

Bublon GmbH

(Fig. 15)

In 2012 we founded the Bublon GmbH subsidiary for the global marketing of our BUBLON process, which was presented to a large, specialist public in the autumn of 2011. This Binder+Co developed process enables the production of a pure and natural lightweight granulate for a diversity of industrial applications.

Binder+Co Machinery (Tianjin) Ltd.

(Fig. 8) 2013 saw the founding of our Chinese subsidiary with the aim of serving the Asian market via a local sales, production and service location. In the meantime, our total sales revenues in China have more than doubled.

Binder+Co USA Inc.

(Fig. 9) Our subsidiary in Denver, Colorado has been operational since August 2016. As Binder+Co has already built up good North American business relationships in the glass cullet recycling area, the initial focus of the new sales unit is on the marketing of glass and plastics recycling technology. Subsequently, the remaining Binder+Co range (drying and screening technology and BUBLON) will be positioned in this important market.

Our Mission

We create and add value

We provide the ideal preconditions for the sustainable conservation and efficient utilization of valuable resources. By means of our sensor-aided machines, we generate value through the processing of glass cullet, waste paper and plastic waste into recycled secondary raw materials. Furthermore, we raise value added via machinery for the efficient exploitation of primary raw materials that include coal, ores, sand and minerals through comminuting, screening, wet and thermal processing, sorting and packaging.

Our innovations set benchmarks

(Fig. 1, 13) We are the world market leader in the screening and sorting fields and also number among the top 3 global suppliers in the packaging technology segment. In order to react quickly to new or changed market needs, we cooperate with respected, international research institutions and are constantly involved in a lively dialogue with our customers.

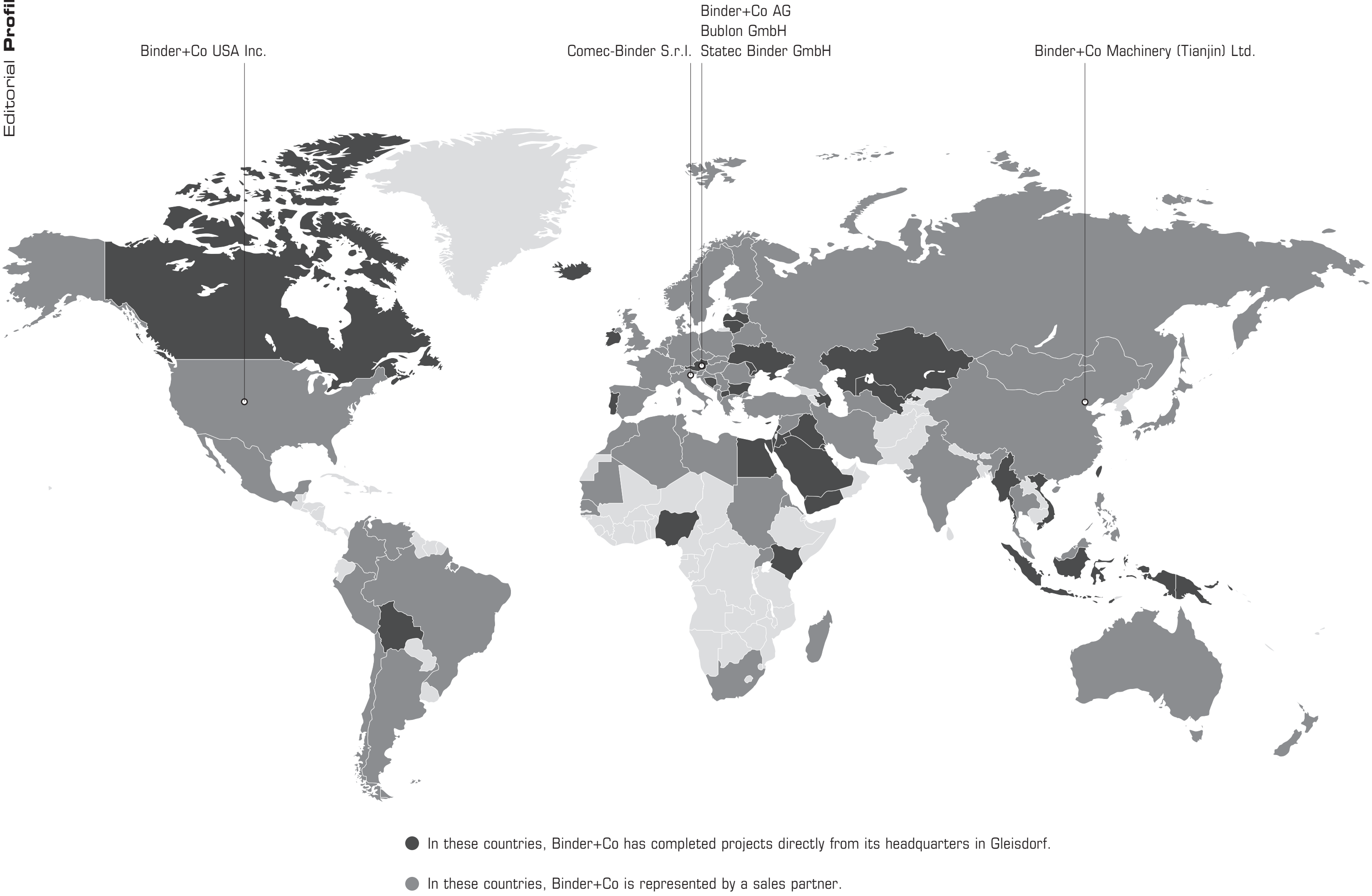
We are growing worldwide

(Fig. 8, 9) Our innovative, top products represent the key to profit-driven growth in both established and new markets. Their modular design enables the use of locally manufactured components in combination with advanced technology delivered directly from Gleisdorf. As a result, we can also supply customized solutions with an optimized price-performance ratio in overseas markets.

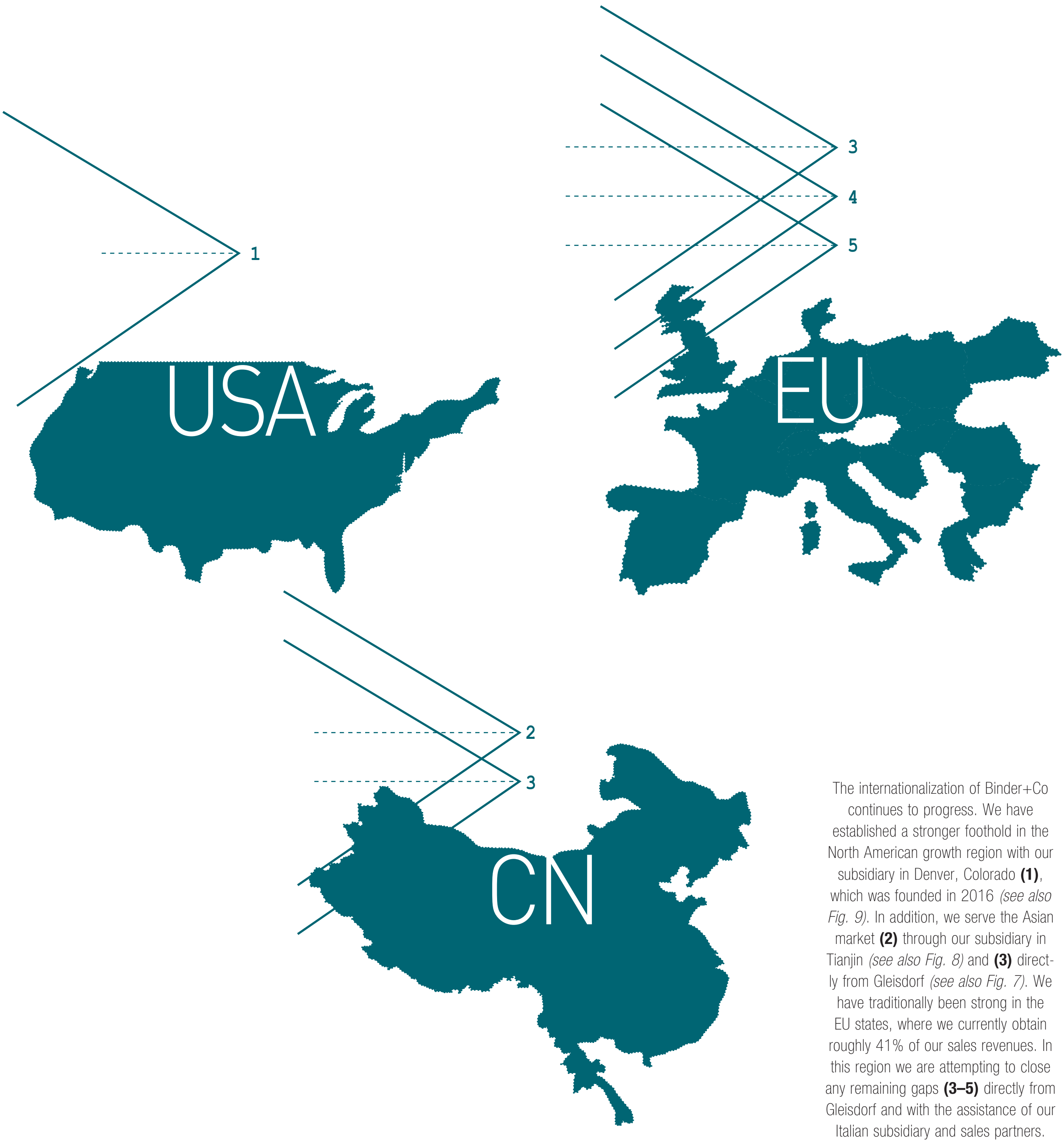
A top team as a basis for success

(Fig. 14) Our team of highly efficient and motivated employees provides the foundations for group success.

A Global Presence



(Fig. 3) Internationalization

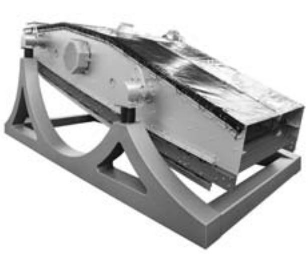


The internationalization of Binder+Co continues to progress. We have established a stronger foothold in the North American growth region with our subsidiary in Denver, Colorado **(1)**, which was founded in 2016 *(see also Fig. 9)*. In addition, we serve the Asian market **(2)** through our subsidiary in Tianjin *(see also Fig. 8)* and **(3)** directly from Gleisdorf *(see also Fig. 7)*. We have traditionally been strong in the EU states, where we currently obtain roughly 41% of our sales revenues. In this region we are attempting to close any remaining gaps **(3–5)** directly from Gleisdorf and with the assistance of our Italian subsidiary and sales partners.

Strong Products

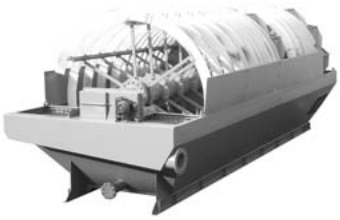
reliable comminuting

The Comec-Binder S.r.l. subsidiary is our specialist company in the comminution technology field. > **COMEC** products consist of various machine series for the primary, secondary and tertiary comminution areas, which cover an extensive range of applications in the mining, industrial minerals, construction materials and recycling industries.



efficient screening

We are the world's leading supplier of screening machines for the separation of primary and secondary raw materials according to grain size. > Our top product **BIVITEC** offers a simple and effective solution for the especially demanding classification of wet, fine and glutinous materials.



wet processing

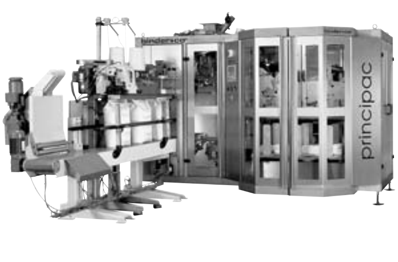
We are much in demand internationally as a supplier of machinery and complete systems for the cost-efficient, wet processing of construction materials and industrial minerals. > In combination with COMEC products (e.g. band and chamber filter presses, and hydro-cyclones) the **SANDEXX** sand trap facilitates the effective cleaning and simultaneous dewatering of sand-water mixtures, in order to provide sand that is suitable for transport and packaging.

thermal processing

The thermal processing area incorporates machines for the drying, cooling and thermal treatment of bulk goods. > The **DRYON** fluidized bed dryer provides the efficient and protective drying and cooling of, e.g. coal, potash, recycling materials, foods and feedstuffs, and chemicals into end products of uniform high quality. > With **BUBLON** the Bublon GmbH subsidiary offers a process for the production of a pure and natural, mineral granulate for a diversity of applications in a range of industrial branches.

precise sorting

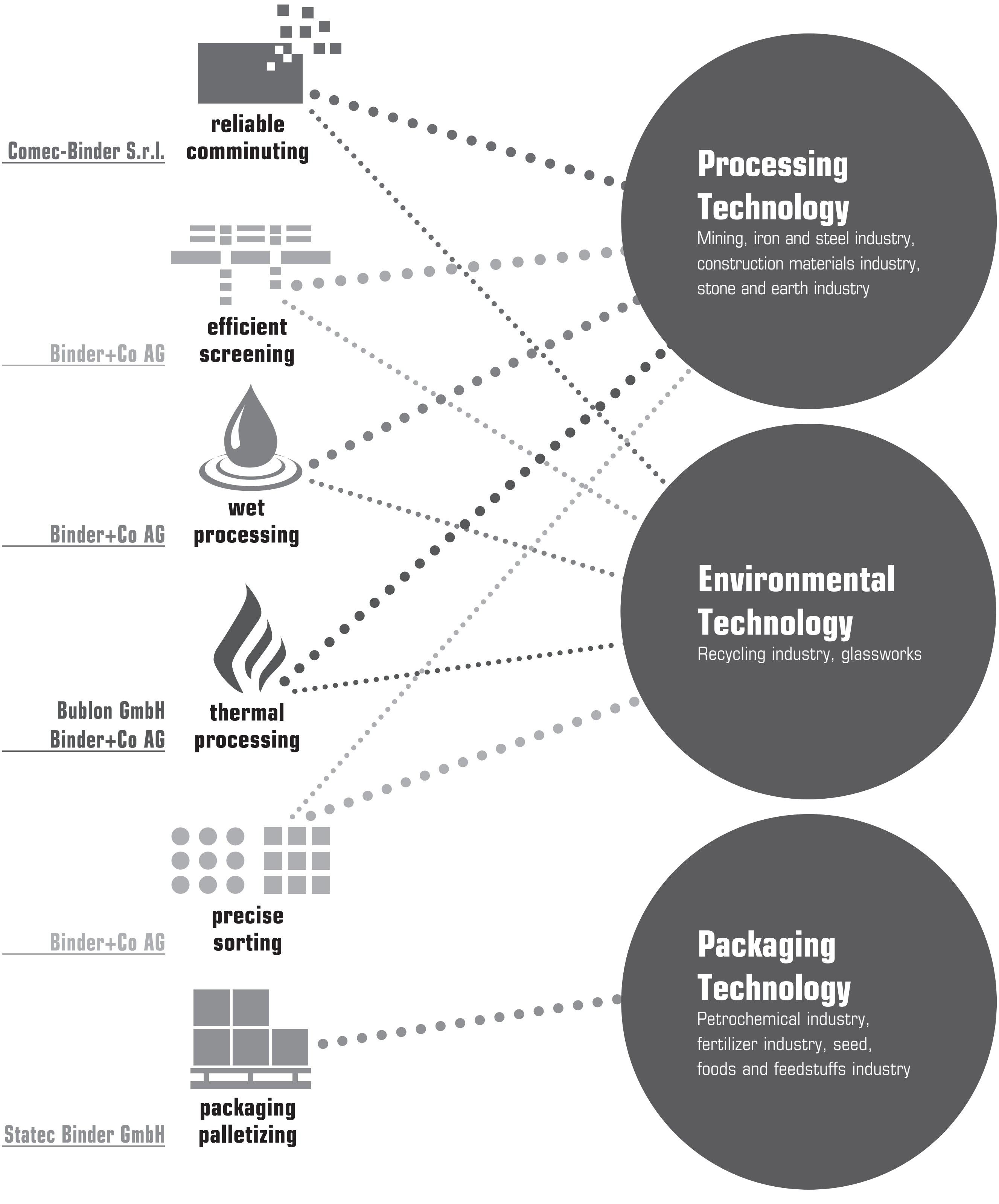
We constitute the leading specialist in the field of sensor-aided glass cullet sorting. > Our best-selling **CLARITY** system provides colour sorting and the removal of contaminants using a revolutionary three-way system, which turns cullet into a secondary raw material with maximum purity levels. > With **MINEXX**, a module for mineral sorting was launched onto the market, which enables the identification and classification of raw materials such as quartz, talcum, limestone, ores and salts according to their colour or chemical composition.



packaging palletizing

Through the Statec Binder brand, we constitute a top international player in the packaging technology field. In addition to high-performance open mouth bagging, this segment also incorporates palletizing technology. > The **PRINCIPAC** system furnishes the high-speed, open mouth bagging of free-flowing bulks such as fertilizers, plastic granulate, seeds, foods and feedstuffs, and salts. Our product portfolio is rounded off by the robust and reliable **PRINCIPAL** range of high-level and robot palletizing systems, which represent the state-of-the-art.

Processes and Segments



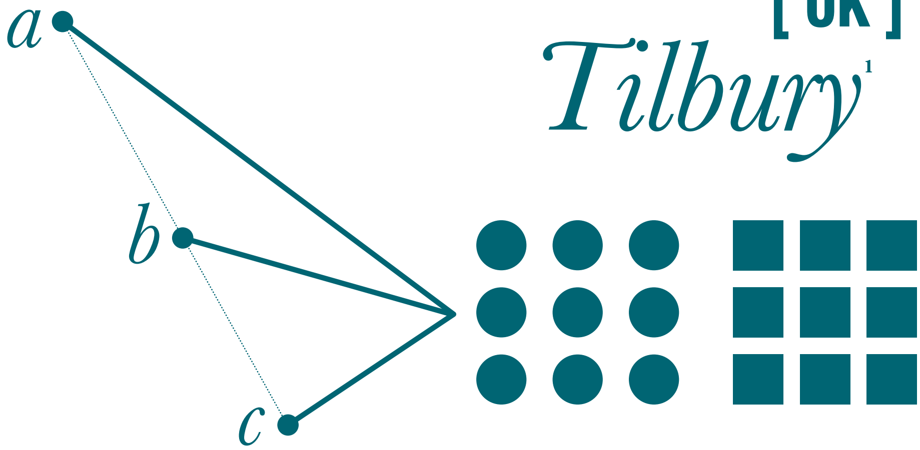
We offer six processing steps in three market-oriented and differentiated segments, all of which are tailor-made to meet the respective needs of our various customer groups. We attribute sales revenues and results to the individual segments on the basis of primary customer access.

(Fig. 4) New customers

(Fig. 4.1) The World's Most Modern Cullet Processing Plant

[UK]

Tilbury[1]



[1] Apart from **(a)** 20 screening machines and **(b)** 22 CLARITYs for cullet sorting, in Tilbury we are also installing **(c)** three plastics sorting machines (for bottle tops, etc.). These turnkey delivered systems will demonstrate precisely the capabilities of our sorting equipment, as the lead content in the cullet is measured, heat-resistant special glass is identified and classified according to colour, and ceramics, stones and porcelain are separated out. Moreover, this all will take place with throughput of 40t of cullet per hour.

(Fig. 4.2) Environment-friendly Quarry System

[2] For an international construction company, at a quarry in southern France we are installing a system consisting of **(d)** screening machines, **(e)** a water treatment plant and **(f)** a chamber filter press. 270t of porphyry rock are processed hourly for the construction industry.

[FR]

Saint-Raphaël[2]

We profit from the trust and great esteem of our long-term customers and the resultant order intakes. However, at the same time we make every effort to prove to new customers that we can deliver the best possible technical solution for their requirements.

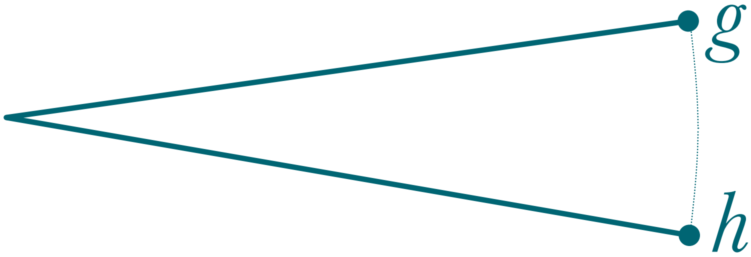
On this double page, you will find three examples of major orders from new customers.

(Fig. ***4.3****)* **Potash Salt Drying Plant**

[RU]

Usolye[3]

[3] This project, which has been completed at Usolye in Russia, consists of a complete system for the drying of mechanically, pre-dewatered potash salt. Each of three lines processes 127 t/h of raw material, which has an initial moisture content of **(g)** 5.5%. After drying the product contains less than **(h)** 0.1% moisture.



Strategic Growth

Our Four Strategic Cornerstones

Product Leadership – first class modules for customized plants and systems
We develop and manufacture first class products, the basis for which is provided by the ongoing analysis of the various processing sequences used by our clientele and the early recognition of, e.g. shifts in environmental policy, in order to facilitate a rapid and optimum response to fresh customer demands. In particular, we focus on the creation of innovative products and machine concepts, which owing to their modular design can be utilized in differing configurations. An optimized product portfolio that offers customized solutions on the foundation of a diversity of individual modules secures our strong market position as a technology leader.

Market Reach – through dynamic, local sales worldwide
(Fig. 3, 10)
We secure direct market access through our globally active sales team, which was further strengthened in 2016. The range of competences on offer includes technically mature conceptual solutions that support the economic optimization of respective customer processes. Indeed, not least due to our professional key account management, our clients regard us as a valued partner and process advisor. Apart from our core European markets, our regional focus is on both North America and Asia, and in the latter area particularly on India and China.

Operational Excellence – ongoing improvements to our internal procedures
As a systems supplier and process consultant, we attach great significance to the securing and transfer of specialist know-how. In addition to the ongoing optimization of the internal process sequences, knowledge management and solid personnel development form the most important bases for sustained growth. In combination with optimum order handling, improved internal procedures ensure the shortest possible machine delivery times and thus create a significant competitive advantage.

Targeted Acquisitions – sights set on strategic company purchases
Apart from organic growth, we see strategic company acquisitions as representing a further option for sales and distribution network expansion, and product programme augmentation.

(Fig. 5) Export Quota

[1] In the 2016 financial year, we obtained sales revenues of EUR 120 million from outside our Austrian domestic market.

I — Sales revenues obtained outside Austria [1]

Σ — Total sales revenues [2]

= 93%

In 2016, we obtained 93% of our sales revenues abroad. This high export quota is evidence of the fact that our products are both in demand and estimated worldwide. The European Union (excluding Austria) with a 41% share of sales revenues and Asia/Australia with 26%, constitute our two largest markets. The remainder of Europe including Russia provides 14% of sales revenues, the Americas 7% and Africa 5%.

[2] In the 2016 financial year, total Binder+Co Group sales revenues reached an all-time record high of EUR 112 million.

Innovation Development

The Binder Innovation Rate is an Important Key Indicator

(Fig. 6) For many years, we have assessed the success of our development work by means of an in-house defined indicator, the so-called innovation rate. In 2016, this stood at 16.9% (2015: 16.4%), which meant that during the financial year roughly 17% of total order intake derived from the sale of developments launched onto the market by Binder+Co during the past three years. For the coming years, an increase in the innovation rate to a level of 20% has been targeted.

Market Proximity Through Open Innovation

An important aspect of our Open Innovation approach is cooperation with competent partners from internationally respected research institutes, universities and universities of applied science. In this way, we immediately implement basic research findings in the form of practical machinery. Conversely, the direct feedback relating to market requirements furnishes our partners with valuable impulses regarding targeted research.

At present, we are cooperating with the Graz University of Technology, the University of Leoben, the Fraunhofer Institute and private institutions and companies specializing in the latest sensor, screening and packaging technologies.

(Fig. 13) In addition to this intensive teamwork in the research field, a tangible aspect of the innovation process has long been candidness in our dealings with our clients. As a result of their concrete needs and demands these frequently deliver the impetus for the development of new products, which are then generally launched onto the market within the framework of customer partnerships. In this way, we succeed in being close to the market with our technologies and are thus able to quickly recognize and fulfil emerging needs.

(Fig. 6) Innovation Rate (%)

[1] One important product innovation of the last few years is our CLARITY NEXXT, the world's first sorting machine with the ability to classify miniscule glass grains with a diameter of only 1mm.

O*I 2014 ⊕ 2015 ⊕ 2016 : **ΣO** 2016

1

We measure the success of our development activities using our self-defined innovation rate. In 2016, we obtained roughly 17% of order intake with in-house developments that were newly launched onto the market during the past three years.

= 17 %[2]

[2] In the medium-term, we wish to raise the level of this figure to 20%.

O*I Order intake involving recent Binder innovations, **O** Order intake

Sustainable Business Management

With our machinery and plants for the highly efficient processing of primary and secondary raw materials, we ensure that lower volumes of raw materials are extracted worldwide and thus contribute to the protection of valuable habitats and resources through our fundamental business activities.

Active environmental protection

In-Group Resource and Energy Efficiency
For both economic and ecological reasons, we also attach great value to the thrifty, internal use of resources in all areas of the group. Accordingly, on average we invest EUR 0.5 million annually in the latest production technologies, in order to maximize the energy and resource efficiency of our manufacturing processes.

Another of our major focal points is the economical energy supply of our company buildings. Periodic evaluations are used for the pinpointing of improvement potential and the definition of packages of measures for enhanced energy efficiency.

Reduced Waste, Noise and Emissions
We possess a comprehensive, officially sanctioned waste management concept and have aligned our efforts with respect to a reduction in operational emissions with the current directives of the European Union.

Respecting Employees

(Fig. 14) We cultivate cooperation with our personnel based on close partnership. This is because we are conscious of the fact that they provide the basis for our business success.

The results of this esteem include the team spirit and excellent levels of job satisfaction found amongst our employees, which are reflected by a low annual fluctuation rate of just 2 to 3% and our reputation as an attractive employer. Our customers are equally aware of this positive social image and this serves to raise their levels of trust, and in the final analysis, to secure our business success.

Managerial Guidelines for Internal Transparency and Active Dialogue
A highly significant element within company management is formed by internal transparency and the targeted dissemination of expertise and know-how. In order to encourage this approach and internal dialogue, we have formulated six managerial guidelines:

- **We lead by example**
  We do everything possible to ensure that Binder+Co is seen as an example in many respects such as innovative strength, technological leadership, working atmosphere, efficiency, productivity and environmental impact, etc. A team in which every member is aware of this exemplary attitude supports this approach.
- **We encourage personal initiative**
  No one knows Binder+Co better than our current 399-strong workforce. We utilize this enormous potential, e.g. for the ongoing improvement of our processing procedures and the development of new ideas, through the active encouragement of personal initiative among our employees.

- **We have clear targets and working procedures**
  At Binder+Co everyone understands precisely what has to be done and why. This not only ensures transparency, but also maximum productivity and enables us to achieve our self-defined objectives on a step-by-step basis.

- **We accept responsibility**
  This responsibility relates to our customers, who with the help of our machines and systems enjoy business success. It also extends to our employees, who in every respect should have a secure job at Binder+Co, as well as to the trust of our shareholders and to our local region, where we feel very much at home and which we are pleased to assist in the areas of education, sport, culture and social matters.

- **We ensure transparency**
  We have nothing to hide and have an open internal and external information policy. For example, we regularly provide interested visitors with tours of our Gleisdorf plant as part of the "Erlebniswelt Wirtschaft" ("Industrial World Experience") scheme.

- **We communicate and cooperate with one another**
  Even if in our production facilities the focus is on machinery, people still set the tone. We are most aware of this fact and thus cultivate open dialogue both within the company and with our customers, trading partners, suppliers, shareholders and partners around the world.

A personal mentoring system has been installed for new personnel during their first six months at the company. This involves the selection of experienced employees from within the company, who look after the professional and social integration of the new colleagues. In addition, personal development plans are drawn up jointly in the course of annual appraisal interviews.

Every year, we invest 1 to 2% of the total wage and salary amount in the professional basic and further training of our workforce. In this connection we offer the "Workshop Competence" programme to blue-collar workers and the "Specialist Career" programme to white-collar staff.

With a current average age of 40, Binder+Co possesses a young but experienced team.

High Safety Standards

We feel an obligation to furnish our employees with comprehensive protection and are therefore engaged in the continuous improvement of health and safety standards within the group.

An important key indicator in this connection is the frequency of work accidents per one million working hours. Starting from an initial value of 29.16 in 2007, in the last three financial years Binder+Co AG achieved a rate of 15.70, which in terms of a branch average is already a low figure. Nevertheless, the declared objective is the achievement of a top rating of less than ten and the bringing of all subsidiaries down to this accident rate level.

Comprehensive Apprentice Training

Apprenticeships have long been a major Binder+Co priority and regular qualifications for National, European and World Apprentice Championships represent confirmation of the high standard of in-company training.

In addition to the teaching of professional expertise, both the communicative and social skills of the trainees are actively encouraged. Our current endeavours in the internationalization field have lent even greater significance to the training of skilled company employees, as highly qualified specialists make a key contribution to the successful development of assembly facilities in other countries.

Active Customer Dialogue

A Win-Win Situation through Lively Exchanges

We measure our success in terms of that of our customers and therefore are in constant contact with them via an active dialogue. Not least due to our comprehensive key account management, our employees are perceived as being part of a motivated team and are estimated as reliable, long-term partners. In the course of lively exchanges with the sales crew, customers frequently provide impulses for the development of new products and thus create a win-win situation. For with our Open Innovation approach, we succeed in promptly recognizing fresh requirements and developing new and improved technologies for the processing of primary and secondary raw materials. In turn, our customers benefit from the rapid provision of tailor-made solutions to their current requirements.

(Fig. ***13****)* Customer confidence in our sustainable development and comprehensive product range forms the foundation of this partnership-based relationship. Indeed, owing to high levels of customer satisfaction, we only need to engage in price competition to a limited extent and score to a far greater degree with quality, innovation and reliability.

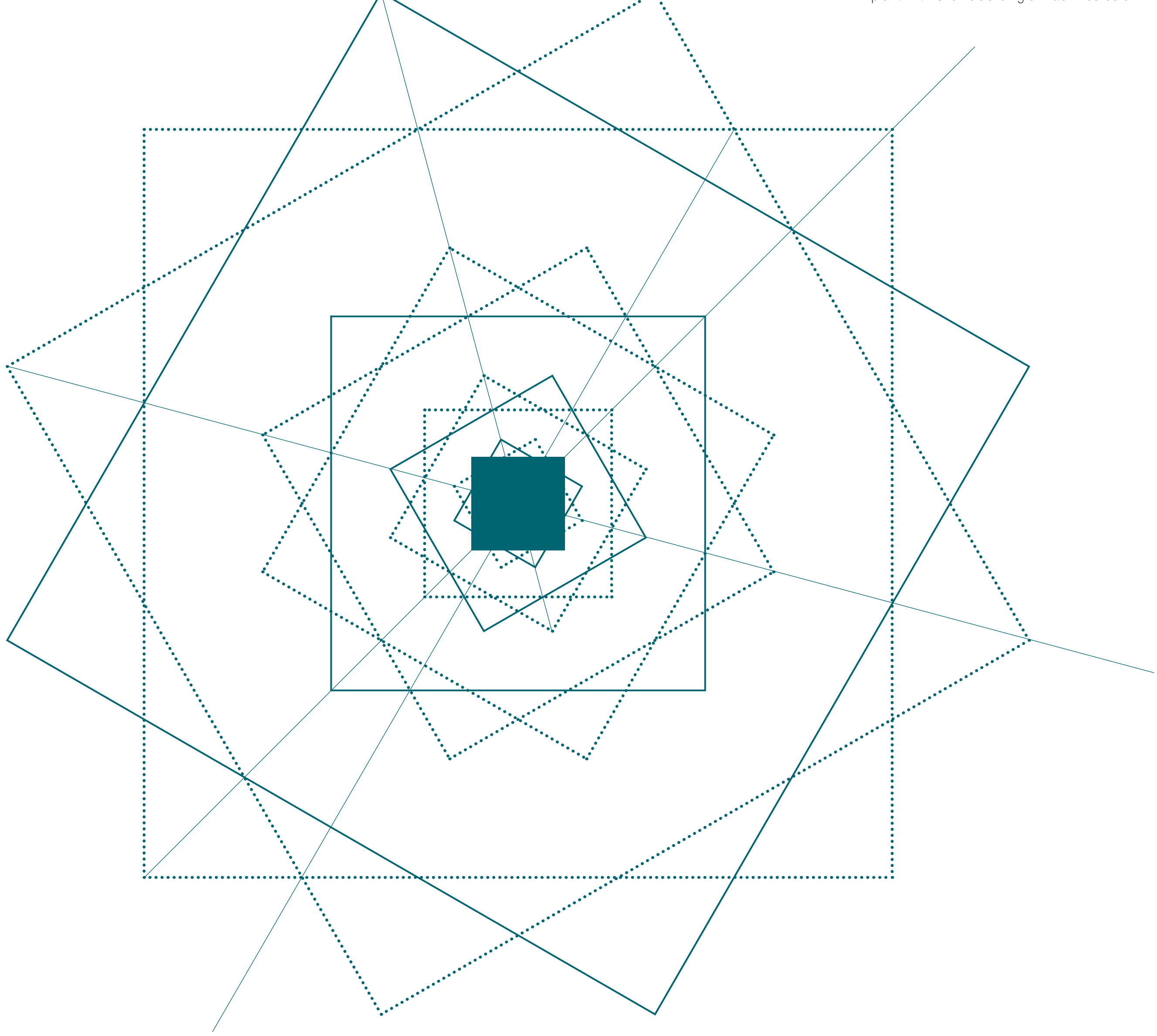
Periodic Meetings with International Partners

We actively promote the positive relations between sales representatives, employees and customers via periodic Sales Representative Meetings, which simultaneously encourage greater cross-cultural understanding.

All of these international gatherings begin with a joint tour of group headquarters in Gleisdorf. By contrast, the venue for the subsequent presentations, reports and training is always newly selected and takes the attendees from a total of twenty countries to differing regions throughout Austria. We thus provide our partners with insights into the nation's culture and its way of life.

(Fig. 7) The Parental Heart

The heart of the Binder+Co Group and the starting-point for its internationalization is and will remain the parent company in Gleisdorf, Styria. 2016 was a record year for the main plant with over 500 single machines sold.

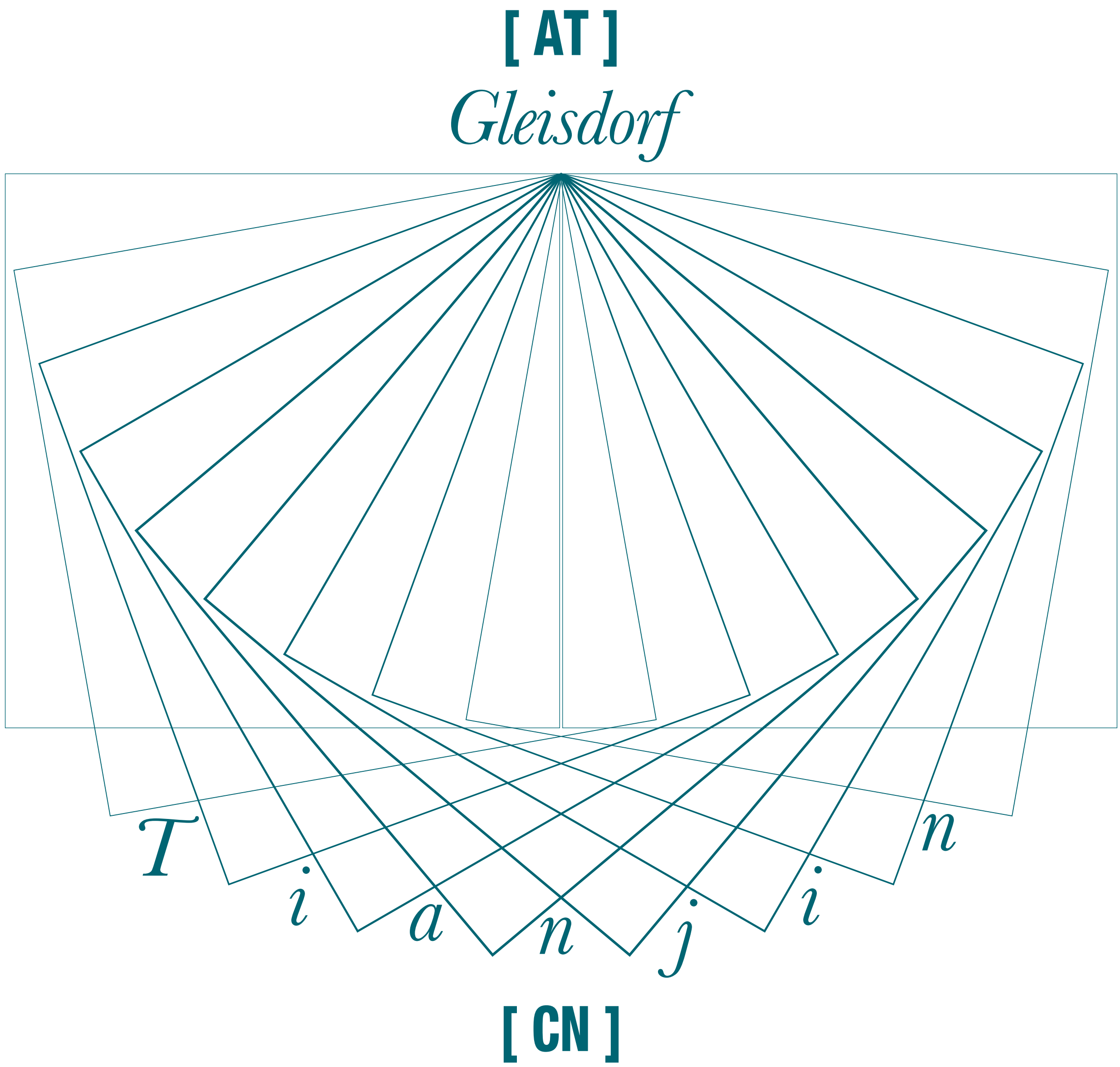


"Make it simple" is a lesson learned from experience. The Gleisdorf headquarters solves numerous questions with greater efficiency than is possible at its subsidiaries. Therefore, these do not require complex structures, but instead act more as satellites to the parent company and use their freedoms only where Gleisdorf is unable to provide support.

■ Binder+Co AG, Gleisdorf, AT —— Planning ······ Control

(Fig.8) Vast Country – Small Subsidiary

In China, we grew too quickly. Therefore, in 2016 we restructured our Chinese subsidiary and now only make locally what has to be completed decentrally. Accordingly, Binder+Co Machinery (Tianjin) Ltd. and the strong group parent company in Gleisdorf look after the Asian market jointly.



The Binder+Co Share

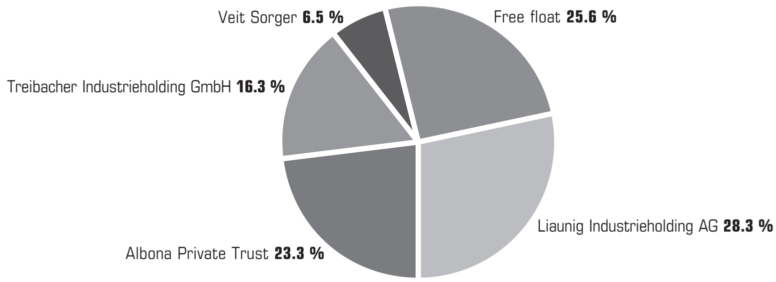
Delisting from the Vienna Stock Exchange

With the close of the final trading day on 29 July 2016, Binder+Co withdrew from the Vienna Stock Exchange. The reason for this move was the tightening of the market abuse regulations employed previously, which was accompanied by a substantial increase in the information obligations that also applied to Third Market issuers.

Prior to this withdrawal, the 17th Ordinary Annual General Meeting of Binder+Co AG shareholders, which was held on 12 April 2016, approved an amendment to the articles regarding the substitution of the company's bearer shares for registered shares and the entry of this alteration in the Binder+Co company register on 30 July 2016. Subsequently, the bearer shares were exchanged for registered shares and the names of the shareholders listed in the share register administered by Binder+Co AG. Among other changes, this now allows direct communications with all shareholders.

A Solid Ownership Structure

The transition to registered shares and delisting did not result in any alterations to the ownership structure of Binder+Co AG. Liaunig Industrieholding AG holds 28.3% of stock, the Albona Private Trust 23.3%, Treibacher Industrieholding GmbH 16.3% and Veit Sorger 6.5%. The remaining 25.6% of shares are in free float.



Investor Relations

Even after delisting, Binder+Co continues to justify its claim to provide its shareholders with transparent communications. Accordingly, press releases and information regarding important events and developments during the current financial year are available at all times from the Investor Relations section of the company website at www.binder-co.com

Board Members

Supervisory Board

Alexander Liaunig, born 1970
Chairman since 12 April 2016, previously Deputy-Chairman

Thomas Jost, born 1971
Deputy-Chairman since 12 April 2016, previously Chairman

Kurt Berger, born 1966

Erhard F. Grossnigg, born 1946
Until 12 April 2016

Kerstin Gelbmann, born 1974
Until 12 April 2016

Nikolaus Schaschl, born 1976

Veit Sorger, born 1942

Works Council Delegates:

Alfred Gschweitl, born 1955

Johann Voit, born 1956

Management Board

Karl Grabner
Member of the Management Board since 1 January 2000. Responsible for finance and general administration, engineering, production, public and investor relations, board spokesman and the Binder+Co AG representative at the general meetings of Statec Binder GmbH, Comec-Binder S.r.l. and Bublon GmbH, as well as a member of the Board of Directors of Binder+Co Machinery (Tianjin) Ltd. in China.
Current appointment period until 31 December 2019.

Born in 1959
Married, three children

Following studies in mechanical engineering from 1986 to 1990, Karl Grabner completed a doctorate parallel to working as a university assistant at the Institute of Conveying Technology and Design Methods at the University of Leoben.

Karl Grabner came to Binder+Co AG in 1991 within the scope of the “Scientists for Business” scheme of the Austrian Ministry of Science, and from 1992 to 1999 filled the post of senior product area manager. From 1997 onwards, he served as the head of design and sales for the materials handling and silo technology product area.

Jörg Rosegger
Member of the Management Board since 1 January 2007. Responsible for sales at Binder+Co AG, Binder+Co AG representative at the general meetings of Statec Binder GmbH and Bublon GmbH, as well as memberships of the Board of Directors of Binder+Co Machinery (Tianjin) Ltd. in China and Binder+Co USA Inc.
Current appointment period until 31 December 2018.

Born in 1966
Married, two children

During his business management studies at the University of Graz (specialization in marketing and industrial management), Jörg Rosegger spent a year at the Butler University in Indianapolis, IN, USA, within the scope of the International Student Exchange Programme.

Following graduation, Jörg Rosegger joined Binder+Co AG in 1993 as an assistant to the Management Board and head of marketing. In 1995, he was appointed as the Packaging Technology Segment Product Manager before assuming overall responsibility for the segment in 1997. In 2000, Jörg Rosegger became the overall head of sales and marketing and received the full power of attorney.

Johannes Pohl
Member of the Management Board from 1 September 2015 until 8 November 2016 with responsibility for the development of new branches and the support of Bublon GmbH.

Group Manage

ment Report

General Conditions and Market Environment

In 2016, Binder+Co's most important sales markets presented a highly disparate picture. The situation in the states of the European Union was stable, but did not point to an upturn. However, at the same time due mainly to the USA, the North American market continued to develop in a positive manner.

All in all, Binder+Co's markets currently display tentative growth. Moreover, further developments in Russia represent an element of uncertainty that is difficult to assess, as these not only affect project allocations at national level, but also exert an influence on other CIS markets.

From a Binder+Co perspective, by and large the industries of relevance to its activities showed little inclination to invest in 2016. Particularly in the EU, demand remained at a low level, which resulted in a further deterioration in result margins in the plant engineering area. By contrast, single machine business development in the USA was positive, especially in the recycling branch. There was also stronger demand from the base materials industry with recent years having witnessed a marked surge worldwide derived primarily from the potash mining industry. The slight rise in the price of crude oil in 2016 led to a revival in demand for high-performance packaging technology in the petrochemicals sector, following a downturn in 2014 and 2015. At the same time, demand from the foods and feedstuffs industries remained stable.

Reporting/Scope of Consolidation

In 2008, the Binder+Co Packaging Technology Segment was brought into Statec Binder GmbH in which Binder+Co AG has a 50.7% shareholding. This company is thus fully consolidated within Binder+Co's consolidated financial statements. The sales revenues and results of Statec Binder GmbH are allocated to the Packaging Technology/Other Segment.

Following the acquisition of Comec S.p.A., in 2011 Binder+Co AG founded the new Comec-Binder S.r.l. subsidiary in Italy, which is fully integrated into the Binder+Co Group. Bublon GmbH, which was established in 2012, is also under the sole ownership of Binder+Co AG. The sales revenues and results of both these fully consolidated subsidiaries are allocated to the Processing Technology Segment.

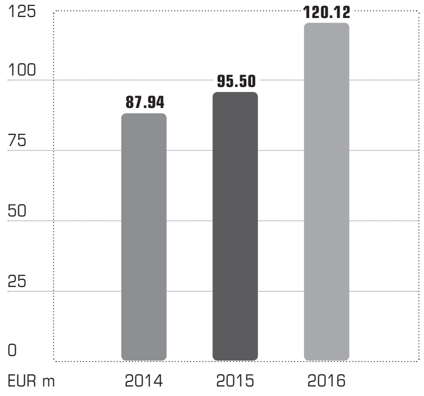
(Fig. 8,9)

Equally, Binder+Co Machinery (Tianjin) Ltd., which was founded in 2013, and Binder+Co USA Inc., which became operative in August 2016, are also under 100% Binder+Co AG ownership. Depending on the branch served, the sales revenues of both these subsidiaries are either allocated to the Processing Technology or the Environmental Technology Segment.

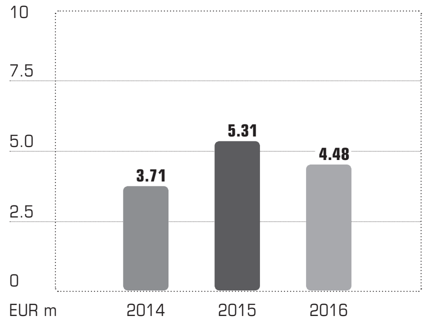
Business Development

(Fig. 2) The Binder+Co Group started the 2016 financial year with an order backlog of EUR 45.06 million and in the course of the year new business stabilized on a high level. Sales revenues therefore demonstrated a correspondingly positive development and at EUR 120.12 million (2015: EUR 95.50 million) represented an all-time company record. However, owing to even more intensive competition and the related pressure on margins, at EUR 4.48 million EBT fell well short of expectations (2015: EUR 5.31 million).

Sales revenues



EBT

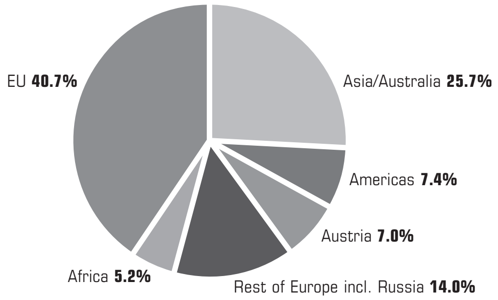


In 2016, Binder+Co also achieved a new order intake high, which at EUR 122.44 million was 42% up on the EUR 86.43 million of the preceding year. From a Binder+Co perspective, this increase was due primarily to the improved situation in overseas markets. At year-end 2016, order backlog amounted to EUR 47.25 million and represented a solid basis for the 2017 financial year.

Export Business

(Fig. 5) Consolidated international sales revenues during the period under review provided 93.0% of total sales revenues (2015: 92.6%) and thus again underlined the massive importance of export business. With a share of sales revenues of 40.7% (2015: 36.7%) the EU (excluding Austria) constituted the largest sales market, followed by Asia/Australia with 25.7% (2015: 27.0%). The rest of Europe including Russia provided 14.0 % (2015: 15.1%), the Americas 7.4 % (2015: 9.0%), and Africa 5.2 % (2015: 4.8%).

Sales revenues 2016 by region



Product Segments

Processing Technology
In 2016, business in the Processing Technology, which is the strongest segment in terms of sales revenues, was characterized by a marked intensification of competition. Segment sales revenues amounted to EUR 58.61 million (2015: EUR 47.08 million) and thus constituted 48.8% (2015: 49.3%) of total sales revenues. Order intake in the Processing Technology Segment in the period under review rose sharply, amounting to EUR 47.42 million, which was markedly higher than the EUR 42.72 million of the previous year.

Environmental Technology Segment
Demand for Environmental Technology Segment products continued to increase in the 2016 financial year owing to strong interest from the USA and more recently, renewed impulses from Europe. In combination, several large machinery orders and one complete plant resulted in solid order intake of EUR 33.70 million (2015: EUR 25.45 million). With sales revenues of EUR 31.64 million (2015: EUR 23.23 million), in 2016 the Environmental Technology Segment provided 26.3% of total sales revenues (2015: 24.3%).

Packaging Technology/Other
In 2016, the Packaging Technology/Other Segment was able to raise its sales revenues to EUR 29.87 million (2015: EUR 25.19 million). Rationalization investments in the petrochemical sector and stable demand from various branches formed a platform for record order intake in the segment amounting to EUR 41.32 million (2015: EUR 18.26 million).

After Sales Service

(Fig. 12) The roughly 20% share of sales revenues derived from after sales service in 2016 (2015: 21%) again provided evidence of Binder+Co's solid position in its main markets and branches. In the coming years, a further increase in spare part business is to be sought through the targeted intensification of the servicing and maintenance activities related to company products. In the medium term, this company business area should account for 25% of consolidated sales revenues.

Demand Trend

Binder+Co commenced the 2016 financial year with order backlog of EUR 45.06 million and the first half-year was characterized by stable demand for single machines and spare parts. In addition, the first six months of the year also saw the capture of plant projects in all product segments. By contrast, Bublon GmbH and Binder+Co Machinery (Tianjin) Ltd. order intake was weak, but following the start of operations in the second half of the year, Binder+Co USA Inc. was already able to record initial, single machine orders.

While positive order intake at Binder+Co AG and Statec Binder GmbH strengthened still further in the second half-year, Comec-Binder S.r.l. was only able to acquire single machine and spare part contracts. *(Fig. 8)* In addition, the difficult market situation of both Bublon GmbH and Binder+Co Machinery (Tianjin) Ltd. continued with the result that order intake for the year were extremely weak. However, some of the orders handled by the Chinese subsidiary's sales team were allocated directly to the parent company in Gleisdorf. *(Fig. 9)* In 2016, Binder+Co USA Inc., which first became operative in August, was already able to obtain several single machine orders and also managed to gain a foothold in the US market in the service and spare parts sector. Towards the end of the year, a generally positive trend in the single machine, spare part and services business areas was apparent.

Therefore at year-end, Binder+Co Group order backlog amounted to EUR 47.25 million thus forming a satisfactory basis for the 2017 financial year.

Investments

The largest investments in 2016 focused on the Gleisdorf location with spending at Binder+Co AG on the production buildings and the research and development area. Initial preparations were also started at Statec Binder GmbH for an extension to the company's office building. In addition, the existing testing facility at Bublon GmbH was equipped with BUBLITE technology, which was newly developed in 2016. Investment at the remaining locations was limited to office fixtures and fittings, and small modifications in the production areas.

Financing

As at 31 December 2016, Binder+Co Group equity amounted to EUR 24.86 million. Owing to a sizeable increase in total assets to EUR 104.25 million, as well dividends of EUR 5.46 million, which were paid out in two instalments, the equity ratio stood at 23.8%.

The financing of the intensified expansion that commenced in 2011 and in particular the related capitalization of the newly founded companies, as well as investments in offices and production buildings, was largely undertaken via bank loans. Consequently, as at 31 December 2016, liabilities to banks totalled EUR 30.89 million (2015: EUR 21.50 million), of which EUR 15.92 million can be classified as non-current (1–5 years) and EUR 14.97 million as current. When concluding the related loan agreements close attention was paid to matching maturities and short-term financing requirements are also covered by current account overdraft facilities and cash advances.

Financial and Non-Financial Performance Indicators

Report Regarding Selected Financial Performance Indicators

Sales Revenues and EBT

(Fig.2) In the 2016 financial year, the Binder+Co Group recorded consolidated sales revenues of EUR 120.12 million (2015: EUR 95.50 million) and thus achieved a new record.

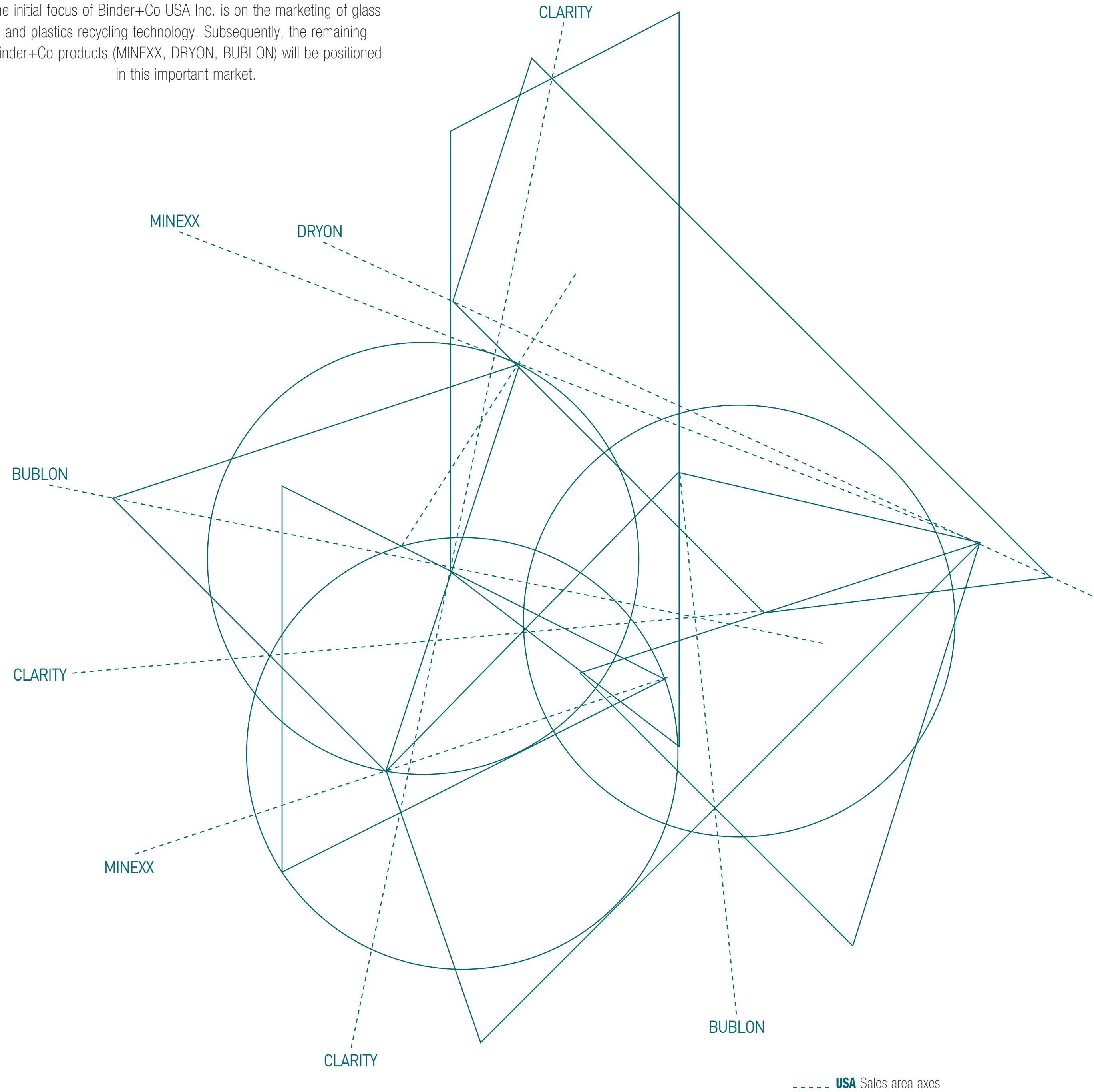
In the period under report, EBT weakened to EUR 4.48 million (2015: EUR 5.31 million) and was therefore well below the peak values of previous financial years. This was due to more intensive competition in the European market and the negative contributions to the results of Binder+Co's fully owned subsidiaries Bublon GmbH, Binder+Co Machinery (Tianjin) Ltd. and Binder+Co USA Inc.

While Comec-Binder S.r.l. delivered a marginally positive EBT contribution for the first time, Statec Binder GmbH again achieved an EBT margin of more than 9%.

At minus EUR 0.74 million, the financial result once again had a negative impact (2015: minus EUR 0.63 million).

(Fig. 9) The Newest Subsidiary

Our sales unit in Denver, Colorado, has been operational since August 2016. As Binder+Co has already built up good North American business relationships in the glass cullet recycling area, the initial focus of Binder+Co USA Inc. is on the marketing of glass and plastics recycling technology. Subsequently, the remaining Binder+Co products (MINEXX, DRYON, BUBLON) will be positioned in this important market.



Key Business Development Indicators by Segment – IFRS

Sales Revenues

EUR m	**2016**	2015
Binder+Co AG	81.05	65.39
Statec Binder GmbH	29.01	24.22
Comec-Binder S.r.l.	12.69	7.71
Bublon GmbH	0.47	0.34
Binder+Co Machinery (Tianjin) Ltd.	2.44	1.36
Binder+Co USA Inc.	0.87	–
Internal/other sales revenues	–6.41	–3.52

EBT

EUR m	**2016**	2015
Binder+Co AG	3.96	6.16
Statec Binder GmbH	2.74	2.66
Comec-Binder S.r.l.	0.16	–0.65
Bublon GmbH	–0.68	–1.01
Binder+Co Machinery (Tianjin) Ltd.	–1.06	–0.98
Binder+Co USA Inc.	–0.15	–
Other	–0.49	–0.87

Return on Equity (ROE)$_{EBT}$[1]

%	**2016**	2015
Binder+Co AG	14.4	24.7
Statec Binder GmbH	33.8	36.3
Comec-Binder S.r.l.	19.9	–48.9
Bublon GmbH	–148.8	–219.6
Binder+Co Machinery (Tianjin) Ltd.	–	–158.1
Binder+Co USA Inc.	–	–

Order Intake

EUR m	**2016**	2015
Binder+Co AG	72.50	58.92
Statec Binder GmbH	40.60	17.35
Comec-Binder S.r.l.	13.62	10.39
Bublon GmbH	0.70	1.19
Binder+Co Machinery (Tianjin) Ltd.	1.83	2.01
Binder+Co USA Inc.	1.49	–
Internal business	–8.30	–3.43

Order Backlog

EUR m	**2016**	2015
Binder+Co AG	25.35	33.97
Statec Binder GmbH	17.57	5.98
Comec-Binder S.r.l.	4.65	3.73
Bublon GmbH	1.11	0.88
Binder+Co Machinery (Tianjin) Ltd.	0.09	0.75
Binder+Co USA Inc.	0.62	–
Internal business	–2.14	–0.24

[1] The basis for the calculation of the ROE values is the amount of equity at the beginning of the respective year. The 2015 value was adjusted accordingly.

Order Backlog

The primary reason for the solid order backlog of EUR 45.06 million at the start of 2016 was provided by the large orders from 2013 and 2014. As scheduled, some EUR 15.0 million from these contracts was processed during 2016. As at 31 December 2016, Binder+Co had a satisfactory order backlog of EUR 47.25 million for 2017 and the subsequent years.

Equity Ratio/ROE

As at 31 December 2016 Binder+Co equity totalled EUR 24.86 million (2015: EUR 28.39 million). On the basis of increased total assets of EUR 104.25 million (2015: EUR 92.92 million) this provided an equity ratio of 23.8% (2015: 30.6%). Return on equity (ROE_{EBT}) fell from 19.5% in 2015 to 15.8% in 2016. The basis for the calculation of the ROE values is provided by the respective equity figure at the beginning of the year.

Working Capital

In 2016, Binder+Co working capital (short-term assets less short-term liabilities) fell from the 2015 figure of EUR 9.88 million to EUR 8.69 million.

Cash Flow

EUR m	**2016**	2015
Cash flow from earnings	10.25	10.76
Cash flow from operations	–1.49	5.89
Cash flow from investing activities	–4.56	–3.56
Cash flow from financing activities	5.27	–4.05

Employees

(Fig. 14) As at 31 December 2016 Binder+Co employed a workforce of 399, which was roughly 4% larger than at the end of the 2015 financial year (385 employees).

Non-Financial Performance Indicators

Environmental Report

Binder+Co has its own production capacity with an officially approved waste management concept. Corrosion protection constitutes a major environmental consideration and in this area the Binder+Co Group falls into line with official directives, which are adhered to in full. On-site assembly largely takes place without any residues and engineering activities completed in the offices of Binder+Co Group companies are of limited environmental relevance. Moreover, with the comprehensive energy audit carried out at its Austrian locations in 2015, Binder+Co initiated major steps aimed at fulfilling the current Energy Efficiency Act.

Sick Leave Statistics

For many years, the sick leave statistic has demonstrated a level of between 2 and 3% in relation to the available working days. The figures in the blue-collar area are in the 4 to 5% range and in the white-collar area lie between 1 and 3%.

Human Resources

(Fig. 14) For many years, Binder+Co has pursued a strategy of binding a core team of highly qualified personnel to the company. Accordingly, against the background of targeted international growth, basic and further employee training programmes have been established. For a number of years, special, internal further training measures have been on offer in the white-collar area in the form of the "Specialist Career" course and the

"Workshop Competence" in the blue-collar sector. Both training programmes are aimed at broadening the company's personnel base in individual, special areas and the supply of new branches with well-trained specialists, who are firmly anchored within the Binder+Co Group. The "Specialist Career" course also provides training for personnel who are foreseen for future managerial assignments inside the group.

Further measures for the following year are defined following the annual assessment of the achieved training targets. In 2016, 1.0% of the wages and salary sum was invested in basic and further employee training.

The overall educational levels of the Binder+Co workforce are good. 32% of the salaried staff at Binder+Co consists of graduates from universities or universities of applied science, while 51% have attended academic secondary school or a vocational college. Of the blue-collar personnel, 74% have been trained as skilled workers and 18% possess a master's certificate. The Binder+Co Group also attaches great value to apprenticeships and at present, 13 apprentices are employed.

Production

(Fig. 7,8,9)

At its locations in Gleisdorf and Badoere di Morgano, Italy, Binder+Co possesses its own production capacity, which is targeted on the manufacture of key products and components. In addition, purchased steel parts and core components supplied from Gleisdorf are assembled to form machinery and plant at the Wuqing location in the Chinese region of Tianjin. The premises in Wuqing, including the production hall and offices, are rented. By contrast, Binder+Co USA Inc., which is located in Denver, Colorado is purely a sales and service subsidiary that has rented office space and a well-equipped spare parts store.

Purchasing

Most group companies have their own purchasing departments, which apart from raw materials for the manufacture of machine parts, also source steel components and mechanical engineering parts of secondary importance worldwide. Such purchases take place mainly in Europe, although the respective target markets in Asia, Africa and North America are also used.

Compliance/Adherence to Legal Statutes

Binder+Co's activities are based on respectful relationships with its customers, partners, suppliers and employees.

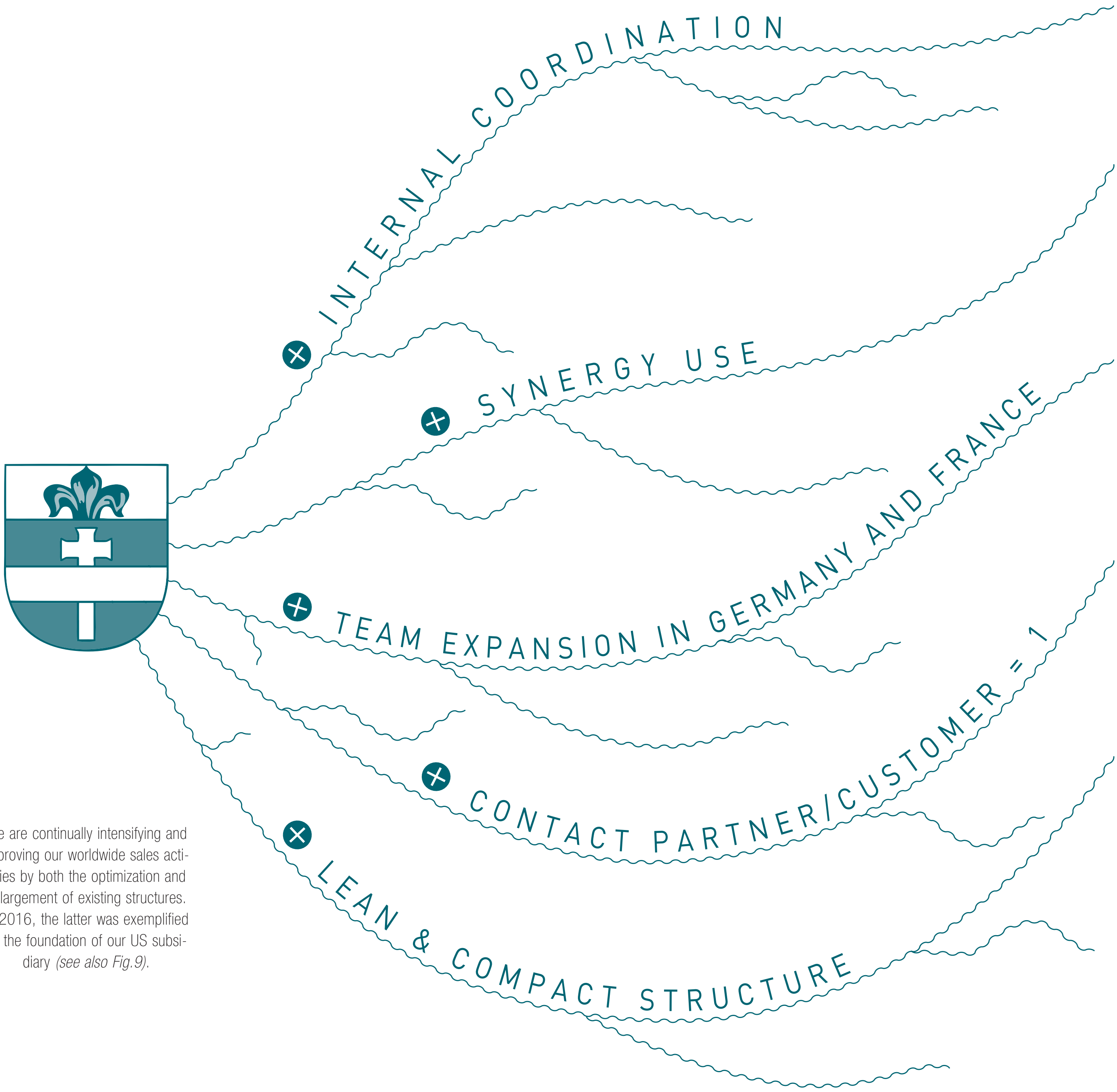
In addition, the group undertakes an obligation to adhere to national laws as exemplified by those against corruption, promote sustainability and safeguard human rights.

As a manufacturer of machinery and plants, for Binder+Co the upholding of the relevant statutory regulations, especially in a technical regard, constitutes a vital prerequisite for sustained success. Therefore, the group also has production plant licences, which are subject to regular audits. Moreover, work safety is regarded as an especially important issue and adherence is therefore monitored and documented primarily by the respective assembly and production management. The products themselves are evaluated as to their CE conformity by a quality management system.

Ongoing Measures

Apart from accreditation according to EN ISO 9001:2015, certification pursuant to SCC**:2011 and EN 1090-1:2009 constitutes a major aspect of Binder+Co's efforts to constantly meet the highest quality standards.

(Fig. 10) Sales Optimization



We are continually intensifying and improving our worldwide sales activities by both the optimization and enlargement of existing structures. In 2016, the latter was exemplified by the foundation of our US subsidiary *(see also Fig. 9)*.

Expected Group Development

Binder+Co has a clear growth strategy. On the basis of a strong position as a global player and innovative technology supplier in three product segments, the group intends to expand on the four cornerstones provided by product leadership, market reach, operational excellence and acquisitions.

(Fig. 3) Apart from Western Europe, Central and Eastern Europe (CEE and CIS), Binder+Co's regional focus includes North America, as well as Asia with a special emphasis on India and China. In its core Western and Eastern European markets, Binder+Co is increasing its deliveries to the construction and building sub-supply, mining, stone and earth, recycling, food and feedstuffs and chemicals industries. The key areas in North America are *(Fig. 9)* formed by the recycling and mining industries, and in order to step up business in this important market, the Binder+Co USA Inc. subsidiary was founded as a sales and service unit in 2016. In Asia the main emphasis is again on coal mining, the iron and steel and petrochemical industries. In a parallel move, Binder+Co is endeavouring to open up the Asian recycling industry and has direct access to the Chinese market via its local *(Fig. 8)* subsidiary, Binder+Co Machinery (Tianjin) Ltd.

In the coming years, Asia/Australia and North and South America will be the main sources of sales growth (2016: 33.1% of total sales revenues). At the same time, sales revenues from key and target accounts across all regions and branches are to be raised to over 15% (2014–2016: average 13%). The objective is to maintain 2017 sales revenues at the level of the preceding year and to raise EBIT quality.

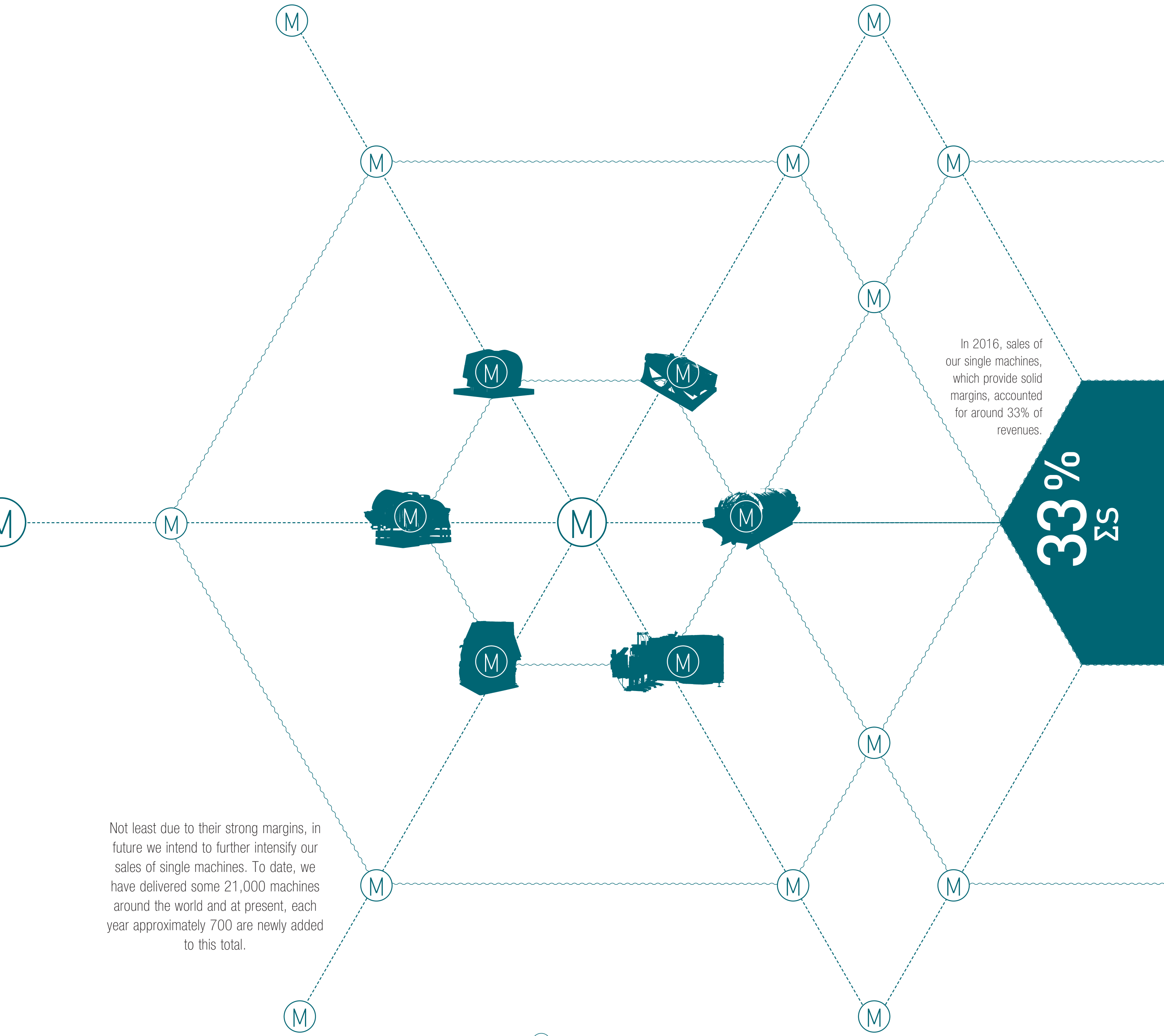
In 2017, Binder+Co AG will focus on the reduction of its fixed costs. A measure that in tandem with the anticipated result gains from the subsidiaries should enable the Binder+Co Group to attain result quality in the coming years that exceeds the market average.

Main Risks and Uncertainties

General Risk Report

Binder+Co designs and manufactures single machines and uses combinations of its own and third party products, and purchased parts to build complete systems. The high levels of engineering skills required are associated with a variety of technical, legal, managerial and financial risks. For example, amongst other activities, Binder+Co plans and installs sophisticated plants that make sizeable demands with regard to engineering capacity. Consequently, the technical risk thus assumed must also be regarded as above average. Risk recognition and management therefore represent a major aspect of business processes within the group.

(Fig. 11) Strong Single Machine Result

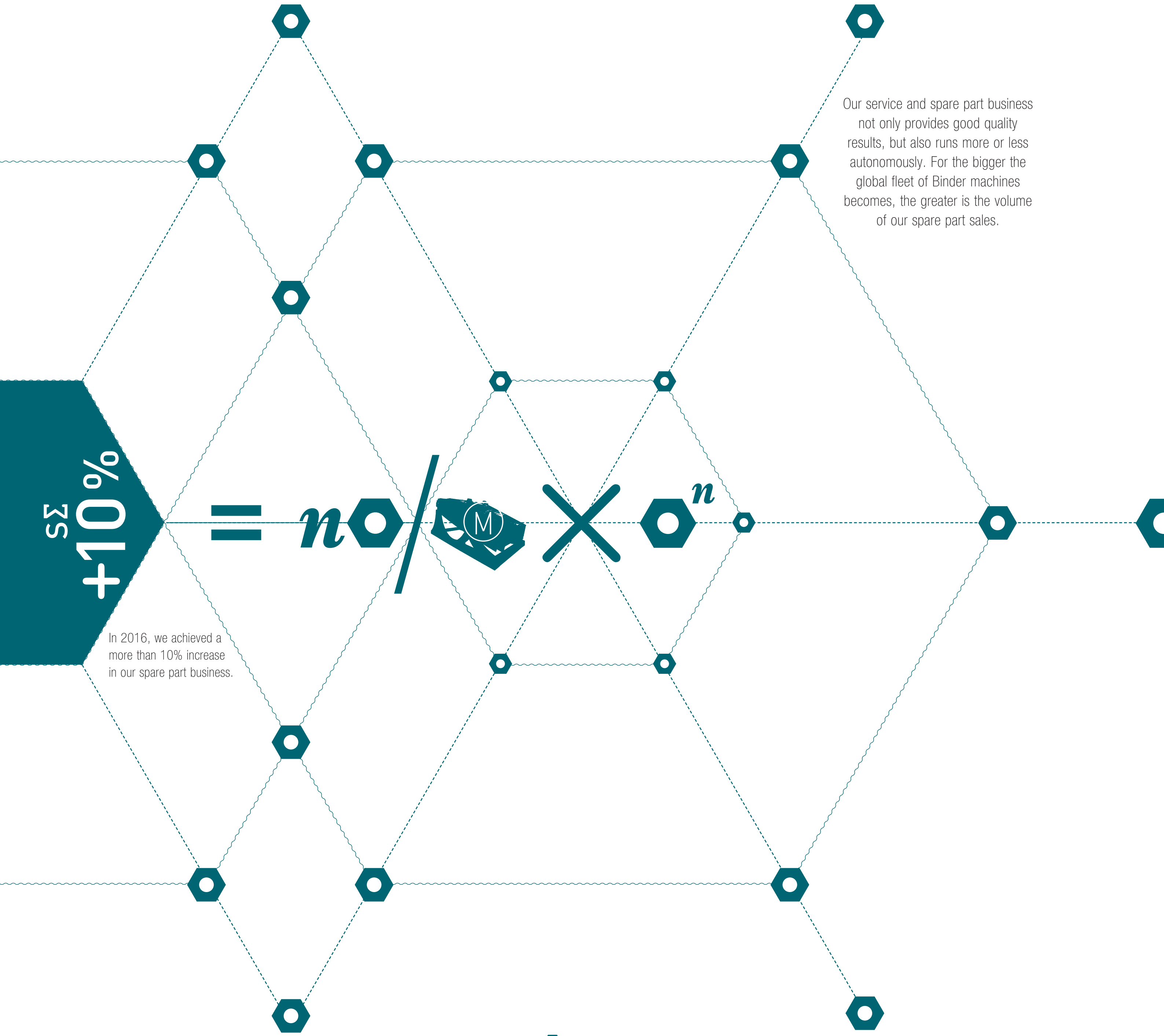


In 2016, sales of our single machines, which provide solid margins, accounted for around 33% of revenues.

Not least due to their strong margins, in future we intend to further intensify our sales of single machines. To date, we have delivered some 21,000 machines around the world and at present, each year approximately 700 are newly added to this total.

M Single machines

(Fig. 12) Spare Part Calculation



Our service and spare part business not only provides good quality results, but also runs more or less autonomously. For the bigger the global fleet of Binder machines becomes, the greater is the volume of our spare part sales.

In 2016, we achieved a more than 10% increase in our spare part business.

Spare parts

In view of its strong export orientation, Binder+Co invests considerable sums in the expansion of its sales and distribution network. At present, the group delivers to more than 60 countries and is thus subject to the general risks of fluctuations in the global economy, which can have a negative effect on the course of business.

Furthermore, the group is active in a highly competitive branch in which order intake and sales revenues continue to depend upon a few individual decisions. Consequently, considerable fluctuations, which are however standard to this business area, may occur. Moreover, changes to legal statutes and other regulations that lead to stricter requirements, especially in the environmental and human resource sectors, can also generate increased costs and thus lead to reduced income.

Binder+Co endeavours to identify possible risks at an early stage and then manage them with the aid of internal and external audits, reviews, and the services of experts. This is necessary because although group employees number among the acknowledged specialists in their fields, residual risk cannot be eliminated.

In addition, major risks are reported upon in the course of the regular Management Board meetings. Standard reporting exists for the topics of liquidity, financial and ongoing litigation. Decisions are taken directly either at project or Management Board meetings and then entered into the minutes.

High-risk potential demands the continual further development of risk monitoring. This will continue to concentrate on tender procedures and the internal control system, but owing to the current financial crisis will also place a sharper focus on the financing risks related to individual projects. In this connection, Binder+Co also examines and evaluates special country risks.

Furthermore, EN ISO 9001:2015 requires certificated companies to install comprehensive risk management systems, the effectiveness of which will be examined as a major aspect of future audits.

In the structure of its new risk management system, Binder+Co differentiates between strategic, operational and financial risks. Following identification and evaluation of the individual risks allotted to these three categories, measures for risk minimization or prevention are defined and implemented.

The realization status is monitored by means of both internal and external risk audits and the efficacy of the adopted measures determined in order that adjustments can be made if required. Finally, the findings of these internal and external evaluations are included in periodic internal and external reporting.

Special Risk Report

Price Change Risk
Contracts and agreements with suppliers and customers frequently contain price alteration clauses, which limit the impact of risks that are beyond the control of the Binder+Co Group. For its part, the group endeavours to only conclude lump sum contracts with its suppliers. However, sudden changes in purchasing prices and/or the necessity of an unscheduled switch of supplier can exert a negative influence on the earnings situation.

Payment Default Risk
As the Binder+Co Group is dependent upon a small to medium-sized clientele, it seeks to prevent cluster risks. Consequently, only in exceptional cases does the group allow the provision of more than 5% of annual sales revenues from a single order and/or customer. In addition, Binder+Co limits the payment default risk by means of the appropriate insurance, bank guarantees, or prepayments.

Liquidity Risk

Delays in payment or defaults in the case of some large-scale projects can exert a major influence on group cash flow and thus entail corresponding risks. Therefore, reports concerning payment arrears relating to the most important debtors in value terms are discussed at the regular meetings of the Management Board and liquidity forecasts are prepared. Since the end of 2016, Binder+Co has also been using factoring in order to boost liquidity.

The focus of the measures aimed at minimizing the liquidity risk is on rolling 12-month financial planning, the regular monitoring of payment flows and the hedging of credit lines.

Apart from securing business operations, Binder+Co capital management is targeted on raising business value and the creation of a solid capital basis, which primarily serves the financing of Binder+Co's chosen growth course and the securing of the company's solid dividend policy. In addition, while taking into account the local requirements of group companies, adherence to the established group-wide minimum equity ratio of 30% is sought within the framework of capital management.

Interest Rate Change Risk

In recent years, the loan interest rate trend proved to be highly advantageous for Binder+Co. Nevertheless, optimization and risk minimization are sought by means of periodic controls. Appropriate measures are co-ordinated between the Management Board and the Finance and Controlling Department.

Currency Risk

As far as possible, the group tries to transact all foreign business in euros. Where this is not feasible, foreign currency transactions are hedged by measures such as currency futures transactions.

Country Risk

To date, country risk was of secondary importance for Binder+Co. However, in the medium term, increasing efforts towards internationalization beyond the EU pose new risk potential. However, at present these risks are still only of secondary significance, owing to the fact that the Binder+Co business model is based on single machine business.

Research and Development Report

In the past financial year, the group again worked intensively on the new and further development of products with the objective of not only securing and continually extending its technical superiority in this regard, but also consolidating the technological leadership of its companies.

(Fig.6) In 2016, the innovation rate, which is employed by Binder+Co for the measurement of the business success of its development work, averaged 16.9% (2015: 16.4%). This meant that during the past financial year roughly 17% of total order intake derived from in-house developed products launched onto the market by Binder+Co during the past three years. An increase in the rate to 20% has been targeted.

In 2016, development work focused on research projects in the sensor-aided sorting area and the new and further development of important machine modules such as camera systems, lighting units and valve technology. The intention is to find fresh possibilities for separation on the basis of material differences, which apart from the colour sorting of cullet would also allow the classification and sorting of other materials such as minerals, ores, coal, plastics, paper and board. Accordingly, NIR sensor technology advances and new recognition methods employing XRT technology constitute important steps towards enlarging the range of products and offers. In 2016, industrially mature units were completed for both of these technologies.

Furthermore, additional product series are being continually developed in the packaging technology area and with regard to the comminution and dewatering technology employed in the Processing Technology Segment. As a result, every year new machines are placed on the market.

Main Features of the Internal Control and Risk Management System

The structure of Binder+Co's risk management system in its individual business segments is described below. It should be noted that the members of the Binder+Co AG Management Board also exercise executive and supervisory board functions in the group's operative companies, and therefore, apart from involvement in transactions requiring approval, are also directly party to day-to-day business.

The installation of an appropriate, internal control and risk management system with regard to the invoicing process and financial reporting is the responsibility of the Management Board. To this end both the Management and Supervisory Boards have approved binding regulations and directives relating to both the main business risks and financial reporting process throughout the group.

The Accounts Department, which includes integrated financial bookkeeping, is directly subordinate to the Management Board. Appropriate organizational measures ensure the fulfilment of the statutory stipulations, which require that entries into the accounts and other records be made in full, correctly, punctually and in orderly fashion. The entire process from purchasing to payment is subject to strict rules and regulations that are intended as a safeguard against any related risks. These measures and rules include the separation of functions, signature authorization matrices, signature authorizations for payment that are limited to only a few persons and system-supported software checks.

The Management Board receives a constant flow of information regarding all relevant matters via standardized, group-wide financial reporting and the immediate, responsive reporting of significant events. In turn, at the very least during its quarterly meetings, the Supervisory Board is furnished with details regarding the current course of business including operative planning and the group's medium-term strategy. In addition, in special cases the Supervisory Board is also provided with direct information.

Financial Risks

The monitoring and management of financial risks constitute an integral part of accounting and controlling throughout the group. Continuous controlling and regular reporting are aimed at increasing the probability that significant risks will be pinpointed at an early stage and if needed necessary countermeasures are initiated.

However, there can be no guarantee that the monitoring and risk control systems are sufficiently effective. The primary risks for the business development of the Binder+Co Group in 2016 related mainly to its dependency upon general economic developments, the receipt of major orders and the attainment of suitable earnings in combination with a corresponding contribution margin from the order backlog. Other major risks derive from unexpected cost increases and difficulties in attaining the guaranteed performance parameters of products supplied by the group. The financial problems of individual EU states and the unchanged, difficult situation with regard to overall economic development also represent a risk for group financial development.

A possible economic slow-down in the developing countries represents another risk for the group. Such economic weakness could lead to further delays, or the cessation of projects that are in progress or in the acquisition phase. The cancellation of existing orders could have a negative impact on the order backlog of Binder+Co Group companies, which in turn might detrimentally affect the use of capacity at the group's production facilities. The complete or partial write-off of individual items of goodwill emanating in the course of acquisitions might also impinge upon the Binder+Co Group's result development should this render the group's business targets unattainable.

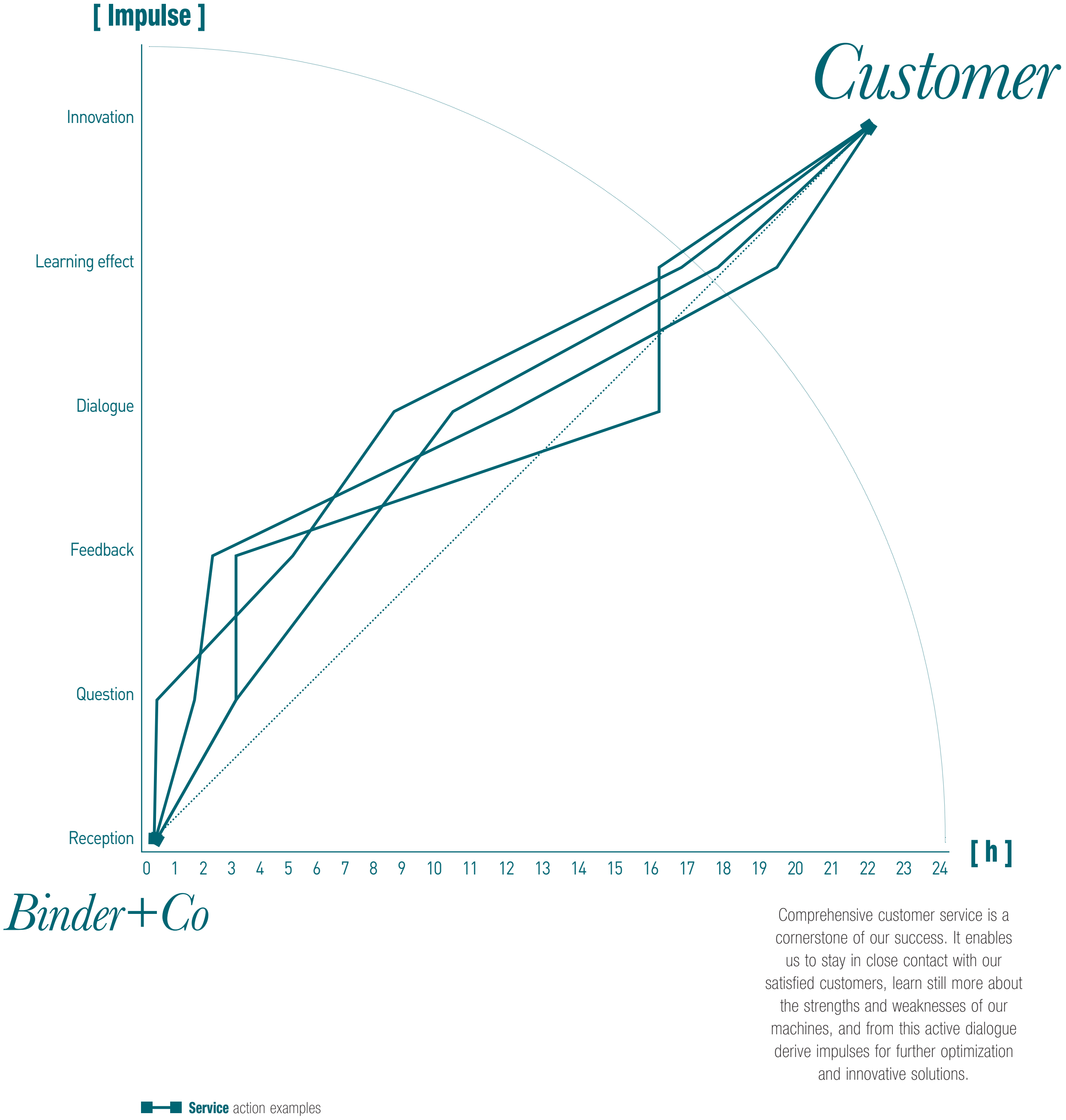
In addition to all these factors, there is a constant risk that trade receivables may have to be partially or entirely written down. For a large percentage of orders, bank financing and the conclusion of export insurance are employed as hedging against the risk of customer defaults on payment. Nevertheless individual payment losses can have a significantly negative effect on group results. In general, the potential risk emanating from deliveries to countries classified as posing an average or serious political risk is largely hedged.

Interest and exchange rate risks are minimized and controlled through the employment of derivative financial instruments that consist mainly of currency futures and swaps. In the case of orders invoiced in foreign currencies (mainly in USD and CNY) the net currency position is hedged by the conclusion of futures transactions.

Cash flow risks are monitored with the aid of monthly reports. Moreover, in order to further reduce financial risks and also improve the supervision, control and evaluation of the financial and liquidity situation, Binder+Co is continually upgrading its treasury guidelines and information systems.

Binder+Co avoids a dependency upon a single bank. Accordingly this independence is secured by only handling certain volumes of important financial products (cash and cash equivalents, financial liabilities, financial assets, guarantees and derivatives) via one bank. However, notwithstanding this practice, the insolvency of one or several banks would have a significantly negative impact upon Binder+Co's result development and equity.

(Fig. 13) Service Dynamism



Comprehensive customer service is a cornerstone of our success. It enables us to stay in close contact with our satisfied customers, learn still more about the strengths and weaknesses of our machines, and from this active dialogue derive impulses for further optimization and innovative solutions.

Non-Financial Risks

Personnel
In the personnel area interesting, individual development possibilities, performance-oriented remuneration and focused training programmes constitute important prerequisites for the attraction of trained and well-qualified employees to Binder+Co. Stringent quality standards during the selection process guarantee that the most suitable candidates are recruited. Moreover, in order to ensure that internal personnel are also available as short- and medium-term replacements, within the framework of successor planning potential candidates are identified for every key position on the basis of standardized performance and potential assessments. Use of capacity fluctuations can be counterbalanced throughout the group by the distribution of orders to the individual global locations and locally through the use of leasing personnel.

Quotations
Quotations are prepared using standardized templates, which have been subjected to commercial and legal examination. Depending on the level of financial risk, in addition to a commercial check by the company's authorized officers, an expert group chosen according to product areas completes a process-related review. During this technical process review, a risk analysis is prepared, which if required forms the basis of additional measures.

Project Completion
Realization is undertaken in teams headed by a project manager. Analyses of existing risks are carried out during regular team meetings and in technical and commercial reviews. Measures are then drawn up and reports provided to the executive management. The latter is informed immediately of any risks posing a major threat potential.

Innovation and Development
Rapid shifts in market requirements demand constant further and new product development. Technological changes and the short life-cycles of new products can lead to the failure of individual development projects to achieve full amortization. Therefore, efforts are made to minimize risk prior to the commencement of a development project. Relevant market data is collected, the level of difficulty of the development is established through the appropriate cost evaluation, and a forecast of the potential sales volume is prepared. In the course of quarterly meetings, apart from progress reports relating to specific development projects, management is also provided with a risk report. The necessary measures are then quickly coordinated with the Management Board.

Disclosures Regarding Capital, Shareholdings, Control Rights and the Related Obligations

Capital Structure
There was no change in the issued capital of Binder+Co AG as compared to the preceding year and nominal capital is reported with EUR 3,750k. This consists of 3,750,000 registered shares with a value of EUR 1.00 each.

Qualified Share Ownership
Up to the closing date of 31 December 2016, 3,735,672 of the 3,750,000 shares were delivered in the course of the transition from no-par bearer to registered shares. Consequently, the shareholders listed in the share register on 31 December 2016 held 99.62% of the total shares. In terms of the total number of shares issued, Liaunig Industrieholding AG holds 28.3% of stock, the Albona Private Trust 23.3%, Treibacher Industrieholding GmbH 16.3% and Veit Sorger 6.5%. The Management Board is unaware of any other shareholders with a capital holding of at least 10%.

As at 31 December 2016, the company held 85,548 own shares, which amounted to 2.28% of total stock.

Special control rights
No special control rights (which go beyond the control rights emanating from the statutory regulations) are known.

Appointment/Rescission of the Management and Supervisory Boards, etc.
The Management Board does not know of any non-statutory stipulations regarding the appointment and rescission of the Management or Supervisory Boards, or changes to the articles.

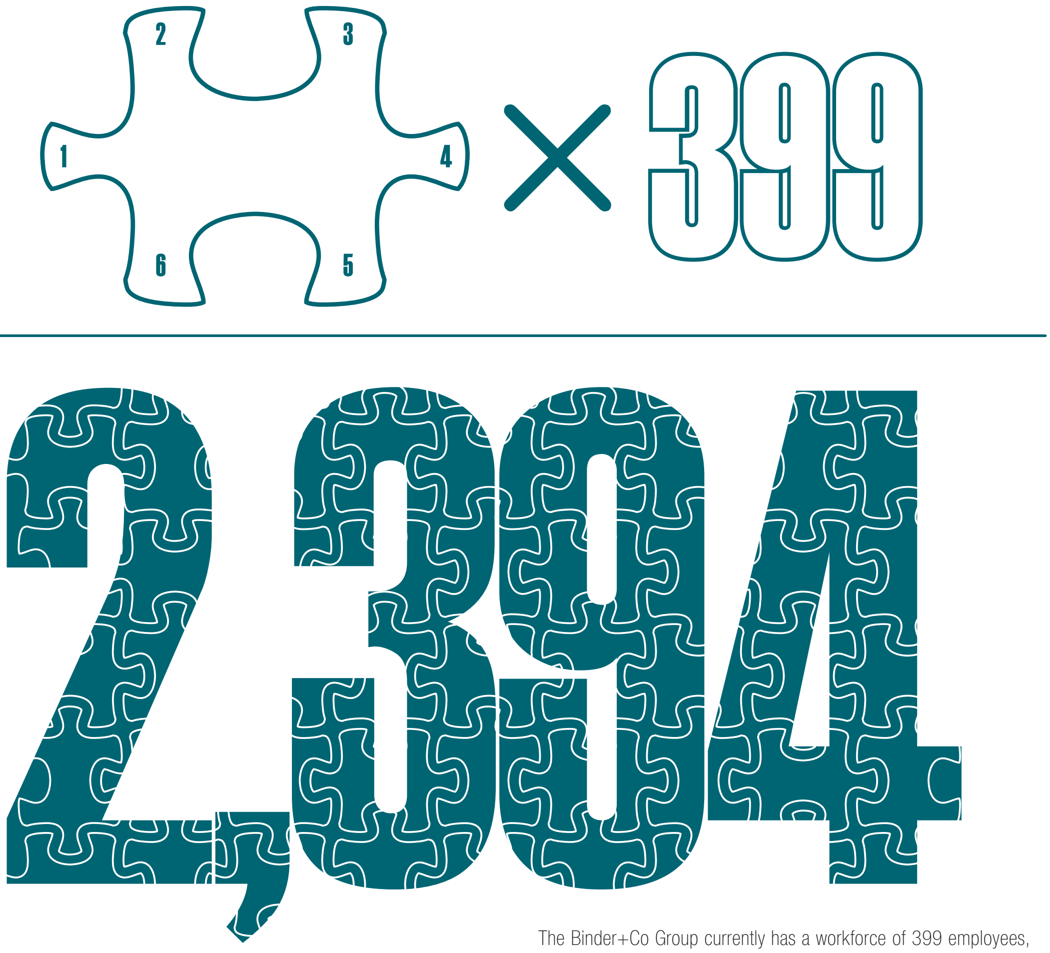
Special Powers of the Management Board
No special powers have been allocated to the Management Board with regard to share purchases or sales.

Delisting and the Exchange of Bearer Shares for Registered Shares
On 12 April 2016, the Ordinary Annual General Meeting of Binder+Co AG shareholders approved the substitution of the company's bearer shares by registered stock. This resolution took effect with entry into the company register on 30 July 2016. The final trading day for bearer shares on the mid market of the Vienna Stock Exchange was thus 29 July 2016. Following the end of the share exchange and invalidation procedure, at the beginning of February 2017 a total of 3,612 shares were declared null and void.

Change-of-Control Clauses
The Management Board knows of no contracts with change-of-control clauses.

Compensation Agreements
No compensation agreements exist between Binder+Co AG on the one hand and the Management and Supervisory Boards or employees on the other, should a public takeover bid be made.

(Fig. 14) Team Strengths



The Binder+Co Group currently has a workforce of 399 employees, who as individuals possess six impressive characteristics consisting of competence, personal commitment, a performance orientation, communication skills, team spirit and a positive attitude. Hence the fact, that we can also use a figure of 2,394 for the total value of our team.

6 Employee Strengths: (1) competence, (2) personal commitment, (3) performance orientation, (4) communication skills, (5) team spirit, (6) positive attitude

Events of Special Significance After the Balance Sheet Date

No events of major importance that could have exerted a significant influence upon the group occurred between the end of the financial year and the editorial closing date of this report.

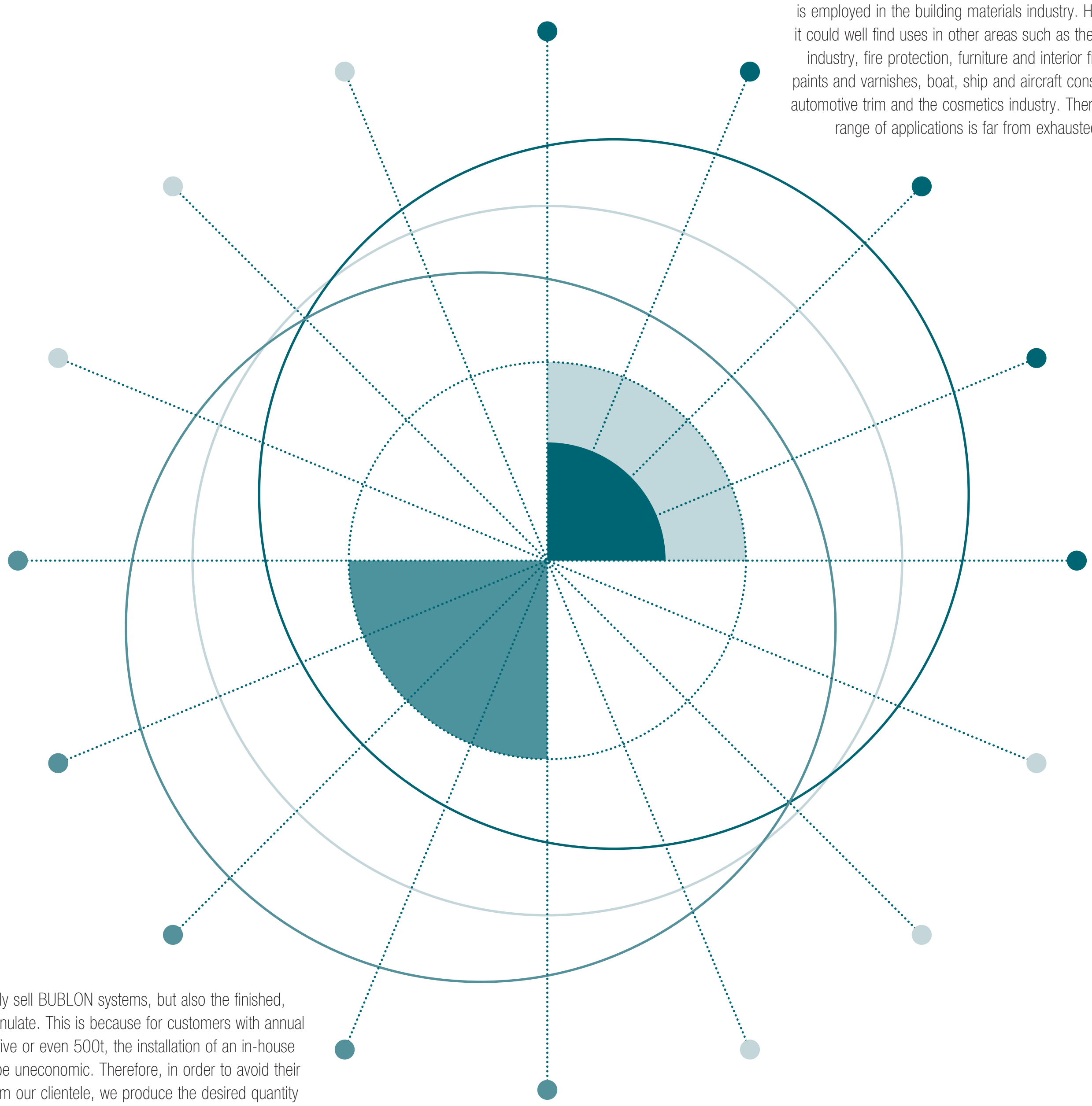
In addition, between the closing date of the financial statements and their release by the Management Board, no events occurred that could have had a material influence upon the (consolidated) financial statements as at 31 December 2016.

Gleisdorf, 24 February 2017

Karl Grabner Member of the Management Board	Jörg Rosegger Member of the Management Board

(Fig. 15) BUBLON

We believe firmly in this innovative technology, which we developed quickly and have steadily upgraded. BUBLON produces an environment-friendly insulation material made from perlite and at present the resultant granulate is employed in the building materials industry. However, it could well find uses in other areas such as the plastics industry, fire protection, furniture and interior fittings, paints and varnishes, boat, ship and aircraft construction, automotive trim and the cosmetics industry. Therefore, its range of applications is far from exhausted.



We not only sell BUBLON systems, but also the finished, expanded granulate. This is because for customers with annual demand of five or even 500t, the installation of an in-house plant would be uneconomic. Therefore, in order to avoid their exclusion from our clientele, we produce the desired quantity in the quality that they require. As a result, we are enlarging our testing facility in Gleisdorf and from mid-2017 will be able to manufacture more than 4,000t of granulate annually.

Perlite from in-house Binder production · Customer testing facilities · BUBLON system sales

Consoli Financial

dated Statements

Consolidated Balance Sheet – IFRS

As at 31 December 2016

Assets EUR k	Notes	**31 Dec. 2016**	31 Dec. 2015
A. Non-current assets			
I. Intangible assets			
1. Capitalised development costs	(3.1)	7,471	7,016
2. Industrial property rights	(3.1)	1,552	1,773
3. Goodwill	(3.1)	746	746
4. Prepayments made	(3.1)	24	24
		9,793	9,559
II. Tangible assets			
1. Land and buildings, including buildings on non-owned land			
Land	(3.2)	6,931	6,896
Buildings	(3.2)	23,696	24,574
		30,627	31,471
2. Plant and machinery	(3.2)	2,284	2,722
3. Other equipment, factory and office equipment	(3.2)	2,169	2,015
4. Prepayments made and plant under construction	(3.2)	2,152	681
		37,232	36,889
III. Financial assets			
1. Securities held as non-current assets	(3.3)	260	260
IV. Tax accruals	(3.4)	1,789	1,637
		49,074	48,344
B. Current assets			
I. Inventories			
1. Raw materials and supplies	(3.5)	6,412	5,870
2. Unfinished products	(3.5)	81	0
3. Finished goods	(3.5)	334	465
		6,827	6,335
II. Receivables and other assets			
1. Trade receivables	(3.6)	40,895	30,467
III. Other receivables and assets			
1. Receivables from affiliated companies	(3.6)	95	132
2. Other receivables and assets	(3.6)	5,973	5,205
3. Prepayments and accrued income	(3.8)	411	684
		6,479	6,020
IV.Cash and cash equivalents	(3.7)	975	1,754
		55,176	44,576
Total		**104,250**	92,921

Liabilities and shareholders' equity EUR k	Notes	**31 Dec. 2016**	31 Dec. 2015
A. Equity			
I. Issued capital	(3.9)	3,750	3,750
II. Reserves	(3.9)	16,905	20,645
III. Non-controlling interests	(3.10)	4,201	3,993
		24,856	28,388
B. Non-current debt			
I. Provisions			
1. Provision for severance payments	(3.12)	6,906	6,135
2. Provision for pensions	(3.13)	767	796
3. Deferred taxes	(3.4)	3,469	2,954
4. Other non-current provisions	(3.14) (3.15)	1,635	1,513
		12,777	11,399
II. Liabilities			
1. Liabilities to banks	(3.16)	15,917	12,289
2. Other liabilities	(3.19)	1,247	6,152
		17,164	18,441
		29,941	29,840
C. Current debt			
I. Provisions			
1. Current tax liabilities	(3.15)	2	317
2. Other current provisions	(3.15)	7,775	6,579
		7,777	6,896
II. Liabilities			
1. Liabilities to banks	(3.16)	14,969	9,209
2. Prepayments received		3,476	2,763
3. Accounts payable trade	(3.17)	17,728	13,058
4. Liabilities to affiliated companies	(3.18)	849	0
5. Other liabilities	(3.19)	4,631	2,743
6. Accruals and deferred income	(3.19)	23	23
		41,676	27,797
		49,453	34,693
Total		**104,250**	92,921

Consolidated Income Statement – IFRS

For the period from 1 January to 31 December 2016

EUR k	Notes	**2016**	2015
1. Sales revenues	(3.20)	120,121	95,495
2. Change in stocks of finished and unfinished products and work in progress		–47	–72
3. Own work capitalised		1,606	2,004
4. Other operating income	(3.21)	1,616	1,951
		123,296	99,378
5. Raw materials and consumables used	(3.5)	–67,512	–50,723
6. Staff expenses	(3.23)	–29,965	–26,632
7. Depreciation and amortisation expense	(3.1) (3.2)	–3,516	–3,444
8. Other operating expenses	(3.22)	–17,079	–12,648
		–118,072	–93,447
9. Operating result (EBIT)		5,224	5,932
10. Interest and similar expenses		–762	–695
11. Other financial result		22	70
12. Finance costs	(3.24) (3.25)	–740	–625
13. Earnings before tax (EBT)		4,484	5,306
14. Income tax expense	(3.4)	–1,222	–1,158
a) Current income tax		–689	–779
b) Deferred income tax		–533	–378
15. After tax result		3,262	4,149
16. Share of non-controlling interests in net income		–1,009	–981
Consolidated net income		**2,253**	3,167

Consolidated Statement of Comprehensive Income – IFRS

For the period from 1 January to 31 December 2016

EUR k	**2016**	2015
1. After tax result	3,262	4,149
2. Actuarial gains/losses	–750	–330
3. Income tax on actuarial gains/losses	187	84
4. Other comprehensive income, which in future may not be reclassified in the income statement	–563	–246
5. Currency translation differences	18	48
6. Other comprehensive income, which in future may be reclassified in the income statement	18	48
7. Other comprehensive income for the period	–545	–198
8. Consolidated net income before share of non-controlling interests	2,717	3,951
9. Share of non-controlling interests in net income	–997	–971
Consolidated net income	**1,720**	2,980

Consolidated Cash Flow Statement – IFRS

For the period from 1 January to 31 December 2016

	EUR k	**2016**	2015
(+/–)	Result before taxes (EBT)	4,484	5,306
(+/–)	Result from interest	747	661
(+/–)	Profit/loss on sales of non-current assets	121	–14
(+/–)	Depreciation/revaluation of non-current assets	3,516	3,444
(+/–)	Changes in non-current provisions	1,379	1,364
	Net cash flow	10,247	10,761
(+/–)	Changes in inventories including prepayments	–492	–671
(+/–)	Changes in trade receivables, other receivables and accruals	–11,039	–3,612
(+/–)	Changes in trade payables, other liabilities and accruals	670	900
(+/–)	Changes in deferred taxes not affecting cash flows	881	–120
(+/–)	Taxes paid	–533	–378
(+/–)	Changes in equity not affecting the result	–689	–779
(+/–)	Other changes recognized directly in equity	–545	–198
(+/–)	Currency differences	7	–15
	Net operating cash flow	–1,493	5,887
(–)	Investments in tangible and intangible assets	–4,601	–3,760
(–)	Investments in financial assets	0	–190
(+)	Cash flow from sales of tangible and intangible assets	30	0
(+)	Cash flow from sales of financial assets	0	358
(+)	Interest received	15	34
	Net cash flow from investing activities	–4,556	–3,558
(+)	Proceeds from and repayment of financial liabilities	11,795	865
(–)	Settlement of financial liabilities	–2,409	–1,429
(–)	Paid interest	–762	–695
(–)	Dividends to shareholders	–2,565	–2,199
(–)	Payments to other shareholders	–789	–592
	Net cash flow from financing activities	5,270	–4,049
	Net change in cash and cash equivalents	–779	–1,721
(–)	Cash and cash equivalents at beginning of period	1,754	3,475
(+)	Cash and cash equivalents at end of period	975	1,754
	Change	**–779**	–1,721

Consolidated Equity Statement – IFRS

EUR k	Issued capital	Capital reserves	Revenue reserves	Actuarial gains/losses	Net income	Currency translation	Own shares	Total	Non-controlling interests	Total equity
As at 1.1.2015	3,750	75	14,672	–1,070	7,020	49	–883	23,613	3,614	27,227
Consolidated net income	0	0	0	0	3,168	0	0	3,168	981	4,149
Other comprehensive income	0	0	0	–235	0	48	0	–187	–10	–197
Consolidated net income	0	0	0	–235	3,168	48	0	2,981	971	3,952
Payment of dividends	0	0	0	0	–2,199	0	0	–2,199	–592	–2,791
Balance as at 31 Dec. 2015	3,750	75	14,672	–1,305	7,989	97	–883	24,395	3,993	28,388
As at 1.1.2016	3,750	75	14,672	–1,305	7,989	97	–883	24,395	3,993	28,388
Consolidated net income	0	0	0	0	2,253	0	0	2,253	1,009	3,262
Other comprehensive income	0	0	0	–551	0	18	0	–533	–12	–545
Consolidated net income	0	0	0	–551	2,253	18	0	1,720	997	2,717
Payment of dividends	0	0	0	0	–5,460	0	0	–5,460	–789	–6,249
Balance as at 31 Dec. 2016	3,750	75	14,672	–1,856	4,782	115	–883	20,655	4,201	24,856

Notes to the Consolidated Financial Statements as at 31 December 2016

1. The Company

Binder+Co AG is a company under Austrian law, which has its headquarters in Gleisdorf, Styria and is primarily engaged in the production of machinery, plants and systems for the processing and recycling of bulk goods, as well as their packaging via its subsidiary Statec Binder GmbH. Binder+Co AG and its subsidiaries (subsequently referred to as the "Binder+Co Group") represent leading manufacturers of machinery, plants and systems for the processing, environmental and packaging technology sectors.

The group's international sales network is tailored to serve the branches contained in the three processing, environmental and packaging technology business segments. The main sales markets lie in the regions of Western Europe, the CEE states, Asia, Australia, Africa and North America.

The company is the ultimate parent company in the Binder+Co Group and has its offices at Grazer Strasse 19–25, 8200 Gleisdorf, Austria.

Liaunig Industrieholding AG with headquarters in Vienna is the parent company of the company, which is included in the consolidated financial statements of Liaunig Industrieholding AG within the scope of full consolidation. Liaunig Industrieholding AG prepares consolidated financial statements for the largest scope of consolidation and these are made public at the Vienna Commercial Court as the competent commercial register authority.

In 2016, on average the group's workforce numbered 397 and 376 in 2015.

On 18 June 2007, Binder+Co AG was transferred from the unregulated Third Market to the newly created mid market segment of the Vienna Stock Exchange. Then on 16 July 2007, the company was re-listed as part of regulated OTC trading and with effect from 21 September 2009, the Binder+Co AG share was accepted into mid market continuous trading. However, in the course of resource optimization with a focus on strategic further development, as per 15 January 2010, Binder+Co AG switched from the regulated free trading area to the Third Market.

At the Binder+Co AG Annual General Meeting held on 12 April 2016, it was agreed that bearer shares be replaced by registered shares. This resolution took effect on 30 July 2016 with entry into the company register. The final trading day for bearer shares on the mid market of the Vienna Stock Exchange was thus 29 July 2016. Following the expiry of the exchange and subsequent invalidity declaration process, at the beginning of February 2017 a total of 3,612 shares were declared null and void.

The transition to registered shares and delisting had no influence on the main ownership structure of Binder+Co AG. Liaunig Industrieholding AG holds 28.3% of company shares, the Albona Private Trust 23.3%, Treibacher Industrieholding GmbH 16.3% and Dr. Veit Sorger 6.5%. The remaining 25.6% are in free float.

The consolidated financial statements are prepared on the responsibility of the Management Board and are acknowledged by the Supervisory Board.

2. Accounting Principles and Summary of the Presentation and Valuation Methods

2.1. Accounting Principles

Pursuant to §245a Austrian Commercial Code (UGB), the Binder+Co Group consolidated financial statements as at 31 December 2016 were prepared in accordance with the International Financial Reporting Standards ("IFRS" and "IAS") issued by the International Accounting Standards Board ("IASB") as employed in the European Union. In addition, all the binding interpretations of the International Financial Reporting Interpretations Committee ("IFRIC" and "SIC") for 2016 were complied with. Pursuant to §245a UGB with these consolidated financial statements in line with the IFRS Binder+Co AG has prepared exempting consolidated financial statements according to internationally recognized accounting principles.

2.1.1. Notes to the Amended or New IFRS

As opposed to the consolidated financial statements as at 31 December 2015, the following standards and interpretations changed, or owing to their acceptance into EU law or the coming into effect of the regulation, became binding for the first time:

Standard/Interpretation	Content	Valid from [1]
IAS 1	Presentation of financial statements (disclosure initiative)	1.1.2016
Annual improvements (cycle 2010–2012)	Diverse	1.2.2015 [2]
Amendments to IAS 19	Defined benefit plans: employee contributions	1.2.2015 [2]
Amendments to IAS 16 and IAS 41	Bearer plants	1.1.2016
Amendments to IFRS 11	Acquisition of interests in joint operations	1.1.2016
Amendments to IAS 16 and IAS 38	Clarification of acceptable methods of depreciation and amortization	1.1.2016
Annual improvements (cycle 2010–2014)	Diverse	1.1.2016
Amendments to IAS 27	Equity method as an accounting option in separate financial statements	1.1.2016
Amendments to IFRS 10, IFRS 12 and IAS 28	Application of consolidation exceptions	1.1.2016

[1] Application for the financial years beginning on or after the stated dates
[2] IASB effective date: 1.7.2014

The application of these standards and interpretations had no material influence upon the consolidated financial statements.

The following standards and interpretations were approved by the IASB, but with the exception of IFRS 9 and 15 have yet to be adopted by the EU. Application of the accounting pronouncements is not yet obligatory and early application to the 2016 financial year did not occur.

Standard/Interpretation	Content	Valid from [1, 2]
Amendment to IFRS 4	Application of IFRS 9 together with IFRS 4	1.1.2018
Amendment to IFRS 2	Classification and measurement of share-based payment transactions	1.1.2018
IFRS 15 incl. all prior amendments	Revenue from contracts with customers	1.1.2018
Amendment to IAS 7	Disclosure initiative	1.1.2017
Amendment to IAS 12	Recognition of deferred tax assets for unrealized losses	1.1.2017
IFRS 9	Financial instruments, amendment to IFRS 9 and IFRS 7, obligatory application date and note disclosures	1.1.2018
IFRS 16	Leasing	1.1.2019
IFRS 14	Regulatory deferral accounts	1.1.2016 [3]

[1] Application for the financial years beginning on or after the stated dates
[2] With the exception of IFRS 9 and 15, not yet adopted by the EU
[3] Will not be adopted by the EU

This list represents a selection of the changes of relevance to the Binder+Co Group. The effects of the amended standards resulting from initial application are currently being considered. It is not anticipated that the new accounting regulations will exert a major influence upon the consolidated financial statements.

With the exception of plan assets pursuant to IAS 19, derivative financial instruments and available-for-sale financial assets pursuant to IAS 39, which are reported at the fair value on the balance sheet date, the consolidated financial statements were prepared in accordance with the historical cost accounting principle.

2.1.2. Changes to Estimates
No changes to estimates were undertaken during the past financial year.

2.1.3. Methods and Scope of Consolidation
The consolidated financial statements include Binder+Co AG and all the material subsidiaries that it owns entirely, or in which it holds a controlling interest. A controlling interest exists when:

- The right of disposal may be exercised over the subsidiary
- Fluctuating returns from the subsidiary result and/or
- Owing to the right of disposal, the amount of the returns from the subsidiary can be influenced

Subsidiaries therefore represent all companies in which the group controls financial and business policies. As a rule, a controlling interest is always given when Binder+Co AG holds over 50% of the voting rights in a company either directly or indirectly.

All company combinations are reported with the help of the purchase method. This involves the netting of the cost of the shares in the acquired subsidiary with the respective pro rata net assets on the basis of the fair value of the acquired assets and debts of the company as at the dates of the transaction and the transfer of control. Costs incurred in the course of the combination are recognized as an expense and reported under “Other operating expenses”.

Remaining goodwill is allocated to the respective cash-generating unit and tested on this level with regard to impairment. Pursuant to IFRS 3, negative goodwill is immediately recognized in the income statement.

The share of equity and net income allotted to non-controlling interests is recognized separately in the consolidated balance sheet and income statement.

Companies that were founded, bought or sold during the year are reported upon in the consolidated financial statements from the date of foundation, purchase, or up to the date of sale.

The financial statements of the subsidiaries are prepared using uniform accounting methods for the same reporting period as that employed for the financial statements of the parent company. Where material, all intra-group receivables, liabilities and services charges, including intra-group interim results, are eliminated to the full amount. In line with IAS 12, the necessary tax deferrals are made for temporary differences derived from consolidation.

The consolidated financial statements are presented in thousands of euros (EUR k) in accordance with commercial rounding methods. As a result of the use of automatic calculating machines, differences derived from rounding may occur in the addition of rounded sums and percentages.

As at 31 December 2016, the scope of consolidation included the following companies:

Parent company	Binder+Co AG	Gleisdorf, Austria	
Subsidiaries			
National	Statec Binder GmbH	Gleisdorf, Austria	50.7%
	Bublon GmbH	Gleisdorf, Austria	100.0%
International	Comec-Binder S.r.l.	Badoere di Morgano, Italy	100.0%
	Binder+Co Machinery (Tianjin) Ltd.	Wuqing Development Area, China	100.0%
	Binder+Co USA, Inc.	Westminster, Colorado, USA	100.0%

Additions 2016
On 28 March 2016, Binder+Co USA Inc., Westminster, Colorado, USA, was founded as a fully owned subsidiary.

2.1.4. Currency Translation

Business Transactions in Foreign Currencies
In the individual financial statements of the consolidated companies, transactions in foreign currencies are translated into the respective functional currency of the company at the exchange rate on the date of the transaction. Exchange rate gains and losses derived from translation at the time of the transaction and the balance sheet closing date are recognized in the consolidated income statement. As a rule, the companies endeavour to complete all international business in euros. Wherever possible exchange rate risks are hedged by foreign exchange forwards and swaps. The currency risk emanating from the purchase of materials in foreign currencies is reduced by attempts to partially present outgoing invoices to various customers in foreign currencies (USD, CNY).

In the current financial statements, expenses and gains derived from exchange rate differences are netted and only the surplus is reported. The currencies involved are those for which the amounts of claims and obligations are offset contractually (so-called closed currency items from coverable assets and liabilities). The amount of the foreign currency gains/expenses recognized in the income statement for the financial year totalled minus EUR 39k (2015: EUR +136k).

Translation of Individual Financial Statements in Foreign Currencies
The group currency is the euro and in line with IAS 21, annual financial statements prepared in foreign currencies are included in the consolidated financial statements and translated into euros in accordance with the functional currency principle. The functional currency for all companies is the respective national currency in which they independently transact their business in a financial, economic and organizational regard. Assets and debts are translated at the mean exchange rate on the balance sheet date and income statement items at the mean exchange rate for the financial year. Equity is measured at the historic exchange rate on the date of initial consolidation.

The euro exchange rates used for translation are contained in the following table:

		Closing date rate		Average exchange rate	
Currency	ISO Code	31 Dec. 2016	31 Dec. 2015	2016	2015
US-dollar	USD	1.0563	–	1.1058	–
Chinese renminbi yuan	CNY	7.3068	7.0952	7.3417	6.9390

Sources: USD: UniCredit Bank Austria AG; CNY: People's Bank of China

2.2. Accounting and Valuation Principles
During the preparation of the consolidated financial statements, amendments to existing IAS and IFRS and interpretations, as well as newly issued standards and interpretations were accounted for where these had been published in the Official Gazette of the European Union prior to 31 December 2016 and had taken effect by this date.

Where necessary, the figures for the previous year were adjusted in accordance with IAS 8.

2.2.1. Goodwill from Company Combinations
Goodwill is recognized in accordance with IFRS 3 and subjected to an impairment test both annually and when events or changed circumstances indicate that impairment may have occurred.

In line with IFRS 3, following reassessment of the identifiable assets and debts, negative goodwill is recognized immediately in the income statement.

2.2.2. Intangible and Tangible Assets

Purchased intangible assets are recognized at the cost of acquisition net of scheduled and extraordinary depreciation and amortization.

In the case of internally generated intangible assets, the period during which these are accrued is divided into a research and a development phase. Costs incurred during the research phase are immediately recognized as an expense. Development costs also represent period expenses. However, these are only capitalized when future financial inflows can be expected which above and beyond the normal costs, will also cover the related expenditure on development. Furthermore, all the stipulations contained in IAS 38 must be fulfilled cumulatively. Internally generated intangible assets are recognized at the cost of production, net of scheduled and extraordinary depreciation and amortization.

Tangible assets are recognized at the cost of acquisition or production net of accumulated scheduled depreciation and amortization costs.

The production costs of internally generated intangible and tangible assets consist of all direct costs and an appropriate portion of production overheads.

Borrowing costs that can be classified as relating directly to the purchase, construction or manufacture of qualified assets, are capitalized as part of the acquisition costs. All other borrowing costs are recognized as an expense in the period in which they occur. No borrowing costs were capitalized during the 2016 financial year (2015: EUR 0k).

Public grants for assets are deducted from the cost of acquisition. Cost contributions are reported in accordance with the related expenses and recognized in the income statement on an accrual basis as “Other operating income”.

Expenditure on an asset in subsequent periods is only capitalized when it results in a considerable enhancement of the future economic benefit associated with the item, e.g. through additional applications, or a significant prolongation of useful life.

The depreciation and amortization of intangible assets and property, plant and equipment occurs on a straight-line basis in accordance with the expected useful economic life of the respective item. Assets acquired in the financial year are written down pro rata temporis from the month in which the asset becomes available. The useful lives assumed for the calculation of the rates of depreciation and amortization remained unchanged over the preceding year and were as follows:

	Useful life in years	
	From	To
Intangible assets		
Capitalized development costs	5	10
Industrial property rights	5	10
Tangible assets		
Land and buildings, including buildings on non-owned land	4	50
Plant and machinery	3	15
Other plant, factory and office equipment	1	10

The residual carrying values and useful economic life periods are examined regularly and adjusted where necessary.

Individual assets with an acquisition cost of less than EUR 400 (low-value assets) are fully written down in the year of acquisition and reported as disposals in the non-current assets movement schedule.

2.2.3. Leased and Rented Assets

Where all the main risks and benefits associated with leased and rented non-current assets are transferred to Binder+Co Group (financial leasing), the related items are recognized as intangible or tangible assets. The tangible assets underlying the leasing agreement are capitalized at the beginning of the leasing relationship with the current value of the minimum leasing commitments and then written down over the anticipated service life period. Conversely, the liabilities derived from future leasing payments are recognized at the current value of the outstanding obligations on the balance sheet date. As at 31 December 2016, there were no liabilities from leasing agreements, classified as financial leasing (2015: EUR 5,108k). In the course of an asset deal, during 2011, Binder+Co AG signed a lease-option agreement relating to the premises of the Comec company. This agreement was covered by a bank guarantee (contractual performance bond) in favour of the seller for the purchase of these premises amounting to EUR 5.5 million. In 2015, the net carrying value of the company property in Italy, which is recognized owing to the lease-option agreement, amounted to EUR 6,361k. Comec-Binder S.r.l. purchased the property with a contract from 11 July 2016 and the bank guarantee was terminated in favour of the seller.

The payments made for operating leasing agreements are recognized as an expense on a straight-line basis in the income statement over the period of the leasing relationship.

2.2.4. Value Impairments

Assets (except inventories and deferred tax assets) are tested on the respective balance sheet date in order to ascertain whether indications of impairment exist. In the case of goodwill, even if there are no such indications a test is completed shortly before each balance sheet date.

In general, impairment tests on goodwill, other intangible and tangible assets are based on estimated future discounted net cash flows, which are to be anticipated from the continued use of an asset and its disposal at the end of service life. Impairment may be caused by factors such as lower sales revenues and resultant smaller net cash flows, as well as changes to the discount factors employed. The attainable amount is estimated for the individual assets and should this prove impossible, the superordinated cash-generating unit is assessed.

Should the reason for a past impairment loss no longer exist, except in the case of goodwill, the amortized costs of acquisition and production are reversed.

In line with IFRS 36, goodwill was subjected to an impairment test, which in the 2016 financial year did not result in an impairment (2015: EUR 0k).

2.2.5. Financial Assets

The Binder+Co Group only holds financial assets that are classified as available-for-sale, or as loans and receivables. The financial assets contain non-current asset securities.

Pursuant to IAS 39, securities classified as available-for-sale are carried at fair value. Changes in value are reported under equity with a neutral effect on profit and loss. There were no changes in value in the 2016 financial year (2015: EUR 0k).

2.2.6. Deferred Taxes

Deferred taxes are determined according to the balance sheet liability method for all temporary differences between the tax value and the IFRS valuation of assets and debts. In addition, the feasible tax advantage to be gained from existing deferrals is included in the calculation. Temporary differences subject to tax that derive from the initial reporting of goodwill are excluded from these comprehensive deferments.

Tax accruals are only reported when it can be assumed with sufficient certainty that the related tax benefit is realizable. The determination of accruals is based on the income tax in the respective country at the date of the probable reversal of the value difference.

Tax deferrals that relate to items not recognized in the income statement are booked in similar fashion. Reporting takes place in line with the underlying business transaction as “Other income”.

Deferred tax assets and debts are offset when the deferrals relate to the same fiscal authority.

2.2.7. Inventories

Inventories are recognized at the lower of the cost of acquisition or production, or net realizable market value (market price) at the balance sheet date. The net realizable market value represents the sales price attainable in standard business transactions, less the outstanding production costs and necessary operating expenses.

Acquisition costs are calculated using the sliding average cost method.

The valuation of unfinished and finished products takes place at the cost of manufacture. This contains all individual costs, as well as a reasonable percentage of production overheads. General administration and sales costs, as well as interest on borrowings are not included in the cost of manufacture.

2.2.8. Trade Receivables

Trade receivables are reported at nominal value less write-downs for recognizable, individual risks. In addition a provision is formed for country risks.

Interest-free and low-interest receivables are discounted. Receivables in foreign currencies are recognized at the exchange rate on the balance sheet date and in the case of hedged exchange rates with the hedged rate.

As a rule, deposits received from customers in the course of open orders (warranty bonds) are called in by means of bank guarantees.

2.2.9. Manufacturing Contracts

Subject to the existence of the prerequisites contained in IAS 11, manufacturing contracts are reported according to the percentage of completion method. Expected order earnings are recognized as sales revenues in accordance with the degree of completion. This is established on the basis of the ratio of the costs incurred to the awaited total expense (cost-to-cost method). Changes to the contractually agreed order (supplements) are accounted for to an extent that can be determined reliably and where customer agreement is probable. If the outcome of a manufacturing contract cannot be reliably estimated, contractual revenues are only recognized up to the amount of the costs incurred. Where it is likely that total contractual costs will exceed the total revenues, the entire impending loss is recognized immediately as an expense.

Prepayments received are deducted from the receivables derived from manufacturing contracts. Should the resultant balance be negative, it is carried as a liability.

2.2.10. Other Receivables and Assets

Other receivables are reported at nominal value less provisions for possible defaults.

2.2.11. Cash and Cash Equivalents

Cash and cash equivalents consist of cash and credits at banks.

2.2.12. Obligations in Respect of Employees

Pension Obligations

Under individual agreements, the Binder+Co Group has commitments to pay pension benefits in respect of two beneficiaries. These performance-related obligations are not matched by any appropriated funds and are therefore reported in their entirety as a provision. These obligations consist exclusively of pensions payable to retired employees or their widows.

The amount of the provision required is calculated for the respective balance sheet date on the basis of an actuarial expertise and takes into account the regulations relating to such calculations contained in the amended version of IAS 19.

The calculation of entitlements as at 31 December 2016 and 2015 is based on the following assumptions:

	2016	2015
Interest rate	2.0%	2.5%
Pension increases	1.5%	1.5%
Life expectancy	AVÖ 2008-P	AVÖ 2008-P

Any difference between the amounts of the provisions as calculated in advance on the basis of the above assumptions and the actual amounts ("actuarial gain/loss") are recognized in accordance with the amended version of IAS 19.

Severance Benefits Obligations

In accordance with Austrian labour law, the company is obliged to render established severance payments to employees who joined the company before 1 January 2003 and whose employment is terminated by notice or retirement. Employees who leave voluntarily, or are dismissed for good cause, are not entitled to such payments. Severance payments are dependent upon the number of years of service and remuneration at the severance date. They range between two and twelve monthly salaries. A provision is formed for this obligation.

Italian law (Art. 2120 of the Codice Civile) foresees that in every case employees have a claim to severance pay (TFR) at the end of the employment relationship. The TFR is established through the addition of remuneration (including payments in kind) and the division of this amount by a factor of 13.5 for every year of company service. This amount is raised annually by 1.5% plus 75% of the increase in the consumer price index.

These provisions are calculated using the projected unit credit method through the aggregation by means of actuarial principles of the current value of future payments over an employee's projected period of employment. In line with IAS 19 (R 2011), the effects on value of changes to the interest and pension parameters (actuarial gains and losses) are recognized directly in equity during their year of origin.

The required calculation for the respective balance sheet date involves an actuarial expertise.

The calculation of entitlements as at 31 December 2016 and 2015 is based on the following assumptions:

	2016	2015
Interest rate	2.0%	2.5%
Increases in remuneration	3.0%	3.0%
Pensionable age for women	60[1]	60[1]
Pensionable age for men	65[1]	65[1]
Life expectancy	AVÖ 2008-P	AVÖ 2008-P

[1] Taking into account the interim stipulations of the 2003 pension reform. The increase in the age limit for retirement pensions for female retirees from 2024 was also accounted for. For Comec-Binder S.r.l., the end of the 62nd year was adopted as the pensionable age.

Austrian employment relationships that commenced as agreed contractually after 31 December 2002 are subject to the provisions of a new severance payment scheme. This amended system stipulates that for every month of an employment relationship and certain non-contributory periods, the employee receives a vested entitlement to benefit, irrespective of length of service and the reason for the termination of employment. This represents a contribution-oriented scheme, in which the funds required to cover the obligation are transferred to an employees' severance pay and pension fund. In 2016, the contributions to the employees' severance pay and pension fund totalled EUR 241k (2015: EUR 217k) and are recognized under the expenses for severance benefits.

Other Long-Term Obligations in Respect of Employees

The Binder+Co Group has obligations under collective bargaining agreements to pay long-service bonuses to employees, who achieve a certain specified length of service (from 25 years onwards). A provision was made for this obligation.

Basically, this provision is calculated using the same methods and assumptions as those utilized for severance payments obligations, with the difference that depending on length of service, a reduction of up to 11.5% (2015: uniform 10%) is applied to reflect personnel fluctuations. Following amendments to the statutory regulations, since 2016 employers must pay social insurance and company pension fund contributions on all long-service bonuses. This is accounted for appropriately in the calculation of the provisions. In addition, pursuant to IAS 19 (R 2011) the actuarial gains and losses emanating from the provision for long-service bonuses are recognized immediately in the income statement.

2.2.13. Other Provisions

Other provisions are recognized when the company is subject to a legal or actual obligation to a third party as a result of a past event and it is probable that this obligation will result in an outflow of resources. The provision sums are based on the best estimates possible at the time that the annual financial statements are prepared. Where the amount cannot be reasonably estimated, no provision is made. Where the present value of the provision calculated according to a market interest rate differs materially from the nominal value, the present value of the obligation is recognized.

2.2.14. Taxes

The amount recognized as an income tax expense for the financial year consists of the income tax payable on taxable income for the individual companies using the applicable rate of corporate income tax (actual taxes) in the respective country, together with adjustments to accrued and deferred taxation.

With an agreement dating from 16 December 2013, a fiscal company group was formed in accordance with §9 KStG (Austrian Corporation Tax Act) between Binder+Co AG as the group head pursuant to §9 Para. 3 KStG and Bublon GmbH as the group member pursuant to §9 Para. 2 KStG. The group came into effect from the tax assessment for the 2013 financial year. The following companies are also members of the group in line with §9 KStG, but as foreign corporate enterprises are not included in tax equalization pursuant to §9 Para. 8, line three KStG.

- Comec-Binder S.r.l., 31050 Badoere di Morgano (TV), Italy
- Binder+Co Machinery (Tianjin) Ltd., Wuqing Development Area, China

Within the scope of the group, the taxable results of Bublon GmbH are taxed at Binder+Co AG level. As far as the international members of the group are concerned, only tax losses of the respective group head are realized, which in subsequent years are then subject to a deferred tax obligation in line with §9 Para. 6, Clause 6, KStG.

The calculation of tax distribution takes place on the basis of the contribution method. Accordingly, the group head either burdens the group member with a charge or provides an appropriate credit.

Owing to the lack of the prerequisites for fiscal administrative assistance, Binder+Co Machinery (Tianjin) Ltd. left the taxation group on 1 January 2015 ex lege. In each of the years 2015, 2016 and 2017, back tax will be paid on one-third of the losses attributed to the company in the 2013 and 2014 financial years.

The current income tax rates valid for the Binder+Co Group are as follows:

- Austria: 25.0%
- Italy: 24.0% (2015: 27.5%)
- China: 25.0%
- USA: 35.0%

2.2.15. Financial Liabilities

In line with IAS 39, except for derivative financial instruments, the Binder+Co Group categorizes financial liabilities as “Other financial liabilities” and recognizes them initially at fair value less the directly allocable transaction costs. Subsequently, the liabilities are recognized at amortized cost. Should the amount of repayment be lower or higher, a write-down or -up takes place in accordance with the effective interest method.

The financial liabilities of the Binder+Co Group comprise financial loans and trade payables.

2.2.16. Contingent Liabilities

Contingent liabilities consist of possible or existing obligations, where a resource outflow is unlikely. They are not included in the consolidated balance sheet, but are reported in the notes.

2.2.17. Income Realization

Income from deliveries is realized when all the main risks and opportunities derived from the supplied item have been transferred to the purchaser (completed contract method). Income from services unrelated to a complete project is realized to the extent of the services provided on the balance sheet date. As far as income realization in connection with order completion is concerned, reference should be made to the corresponding notes.

2.2.18. Financial Expenses and Income from Financial Investments

Financial expenses include the interest and interest-like expenses attached to borrowings and financial leasing transactions, as well as losses from the disposal or unscheduled write-down of financial assets.

The income from financial investments includes the interest, dividends and similar income derived from financial investments and spending on financial assets, as well as gains on the disposal and write-up of financial assets.

Interest is deferred over time using the effective interest method. Dividends are reported when a legal entitlement to payment arises on the part of the shareholders.

2.2.19. Research and Development Costs

All research costs are recognized as an expense. Development costs are subject to obligatory capitalization only when all the following preconditions are demonstrated and cumulatively fulfilled:

- The technical realizability of the completion of the intangible asset makes possible its availability for internal use or sale.
- The intention to complete the intangible asset and the ability to use or sell it both exist.
- The asset will generate a future economic benefit.
- Resources for the completion of the intangible asset are available.
- The expenditure attributable to the intangible asset during its development can be reliably determined.

As at 31 December 2016, development costs amounting to EUR 1,339k (2015: EUR 1,681k) were capitalized in the consolidated financial statements.

During the 2016 financial year, total research and development costs amounted to EUR 2,453k (2015: EUR 2,790k).

2.2.20. Risk Management

The monitoring and management of financial risks constitute integral elements of accounting and controlling within the entire Binder+Co Group. Ongoing controlling and regular reporting are intended to increase the likelihood of the early recognition of larger-scale risks and the initiation of countermeasures where necessary. Nonetheless, there is no guarantee that the monitoring and risk control systems are sufficiently effective.

The main risks to the business development of the Binder+Co Group in 2016 related primarily to a dependency upon the general economic trend, the receipt of large orders and the attainment of appropriate sales revenues and margins from a high order backlog. In addition, during the completion of orders further material risks derive from unexpected price increases and problems related to the achievement of the guaranteed performance parameters of plant and machinery supplied by Binder+Co AG.

The financial difficulties of individual eurozone countries and the continuation of the testing overall economic situation also constitute a risk with regard to the financial development of the Binder+Co Group. In addition, a possible slowing of economic activity in the developing nations represents a further risk. Such economic weakness could lead to the delay or cessation of projects that are either in progress or the acquisition phase. The cancellation of existing contracts may also exert a negative influence on the order backlog of the Binder+Co Group, which in turn can have a negative effect upon the use of capacity at the group's production centres.

The complete or partial write-off of goodwill obtained in the course of acquisitions could also impact the Binder+Co Group's results if the business targets for these companies are not reached.

Apart from this, there is a constant risk that trade receivables may have to be partially or totally written down. For the majority of orders, bank hedging and the conclusion of credit insurance reduce the risk of customer defaults on payments. However, individual payment defaults can have a materially detrimental effect on group results. As a rule, the risk related to deliveries to countries with an average to high political risk rating is largely hedged.

Owing to the basic Binder+Co Group principle that all international transactions take place in euros, interest and currency exchange rate risks play a subordinate role. In those exceptional cases where business is not concluded in euros, the risk is minimized and controlled by the use of derivative financial instruments and especially foreign exchange forwards and swaps. In the case of orders invoiced in foreign currency, the net currency positions are hedged through the conclusion of forward transactions. Cash flow risks are monitored via monthly cash flow reports. Moreover, in order to further reduce financial risks and improve the surveillance, control and evaluation of financial and liquidity items, the Binder+Co Group is constantly improving its treasury guidelines and information systems.

Risks to the Binder+Co Group derived from interest rate changes relate primarily to current borrowings subject to variable interest, whereas non-current borrowings within the framework of participation and investment financing are hedged by means of fixed interest agreements.

Had interest rates been 50 basis points higher/lower and all other variables remained constant, the consolidated net profit for the financial year ending on 31 December 2016 would have decreased by EUR 97k or risen by EUR 121k (2015: decrease of EUR 58k/ increase of EUR 73k). These figures can be traced mainly to the interest risks derived from borrowings subject to variable interest rates.

The Binder+Co Group avoids dependency upon a single bank. Therefore, to ensure independence only a certain volume of all important financial products (cash and cash equivalents, financial liabilities, financial assets, guarantees and derivatives) is handled respectively with only one bank. Despite this approach, the insolvency of one or several banks would have a considerable negative impact upon Binder+Co Group results and equity.

The primary aim of capital controls within the Binder+Co Group is to ensure that apart from the availability of the liquidity required to underpin business activities and maximize shareholder value, appropriate creditworthiness and a sufficient equity ratio can be maintained.

The Binder+Co Group controls its capital with the help of the net financial debt/EBITDA key indicator and the equity ratio. Net debt incorporates non-current and current bank borrowings less cash, cash equivalents and bank balances. Equity consists of issued shares, capital reserves, revenue reserves and other reserves (foreign currency differences), as well as the stocks of non-controlling interests.

At a maximum, the net financial debt/EBITDA key indicator may amount to 3.5 and should only be exceeded by a maximum of 75% for a limited period.

In the period under report the two key indicators developed as follows:

EUR k	**2016**	2015
Debts[1]	30,886	21,498
Cash, cash equivalents and bank balances	–975	–1,754
Net debts	29,911	19,744
EBITDA	8,740	9,375
Net debt/EBITDA	3.4	2.1
Equity ratio	23.8%	30.6%

[1] Debts are defined as non-current and current bank borrowings.

2.2.21. Estimates

During the preparation of the consolidated financial statements in line with generally recognized IFRS accounting and valuation methods, the management must make estimates and assumptions, which can affect the reported values of assets and liabilities and other obligations on the balance sheet date, as well as those of income and expenses for the year under review.

The following assumptions create a not inconsiderable risk, as they could lead to a major adjustment of the assets and debts in the subsequent financial year:

Value Impairment of Intangible and Tangible Assets
Impairment tests on goodwill, other intangible and tangible assets are based mainly on estimates of the future, discounted net cash flows, which are to be anticipated from the continued use of an asset and its disposal at the end of service life. Impairment can be caused by factors such as lower sales revenues and resultant smaller net cash flows, as well as changes to the discount factors employed.

Manufacturing Contracts
The assessment of manufacturing contracts up to the conclusion of the project, especially with regard to the reporting of supplements, the amount of the deferred order income in line with the percentage of completion method and the estimation of the probable contractual income, are all based on expectations in relation to the future development of the corresponding orders. Changes can lead to asset value adjustments and have a major influence on the results in subsequent periods.

Provisions for Warranties
In the case of concluded projects, the Binder+Co Group continues to be subject to legal or contractually agreed obligations regarding the correction of defects or damage. Should a known, concrete warranty problem arise, provision is made to the amount of the probable claim. This represents an estimate of future expenses and can deviate from the actual requirement for correction.

Provision for Litigation Risks
The results of litigation can only be predicted with limited certainty. However, where these are estimable, appropriate provisions were made in the consolidated financial statements. The actual results of litigation can deviate from these estimates.

Obligations to Employees
The actuarial calculation of pensions, severance payments and long-service bonuses is based on estimates regarding discount factors, increases in remuneration and life expectancy tables. Changes in the parameters as a result of shifts in the economic and/or demographic framework can lead to larger or smaller provisions and expenditure on human resources.

Deferred Taxes
The calculation of tax deferrals takes place on the basis of the tax rates that according to the current legal situation will apply when the temporary differences again even out. However, tax rate changes can necessitate modifications regarding the deferred taxes that have to be taken into account.

2.2.22. Adjustments to the Accounting and Valuation Methods

Basically, the accounting and valuation methods employed on 31 December 2015 were retained.

3. Notes to the Consolidated Balance Sheet and Income Statement

3.1. Intangible Assets and Goodwill

During the 2016 financial year, intangible assets and goodwill developed in the following manner:

EUR k	Capitalized development costs	Licences and industrial property rights	Goodwill	Prepayments made	Total
Acquisition costs					
As at 31 Dec. 2015	9,694	5,539	746	24	16,003
Additions	1,339	435	0	0	1,774
Disposals	0	–350	0	0	–350
Currency translation	0	–2	0	0	–2
As at 31 Dec. 2016	11,033	5,622	746	24	17,425
Accumulated amortization					
As at 31 Dec. 2015	2,678	3,766	0	0	6,444
Additions	884	304	0	0	1,188
Disposals	0	0	0	0	0
Currency translation	0	0	0	0	0
As at 31 Dec. 2016	3,562	4,070	0	0	7,632
Carrying value as at 31 Dec. 2015	7,016	1,773	746	24	9,559
Carrying value as at 31 Dec. 2016	7,471	1,552	746	24	9,793

The disposals recognized under the acquisition costs relate to the correction of the purchasing expense of a patent. Depreciation and amortization correction was carried out under current depreciation.

During the 2015 financial year, intangible assets and goodwill developed in the following manner:

EUR k	Capitalized development costs	Licences and industrial property rights	Goodwill	Prepayments made	Total
Acquisition costs					
As at 31 Dec. 2014	8,011	5,271	746	0	14,028
Additions	1,683	266	0	24	1,973
Disposals	0	0	0	0	0
Currency translation	0	2	0	0	2
As at 31 Dec. 2015	9,694	5,539	746	24	16,003
Accumulated amortization					
As at 31 Dec. 2014	1,927	3,400	0	0	5,327
Additions	751	366	0	0	1,117
Disposals	0	0	0	0	0
Currency translation	0	0	0	0	0
As at 31 Dec. 2015	2,678	3,766	0	0	6,444
Carrying value as at 31 Dec. 2014	6,084	1,871	746	0	8,701
Carrying value as at 31 Dec. 2015	7,016	1,773	746	24	9,559

The recognized goodwill derives from the company combination in the Comec-Binder S.r.l. subsidiary (asset deal) from 2011. This subsidiary is defined as a cash-generating unit for the recognized goodwill.

The valuation process for the determination of the amount that can be attained in this regard is oriented towards company valuation principles (discounted cash flow method). The estimated future cash flows are extrapolated from the planning data for the coming four years approved by the Management Board, which includes previous results and best estimates regarding future developments. In line with the long-term growth forecasts for the branch, a 1.3% (2015: 1.3%) growth deduction and hence an increase in the capital cost rate, is taken into account for the discounting of the cash flows following the detailed planning period. The discount interest rate is determined on the basis of a weighted capital cost rate that is standard in the branch and amounts to 9.3% (2015: 9.7%). The value thus established represents a value in use, which is compared to the carrying value. The impairment test showed no impairment requirement.

The surplus of EUR 3,837k between the value in use and the carrying value would be cut to zero, either through a reduction in the cash flow from the fourth planning year by approximately 38.9% (2015: 25.7%), or an increase in the discount rate to 13.8% (2015: 12.1%).

Goodwill carrying values were allocated to the sub-groups as follows:

EUR k	**2016**	2015
Comec-Binder S.r.l.	746	746

3.2. Tangible Assets

During the 2016 financial year, tangible assets showed the following movements:

EUR k	Land and buildings	Plant and machinery	Other plant, factory and office equipment	Prepayments made and plant under construction	Total
Acquisition costs					
As at 31 Dec. 2015	48,238	11,608	6,533	681	67,060
Transfers	0	0	0	0	0
Additions	302	253	800	1,471	2,827
Disposals [1]	0	–174	–235	0	–410
Currency translation	–2	–3	–5	0	–10
As at 31 Dec. 2016	48,538	11,684	7,092	2,152	69,466
Accumulated amortization					
As at 31 Dec. 2015	16,767	8,886	4,517	0	30,170
Transfers	0	0	0	0	0
Additions [1]	1,145	604	580	0	2,328
Disposals	0	–89	–172	0	–260
Currency translation	–1	–1	–2	0	–4
As at 31 Dec. 2016	17,911	9,400	4,923	0	32,234
Carrying value as at 31 Dec. 2015	31,471	2,722	2,015	681	36,889
Carrying value as at 31 Dec. 2016	30,627	2,284	2,169	2,152	37,232

[1] Digit sum rounding differences

During the 2015 financial year, tangible assets showed the following movements:

EUR k	Land and buildings	Plant and machinery	Other plant, factory and office equipment	Prepayments made and plant under construction	Total
Acquisition costs					
As at 31 Dec. 2014	47,715	11,549	6,099	0	65,363
Transfers	37	–13	–15	0	9
Additions	496	98	502	681	1,777
Disposals	–14	–30	–61	0	–105
Currency translation	4	4	7	0	15
As at 31 Dec. 2015	48,238	11,608	6,532	681	67,059
Accumulated amortization					
As at 31 Dec. 2014	15,619	8,302	4,014	0	27,935
Transfers	0	10	–13	0	–3
Additions	1,148	603	574	0	2,325
Disposals	–1	–30	–60	0	–91
Currency translation	1	1	2	0	4
As at 31 Dec. 2015	16,767	8,886	4,517	0	30,170
Carrying value as at 31 Dec. 2014	32,096	3,247	2,085	0	37,428
Carrying value as at 31 Dec. 2015	31,471	2,722	2,015	681	36,889

As there were no indications of value impairment in 2016, the year under report, a value impairment test was not undertaken. Obligations derived from operative rental and leasing contracts relate mainly to items from factory and office equipment and are reported under Item "3.22. Other operating expenses".

3.3. Financial Assets

During the 2016 financial year, financial assets showed the following movements:

EUR k	Participations in associated companies	Securities	Other loans	Total
Acquisition costs				
As at 31 Dec. 2015	0	260	0	260
Additions	0	0	0	0
Disposals	0	0	0	0
As at 31 Dec. 2016	0	260	0	260
Accumulated amortization				
As at 31 Dec. 2015	0	0	0	0
Additions	0	0	0	0
Disposals	0	0	0	0
As at 31 Dec. 2016	0	0	0	0
Carrying value as at 31 Dec. 2015	0	260	0	260
Carrying value as at 31 Dec. 2016	0	260	0	260

During the 2015 financial year, financial assets showed the following movements:

EUR k	Participations in associated companies	Securities	Other loans	Total
Acquisition costs				
As at 31 Dec. 2014	0	401	0	401
Additions	0	190	0	190
Disposals	0	–331	0	–331
As at 31 Dec. 2015	0	260	0	260
Accumulated amortization				
As at 31 Dec. 2014	0	0	0	0
Additions	0	0	0	0
Disposals	0	0	0	0
As at 31 Dec. 2015	0	0	0	0
Carrying value as at 31 Dec. 2014	0	401	0	401
Carrying value as at 31 Dec. 2015	0	260	0	260

The securities consist of shares in various investment funds, which serve exclusively to cover the provisions for pension obligations under §§14 and 116 of the Austrian Income Tax Act (EStG).

3.4. Deferred Taxes

Temporary differences between the valuations in the IFRS consolidated financial statements and the respective taxation valuation have the following effect on the tax deferrals recognized in the balance sheet:

EUR k	**31 Dec. 2016**	31 Dec. 2015
Accrued differences		
Non-current assets	126	133
Current assets	25	39
Provision for severance payments	558	495
Provision for pension obligations	36	36
Interest	272	293
Other provisions	340	313
Liabilities	82	90
Loss carryforwards	1,600	1,538
	3,039	2,937
Thereof non-capitalized		
Netting of tax accruals and deferrals	–1,250	–1,300
Tax accruals	1,789	1,637
Accrued expenses and deferred income		
Non-current assets	2,907	2,847
Current assets	1,828	1,378
Provision for severance payments	6	15
Other provisions	–22	14
	4,719	4,254
Netting of tax accruals and deferrals	–1,250	–1,300
Tax deferrals	3,469	2,954
Provision for tax deferrals (net)	**–1,680**	–1,317

As a result of current fiscal regulations, it may be assumed that the differences resulting from retained earnings between the tax participation and the pro rata equity of the subsidiaries that are included in the consolidated financial statements will remain generally tax free. Therefore, no tax deferrals were made in this regard.

The tax deferral on loss carryforwards was capitalized to the extent that this can probably be netted against future gains on taxation. According to current legal statutes there are no temporal limits regarding the realization of loss carryforwards.

The income tax expense is structured as follows:

EUR k	**2016**	2015
Current income tax expense	689	780
Change in accrued and deferred taxation	533	378
Total	**1,222**	1,158

During the year under review, tax accruals of EUR 187k (2015: EUR 84k) on items booked directly under equity were also recognized as equity and not included in the income statement.

The reasons for the difference between the anticipated tax burden and the reported income tax expense are as follows:

EUR k	**2016**	2015
Pre-tax result	4,484	5,306
Anticipated tax burden	1,121	1,327
Tax expense pursuant to the income statement	1,222	1,158
Difference to be explained	**101**	–169
Reasons for the difference:		
Reduction in the tax burden owing to		
A change in the tax accruals on loss carryforwards	212	0
The effect of differing tax rates	101	–17
Tax income relating to earlier periods	–2	–6
Various allowances and other permanent differences	–155	–165
Withholding taxes	4	0
Non-deductible expenses	23	23
Back tax payments relating to earlier periods	13	0
Other	–95	–4
Declared difference	**101**	–169

3.5. Inventories

Raw materials and consumables used, as well as finished goods are reported under "Inventories", which were structured as follows:

EUR k	**31 Dec. 2016**	31 Dec. 2015
Raw materials and consumables	6,412	5,870
Unfinished goods	81	0
Finished products	334	465
Total	**6,827**	6,335

Depreciation on the replacement value in the form of a deduction is made for inventories in accordance with the length of storage and exploitability in production. Depreciation on inventories amounted to EUR 343k (2015: EUR 243k).

The expense for **materials used** reported in the consolidated income statement is as follows:

EUR k	**2016**	2015
Materials used	55,403	41,553
Services purchased	12,109	9,170
Total	**67,512**	50,723

3.6. Receivables and other Assets

EUR k	**31 Dec. 2016**	31 Dec. 2015
Trade receivables	40,895	30,467
Receivables from affiliated companies	95	132
Other receivables and assets	5,973	5,205
Other accruals	411	684
Total	**47,374**	36,488

The receivables reported in the consolidated balance sheet showed the following maturities at the balance sheet date:

As at 31 Dec. 2016

EUR k	Current	Non-current	Total
Trade receivables	40,895	0	40,895
Receivables from affiliated companies	95	0	95
Other receivables and assets	5,930	43	5,973
Other financial assets	0	0	0
Other accruals	411	0	411
Total	47,331	43	**47,374**

As at 31 Dec. 2015

EUR k	Current	Non-current	Total
Trade receivables	30,467	0	30,467
Receivables from affiliated companies	132	0	132
Other receivables and assets	5,162	43	5,205
Other financial assets	0	0	0
Other accruals	684	0	684
Total	36,445	43	36,488

Every change in the credit rating of the customer from the granting of payment terms to the balance sheet date is accounted for during the valuation of trade receivables. The determination of value impairments took the collateralization of payments by banks, as well as concluded export insurance agreements into account.

The **accruals on trade receivables** showed the following movements:

EUR k	**2016**	2015
Accruals at the beginning of the year	230	260
Additions	65	50
Availments	–12	–58
Reversals	0	–22
Accruals at the end of the year	**283**	230

The **receivables from manufacturing contracts** (trade receivables) contain the following amounts:

EUR k	**2016**	2015
Order costs up to the balance sheet date	32,094	21,797
Plus recognized gains/less recognized losses	7,202	5,481
Less received pre- and part-payments	–12,408	–12,391
Total	**26,888**	14,887

The trade receivables structured according to due date are as follows:

EUR k	**31 Dec. 2016**	31 Dec. 2015
Not due	33,407	25,616
1–90 days overdue	5,326	3,730
91–180 days overdue	1,051	227
More than 180 days overdue	1,111	894
Total	**40,895**	30,467

The **receivables from affiliated companies** relate to the following enterprises:

EUR k	**31 Dec. 2016**	31 Dec. 2015
Waagner-Biro Austria Stage Systems AG	95	0
Waagner-Biro Bridge Systems AG	0	132
Total	**95**	132

Other receivables comprise:

EUR k	**31 Dec. 2016**	31 Dec. 2015
Fiscal authority balances	2,725	2,191
Severance payment liability insurance	27	25
Receivables from creditors	37	28
Receivables from payroll actions	578	403
Grant receivables	32	101
Receivables from insurers	864	989
Receivables from suppliers	121	145
Bonuses for apprentices, research, training	821	839
Security deposits	56	50
Other	712	434
Total	**5,973**	5,205

3.7. Cash and Cash Equivalents

EUR k	**31 Dec. 2016**	31 Dec. 2015
Cash	52	11
Bank balances	923	1,743
Total	**975**	1,754

3.8. Accruals

EUR k	**31 Dec. 2016**	31 Dec. 2015
Accruals	411	684

3.9. Equity

As there was no change in the issued capital of Binder+Co AG as compared to the preceding year, nominal capital is reported with EUR 3,750k. This consists of 3,750,000 registered shares with a value of EUR 1.00 each.

As described under "1. The Company", the transition from bearer to registered shares was completed in 2016.

The shares confer upon the holders the standard rights allocated under the Austrian Stock Corporation Act. These include the right to the payment of dividends pursuant to a resolution of the Annual General Meeting on the basis of the individual financial statement of the parent company prepared in accordance with the Austrian Commercial Code (UGB), together with the right to vote at the Annual General Meeting.

The item "Reserves" contains capital reserves and retained earnings including net profit, as well as the adjustment items from currency translations (please compare Consolidated Equity Statement).

For 2016, the Management Board suggests that the net profit be carried forward to new account.

In this connection, it should be noted that the 17th Binder+Co AG Annual General Meeting held on 12 April 2016 passed a resolution stating that from the net profit for 2015 of EUR 5,472k, a dividend of EUR 1.49 be paid for every share bearing a dividend entitlement, which would amount to EUR 5,460k, and the remaining EUR 12k be carried forward to new account.

In addition, a resolution was passed that foresaw the payment of the dividend in two tranches. The date of payment of the first part-dividend amounting to EUR 0.70 per share was 21 April 2016. The second part-dividend amounting to EUR 0.79 per share will be paid on 21 April 2017 (ex-day: 18 April 2017). Dividend payments have no taxation consequences for the group.

3.10. Non-controlling Interests

The item "Non-controlling interests" contains the share of subsidiary equity held by non-group shareholders. In 2016, EUR 789k (2015: EUR 592k) was paid to the non-group shareholders of subsidiaries.

Non-controlling interests exist with regard to the following subsidiary:

	31 Dec. 2016	31 Dec. 2015
Statec Binder GmbH	49.3%	49.3%

3.11. Obligations in Respect of Employees (Social Capital)

EUR k	**31 Dec. 2016**	31 Dec. 2015
Provision for severance payments	6,906	6,135
Provision for pensions	767	796
Provision for long-service bonuses	1,405	1,277
Total	**9,079**	8,208

3.12. Provisions for Severance Payments

EUR k	**2016**	2015
Present value of severance payment obligations (DBO) as at 1 Jan.	6,135	5,649
Service cost	216	203
Interest cost	151	168
Severance payments	–255	–110
Actuarial gains/losses in the consolidated income statement	35	0
Actuarial gains/losses in the consolidated comprehensive income statement	624	225
Present value of severance payment obligations (DBO) as at 31 Dec.	**6,906**	6,135

Sensibility scenario with regard to interest rate changes:

EUR k	–0.5%	**ACTUAL %**	+0.5%
Present value (DBO) as at 31 Dec. 2016	7,336	6,906	6,514
Service cost	248	232	218
Interest cost	108	136	160
Anticipated payments 2017	–251	–251	–251
Anticipated value (DBO) as at 31 Dec. 2017	7,441	**7,023**	6,641

Duration: **11.9 years**

Parameter change (Interest rate from 2.5% to 2.0%)	
Actuarial gain/loss	659
Owing to an adjustment to financial assumptions	392
Owing to an experience adjustment	267

Sensibility scenario with regard to remuneration changes:

EUR k	–0.5%	**ACTUAL %**	+0.5%
Present value (DBO) as at 31 Dec. 2016	6,583	6,906	7,261
Service cost	217	232	248
Interest cost	126	135	146
Anticipated payments 2017	–251	–251	–251
Anticipated value (DBO) as at 31 Dec. 2017	6,675	**7,023**	7,404

Duration: **11.9 years**

Parameter change (Interest rate from 2.5% to 2.0%)	
Actuarial gain/loss	659
Owing to an adjustment to financial assumptions	392
Owing to an experience adjustment	267

3.13. Provision for Pensions

EUR k	**2016**	2015
Present value of pension obligations (DBO) as at 1 Jan.	796	821
Change in the scope of consolidation	0	0
Change in pension payments	–140	–138
Interest and services cost	19	25
Actuarial gains/losses in the consolidated comprehensive income statement	92	88
Present value of pension obligations (DBO) as at 31 Dec.	**767**	796

Sensibility scenario with regard to interest rate changes:

EUR k	–0.5%	**ACTUAL %**	+0.5%
Present value (DBO) as at 31 Dec. 2016	784	767	752
Service cost	0	0	0
Interest cost	12	16	19
Anticipated payments 2017	–137	–137	–137
Anticipated value (DBO) as at 31 Dec. 2017	659	**646**	634

Duration: **4.2 years**

Parameter change (Interest rate from 2.5% to 2.0%)	
Actuarial gain/loss	92
Owing to an adjustment to financial assumptions	16
Owing to an experience adjustment	76

Sensibility scenario with regard to pension changes:

EUR k	–0.5%	**ACTUAL %**	+0.5%
Present value (DBO) as at 31 Dec. 2016	752	767	784
Service cost	0	0	0
Interest cost	15	16	16
Anticipated payments 2017	–137	–137	–137
Anticipated value (DBO) as at 31 Dec. 2017	630	**646**	663

Duration: **4.2 years**

Parameter change (Interest rate from 2.5% to 2.0%)	
Actuarial gain/loss	92
Owing to an adjustment to financial assumptions	16
Owing to an experience adjustment	76

3.14. Provision for Long-Service Bonuses

EUR k	**2016**	2015
Present value of the long-service bonus obligation (DBO) as at 1 Jan.	1,277	1,106
Change in the scope of consolidation	0	0
Service cost	73	62
Interest cost	30	32
Long-service bonus payments	–152	–116
Actuarial gains/losses	177	193
Present value of the long-service bonus obligation (DBO) as at 31 Dec.	**1,405**	1,277

Sensibility scenario with regard to interest rate changes:

EUR k	–0.5%	**ACTUAL %**	+0.5%
Present value (DBO) as at 31 Dec. 2016	1,483	1,405	1,333
Service cost	78	73	68
Interest cost	22	27	33
Anticipated payments 2017	–68	–68	–68
Anticipated value (DBO) as at 31 Dec. 2017	1,515	**1,437**	1,366

Duration: **10.9 years**

Parameter change (Interest rate from 2.5% to 2.0%)	
Actuarial gain/loss	177
Owing to an adjustment to financial assumptions	95
Owing to an experience adjustment	82

Sensibility scenario with regard to remuneration changes:

EUR k	–0.5%	**ACTUAL %**	+0.5%
Present value (DBO) as at 31 Dec. 2016	1,348	1,405	1,466
Service cost	69	73	77
Interest cost	26	27	29
Anticipated payments 2017	–68	–68	–68
Anticipated value (DBO) as at 31 Dec. 2017	1,375	**1,437**	1,504

Duration: **10.9 years**

Parameter change (Interest rate from 2.5% to 2.0%)	
Actuarial gain/loss	177
Owing to an adjustment to financial assumptions	95
Owing to an experience adjustment	82

3.15. Provisions

EUR k	Current taxes	Payroll	Open contracts	Other	Total
As at 31 Dec. 2015	3,271	2,877	3,754	184	10,086
Consumption	–313	–1,586	–2,179	–137	–4,215
Reversals	–262	–5	–236	–6	–509
Addition	775	1,588	3,057	694	6,114
As at 31 Dec. 2016	3,471	2,874	4,396	735	11,476
Thereof non-current	3,469	0	229	0	3,699
Thereof current	2	2,874	4,167	735	7,777
Total	3,471	2,874	4,396	735	11,476

EUR k	Current taxes	Payroll	Open contracts	Other	Total
As at 31 Dec. 2014	2,276	2,510	4,448	241	9,475
Transfers	–63	24	106	–24	43
Consumption	–119	–843	–2,027	–235	–3,224
Reversals	64	–3	–57	–30	–26
Addition	1,113	1,189	1,284	232	3,818
Currency translation	0	0	0	0	0
As at 31 Dec. 2015	3,271	2,877	3,754	184	10,086
Thereof non-current	2,954	0	236	0	3,190
Thereof current	317	2,877	3,518	184	6,896
Total	3,271	2,877	3,754	184	10,086

3.16. Financial Liabilities

			31 Dec. 2016			31 Dec. 2015
EUR k	Non-current	Current	Total	Non-current	Current	Total
Liabilities to banks						
Overdraft facility/cash	0	14,819	14,819	0	7,889	7,889
Financial loans	15,917	150	16,067	12,289	1,320	13,609
Total	15,917	14,969	**30,886**	12,289	9,209	21,498

The current value of the financial liabilities corresponds with the carrying values.

Current values are determined by the discounting of future payments subject to the assumption of the current market interest rate.

3.17. Trade Payables

EUR k	**31 Dec. 2016**	31 Dec. 2015
Creditors	17,728	13,058
Obligations from manufacturing contracts	3,476	2,763
Total	**21,204**	15,821

The item "Obligations from manufacturing contracts" includes prepayments received.

The payment obligation of the past year totalling EUR 700k for the transfer of patents and patent registrations derived from a cooperation and sales agreement no longer exists owing to a contractual agreement and its fulfilment. These patents are reported in the non-current assets as additions to industrial property rights.

EUR 49k (2015: EUR 32k) of the trade payables can be regarded as non-current.

3.18. Liabilities to Affiliated Companies

The liabilities to affiliated companies relate to the following enterprises:

EUR k	**31 Dec. 2016**	31 Dec. 2015
Liaunig Industrieholding AG	839	0
Herbert Liaunig Private Trust	10	0
Total	**849**	0

3.19. Other Liabilities and Deferrals

			31 Dec. 2016			31 Dec. 2015
EUR k	Non-current	Current	Total	Non-current	Current	Total
Other liabilities	1,247	4,631	5,878	6,152	2,743	8,895
Deferrals	0	23	23	0	23	23
Total	1,247	4,654	**5,901**	6,152	2,766	8,918

The **other liabilities and deferrals** consist of:

EUR k	**31 Dec. 2016**	31 Dec. 2015
Fiscal authorities	483	442
Outstanding invoices for contract-related costs	322	144
Financial leasing/hire purchase	0	5,108
Health insurance funds	539	482
Personnel expenses and similar obligations	787	411
Debtors with credit balances	162	162
Deferrals	23	23
FFG loans	526	1,144
Dividend liability to shareholders (except affiliated companies)	2,045	0
Other	1,014	1,002
Total	**5,901**	8,918

3.20. Sales Revenues

The sales revenues are structured as follows:

EUR k	**2016**	2015
Austria	8,401	7,017
EU	48,858	35,007
Rest of Europe incl. Russia	16,832	14,402
Africa	6,198	4,621
Asia/Australia	30,885	25,834
Americas	8,947	8,614
Total	**120,121**	95,495

3.21. Other Operating Income

EUR k	**2016**	2015
Income from the disposal and reversal of non-current assets	16	0
Income from the release of provisions	322	62
Other	1,278	1,889
Total	**1,616**	1,951

Other income includes:

EUR k	**2016**	2015
Exchange rate gains	32	142
Income from the reversal of provisions	3	48
Expenses invoiced to third parties	197	287
Income from licences	110	169
Training, apprenticeship and research premiums	462	555
Insurance payments	115	384
Income from subsidies	0	13
Non-repayable grants	128	194
Income from rents	22	22
Other	209	75
Total	**1,278**	1,889

3.22. Other Operating Expenses

Other operating expenses comprise:

EUR k	2016	2015
Rental and leasing expenses	372	374
Travel expenses and allowances	3,305	2,810
Commission	4,008	2,681
Legal and consultancy fees	785	654
Maintenance and repairs	1,242	1,089
Freight costs and transport	2,684	1,692
Insurance	371	360
External services	683	382
Vehicle fleet	31	8
Advertising	1,175	842
Exchange rate differences	71	6
Losses from asset disposals	120	13
Long distance calls and postal charges	357	403
Patents	343	409
Money transfer and other bank charges	215	164
Warranty and guarantee payments	242	178
Risk cover and provisions	9	15
Office expenses	413	15
Expenses from associated companies	43	0
Other	610	553
Total	**17,079**	12,648

The **auditing expenses** incurred during the financial year amount to:

EUR k	2016	2015
Fees for the auditing of the annual financial statements	58	58
Fees for taxation and other consulting	36	4
Total	**94**	62

The auditing expenses for the annual financial statements incurred during the financial year include the separate and consolidated financial statements of Binder+Co AG and the separate financial statements of Statec Binder GmbH and Bublon GmbH.

3.23. Personnel Costs

EUR k	**2016**	2015
Wages and salaries	22,716	20,155
Statutory social security contributions	5,864	5,610
Severance payments	605	544
Pensions	20	25
Other employee benefits	760	298
Total	**29,965**	26,632

Average employee numbers were as follows:

	2016	2015
Non-salaried staff	126	125
Salaried staff	259	239
Apprentices	12	12
Total	**397**	376

3.24. Financial Expenses

EUR k	**2016**	2015
Interest and similar expenses	**762**	695

3.25. Income from Financial Investments

EUR k	**2016**	2015
Interest and similar income	15	38
Income from other securities and financial asset securities and bonds	7	4
Income from the disposal of financial asset securities	0	28
Total	**22**	70

4. Notes to the Consolidated Cash Flow Statement

The cash flow statement has been prepared using the indirect method. Cash and cash equivalents consist entirely of cash in hand and bank balances. Interest paid and received is disclosed under operating activities.

There are no material non-cash transactions. Details are shown in the cash flow statement.

Of the Binder+Co AG shareholder dividend totalling EUR 5,460k, which was agreed on in April 2016, EUR 2,565k were paid in 2016. The residual amount of EUR 2,895k will be paid in April 2017 and was not recognized as a dividend payment, but as an increased liability.

5. Financial Instruments

A financial instrument is a contract, which simultaneously leads one partner to a financial asset and the other to a financial liability or an equity instrument. In particular, financial instruments consist of cash and cash equivalents, trade receivables, other receivables and derivatives. Financial liabilities establish a repayment obligation in cash or in the form of another financial asset. In particular these include financial liabilities such as liabilities to banks, from financial leasing and trade payables.

On the balance sheet date, the financial instruments were structured as follows (valuation pursuant to IAS 39):

EUR k	Valuation category purs. to IAS 39	Carrying value as at 31 Dec. 2016	Amortized cost	Fair value not recognized as profit or loss	Fair value recognized as profit or loss	Fair Value as at 31 Dec. 2016
Assets						
Participations in affiliated companies	AfS	0	0	0	0	0[1]
Securities (rights) held as fixed assets	AfS	260	260	0	0	260
Securities (rights) held as fixed assets	HtM	0	0	0	0	0
Other loans	L&R	0	0	0	0	0
Trade receivables	L&R	40,895	40,895	0	0	40,895
Receivables from affiliated companies	L&R	95	95	0	0	95
Other receivables and assets	L&R	2,426	2,426	0	0	2,426
Derivative financial instruments	HfT	0	0	0	0	0
Cash and cash equivalents	L&R	975	975	0	0	975
Liabilities						
Liabilities to banks	FLaC	30,886	30,886	0	0	30,886[2]
Trade payables	FLaC	17,728	17,728	0	0	17,728
Liabilities to affiliated companies	FLaC	849	849	0	0	849
Prepayments received	FLaC	3,476	3,476	0	0	3,476
Derivative financial instruments	HfT	0	0	0	0	0
Other liabilities and provisions	FLaC	5,901	5,901	0	0	5,901
By category						
Loans and receivables	L&R	44,391	44,391	0	0	44,391
Available for sale	AfS	260	260	0	0	260
Financial liabilities at amortised costs	FLaC	58,840	58,840	0	0	58,840
Held to maturity	HtM	0	0	0	0	0
Held for trading	HfT	0	0	0	0	0

[1] Owing to the lack of a current price, participations in affiliated companies are reported at amortized cost less depreciation.

[2] Owing to the lack of a current price, fair value was determined with the present value of the related payments taking into account the given market parameters on the balance sheet date.

EUR k	Valuation category purs. to IAS 39	Carrying value as at 31 Dec. 2015	Amortized cost	Fair value not recognized as profit or loss	Fair value recognized as profit or loss	Fair Value as at 31 Dec. 2015
Assets						
Participations in affiliated companies	AfS	0	0	0	0	0[1]
Securities (rights) held as fixed assets	AfS	260	260	0	0	260
Securities (rights) held as fixed assets	HtM	0	0	0	0	0
Other loans	L&R	0	0	0	0	0
Trade receivables	L&R	30,467	30,467	0	0	30,467
Receivables from affiliated companies	L&R	132	132	0	0	132
Other receivables and assets	L&R	2,221	2,221	0	0	2,221
Derivative financial instruments	HfT	–103	0	0	–103	–103
Cash and cash equivalents	L&R	1,754	1,754	0	0	1,754
Liabilities						
Liabilities to banks	FLaC	21,498	21,498	0	0	21,498[2]
Trade payables	FLaC	13,058	13,058	0	0	13,058
Liabilities to affiliated companies	FLaC	0	0	0	0	0
Derivative financial instruments	HfT	0	0	0	0	0
Other liabilities and provisions	FLaC	8,477	8,477	0	0	8,477
By category						
Loans and receivables	L&R	34,574	34,574	0	0	34,574
Available for sale	AfS	260	260	0	0	260
Financial liabilities at amortised costs	FLaC	43,033	43,033	0	0	43,033
Held to maturity	HtM	0	0	0	0	0
Held for trading	HfT	–103	0	0	–103	–103

[1] Owing to the lack of a current price, participations in affiliated companies are reported at amortized cost less depreciation.

[2] Owing to the lack of a current price, fair value was determined with the present value of the related payments taking into account the given market parameters on the balance sheet date.

The majority of the cash and cash equivalents, trade receivables and other financial receivables have short maturities. Therefore, the carrying values on the balance sheet date approximate to fair value. Where no current values are available, the fair value of non-current financial assets corresponds with the present values of the related payments, taking into account the respective current market parameters.

Trade payables and other financial liabilities regularly have short maturities. The reported values correspond roughly with fair value. Where no current values are available, the fair value of liabilities to banks and from financial leasing corresponds with the present values of the related payments, taking into account the respective current market parameters.

The Binder+Co Group employs the following hierarchy for the determination and reporting of the fair value of financial instruments:

Level 1: Listed (unadjusted) prices on active markets for identical assets or liabilities.

Level 2: Processes in which all the input parameters with a major influence on fair value are either directly or indirectly observable.

Level 3: Processes that use input parameters, which exert a significant influence on fair value and are not based on observable market data.

6. Other Information

6.1. Other Obligations and Contingent Liabilities

6.1.1. Rental and Leasing Agreements

The Binder+Co Group has concluded operating rental and leasing agreements with a number of partners. The contracts relate to plots of land, buildings, office accommodation, plant machinery and office equipment. The minimum payments to be made in future under existing agreements are as follows:

EUR k	2017	2018–2021
Rental agreements	352	1,199
Leasing agreements	35	130
Total	387	1,328

6.1.2. Pending Litigation

As at 31 December 2016, there was no pending litigation that could have a material effect on the annual financial statements.

6.1.3. Off-Balance Sheet Transactions

As at 31 December 2016, bank guarantees from prepayments of EUR 12,786k, performance bonds to the value of EUR 9,840k and bid bonds totalling EUR 217k existed as liabilities to customers. In addition ERP and KRR loans of EUR 1,512k and equity financing for Comec-Binder S.r.l. and Binder+Co Machinery (Tianjin) Ltd. totalling EUR 1,384k were hedged with bank guarantees. The risk to the group emanating from these guarantees can be adjudged as being extremely small and therefore they need not be reported as a provision.

6.1.4. Contingent Liabilities

On the balance sheet date the contingent liabilities that were omitted from balance sheet reporting owing to a lack of the appropriate concretization consisted of the following:

EUR k	**31 Dec. 2016**	31 Dec. 2015
Guarantees	0	0
Other contractual contingent liabilities	0	0
Total	**0**	0

An order commitment for investments in the coming year exists amounting to EUR 796k (2015: EUR 685k).

6.2. Business Relationships to Related Companies and Personages

The Binder+Co Group corporate bodies are:

Binder+Co AG Management Board, Gleisdorf
Karl Grabner (1.1.2017 to 31.12.2019 / since 2000)
Jörg Rosegger (1.1.2016 to 31.12.2018 / since 2007)
Johannes Pohl (1.9.2015 until 8.11.2016)

Binder+Co AG Supervisory Board, Gleisdorf
Alexander Liaunig, Chairman (12.4.2016 to AGM 2021, previously Deputy-Chairman since 10.4.2013)
Thomas Jost, Deputy-Chairman (12.4.2016 to AGM 2021, previously Chairman since 10.4.2013)
Kurt Berger (10.4.2013 to AGM 2021)
Erhard F. Grossnigg (10.4.2013 to 12.4.2016)
Kerstin Gelbmann (12.4.2016 to AGM 2021)
Nikolaus Schaschl (9.4.2014 to AGM 2021)
Veit Sorger (10.4.2013 to AGM 2021)

Staff Council Delegates:
Johann Voit
Alfred Gschweitl

The salaries of the Management Board contain both fixed and success-related payments, whereby the amount of the variable remuneration is dependent upon net group income. In the 2016 financial year, the salaries of the members of the Management Board totalled EUR 758k (2015: EUR 501k).

Provisions for the remuneration to the Binder+Co AG Supervisory Board in 2016 totalled EUR 47k (2015: EUR 41k).

In 2016, a pensions provision of EUR 767k (2015: EUR 796k) was recognized for former Management Board members and their dependents. The ongoing annual payments in 2016 amounted to EUR 140k (2015: EUR 138k).

Binder+Co AG has concluded a D&O insurance, which hedges certain personal liability risks of the persons with active responsibility for the Binder+Co Group. The annual costs, which are borne by the company, amount to EUR 5k (2015: EUR 7k).

In addition, business relations existed with the following companies:

EUR k	**2016**	2015
Receivables	95	132
Thereof Waagner-Biro Austria Stage Systems AG	95	0
Thereof Waagner-Biro Bridge Systems AG	0	132
Liabilities	849	0
Thereof Liaunig Industrieholding AG	839	0
Thereof Herbert Liaunig Private Trust	10	0
Income	253	439
Thereof Waagner-Biro Austria Stage Systems AG	191	317
Thereof Waagner-Biro Bridge Systems AG	62	122
Expenses	43	39
Thereof Liaunig Industrieholding AG	43	39

6.3. Earnings per Share

The earnings per share are calculated by dividing the after-tax profit for the year attributable to the shareholders of the parent company by the weighted ordinary share average.

The diluted earnings per share are calculated by dividing the after-tax profit for the year attributable to the shareholders of the parent company by the weighted ordinary share average, taking into account the share options.

The calculation is as follows:

EUR	**2016**	2015
Profit for the year attributable to the parent company	2,252,000	3,167,000
Weighted ordinary share average	3,664,452	3,664,452
Undiluted earnings per share	**0.61**	0.86
Profit for the year attributable to the parent company	2,252,000	3,167,000
Weighted ordinary share average	3,664,452	3,664,452
Diluted earnings per share	**0.61**	0.86

7. Events after the Balance Sheet Date

Between the closing date for the financial statements and their release by the Binder+Co AG Management Board on 24 February 2017, no procedures or events occurred, which could have had a material influence on the asset, financial and earnings position reported in the consolidated financial statements as at 31 December 2016.

Gleisdorf, 24 February 2017

Karl Grabner
Member of the Management Board

Jörg Rosegger
Member of the Management Board

Auditors' Report

Report on the Consolidated Financial Statements, Audit Opinion

We have audited the consolidated financial statements of Binder+Co AG, Gleisdorf, and of its subsidiaries (the Group) comprising the consolidated balance sheet as of 31 December 2016, with an equity of EUR 24,856,000.00 the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the fiscal year then ended and the notes to the consolidated financial statements.

Based on our audit, the accompanying consolidated financial statements were prepared in accordance with the legal regulations and present fairly, in all material respects, the assets and the financial position of the Group as of 31 December 2016 and its financial performance for the year then ended in accordance with the International Financial Reporting Standards as adopted in the EU and the additional requirements of Section 245a UGB.

Basis for Opinion

We conducted our audit in accordance with Austrian Standards on Auditing. Those standards require that we comply with International Standards on Auditing (ISA). Our responsibilities under these regulations and standards are further described in the „Auditors' Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the Austrian General Accepted Accounting Principles and professional requirements and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and of the Supervisory Board/Audit Committee for the Consolidated Financial Statements

Management is responsible for the preparation of the consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) as adopted in the EU, and the additional requirement of Section 245a UGB for it to present a true and fair view of the assets, the financial position and the financial performance of the Group and for such internal controls as management determines are necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, where applicable, matters related to going concern and using the going concern basis of accounting, unless management intends to either liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Supervisory Board/Audit Committee is responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Austrian Standards on Auditing, which require the application of ISA, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Austrian Standards on Auditing, which require the application of ISA, we exercise professional judgment and maintain professional scepticism throughout the audit.

We also:
Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to these risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the overriding of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Draw conclusions as to the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group in order to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Supervisory Board/Audit Committee regarding, among other matters, the planned scope and timing of the audit and important audit findings, including any significant deficiencies in the internal control system that we identify during our audit.

We also provide the Supervisory Board/Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and inform them of all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Comments on the Management Report for the Group

Pursuant to Austrian Generally Accepted Accounting Principles, the Group management report is to be audited as to whether it is consistent with the consolidated financial statements and if it was prepared in accordance with the applicable legal regulations.

Management is responsible for the preparation of the Group's management report in accordance with Austrian Generally Accepted Accounting Principles.

We conducted our audit in accordance with Austrian Standards on Auditing for the audit of the Group's management report.

Opinion
In our opinion, the management report for the Group was prepared in accordance with the valid legal requirements and is consistent with the consolidated financial statements.

Statement
Based on the findings during the audit of the consolidated financial statements and due to the thus obtained understanding concerning the Group and its circumstances, no material misstatements in the Group's management report came to our attention.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements, the Group's management report and the auditors' report thereon. The annual report is likely to be provided to us after the date of the auditors' report. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance thereto.

In connection with our audit of the consolidated financial statements, our responsibility is to study the other information, as soon as it is available, and, in doing so, consider whether – based on our knowledge obtained in the audit – the other information is materially inconsistent with the consolidated financial statements, or otherwise appears to be materially misstated.

Graz, 24 February 2017

SOT Wirtschaftsprüfung GmbH

Markus Brünner	Manfred Kraner
Auditor	Auditor

This report is a translation of the original report in German, which is solely valid.
Publication or sharing with third parties of the group financial statements together with our auditors' opinion is only allowed if the financial statements and the management report are identical with the audited version. This audit opinion is only applicable to the German and complete financial statements with the management report. Section 281 paragraph 2 UGB (Austrian Company Code) applies to alternated versions.

Supervisory Board Report

Dear Shareholders,

In the course of the 2016 financial year, the Supervisory Board regularly monitored and accompanied the work of the Management Board. The basis for these activities was provided by detailed written and verbal reports by the Management Board. Furthermore, the Supervisory Board Chairman, the Vice-Chairman and the Supervisory Board members undertook a regular exchange of information and ideas with the Management Board members.

During the 2016 financial year, seven Supervisory Board meetings took place, including two audit committee meetings, one of which was attended by the auditors, and a constituent meeting for the appointment of the executive committee, which followed the 17th Ordinary Annual General Meeting. At four regular, quarterly meetings, the Management Board reported to the Supervisory Board and thus informed it of the status of the company.

When approval was necessary for managerial decisions or measures, the members of the Supervisory Board examined the proposed resolutions provided in advance and then came to an agreement at the meetings or via a circular vote. The Supervisory Board was involved in all decisions of major significance for the company. The economic situation and the development perspectives for the company described in the reports of the Management Board were the object of careful consideration.

Consolidated Financial Statements, Final Audit

The annual financial statements according to the Austrian Commercial Code and the consolidated financial statements pursuant to the IFRS were prepared, subsequently examined by the appointed auditors, SOT Wirtschaftsprüfung GmbH, Vienna, and given an unqualified opinion. In their report the auditors explained the basic auditing principles, and none of the audits gave cause for objections.

The annual and consolidated financial statements, the management report, the group management report and the auditors' report were presented to all the members of the Supervisory Board. The Supervisory Board discussed the financial reports in detail in the presence of the auditors and following the completion of their report.

The Supervisory Board approved the annual and consolidated financial statements prepared by the Management Board, which in accordance with Sect. 96 Para. 4 of the Austrian Corporation Act, are thereby adopted. The Supervisory Board also agreed with the management report and the group management report, and in particular the assessment of the further development of the company.

The Supervisory Board also concurs with the Management Board's proposal for the distribution of profits, which foresees the carry forward to new account of the net profit of EUR 1,775,570.83 reported in the financial statements for the 2016 financial year.

In accordance with Sect. 270 Para. 1 of the Austrian Commercial Code, the Supervisory Board proposes the appointment of SOT Wirtschaftsprüfung GmbH, Vienna, as the auditor of the annual and consolidated financial statements for the 2017 financial year.

The Supervisory Board would like to express its thanks to the Management Board and the entire workforce for their commitment during the 2016 financial year.

Vienna, 7 March 2017

For the Supervisory Board

Alexander Liaunig
Supervisory Board Chairman

Binder+Co's Company History

1894
The master metalworker Ludwig Binder founds a small building and artistic metalworking shop in Graz-Eggenberg. The focus of company activities in the following decades is on steel constructions.

1926
Alois Sernetz, the son-in-law of the founder, assumes the management of the company and guides it through the turmoil of the global economic depression.

From 1940
Following the recession years, an economic upturn commences at the beginning of the 1940s and a medium-sized industrial company emerges with a workforce of over 150.

1954
The revolutionary "Binder System" for vibratory screening machines is developed. It is used initially for the foods industry.

1960
The company moves from Graz to newly built premises in Gleisdorf, where the first processing systems are produced for the construction industry.

1971
In order to secure the global marketing of Binder+Co machines, the company is integrated into the voestalpine Group. The first large systems for the stone and earth and mining industries are designed and manufactured.

1978
Binder+Co develops its first packaging systems for free-flowing bulk goods.

1989
The first recycling machines are produced. They are employed for the sorting of cullet.

1991
Binder+Co is re-privatized and subsequently comes under the majority ownership of Auricon Beteiligungs AG, an investment group headed by the industrialist Herbert W. Liaunig.

1998
Linkage to the Waagner-Biro Group, also owned by Auricon.

2006
From December 2006, Binder+Co AG is listed on the unregulated Third Market of the Vienna Stock Exchange.

2007
In June 2007, Binder+Co AG is accepted into the newly created mid market segment of the Vienna Stock Exchange and in July is relisted in regulated OTC trading.

2008
Total withdrawal of the Waagner-Biro Group in early March.
As a result of the integration of Packaging Technology Segment activities into a joint venture, in October Binder+Co AG becomes the majority shareholder of Statec Binder GmbH with 50.7% of company stock.

2009
On 21 September, the Binder+Co AG share is accepted into mid market continuous trading.

2010
In January, the Binder+Co share switches to the Third Market within the mid market.
Binder+Co is awarded the Austrian National Innovation Prize for its development of the world's first industrially mature system for the sorting of heat-resistant glass from cullet.

2011
MINEXX, a module for mineral sorting is launched onto the market.
Binder+Co is awarded the Austrian National Work Safety Prize and is also presented with the Best Open Innovator Award in Berlin as the top SME in the D-A-CH region.
July sees the takeover of an Italian mechanical engineering company, which specializes in comminution technology. It is integrated into the group as Comec-Binder S.r.l.

2012
(Fig.15) In January, the fully owned Bublon GmbH subsidiary is founded. This provides Binder+Co with a solid basis for the global marketing of a new and entirely natural basic composite for construction materials with excellent insulation and soundproofing characteristics introduced in autumn 2011.
In April, Binder+Co signs a contract for the construction and rental of its own production and office complex in Wuqing, near the Chinese port of Tianjin.

2013
(Fig.8) January sees the foundation of Binder+Co Machinery (Tianjin) Ltd. in China, and in May the new sales, production and services location goes into operation. Up to the end of December 2013, the company assembles 23 screening machines for the Chinese coal mining industry. The core components for this Binder+Co machinery continue to be supplied from Austria, while assembly takes place in China using locally manufactured components.

2014
(Fig.15) Clients put the first customized BUBLON plants into operation.

2015
The first CLARITY modules for the sorting of plastic flakes and granulates are launched onto the market.

2016
(Fig.9) At the end of July, Binder+Co delists its shares from the Vienna Stock Exchange. The US subsidiary Binder+Co USA Inc., which has its company seat in Denver, Colorado, becomes operative in August.

Glossary

Company Specific

BUBLON

BUBLON BUBLON is a process developed by Binder+Co for the expansion of **> perlite** and obsidian. The products produced using **BUBLON** serve as a basis for manufacturing in the construction and insulation material industries. Extremely high energy efficiency levels (50% less energy consumption than in conventional methods) and excellent raw material use characterize this process.

Bulk goods

Bulk goods are designated as consisting of sand, gravel and cement, raw materials (e.g. ores, coal) and foods (grain, sugar, salt, coffee, granulates, etc.).

Complete systems

From the outset, Binder+Co's strategy was not only directed towards the manufacture of **> single machines**, but also their combination to form **complete systems** for precisely coordinated processes. In the case of these customized solutions, the priority is to achieve both technical and economic optimization.

Difficult to screen materials

Damp, fine and glutinous materials or matted substances are regarded as being **difficult to screen materials**. They block the perforations in the screens of conventional machines and thus render efficient screening impossible. With its **BIVITEC** system, Binder+Co offers a basic solution for these demanding tasks, as the screen linings are subject to constant vibration, which prevents perforation clogging.

Dynamically excited screening mats

When handling damp and/or glutinous goods, the perforations in the screen linings of conventional screening machines tend to become clogged with the fine content of the material. The **BIVITEC** system from Binder+Co stands out due to the fact that the screen lining itself is set in vibratory motion **(= dynamically excited screening mats)**. As a result, any material adhering to the screen lining is shaken free by acceleratory forces, thus preventing perforation blockage.

High-performance packaging

In the case of bags with content of 10kg and above, **high-performance packaging** is defined as the filling of at least 1,200 bags per hour. This means that at a maximum, a bag must be automatically filled and sealed within three seconds. In order to achieve this target, several plant processes have to be completed in parallel operation. With its **PRINCIPAC** series, the Binder+Co Group offers fully automatic packaging machines, which can handle up to 1,600 bags hourly.

Industrial minerals

Industrial minerals (e.g. processed calcium carbonate) play an indispensable role in industrial processes, as they constitute a vital constituent of dyes, electronic products, cast metals, paper, plastics, ceramics, cleaning agents, pharmaceuticals, cosmetics, construction materials, agricultural goods, etc., and are also employed as additives in the foods and feedstuffs industries.

(Fig.6) **Innovation ratio**

Binder+Co assess the success of its R&D by means of an **innovation ratio**, which in 2016 averaged 16.9%. This means that around 17% of total order intake was attained with products that Binder+Co has launched onto the market as new, in-company developments during the past three years.

LIF

LIF – laser induced fluorescence – is a generally known method that employs the differing fluorescent properties of minerals, created by short exposure to a laser beam, for recognition purposes. Apart from the intensity of the fluorescence, the specific fade characteristics of the material are also used as a sorting criterion.

MINEXX

MINEXX is a system for the optical sorting of minerals. Hence, the diversity of minerals and their selective recognition are accounted for using a combination of the sensor modules already employed in the CLARITY systems – see also **> multi-sensor technology.**

MINEXX UV-VIS-NIR

MINEXX UV-VIS-NIR is a new type of minerals sorting system, which can operate in the ultraviolet, visible and near infrared light wave ranges – see also **> multi-sensor technology.**

Multi-sensor technology

With **CLARITY**, Binder+Co has not only developed the first **> three-way system** for the sorting of cullet, but has also succeeded in augmenting standard colour sensors with metal sensors and UV-light camera systems. This combination of differing identification systems is designated as **multi-sensor technology.**

Open mouth bagging

Open mouth bagging is understood to mean the filling of pre-produced paper, plastic and synthetic woven bags with free-flowing bulk goods such as fertilizers, plastic granulate, seeds, foods and feedstuffs or salts. When filled, the bags weigh between 10 and 50kg. The main technical challenges in this regard are the combining of the high packing performance with excellent plant availability levels and low susceptibility to error.

Perlite

Perlite is a natural raw material, which is created due to the weathering of igneous glass and is thus continuously replenished as a result of volcanic activity. Due to the water contained in its matrix structure, during heating to above 800°C, the volume of perlite expands 20-fold. **> BUBLON** exploits this characteristic and thus creates the ideal basis for construction materials offering high levels of insulation and soundproofing.

Primary raw materials

As opposed to **> secondary raw materials, primary raw materials** are working and process materials, not obtained from waste, but from natural resources.

Resonance screening machines

Resonance screening machines are characterized by the fact that the vibratory system is operated close to the resonance frequency (system immanent frequency). As a result, the required screen vibrations can be maintained with markedly less energy. **Resonance screening machines** are also used when products with closely graded grain distribution (same sized grains) are to be produced.

Secondary raw materials

As opposed to **> primary raw materials, secondary raw materials** are obtained from the recycling of waste (e.g. cullet, used paper, plastic waste). They frequently serve as the source material for new products. The employment of **secondary raw materials** taps into and protects valuable resources and thus contributes to sustainable development.

Single machines

In addition to **> complete systems**, Binder+Co also develops and manufactures **single machines** for the comminuting, screening, wet processing, thermal processing, sorting, bagging and palletizing of all types of bulk goods. The most important company products are: **BIVITEC** screening machines, **SANDEXX** machines for economic wet treatment, **DRYON** machines for efficient drying and cooling, the revolutionary **CLARITY** glass sorting machine, the **MINEXX** mineral sorting system, the **PRINCIPAC** open mouth bagging system and the PRINCIPAL palletizing system.

Special glass

Special glass is designated as consisting of those glass qualities that possess special characteristics due to the inclusion of additives (e.g. lead, aluminium silicate, borosilicate). For example, the addition of aluminium silicate raises the melting point of the glass and thus allows the production of heat-resistant material.

Stone and earth industry

In the **stone and earth industry, > industrial minerals** are utilized to obtain basic materials for differing industrial branches, such as the production of construction materials, as well as materials for the ceramic, chemical and pharmaceutical industries.

Three-way system

With **CLARITY**, Binder+Co has developed the first **three-way system** for the sorting of cullet. Using a sensor system, differing characteristics (colour, electrical conductivity, etc.) are logged and determined, and the glass to be sorted and classified accordingly. As opposed to standard sorting systems, which after the sorting process emit the glass in two material flows, e.g. mixed glass (white, green, brown) and contaminants (ceramic content), the Binder+Co machine is able to sort the material according to three characteristics in a single process, e.g. white glass, coloured glass (green, brown) and contaminants (ceramic content).

XRT technology

XRT (x-ray transmission) is a method of classifying diverse materials by means of their differing x-ray transmission characteristics, thus facilitating their sorting.

Business and Financial

Actual taxes

Actual taxes represent the amount of income tax due/claimed during an accounting period. As a rule, it relates to the tax expense for the respective financial year.

Austrian Commercial Code (UGB)

UGB is the abbreviation used for the **Austrian Commercial Code.** With effect from 1 January 2007, the Austrian Commercial Code (HGB) was extensively revised through the Commercial Law Amendment Act (HaRÄG), Federal Law Gazette no. 2005/120 and renamed as the **Austrian Commercial Code (UGB)**.

Available for sale

Available for sale securities are classified as investments that are not intended to serve company operations in the long-term.

Cash flow

Cash flow serves to define a company's financial health and also indicates its financial flexibility and independence.

Cash value

The **cash value** corresponds with the current worth of a future payment flow.

Compliance directives

Compliance directives are rules of conduct laid down for the prevention of insider trading, market manipulation, money laundering and corruption.

Contingent liabilities

Contingent liabilities are liabilities that may or may not be incurred.

Cost-to-cost method

The **cost-to-cost method** defines the ratio between the costs emanating from product manufacture and the anticipated total costs.

EBIT

EBIT (Earnings Before Interest and Taxes) is the end sum derived from the financial result, taxes and minority interests.

EBT

EBT (Earnings Before Taxes) is the result before taxes and minority interest.

Equity ratio

The **equity ratio** is an indicator of the relative proportion of equity used to finance a company's total assets.

Fair value

Fair value is the amount calculated in accordance with standard market methodology, at which an asset can be bought or sold between willing parties. In the case of listed stocks, fair value represents the current stock exchange price of the market value.

Goodwill

Goodwill is the difference between the purchase price and the sum of the fair value of the net assets of a company.

Held to maturity

The term **held to maturity** documents the intention of a company to retain a long-term security until its date of maturity.

Impairment test

Impairment tests serve the assessment of the value of asset items. Periodic evaluations of possible indications of a lasting reduction in value are stipulated by the **> International Financial Reporting Standards (IFRS)**.

International Accounting Standards Board (IASB)
The **International Accounting Standards Board (IASB)** is an independent body of international accountancy experts, which is responsible for the creation and amendment of the **> International Financial Reporting Standards (IFRS)**.

International Financial Reporting Standards (IFRS)
The **International Financial Reporting Standards (IFRS)** are auditing regulations, which ensure internationally comparable annual and consolidated annual reports and financial statements.

Mid market
The **mid market** is a segment of the Vienna Stock Exchange equity market. The **mid market** contains the stocks of companies admitted to official trading or **> regulated free trading**, or that are included in the **> Third Market** and have a contractual obligation to fulfil increased transparency, quality and publicity criteria.

Moving average price method
Using the **moving average price method**, following each addition to inventory, the average price is newly calculated and then applied to the next article sold.

Organic growth
Organic growth is designated as being the expansion achieved by a company using its own resources.

Percentage of completion method
The **percentage of completion method** (PoC) is a method of reporting income from long-term contracts based on the percentage of the contract completed during the financial year.

Projected unit credit method
Using **the projected unit credit method**, the cash value of future payments is established in an actuarial procedure via the estimated employee working time.

Regulated free trading
Regulated free trading is a form of admission to the Vienna Stock Exchange that is subject to less stringent preconditions and publicity regulations than those applying to official trading.

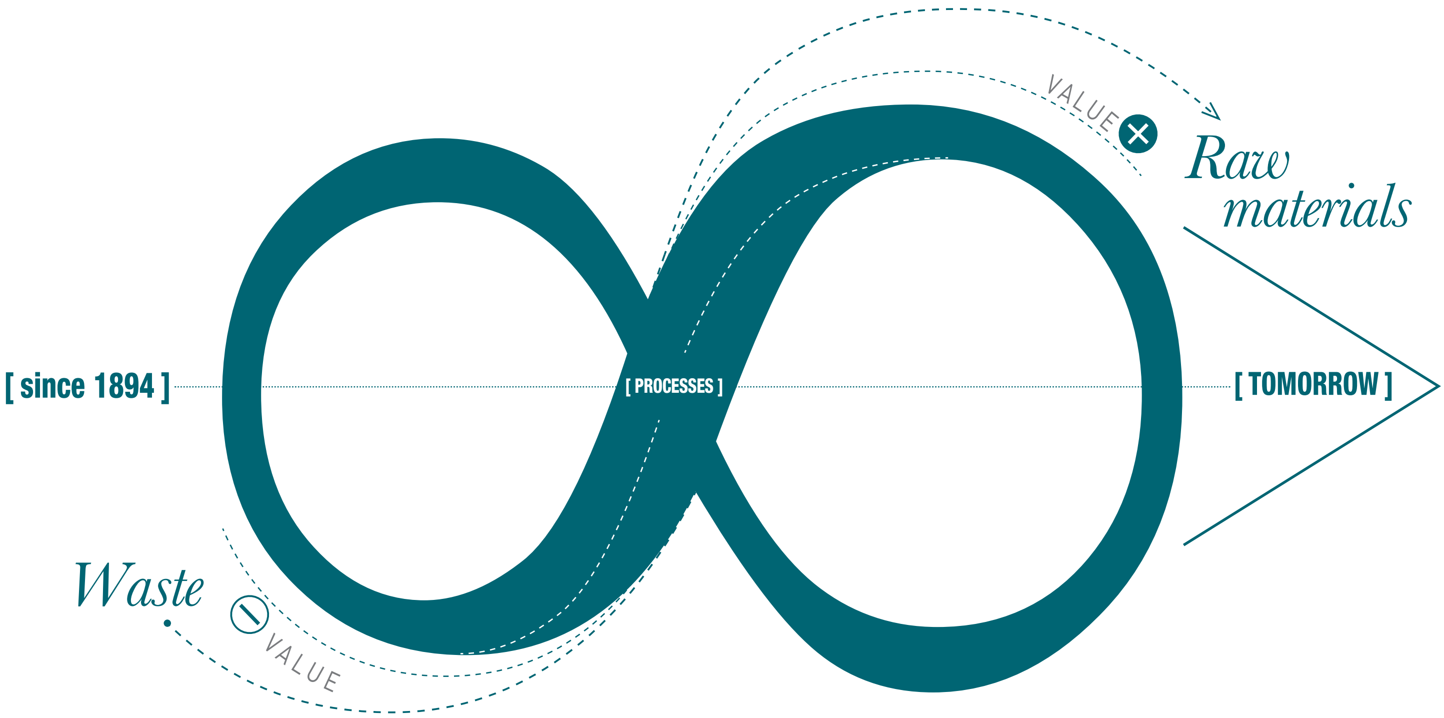
Return on equity (ROE)
Return on equity or **ROE** shows the interest earned on reinvested equity within a financial year.

Standing Interpretations Committee (SIC)
Before being replaced in 2001, the **Standing Interpretations Committee (SIC)** acted as the predecessor to the **International Financial Reporting Interpretations Committee (IFRIC)** and provided guidance regarding accounting and standards issues.

Third Market
The **Third Market** of the Vienna Stock Exchange is a multilateral trading facility (MTF) for stocks, which do not comply with either the rules for official trading or **> regulated free trading**.

Working capital
Working capital results from the difference between current assets and current liabilities. This ratio measures both a company's efficiency and its short-term financial health.

(Fig. 16) Sustainability



We have been thinking in the long-term for over 120 years. Consequently, we not only pursue a holistic CSR strategy for sustainable business, but also rely on resource and energy efficiency within our group. In addition, we continue to work on our efficient machines in order to transform waste into valuable raw materials.

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