Annual Report 2017

binder+co

binder+co

2017

Binder+Co

IFRS-Key Business Development Indicators

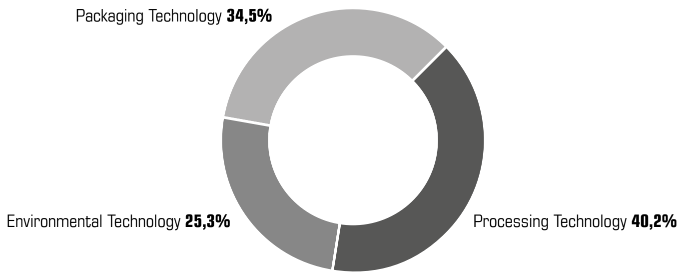
		2017	2016	2015
Sales revenues	EUR m	118.18	120.12	95.50
thereof Processing Technology	EUR m	47.52	58.61	47.08
thereof Environmental Technology	EUR m	29.95	31.64	23.23
thereof Packaging Technology	EUR m	40.71	29.87	25.19
EBIT	EUR m	0.88	5.22	5.93
EBIT margin	%	0.7	4.3	6.2
EBT	EUR m	0.09	4.48	5.31
EBT margin	%	0.1	3.7	5.6
Result for the period	EUR m	0.15	3.26	4.15
Consolidated result after minority interests	EUR m	–1.21	2.25	3.17
Earnings per share (undiluted)	EUR	–0.33	0.61	0.86
Earnings per share (diluted)	EUR	–0.33	0.61	0.86
Operating cash flow	EUR m	6.77	–1.49	5.89
Investments	EUR m	–6.78	–4.60	–3.95
Employees	Number on the closing date	370	399	385
Sales revenues/employee	EUR k	319	301	248
EBIT/employee	EUR k	2	13	15
Order intake	EUR m	106.24	122.44	86.43
thereof Processing Technology	EUR m	46.23	47.42	42.72
thereof Environmental Technology	EUR m	25.69	33.70	25.45
thereof Packaging Technology	EUR m	34.32	41.32	18.26
Order backlog	EUR m	33.06	47.25	45.06
thereof Processing Technology	EUR m	17.36	20.64	31.94
thereof Environmental Technology	EUR m	4.68	9.15	7.10
thereof Packaging Technology	EUR m	11.02	17.46	6.01

IFRS-Key Consolidated Balance Sheet Indicators

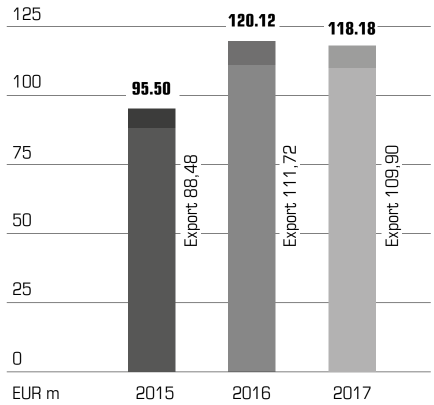
Assets		**31 Dec. 2017**	31 Dec. 2016	31 Dec. 2015
Non-current assets	EUR m	51.41	49.07	48.34
Current assets	EUR m	43.75	55.18	44.58
Liabilities and shareholders' equity				
Equity	EUR m	25.32	24.86	28.39
Non-current debt	EUR m	25.47	29.94	29.84
thereof borrowings	EUR m	12.04	15.92	12.29
Current debt	EUR m	44.37	49.45	34.69
thereof borrowings	EUR m	19.17	14.97	9.21
Total assets	EUR m	95.16	104.25	92.92
Equity ratio	%	26.6	23.8	30.6
Return on Equity $(ROE)_{EBT}$[1]	%	0.4	15.8	19.5

[1] The basis for the calculation of the ROE values is the amount of equity at the beginning of the respective year.

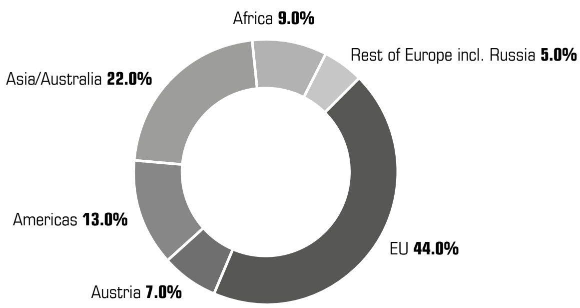
Sales Revenues 2017 by Segment



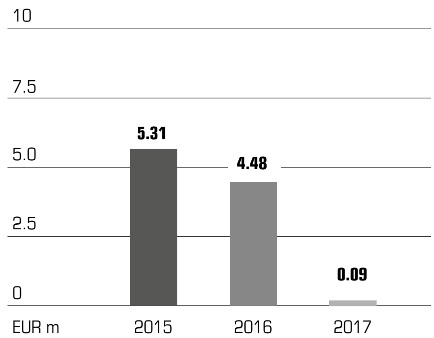
Sales Revenues/Export Sales



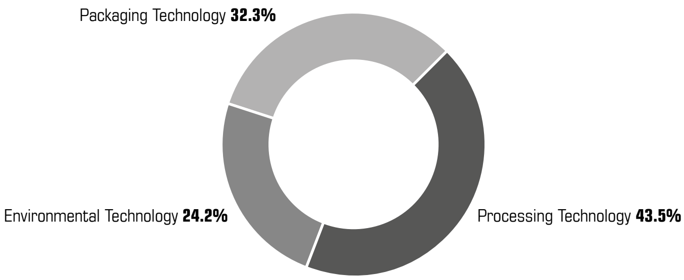
Sales Revenues 2017 by Region



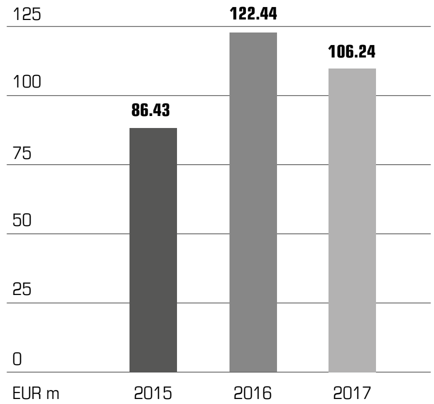
EBT



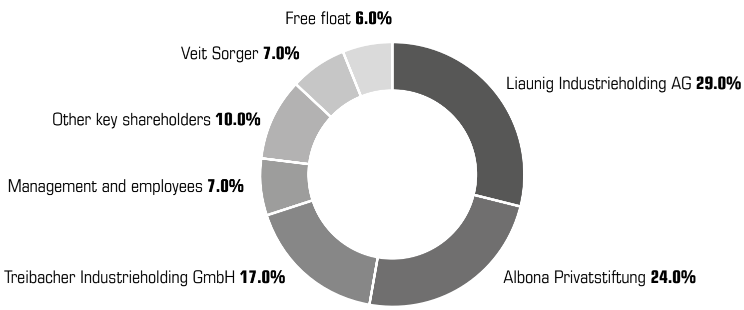
Order Intake 2017 by Segment



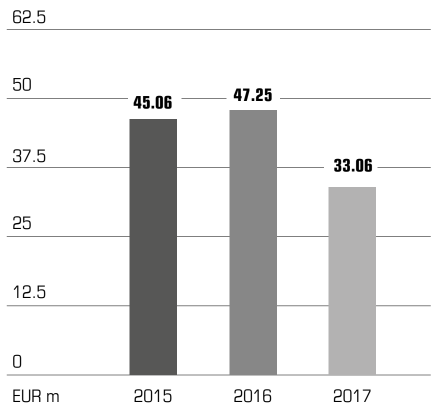
Order Intake



Binder+Co AG Ownership Structure



Order Backlog as at 31 December



Processing Technology
Environmental Technology
Packaging Technology

Contents

Foreword

"We have a difficult year behind us with unexpected losses of earnings."

Binder+Co has always been willing to face major challenges – in developing new markets, in finding solutions to our customers' problems and in developing new technologies. We have continuously progressed for more than 120 years, but endeavours of this kind are not always evident from looking at a company's figures. Strong financial years can also be followed by weaker ones.

"2017 was not a good year for Binder+Co."

The financial year 2017 was burdened by losses in the system business due to process technology becoming more complex all the time, while the pressure of deadlines increased. The market environment has greatly changed. Mergers between smaller companies to create large conglomerate companies are making it more difficult legally to conclude contracts, and making project management more challenging. In addition, negative contributions from our subsidiaries Comec-Binder, Bublon und Binder+Co Machinery were reflected In the Group's result.

However, we also achieved a lot, and this enables us to **look optimistically towards the future.**

The demand for our products in the single machine and spare parts business is stable. Binder+Co USA displayed a positive result in its first full financial year. As a niche player, Statec Binder achieved record sales of over EUR 40 million by consistently expanding its products in the high-performance bagging and palletizing process chain, and was thus able to further expand its position as market leader.

Action instead of reaction – with hindsight this is a fundamental realisation that we owe to the year 2017. By selectively choosing our system projects, we will once again **concentrate on our strengths.**

"During the year we have already set a new course towards securing our result throughout the Group and the performance of our subsidiaries."

We would never have been so successful if we had not learned from our failures. The markets are changing – and so are we along with them.

We have already placed a strong focus on **structural adjustments** to the way we handle projects, so as to continue to remain a major player in the segments we work in. In our Chinese subsidiary we have reacted to the changed market requirements; we have **reduced the complexity** by largely transferring production to our partners, and instead we are concentrating on the sales and service of our key products in the recycling sector. At Comec-Binder the tools and processes have been adapted to the standards of Binder+Co, to ensure greater **transparency** and guarantee a better result quality. Since the start of the year we have been marching side by side in our distribution activities too.

Binder+Co has no longer been listed on the stock market since 2016 – through the purchase of our own shares our core investors are ensuring great economic stability, thus guaranteeing **continuity** and the **sustainable development** of Binder+Co. In this way our strategic orientations can be secured in the long term by the interaction between investors and management.

A healthy increase in productivity will pose another major challenge during the next year. In the personnel area in particular we have had to make adjustments, and coordinate our core team with the size of our turnover. Our company is generally characterised by low turnover and the high loyalty of our staff – and we are proud of this, because it is only by joining forces that we are able to tackle these economically problematic years.

"Innovation continues to be the driving force of our Group and the guarantee of our strong position on the market."

Innovation requires **time**, and we want to take this time to develop new products that are ground-breaking in the market and will help us to further expand our competitiveness.

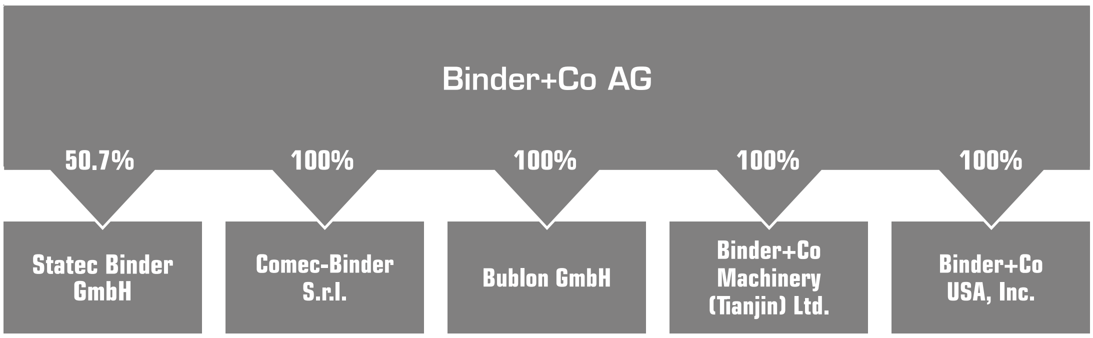
Binder+Co still has its sights set on an innovation rate of 20%. We want to continue to push ahead with investments in **pioneering technologies** with regard to both the demands from the market and the specific needs of our customers. With **BUBLON Spheres**, which are ecological lightweight granules, not long ago we launched a revolutionary product onto the market. With the BUBLITE technology that is currently under development we offer the lightweight material industry ultrafine microspheres for numerous applications. We have shifted the focus of our business activity from the equipment business to the production and marketing of **microspheres**.

The results of our development of the market also reinforce us in pushing further ahead with developments in sensor-based sorting. The ability to accomplish different sorting tasks using one and the same sorting unit is our **next step** in maintaining our leading market position.

We want to concentrate increasingly on the single machine and spare parts business, and be selectively involved in the equipment and system business. So our focus will again be on the result quality. One of our major objectives is the turnaround of our subsidiaries Comec-Binder, Bublon and Binder+Co Machinery. We are confident of achieving this in 2018.

Stability is the foundation on which we increasingly want to build after a turbulent financial year. Stability in our processes, stability in our team and stability in our results. It is in this development that we see our greatest potential and our challenge for 2018, which we will embrace with great vigour, as we have done so many times before.

The Binder+Co Group



The name Binder+Co is synonymous with innovation and sustainability. With its machinery and plant, the group is the global market leader in the screening and sorting technology fields, and one of the world's top 3 suppliers of packaging technology. As well as its headquarters and main factory in Gleisdorf, Styria, Binder+Co has locations in Italy, China and the USA. Every year around 700 new machines are added to the worldwide installed base of machines.

Binder+Co AG
The Group headquarters of Binder+Co AG is the heart and brain of the Group. Not only do all the core components and know-how parts used worldwide come from our original production center in Gleisdorf, Styria, but the headquarters also masterminds all 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 together as an internationally sought-after specialist in the high-performance packaging segment. Since the founding 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. Not only have we been able to expand our product range to include these two important technologies, but we have also penetrated the Mediterranean region as an important market and a springboard for further expansion in a southerly direction.

Bublon GmbH
In 2012, we founded the subsidiary Bublon GmbH for the global marketing of our BUBLON process, which was presented in the autumn of 2011. This process developed by Binder+Co enables the production of a purely natural mineral microsphere for a wide variety of industrial applications. The central business focus of Bublon GmbH is on the marketing and production of customised BUBLON SPHERES.

Binder+Co Machinery (Tianjin) Ltd.
We founded our Chinese subsidiary in 2013 with the aim of serving the Asian market via our own local sales, production and service location. In the meantime our total sales revenues in China have more than doubled.

Binder+Co USA, Inc.
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. The remaining Binder+Co range (drying and screening technology and BUBLON) will also subsequently be positioned in this important market.

Our Mission

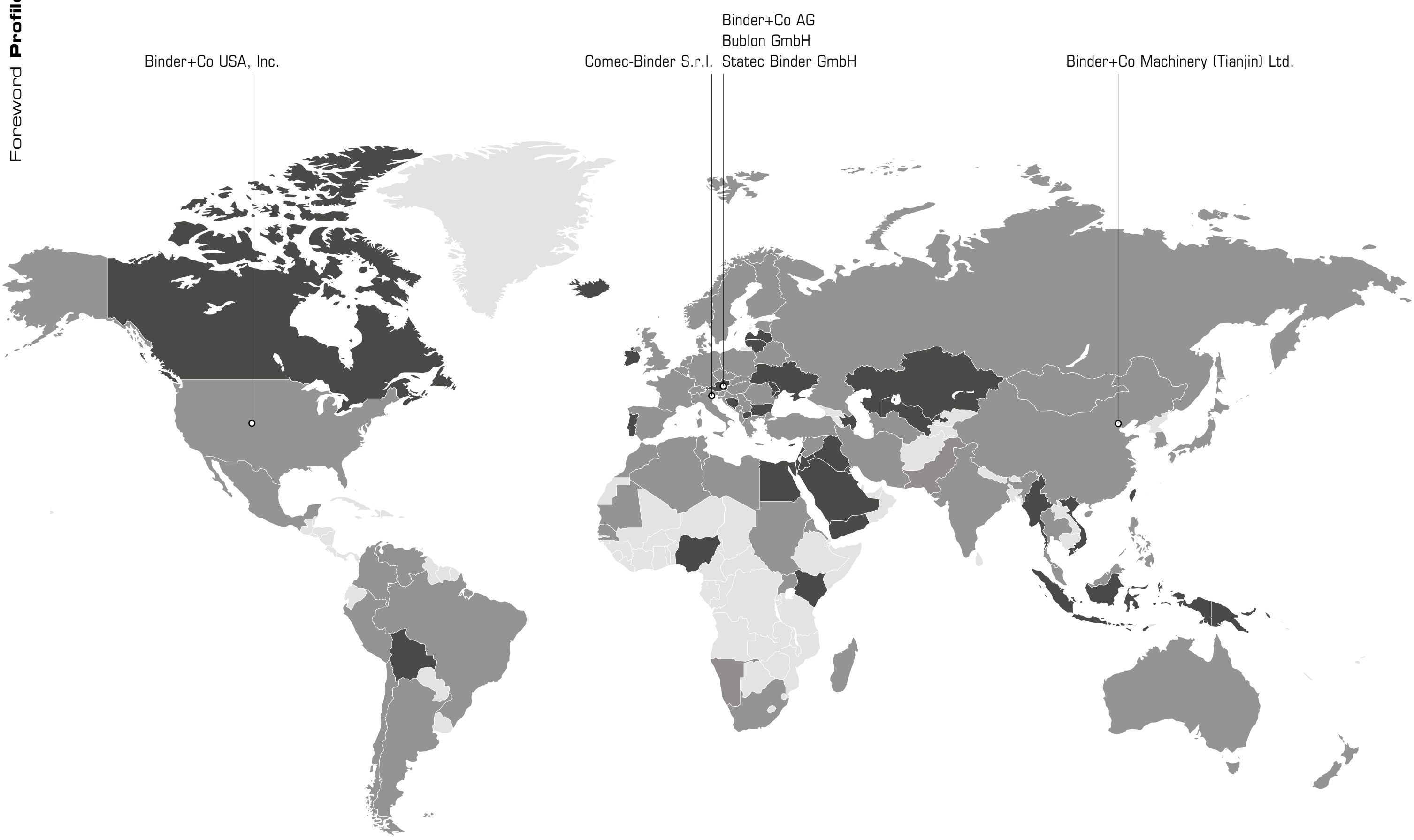
We Create and Add Value
We provide the ideal preconditions for the sustainable conservation and efficient utilization of valuable resources. By means of our sensor-based machines, we generate value through the processing of glass cullet, waste paper and plastic waste for re-use as secondary raw materials. We also increase added value via machinery for the efficient exploitation of primary raw materials that include coal, ores, sand and minerals by means of comminuting, screening, wet and thermal processing, sorting and packaging.

Our Innovations Set the Benchmarks
We are the world market leader in screening and sorting technology, and we also number among the top 3 global suppliers in the packaging technology segment. In order to respond 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 Serve New Markets
Our innovative top products are the key to profitable growth in both established and new markets. Their modular design enables the use of locally manufactured components enhanced by advanced technology delivered directly from Gleisdorf. This enables us to supply customized solutions with an optimized price-performance ratio in overseas markets.

Our Strong Team Is the Basis for Our Success
The basis for our success is our team of high-performing and highly motivated employees. Every single one of our employees is familiar with our company's long tradition and history. The way in which we develop every day is an expression of our constancy. Our low employee turnover rate forms a crucial basis for our continuous development as a company.

A Global Presence



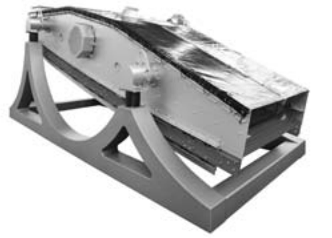
- In these countries, Binder+Co has completed projects directly from its headquarters in Gleisdorf.
- In these countries, Binder+Co is represented by a sales partner.

Minimalism in an area of the new cafeteria

Strong Products

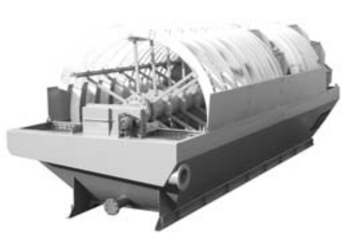
reliable crushing

Comec-Binder S.r.l. is the specialist in the Binder+Co Group for crushing technology. **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

Binder+Co is 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

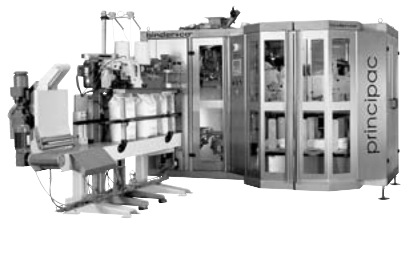
Binder+Co is greatly in demand internationally as a supplier of machinery and complete systems for the cost-efficient wet processing of construction materials and industrial minerals. In combination with COMEC products (e.g. band and chamber filter presses, and hydro-cyclones), the **SANDEXX** sand trap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

thermal processing

The thermal processing area comprises machines for the drying, cooling and thermal treatment of bulk goods. The **DRYON** fluidized bed dryer provides efficient and protective drying and cooling for example of coal, potash, recycling materials, foods and feedstuffs, and chemicals to produce end products of constantly high quality. With **BUBLON**, the Bublon GmbH subsidiary offers a process for producing purely natural mineral microspheres for a diversity of applications in a range of industrial branches.

precise sorting

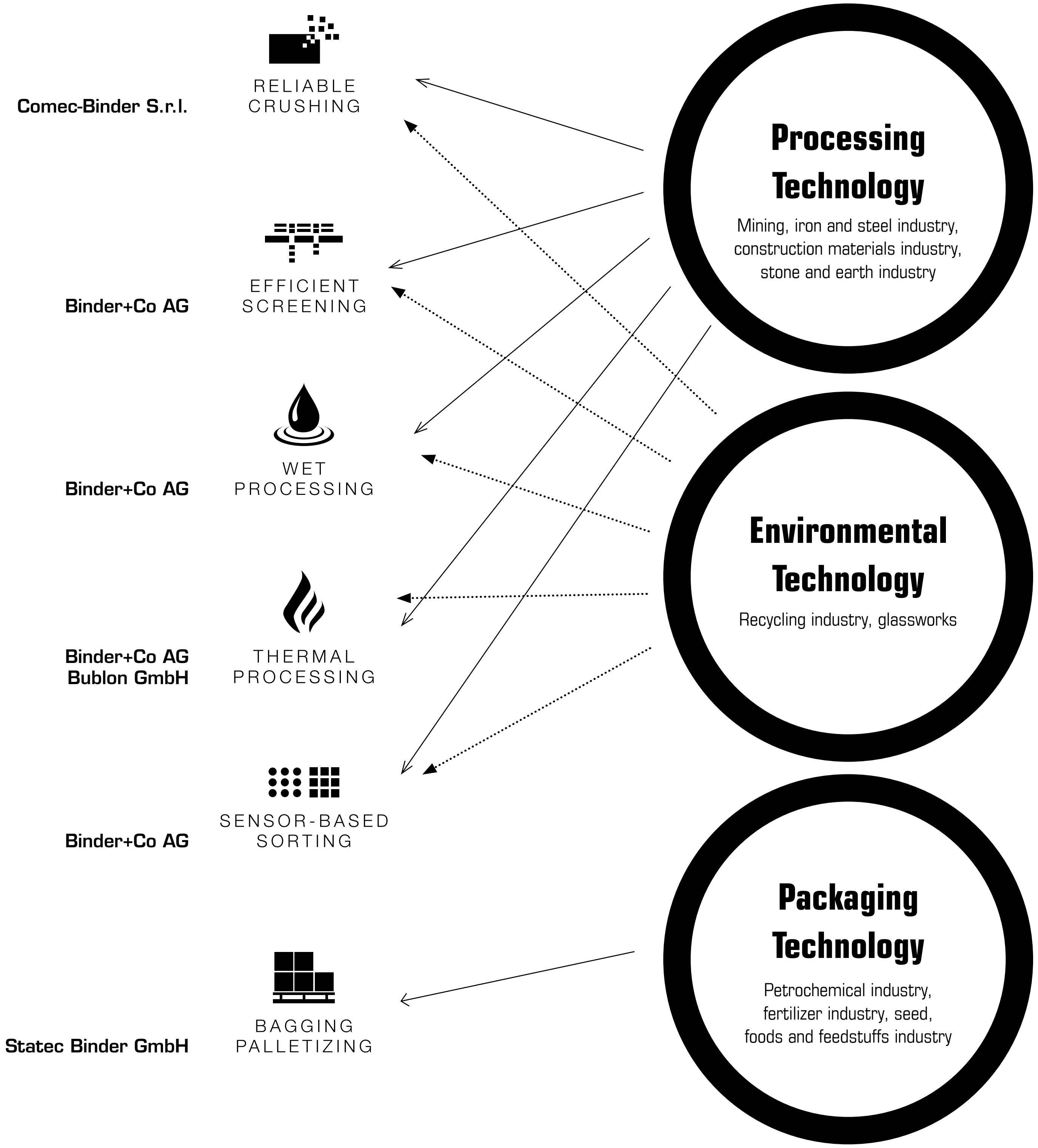
Binder+Co is the leading specialist in the field of sensor-based waste glass sorting. The best-selling **CLARITY** system provides color sorting and the removal of contaminants using a revolutionary three-way system, which turns waste glass into a secondary raw material with maximum purity levels. With **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 color or chemical composition.



bagging palletizing

Under the Statec Binder brand, Binder+Co is 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 range is rounded off by the robust and reliable **PRINCIPAL** series of high-level and robot palletizing systems, which are at the cutting edge of technology.

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.

Strategy

Our Four Strategic Cornerstones

Product Leadership
We develop and manufacture first class products. The basis for this is provided by ongoing analysis of the various processing sequences used by our customers and early recognition of, for example, shifts in environmental policy, so that we can meet new customer demands rapidly and as well as possible. In particular, we focus on developing new products and machine concepts which can be utilized in different configurations thanks to their modular design. An optimized product portfolio that offers customized solutions on the basis of a wide variety of individual modules secures our strong market position as a technology leader.

At Binder+Co innovation is more than just a buzzword, because with our innovative and modern solutions we are shaping the future. In so doing we count on collaborating closely with international research and development specialists, and on integrating our suppliers and above all our customers. We have assessed the success of our development work for many years by means of a specially designed performance figure, our innovation rate. In 2017 this was 17.6% (2016: 16.9%) – which means that in the 2017 financial year around 18% of the total order intake was achieved with products that Binder+Co has developed in-house and launched onto the market during the past three years. For the coming years an innovation rate of 20% will remain our benchmark.

Market Reach
For Binder+Co a key strategic objective is ensuring direct market access via our global sales team. In 2017 too, we pursued a clear regional strategy which enabled the selective development of new markets. The focus was on key customers who serve as references to open the door to new markets. Our product range comprises customised solutions based on modular products. Last but not least, our professional key account management makes us a valued partner and process consultant for our customers. As well as our core markets in Europe, our regional focus is on North America and Asia, and here especially on India and China.

Operational Excellence
As a systems supplier and process consultant, we attach great significance to the securing and transfer of specialist expertise. In addition to the ongoing optimization of the internal process sequences, knowledge management and sound 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.

Systematic Acquisitions
As well as organic growth, we regard strategic company acquisitions as a further option for expanding our sales and distribution network and augmenting our product range.

View across the courtyard to the striking Corten steel-clad tower designed by the architect Kada in the 1990s

Sustainability

As a technology company, our first priority is to combine our fundamental strategic values with treating our environment in a responsible way. It is only in this way that we can build a reliable foundation for the future, and thus also safeguard our long-term success. Binder+Co stands in the interplay between the stakeholders' expectations and a dynamic market environment which is characterized above all by increasing competition and by framework conditions that are becoming more complex legally.

Economic Sustainability

With our machines and equipment for the ultra-efficient processing of primary and secondary raw materials, we ensure that fewer raw materials are extracted worldwide – and thus with our innate company activity itself we contribute to the protection of valuable habitats and resources.

It is only by means of the continuous further development in our three key areas of processing, environmental and packaging technology that we are able to maintain and extend our unique market position as a leading supplier and partner.

We measure our own corporate success by the success of our customers, and for this reason we are always in an open dialogue with them. In their lively exchanges with our sales team, our customers frequently provide the impetus for us to develop new products. With our open innovation approach, we succeed in promptly recognizing emerging needs and developing new, improved technologies for processing primary and secondary raw materials. Our customers in turn benefit from our being able to offer them a rapid and comprehensive solution for their current needs. The basis for this relationship as partners is the customers' trust in our sustainable development and our broad product range.

Respect for the Environment

In-Group Resource and Energy Efficiency
Internally too we are motivated both economically and ecologically, and attach the greatest value in all areas of the company to using resources sparingly. This is why on average we invest EUR 0.5 million a year in the latest production technologies, and thus maximize the energy and resource efficiency of our production processes.

Reduced Waste, Noise and Emissions
We employ an officially approved, comprehensive waste management concept, and our endeavours to reduce operating emissions are aligned with the European Union Directives in force.

Appreciation of our Employees

We are perceived as an attractive and responsible employer: we work continuously to offer our employees a motivating working environment and enable them to develop their potential in the long term.

The way we work with our employees is highly partnership-based, because we are aware that this is the basis for our economic success.

This high appreciation of our employees results in their team spirit and their high job satisfaction, which is expressed amongst other things in the low turnover rate of 2-3% a year. At the same time, this has given us the reputation of being an attractive employer. This positive corporate image is also perceived by our customers; it increases their trust in our group and thus also serves to secure our economic success.

High Safety Standards
We feel obliged to provide comprehensive protection for our employees, and therefore work to continuously improve the standards of safety and health within the group. One important ratio in this context is the number of accidents at work per 1 million working hours. On the basis of a starting value of 29.16 in 2007, with an average of 15.70 in the last three financial years Binder+Co AG is already at a very low level on an industry-wide average. Nonetheless, our declared goal is to reach a peak value of below ten, and to bring all the subsidiaries to this level.

Comprehensive Apprentice Training
Apprentice training has always occupied an important position for Binder+Co. The fact that our apprentices regularly qualify for national, European and worldwide apprentice championships proves the high level of our internal training.

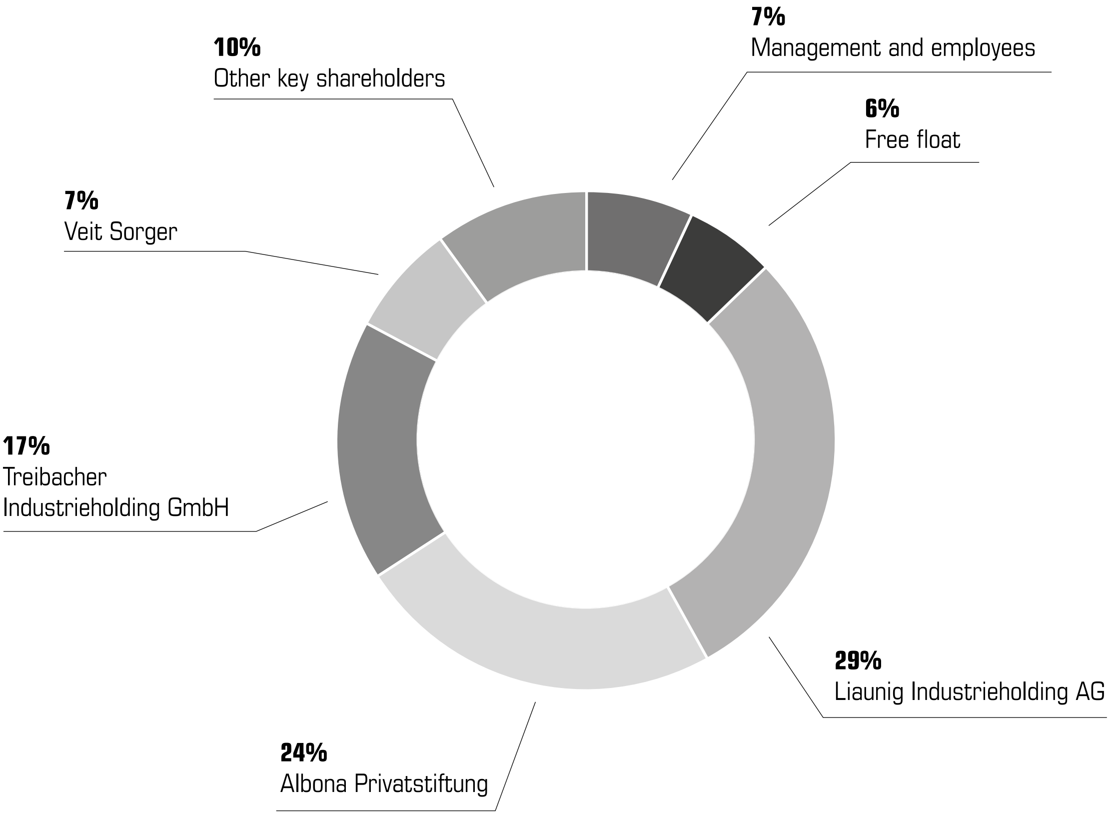
As well as conveying technical skills, our apprentice training also actively encourages the young people's communication and social skills. Our current internationalization efforts lend this form of training by our own skilled workers even more weight, as excellently trained workers make a substantial contribution to successfully setting up assembly support points abroad.

Timeless elegance in the light-flooded stairwell of the renovated old building

The Binder+Co Share

A Solid Ownership Structure

The purchase by the shareholders of 85,548 shares that were previously held by Binder+Co AG itself confirms the sound ownership structure and is associated with a strengthening of the equity of Binder+Co AG. The number of shares issued now corresponds entirely to the nominal capital, which is divided into 3,750,000 registered shares with a nominal value of EUR 1.00 per share. Liaunig Industrieholding AG holds 29.2% of the shares, the Albona Private Trust holds 24.1%, Treibacher Industrieholding GmbH 16.8%, and Veit Sorger 6.7%, with 10.7% held by other key shareholders and 6.7% by the management and employees. The remaining 5.8% of the shares are in free float.



Investor Relations

Even after its delisting, Binder+Co still fulfils its claim to transparent communication with its shareholders. Thus press releases and information about major events and developments in the current financial year are available for downloading in the Investor Relations section of the company's website www.binder-co.com at any time.

Board Members

Supervisory Board

Kerstin Gelbmann, born 1974
Chair since 1 May 2017, previously member of the Supervisory Board

Alexander Liaunig, born 1970
Chair until 30 April 2017, thereafter member of the Management Board

Thomas Jost, born 1971
Deputy Chair

Kurt Berger, born 1966

Nikolaus Schaschl, born 1976

Veit Sorger, born 1942

Works Council Delegates:

Alfred Gschweitl, born 1955

Johann Voit, born 1956

Management Board

Karl Grabner - Chief Technology Officer
Born 1959 in Pöllau, married, 3 children
Member of the Management Board since 1 January 2000
Current term of office until 31 December 2019

After studying mechanical engineering from 1986 to 1990 in parallel with studying for his doctorate (experimental thesis in the field of materials handling technology), he worked 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 under the "Scientists for Business" scheme of the Austrian Ministry of Science, and from 1992 to 1999 filled the post of senior product area manager, then from 1997 onwards he served as the head of design and sales for the materials handling and silo technology product area.

Jörg Rosegger - Chief Sales Officer
Born 1966 in Bruck an der Mur, married, 2 children
Member of the Management Board since 1 January 2007
Current term of office until 31 December 2018

As part of his studies of business administration at the University of Graz (specializing in marketing and industrial management) he spent one year at Butler University in Indianapolis, IN, USA on the International Student Exchange Program. After completing his studies in 1993, he joined Binder+Co AG as assistant to the Management Board and Marketing Manager. In 1995 Jörg Rosegger was appointed product manager for the packaging technology division, which he has headed since 1997. From 2000 overall management of sales and marketing with full power of attorney.

Martin Pfeffer - Chief Financial Officer
Born 1970 in Oberstdorf, Germany, married
Member of the Management Board since 1 January 2018
Current term of office until 31 December 2020

Studied business administration at the University of Graz (specializing in trusteeship and organisation) with a period studying at Liverpool John Moores University. From 1997 to 1999 worked as a Board assistant at Alfred Wall AG, Graz, from 1999 to 2000 at Cap Gemini Ernst & Young AG as Manager for Performance Measurement/Controlling and Middle-Market Consulting, and since 2001 at Management Factory Corporate Advisory GmbH as in interim manager in various Austrian companies.

Alexander Liaunig - Chief Financial Officer
Member of the Management Board from 1 May 2017 until 14 March 2018 with responsibility for the departments Finance and Controlling, Human Resources and Information Technology.

Group Manage

ment Report

General Conditions and Market Environment

The market continues to be in good shape. The situation in the states of the European Union can be described as stable and at an average level. The North American market continues its positive trend on the basis of the situation in the USA.

In general it can be said that larger players are being created on the demand side in the wake of company mergers. However, on the supply side too a concentration is evident, resulting in fewer suppliers, especially in the demanding system business.

The problem of “juridification” is also manifesting itself. As a result the focus of major projects is noticeably on the legal framework conditions, while the technical implementation is receding further into the background. As a consequence of the economic sanctions, the Russian market, which was formerly very strong for Binder+Co, is now characterized by little in the way of investments. On the one hand Russia’s alignment with Asia can be strongly felt, while on the other hand this is having an obvious influence on other markets in the Commonwealth of Independent States.

From Binder+Co's point of view, the investment inclination in the relevant sectors in 2017 was restraining as well, respectively the profit margins in the market in the plant installation industry were often not attractive. The spare parts and service business continued to develop very positively, accompanied by a good result quality. The single machine business in the USA, especially in the recycling industry, continued to grow. Potash mining, which has led to a significant surge in demand in recent years, visibly lost momentum due to falling raw materials prices and the economic sanctions imposed on Russia. Process water treatment is increasingly gaining in importance as a result of environmental aspects in Europe. Due to the continuous increase in the price of crude oil, the demand for high performance packaging technology in the petrochemicals sector continued in 2017 too. At the same time, demand from the foods and feedstuffs industries remained stable.

Reporting/Scope of Consolidation

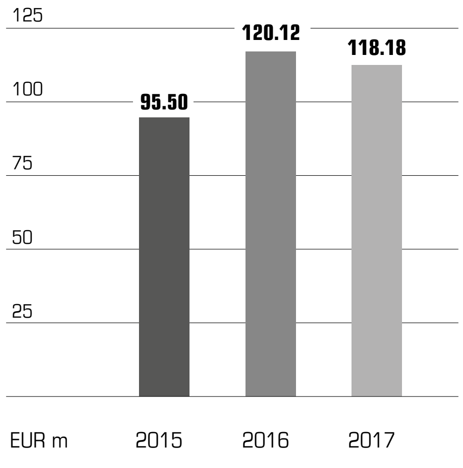
In 2008 the Binder+Co Packaging Technology Segment was brought into Statec Binder GmbH, in which Binder+Co AG has a 50.7% shareholding. This company is thus fully consolidated within Binder+Co's consolidated financial statements. The sales revenues and results of Statec Binder GmbH are allocated to the 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. Equally, Binder+Co Machinery (Tianjin) Ltd., which was founded in 2013, and Binder+Co USA, Inc., which became operative in August 2016, are also 100% owned by Binder+Co AG. Depending on the industry served, the sales revenues of both these subsidiaries are either allocated to the Processing Technology or the Environmental Technology Segment.

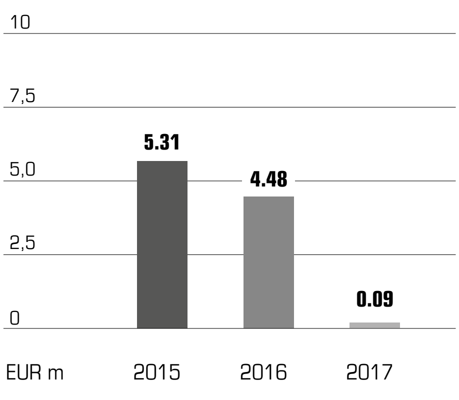
Business Development

The Binder+Co Group started the 2017 financial year with an order backlog of EUR 47.25 million, which was reduced to EUR 33.06 million by the end of 2017. Compared to the end of 2016, the order situation at the end of the year does not include any larger system projects, which by their very nature involve higher risks, and thus forms a good starting basis for the 2018 financial year.

Sales Revenues



EBT

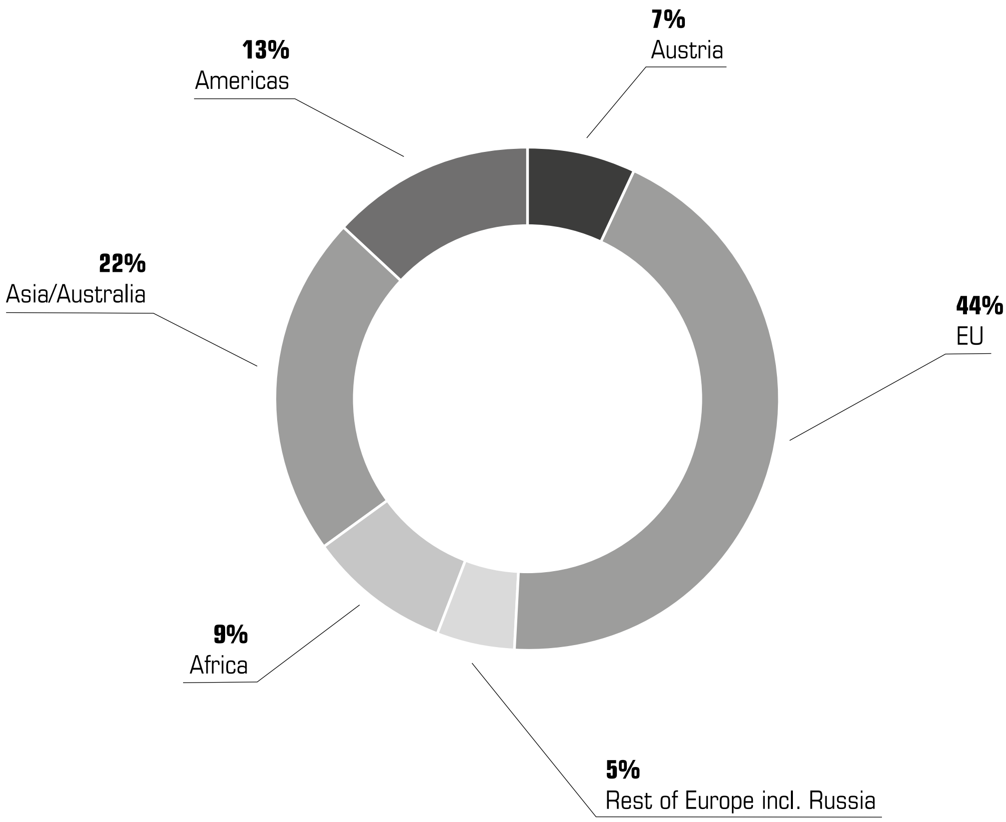


While the level of sales remained high at EUR 118.18 million, (2016: EUR 120.12 million), the result was substantially burdened by losses incurred in the system business, leading to EBT of EUR 0.09 million in 2017 compared to EUR 4.48 million in 2016.

Export Business

Consolidated international sales revenues during the period under review provided 93.0% of total sales revenues (2016: 93.0%), and thus once again underlined the massive importance of the export business. The EU (excluding Austria) constituted the largest sales market, with a share of sales revenues of 44.0% (2016: 40.7%), followed by Asia/Australia with 21.7% (2016: 25.7%). The rest of Europe including Russia provided 5.4% (2016: 14.0%), America contributed 12.5% (2016: 7.4%) and Africa 9.4% (2016: 5.2%).

Sales Revenues 2017 by Region %



Product Segments

Processing Technology
The segment with the highest sales revenues, processing technology, was marked in 2017 by a pronounced decline in the system business in the potash drying segment, the causes of which were connected to the sanctions policy towards Russia. Sales revenues in this segment were EUR 47.52 million (2016: EUR 58.61 million) and thus contributed 40.2% (2016: 48.8%) to total sales. At 46.23 million, the order intake in the Processing Technology Segment remained stable compared to the previous year's figure of EUR 47.42 million, with a solid single machine business and increased involvement in the process water treatment area being responsible for this.

Environmental Technology
Demand for Environmental Technology Segment products continued to increase in the 2017 financial year owing to constant high interest from the USA, and more recently also from Europe. Hesitant investment behavior in respect of entire plant projects in Europe on the one hand, and the more selective issuing of bids by the company on the other hand, led to a much lower order intake of EUR 25.69 million compared to the previous year (2016: EUR 33.70 million). With sales revenues of EUR 29.95 million (2016: EUR 31.64 million), in 2017 the Environmental Technology segment provided 25.3% of total sales (2016: 26.3%).

Packaging Technology/Other
In the 2017 financial year the Packaging Technology/Other Segment increased its sales revenues to the record level of EUR 40.71 million (2016: EUR 29.87 million). Demand in all the key industries (petrochemicals, foods and feedstuffs, fertilisers) continued to be stable. An order intake of EUR 34.32 million (2016: EUR 41.32 million) created a very good starting basis for 2018.

After Sales Service

The just under 20.4% of sales revenues derived from after sales service in 2017 (2016: 20.0%) again provided evidence of the Binder+Co Group's solid position in the relevant sectors and markets. In the coming years, a further increase in the spare part business will be sought by systematic intensification of the servicing and maintenance activities related to company products. In the medium term, the aim is for this company business area to account for 25% of consolidated sales revenues.

Demand Trend in the Financial Year

Binder+Co commenced the 2017 financial year with an order backlog of EUR 47.25 million, and the first half-year was characterized by stable demand for single machines and spare parts. No large plant projects were taken on. Apart from Bublon GmbH and Binder+Co USA, Inc. all the companies displayed a reduction in their order intake.

At Bublon GmbH two BUBLON production facilities were sold within one financial year, while Binder+Co AG has recently been able to strongly expand its spare parts and service business. Once again, the difficult market situation in China resulted in Binder+Co Machinery (Tianjin) Ltd. having a very weak order intake, which has been counteracted since the end of 2017 by a new focus on recycling applications. In contrast the demand for Statec Binder GmbH in the Packaging Technology Segment remains uninterruptedly strong and at a high level.

The order level of the Binder+Co Group at the end of the 2017 financial year reached EUR 33.06 million, which is not associated with any major system orders and thus entails only minor risks. This has secured a healthy order basis for 2018.

Investments

The largest investments of the 2017 financial year were concentrated on the Gleisdorf location, with investments by Binder+Co AG in a building extension for the research and development area. Statec Binder GmbH was able to complete the extension to the company's office building that was planned for 2017, while the development of the BUBLITE technology at Bublon GmbH was accompanied by delays, and will probably not be completed until the middle of 2018. Investment activity at the remaining locations was limited to office equipment and minor modifications in the production areas.

Financing

As at 31 December 2017 the Binder+Co Group's equity amounted to EUR 25.32 million (2016: EUR 24.86 million). Due to much lower total assets of EUR 95.16 million (2016: EUR 104.25 million) and with no distribution to shareholders, but on the other hand a purchase of Binder+Co's treasury shares by the core investors, the equity ratio reached 26.6% (2016: 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 2017 liabilities to banks totalled EUR 31.21 million (2016: EUR 30.89 million), of which EUR 12.04 million can be classified as non-current (1-5 years) und EUR 19.17 million as current. When concluding the loan agreements, close attention was paid to matching maturities, while 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

In the 2017 financial year, the Binder+Co Group achieved consolidated sales revenues of EUR 118.18 million (2016: EUR 120.12 million).

In the period under report, EBT was balanced at EUR 0.09 million (2016: EUR 4.48 million). The reasons for this were substantial losses in the system business and negative income contributions from the subsidiaries Comec-Binder S.r.l., Bublon GmbH and Binder+Co Machinery (Tianjin) Ltd, which are 100% owned by Binder+Co AG.

Key Business Development Indicators by Segment – IFRS

Sales Revenues

EUR m	2017	2016
Binder+Co AG	66.22	81.05
Statec Binder GmbH	40.14	29.01
Comec-Binder S.r.l.	12.14	12.69
Bublon GmbH	1.67	0.47
Binder+Co Machinery (Tianjin) Ltd.	1.33	2.44
Binder+Co USA, Inc.	4.53	0.87
Internal business/Other	–7.85	–6.40

EBT

EUR m	2017	2016
Binder+Co AG	–1.93	3.96
Statec Binder GmbH	3.67	2.74
Comec-Binder S.r.l.	–2.29	0.16
Bublon GmbH	–0.47	–0.68
Binder+Co Machinery (Tianjin) Ltd.	–0.75	–1.06
Binder+Co USA, Inc.	0.23	–0.15
Other	1.63	–0.49

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

%	2017	2016
Binder+Co AG	–7.8	14.4
Statec Binder GmbH	43.1	33.8
Comec-Binder S.r.l.	–318.9	19.9
Bublon GmbH	–92.5	–148.8
Binder+Co Machinery (Tianjin) Ltd.	87.0	–
Binder+Co USA, Inc.	489.4	–

Order Intake

EUR m	2017	2016
Binder+Co AG	56.26	72.50
Statec Binder GmbH	33.48	40.60
Comec-Binder S.r.l.	12.59	13.62
Bublon GmbH	4.05	0.70
Binder+Co Machinery (Tianjin) Ltd.	1.62	1.83
Binder+Co USA, Inc.	4.02	1.49
Internal Business	–5.78	–8.30

Order Backlog

EUR m	2017	2016
Binder+Co AG	14.14	25.35
Statec Binder GmbH	10.91	17.57
Comec-Binder S.r.l.	5.11	4.65
Bublon GmbH	2.72	1.11
Binder+Co Machinery (Tianjin) Ltd.	0.38	0.09
Binder+Co USA, Inc.	0.10	0.62
Internal Business	–0.30	–2.13

[1)] The basis for the ROE values is the amount of equity at the beginning of the respective year.

Order Backlog
The primary reason for the solid order backlog of EUR 47.25 million at the beginning of the 2017 financial year were large orders from 2013, 2014 and 2016. As scheduled, in 2017 around EUR 31.0 million worth of these contracts were processed. As at 31 December 2017 Binder+Co had an order backlog of EUR 33.06 million for 2018 and subsequent years.

Equity Ratio/ROE
As at 31 December 2017 Binder+Co's equity totalled EUR 25.32 million (2016: EUR 24.86 million). On the basis of reduced total assets of EUR 95.16 million (2016: EUR 104.25 million) and with no distribution to the shareholders (2016: EUR 5.46 million), this provided an equity ratio of 26.6% (2016: 23.8%). The acquisition of 85,548 Binder+Co treasury shares had a positive impact on the equity of EUR 1.03 million.

The return on equity $(ROE)_{EBT}$ fell from 15.8% in 2016 to 0.4% in 2017. The basis for the calculation of the ROE values is the amount of equity at the beginning of the respective year.

Working Capital
The working capital (short-term assets minus short-term liabilities) of Binder+Co decreased from EUR 5.72 million in 2016 to EUR -0.62 million in 2017.

Cash flow

EUR m	**2017**	2016
Cash flow from earnings	2.30	10.25
Cash flow from operations	6.78	–1.49
Cash flow from investment activities	–4.33	–4.56
Cash flow from financing activities	–2.38	5.27

Employees
As at 31 December 2017 Binder+Co employed 370 people, which was thus around 7% less than at the end of the 2016 financial year (399 employees).

Non-Financial Performance Indicators

Environmental Report
Binder+Co has its own production capacity with an officially approved waste management concept. Corrosion protection is a major environmental consideration, and in this area the Binder+Co Group falls into line with the official directives, which are adhered to in full. On-site assembly largely takes place without any residues, and the 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 complying with 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 6% range, and in the white-collar area they lie between 1 and 3%.

Human Resources
For many years, Binder+Co has pursued a strategy of creating and retaining a core team of highly qualified personnel. Accordingly, against the background of the intended international growth, training and development programs have been established for employees. 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 in the blue-collar sector with the "Workshop Competence" course. Both training programs are aimed at broadening the company's personnel base in individual, special areas, and being able to supply new branches with well-trained specialists who are firmly rooted within the Binder+Co Group. The "Specialist Career" course also provides training for those personnel who are set to take on future managerial tasks inside the group.

Further measures for the respective following year are defined during the annual assessment of the training objectives that have been achieved. In 2017 0.5% of the wages and salary sum was invested in implementing employee training and development measures.

The overall educational level of the Binder+Co workforce is good. 30% of the salaried staff at Binder+Co are graduates from universities or universities of applied science, while 52% have attended academic secondary school or a vocational college. Of the blue-collar personnel, 78% have been trained as skilled workers and 15% possess a foreman's certificate. The Binder+Co Group also attaches great value to apprenticeships, and currently employs 10 apprentices.

Production
At its locations in Gleisdorf and Badoere di Morgano, Italy, Binder+Co has its own production capacity, which is oriented towards the manufacture of key products and components. In addition, until recently purchased steel parts and core components supplied from Gleisdorf were assembled into machinery and plant at the Wuqing location in the Chinese region of Tianjin. In 2018, the change in the business model that has already been introduced will lead to a reduction in complexity and fixed costs, as it will largely be possible to assemble machines using local partners. By contrast, Binder+Co USA, Inc., which is located in Denver, Colorado, is purely a sales and service subsidiary that occupies rented office premises 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 Regulations
Binder+Co's activities are based on respectful relationships with its customers, partners, suppliers and employees.

In addition, the group undertakes to comply with the national laws in force, such as those combatting corruption, promoting sustainability and safeguarding human rights.

As a manufacturer of machinery and plants, for Binder+Co compliance with all the relevant statutory regulations, especially in a technical regard, is an essential prerequisite for sustained success. Therefore the group also has production plant licences, which are subject to regular audits. Safety at work is also an especially important issue, which is monitored and documented primarily by the respective assembly and production management. The products themselves are evaluated for their CE conformity by means of a quality management system.

Further 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.

Expected Group Development

Starting from its strong position as a globally active, innovative technology supplier in three product areas, the group's growth is underpinned by the following four cornerstones: Product Leadership, Market Reach, Operational Excellence and Systematic Acquisitions.

Apart from Western Europe, the regional focus of Binder+Co comprises Central and Eastern Europe (CEE and CIS), North America, and Asia, particularly India and China. In its core market of Western and Eastern Europe, Binder+Co increasingly supplies the customer segments of the construction and building supply industry, mining, industrial minerals, the recycling industry, the food and feedstuffs industry and the chemical industry. In North America we focus on the recycling industry and mining. To intensify our business activity in this important market, in 2016 the subsidiary Binder+Co USA, Inc. was founded as a sales and service unit. In Asia, on the other hand, we mainly serve the coal mining sector, the steel and iron industry, and the petrochemical industry. In a parallel move, Binder+Co is endeavoring to tap the Asian recycling industry. Market access in this region takes place directly via our Chinese subsidiary Binder+Co Machinery (Tianjin) Ltd.

The growth in sales in the next few years is expected to come increasingly from Asia/Australia and from North and South America (2017: 34.2% of total sales). Simultaneously our sales revenues from the key and target accounts distributed across all regions and sectors will be increased to over 15% (2015-2017: average 11.5%). The objective is to maintain 2018 sales revenues at the level of the preceding year and to raise EBIT quality.

In 2018 too Binder+Co AG will focus on the reduction of its fixed costs. In addition, we have also placed a strong focus on structural changes and how we handle projects. In the Chinese subsidiary, Binder+Co reacted to the changing market requirements. Complexity has been reduced by largely transferring production to a long-term partner, allowing Binder+Co AG to concentrate instead on the distribution and servicing of its key products in the recycling sector.

At Comec-Binder, the tools and processes have been adapted to the standards of Binder+Co to ensure greater transparency and guarantee a better quality of our results, and since the start of the year the two companies have shared the same sales agendas.

In combination with the expected improvements in the results of the subsidiaries, this will enable the Binder+Co Group to achieve substantially better results in the coming years.

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. Due to the high levels of engineering skills required, this is 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.

In view of its strong export orientation, Binder+Co invests considerable sums in the expansion of its sales and distribution network. The group currently supplies its products to more than 90 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 sector in which order intake and sales revenues continue to depend upon a few individual decisions. Consequently considerable fluctuations may occur, which is however standard for this business area. Moreover, changes to legal statutes and other regulations that lead to stricter requirements, especially in the environmental and human resources sectors, can also generate increased costs and thus lead to reduced income.

Binder+Co endeavors to identify and manage possible risks at an early stage by means of internal and external audits and reviews, and also with the involvement of experts. This is necessary because although group employees are among the acknowledged specialists in their fields, a residual risk still remains.

In addition, major risks are reported upon in the course of the regular Management Board meetings. A standard report format is in place for the topics of liquidity, finance and ongoing litigation. Decisions are taken and entered into the minutes either directly at project meetings or at Management Board meetings.

The high risk potential requires the continuous further development of risk monitoring. This will continue to concentrate on tender procedures and the internal control system, but will also focus more sharply on the financing risks related to individual projects. In this connection, Binder+Co also examines and evaluates special country risks.

In addition, EN ISO 9001:2015 requires certified 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. Once the individual risks allotted to these three categories have been identified and evaluated, measures for risk minimization or prevention are defined and implemented.

Both internal and external risk audits are used to monitor the implementation status and determine the efficacy of the adopted measures, in order that interventions can take place if required. Finally, the findings from 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 also endeavors only to conclude flat rate contracts with its suppliers. However, erratic changes in purchase prices and/or the need for an unplanned 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 customer base, it seeks to prevent cluster risks. Consequently, it is only in exceptional cases that the group permits more than 5% of annual sales revenues to be obtained from any 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
Payment delays or defaults in the case of individual large-scale projects can have a major impact on group cash flow, and thus entail corresponding risks. Therefore, payment arrears involving the debtors that are most important in value terms are reported to the regular meetings of the Management Board, and liquidity forecasts are prepared. If necessary, appropriate measures can be taken rapidly to improve the cash flow. Since the end of 2016, Binder+Co has also been using factoring to improve liquidity.

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

Apart from securing business operations, Binder+Co's capital management aims to increase the value of the business and create a sound capital basis, which primarily serves to finance Binder+Co's chosen growth course and secure the company's solid dividend policy. In addition, while taking account of 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 has proved to be highly advantageous for Binder+Co. Nevertheless, optimization and risk minimization are sought by means of periodic controls. Appropriate measures are coordinated 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 using measures such as currency futures transactions.

Country Risk
To date, country risk has been of secondary importance for Binder+Co. However, in the medium term, increasing efforts towards internationalization beyond the EU pose a 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 devoted itself intensively to 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.

In 2017 the innovation rate, which Binder+Co employs to measure the business success of its development work, averaged 17.6% (2016: 16.9%). This meant that during the past financial year roughly 18% of the total order intake was achieved with products which Binder+Co has developed in-house and launched onto the market during the past three years. The objective is to increase this rate to 20%.

In 2017 the research and development activities were concentrated on further developing the BUBLON technology and expanding the packaging technology product range.

A new product line for plastics processing was successfully introduced in the sorting technology area. The further development of a solution for sorting special and colored glass, which has been patented by Binder+Co, paved the way for a further technology lead in glass recycling, and thus consolidated the market leadership in this sector.

The production of ultrafine granulates was the most important development step in the BUBLON technology, which enables numerous future applications in the plastics, paints and lacquers industries. In the Packaging Technology Segment a patent-protected bag sealing solution was successfully launched onto the market. CIRCUPAC, a new development for the high-performance bagging of materials ranging from fine grains to powder, enabled the product portfolio in this segment to be further extended.

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 operating companies, and therefore, apart from their involvement in transactions requiring approval, they are also directly involved in the operational day-to-day business.

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

The Accounts Department and the integrated financial bookkeeping section report directly to the Management Board. Appropriate organizational measures ensure compliance with the statutory stipulations which require entries into the accounts and other records to be made in full, correctly, punctually and in an 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, rules on signature authorization, the fact that signing authority for payments is limited to only a few people, and system-supported audits by means of the software used.

A constant flow of information via standardized, group-wide financial reporting and the immediate, incident-related reporting of significant events keeps the Management Board continuously updated on relevant matters. 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 are integral elements 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 2017 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 when handling orders 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 the overall development of the economy also represent a risk for the group's 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 to 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 from acquisitions might also impinge upon the development of the Binder+Co Group's result if it should make it impossible to achieve the group's business targets.

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 taking out export insurance are employed as hedging against the risk of customer defaults on payment. Nevertheless, individual payment losses can have a significant 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 by means 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 concluding futures transactions.

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

Binder+Co avoids 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.

Non-Financial Risks

Personnel
In the personnel area interesting individual development opportunities, performance-related remuneration and focused training programs are important prerequisites for attracting trained and well qualified employees to Binder+Co. High quality standards during the selection process guarantee that the most suitable candidates are recruited. Moreover, within the framework of successor planning, potential candidates are identified for every key position on the basis of standardized assessments of performance and potential, so that the company has internal personnel available at all times as short- and medium-term replacements. Fluctuations in the utilisation of capacity can be counterbalanced throughout the group by allocating orders to the individual global locations and locally through the use of leasing personnel.

Quotations
Quotations are prepared using standardized templates, which are verified from a commercial and legal perspective. Depending on the level of financial risk, in addition to a commercial check by the company's authorized signatories, an expert group selected by product areas also completes a process-related review. During this technical process review a risk analysis is prepared, which forms the basis of additional measures if required.

Project Completion
Services are provided by teams headed by a project manager. During regular team meetings and in technical and commercial reviews existing risks are also analyzed, measures are drawn up and reports provided to the executive management, who are informed immediately of any risks posing a major threat potential.

Innovation and Development
Rapid changes in market requirements call for constant further and new product development. Technological changes and the short life-cycles of new products can result in individual development projects failing to be fully amortized. Therefore to minimize risk prior to the commencement of a development project, as far as possible relevant market data is collected, the level of difficulty of the development is established through the appropriate cost evaluation, and the potential sales volume is estimated. At quarterly meetings, apart from progress reports relating to specific development projects, the 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 to the issued capital of Binder+Co AG in comparison to the preceding year, and the nominal capital is EUR 3,750k. This consists of 3,750,000 registered shares with a nominal value of EUR 1.00 each.

Qualified Share Ownership
By the closing date of 31 December 2017, in the course of the transition from no-par bearer to registered shares all except 761 shares were delivered. Consequently, the shareholders listed in the share register on 31 December 2017 held approximately 100% of the shares. Since the purchase by the shareholders of 85,548 shares that were previously held by Binder+Co AG itself, the number of shares issued entirely corresponds to the nominal capital. Liaunig Industrieholding AG holds 29.2% of the shares, the Albona Private Trust holds 24.1%, Treibacher Industrieholding GmbH 16.8%, Veit Sorger 6.7%, with 10.7% held by other key shareholders and 6.7% by the management and employees. The remaining 5.8% of the shares are in free float.

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

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

Special Authorisation for the Management Board to acquire/sell shares
On 19 April 2017 the Ordinary General Meeting of the shareholders of Binder+Co AG authorised the Management Board to sell the company's treasury shares in other ways than via the stock exchange or by a public offering. The Management Board was also authorised to exclude the shareholders' general purchasing right (subscription right) with the consent of the Supervisory Board. Subsequently all the treasury shares were sold to the shareholders with the exclusion of the general purchasing right (subscription right).

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 hand in the event of a public takeover bid.

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 deadline for this report.

In addition, between the closing date of the financial statements and their approval by the Management Board, no events occurred that could have had a material influence upon the (consolidated) financial statements as at 31 December 2017.

Gleisdorf, 28 February 2018

Karl Grabner
Member of the Management Board

Jörg Rosegger
Member of the Management Board

Alexander Liaunig
Member of the Management Board

Martin Pfeffer
Member of the Management Board

The production area in the extraordinary round hall

Consoli Financial

dated Statements

Consolidated Balance Sheet – IFRS

As at 31 December 2017

Assets EUR k	Notes	**31 Dec. 2017**	31 Dec. 2016
A. Non-current assets			
I. Intangible assets			
1. Capitalised development costs	(3.1)	6,784	7,471
2. Industrial property rights	(3.1)	1,509	1,552
3. Goodwill	(3.1)	746	746
4. Prepayments made	(3.1)	24	24
		9,063	9,793
II. Tangible assets			
1. Land and buildings, including buildings on non-owned land			
Land	(3.2)	8,386	6,931
Buildings	(3.2)	23,040	23,696
		31,426	30,627
2. Plant and machinery	(3.2)	1,907	2,284
3. Other equipment, factory and office equipment	(3.2)	1,886	2,169
4. Prepayments made and plant under construction	(3.2)	4,485	2,152
		39,704	37,232
III. Financial assets			
1. Securities held as non-current assets	(3.3)	223	260
IV. Tax accruals	(3.4)	2,426	1,789
		51,416	49,074
B. Current assets			
I. Inventories			
1. Raw materials and supplies	(3.5)	5,985	6,412
2. Unfinished products	(3.5)	79	81
3. Finished goods	(3.5)	794	334
		6,858	6,827
II. Receivables and other assets			
1. Trade receivables	(3.6)	28,994	40,895
III. Other receivables and assets			
1. Receivables from affiliated companies	(3.6)	39	95
2. Other receivables and assets	(3.6)	6,239	5,973
3. Prepayments and accrued income	(3.8)	576	411
		6,854	6,479
IV. Cash and cash equivalents	(3.7)	1,042	975
		43,748	55,176
Total		**95,164**	104,250

Passiva EUR k	Notes	**31 Dec. 2017**	31 Dec. 2016
A. Equity			
I. Issued capital	(3.9)	3,750	3,750
II. Reserves	(3.9)	16,529	16,905
III. Non-controlling interests	(3.10)	5,040	4,201
		25,319	24,856
B. Non-current debt			
I. Provisions			
1. Provision for severance payments	(3.12)	7,009	6,906
2. Provision for pensions	(3.13)	749	767
3. Deferred taxes	(3.4)	2,058	3,469
4. Other non-current provisions	(3.14)(3.15)	1,721	1,635
		11,537	12,777
II. Liabilities			
1. Liabilities to banks	(3.16)	12,040	15,917
2. Other liabilities	(3.19)	1,862	1,247
		13,902	17,164
		25,439	29,941
C. Current debt			
I. Provisions			
1. Current tax liabilities	(3.15)	938	2
2. Other current provisions	(3.15)	9,531	7,775
		10,469	7,777
II. Liabilities			
1. Liabilities to banks	(3.16)	19,166	14,969
2. Prepayments received		918	3,476
3. Accounts payable trade	(3.17)	10,201	17,728
4. Liabilities to affiliated companies	(3.18)	44	849
5. Other liabilities	(3.19)	3,584	4,631
4. Accruals and deferred income	(3.19)	24	23
		33,937	41,676
		44,406	49,453
Total		**95,164**	104,250

Consolidated Income Statement – IFRS

For the period from 1 January to 31 December 2017

EUR k	Notes	**2017**	2016
1. Sales revenues	(3.20)	118,176	120,121
2. Change in stocks of finished and unfinished products and work in progress		136	–47
3. Own work capitalized		1,136	1,606
4. Other operating income	(3.21)	4,308	1,616
		123,756	123,296
5. Raw materials and consumables used	(3.5)	–69,671	–67,512
6. Staff expenses	(3.23)	–29,720	–29,965
7. Depreciation and amortization expense	(3.1) (3.2)	–3,904	–3,516
8. Other operating expenses	(3.22)	–19,581	–17,079
		–122,876	–118,072
9. Operating result (EBIT)		880	5,224
10. Interest and similar expenses		–837	–762
11. Other financial result		46,000	22
12. Finance costs	(3.24) (3.25)	–791	–740
13. Earnings before tax (EBT)		89	4,484
14. Income tax expense	(3.4)	57	–1,222
a) Current income tax		–1,964	–689
b) Deferred income tax		2,021	–533
15. After tax result		146	3,262
16. Share of non-controlling interests in net income		–1,353	–1,009
Consolidated net income		**–1,207**	2,253

Consolidated Statement of Comprehensive Income – IFRS

For the period from 1 January to 31 December 2017

EUR k	**2017**	2016
1. After tax result	146	3,262
2. Actuarial gains/losses	–340	–750
3. Income tax on actuarial gains/losses	84	187
4. Other comprehensive income, which in future may not be reclassified in the income statement	–256	–563
5. Currency translation differences	40	18
6. Other comprehensive income, which in future may be reclassified in the income statement	40	18
7. Other comprehensive income for the period	–216	–545
8. Consolidated net income before share of non-controlling interests	–70	2,717
9. Share of non-controlling interests in net income	–1,332	–997
Consolidated net income	**–1,402**	1,720

Consolidated Cash Flow Statement – IFRS

For the period from 1 January to 31 December 2017

EUR k		**2017**	2016
(+/–)	Result before taxes (EBT)	89	4,484
(+/–)	Result from interest	794	747
(+/–)	Profit/loss on sales of non-current assets	–1,250	121
(+/–)	Depreciation/revaluation of non-current assets	3,904	3,516
(+/–)	Changes in non-current provisions	–1,240	1,379
	Net cash flow	2,297	10,247
(+/–)	Changes in inventories including prepayments	–31	–492
(+/–)	Changes in trade receivables, other receivables and accruals	10,890	–11,039
(+/–)	Changes in trade payables, other liabilities and accruals	–8,921[1]	670
(+/–)	Changes in deferred taxes not affecting cash flows	2,692	881
(+/–)	Changes in equity not affecting the result	2,021	–533
(–)	Taxes paid	–1,964	–689
(+/–)	Other changes recognized directly in equity	–217	–545
(+/–)	Currency differences	13	7
	Net operating cash flow	6,780	–1,493
(–)	Investments in tangible and intangible assets	–6,778	–4,601
(–)	Investments in financial assets	–13	0
(+)	Cash flow from sales of tangible and intangible assets	2,370	30
(+)	Cash flow from sales of financial assets	48	0
(+)	Interest received	42	15
	Net cash flow from investing activities	–4,331	–4,556
(+)	Proceeds from and repayment of financial liabilities	7,417	11,795
(–)	Settlement of financial liabilities	–7,095	–2,409
(–)	Paid interest	–837	–762
(+/–)	Dividends to shareholders	–1,867[2]	–2,565
(–)	Payments to other shareholders	0	–789
	Net cash flow from financing activities	–2,382	5,270
	Net change in cash and cash equivalents	67	–779
(+)	Cash and cash equivalents at beginning of period	975	1,754
(–)	Cash and cash equivalents at end of period	1,042	975
	Change	**67**	–779

[1] Of the dividend that Binder+Co AG decided to pay shareholders in April 2016 in the amount of EUR 5,460k, EUR 2,565k was paid out in 2016. The remaining amount of EUR 2,895k was not shown as a dividend distribution the previous year, but was offset against the increased liability. This remaining amount was paid out in April 2017, and corresponding to the way in which it was handled the previous year was not shown as a reduction in the liability, but as a dividend distribution.

[2] This item shows both the dividend distribution in the amount of EUR 2,895k mentioned above and the profit from the sale of treasury shares in the amount of EUR 1,026k.

Consolidated Equity Statement – IFRS

EUR k	Issued capital	Captial reserves	Revenue reserves	Actuarial gains/losses	Net income	Currency translations	Own shares	Total	Non-controlling interests	Total equity
As at 1 Jan. 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
Other changes	0	0	0	0	0	0	0	0	0	0
As at 31 Dec. 2016	3,750	75	14,672	–1,856	4,782	115	–883	20,655	4,201	24,856
Balance as at 31 Dec. 2016	3.750						16.905	20.655	4.201	24.856
As at 1 Jan. 2017	3,750	75	14,672	–1,856	4,782	115	–883	20,655	4,201	24,856
Consolidated net income	0	0	0	0	–1,207	0	0	–1,207	1,353	146
Other comprehensive income	0	0	0	–235	0	40	0	–195	–21	–216
Consolidated net income	0	0	0	–235	–1,207	40	0	–1,402	1,332	–70
Payment of dividends	0	0	0	0	0	0	0	0	–493	–493
Other changes (sale of treasury shares)	0	143	0	0	0	0	883	1,026	0	1,026
As at 31 Dec. 2017	3,750	218	14,672	–2,091	3,575	155	0	20,279	5,040	25,319
Balance as at 31 Dec. 2017	3,750						16,529	20,279	5,040	25,319

Notes to the Consolidated Financial Statements as at 31 December 2017

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 Europe, 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 2017 on average the group’s workforce numbered 385 and 397 in 2016.

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 in February 2017 a total of 3.612 shares were declared null and void. The cancellation of 2,851 shares was suspended up to 31 December 2017. At the balance sheet date, there were 761 shares that have been declared null and void.

At the 18th Ordinary General Meeting on 19 April 2017 the Management Board was authorised to sell up to 85,548 shares in the company at a selling price of at least EUR 12.00 per share. Shareholders in possession of more than 250 shares come into consideration as purchasers. The sale of all 85,548 shares by 4 October 2017 had no impact upon the main ownership structure of Binder+Co AG.

Liaunig Industrieholding AG holds 29.2% of company shares, the Albona Private Trust 24.1%, Treibacher Industrieholding GmbH 16.8% and Veit Sorger 6.7%, further core shareholders hold 10.7%, the management and the employees 6.7%. The remaining 5.8% 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 2017 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 2017 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 2016, 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
Amendment to IAS 7	Disclosure initiative	1.1.2017[1]
Amendment to IAS 12	Recognition of deferred tax assets for unrealized losses	1.1.2017[1]
Annual improvements (cycle 2014–2016)	Defined benefit plans: employee contributions	1.1.2017[2]

[1] Application for the financial years beginning on or after the stated dates
[2] Inapplicable as not yet adopted by the EU

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 4, 9, 15 and 16 have yet to be adopted by the EU. Application of the accounting pronouncements is not yet obligatory and early application to the 2017 financial year did not occur.

Standard/Interpretation	Content	Valid from[1]
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[2]
IFRS 15 incl. all prior amendments	Revenue from contracts with customers	1.1.2018
Amendment to IAS 40	Transfers of real estate held as financial investments	1.1.2018[2]
Amendment to IAS 28	Long-term participations in associated companies and joint ventures	1.1.2019[2]
IFRS 9	Financial instruments	1.1.2018
Amendment to IFRS 9	Financial instruments, amendment to IFRS 9 and IFRS 7, obligatory application date and note disclosures	1.1.2019[2]
Annual improvements (cycle 2015–2017)	Diverse	1.1.2019[2]
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] 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

During the last financial year there were changes to the discounts for staff turnover in the provisions for anniversary payments and a change to the interest rate for provisions for severance payments, anniversary bonuses and pensions. The growth rate and the interest rate used for the impairment test were also adjusted to the current estimates.

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 2017 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 2017 totalled minus EUR 456k (2016: EUR –39k).

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. 2017	31 Dec. 2016	2017	2016
US-dollar	USD	1.1976	1.0563	1.1288	1.1058
Chinese renminbi yuan	CNY	7.8023	7.3068	7.6199	7.3417

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 2017 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 2017 financial year (2016: 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 2017, there were no liabilities from leasing agreements, classified as financial leasing (2016: EUR 0k).

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 2017 financial year did not result in an impairment (2016: 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 2017 financial year (2016: 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 2017 and 2016 is based on the following assumptions:

	2017	2016
Interest rate	1.5%	2.0%
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 2017 and 2016 is based on the following assumptions:

	2017	2016
Interest rate	1.5%	2.0%
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. The contributions to the employees' severance pay and pension fund totalled EUR 241k (2016: EUR 242k) 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 16.3% (2016:up to 11.5%) is applied to reflect personnel fluctuations. 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%
- 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 2017, development costs amounting to EUR 985k (2016: EUR 1,339k) were capitalized in the consolidated financial statements.

During the 2017 financial year, total research and development costs amounted to EUR 1,922k (2016: EUR 2,411k).

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 2017 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 2017 would have decreased by EUR 149k or risen by EUR 153k (2016: decrease of EUR 97k/increase of EUR 121k). 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 shall amount to 3.5 and may only be exceeded for a limited period.

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

EUR k	**2017**	2016
Debts[1]	31,206	30,886
Cash, cash equivalents and bank balances	–1,042	–975
Net debts	30,164	29,911
EBITDA	4,784	8,740
Net debt/EBITDA	6.3	3.4
Equity ratio	26.6%	23.8%

[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 2016 were retained.

2.2.23. Details of subsidiaries that are not 100% owned in which substantial non-controlling shares are held

Name of the subsidiary	Reg. office	Participation and voting right rate of the non-controlling shares		Result apportionable to the non-controlling shares		Cumulative non-controlling shares	
		31 Dec. 2017	31 Dec. 2016	2017 EUR k	2016 EUR k	31 Dec. 2017 EUR k	31 Dec. 2016 EUR k
Statec Binder GmbH	Gleisdorf	49.3%	49.3%	1,332	997	5,040	4,201

Binder+Co AG participates directly in Statec Binder GmbH with a 50.7% shareholding.

A summary of the financial information in respect of the group's subsidiaries in which substantial non-controlling shares are held can be found below. The summarised financial information corresponds to the amounts of intra-group eliminations.

EUR k	**31 Dec. 2017**	31 Dec. 2016
Short-term assets	14,678	15,014
Long-term assets	7,032	3,467
Short-term debts	10,402	9,007
Long-term debts	1,084	953
Proportion of equity attributable to shareholders in the parent company:		
Non-controlling shareholders	5,040	4,201

EUR k	**2017**	2016
Sales revenues	40,141	29,012
Total result of the individual company	2,702	2,022
Total result attributable to non-controlling shareholders	1,332	997

EUR k	**31 Dec. 2017**	31 Dec. 2016
Dividends paid to non-controlling shareholders	0	789
Cash flow:		
Net cash flow from continuous business activity	3,468	384
Net cash flow from investment activities	–3,933	–668
Net cash flow from financing activities	600	–100
Total net payment flows	135	–384

3. Notes to the Consolidated Balance Sheet and Income Statement

3.1. Intangible Assets and Goodwill

During the 2017 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. 2016	11,033	5,622	746	24	17,425
Additions	985	445	0	0	1,430
Disposals	–2,626	–50	0	0	–2,676
Currency translation	0	–2	0	0	–2
As at 31 Dec. 2017	9,392	6,015	746	24	16,177
Accumulated amortization					
As at 31 Dec. 2016	3,562	4,070	0	0	7,632
Additions	1,071	436	0	0	1,507
Disposals	–2,025	0	0	0	–2,025
Currency translation	0	0	0	0	0
As at 31 Dec. 2017	2,608	4,506	0	0	7,114
Carrying value as at 31 Dec. 2016	7,471	1,552	746	24	9,793
Carrying value as at 31 Dec. 2017	6,784	1,509	746	24	9,063

The disposals recognized under acquisition costs and the cumulative depreciation include three fully depreciated development projects. In the 2017 financial year a sale and lease-back transaction was concluded to improve liquidity for a development project. The financial effect is shown in the table below, taking account of the depreciation that is no longer applicable:

EUR k	Book value of disposal 31 Dec. 2017	Sales proceeds	Profit on disposal	Costs 2018	Costs 2019-2023
Capitalized lease-back development costs	600	1,000	400	57	287

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 correction to the acquisition costs of a patent is shown in the disposals in the acquisition costs of commercial property rights. The correction of the depreciation took place via ongoing depreciation.

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 1.5% (2016: 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 10.8% (2016: 9.3%). 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 2.826k 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 36.6% (2016: 38.9%), or an increase in the discount rate to 14.7% (2016: 13.8%).

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

EUR k	**2017**	2016
Comec-Binder S.r.l.	746	746

3.2. Tangible Assets

During the 2017 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. 2016	48,538	11,684	7,092	2,152	69,467
Transfers	341	–8	11	–344	0
Additions	1,673	682	364	2,678	5,397
Disposals[1]	0	–6,736	–188	0	–6,924
Currency translation	–1	0	–17	0	–18
As at 31 Dec. 2017	50,551	5,622	7,262	4,485	67,920
Accumulated amortization					
As at 31 Dec. 2016	17,910	9,400	4,923	0	32,234
Transfers	0	0	0	0	0
Additions	1,214	606	576	0	2,396
Disposals	0	–6,291	–123	0	–6,414
Currency translation	0	0	0	0	0
As at 31 Dec. 2017	19,124	3,715	5,376	0	28,216
Carrying value as at 31 Dec. 2016	30,627	2,284	2,169	2,152	37,232
Carrying value as at 31 Dec. 2017	31,426	1,907	1,886	4,485	39,704

[1] Digit sum rounding differences.

In the 2017 financial year a sale and lease-back transaction was concluded to improve the liquidity of selected assets and machines. The financial effect by considering the depreciation can be seen in the table below:

EUR k	Book value of disposal 31 Dec. 2017	Sales proceeds	Profit on disposal	Costs 2018	Costs 2019-2023
Plant and machinery	440	1,292	852	119	631

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	0	–174	–235	0	–409
Currency translation	–2	–3	–5	0	–10
As at 31 Dec. 2016	48,538	11,684	7,092	2,152	69,467
Accumulated amortization					
As at 31 Dec. 2015	16,767	8,886	4,517	0	30,170
Transfers	0	0	0	0	0
Additions	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	17,910	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

As there were no indications of value impairment in 2017, 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 2017 financial year, financial assets showed the following movements:

EUR k	Participations in associated companies	Securities	Other loans	Total
Acquisition costs				
As at 31 Dec. 2016	0	260	0	260
Additions	0	13	0	13
Disposals	0	–50	0	–50
Currency translation	0	0	0	0
As at 31 Dec. 2017	0	223	0	223
Accumulated amortization	0	0	0	0
As at 31 Dec. 2016	0	0	0	0
Additions	0	0	0	0
Disposals	0	0	0	0
As at 31 Dec. 2017	0	0	0	0
Carrying value as at 31 Dec. 2016	0	260	0	260
Carrying value as at 31 Dec. 2017	0	223	0	223

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
Currency translation	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

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. 2017	31 Dec. 2016
Accrued differences		
Non-current assets	122	127
Current assets	13	25
Provision for severance payments	672	558
Provision for pension obligations	37	36
Interest	342	272
Other provisions	414	341
Liabilities	112	82
Loss carryforwards	2,142	1,600
	3,854	3,040
There of non-capitalized	0	0
Netting of tax accruals and deferrals	–1,428	–1,250
Tax accruals	2,426	1,789
Accrued expenses and deferred income		
Non-current assets	2,645	2,907
Current assets	845	1,829
Provision for severance payments	–4	6
Other provisions	0	–22
	3,486	4,719
Netting of tax accruals and deferrals	–1,428	–1,250
Tax deferrals	2,058	3,469
Provision for tax deferrals (net)	**368**	–1,680

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	2017	2016
Current income tax expense	1,964	689
Change in accrued and deferred taxation	–2,021	533
Total	**–57**	1,222

During the year under review, tax accruals of EUR 84k (2016: EUR 187k) 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	**2017**	2016
Pre-tax result	89	4.484
Anticipated tax burden	22	1.121
Tax expense pursuant to the income statement	–57	1.222
Difference to be explained	**–79**	101
Reasons for the difference: Reduction in the tax burden owing to		
A change in the tax accruals on loss carryforwards	0	211
The effect of differing tax rates	23	101
Tax income relating to earlier periods	0	–2
Various allowances and other permanent differences	–122	–155
Withholding taxes	20	4
Non-deductible expenses	43	23
Back tax payments relating to earlier periods	–6	13
Other	–37	–94
Declared difference	**–79**	101

3.5. Inventories

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

EUR k	**31 Dec. 2017**	31 Dec. 2016
Raw materials and consumables	5,985	6,412
Unfinished goods	79	81
Finished products	794	334
Total	**6,858**	6,827

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 478k (2016: EUR 343k).

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

EUR k	**2017**	2016
Materials used	53,652	55,403
Services purchased	16,019	12,109
Total	**69,671**	67,512

3.6. Receivables and other Assets

EUR k	**31 Dec. 2017**	31 Dec. 2016
Trade receivables	28,994	40,895
Receivables from affiliated companies	39	95
Other receivables and assets	6,239	5,973
Other accruals	576	411
Total	**35,848**	47,374

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

As at 31 Dec. 2017

EUR k	Current	Non-current	Total
Trade receivables	28,994	0	28,994
Receivables from affiliated companies	39	0	39
Other receivables and assets	6,196	43	6,239
Other financial assets	0	0	0
Other accruals	576	0	576
Total	35,805	43	**35,848**

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

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	**2017**	2016
Accruals at the beginning of the year	283	230
Currency translation differences	32	0
Additions	222	65
Availments	–67	–12
Reversals	–1	0
Accruals at the end of the year	**469**	283

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

EUR k	**2017**	2016
Order costs up to the balance sheet date	19,470	32,094
Plus recognized gains/less recognized losses	3,275	7,202
Less received pre- and part-payments	–9,855	–12,408
Total	**12,890**	26,888

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

EUR k	**31 Dec. 2017**	31 Dec. 2016
Not due	22,670	33,406
1-90 days overdue	4,313	5,326
91-180 days overdue	1,690	1,051
More than 180 days overdue	321	1,111
Total	**28,994**	40,895

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

EUR k	**31 Dec. 2017**	31 Dec. 2016
Waagner-Biro Austria Stage Systems AG	39	95

Other receivables comprise:

EUR k	**31 Dec. 2017**	31 Dec. 2016
Fiscal authority balances	1,514	2,725
Severance payment liability insurance	29	27
Receivables from INPS-fund	366	353
Receivables from creditors	67	37
Receivables from payroll actions	69	226
Grant receivables	21	32
Receivables from insurers	1,735	864
Receivables from suppliers	472	121
Bonuses for apprentices, research, training	1,271	821
Security deposits	56	56
Other	639	711
Total	**6,239**	5,973

3.7. Cash and Cash Equivalents

EUR k	**31 Dec. 2017**	31 Dec. 2016
Cash	107	52
Bank balances	935	923
Total	**1,042**	975

3.8. Accruals

EUR k	**31 Dec. 2017**	31 Dec. 2016
Accruals	576	411

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.

In 2017 85,548 treasury shares were sold at the price of EUR 12.00 each, and the share premium in the amount of EUR 143k was shown as a capital reserve.

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 2017, the Management Board suggests that the net profit be carried forward to new account.

3.10. Non-controlling Interests

The item "Non-controlling interests" contains the share of subsidiary equity held by non-group shareholders. As per 31 December 2017 the third-party share of the group's equity was 19.9%. In 2017 the decision was taken to distribute EUR 493k to non-group shareholders in subsidiaries for the financial year 2016 (2016: EUR 789k). The payment of the dividend distribution was deferred in 2017.

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

	31 Dec. 2017	31 Dec. 2016
Statec Binder GmbH	49.3%	49.3%

3.11. Obligations in Respect of Employees (Social Capital)

EUR k	**31 Dec. 2017**	31 Dec. 2016
Provision for severance payments	7,009	6,906
Provision for pensions	749	767
Provision for long-service bonuses	1,448	1,405
Total	**9,206**	9,079

3.12. Provisions for Severance Payments

EUR k	**31 Dec. 2017**	31 Dec. 2016
Present value of severance payment obligations (DBO) as at 1 Jan.	6,906	6,135
Service cost	232	214
Interest cost	136	151
Severance payments	–378	–253
Liabilities from severance payments	–118	0
Actuarial gains/losses in the consolidated income statement	0	35
Actuarial gains/losses in the consolidated comprehensive income statement	231	624
Present value of severance payment obligations (DBO) as at 31 Dec.	**7,009**	6,906

Sensibility scenario with regard to interest rate changes:

EUR k	–0.5%	**ACTUAL %**	+0.5%
Present value (DBO) as at 31 Dec. 2017	7,443	7,009	6,613
Service cost	249	233	218
Interest cost	74	104	131
Anticipated payments 2018	–198	–198	–198
Anticipated value (DBO) as at 31 Dec. 2018	7,568	**7,148**	6,764

Duration: **12.0 years**

Parameter change (Interest rate from 2.0% to 1.5%)	
Actuarial gain/loss	231
Owing to an adjustment to financial assumptions	416
Owing to an experience adjustment	–185

Sensibility scenario with regard to remuneration changes:

EUR k	–0.5%	**ACTUAL %**	+0.5%
Present value (DBO) as at 31 Dec. 2017	6,678	7,009	7,371
Service cost	218	233	249
Interest cost	96	104	112
Anticipated payments 2018	–198	–198	–198
Anticipated value (DBO) as at 31 Dec. 2018	6,794	**7,148**	7,534

Duration: **12.0 years**

Parameter change (Interest rate from 2.0% to 1.5%)	
Actuarial gain/loss	231
Owing to an adjustment to financial assumptions	416
Owing to an experience adjustment	–185

3.13. Provision for Pensions

EUR k	31 Dec. 2017	31 Dec. 2016
Present value of pension obligations (DBO) as at 1 Jan.	767	796
Change in pension payments	–142	–140
Interest and services cost	15	20
Actuarial gains/losses in the consolidated comprehensive income statement	109	92
Present value of pension obligations (DBO) as at 31 Dec.	**749**	767

Sensibility scenario with regard to interest rate changes:

EUR k	–0.5%	ACTUAL %	+0.5%
Present value (DBO) as at 31 Dec. 2017	764	749	734
Service cost	0	0	0
Interest cost	8	11	15
Anticipated payments 2018	–139	–139	–139
Anticipated value (DBO) as at 31 Dec. 2018	633	**621**	610

Duration: **4.1 years**

Parameter change (Interest rate from 2.0% to 1.5%)	
Actuarial gain/loss	109
Owing to an adjustment to financial assumptions	15
Owing to an experience adjustment	94

Sensitivity scenario for changes to salaries in EUR k:

EUR k	–0.5%	ACTUAL %	+0.5%
Present value (DBO) as at 31 Dec. 2017	734	749	764
Service cost	0	0	0
Interest cost	11	11	11
Anticipated payments 2018	–139	–139	–139
Anticipated value (DBO) as at 31 Dec. 2018	606	**621**	636

Duration: **4.1 years**

Parameter change (Interest rate from 2.0% to 1.5%)	
Actuarial gain/loss	109
Owing to an adjustment to financial assumptions	15
Owing to an experience adjustment	94

3.14. Provision for Long-Service Bonuses

EUR k	31 Dec. 2017	31 Dec. 2016
Present value of the long-service bonus obligation (DBO) as at 1 Jan.	1,405	1,277
Service cost	73	73
Interest cost	28	30
Long-service bonus payments	–73	–152
Actuarial gains/losses	15	178
Present value of the long-service bonus obligation (DBO) as at 31 Dec.	**1,448**	1,405

Sensibility scenario with regard to interest rate changes:

EUR k	–0.5%	ACTUAL %	+0.5%
Present value (DBO) as at 31 Dec. 2017	1,528	1,448	1,375
Service cost	78	73	68
Interest cost	15	21	26
Anticipated payments 2018	–80	–80	–80
Anticipated value (DBO) as at 31 Dec. 2018	1,541	**1,462**	1 389

Duration: **10.7 years**

Parameter change (Interest rate from 2.0% to 1.5%)	
Actuarial gain/loss	15
Owing to an adjustment to financial assumptions	6
Owing to an experience adjustment	9

Sensibility scenario with regard to remuneration changes:

EUR k	–0.5%	ACTUAL %	+0.5%
Present value (DBO) as at 31 Dec. 2017	1,390	1,448	1,510
Service cost	69	73	77
Interest cost	20	21	22
Anticipated payments 2017	–80	–80	–80
Anticipated value (DBO) as at 31 Dec. 2018	1,399	**1,462**	1,529

Duration: **10.7 years**

Parameter change (Interest rate from 2.0% to 1.5%)	
Actuarial gain/loss	15
Owing to an adjustment to financial assumptions	6
Owing to an experience adjustment	9

3.15. Provisions

EUR k	Current taxes	Payroll	Open contracts	Other	Total
As at 31 Dec. 2016	3,471	2,874	4,396	735	11,476
Consumption	0	–1,789	–2,362	–667	–4,818
Reversals	–1,824	0	–174	–23	–2,021
Addition	1,349	1,430	4,955	446	8,180
Currency translation	0	–5	–9	–3	–17
As at 31 Dec. 2017	2,996	2,510	6,806	488	12,800
There of non-current	2,058	0	273	0	2,331
Thereof current	938	2,510	6,533	488	10,469
Total	2,996	2,510	6,806	488	12,800

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
There of non-current	3,469	0	229	0	3,698
Thereof current	2	2,874	4,167	735	7,778
Total	3,471	2,874	4,396	735	11,476

3.16. Financial Liabilities

EUR k	Non-Current	Current	**31 Dec. 2017** Total	Non-Current	Current	31 Dec. 2016 Total
Liabilities to banks						
Overdraft facility/cash	0	18,798	18,798	0	14,819	14,819
Financial loans	12,040	368	12,408	15,917	150	16,067
Total	12,040	19,166	**31,206**	15,917	14,969	30,886

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. 2017**	31 Dec. 2016
Creditors	10,201	17,728
Obligations from manufacturing contracts	918	3,476
Total	**11,119**	21,204

The item “Obligations from manufacturing contracts” includes prepayments received.

EUR 9k (2016: EUR 49k) 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. 2017**	31 Dec. 2016
Liaunig Industrieholding AG	44	839
Herbert Liaunig Private Trust	0	10
Total	**44**	849

3.19. Other Liabilities and Deferrals

			31 Dec. 2017			31 Dec. 2016
EUR k	Non-Current	Current	Total	Non-Current	Current	Total
Other liabilities	1,862	3,584	5,446	1,247	4,631	5,878
Deferrals	0	24	24	0	23	23
Total	1,862	3,608	**5,470**	1,247	4,654	5,901

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

EUR k	**31 Dec. 2017**	31 Dec. 2016
Fiscal authorities	641	483
Outstanding invoices for contract-related costs	926	322
Financial leasing/hire purchase	0	0
Health insurance funds	515	539
Personnel expenses and similar obligations	744	787
Debtors with credit balances	121	162
Deferrals	24	23
FFG loans	632	526
Dividend liability to shareholders (except affiliated companies)	0	2,045
Liabilities from Group taxes (back-dated tax obligations)	1,334	838
Deferred distribution to third party shareholders	493	0
Other	40	176
Total	**5,470**	5,901

3.20. Sales Revenues

The sales revenues are structured as follows:

EUR k	**2017**	2016
Austria	8,246	8,401
EU	51,996	48,858
Rest of Europe incl. Russia	6,409	16,832
Africa	11,077	6,199
Asia/Australia	25,648	30,885
Americas	14,799	8,947
Total	**118,176**	120,121

3.21. Other Operating Income

EUR k	**2017**	2016
Income from the disposal and reversal of non-current assets	1,252	16
Income from the release of provisions	236	322
Other	2,820	1,278
Total	**4,308**	1,616

Other income includes:

EUR k	**2017**	2016
Exchange rate gains	0	32
Income from the reversal of provisions	23	3
Expenses invoiced to third parties	1,301	197
Income from licences	99	110
Training, apprenticeship and research premiums	489	462
Insurance payments	362	115
Non-repayable grants	46	128
Income from rents	17	22
Other	483	210
Total	**2,820**	1,278

3.22. Other Operating Expenses

EUR k	**2017**	2016
Rental and leasing expenses	459	372
Travel expenses and allowances	3,655	3,305
Commission	4,343	4,008
Legal and consultancy fees	842	785
Maintenance and repairs	1,001	1,242
Freight costs and transport	2,782	2,684
Insurance	481	371
External services	792	683
Vehicle fleet	37	31
Advertising	947	1,175
Exchange rate differences	456	71
Losses from asset disposals	0	120
Long distance calls and postal charges	288	357
Patents	481	343
Money transfer and other bank charges	329	215
Warranty and guarantee payments	315	242
Risk cover and provisions	308	9
Office expenses	174	413
Write-offs of receivables	694	8
Loss events	331	30
Expenses from associated companies	180	43
Other	686	572
Total	**19,581**	17,079

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

EUR k	**2017**	2016
Fees for the auditing of the annual financial statements	59	58
Fees for taxation and other consulting	8	36
Total	**67**	94

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	2017	2016
Wages and salaries	22,844	22,716
Statutory social security contributions	5,803	5,864
Severance payments	740	605
Pensions	15	20
Other employee benefits	318	760
Total	**29,720**	29,965

Average employee numbers were as follows:

	2017	2016
Non-salaried staff	120	126
Salaried staff	255	259
Apprentices	10	12
Total	**385**	397

3.24. Financial Expenses

EUR k	2017	2016
Interest and similar expenses	837	762
Cost of the disposal of securities held as financial assets	2	0
Total	**839**	762

3.25. Income from Financial Investments

EUR k	2017	2016
Interest and similar income	42	15
Income from other securities and financial asset securities and bonds	4	7
Total	**46**	22

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.

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 and EUR 2,895k in April 2017.

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	Carrying value as at 31 Dec. 2017	Amortized cost	Fair value not recognized as profit or loss	Fair value recognized as profit or loss	Fair Value as at 31 Dec. 2017
Assets						
Participations in affiliated companies	AfS	0	0	0	0	0[1]
Securities (rights) held as fixed assets	AfS	223	0	223	0	223[2]
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	28,994	28,994	0	0	28,994
Receivables from affiliated companies	L&R	39	39	0	0	39
Other receivables and assets	L&R	3,454	3,454	0	0	3,454
Derivative financial instruments	HfT	0	0	0	0	0
Cash and cash equivalents	L&R	1,042	1,042	0	0	1,042
Liabilities						
Liabilities to banks	FLaC	31,206	31,206	0	0	31,206[3]
Trade payables	FLaC	10,201	10,201	0	0	10,201
Liabilities to affiliated companies	FLaC	44	44	0	0	44
Prepayments received	FLaC	918	918			918
Derivative financial instruments	HfT	0	0	0	0	0
Other liabilities and provisions	FLaC	2,980	2,980	0	0	2,980[4]
By category						
Loans and receivables	L&R	33,529	33,529	0	0	33,529
Available for sale	AfS	223	0	223	0	223
Financial liabilities at amortised costs	FLaC	45,349	45,349	0	0	45,349
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] The securities held as fixed assets are to be treated as the fair value with no effect on the result. The corresponding adjustment was also made for 2016.
[3] 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.
[4] The category other liabilities and provisions does not contain liabilities to the tax office and health insurance funds. The value for 2016 was corrected to include the liability arising the duty of paying back taxes.

EUR k	Valuation category purs. to IAS	Carrying value as at 31 Dec. 2016	Amortized cost	Fair value not recog-nized 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	0	260	0	260[2)]
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[3)]
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	5,063	5,063	0	0	5,063[4)]
By category						
Loans and receivables	L&R	44,390	44,390	0	0	44,390
Available for sale	AfS	260	0	260	0	260
Financial liabilities at amortised costs	FLaC	58,002	58,002	0	0	58,002
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) The securities held as fixed assets are to be treated as the fair value with no effect on the result. The corresponding adjustment was also made for 2016.
3) 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.
4) The category other liabilities and provisions does not contain liabilities to the tax office and health insurance funds. The value for 2016 was corrected to include the liability arising the duty of paying back taxes.

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	in 2018	in 2019–2022	in 2023
Rental agreements	273	799	0
Leasing agreements	40	148	0
Sale and lease-back obligations	399	1,260	122
Total	712	2,207	122

6.1.2. Pending Litigation

As at 31 December 2017, 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 2017, bank guarantees from prepayments of EUR 4,329k, performance bonds to the value of EUR 10,446k and bid bonds totalling EUR 27k existed as liabilities to customers. In addition ERP and KRR loans of EUR 3,000k and equity financing for Comec-Binder S.r.l. and Binder+Co Machinery (Tianjin) Ltd. totalling EUR 1,028k 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. 2017**	31 Dec. 2016
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 289k (2016: EUR 796k).

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)
Alexander Liaunig (1.5.2017 to 20.4.2020)
Jörg Rosegger (1.1.2016 to 31.12.2018 / since 2007)
Martin Pfeffer (1.1.2018 to 31.12.2020)

Binder+Co AG Supervisory Board, Gleisdorf
Kerstin Gelbmann, Chairman (1.5.2017 to AGM 2021)
previously member of the Supervisory Board since 12.4.2016
Alexander Liaunig, Chairman (12.4.2016 to 30.04.2017)
Thomas Jost, Deputy-Chairman (12.4.2016 to AGM 2021)
Kurt Berger (10.4.2013 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 financial year the salaries of the members of the Management Board totalled EUR 697k (2016: EUR 758k, of which EUR 0k as a variable remuneration.

In the reporting year provisions for the remuneration to the Binder+Co AG Supervisory Board totalled EUR 38k (2016: EUR 47k). In 2017, a pensions provision of EUR 749k (2016: EUR 767k) was recognized for former Management Board members and their dependents. The ongoing annual payments in 2017 amounted to EUR 142k (2016: EUR 140k).

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 11k (2016: EUR 5k).

In addition, business relations existed with the following companies:

EUR k	**2017**	2016
Receivables	39	95
Thereof Waagner-Biro Austria Stage Systems AG	39	95
Liabilities	44	849
Thereof Liaunig Industrieholding AG	44	839
Thereof Herbert Liaunig Private Trust	0	10
Income	237	253
Thereof Waagner-Biro Austria Stage Systems AG	237	191
Thereof Waagner-Biro Bridge Systems AG	0	62
Expenses	201	43
Thereof Liaunig Industrieholding AG	175	43
Thereof Herbert Liaunig Private Trust	5	0
Thereof Waagner-Biro Austria Stage Systems AG	21	0

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	**2017**	2016
Profit for the year attributable to the parent company	–1,207,000	2,253,000
Weighted ordinary share average	3,701,824	3,664,452
Undiluted earnings per share	**–0.33**	0.61
Profit for the year attributable to the parent company	–1,207,000	2,253,000
Weighted ordinary share average	3,701,824	3,664,452
Diluted earnings per share	**–0.33**	0.61

The average number of shares was calculated as follows:

EUR	**2017**	2016
As per 01 Jan	3,664,452	3,664,452
Treasury shares	85,548	85,548
Average treasury shares	**–48,177**	–85,548
Average shares	**3,701,824**	3,664,452

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 28 February 2018. 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 2017.

Gleisdorf, 28 February 2018

Karl Grabner
Member of the Management Board

Jörg Rosegger
Member of the Management Board

Alexander Liaunig
Member of the Management Board

Martin Pfeffer
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 its subsidiaries (the group), consisting of the consolidated financial statements per 31 December 2017 with equity capital of EUR 25,319,000.00, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated cashflow statement and the changes in consolidated equity for the financial year ending on this reference date, and the notes to the consolidated financial statements.

In our opinion, the attached consolidated financial statements comply with the statutory requirements and provide a true and fair view of the assets and finances of the group as at 31 December 2017, and of the results of operations and cash flows of the group for the financial year ending on this reference date, in accordance with the International Financial Reporting Standards as applicable in the EU (IFRS), and the additional requirements of § 245a of the Austrian Commercial Code [UGB].

Basis for the Audit Opinion

We carried out our audit in accordance with Austrian standards for the auditing of financial statements, which require the application of the International Standards on Auditing (ISA). Our responsibilities under these standards are described in greater detail in the section of our audit opinion entitled "Responsibilities of the auditor in regard to the auditing of consolidated financial statements". We are independent of the group, in compliance with the requirements of Austrian corporate law and professional regulations, and we have fulfilled our other professional duties in compliance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to serve as a basis for our audit opinion.

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

The management is responsible for drafting the consolidated financial statements and for ensuring that the consolidated financial statements provide a true and fair picture of the assets, financial position and results of operations of the group, in accordance with the IFRS as applicable in the EU and the additional requirements of § 245a UGB. In addition the management is responsible for the internal controls which they regard as necessary to ensure that the consolidated financial statements are free from material misstatement, whether due to fraud or error.

When drawing up the consolidated financial statements, the management is responsible for assessing the group's ability to continue as a going concern, and – insofar as may be relevant – for stating the circumstances relating to its continuation as a going concern, and also for applying the going concern accounting principle, unless the management intends either to liquidate the group or to suspend activities, or do not have any realistic alternative to doing so.

The Supervisory Board/Audit Committee is responsible for the supervision of the accounting processes of the group.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our aims are to attain sufficient certainty as to whether the consolidated financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an audit certificate which contains our audit opinion. Sufficient certainty is a high level of certainty, but is not a guarantee that an audit carried out in accordance with Austrian standards for the auditing of financial statements, which require the application of the International Standards on Auditing, will always reveal any material misstatement that may be contained therein. Misstatements can result from fraudulent acts or errors, and are regarded as material if they could reasonably give rise to the expectation, either individually or taken together, that they will influence the economic decisions of users that have been made on the basis of these consolidated financial statements.

The Following Applies in Addition:
We identify and assess the risks of material misstatements in the financial statements (whether due to fraud or error), design our audit procedures in response to these risks, carry out these procedures and obtain audit evidence which is sufficient and appropriate to serve as a basis for our audit opinion. The risk of material misstatements due to fraud not being revealed is greater than the risk where error is involved, since fraudulent acts can include collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- We 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 internal control.

- We evaluate the appropriateness of the accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- We conclude on the appropriateness of the 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 auditor's 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 auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.

- We 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.

- We obtain sufficient appropriate audit evidence concerning the financial information of the entities or business activities within the group in order to provide an audit opinion on the consolidated financial statements. We are responsible for the direction, supervision and execution of the audit of the consolidated financial statements. We bear sole responsibility 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

The consolidated management report is to be audited on the basis of the requirements of Austrian corporate law to determine whether it is in accordance with the consolidated financial statements and whether it has been drawn up in accordance with the applicable legal requirements.

The legal representatives are responsible for drawing up the consolidated management report in accordance with the requirements of Austrian corporate law.

We have carried out our audit in accordance with professional principles in regard to the auditing of consolidated management reports.

Opinion
In our opinion the consolidated management report has been drawn up in accordance with the applicable legal requirements and is in accordance with the consolidated financial statements.

Declaration
In light of the findings attained in the course of the audit of the consolidated financial statements and the understanding we obtained with regard to the group and its environment, we found no material incorrect information in the consolidated management report.

Other Information

Management is responsible for the other information, which includes all information in the management report, except for the consolidated financial statements, the consolidated management report and the audit report. The business report is expected to be made available to us after the date of the audit report. Our audit opinion concerning the annual financial statements does not cover this other information, and we will not provide any kind of assurance in this regard.

In connection with our audit of the annual financial statements it is our responsibility to read this other information as soon as it becomes available, and to consider the question of whether, in light of our understanding based on the audit, it materially contradicts the annual financial statements, or appears materially misrepresented in any other way.

Graz, 28 February 2018

SOT Wirtschaftsprüfung GmbH

Markus Brünner Auditor	Manfred Kraner Auditor

This report is a translation of the original report in German, which is solely valid.
The publication or dissemination of the consolidated financial statements bearing our opinion may only take place in the version approved by us. This opinion relates exclusively to the complete consolidated financial statements with consolidated management report in German. With regard to deviating versions, the requirements of § 281 (2) UGB are to be observed.

Supervisory Board Report

Dear Shareholders,

In the 2017 financial year the Supervisory Board continuously monitored and assisted the work of the Management Board. The basis for this was the extensive reports provided by the Management Board, in both written and verbal form. The Chair of the Supervisory Board, her Deputy and the members of the Supervisory Board also regularly exchanged information and thoughts with the Management Board.

The Supervisory Board held eight meetings in the 2017 financial year, including two meetings of the Audit Committee, which were also attended by the auditor, and a constituent meeting following the 18th ordinary general meeting to select the Executive Committee. In the five regular meetings the Supervisory Board was informed of the situation of the company by means of the reports from the Management Board.

If agreement was required for decisions or actions by the management, the members of the Supervisory Board reviewed the proposed resolutions that had been provided to them beforehand, and took their decisions either at their meetings or by circular resolution. The Supervisory Board was involved in all decisions of essential importance for the company. The economic situation outlined in the Management Board's reports and the development prospects for the company were the subject of careful discussions.

Consolidated Financial Statements, Final Audit

The company has prepared an individual financial statement in accordance with the Austrian Commercial Code (UGB) and consolidated financial statements in accordance with IFRS. Both financial statements have been audited by the appointed auditor, SOT Wirtschaftsprüfung GmbH, Vienna, and issued with an unqualified audit opinion. The auditor explains the auditing principles in his confirmation report. Neither of the audits gave cause for objections.

The individual and consolidated financial statements, the management report and consolidated management report, and the audit report were presented to all the members of the Supervisory Board. The financial statement documents were reviewed by the Supervisory Board and discussed in detail in the presence of the auditor after he had presented his report.

The Supervisory Board adopted the individual and consolidated financial statements prepared by the Management Board. The individual and consolidated financial statements have thus been approved pursuant to Section 96 Para. 4 of the Austrian Stock Corporation Act (Aktiengesetz). The Supervisory Board agrees with the management report, the consolidated management report and in particular the assessment of the further development of the company.

The Supervisory Board concurs with the Management Board's proposal that the net profit shown in the annual financial statement for the 2017 financial year in the amount of EUR 3,105,911.13 be entirely carried forward to new account.

Pursuant to Section 270 Para. 1 UGB the Supervisory Board proposes that SOT Wirtschaftsprüfung GmbH, Vienna, be appointed as auditor for the 2018 financial year (individual and consolidated financial statements).

The Supervisory Board thanks the management of the company and all the employees for their commitment and hard work in the 2017 financial year.

Vienna, 14 March 2018

For the Supervisory Board

Kerstin Gelbmann
Chair of the Supervisory Board

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
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
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
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
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

BIVITEC

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.

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. With the BUBLITE technology we develop ultrafine microspheres for numerous applications in the lightweight materials industry.

Bulk materials

Free-flowing batches of sand, gravel and cement, raw materials (e.g. ores, coal) and foodstuffs (cereals, sugar, salt, coffee, granules etc.) are also known as **bulk materials.**

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.

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.

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.

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. **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.

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.

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.

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.

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, colored glass (green, brown) and contaminants (ceramic content).

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.
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 sub-segment of the equity market segment market.at of the Vienna Stock Exchange. The **mid market** comprises shares of companies which have been admitted to official trading or regulated free trading or are included in the Third Market, and which contractually undertake to maintain 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.

Return on equity (ROE)

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

Sale and lease back

Sale and lease back is a special form of leasing in which real estate or movable assets, but also intangible assets, are sold to a leasing company and are simultaneously leased back for further use.

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).**

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.

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Cover: Main entrance to the Binder+Co AG group headquarters in Gleisdorf.
Inner-Cover: View of the elegant aluminium facade of the annex designed by the architect Gattermeyer

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This annual report has been prepared with the greatest possible care and every effort has been made to ensure the accuracy of the data that it contains. Nevertheless, rounding, typographical and printing errors cannot be excluded. The use of automatic calculating devices may result in rounding-related differences during the addition of rounded amounts and percentages.

This annual report contains assessments and assertions relating to the future made on the basis of all the information currently available. Such future related statements are usually introduced with terms such as "expect", "estimate", "plan", "anticipate", etc. We would draw your attention to the fact that various factors could cause actual conditions and results to deviate from the expectations outlined in this report.

This annual report is published in German and English. In cases of doubt, the German version shall take precedence.

Editorial closing date: 14 March 2018

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