Financial Report 2016

AT A GLANCE

On the road, at work and at home, millions of people around the world rely on DEKRA's safety expertise. This leading unlisted expert organization is fulfilling its corporate mission of improving safety with impartiality and independence. With a workforce of more than 39,000 DEKRA is synonymous with innovative services in the safety segment in more than 50 countries across five continents. This vision to be realized by our centenary in 2025 is DEKRA becoming the global partner for a safe world.

The portfolio of the Business Units DEKRA Automotive, DEKRA Industrial and DEKRA Personnel comprises twelve strategic business sectors: Vehicle Inspection, Expertise, Automotive Solutions, Homologation & Type Approvals, Claims Services, Industrial & Construction Inspection, Material Testing & Inspection, Product Testing & Certification, Business Assurance, Insight, Training & Education and Temporary Work.

KEY DATA DEKRA SE		2014	2015	2016
Revenue and Income				
Total revenue	in million euros	2,509.8	2,720.3	2,903.6
Share of international revenue	in %	37.6	39.3	40.1
Adjusted EBIT	in million euros	174.8	201.1	220.6
Adjusted EBIT margin	in %	7.0	7.4	7.6
Adjusted EBT	in million euros	149.2	178.1	200.9
Statement of Financial Position				
Total assets	in million euros	1,810.8	1,977.4	2,091.3
Equity	in million euros	374.9	503.4	543.5
Equity ratio	in %	20.7	25.5	26.0
Employees				
Number as of 31.12.		35,021	36,673	39,357

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FOREWORD OF THE CHAIRMAN OF THE MANAGEMENT BOARD

Dear Business Partners and Readers,

STEFAN KÖLBL
Chairman of the Management Board
DEKRA e.V. and DEKRA SE

The digitalization of our lives has made the demand for safety even more pressing. DEKRA also reaped the benefit of this in the fiscal year 2016. Investments in traditional areas of business as well as in young inspection markets relating to the Internet of Things have paid off. DEKRA has gained ground in the international arena. Five new test laboratories were opened in China alone. In the growth segment of connectivity, for instance, DEKRA ensures functional safety and smooth communication, in lifts, industrial facilities and vehicles, for example.

DEKRA has achieved pleasing growth for the thirteenth year in a row: Consolidated revenue rose 6.7 percent to € 2.9 billion. Workforce numbers increased by almost 2,700 to 39,357 employees. The company currently operates in more than 50 countries and is the world's fourth largest expert organization in the TIC sector (Testing, Inspection, Certification).

However, DEKRA has not yet achieved its goal and has plans to accomplish a great deal more. The company's strategic "Vision 2025" program is aimed at strengthening its market position. By the 100th anniversary of its founding in 2025, DEKRA wants to be the global partner for a safe world – whenever technical and organizational safety are concerned in the three areas of life, on the road, at work and at home.

In line with change in the markets, DEKRA will be working consistently on developing the wide range of its testing, inspection and certification services. The prospects for stable growth remain good in fiscal 2017 as well.

Yours sincerely,

STEFAN KÖLBL
Chairman of the Management Board
DEKRA e.V. and DEKRA SE

GROUP MANAGEMENT REPORT FOR THE FISCAL YEAR 2016

CORPORATE INFORMATION

Group Business Model

DEKRA ensures safety

For over 90 years now, DEKRA has strived to ensure people's safety. What started out in 1925 with the technical monitoring of motor vehicles, today comprises a wide range of services for testing, inspecting and certifying products, processes and plants. DEKRA is the world's fourth largest expert organization in the TIC industry (testing, inspection, certification) and benefits from the lasting and global trend for more safety. The Company's mission pursuant to its articles of incorporation is just as valid today as when it first started out.

Stuttgart-based DEKRA SE coordinates the business operations of the Business Units DEKRA Automotive, DEKRA Industrial and DEKRA Personnel. In seven Service Units and five Service Lines, some 39,000 people work in more than 50 countries on five continents. DEKRA is the global market leader in vehicle inspections, and is one of the leading companies in other business segments. Its customers include both companies and end consumers.

SERVICES PORTFOLIO

AUTOMOTIVE SERVICES	INDUSTRIAL SERVICES	PERSONNEL SERVICES
Vehicle Inspection	Industrial & Construction Inspection	Training & Education
Expertise	Material Testing & Inspection	Temporary Work
Automotive Solutions	Product Testing & Certification	
Homologation & Type Approvals	Business Assurance	
Claims Services	Insight	

DEKRA Automotive
Road safety and the associated safety services are at the heart of the Business Unit DEKRA Automotive. The service portfolio includes recurring vehicle inspections for private individuals and commercial fleets as well as homologation and type approvals. DEKRA prepares expertises for insurance companies and private vehicle owners and also handles claims adjustment. It is above all automobile dealerships, vehicle manufacturers, car rental companies and operators of business vehicle fleets that benefit from DEKRA's know-how in the Automotive Solutions Service Unit (mainly in the area of used car management). Besides the key markets of Germany and France, markets in other European countries as well as in the regions of North America and Asia Pacific are also gaining importance.

DEKRA Industrial
In just ten years, the Business Unit DEKRA Industrial has become a cornerstone of DEKRA. The Company has responded to growing demand from businesses for specialized service packages and consulting skills focusing on the safety of processes, plants and entire organizations. The portfolio covers the areas of environmental and industrial safety, machinery, plant and building inspection, material and product testing, certification and consulting services focusing on process and organizational safety. Customers include SMEs and large corporations.

DEKRA Personnel
Education and training are key factors for securing prosperity in Germany and Europe. Both the public sector and private sector therefore invest in basic training and further development. The Business Unit DEKRA Personnel is not only one of the largest private educational institutions in Germany, it is now also one of the leading personnel service providers with a strong market position in the top ten providers of temporary work.

Vision 2025

We will be the global partner for a safe world

The strategy and operational management of DEKRA are guided by the principle of stable and healthy growth. Professional expertise, innovative power and customer proximity are therefore ongoing tasks. Through its strategic "Vision 2025" program, launched in its 90th anniversary year in 2015, with its focus on the three areas of life – on the road, at work and at home –, DEKRA has mapped its course for the coming years. In the context of its centennial anniversary in 2025, DEKRA has set itself the goal: We will be the global partner for a safe world. In the reporting year 2016, DEKRA demonstrated its full commitment to the implementation of this long-term strategic focus.

An important step in this direction is the further expansion of the Company's international presence. DEKRA is not only concentrating on expanding from within in existing markets but also making strategic acquisitions aimed at strengthening existing business sectors at a regional level and developing new markets.

A further step is the systematic implementation of the six strategic Group initiatives: "Thought Leadership", "Strategic Marketing & Sales", "Innovation Strategy & Process", "GLOBEX", "Change Management Vision 2025" and "Corporate Culture & Communication".

System of Management

Compliance management system

Society's expectations of responsible corporate governance are high. For some time, DEKRA has been equipped with a Compliance Management System (CMS), which is tightly meshed with its risk management system. The CMS is constantly being further developed and adapted to the changing DEKRA organization as well as the legally changing requirements. In the fiscal year 2016, a worldwide "Compliance Executives Dialogue" was implemented in which executives inform their employees about compliance-relevant issues and their handling in accordance with the rules and regulations. Communication relating to the Compliance Guidelines is found on all important digital platforms such as the Internet, intranet and DEKRA Connect. In addition, DEKRA has regional compliance managers as well as a group-wide modular training concept.

Internal monitoring system

Internal monitoring makes an important contribution to generating confidence among shareholders, customers, suppliers, employees and all stakeholders in the management and control of the Company. It forms part of DEKRA's corporate governance and provides the Supervisory Board with support in overseeing the Company's management and the Management Board in the future-proof management of the Company. The internal monitoring system (IMS) defines the standards for a uniform reporting procedure. The IMS ensures that the companies comply with statutory requirements and internal policies, and act in accordance with applicable standards on the market. Internal audit and other monitoring functions implemented at the DEKRA Group support management by ensuring the objective and unbiased monitoring of the design and functionality of the processes. Audits also serve to safeguard the Company's operating assets. The internal audit system at group level comprises financial audits for auditing and assessing financing and accounting for informative value, reliability and compliance as well as operational audits, which are used to audit and assess the efficiency and effectiveness of business processes. These are complemented by compliance audits geared to ensuring adherence to statutory requirements and internal policies, project audits for performing process analyses and project evaluations, as well as special investigations in cases of potential misconduct. The Management Board is regularly informed about the findings of the IMS reviews.

Quality management

Integrity, reliability and impartiality are crucial to DEKRA's success as an independent expert organization. DEKRA's reputation and ability to compete on the market, and our impartiality when rendering our services and public duties, are heavily dependent on the conduct of each and every individual. Authorities, clients, customers and business partners can reasonably expect that all DEKRA employees, that is employees, middle management, executives and board members, work on the basis of these standards, and can be relied upon to fulfill their duties and conduct themselves as fair-minded business partners. The internal requirements and obligations are defined in the quality management system. In particular last year, due to the modification and updating of internationally valid standards, such as the updating of the accreditations DIN/ISO/EN/IEC 17020, 17021, 17024 and 17025, the impartiality obligations were adjusted at top level, implemented in the companies worldwide and, in particular, included in a risk assessment process.

Quality management (QM) not only sets the requirements, but also constantly checks and optimizes the processes and services at DEKRA. In addition to annual external inspections conducted by the authorities, all subsidiaries with certified or accredited QM systems ensure the quality of their products and processes by means of regular and planned audits. QM also manages and secures DEKRA's accreditations and official permits. The number of accreditations decreased from 306 in the prior year to 285 due to consolidation within the DEKRA Group. Restructuring and process improvements allowed services to be combined, and with them also the related accreditations.

DEKRA Industrial has successfully completed all major reaccreditations worldwide and has obtained numerous extensions in accreditation scopes. Furthermore, new accreditations were concluded in the Product Testing & Certification Service Unit: This concerns, for example, assurance services on behalf of the Wi-Fi Alliance for the mobile radio standard LTE-U. In North America, DEKRA has been appointed as Telecommunications Certification Body and became the first accredited test laboratory of the LoRa Alliance. As the first independent test laboratory in the area of high and medium voltage, the test laboratory in Dubai was awarded the ISO 17025 certification. As a result, DEKRA was able to further strengthen its position in this region. In addition, required transitions to new standards and to modified regulatory frameworks were undertaken during the fiscal year.

Research and Development

DEKRA has been an independent expert organization for traffic safety for more than 90 years – with vehicle inspections, with the use of accident analysts and accident researchers, with crash tests, public campaigns and cooperation in national and international organizations. Crash tests and accident analyses support particularly automobile manufacturers and system suppliers. Furthermore, DEKRA uses its status as an international expert organization to inform the public in workshops and publications about relevant technical requirements for more safety.

The DEKRA traffic safety report (TSR), published annually since 2008, provides up-to-date information and advice on the further development of traffic safety for decision-makers in politics, associations and companies. The multilingual report has been popular for years, not only in Brussels and Berlin, but also presently in Rome and Paris as well as in South Africa and Brazil. In 2016, the results were also presented for the first time to delegates from the United Nations in Geneva, as well as in Shanghai and Milan, because traffic safety affects all nations. DEKRA TSR 2016 concentrated on passenger transport, and in particular on passenger car traffic, which is still by far the largest share of individual mobility. In this report, DEKRA shows where there is the greatest potential for sustainable reduction in the number of accident victims on EU roads and the challenges these entail for people, technology and infrastructure. In 2016, there was also a special US issue for the first time.

Since 2016, the DEKRA TSR has been flanked by the new DEKRA online portal on traffic safety: www.dekra-roadsafety.com. Additional content in the form of videos or interactive graphics supplement the printed report. The portal is also concerned with many other topics relating to traffic safety, including vehicle technology, infrastructure or the human factor of being distracted by smartphones when driving.

DEKRA has been accompanying the technological developments in the automotive sector for many years. Ongoing developments constantly present new challenges. In the past year, DEKRA created an internal team to develop services for the connected car for customers from the automotive industry. DEKRA pools the whole range of expertise, knowledge gained from laboratory testing through material testing to homologation and type tests, across organizational and national borders.

In view of the imminent connectivity of motor vehicles as well as developments in the Internet of Things, DEKRA has expanded its international test network in Asia in 2016 alone by five new laboratories. Automotive suppliers and spare parts manufacturers can, for example, test and certify the connectivity and electromagnetic compatibility (EMC) of their products there. Chemical analyses and material testing as well as reliability tests and damage analyses are also developed and applied there.

The advancing digitization trend also leads to profound changes in career and training profiles and revolutionizes the methods of teaching and learning. DEKRA Akademie Group is a provider in the education sector that is keen to shape and support these trends. One example is the Erasmus project "Future Driver", in which an international consortium, under the leadership of DEKRA Akademie Group, will deal with questions about the timeframe and the way in which the requirements and job description of the driver's profession will change.

REPORT ON ECONOMIC POSITION

General Economic and Industry-Specific Conditions

Global economy growing

In 2016, the global economy grew nearly as strongly as in the prior year: According to data provided by the International Monetary Fund (IMF), GDP growth was slightly lower than in the prior year at 3.1 % (prior year: 3.2 %). The developing and emerging economies generated the highest growth at 4.1 % (prior year: 4.1 %). The industrial nations achieved growth of 1.6 % (prior year: 2.1 %), with Spain and the UK leading the way with 3.2 % (prior year: 3.2 %) and 2.0 % (prior year: 2.2 %), respectively. GDP in the euro zone rose by 1.7 % (prior year: 2.0 %) year on year, with Germany and France recording the strongest growth after Spain at 1.7 % (prior year: 1.5 %) and 1.3 % (prior year: 1.3 %), respectively.

Unemployment in the EU countries stood at 9.6 % in December 2016, dipping below the 10.0 % threshold (prior year: 10.5 %). According to calculations of the statistical office of the European Commission (EUROSTAT), the unemployment rate in the EU28 also stood at 8.2 % in December 2016 (prior year: 9.0 %). Overall, around 20 million people in the EU28 were unemployed in December 2016. The Czech Republic at 3.5 % (prior year: 4.5 %) and Germany at 3.9 % (prior year: 4.5 %) had the lowest numbers. Unemployment was at its highest in Greece, at 23.0 % (in October 2016; prior year: 24.5 %) and Spain, at 18.4 % (prior year: 20.7 %).

According to EUROSTAT, inflation in the euro zone rose in a year-on-year comparison from 0.2 % in the prior year to 1.1 % in December 2016. According to the German Federal Statistical Office, Germany saw an increase in the inflation rate from 0.3 % in December 2015 to 1.7 % in December 2016.

Heterogeneous environment for DEKRA

The automotive industry, of such importance for DEKRA, reported significant growth in 2016. According to data provided by the VDA ["Verband der Automobilindustrie": German Association of the Automotive Industry], the number of new passenger car registrations in Western Europe was up by 5.8 % on the prior year. Of the 14 million units, 3.3 million units were sold in Germany alone, an increase of 4.5 % on the prior year. The US market also recorded growth of 0.4 % to 17.5 million units. The development in China, where the number of passenger car registrations was up by almost 18 % on the prior year, was also highly dynamic. With sales of new vehicles of 23.7 million units, the People's Republic of China is the world's largest passenger car market.

The persistently low oil price has led to a considerable loss of income in upstream industries. According to the VCI ["Verband der Chemischen Industrie": German Chemical Industry Association], the chemical industry developed modestly, achieving an increase in production of just 0.5 %. The energy industry in Germany and Sweden continued to be affected by the uncertainties resulting from the energy transition. The EU Commission's proposals on future capacity mechanisms in the electricity markets could not change this, either. In some parts of the world, the energy sector is in a transitional phase from conventional to modern and renewable energies, with nuclear energy remaining significant worldwide. Overall, German industry is in good shape. Exports continued to develop favorably. According to the German Federal Statistical Office, export growth stood at 1.2 % in 2016, despite geopolitical challenges.

In addition to the award of public sector contracts, the demand for temporary work is of particular significance for DEKRA. According to latest data provided by the German Federal Employment Agency ["Bundesagentur für Arbeit"], there were approximately one million temporary workers in Germany in June 2016. The number of temporary employment agencies rose by about 4 % to more than 52,000. In view of the changing demands on the qualifications of the employees, the Bundesagentur für Arbeit invested around 1.3 billion euros in the promotion of ongoing vocational training for the unemployed and employed.

Business Performance

Group

Global positioning ensures growth

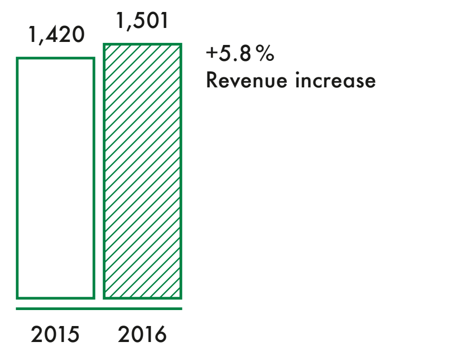
In the fiscal year 2016, DEKRA benefited from its global positioning and people's growing need for more safety on the road, at work and at home. Revenue increased by 6.7 % to 2.9 billion euros. Headcount increased by nearly 2,700 to 39,357 (prior year: 36,673) through organic growth and acquisitions. DEKRA further improved its earnings before interest and taxes (EBIT) from 162.3 million euros in the prior year to 181.0 million euros in the reporting year.

DEKRA Automotive

Firmly on track

As one of the world's most important providers of automotive services in the TIC industry, the Business Unit DEKRA Automotive increased its revenue by 5.8 % to 1,501.3 million euros. In the Vehicle Inspection and Homologation & Type Approvals Service Lines, and in the Automotive Solutions Service Unit, business grew both at home and abroad. In the fiscal year 2016, 31.2 % (468.3 million euros) of the revenue of the Business Unit was generated abroad compared to 30.2 % (428.3 million euros) in the prior year.

REVENUE DEKRA AUTOMOTIVE
worldwide in million euros



DEKRA Automobil GmbH contributed 1,148.5 million euros to group revenue, an increase of 5.2 % on the prior year (prior year: 1,092.0 million euros). This included around 149.9 million euros from industry testing services rendered by DEKRA Automobil GmbH and reported in the Business Unit DEKRA Industrial. This represents an increase in revenue of more than 12.5 % (revenue 2015: 133.2 million euros). The strong market position is evident, for example, in the business of lift inspections, where the market share rose to more than 10 %. The position of market leader in the core business of vehicle inspections in Germany was consolidated, with more than 11.2 million inspections and a market share of approximately 34 %. In order to continue to be a leader in this important business field, investments in new and modern test centers were made in 2016.

DEKRA is the market leader, testing some 26 million vehicles worldwide. The global vehicle testing business developed well, and DEKRA increased its number of test centers in many countries. In France 14 new test centres were added. In Italy, the number of test locations was increased by 20. Market entry was successful in Portugal and Bulgaria. With market entry in the greater Lisbon area, the green light was given for an investment in the expansion of eight additional test stations in 2017. In New Zealand, the first year of conducting driving license tests was also very successful.

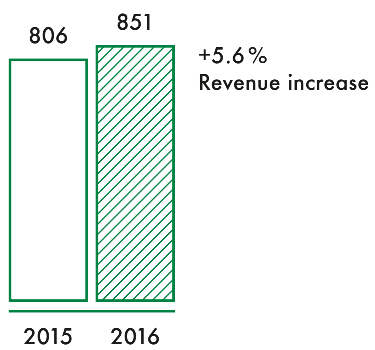
The Service Unit DEKRA Automotive Solutions in Germany was once again successful in the reporting year 2016, with services in used car management and in after sales, and generated revenue of 67.6 million euros (prior year: 63.6 million euros). Operations in Germany, France, Italy and Portugal were particularly successful.

Innovative digital technologies are used for used car management, expertises and loss adjustment: This ranges from the use of drones in the preparation of accident analysis reports, the analysis of building damage through to digital data management via an app for leased car returns.

DEKRA Industrial
Well-positioned in growth areas

Despite a somewhat challenging economic environment in a number of regions and markets, DEKRA Industrial has done well thanks to its strong market position and services it offers for the digital world. Revenue increased by 5.6 % to 851.4 million euros. This included 149.9 million euros (prior year: 133.2 million euros) from regular industry testing services in Germany rendered by DEKRA Automobil GmbH via its Germany-wide network of branches. In total, the Industrial and Construction Inspection Service Line generated revenue of 378.0 million euros (prior year: 359.1 million euros). In addition to Germany contributing to growth with revenue of 242.6 million euros (prior year: 227.5 million euros), the important French market also generated revenue of 232.0 million euros (prior year: 225.8 million euros).

REVENUE DEKRA INDUSTRIAL
worldwide in million euros



The Product Testing & Certification Service Unit reacted to the challenges posed by the Internet of Things and digitization in the automotive industry and opened five new test laboratories in China alone in the fiscal year 2016. For example, the laboratory in the Shanghai district Jiading provides a variety of high-tech testing services with a particular focus on the fast growing automotive industry. This includes chemical analyses, material testing, safety tests and certifications, electromagnetic compatibility tests as well as reliability tests and damage analyses. The new laboratory opened in Linkou, Taiwan, provides leading-edge technologies and state-of-the-art services with a focus on connectivity. Furthermore, the Product Testing & Certification Service Unit was able to obtain several new accreditations in the digital environment. DEKRA will, for example, perform testing services in Spain in future on behalf of the Wi-Fi Alliance for the mobile radio standard LTE-U to ensure the interference-free coexistence of Wi-Fi and LTE-U. In North America, DEKRA was appointed Telecommunications Certification Body and became the first accredited test laboratory of the LoRa Alliance in North America.

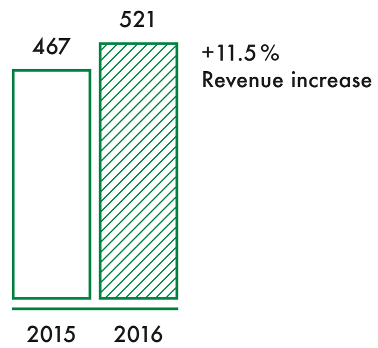
Despite the tense market situation, the Material Testing & Inspection Service Unit was able to successfully compete in tenders and secured several major contracts in the area of non-destructive material testing and robot-supported inspection. These include major projects from companies in the energy industry in Sweden, Switzerland and South Africa. In Sweden, a contract awarded in the Marine sector was also realized. In addition, DEKRA was commissioned with visual inspection services in nuclear power stations in China for the first time.

For the Business Assurance Service Unit, the fiscal year 2016 was characterized by its entrance into new markets. Following the acquisition of AQS Management Systems Inc., Minneapolis, DEKRA has become a leading provider of training and courses for system management in the US. In the consulting business, the Insight Service Unit was able to partially compensate for weaker demand in the important oil and gas industry with new customers from other branches of the industry.

DEKRA Personnel
Expert for education and temporary workt

The revenue of the Business Unit DEKRA Personnel grew by 11.5 % to 520.9 million euros in 2016. Both the Training & Education Service Line of DEKRA Akademie Group and the Temporary Work Service Unit of DEKRA Arbeit Group contributed to this success. The Training & Education Service Unit has succeeded in expanding the commercial customer business and foreign business, for example, in the area of occupational safety and fire protection. Revenue from training in fire safety alone rose by approximately one third. DEKRA Akademie was also successful in the 2016 fiscal year through its professional commitment to the training and education of refugees and as a recognized course provider of the Federal Office for Migration and Refugees at more than 50 locations. Projects for the training and placement of nursing staff from different EU countries for German hospitals and nursing homes continued to develop positively. In the growth market for online training, DEKRA added new topics to its online training portal DEKRA Safety Web. On top of this, additional blended learning offers combining virtual lessons and classroom training were developed.

REVENUE DEKRA PERSONNEL
worldwide in million euros



In the case of personnel services, DEKRA Arbeit Group maintained its position as the seventh largest temporary employment and personnel service company in Germany and increased its revenue to 302.0 million euros (prior year: 291.0 million euros). In the key account business, the framework agreement with a company in the automotive industry was extended to 2020, and the portfolio was extended to include services such as interim management, mystery shopping, potential analyses and personnel consulting.

Overall Statement by Management

In 2016, DEKRA recorded growth for the thirteenth year in a row. In the fiscal year 2016, the increase in revenue was largely the result of organic growth. The Group's large footprint in terms of expertise and geographies enables it to compensate for economic and regulatory challenges in individual business segments through growth in others. Thanks to its global presence and thought leadership, DEKRA will participate in the global trend towards more technical and organizational security. The chances of sustainable and stable growth therefore remain good.

Environmental Protection and Sustainability
Sustainability through safety

DEKRA's work centres on safety. The safety of people, the environment and technology is an essential requirement for sustainable development. DEKRA is constantly working on the sustainable development of the Company. DEKRA also believes that sustainability means leading the Company in a responsible manner, keeping an eye on the entire supply chain, promoting

GROUP MANAGEMENT REPORT
Report on Economic Position

innovations and taking responsibility for employees, society and the environment. In the 2016 fiscal year, DEKRA's sustainability management was expanded further throughout the Group, guided by the criteria of the German Sustainability Code (GSC).

Protecting the environment is part and parcel of DEKRA's service provided to its customers, and serves as a standard for the day-to-day work of its employees. A Group-wide network of environmental management managers is working to improve environmental protection and resource efficiency at DEKRA worldwide. Services such as life cycle assessments, testing of renewable energy plants, emission measurements as well as environmental and hazardous substance analysis also ensure the protection of the environment outside the Company. As global partner for a safe world, DEKRA also promotes safety outside the Company and outside its traditional business activities. The annual DEKRA Award is conferred for exemplary safety initiatives in business and society.

Personnel Report

Almost 40,000 employees worldwide

At the end of 2016, the headcount at DEKRA stood at 39,357 (prior year: 36,673). In line with the development of prior years, the number of employees increased in the reporting year, rising by 7.3 % or 2,684 in 2016, compared to +4.7 % or 1,652 in 2015.

In Germany, the headcount rose by 5.2 % compared to the prior year (prior year: –1.6 %) from 19,051 to 20,050. The main reason for this is positive business development in the automotive sector and in DEKRA Akademie Group. In the meantime, 49.1 % (prior year: 48.1 %) of the employees work outside Germany. This development in 2016 was driven, among other things, by growth in Europe. In Europe (excluding Germany), the headcount rose from 12,670 to 14,034 (+10.8 %, prior year: +11.9 %). Outside Europe, DEKRA grew from 4,952 to 5,273 employees and thus by 6.5 % (prior year: 14.0 %). It must be noted here that DEKRA grew in all three Business Units.

Targets were set for the number of women represented on the most important corporate bodies as well as in first- and second-level tier management. It is intended to meet these by 30 June 2017. The target for the Supervisory Board of DEKRA SE is 16.7 %. For the Executive Committee and the Management Committee, figures of 10 % and 20 % were defined respectively. The target for the Executive Committee has already been reached by the appointment of two additional women. The target for the Management Committee has nearly been met. The Management Board of DEKRA SE currently comprises men only. No changes are planned for the Management Board.

Systematic implementation of strategic topics

Many of the strategic topics developed in 2015 were on the agenda for implementation in the year under review. The Change Management Vision 2025 initiative was launched to accompany the change process. The DEKRA Safety Day for instance was introduced to incorporate "safety" as a guiding theme. Halfway through the year, around 560 individual events took place in over 30 countries. The objective was to get participants to think more closely about the DEKRA safety standards and to attach even greater importance on the topic safety in traffic, at work and at home. The underlying concept had been supported in the prior year by participants of the International Advancement program, the executive development program of DEKRA. Structured documents helped to ensure that events followed the same sequence worldwide.

DEKRA introduced two important subprojects within the framework of the strategic Corporate Culture & Communication initiative. The first was a global employee survey. The aim is to further improve communication and cooperation. DEKRA hopes to stimulate the continuous improvement of the processes and to strengthen both the commitment of the employees to DEKRA as well as mutual trust. More than 6,300 employees participated in the first round. The other Business Units will carry out the surveys during 2017. The intention is to establish the employee survey as a strategic management tool at DEKRA.

The second project is the global implementation of a series of workshops to deepen and strengthen the employee values: responsibility for safety, entrepreneurship, customer orientation, team spirit and integrity. The workshops will be implemented along the management chain. Each manager therefore takes part both as a participant and as an executive with their own team, and as a result, all employees and managers are closely involved.

Management development

The HR department has developed a new program in order to prepare managers even better for the active implementation of Group strategy. The Managerial Foundation Program (MFP) raises awareness for the central themes and guidelines such as vision, strategy, management guide, management instruments, compliance, etc., and provides training on how to use them practically on the job. The target group are all Group managers.

MFP is strongly practice-oriented. The training comprises two multi-day modules concentrating on leadership and change management, as well as controlled phases of preparation and follow-up. Participants develop plans of action and have access to tools they need to apply what they have learned.

The concept provides that the training sessions are carried out in all countries in accordance with uniform, centralized specifications. In addition to the country-specific courses, participants with an international focus also have the opportunity to attend international courses. The international kick-off event was attended by 20 participants from eleven countries.

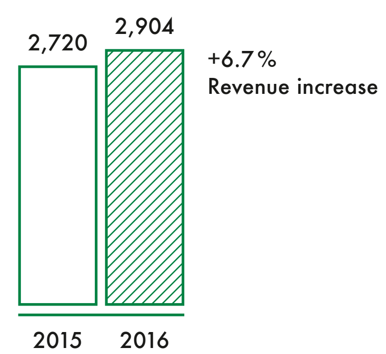
DEKRA also implemented the International Advancement program in 2016 to cover the need for managers in the future. Young talent from various countries were trained in key management principles and worked on various innovation projects.

Financial Position and Performance

Financial Performance

The DEKRA Group increased its revenue by 183.3 million euros in 2016 (prior year: 210.5 million euros) to 2,903.6 million euros (prior year: 2,720.3 million euros), which is equivalent to a revenue increase of 6.7 % (prior year: 8.4 %). This means that the 2016 revenue target was met in full.

GROUP REVENUE
worldwide in million euros



Of this growth, 5.5 % (prior year: 5.9 %) was achieved through organic growth and first-time consolidations, while 1.2 % of this revenue growth in 2016 (prior year: 2.5 %) stems from the full consolidation of entities acquired during the prior year and acquisitions. Changes in exchange rates reduced revenue by 0.5 % (prior year: positive effect of 0.9 %).

The increase in revenue in the Business Unit DEKRA Automotive was primarily due to Germany, where the volume in the Vehicle Inspection and Expertise Service Lines developed very positively compared to the prior year. In the Business Unit DEKRA Industrial, significant revenue increases were reported in the Product Testing & Certification Service Unit, as well as in the Industrial & Construction Service Line. In the Product Testing & Certification Service Unit, the increase in revenue mainly stems from the full-year inclusion of the companies acquired in the prior year. In the Business Unit DEKRA Personnel, revenue in the Temporary Work Service Line was increased by the further rise in market share and by the continued good economic situation. The training & qualification business both in Germany and abroad also grew.

Of the revenue, 1,739.9 million euros (prior year: 1,651.2 million euros) relates to Germany, 379.7 million euros (prior year: 367.7 million euros) to France and 784.0 million euros (prior year: 701.4 million euros) to other countries.

Other operating income of 27.9 million euros (prior year: 27.8 million euros) remained at a similar level.

At 3.8 %, the increase in cost of materials did not match that in revenue. The ratio of cost of materials to revenue decreased to 10.4 % (prior year: 10.7 %).

Personnel expenses increased at a slightly higher rate than revenue by 7.0 % to 1,832.4 million euros (prior year: 1,712.0 million euros). Personnel expenses as a percentage of revenue increased from 62.9 % to 63.1 % in 2016. This mainly results from the increased use of the Company's own employees to render services and the strong growth of temporary work.

Other operating expenses grew more slowly than revenue by 4.4 %, corresponding to a decrease in the ratio of expenses to revenue of 0.4 percentage points to 18.5 % (prior year: 18.9 %). This was mainly due to developments in administrative costs, rent and building costs and various other operating expenses. IT expenses, on the other hand, increased significantly by 8.0 million euros (prior year: increase of 1.3 million euros).

Depreciation, amortization, and impairment losses increased by a total of 16.6 % to 88.0 million euros (prior year: 75.5 million euros). This is essentially due to the increase in intangible assets, technical equipment as well as furniture, fixtures and office equipment.

Operating profit – calculated as earnings before taxes and the financial result – improved by 11.5 % to a total of 181.0 million euros (prior year: 162.3 million euros). This was fully in line with the expectation for 2016 that the Group's operating profit would again improve in comparison to the prior year. Return on sales, calculated in relation to operating profit, increased by 0.2 percentage points to 6.2 %.

The improvement in financial result by 4.2 million euros to –23.3 million euros is largely due to the measurement of put and call options, 2.2 million euros lower interest expenses from loans as well as reduced expenses from investments and affiliates. In addition, the result from measurements in foreign currencies totalling 1.7 million euros (prior year: 1.3 million euros) negatively impacted the financial result.

Earnings before taxes rose by 17.0 % to 157.7 million euros (prior year: 134.9 million euros). Return on sales, calculated in relation to income before taxes, increased to 5.4 % (prior year: 5.0 %).

The Group tax rate rose by 0.2 percentage points on the prior year to 31.6 % (prior year: 31.4 %). The increase is largely attributable to the capitalization of unused tax losses from the prior year that can be used in future at individual subsidiaries.

The consolidated net income for the fiscal year 2016 increased by 15.3 million euros to 107.9 million euros (prior year: 92.6 million euros).

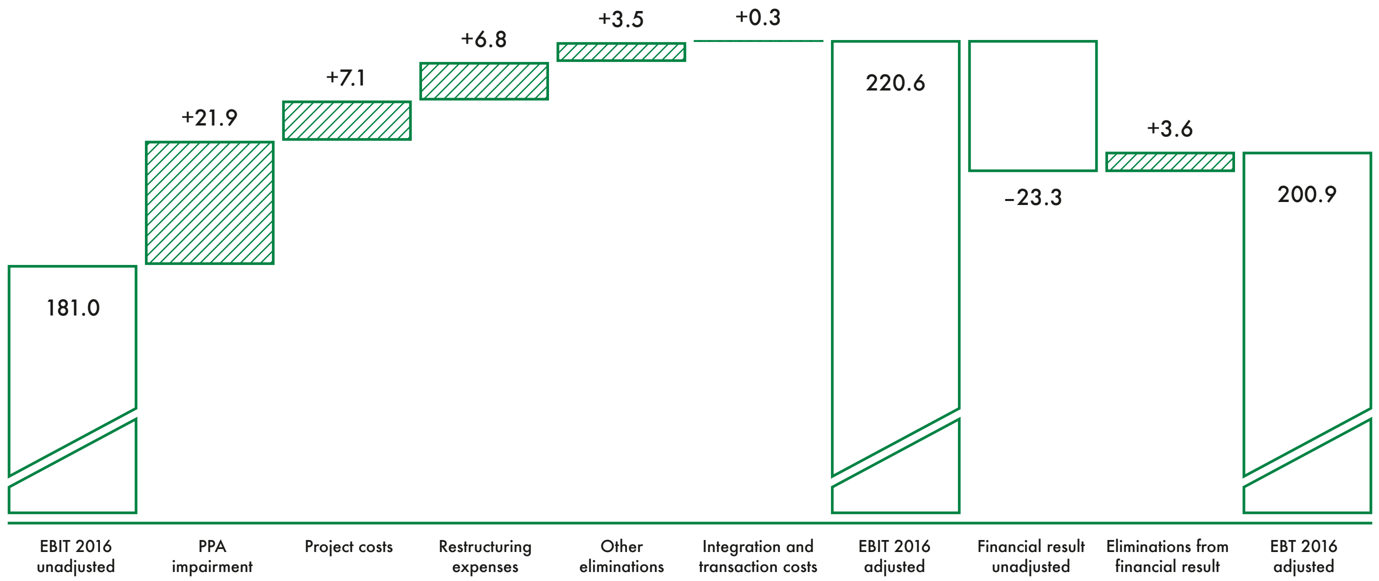
The 2016 consolidated statement of comprehensive income is influenced by changes to the actuarial parameters for pension obligations. The interest rate stood at 1.75 % (prior year: 2.25 %) in the fiscal year. The interest rate adjustment reduced other comprehensive income by 42.3 million euros (prior year: increase of 27.8 million euros) despite opposite effects from deferred tax assets. The reserve for currency translation improved by a total of 5.2 million euros (prior year: 1.4 million euros), which is mainly attributable to subsidiaries in Brazil, South Africa, the USA and New Zealand. This was countered by currency translation effects of subsidiaries in the UK and Sweden. This results in total comprehensive income, taking into account expenses recognized directly in equity, of 72.4 million euros (prior year: 123.7 million euros).

To aid comparison of the operating result, the operating result and earnings before taxes for 2016 and 2015 were adjusted for the following non-operating (special) effects:

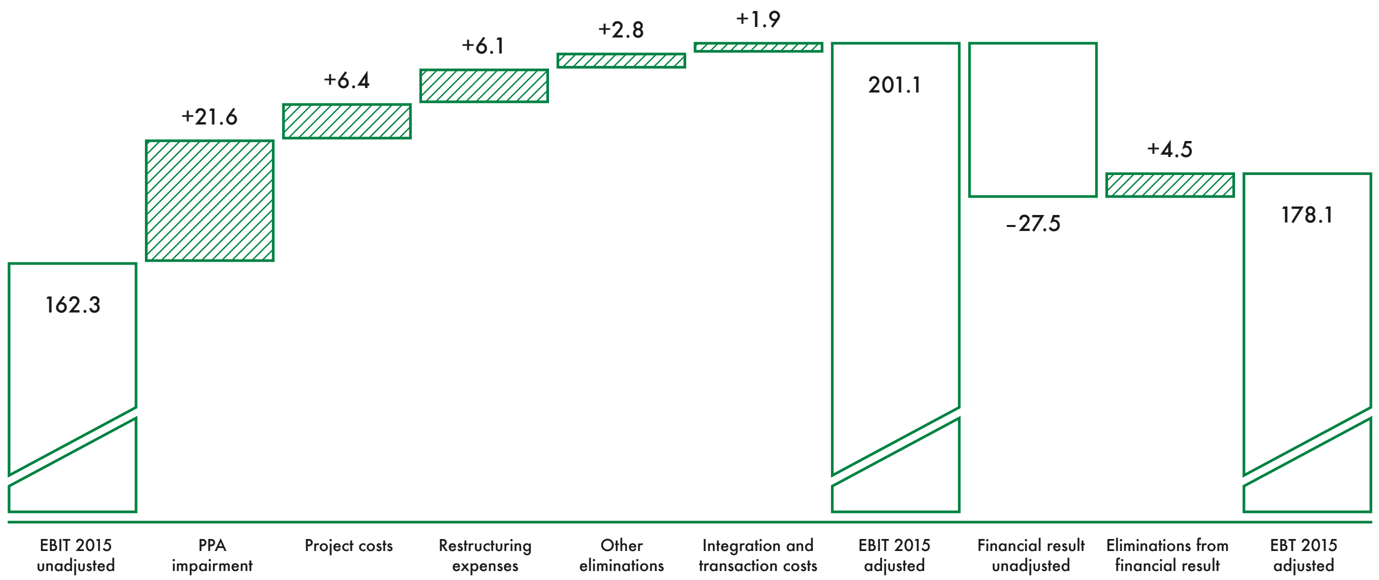
- Amortization of intangible assets identified as part of a purchase price allocation (PPA amortization)
- Project costs for the significant improvement of the Group's IT infrastructure, as well as for market entries in new countries or business segments
- Restructuring expenses, M&A costs and integration costs
- Earnings from the sale of entities and individual items of property, plant and equipment, as well as from the subsequent measurement of purchase price components (earn-out agreements) and from purchase price reimbursements
- Exchange rate effects in relation to loans within the Group (effect on the financial result)
- Special effects from the measurement of put and call options (effect on the financial result)

Adjusted operating profit rose by 9.7 % (prior year: 15.0 %) to 220.6 million euros (prior year: 201.1 million euros). As a result, the margin for the adjusted operating profit improved by 0.2 percentage points to 7.6 %. The adjusted operating profit before taxes increased by 0.4 percentage points and stands at 6.9 % in the fiscal year (prior year: 6.5 %).

RECONCILIATION OF ADJUSTED EBIT AND EBT FOR 2016
in million euros



RECONCILIATION OF ADJUSTED EBIT AND EBT FOR 2015
in million euros



Financial Position

Financial management

The significant principles and goals of the DEKRA Group's financial management are described in the notes.

Capital expenditure

Capital expenditure on property, plant and equipment and intangible assets in the fiscal year 2016, excluding business combinations, amounted to 81.2 million euros (prior year: 81.6 million euros). Spending mainly related to furniture and fixtures, technical and other equipment, intangible assets as well as land and buildings. Most capital expenditure was carried out by DEKRA Automotive and DEKRA Industrial.

Liquidity analysise

The development of the DEKRA Group's liquidity in fiscal year 2016 was heavily influenced by the improved operating result.

At 209.3 million euros (prior year: 173.3 million euros), cash flow from operating activities reflects the good development of business in the course of the reporting year. The increase largely stems from the improved operating result, adjusted for non-cash expenses and income. This was countered by the cash outflow due to the change in non-current provisions of 6.0 million euros (prior year: +3.7 million euros), mainly stemming from pension benefit payments. In addition, working capital saw a cash inflow of 6.0 million euros (prior year: outflow 0.8 million euros) due to cut-off effects.

The net cash outflow from investing activities came to 104.6 million euros (prior year: 160.1 million euros). The decrease can be attributed mainly to a lower level of investment in business combinations and equity investments, but is still influenced by a high level of investment in property, plant and equipment and intangible assets. In addition, capital resources were invested primarily in short-term financial instruments.

The net cash outflow from financing activities came to 60.1 million euros (prior year: 5.1 million euros). The cash outflow is influenced by the profit transfer of 29.4 million euros (prior year: 56.3 million euros) to DEKRA e. V. as well as by the repayment of promissory notes of 120.0 million euros (prior year: 85.5 million euros). This was countered by the issuance of promissory notes of 100.0 million euros. A further cash inflow results from an equity contribution of 15.0 million euros (prior year: 30.0 million euros). The remaining change in cash outflow is mainly due to interest and principal payments of loans as well as from the acquisition of non-controlling interests.

As a result, cash and cash equivalents (consisting of checks, cash in hand, bank balances and other cash equivalents) increased by 46.2 million euros to 135.8 million euros (prior year: 89.6 million euros).

Composition of Assets, Equity and Liabilities

Total assets rose by 114.0 million euros (prior year: 166.6 million euros) from 1,977.4 million euros to 2,091.3 million euros in the past fiscal year. This represents a change of 5.8 % (prior year: 9.2 %).

The growth consists of an increase in non-current assets of 27.7 million euros to 1,226.2 million euros (prior year: 1,198.5 million euros) as well as an increase in current assets of 86.2 million euros to 865.1 million euros (prior year: 778.9 million euros).

Under non-current assets, deferred income taxes in particular increased by 16.5 % to 143.6 million euros (prior year: 123.3 million euros). This increase is mainly attributable to deferred taxes in pension provisions by 60.2 million euros (prior year: 36.3 million euros) as a result of remeasurement. In addition, property, plant and equipment increased by 6.2 % to 290.6 million euros (prior year: 273.7 million euros). This increase is largely due to the construction and modern ization of properties for the Group's own use. Contrary to this, other long-term financial assets decreased, mainly due to changes in maturities.

The increase in current assets mainly stems from the fact that cash and cash equivalents rose by 46.2 million euros (prior year: increase of 10.0 million euros). Furthermore, trade receivables increased by 25.0 million euros to 459.9 million euros. Despite isolated increases seen in some business segments and regions, days receivable outstanding at group level improved by around one day to 55 days (prior year: 56 days). As a result, receivables increased at a lower rate than revenue (5.8 %). Moreover, the change in the other current financial assets by 7.4 million euros to 204.6 million euros had the effect of increasing current assets (prior year: increase of 15.9 million euros).

Equity increased by 40.1 million euros to 543.5 million euros (prior year: 503.4 million euros). This is largely attributable to the consolidated net income for the year of 107.9 million euros (prior year: 92.6 million euros). In contrast, recognizing the remeasurement of pension provisions of 60.2 million euros decreased equity (prior year: increase of 36.3 million euros). However, the deferred tax assets on the remeasurement of the pension obligations increased equity by 18.0 million euros (prior year: decrease of 8.5 million euros). The transfer of profits to DEKRA e.V. and the addition to the capital reserves by DEKRA e.V. in the fiscal year came to 37.3 million euros (prior year: 29.4 million euros) and 15.0 million euros (prior year: 30.0 million euros) respectively. Furthermore, changes in currency translation effects increased equity by 5.2 million euros (prior year: 1.4 million euros). The equity ratio increased to 26.0 % from 25.5 % in the prior year.

Non-current liabilities increased by 15.5 % to 962.1 million euros (prior year: 833.3 million euros), largely due to the issuance of promissory notes with a nominal value of 100.0 million euros, which were used to repay existing loans. Furthermore, the increase in pension provisions of 52.2 million euros (prior year: decrease of 42.0 million euros) had the effect of increasing non-current liabilities. The increase is due in particular to remeasurements on account of the decrease in the discount rate from 2.25 % to 1.75 %. The annual additions to the pension provisions also had an effect. In addition, purchase price liabilities were reclassified from non-current to current in the fiscal year. The decrease in current liabilities by 8.6 % from 640.6 million euros to 585.7 million euros is largely due to the repayment of loans and the repayment of promissory notes falling due of 120 million euros. The reclassification of loans from non-current to current, movements around the reporting date as well as the increase in headcount and the corresponding liabilities had the opposite effect on current liabilities.

Summary Assessment of Financial Position and Performancee

Taking into account the competitive situation, the DEKRA Group's financial performance in the fiscal year 2016 was very good on the whole, exceeding both expectations and the prior-year developments. The financial position and cash flow position allow sufficient headroom for the Group to pursue its goals.

SUBSEQUENT EVENTS

They were no significant reportable events between the reporting date of the fiscal year and the preparation of the management report.

RISK, OPPORTUNITIES AND FORECAST REPORT

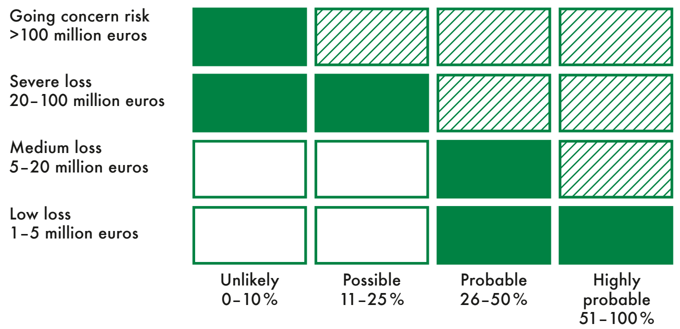
Risk Report

Systematic management of transparent risks

As part of its planning and control process, DEKRA leverages an established risk management system in order to systematically identify potential risks and to rate the probability as high, moderate or low.

QUANTIFICATION OF RISKS

Loss potential in million euros



Probability in %

Low risk Medium risk High risk

On this basis, the management levels responsible promptly develop countermeasures. The Management Board is regularly informed through defined reporting channels. DEKRA communicates particularly urgent issues at short notice via internal ad hoc announcements. DEKRA's risk management system, which again proved its worth in 2016, is continuously amended in response to changes in legal and economic conditions. In the following, we outline and assess the risks that, from today's perspective, could have a significant influence on DEKRA's financial position and performance. The individual risks have not changed substantially in comparison to the prior year.

Environment and industry risks

Political, regulatory and economic conditions are very important to DEKRA's success as an expert organization with global operations. Changes in circumstances may give rise to risks relating to revenue and income. That is why DEKRA always closely monitors its markets and industries.

The Business Unit DEKRA Automotive is exposed to the general regulatory risk for vehicle testing in the EU. This risk is currently deemed to be low. However, intense competition and disruptive technologies in the important Vehicle Testing Service Line pose a moderate risk, as cost increases can only be passed on to the customers to a limited extent. DEKRA lowers this risk by constantly improving productivity based on optimized processes and new technologies.

The economic outlook also determines the willingness to invest of customers of the Business Unit DEKRA Industrial. The risk of orders being curtailed grows with a real or suspected economic uncertainty. This is the case, for example, for the Material Testing & Inspection and Insight Service Units. DEKRA protects itself against these risks, which it classifies as low, by expanding its service offering and increasing the globalization of its business.

The Business Unit DEKRA Personnel is particularly dependent on the economy. This applies to both the employee leasing activities of the Temporary Work Service Unit as well as training opportunities in the Training & Education Service Line. In both areas of business, revenue and earnings may be limited by fluctuations in orders relating to cyclical developments. DEKRA combats these risks, which it classifies as moderate, by moving into new markets, broadening its portfolio of services and making customized offers. New statutory regulations may lead to higher risks in the Temporary Work Service Unit. DEKRA draws attention to the legal changes resulting from the AÜG ["Arbeitnehmerüberlassungsgesetz": Law on Temporary Employment], adopted and amended in 2016 which will further influence the temporary employment market. DEKRA is responding to these potentially negative implications by building up its business with key accounts and by investing in its position as a quality provider.

Business strategy risks

DEKRA builds on organic growth supplemented by targeted acquisitions. DEKRA has broadened its footprint in terms of both expertise and geography by means of strategic acquisitions. However, the integration of acquired companies could fail or be delayed. Budgets may be unrealistic and synergy effects unattainable. These risks are classified as medium, as is the resulting risk that could arise for the portfolio of services and the Group's general performance on the market. There are also measurement risks for capitalized assets. Such risks are classified as low for the Business Units DEKRA Automotive and DEKRA Personnel and medium for DEKRA Industrial. Overall, DEKRA counters business strategy risks with professional project and integration management.

The regulatory frameworks in non-European countries differ from the conditions in Germany and Europe. As a result, the ongoing internationalization of business entails – albeit low – liability risks and risks to the Group's reputation. That is why DEKRA is constantly working to enhance its risk and compliance management activities. This includes the ongoing adjustment of the liability protection offered by insurance policies to changing circumstances.

Operating risks

Accreditations and official authorizations are important factors on which DEKRA's success depends. With its internal monitoring system for safeguarding service quality and by means of insurance, DEKRA reduces risks arising from liability for its testing, expertises, certifications and seals. Risks arising from a lack of or amended authorizations by authorities are minimized with the aid of targeted committee work. This allows changes to laws and standards to be identified in time and DEKRA services to be rapidly adapted.

At the end of 2015, Germany's national accreditation body (DAkkS) disclosed formal deviations from the national guidelines in Germany. This particularly affected the handling of test and measurement equipment. In Germany, the main inspection requires that test and measurement equipment are regularly gauged, calibrated and individually tested in accordance with the national requirements.

The standard to be audited by DAkkS requires consistent ISO-compliant calibration. A certification procedure was therefore introduced in 2016 that set forth a mandatory step-by-step program for the universal implementation of ISO-compliant calibration for all test and measurement equipment. This also concerns the test and measurement equipment used in test centers.

In a first step of the step-by-step program, ISO-compliant calibration procedures are to be applied in full by mid-2016 in two pilot inspection centers of every inspection organization, and these test centers are to be assessed by DAkks in accordance with the DIN/ISO standard 17020-2012.

For DEKRA the assessment by DAkkS started in March 2017. The overall result of the assessment is expected mid-year.

DEKRA has already developed all necessary calibration procedures to such an extent that they meet all requirements in this first stage. The measures needed to adjust and implement the calibration procedure have been initiated.

At DEKRA, all work packages and milestones required for the entire certification procedure were defined and agreed upon in the prior year. Successful implementation, however, also depends on adjustments to the regulations by Federal Ministry of Transport and Digital Infrastructure.

There are no recognizable risks on DEKRA's side to successfully implementing the assessment procedure by 2020.

One element for the identification and assessment of risks worldwide from accreditations, and from internal process risks as well as for monitoring the compliance of internal basic processes is the control self-assessment. This is carried out in parallel with risk management surveys and results in a risk inventory that lists and evaluates internal process risks and market risks.

Overall, the risk of recognition based on accreditations being revoked is classified as low due to the extensive precautionary and risk minimization measures.

Personnel risks

In the area of personnel, there is a moderate risk in the form of dependency on individual employees who, with their know-how, play a key role for the success of individual business segments. This risk is minimized, among other things, by a globally-integrated talent and performance process. Attractive personnel development programs also help retain know-how and top performers within the Group. Moderate personnel risks can also arise if the Group fails to integrate the employees of acquired businesses, which is why quick and systematic post-merger integration takes top priority. To continue its growth trajectory, it is also important to win ambitious professional and qualified young employees. This is why DEKRA is investing constantly in its employer branding, thereby reducing the low risk of not having the personnel necessary for further expansion.

IT risks

For a company that operates in more than 50 countries, IT security and data protection is of utmost importance. DEKRA mitigates the medium risks associated with the reliability and security of its IT security systems by investing in a modern IT infrastructure. DEKRA counters the risk of critical data getting damaged or lost or getting into the hands of unauthorized third parties by constantly monitoring and assessing IT risks as part of its internal control system, risk management and compliance management.

Financial risks

Although there is a risk of defaults and late payments, it is deemed to be low. DEKRA protects itself from defaults by means of active customer and contract management, global key account management and careful creditworthiness checks. By planning ahead and systematically taking preventive measures, DEKRA is also able to reduce interest fluctuation risks. As DEKRA and the individual Group entities largely conduct their operating business in euros or in their respective functional currency, the exchange rate risk is low.

Debt financing of the Group is primarily provided by loans against a promissory note as well as through promised bank loans. In order to minimize the interest rate risk inherent in the financing of the Group, interest derivatives for floating rate loans were used in the fiscal year. The portfolio of interest derivatives as of the reporting date amounts to 28.5 million euros (prior year: 200.0 million euros). The liquidity headroom required for the operating business is secured by means of cash and cash equivalents, as well as via approved credit lines at DEKRA SE. The central cash pool is used to control the liquidity and supply of both the national and increasingly also the international subsidiaries. The resulting transparency prevents possible risks. Short-term investments of cash and cash equivalents are only made with top-rated financial institutions and on the basis of current ratings of rating agencies as well as taking into account current CDS spreads.

Finally, DEKRA rates the risk of being unable to meet its payment obligations arising from financial instruments as of December 31, 2016 as low.

Overall assessment of the Management Board on risks to the Group's ability to continue as a going concern

The overall risk potential and average probability of occurrence increased slightly in 2016 due to general economic and political conditions as well as the systematic continuation of globalization efforts. However, the risk structure and risk distribution remain stable. The overall risk situation is acceptable in relation to the Group's annual results and operating cash flow. The sum total of the individual risks does not endanger DEKRA's existence. There are no identifiable risks that jeopardize the Group's ability to continue as a going concern. The Management Board ensures the long-term existence of the Group through sustainable business management based on sound finances and a proven business model.

Opportunities Report

Environment and industry opportunities

Safety is a basic necessity for people across the entire globe. This is why demand for corresponding services is not only growing in western industrial nations, but also in the developing and emerging economies. This applies, for example, on the road, at work and at home: three aspects of life in which DEKRA is positioned for further growth.

Based on its wide range of services, DEKRA Automotive does not just have further growth potential in Germany, but above all in growth regions such as North America and Asia.

The strength of German industry, for instance in exports, and the dynamic development in the North American and Asian growth markets promise to boost business development in the Business Unit DEKRA Industrial.

Against the background of favorable economic conditions in Germany, demand for qualified specialists and temporary workers could continue to increase, thereby supporting the business of DEKRA Personnel.

Strategic opportunities

Promoting safety has been DEKRA's mission pursuant to its articles of incorporation since its foundation in 1925. The strategic orientation towards this important socio-political concern was strengthened further. With its "Vision 2025", DEKRA will continue to expand its position as a global partner for safety in years to come. This strategic and operational focus of the Group offers considerable growth opportunities. Safety pays off – for individuals and society as a whole just as well as for DEKRA's customers and so for the Company.

Operating opportunities

Through its strategic acquisitions and globalization in past years, DEKRA is set for further growth. The fact that the Group is highly diversified in terms of both geography and areas of expertise is expected to lead to considerable business growth, especially abroad. This is the case for DEKRA Automotive and DEKRA Industrial in areas such as vehicle and plant testing. DEKRA Personnel is also gradually tapping new foreign markets, such as in the training and education of nursing staff for German clinics and in employee leasing activities.

Forecast Report

Stable development

The economic environment is expected to remain positive in the current year. According to estimates by the International Monetary Fund (IMF), global GDP is to increase by 3.4 %. The developing and emerging economies are expected to record growth of 4.5 %, the industrial nations 1.9 %. The IMF expects the strongest growth regions to be India (7.2 %), China (6.5 %), as well as the US (2.3 %) and Spain (2.3 %).

At the same time, economic conditions are becoming more demanding: Protectionist aspirations and the resulting barriers to trade are not yet precisely foreseeable. Brexit and possible political instability with resulting economic impact also weigh on the development of the global economy. DEKRA is not completely immune to this. Thanks to its good international positioning and the strong basic human need for safety, DEKRA expects further growth. Revenue is expected to increase by between 5 % and 8 % in the fiscal year 2017. Organic growth is expected to be slightly higher than external growth driven by acquisitions.

Planning for the next three years also anticipates a slight increase in operating profit (calculated from consolidated profit before tax and financial result). To achieve this, DEKRA will expand its activities in high-margin business activities, exploiting synergies within and between its business units, and will continue to optimize its global structures and processes. Headcount is also expected to continue to rise in line with the revenue growth. By the end of 2017, for the first time in the history of the Company, DEKRA is expected to exceed the threshold of 40,000 people around the world.

Following a successful fiscal year 2016, the Management Board of DEKRA expects the strategic alignment of the Group to create further impetus for growth.

Stuttgart, March 23, 2017

DEKRA SE
The Management Board

Kölbl, Chairman

Gerdon

Klinke

Rauh

CONSOLIDATED FINANCIAL STATEMENTS

CONTENTS

DEKRA SE
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR FISCAL YEAR 2016

IN THOUSAND EUR	Notes	2016	2015
Revenue	5.1	2,903,645	2,720,297
Decrease in inventories of work in progress		467	–252
Own work capitalised		6,862	6,010
Other operating income	5.2	27,887	27,812
Cost of materials	5.3	–301,443	–290,480
Personnel expenses	5.4	–1,832,440	–1,711,999
Other operating expenses	5.5	–535,947	–513,550
Depreciation, amortization and impairment losses on property, plant and equipment and intangible assets	5.6	–88,009	–75,500
Profit/loss from financial assets accounted for using the equity method	5.7	959	909
Interest income	5.7	5,391	7,607
Interest expense	5.7	–30,188	–35,395
Other financial result	5.7	543	–606
Financial result	**5.7**	**–23,295**	**–27,485**
Earnings before taxes		**157,727**	**134,853**
Income taxes	5.8	–49,840	–42,300
Profit for the period	**5.9**	**107,887**	**92,553**
thereof attributable to owners of DEKRA SE	6.12	106,913	91,189
thereof attributable to non-controlling interests	6.13	974	1,364
Net loss/gain on			
Available-for-sale assets	6.9	287	261
Hedging instruments	6.16	2,043	2,520
Deferred taxes recognised in other comprehensive income	5.8	–708	–823
Translation reserve		5,172	1,413
Items that can be recycled through profit or loss in future		6,794	3,371
Net loss/gain on			
Remeasurement of defined benefit plans	6.14	–60,234	36,315
Deferred taxes recognised in other comprehensive income	5.8	17,974	–8,541
Items that will not be recycled through profit or loss in future		–42,260	27,774
Other comprehensive income		**–35,466**	**31,145**
Total comprehensive income		**72,421**	**123,698**
thereof attributable to			
Owners of DEKRA SE		71,447	122,334
Non-controlling interests		974	1,364

DEKRA SE
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF DECEMBER 31, 2016

ASSETS IN THOUSAND EUR	Notes	31.12.2016	31.12.2015
Non-current assets			
Intangible assets	6.1/6.2	687,911	684,561
Property, plant and equipment	6.3	290,605	273,703
Financial assets accounted for using the equity method	6.4	9,621	8,860
Other non-current financial assets	6.5	88,931	103,676
Other non-current assets	6.6	5,536	4,344
Deferred income tax assets	5.8	143,593	123,307
		1,226,197	**1,198,451**
Current assets			
Inventories	6.7	8,521	7,040
Trade receivables	6.8	459,940	434,930
Other current financial assets	6.9	204,577	197,154
Other current assets	6.10	26,400	26,626
Current income tax receivables	5.8	29,919	23,595
Cash and cash equivalents	6.11	135,766	89,557
		865,123	**778,902**
Total assets		**2,091,320**	**1,977,353**

EQUITY AND LIABILITIES IN THOUSAND EUR	Notes	31.12.2016	31.12.2015
Equity			
Issued capital	6.12	25,565	25,565
Capital reserve	6.12	520,529	505,529
Revenue reserves	6.12	230,859	165,957
Accumulated other comprehensive income	6.12	–242,841	–207,375
Total equity of the owner		**534,112**	**489,676**
Non-controlling interests	6.13	9,395	13,772
Total equity		**543,507**	**503,448**
Liabilities			
Non-current liabilities			
Provisions for pensions and similar obligations	6.14	629,069	576,886
Other non-current provisions	6.15	18,721	16,083
Non-current financial liabilities	6.16	270,633	194,106
Other non-current liabilities	6.18	3,535	2,958
Deferred income tax liabilities	5.8	40,189	43,256
		962,147	**833,289**
Current liabilities			
Other current provisions	6.15	21,003	16,158
Trade payables	6.17	89,540	87,504
Current financial liabilities	6.16	115,738	215,409
Other current liabilities	6.18	351,187	315,716
Current income tax liabilities	5.8	8,198	5,829
		585,666	**640,616**
Total liabilities		**1,547,813**	**1,473,905**
Total equity and liabilities		**2,091,320**	**1,977,353**

DEKRA SE
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY 2016

IN THOUSAND EUR

				Accumulated other comprehensive income				Equity		Group equity
	Issued capital	Capital reserve	Revenue reserves	Translation reserve	Available-for-sale assets	Hedging instruments assets	Remeasurement of defined benefit plans	Owners	Non-controlling interests	
As of 31.12.2014	**25,565**	**475,529**	**104,801**	**1,264**	**2,730**	**–3,948**	**–238,566**	**367,375**	**7,482**	**374,857**
Profit and loss transfer agreement/dividend distribution			–29,433					–29,433	–723	–30,156
Capital increase		30,000						30,000	937	30,937
Other changes			–418					–418	–90	–508
Changes to the consolidated group			–182					–182	4,802	4,620
Acquisition of non-controlling interests								0	0	0
Group profit for the period			91,189					91,189	1,364	92,553
Other comprehensive income for the period				1,413	161	1,797	27,774	31,145	0	31,145
Total comprehensive income	**0**	**0**	**91,189**	**1,413**	**161**	**1,797**	**27,774**	**122,334**	**1,364**	**123,698**
As of 31.12.2015	**25,565**	**505,529**	**165,957**	**2,677**	**2,891**	**–2,151**	**–210,792**	**489,676**	**13,772**	**503,448**
Profit and loss transfer agreement/dividend distribution			–37,265					–37,265	–45	–37,310
Capital increase		15,000						15,000	0	15,000
Other changes								0	59	59
Changes to the consolidated group			–4,269					–4,269	–5	–4,274
Acquisition of non-controlling interests			–477					–477	–5,360	–5,837
Group profit for the period			106,913					106,913	974	107,887
Other comprehensive income for the period				5,172	209	1,413	–42,260	–35,466	0	–35,466
Total comprehensive income	**0**	**0**	**106,913**	**5,172**	**209**	**1,413**	**–42,260**	**71,447**	**974**	**72,421**
As of 31.12.2016	**25,565**	**520,529**	**230,859**	**7,849**	**3,100**	**–738**	**–253,052**	**534,112**	**9,395**	**543,507**

DEKRA SE
CONSOLIDATED STATEMENT OF CASH FLOWS FOR FISCAL YEAR 2016

OPERATING ACTIVITIES IN THOUSAND EUR	2016	2015
Group profit for the period	107,887	92,553
Depreciation/amortization/impairment losses/reversals of impairment losses	89,041	76,545
Gain/loss from the disposal of financial and intangible assets and property, plant and equipment	-1,460	1,174
Interest income/expenses and dividends	11,850	15,359
Current income taxes	56,123	49,671
Change in non-current provisions	-6,047	-3,735
Change in deferred income tax assets/liabilities	-6,283	-7,371
Other non-cash expenses/income	-2,190	-7,401
Change in inventories, receivables and other assets	-37,426	-21,985
Change in liabilities and current provisions	43,467	21,187
Profit or loss from associates	-959	-909
Interest received	3,260	3,677
Taxes paid	-48,542	-45,928
Taxes received	3	39
Dividends received	538	421
Cash flow from operating activities	**209,262**	**173,297**

INVESTING ACTIVITIES IN THOUSAND EUR	2016	2015
Cash paid for investments in		
Intangible assets and property, plant and equipment	-87,651	-86,560
Financial assets and other assets	-10,366	-3,504
Subsidiaries and other business entities	-14,897	-100,108
Cash received from disposals of		
Intangible assets and property, plant and equipment	6,459	4,995
Financial assets and other assets	1,850	25,080
Cash flow from investing activities	**-104,605**	**-160,097**

FINANCING ACTIVITIES IN THOUSAND EUR	2016	2015
Cash received from equity contributions	15,000	30,000
Cash paid to owners and non-controlling interests from profit transfers/dividends	-29,478	-57,062
Cash paid for the acquisition of non-controlling interests	-5,837	0
Cash paid/received in relation to loans to owners	-1,010	3,540
Cash repayments of loans	-144,873	-92,352
Cash received from borrowing	119,417	125,780
Cash repayments of liabilities from finance leases	-599	-412
Interest paid	-12,755	-14,640
Cash flow from financing activities	**-60,135**	**-5,146**

CASH AND CASH EQUIVALENTS IN THOUSAND EUR	2016	2015
Changes in cash and cash equivalents	44,522	8,054
Changes in cash and cash equivalents due to exchange rates and changes in the consolidated group	1,687	1,970
Cash and cash equivalents at the beginning of the period	89,557	79,533
Cash and cash equivalents at the end of the period	**135,766**	**89,557**

DEKRA SE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR FISCAL YEAR 2016

1 GENERAL COMMENTS

DEKRA SE has its registered office at Handwerkstrasse 15 in Stuttgart, Germany, and is entered in the commercial register at Stuttgart local court under HRB no. 734316.

DEKRA is an international, independent expert organization operating in the areas of Automotive, Industrial and Personnel.

The consolidated financial statements on December 31, 2016 include DEKRA SE and its consolidated subsidiaries.

The Management Board authorized the issue of the consolidated financial statements of DEKRA SE for the fiscal year from January 1 to December 31, 2016 on March 23, 2017 and presented them to the Supervisory Board for review and approval.

The prior-year financial statements and management report were filed for publication in the Bundesanzeiger [German Federal Gazette].

All shares in DEKRA SE are held by DEKRA e.V., Stuttgart. DEKRA e.V., Stuttgart, is also the ultimate parent of the Company.

2 ACCOUNTING PRINCIPLES

The Company has prepared its consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU as of the reporting date.

The principles of the Framework and the IFRS of the International Accounting Standards Board (IASB) as well as the interpretations of the IFRS Interpretations Committee (formerly: IFRIC) effective as of the reporting date were applied.

Information on the adoption of specific IFRS is provided in the comments on the individual items of the statement of financial position later on in these notes.

The consolidated financial statements are presented in euros. Unless otherwise stated, all amounts have been rounded up or down to the nearest thousand euros in accordance with customary commercial practice.

The consolidated financial statements comply with the requirements of Sec. 315a (3) HGB ["Handelsgesetzbuch": German Commercial Code].

3 ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the previous reporting period. In addition, the new or revised standards that were subject to mandatory adoption for the first time in fiscal year 2016 in accordance with the respective transitional provisions are presented below.

STANDARD/INTERPRETATION; EFFECTIVE DATE	IMPACT ON THE CONSOLIDATED FINANCIAL STATEMENTS OF DEKRA SE
The following IFRS standards and interpretations were subject to mandatory application for the first time in the fiscal year:	
Amendments to IAS 19 Employee benefits; February 1, 2015	The amendment regulates the recognition of employee or third party contributions to a defined benefit pension plan as a reduction in service cost provided that these reflect the service rendered in the reporting period. This does not have any significant effect on the consolidated financial statements.
Improvements to IFRS (2010–2012); February 1, 2015	The Annual Improvements to IFRS 2010–2012 Cycle relate to an omnibus of standards. This does not have any effect, or no significant effect, on the Company's consolidated financial statements. The amendments concern: **IFRS 2** Share-based Payment, **IFRS 3** Business Combinations, **IFRS 8** Operating Segments, **IFRS 13** Fair Value Measurement, **IAS 16** Property, Plant and Equipment, **IAS 24** Related Party Disclosures, **IAS 38** Intangible Assets.
Amendments to IFRS 10, IFRS 12 and IAS 28 Consolidated Financial Statements, Disclosure of Interests in Other Entities and Investments in Associates and Joint Ventures; January 1, 2016	Clarification of the application of the consolidation exception for investment entities. There is no effect on the consolidated financial statements.
Amendments to IAS 27 Separate Financial Statements; January 1, 2016	The amendments again permit the equity method as an accounting option for shares in subsidiaries, joint ventures and associates in the separate financial statements of an investor. The amendments do not have any effect on the consolidated financial statements.
Amendments to IAS 1 Presentation of Financial Statements; January 1, 2016	Clarification of the definition of materiality as well as clarifications regarding sub-classifications of items of the statement of financial position and the statement of comprehensive income, the presentation of subtotals and requirements regarding the structure of the notes. Furthermore, requirements regarding the presentation of significant accounting policies as an integral part of the disclosures in the notes were revoked. This does not have any significant effect on the consolidated financial statements.
Improvements to IFRS (2012–2014); January 1, 2016	The Annual Improvements to IFRS 2012–2014 Cycle relate to an omnibus of standards. This does not have any significant effect on the Company's consolidated financial statements. The amendments concern: **IFRS 5** Non-current Assets Held for Sale and Discontinued Operations, **IFRS 7** Financial Instruments, **IFRS 8** Operating Segments, **IAS 19** Employee Benefits, **IAS 34** Interim Financial Reporting.

STANDARD/INTERPRETATION; EFFECTIVE DATE	IMPACT ON THE CONSOLIDATED FINANCIAL STATEMENTS OF DEKRA SE
Amendments to IAS 16 and IAS 38 Property, Plant and Equipment and Intangible Assets; January 1, 2016	Clarification of Acceptable Methods of Depreciation and Amortization There is no effect on the consolidated financial statements.
Amendments to IFRS 11 Joint Arrangements; January 1, 2016	Additional clarification that both the first-time acquisition as well as the acquisition of further interests in a joint operation in which the activity constitutes a business are to be accounted for by applying the accounting principles on business combinations in IFRS 3, unless these conflict with the guidance in IFRS 11. It also clarifies that the acquirer must disclose the information required by IFRS 3 and other standards for business combinations. There is no effect on the consolidated financial statements.
Amendments to IAS 16 and IAS 41 Bearer Plants; January 1, 2016	Clarification of the accounting for bearer biological assets of agricultural holdings. There is no effect on the consolidated financial statements.

The IASB and the IFRS IC have issued the standards, interpretations and amendments listed below that were not yet mandatory as of December 31, 2016. There are no plans to early adopt these new pronouncements.

STANDARD/INTERPRETATION; EFFECTIVE DATE	ADOPTED BY THE EU COMMISSION	ANTICIPATED IMPACT ON THE CONSOLIDATED FINANCIAL STATEMENTS OF DEKRA SE
Amended standards		
IAS 12 Income Taxes; January 1, 2017	No	Immaterial
IAS 7 Statement of Cash Flows; January 1, 2017	No	Currently being assessed
IFRS 15 Revenue from Contracts with Customers (clarification); January 1, 2018	No	Currently being assessed
IFRS 2 Share-Based Payment; January 1, 2018	No	None
IFRS 4 Insurance Contracts; January 1, 2018	No	None
Improvements to IFRS (2014–2016); January 1, 2017/January 1, 2018	No	Immaterial
IFRIC Interpretation 22 Transactions in Foreign Currency and Consideration Paid in Advance January 1, 2018	No	Immaterial
IAS 40 Investment Property January 1, 2018	No	None

STANDARD/INTERPRETATION; EFFECTIVE DATE	ADOPTED BY THE EU COMMISSION	ANTICIPATED IMPACT ON THE CONSOLIDATED FINANCIAL STATEMENTS OF DEKRA SE
New standards		
IFRS 9 Financial Instruments; January 1, 2018	Yes	In July 2014, the IASB published IFRS 9 which is to replace IAS 39. IFRS 9 regulates the classification and measurement of financial assets. The standard combines all previously published regulations with the new regulations on recognizing impairment as well as limited changes to the classification and measurement of financial assets. The analysis of the effect the application of IFRS 9 will have on the consolidated financial statements has not been completed yet. Effects may arise in particular from the fact that the new provisions on recognizing impairments also entail expected future losses. These new regulations are effective retroactively for reporting periods beginning on or after January 1, 2018. There is currently no significant impact on the financial position and performance expected from the transition to IFRS 9.
IFRS 15 Revenue from Contracts with Customers; January 1, 2018	Yes	IFRS 15 was issued by the IASB in May 2014. It replaces existing guidelines on recognizing revenue, including IAS 18 Revenue Recognition, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes. The objective of IFRS 15 is to combine the many previous rules into one standard. The question of what amount and at what time/over what period of time revenue is to be recognized is clarified using a five-step model. The standard also contains a number of other rules on details and expands the required disclosures in the notes. The group-wide analysis of the effect the application of IFRS 15 will have on the consolidated financial statements has not been completed yet. It is expected that the vast majority of contracts, which are currently accounted for according to the percentage of completion method, will meet the requirements for recognizing sales revenue over time. From a current perspective, the application of IFRS 15 is not expected to have any material effect on the Group's financial position and performance. IFRS 15 is mandatory for fiscal years beginning on or after January 1, 2018. Early adoption is permitted, and can be either retroactive or prospective. DEKRA expects to make the final decision on the first-time application mid-2017, depending on how the project develops further.

STANDARD/INTERPRETATION; EFFECTIVE DATE	ADOPTED BY THE EU COMMISSION	ANTICIPATED IMPACT ON THE CONSOLIDATED FINANCIAL STATEMENTS OF DEKRA SE
IFRS 16 Leases; January 1, 2019	No	The new standard on lease accounting replaces the previous regulations of IAS 17 and its interpretations. The main changes relate to the accounting treatment at the lessee. In future, the lessee will account for most leases and the associated rights and obligations. Exemptions are allowed for low-value leased assets and short-term leases. Early adoption is only permitted if IFRS 15 is adopted simultaneously. This project is currently in the process of analyzing the significant contracts. Effects on the consolidated financial statements can be expected and are currently being assessed. DEKRA assumes that the majority of the contracts not previously accounted for will now be accounted for in the statement of financial position. This will cause total assets to increase at the date of first-time application. For further information on lease obligations, please refer to note 8.

3.1 Principles of consolidation

All companies over which the Group's ultimate parent exercises direct or indirect control are included in full in the consolidated financial statements. Control is assumed as soon as the parent company has decision-making power over the subsidiary due to voting or other rights, is exposed to, or has rights to, variable returns from the subsidiary and has the ability to affect those returns through its power over the investee. First-time consolidation is carried out as of the date on which DEKRA SE obtains control of the subsidiary. The subsidiary is removed from the consolidated group as soon as control ends.

During the reporting period and as of the reporting date, there were no joint ventures or joint operations which would have had to be consolidated using the equity method or with their pro rata assets and liabilities as well as income and expenses.

Associates are accounted for using the equity method. An associate is an entity over which the owner exercises significant influence, but that is neither a subsidiary nor a joint venture or joint operation. In the consolidated financial statements of DEKRA SE, a total of two German (prior year: two) companies were consolidated using the equity method. These companies were capitalized at cost. Subsequently, the carrying amounts of the equity investments are increased or reduced each year by the proportionate share of profit or loss, dividends distributed or other changes in equity. The principles of purchase price allocation for full consolidation apply in the same way to the initial measurement of investments. Goodwill relating to the associate is included in the carrying amount of the investment and is not amortized. As of each reporting date, DEKRA tests whether the carrying amount is impaired pursuant to IAS 36.

Subsidiaries, joint ventures, joint operations and associates that, on account of their low level of business activity, are immaterial for the Group and the presentation of a true and fair view of the financial position and performance, are generally included in the consolidated financial statements at amortized cost.

Non-controlling interests in the total comprehensive income and equity of subsidiaries are presented separately under equity in the statement of comprehensive income. On acquisition of control, non-controlling interests are generally recognized at their proportionate share of the identifiable net assets measured at fair value.

The consolidated group included DEKRA SE and the other entities listed in "Other Disclosures" accordingly as of December 31, 2016. The financial statements of the individual subsidiaries are included in the consolidated financial statements as of December 31, 2016 using the uniform accounting policies stipulated by DEKRA SE. In addition to DEKRA SE, Stuttgart, a total of 25 German (prior year: 24) and 136 foreign (prior year: 139) entities are included.

Effects of first-time inclusion of previously immaterial subsidiaries and associates are recognized in the statement of changes in equity under changes to the consolidated group.

Business combinations are accounted for using the acquisition method on the basis of carrying amounts as of the date of transfer of control (IFRS 3). Where there are non-controlling interests, a proportionate share of goodwill in accordance with IFRS 3 (purchased goodwill method) has always been recorded to date.

The opening IFRS statement of financial position as of January 1, 2008 adopted the carrying amounts of the goodwill recognized as of December 31, 2007 in accordance with previous GAAP, the German Commercial Code (HGB). No remeasurement was made.

In the course of business combinations, sometimes arrangements are made concerning contingent consideration, and call and put options are sometimes agreed with non-controlling interests with respect to those interests. These obligations are included in the purchase price calculation at their estimated fair value. On the equity and liabilities side, a financial liability is recognized pursuant to IAS 32. Changes in fair value in subsequent periods are recognized with an effect on profit or loss. In the case of call and put options, the acquiree is included in the consolidated financial statements in full and no non-controlling interests are presented.

Transactions between the consolidated entities are netted. Profits from intercompany transactions are eliminated. Effects of consolidation on income taxes are accounted for by recognizing deferred taxes.

Currency translation

The consolidated financial statements of DEKRA SE are presented in euros. The concept of a functional currency is applied when translating financial statements of consolidated entities prepared in foreign currencies. The functional currency is generally the local currency of the respective subsidiary. Assets and liabilities are translated at the closing rate, expenses and income at the annual average rate. The items within equity are carried at historical rates. The resulting difference is recognized directly in equity and presented separately in the statement of comprehensive income.

In the separate financial statements of the subsidiaries, business transactions in foreign currencies are translated using the exchange rate on the date of the transaction. In subsequent periods, monetary assets and liabilities in foreign currencies are translated at the exchange rate as of the reporting date. Translation differences are generally recorded in the statement of comprehensive income under “Other operating income” or “Other operating expenses”. In the case of financial receivables and liabilities, exchange rate effects are disclosed in the financial result. Non-monetary assets and liabilities are not generally remeasured in subsequent periods.

The following table shows the exchange rates of material entities listed in foreign currencies.

1 EURO =	RATE AS OF REPORTING DATE		ANNUAL AVERAGE RATE	
	31.12.2016	31.12.2015	**2016**	2015
Brazilian real (BRL)	3.4305	4.3117	3.8616	3.6916
Czech koruna (CZK)	27.0210	27.0230	27.0343	27.2850
Chinese renminbi (CNY)	7.3202	7.0608	7.3496	6.9730
Danish krone (DKK)	7.4344	7.4626	7.4454	7.4587
Pound sterling (GBP)	0.8562	0.7340	0.8189	0.7260
Croatian kuna (HRK)	7.5597	7.6380	7.5345	7.6140
Hungarian forint (HUF)	309.8300	315.9800	311.4600	309.8975
Moroccan dirham (MAD)	10.6705	10.7831	10.8721	10.8946
New Zealand dollar (NZD)	1.5158	1.5923	1.5895	1.5907
Hong Kong dollar (HKD)	8.1751	8.4376	8.5900	8.6023
Polish zloty (PLN)	4.4103	4.2639	4.3636	4.1828
Swedish krona (SEK)	9.5525	9.1895	9.4673	9.3545
US dollar (USD)	1.0541	1.0887	1.1066	1.1096
South African rand (ZAR)	14.4570	16.9530	16.2772	14.1528
Taiwan dollar (TWD)	34.0622	35.8330	35.7138	35.3318
Swiss franc (CHF)	1.0739	1.0835	1.0902	1.0676
Turkish lira (TRL)	3.7072	3.1765	3.3428	3.0219
Indian rupee (INR)	71.5935	72.0215	74.3553	71.1752

3.2 Significant accounting policies

The financial statements have been prepared on a cost basis, except for financial instruments in the available-for-sale and at fair value through profit or loss categories, as well as derivative financial instruments, obligations from options and conditional purchase price elements.

Goodwill

The amount by which the purchase price of a business combination exceeds the fair value of the individually identifiable acquired net assets is recognized as goodwill. Incidental acquisition costs are recognized in profit of loss.

Under IAS 38, goodwill from acquisition accounting is not amortized over an estimated useful life. Where necessary, impairment losses are recognized in accordance with IAS 36 (impairment only approach).

Intangible assets

Acquired intangible assets are recognized at cost less any accumulated amortization. The useful lives of all intangible assets are classified as finite and are generally between three and eight years. Useful lives of trademarks or customer relationships of ten to 15 years are used for purchase price allocations. Intangible assets are amortized using the straight-line method. Where necessary, impairment losses are recognized, and then reversed if the reasons for the impairment cease to apply at a later date.

Internally generated intangible assets such as software are stated at cost if they meet the recognition criteria under IAS 38. Cost includes directly and indirectly allocable costs. Research costs are treated as period expenses and were immaterial in the past fiscal year. Borrowing costs are capitalized if they relate to a qualifying asset.

Property, plant and equipment

Pursuant to IAS 16, property, plant and equipment are recognized at cost less accumulated depreciation and accumulated impairment losses. If there are indications of impairment and the recoverable amount is below the cost less any accumulated depreciation and impairment losses, then an impairment loss is recognized.

Costs of conversion include direct materials and labor costs as well as production overheads. Subsequent costs are capitalized when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the asset, will flow to the Company. All other subsequent expenditure is recognized directly as an expense. Maintenance expenses are recognized through profit or loss in the statement of comprehensive income.

Property, plant and equipment are depreciated on a straight-line basis over the economic useful lives of the individual components. The useful lives of buildings and their individual components are between ten and 50 years, plant and machinery between ten and 25 years, and furniture and fixtures between three and 20 years. There were no significant residual values within the meaning of IAS 16.53 to be taken into account in the calculation of the depreciation charge.

Leased assets for which both the economic risk and the economic benefit lie with DEKRA (finance lease) are recognized in the statement of financial position pursuant to IAS 17 and depreciation expense and impairment losses are charged. The useful lives are measured using the shorter of the following two periods: lease term or economic useful life. The payment obligation is recognized at the fair value of the asset or the lower present value of all future lease payments. Interest expenses are recognized through profit or loss in the statement of comprehensive income.

Lease payments for operating leases are recognized through profit or loss on a straight-line basis over the lease term.

Gains and losses from the disposal of non-current assets are determined as the difference between the net disposal proceeds and the carrying amount of the asset and recognized in the statement of comprehensive income under other operating income or other operating expenses.

Pursuant to the revised IAS 23, borrowing costs are capitalized only if they are incurred for the financing of the acquisition, construction or production of a qualifying asset. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale.

Inventories

Inventories are measured at the lower of cost or net realizable value pursuant to IAS 2. Cost is calculated according to the weighted average cost method. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale that have yet to be incurred.

Financial assets and financial liabilities

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets are contractual rights to receive cash or other financial assets from another entity or to exchange financial assets or liabilities with another entity at potentially favorable terms. They primarily consist of trade receivables, securities and shares in subsidiaries, which are included at amortized cost in the consolidated financial statements for reasons of materiality. Moreover, loans to non-consolidated subsidiaries and investees are included. At DEKRA, the financial instruments are reported on the settlement date.

Financial liabilities comprise contractual obligations to deliver cash or other financial assets to another entity or to exchange financial assets or obligations with another entity at potentially unfavorable terms. These primarily include liabilities to banks and trade payables as well as other financial liabilities.

Pursuant to IAS 39, financial assets are allocated using the following categories:

Financial assets at fair value through profit or loss

This category includes assets that must be measured at fair value through profit or loss (trading book) and assets that can be optionally assigned to this category. The trading book comprises assets that are held for speculative purposes or are part of a trading portfolio. Derivatives are assigned to the trading book, unless they are recognized as part of an effective hedge. Other financial assets can also be assigned to this category under certain circumstances.

The assets are initially recognized at cost. Transaction costs are recognized through profit or loss. Subsequent measurement is at fair value. This corresponds to the amount that could be recovered if the asset were traded under current market conditions. If the financial asset is traded on an active market, this generally means the market price. Changes in value in this category are recognized through profit or loss.

The DEKRA Group only classifies derivatives in this category that do not constitute a hedging relationship.

Loans issued and receivables measured at amortized cost

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market.

They are initially recognized at cost plus directly attributable transaction costs. Subsequent measurement is at amortized cost using the effective interest method. Valuation allowances, for example due to the counterparty's inability to pay, are recognized through profit or loss.

The DEKRA Group uses this category for some of its financial assets.

Held-to-maturity investments

The requirement for classification in this category is the Company's intention or ability to hold the financial instrument until maturity. In addition, the assets must have fixed or determinable payments, and fixed terms, and be quoted on an active market.

They are initially recognized at cost plus transaction costs. Subsequent recognition is at amortized cost. Permanent impairment losses are recognized through profit or loss.

The DEKRA Group does not use this category.

Available-for-sale assets at fair value not through profit or loss
Financial instruments that cannot be allocated to the other categories are classified as available-for-sale.

They are initially recognized at cost plus transaction costs. Subsequent measurement is at fair value. Changes in value are recognized in the statement of comprehensive income until the item is disposed of. If there is objective evidence of permanent or significant impairment, i.e., a decrease in the fair values of more than nine months or 20 % lower than cost, the impairment loss is recognized through profit or loss. In addition to duration and extent of the decline in value, all information available, such as market conditions, market prices and asset-specific factors are taken into account.

The DEKRA Group uses this category for some of its financial assets.

Financial liabilities at fair value through profit or loss
Derivatives with negative fair values must be assigned to this category, unless they are recognized as part of an effective hedge. All liabilities held for speculative purposes also belong to this category. Other liabilities can optionally be assigned to this category, in the same way as “Financial assets at fair value through profit or loss”.

Measurement is the same as for “Financial assets at fair value through profit or loss”.

The DEKRA Group only uses this category for derivatives that do not constitute a hedging relationship as well as for liabilities from business combinations.

Liabilities measured at amortized cost
All other financial liabilities are measured at amortized cost using the effective interest rate method and assigned to this category. Participation capital was measured using the effective interest rate method due to the secured interest payments.

The DEKRA Group uses this category for most of its financial liabilities.

Derivative financial instruments and hedge accounting
The DEKRA Group mainly uses derivative financial instruments in the form of cash flow hedges. These serve to control and secure future cash flows. Derivative financial instruments are recognized at fair value in the statement of financial position and reported under financial assets or under financial liabilities. The fair values are calculated on the basis of corresponding market prices or using appropriate valuation techniques.

The effective portion of the change in the fair value is recognized in other comprehensive income, taking into account the related tax effect. The ineffective part is recognized through profit or loss. When the hedged transaction occurs, the cumulative “Other income” is reclassified through profit or loss. For further information, we refer to the comments on financial management “Financial instruments and hedging activities”.

Trade receivables and other financial assets
Trade receivables and other financial assets are recognized at nominal value. Non-current non-interest bearing receivables are stated at present value using a matching interest rate.

Credit risks are accounted for using adequate specific bad debt allowances. Impairment losses on trade receivables are posted via a separate allowance account. If a bad debt is identified, based on the fact that a receivable has become uncollectible for instance, the corresponding amount is directly deducted from the receivable. An impairment of the other financial assets leads to a direct reduction of the carrying amount. Impairment losses are estimated taking into account payment histories, age structure, a substantial deterioration in the borrower’s creditworthiness and the probability of insolvency of a debtor.

Trade receivables also include receivables from service contracts not yet billed. In accordance with IAS 18.20 et seq., they are recognized using the percentage-of-completion method. The stage of completion of each service contract is calculated using the cost-to-cost method as the ratio of costs incurred to the estimated total costs. If the outcome of a service contract cannot be reliably determined, revenue is only recognized to the extent of the contract costs incurred. Payments received for unbilled service contracts are disclosed net of receivables from percentage of completion.

Cash and cash equivalents
Cash and cash equivalents are recognized at nominal value and comprise cash on hand, bank balances and short-term deposits.

Deferred taxes and income taxes
Income taxes include expenses and income from current and deferred taxes as well as tax allocations to the parent DEKRA e.V., Stuttgart, with which the Company forms a tax group for income tax purposes.

Current income tax liabilities/income tax assets are measured at the amount expected to be paid to/recovered from the tax authorities. The calculation is based on the tax rates enacted or substantively enacted as of the reporting date.

Deferred taxes are recognized in accordance with the liability method pursuant to IAS 12 for temporary differences between the tax accounts and the consolidated financial statements – with the exception of goodwill resulting from acquisition accounting that cannot be recognized for tax purposes – and for unused tax losses. Deferred tax assets are only considered to the extent that it is sufficiently probable that they will be realized. Probable usability is based on a multi-year plan for the respective entity. Deferred taxes are calculated using the respective local tax rates on the basis of the tax rates that are expected to apply for the period of reversal of the difference. Changes to tax rates adopted by the reporting date are taken into account when calculating deferred taxes.

Deferred taxes are recorded as tax income or expense through profit or loss unless they relate to items recorded in other comprehensive income; in this case, the deferred taxes are also recorded in other comprehensive income.

Deferred tax assets for unused tax losses are only recognized to the extent that it is probable that future taxable profit will be available against which they can be utilized.

Deferred tax assets and liabilities are disclosed net in the consolidated statement of financial position, if there is a legally enforceable right to offset current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority. Accordingly, offsetting is carried out at entity and tax group level.

Impairment losses and reversals of impairment losses
The carrying amounts of the assets that fall under the scope of IAS 36 are tested on each reporting date for indications that an asset may be impaired. If such indications are found to exist, the recoverable amount of the asset concerned is estimated. The recoverable amount is the higher of an asset’s net realizable value and its value in use (present value of future cash flows). If the recoverable amount is lower than its carrying amount, an impairment loss must be recognized to reduce the carrying amount to the recoverable amount. Impairment losses recognized in prior years must be reversed when there is a change in estimate and the recoverable amount is higher than the carrying amount.

In addition, annual impairment tests must be carried out for goodwill, intangible assets with indefinite useful lives and intangible assets that are not yet available for use. As goodwill and other intangible assets cannot generally be sold independently and cannot generate cash flows independently of other assets, impairment tests can only be carried out in connection with a cash-generating unit.

The cash-generating units relevant for the goodwill impairment tests are defined at business unit level. The Business Units Automotive, Industrial and Personnel were identified as the smallest cash-generating units. This is due to single management, shared customer service and uniform product policy, a joint advertising strategy, as well as joint management and monitoring of the respective units.

In the course of the impairment test of a cash-generating unit, the carrying amount of a cash-generating unit is compared to the recoverable amount. The cash-generating unit includes those assets that can be allocated directly or indirectly on a reasonable and consistent basis to the cash-generating unit and will generate the future cash inflows. If the net sales proceeds and the present value of the cash flows of a cash-generating unit are lower than its carrying amount, the impairment expense recognized through profit or loss is allocated to the individual assets of the cash-generating unit. This allocation is made in proportion to the individual assets' share in the cash-generating unit's carrying amount. If goodwill is assigned to the cash-generating unit, any identified impairment expense is first assigned to goodwill and then allocated proportionately to the other assets of the cash-generating unit.

Pensions and other post-employment benefits

Provisions for pensions and similar obligations are calculated according to the projected unit credit method prescribed by IAS 19. In addition to biometric bases of calculation, this method primarily takes into account current assumptions regarding future increases in salaries and pensions as well as the relevant long-term capital market interest rate, which is determined on the basis of the market yields of high-quality fixed interest corporate bonds as of the reporting date. The provision is recognized at an amount equivalent to the defined benefit obligation.

Plan assets that are invested in order to cover defined benefit pension plans and other similar benefits are measured at fair value and offset against the corresponding obligations.

The return on plan assets and the interest charged on the defined benefit obligation use the same interest rate. It is presented net in the financial result.

Actuarial gains and losses, which primarily result from deviations from the assumptions made, are recorded in other comprehensive income in the period in which they occur. Past service cost from plan amendments is immediately recognized in personnel expenses in the fiscal year in which the amendments are made.

Actuarial reports are obtained for the calculation of the pension provisions.

Ohter provisions

Provisions are recognized in the amount required, based on a best estimate, to cover all present obligations as of the reporting date. Future events which may have an effect on the amount needed to satisfy the obligation are considered in the provisions, provided that they can be forecast with an adequately objective degree of certainty and that the obligation results from past events. In addition, provisions for potential losses for onerous contracts are recognized in accordance with IAS 37.

The provision is measured at the most probable amount of a range of expected values. Where possible, it is determined and measured using contractual agreements; otherwise calculations are based on past experience and estimates by the Management Board.

Non-current provisions are recognized at present value and discounted at market interest rates that match the risk and the period to realization.

Revenue recognition

Revenue mainly consists of income from services and is recognized through profit or loss when the services have been rendered. Services are recognized according to their percentage of completion, if the requirements pursuant to IAS 18.20 et seq. are met. This mainly relates to services in the service lines Material Testing & Inspection, Product Testing & Certification, Industry & Construction as well as Claims Services. The percentage of completion is determined in accordance with the cost-to-cost method. The contract costs incurred as of the reporting date are compared to the expected total contract costs. Contract costs are recognized as expenses in the period in which they are incurred. If it is foreseeable that total contract costs will exceed total revenue, the expected loss is recognized as an expense immediately.

Dividends are recognized when the right to receive payment arises.

For all financial assets and liabilities recognized at amortized cost, interest is recognized in accordance with the effective interest method.

Government grants

In accordance with IAS 20, government grants are only recognized where there is reasonable assurance that all attaching conditions will be complied with and the grant will be received. They are recognized through profit or loss as of the date the subsidized expenses are incurred, unless they relate to subsidies for an asset. Government grants are disclosed without offsetting under other operating income.

Accounting judgments and estimates

In applying the accounting policies, the Management Board has made the following judgments which have a significant effect on the amounts recognized in the consolidated financial statements.

The consolidated financial statements include assumptions and estimates which have an effect on the carrying amounts and recognition of assets and liabilities as well as income and expenses. Actual amounts may differ from the amounts based on these estimates and assumptions.

In particular, assumptions and estimates were made concerning the useful lives of non-current assets, the recoverability of goodwill and other intangible assets, the recoverability of receivables, the adequate valuation of securities, the parameters for measuring pension and other provisions, and the recoverability of deferred tax assets. In addition, we refer to the above explanations and to the comments in note 6 on the individual items in the statement of financial position.

The Group tests goodwill for impairment at least once a year. The impairment tests carried out are mainly based on estimates. Various scenarios were therefore worked out for the individual cash-generating units. The main estimates were the future net cash flows, based on market developments, as well as assumptions about economic development and an estimate of increases in personnel costs, the growth rates and the weighted average cost of capital. Even if the estimates should change, the recoverable amount is currently expected to exceed the carrying amount of goodwill. Especially with regard to the assumptions concerning goodwill impairment or on the expected future cash flows and weighted average of cost of capital, we refer to note 6.2.

The obligation from defined benefit pension obligations and the pension benefit payments of the subsequent year are determined based on actuarial parameters such as interest rate, future salary and pension increases, and age. Changes in parameters can have a significant effect on the benefit obligation. For further explanations, we refer to note 6.14.

In some business combinations, contingent consideration has been arranged or call or put options for non-controlling interests have been agreed with the seller. The resulting purchase price liabilities are subject to estimates as to whether future targets can be achieved and in terms of assumptions regarding the present value of future purchase price payments. For further explanations, we refer to note 3.1.

Deferred tax assets are recognized to the extent that they are likely to be used. The probability of their being used in future is assessed taking into account various factors such as future taxable profit in the planning periods. DEKRA uses a planning horizon of three years. The actual amounts may differ from the estimates. These are then adjusted in other comprehensive income or through profit or loss, depending on how they were initially recognized.

4 BUSINESS COMBINATIONS

Presentation of significant business combinations in the fiscal year

Effective January 4, 2016, 100 % of the shares in Gron Koreteknisk Anlaeg A/S, Saeby, Denmark, as well as 100 % of the shares in Grons Transport Uddannelser A/S, Saeby, Denmark, were acquired. By agreement dated August 3, 2016, the assets of AQS Management Systems, Inc., Minneapolis, USA, were acquired. The purchase prices came to a total of 6.1 million euros and were largely paid in cash.

As of the date of acquisition, the carrying amounts of the acquired assets and liabilities totalled 4.5 million euros and 2.2 million euros respectively.

In the course of the purchase price allocation, intangible assets (customer list) totaling 1.9 million euros and deferred taxes of 0.2 million euros were recognized. The resulting goodwill on the acquisition date amounted to 2.1 million euros. In addition to synergy effects in the service line or service unit, the goodwill arising includes intangible assets that cannot be measured separately from goodwill such as the permanent workforce and know-how. Under local law, goodwill is not tax deductible.

The main purpose of the transactions was to strategically expand the service portfolio of the Training & Education service line and Business Assurance service unit. Accordingly, the entities were allocated to the Business Unit DEKRA Personnel and DEKRA Industrial.

The entities acquired during the fiscal year are included in the consolidated financial statements with revenue of 5.5 million euros and operating profit before taxes taking into consideration depreciation, amortization and impairment in the course of the purchase price allocation of 0.9 million euros. Taking into account inclusion for the entire year, the entities would have contributed 7.8 million euros to group revenue and 1.6 million euros to the Group's earnings before taxes.

Presentation of significant business combinations in the prior year

In 2015, the significant business combinations were the acquisitions of 100 % of the shares in AT4 wireless S.A.U., Malaga, Spain, and 100 % of the shares in QuieTek Corporation, New Taipei City, Taiwan, as well as their respective subsidiaries. These acquisitions resulted in goodwill totalling 25.5 million euros.

AT4 wireless S.A.U. and its subsidiaries were included in the consolidated financial statements from June 30, 2015. QuieTek Corporation and its subsidiaries were included in the consolidated financial statements from January 31, 2015. The companies contributed 51.4 million euros (prior year: 33.3 million euros) to group revenue in 2016.

5 STATEMENT OF COMPREHENSIVE INCOME/INCOME STATEMENT

The statement of comprehensive income has been prepared using the nature of expense method. Income and expenses attributable to the fiscal year are recognized through profit or loss. Non-owner-based transactions reported as other comprehensive income are presented after the income statement (one statement approach).

5.1 Revenue

Revenue by Service Line

IN THOUSAND EUR	2016	2015
Vehicle Inspection	916,634	870,097
Expertises	302,067	280,669*
Automotive Solutions	177,957	166,598
Homologation & Type Approvals	30,450	25,566
Claims Services	38,951	39,483*
Other Automotive income	35,224	37,164
Automotive Services	**1,501,283**	**1,419,577**
Industrial & Construction Inspection	377,990	359,148*
Materials Testing & Inspection	155,071	157,744*
Product Testing & Certification	164,256	139,026
Business Assurance	76,547	70,900
Insight	74,888	76,042
Other Industrial income	2,700	3,129
Industrial Services	**851,452**	**805,989**
Training & Education	185,494	158,469
Temporary Work	335,423	308,625
Personnel Services	**520,917**	**467,094**
Other	**29,993**	**27,637**
	2,903,645	**2,720,297**

* The prior-year figures of the services have been restated due to the changes in the allocation. The adjustments do not have any impact on the cash-generating units.

Within the business units, revenue is broken down by services that exist regionally and internationally throughout the Group. The revenue results from ordinary activities.

Revenue also includes income from unbilled service contracts as of year-end of 34,594 thousand euros (prior year: 30,535 thousand euros), which are recognized according to their percentage of completion.

Of the revenue, 1,739.9 million euros (prior year: 1,651.2 million euros) relates to Germany, 379.7 million euros (prior year: 367.7 million euros) to France and 784.0 million euros (prior year: 701.4 million euros) to other countries.

5.2 Other operating income

Other operating income of 27.9 million euros (prior year: 27.8 million euros) chiefly includes current income of 19.3 million euros (prior year: 18.3 million euros). This includes income from the disposal of non-current assets of 2.9 million euros (prior year: 1.5 million euros) as well as reintegration and wage subsidies totalling 2.1 million euros (prior year: 2.4 million euros). Furthermore, other operating income includes income from the reversal of allowances of 1.8 million euros (prior year: 5.0 million euros) as well as exchange gains of 1.7 million euros (prior year: 0.8 million euros).

5.3 Cost of materials

Cost of materials breaks down as follows:

IN THOUSAND EUR	2016	2015
Cost of purchased services	274,715	264,092
Cost of purchased merchandise	26,728	26,382
Expenses from the write-down of inventories	0	6
	301,443	**290,480**

5.4 Personnel expenses

IN THOUSAND EUR	2016	2015
Wages and salaries	1,522,055	1,419,205
Social security costs (excl. pension insurance premiums)	196,620	182,457
Pension costs	113,765	110,337
	1,832,440	1,711,999

Pension costs also include employer contributions to the statutory pension insurance fund of 81.5 million euros (prior year: 76.9 million euros). The majority of group employees are salaried employees.

The Group's employees are distributed as follows (annual average):

ANNUAL AVERAGE	2016	2015
Business Unit DEKRA Automotive	15,772	14,747
Business Unit DEKRA Industrial	7,777	7,145
Business Unit DEKRA Personnel	13,388	11,112
DEKRA SE/Regional central units	688	630
	37,625	33,634

5.5 Other operating expenses

Other operating expenses of 536.0 million euros (prior year: 513.6 million euros) chiefly include rent and rent incidentals of 121.3 million euros (prior year: 116.5 million euros), travel expenses of 97.5 million euros (prior year: 95.9 million euros), administrative expenses of 76.9 million euros (prior year: 75.8 million euros), IT and telephone costs of 61.3 million euros (prior year: 53.3 million euros) and vehicle costs of 39.7 million euros (prior year: 38.7 million euros). Other operating expenses contain exchange differences of 1.3 million euros (prior year: 0.7 million euros).

5.6 Depreciation, amortization and impairment losses on property, plant and equipment and intangible assets

The composition of depreciation, amortization and impairment losses is presented in the statements of changes in intangible assets and property, plant and equipment.

5.7 Financial result

The financial result breaks down as follows:

IN THOUSAND EUR	2016	2015
Investment result from companies accounted for using the equity method	959	909
Other investment result	1,556	554
Expenses from investments and shares in affiliates	–1,071	–1,635
Result from securities	59	468
Result from loans	–1	7
Other financial result	543	–606
Interest income	5,391	7,607
Interest expenses	–30,188	–35,395
thereof other interest expenses	–17,781	–23,389
thereof net lending from German phased retirement scheme obligations	13	9
thereof net lending from pension provisions	–12,420	–12,015
Interest result	–24,797	–27,788
Financial result	–23,295	–27,485

The investment result from companies accounted for using the equity method of 959 thousand euros (prior year: 909 thousand euros) relates to the recognition of profit shares of FSD Fahrzeugsystemdaten GmbH, Dresden, Germany and Euro Transport Media Verlags- und Veranstaltungsgesellschaft mbH, Stuttgart, Germany.

Other financial result mainly comprises impairments and reversals of impairments of loans to non-consolidated subsidiaries.

Interest income primarily stems from time deposits of 2,928 thousand euros (prior year: 3,618 thousand euros) and from securities held for sale of 1,139 thousand euros (prior year: 766 thousand euros). Moreover, measurements in foreign currencies had an effect of 907 thousand euros (prior year: 832 thousand euros) on interest income. This includes income of 352 thousand euros (prior year: 2,310 thousand euros) from the reversal of liabilities resulting from put and call options in connection with entities acquired in prior years.

Other interest expenses of 17,781 thousand euros (prior year: 23,389 thousand euros) chiefly stem from short-term and long-term loans. This also included expenses from currency effects of 2,616 thousand euros in the fiscal year (prior year: 2,126 thousand euros). Moreover, this includes expenses from the increase in liabilities from put and call options in connection with subsidiaries acquired in prior years of 2,320 thousand euros (prior year: 5,479 thousand euros) as well as interest expenses from interest derivatives of 2,240 thousand euros (prior year: 2,815 thousand euros).

Net lending from pension provisions results from interest expenses arising from pension obligations of 19,329 thousand euros (prior year: 18,084 thousand euros) and the expected return on plan assets of 6,909 thousand euros (prior year: 6,069 thousand euros).

5.8 Income taxes

Income taxes include taxes paid or owed on income as well as deferred taxes.

Tax allocations to DEKRA e.V., Stuttgart, of 33.6 million euros (prior year: 28.6 million euros) are also recognized under income taxes. The tax allocation corresponds to the actual tax incurred up to the level of DEKRA SE as the parent in the tax group. The resulting receivables and liabilities are included under receivables and liabilities to affiliates.

IN THOUSAND EUR	2016	2015
Current taxes	56,123	49,671
Deferred taxes		
Temporary differences	–7,095	–3,804
Unused tax losses	812	–3,567
	49,840	42,300

Current taxes contain tax expenses of –496 thousand euros (prior year: 1,131 thousand euros) relating to other periods.

As of the reporting date, the DEKRA Group disclosed 22,228 thousand euros in total of unused tax losses (prior year: 25,637 thousand euros), which resulted in deferred tax assets of 7,024 thousand euros (prior year: 7,422 thousand euros). The Group considers it probable that future taxable profit will be available against which they can be utilized. The respective local tax rate was used in each case.

Deferred taxes from temporary measurement differences were determined using local tax rates, e.g., 30.5 % (prior year: 30.5 %) for Germany, 33.3 % (prior year: 33.3 %) for France and 25.0 % (prior year: 25.0 %) for the Netherlands.

No deferred taxes were recognized on retained earnings from subsidiaries, since the profits are to remain invested in the subsidiaries for the time being.

The deferred taxes as of December 31, 2016 break down as follows:

IN THOUSAND EUR	DEFERRED TAX ASSETS		DEFERRED TAX LIABILITIES	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
Non-current assets	22,700	21,761	36,250	45,606
Current assets	4,869	3,781	4,978	3,748
Non-current liabilities				
Pension provisions	126,099	108,631	16,376	12,490
Other non-current liabilities	2,260	1,786	8,201	4,994
Current liabilities	6,477	3,598	220	90
Deferred taxes on temporary measurement differences	**162,405**	**139,557**	**66,025**	**66,928**
Deferred taxes on unused tax losses	7,024	7,422	0	0
Total deferred taxes	**169,429**	**146,979**	**66,025**	**66,928**
Offsetting at tax group level	–25,836	–23,672	–25,836	–23,672
Disclosure	**143,593**	**123,307**	**40,189**	**43,256**

The following tax reconciliation clarifies the difference between the effective tax expense according to the statement of comprehensive income and the tax expense that would theoretically arise if the tax rate of DEKRA SE were to be applied to consolidated earnings before taxes. As in the prior year, the DEKRA Group's tax rate is 30.525 %.

IN THOUSAND EUR	2016	2015
Consolidated earnings before tax	157,727	134,853
Expected tax expense (30.525 %)	48,146	41,164
Losses for which no deferred taxes were recognized	3,836	558
Differences from foreign tax rates	–1,032	–716
Tax-free income	–2,767	–2,655
Non-deductible expenses	4,782	2,817
Tax items relating to other periods	–3,242	1,131
Other tax effects	117	1
Effective tax expense	**49,840**	**42,300**

Deferred income tax assets and current income tax assets

The Group has unused tax losses that can be carried forward indefinitely of 36,288 thousand euros (prior year: 22,728 thousand euros), for which no deferred taxes were recognized, since it is not yet sufficiently certain that they will be usable for tax purposes. The increase in these unused tax losses is largely due to first-time consolidations.

Deferred tax assets and liabilities were offset at tax group level provided the requirements for offsetting pursuant to IAS 12.74 were met.

Of the change in deferred taxes, an amount of 17,266 thousand euros (prior year: –9,364 thousand euros) was reported in other comprehensive income. There were also changes in the deferred taxes from first-time consolidations as well as from currency translation effects.

The current income tax receivables primarily pertain to claims for tax credits to promote competitiveness and employment in France.

Deferred income tax liabilities and current income tax liabilities

Besides those from effective tax obligations, tax liabilities arise mainly from deferred tax liabilities. The recognition and measurement differences determined from adjustments of the statements of financial position of the consolidated companies according to local GAAP to IFRS and consolidation entries recognized through profit or loss, which resulted in deferred tax assets or liabilities, are presented in the table above. Deferred taxes of 0.7 million euros (prior year: 6.3 million euros) were recognized in the first-time consolidations.

Current tax liabilities mainly relate to income tax liabilities of foreign entities. Of the liabilities from tax allocations to DEKRA e.V., Stuttgart, an amount of 33.6 million euros has been offset against receivables from affiliates.

5.9 Statement of comprehensive income

The consolidated net income for the year under IFRS stands at 107.9 million euros (prior year: 92.6 million euros). This serves as a basis for developing the income statement into the statement of comprehensive income. Items affecting other comprehensive income include the remeasurement of defined benefit plans of –60.2 million euros (prior year: 36.3 million euros). This effect and the related deferred taxes of 18.0 million euros (prior year: –8.5 million euros) will not be recycled through profit or loss in future. Other items affecting other comprehensive income are the remeasurement of hedging instruments of 2.0 million euros (prior year: 2.5 million euros) and available-for-sale securities of 0.3 million euros (prior year: 0.3 million euros). It is possible that these items will be recycled through profit and loss in future together with the associated deferred taxes of –0.7 million euros (prior year: –0.8 million euros).

Reclassification adjustments from other comprehensive income to profit or loss in the fiscal year are explained in note 10.

In addition, currency translation gains of 5.2 million euros (prior year: 1.4 million euros) were recognized in other comprehensive income. The effects of foreign currency translation are primarily due to translation of items from the Brazilian real, pound sterling and South African rand. These items could also be recycled through profit and loss in future if certain conditions are met.

6 STATEMENT OF FINANCIAL POSITION

Non-current assets

6.1 Intangible assets

In addition to goodwill, items include a customer list acquired for a consideration, franchises, industrial and similar rights and assets, and internally generated intangible assets (IT developments).

The additions to amortization are recognized under the item “Depreciation, amortization and impairment losses”. In the fiscal year, franchises and industrial rights and similar rights of 4,912 thousand euros were impaired as they were no longer expected to be used. Furthermore, customer lists of 5,009 thousand euros were impaired after the estimation of the remaining useful life changed.

Internally generated intangible assets of 3,811 thousand euros (prior year: 3,290 thousand euros) were recognized for software developments in the reporting period. Research and development costs incurred but not eligible for recognition in the fiscal year were immaterial.

No impairments/reversals of impairments were necessary for goodwill in the reporting year.

IN THOUSAND EUR	INTANGIBLE ASSETS					
	Goodwill	Franchises, industrial and similar rights	Other intangible assets	Internally generated intangible assets	Prepayments and intangible assets under development	Total
Cost as of 1.1.2015	**468,637**	**105,935**	**185,534**	**14,752**	**19,733**	**794,591**
Exchange difference on opening balance	372	86	–659	–209	5	–405
Exchange difference in current year	168	6	–177	–42	1	–44
Additions	1,596	3,042	2,759	3,290	16,945	27,632
Additions to the consolidated group	43,718	34	24,666	0	0	68,418
Disposals	–484	–2,774	–664	0	–16	–3,938
Reclassifications	0	1,462	557	4,483	–6,125	377
As of 31.12.2015/1.1.2016	**514,007**	**107,791**	**212,016**	**22,274**	**30,543**	**886,631**
Exchange difference on opening balance	3,111	30	291	89	3	3,524
Exchange difference in current year	1,040	–8	353	–79	–2	1,304
Additions	1,722	6,642	2,696	3,811	10,178	25,049
Additions to the consolidated group	15,133	2	2,009	0	–2	17,142
Disposals	–834	–1,004	–1,117	0	–3,289	–6,244
Reclassifications	–96	21,022	197	5,148	–26,463	–192
As of 31.12.2016	**534,083**	**134,475**	**216,445**	**31,243**	**10,968**	**927,214**
Amortization and impairment losses as of 1.1.2015	**0**	**–82,966**	**–80,114**	**–10,054**	**0**	**–173,134**
Exchange difference on opening balance	0	–60	568	206	0	714
Exchange difference in current year	0	0	231	15	0	246
Additions	0	–5,337	–23,534	–2,622	0	–31,493
Disposals	0	928	660	0	0	1,588
Reclassifications	0	29	11	–31	0	9
As of 31.12.2015/1.1.2016	**0**	**–87,406**	**–102,178**	**–12,486**	**0**	**–202,070**
Exchange difference on opening balance	0	–14	–549	–142	0	–705
Exchange difference in current year	–24	6	–484	83	0	–419
Additions	–492	–9,846	–25,099	–3,323	–2,945	–41,705
Disposals	0	899	1,103	726	2,945	5,673
Reclassifications	0	–71	–2	–4	0	–77
As of 31.12.2016	**–516**	**–96,432**	**–127,209**	**–15,146**	**0**	**–239,303**
Carrying amount as of 31.12.2016	**533,567**	**38,043**	**89,236**	**16,097**	**10,968**	**687,911**
Carrying amount as of 31.12.2015	**514,007**	**20,385**	**109,838**	**9,788**	**30,543**	**684,561**
Carrying amount as of 1.1.2015	**468,637**	**22,969**	**105,420**	**4,698**	**19,733**	**621,457**

6.2 Goodwill

Accumulated goodwill amortization up to and including 2007, prior to application of IFRS, was offset against cost.

Of the goodwill, 176.5 million euros (prior year: 160 million euros) relates to DEKRA Automotive, 316.4 million euros (prior year: 315 million euros) to DEKRA Industrial and 40.7 million euros (prior year: 39 million euros) to DEKRA Personnel.

Additions of 16.9 million euros to goodwill are attributable to business combinations and asset deals that took place in 2016 as well as the inclusion in the consolidated group of entities previously considered to be immaterial. Goodwill also increased by 4.2 million euros (prior year: 0.5 million euros) due to currency translation differences.

The recoverable amount of each cash-generating unit was determined using the value in use of the relevant unit. Cash flow forecasts are based on detailed plans by management, covering a three-year planning period. Management's plans reflect past experience and expectations of future market and corporate developments. Cash flows after the three-year period were extrapolated taking into account estimated growth rates of 0.5 % (prior year: 0.5 %). The estimated growth rates came from forecasts by the Company. For DEKRA Automotive and DEKRA Industrial, future cash flows were discounted using a risk-adjusted interest rate after tax of 6.6 % (prior year: 6.25 %) and for DEKRA Personnel of 7.9 % (prior year: 8.25 %).

A 10 % decrease in the expected cash flows as well as a 1 % increase in the discount rate underlying the value in use calculation for the cash-generating unit, either individually or in combination, would not result in any impairment losses.

For more information, please refer to the explanations in the descriptive section of the notes on impairment losses.

6.3 Property, plant and equipment

IN THOUSAND EUR	Land and buildings	Technical equipment and machines	Other equipment, furniture and fixtures	Prepayments and assets under construction	Total
Cost as of 1.1.2015	**169,025**	**149,516**	**189,171**	**6,262**	**513,974**
Exchange difference on opening balance	443	248	355	–103	943
Exchange difference in current year	–279	–312	84	–13	–520
Additions	7,224	15,644	28,922	8,091	59,881
Additions to the consolidated group	4,516	14,929	1,446	1,192	22,083
Disposals from the consolidated group	–122	–82	–35	0	–239
Disposals	–1,101	–5,674	–13,968	–400	–21,143
Reclassifications	1,602	776	2,238	–4,965	–349
As of 31.12.2015/1.1.2016	**181,308**	**175,045**	**208,213**	**10,064**	**574,630**
Exchange difference on opening balance	–181	497	–16	122	422
Exchange difference in current year	130	673	–73	158	888
Additions	7,915	21,867	25,243	8,484	63,509
Additions to the consolidated group	2,089	1,928	205	39	4,261
Disposals	–1,003	–4,946	–13,886	–923	–20,758
Reclassifications	–5,015	959	–4,109	–5,857	–14,022
As of 31.12.2016	**185,243**	**196,023**	**215,577**	**12,087**	**608,930**
Depreciation and impairment losses as of 1.1.2015	**–48,956**	**–94,724**	**–129,713**	**–99**	**–273,493**
Exchange difference on opening balance	–211	–212	–177	34	–566
Exchange difference in current year	88	207	–33	29	291
Additions	–8,271	–15,754	–19,471	0	–43,496
Disposals	196	3,836	12,385	–204	16,214
Disposals from the consolidated group	93	38	27	0	158
Reclassifications	–62	1,669	–1,642	0	–35
As of 31.12.2015/1.1.2016	**–57,123**	**–104,940**	**–138,624**	**–240**	**–300,927**
Exchange difference on opening balance	84	–338	–75	–70	–399
Exchange difference in current year	–58	–375	5	38	–390
Additions	–6,140	–18,544	–21,773	–8	–46,465
Disposals	521	3,996	10,686	291	15,494
Reversal of impairment	0	74	0	0	74
Reclassifications	924	3,849	9,504	11	14,288
As of 31.12.2016	**–61,792**	**–116,278**	**–140,277**	**22**	**–318,325**
Carrying amount as of 31.12.2016	**123,451**	**79,745**	**75,300**	**12,109**	**290,605**
Carrying amount as of 31.12.2015	**124,185**	**70,105**	**69,589**	**9,824**	**273,703**
Carrying amount as of 1.1.2015	**120,069**	**54,792**	**59,458**	**6,163**	**240,481**

6.4 Financial assets accounted for using the equity method

The separate financial statements of entities accounted for using the equity method provide the following financial information, which has not been adjusted to the share held by the Group:

IN THOUSAND EUR	31.12.2016	31.12.2015
Aggregated non-current assets	18,041	5,704
Aggregated current assets	30,680	39,802
Aggregated non-current liabilities	16,729	16,076
Aggregated current liabilities	5,004	4,893

IN THOUSAND EUR	2016	2015
Aggregated revenue	40,034	39,995
Aggregated net income for the year	2,945	2,224

As in the prior year, the majority of assets, liabilities, revenue and net income for the year is attributable to FSD Fahrzeugsystemdaten GmbH, Dresden.

6.5 Other non-current financial assets

IN THOUSAND EUR	31.12.2016	31.12.2015
Shares in affiliates measured at cost	8,922	12,275
Other investments	1,613	1,532
Loans to affiliates	8,897	13,952
Other loans	4,418	4,330
Available-for-sale securities	60,467	59,314
Sundry other non-current financial assets	4,614	12,273
	88,931	**103,676**

Other non-current financial assets contain impairment losses of 780 thousand euros (prior year: 833 thousand euros).

The decrease in shares in affiliates measured at cost is primarily due to the consolidation of companies that were not included in the consolidated financial statements in the prior year. This was counterbalanced by the acquisition/founding of additional companies. In the fiscal year, no impairment losses were recognized through profit or loss (prior year: 898 thousand euros).

The decrease in loans to affiliates is also due to the first-time consolidation of companies in 2016. The loans contain accumulated impairments of 1,730 thousand euros (prior year: 1,148 thousand euros), which burdened the financial result for the fiscal year by 757 thousand euros.

The increase in available-for-sale securities primarily results from marking them to market as of the reporting date, with an overall positive effect. Net reversals of impairments of 258 thousand euros (prior year: 712 thousand euros) were recognized in this item in 2016. This did not have a significant effect on the statement of comprehensive income.

The decrease in other non-current financial assets is largely due to the reclassification of financial assets due to changed maturities.

The maturities of the material sundry other non-current financial assets excluding the shares in affiliates measured at cost, other equity investments and available-for-sale securities break down as follows:

IN THOUSAND EUR	31.12.2016	Thereof not impaired	31.12.2015	Thereof not impaired
Not past due	16,992	16,992	30,220	30,220
Past due between 1 and 90 days	0	0	7	0
Past due between 91 and 180 days	123	0	0	0
Past due more than 180 days	814	52	328	56
	17,929	17,044	30,555	30,276

Most of the sundry other non-current financial assets that are not past due and not impaired are loans.

6.6 Other non-current assets

Other non-current assets break down as follows:

IN THOUSAND EUR	31.12.2016	31.12.2015
Reimbursement claims in accordance with IAS 19.104a	1,031	992
Other non-current assets	4,505	3,352
	5,536	4,344

Current assets

6.7 Inventories

IN THOUSAND EUR	31.12.2016	31.12.2015
Materials and supplies	1,488	297
Work in progress	3,141	2,468
Merchandise	3,892	4,058
Prepayments for inventories	0	217
	8,521	7,040

6.8 Trade receivables

Foreign currency receivables are initially translated at the exchange rate on the transaction date in accordance with IAS 21.21; they are measured at the closing rate in accordance with IAS 21.23. The difference is recognized through profit or loss.

IN THOUSAND EUR	31.12.2016	31.12.2015
Trade receivables, gross	440,290	420,810
Receivables from percentage of completion	39,514	32,777
Portfolio-based specific valuation allowances on trade receivables	–19,864	–18,657
	459,940	434,930

The maturities break down as follows:

IN THOUSAND EUR	31.12.2016	Thereof not impaired	31.12.2015	Thereof not impaired
Not past due	344,621	344,621	319,143	319,143
Past due between 1 and 90 days	84,883	64,883	83,934	77,997
Past due between 91 and 180 days	16,901	10,806	16,341	11,607
Past due more than 180 days	33,399	12,347	34,169	13,544
	479,804	432,657	453,587	422,291

The increase in receivables that are not impaired is mainly due to the rise in revenue.

Bad debt allowances on trade receivables developed as follows:

IN THOUSAND EUR	31.12.2016	31.12.2015
Bad debt allowances as of January 1	**18,657**	**16,261**
Additions	6,443	5,893
Utilization	–3,103	–923
Reversal	–2,133	–5,313
Additions to the consolidated group	0	2,739
Bad debt allowances as of December 31	**19,864**	**18,657**

Expenses incurred for the allocation to specific bad debt allowances are included under other operating expenses.

6.9 Other current financial assets

IN THOUSAND EUR	31.12.2016	31.12.2015
Available-for-sale securities	2,362	1,194
Receivables from affiliates and other investees and investors	128,753	141,290
Sundry other financial assets	73,462	54,670
	204,577	197,154

In the current fiscal year, impairment losses of 3,025 thousand euros (prior year: 534 thousand euros) were recognized through profit and loss within other current financial assets; they primarily relate to loans to non-consolidated subsidiaries as well as reimbursement claims from loss adjustments. Due to the consolidation of entities that were not included in the consolidated financial statements in prior years, the sum of impairment losses contained in this line item decreased to 3,531 thousand euros (prior year: 6,594 thousand euros).

Receivables from affiliates and other investees and investors contain liabilities from income tax and VAT, profit transfers from DEKRA SE and other cost allocations to the owner totalling 91,219 thousand euros, which are offset against receivables from the cash pool and other cost allocations of 173,954 thousand euros. The decrease in this item is primarily attributable to the higher liabilities from profit transfers and income tax allocations compared to the prior year.

Sundry other financial assets primarily contain reimbursement claims from adjustment claims and time deposits with a term of more than three months. The increase is largely due to the investment of new funds as well as reclassifications due to changed maturities.

The maturities of receivables from affiliates, investees and investors and other current financial assets break down as follows:

IN THOUSAND EUR	31.12.2016	Thereof not impaired	31.12.2015	Thereof not impaired
Not past due	189,940	189,940	181,776	181,776
Past due between 1 and 90 days	6,083	3,333	5,041	2,555
Past due between 91 and 180 days	3,684	1,685	2,231	1,049
Past due more than 180 days	2,508	904	6,912	509
	202,215	195,862	195,960	185,889

6.10 Other current assets

This item principally contains prepaid expenses and other current tax receivables.

6.11 Cash and cash equivalents

The movement in cash and cash equivalents as defined by IAS 7 is presented in the statement of cash flows.

Cash and cash equivalents break down as follows:

IN THOUSAND EUR	31.12.2016	31.12.2015
Cash at banks	133,303	88,012
Cash on hand	1,106	1,076
Cash equivalents less than 3 months	1,357	469
	135,766	89,557

Cash at banks includes short-term deposits with terms of up to three months.

At present, no cash and cash equivalents are past due that are not impaired.

6.12 Equity

For information on the movement equity, please see the statement of changes in equity.

The capital stock of DEKRA SE remains unchanged at 25,565 thousand euros. It is divided into 10,000,000 no-par value bearer shares.

The capital reserves of 520,529 thousand euros (prior year: 505,529 thousand euros) mainly include contributions from DEKRA e.V., Stuttgart. A contribution of 15,000 thousand euros was made to the capital reserves in the fiscal year.

Revenue reserves contain the group profit for the period and the profits of consolidated companies generated in prior years to the extent these are not distributed or transferred. There is a profit and loss transfer agreement in place between DEKRA SE and the parent. The profit transfer is reported in other comprehensive income as a transaction with the equity investor. The difference between the profit transfer in accordance with German commercial law and the IFRS result is recorded in the revenue reserves. Changes in actuarial gains and losses from defined benefit plans, the gains or losses from the fair value measurement of hedging instruments and available-for-sale securities not recognized through profit or loss, deferred taxes not recognized through profit or loss, and the translation reserve are contained in accumulated other comprehensive income.

As of the reporting date, issued shares had all been fully paid in.

6.13 Non-controlling interests

For the movement in non-controlling interests, please refer to the statement of changes in equity.

There are non-controlling interests in those entities that are shown in the list of shareholdings (note 14) with a share in capital of less than 100 %, unless options on the non-controlling interests were arranged in the course of the business combination. A purchase price liability is recognized for these interests in accordance with IAS 32 and non-controlling interests are therefore not presented.

Pursuant to the revised IAS 27, the profit or loss for the year attributable to non-controlling interests must be allocated to non-controlling interests even if the losses exceed the share of non-controlling interests in capital. Negative non-controlling interests are not reported for those non-controlling interests to which IFRS 3 (old version) applies.

The information below presents the required pro rata financial information of the significant entities with non-controlling interests (DEKRA iST Reliability Services Inc., Hsinchu, Taiwan, DEKRA iST Reliability Services Limited, Kunshan, China, and DEKRA Testing Services (Zhejiang) Ltd., Zhejiang, China).

IN THOUSAND EUR	31.12.2016	31.12.2015
Aggregated non-current assets	6,811	8,590
Aggregated current assets	7,591	7,398
Aggregated non-current liabilities	279	475
Aggregated current liabilities	2,991	2,637

IN THOUSAND EUR	2016	2015
Aggregated revenue	7,765	9,856
Aggregated profit for the year	782	1,055

Of these amounts, non-current assets of 5,602 thousand euros, current assets of 2,719 thousand euros, non-current liabilities of 279 thousand euros, current liabilities of 1,644 thousand euros, revenue of 3,686 thousand euros and net income for the year of 253 thousand euros are attributable to DEKRA iST Reliability Services Inc., Hsinchu, Taiwan.

The decrease in non-controlling interests is largely due to the purchase of non-controlling interests in the shareholders DEKRA Expertise S.A.S., Cormelles le Royal, France and SLOVDEKRA s.r.o., Bratislava, Slovak Republic.

6.14 Pensions and other post-employment benefits

IN THOUSAND EUR	31.12.2016	31.12.2015
Pension provisions in Germany	616,171	565,002
Pension provisions in other countries	12,898	11,884
	629,069	576,886

The Group has both defined benefit and defined contribution plans for commitments for retirement, invalidity and surviving dependants' pensions based on works agreements and individual contractual agreements.

These pension plans grant pension benefits, the level of which depends on the length of service and eligible income. The age limit is the respective legal retirement age for the statutory pension insurance. The pension is paid in part directly by the companies that make the pension commitments and in part by a legally independent welfare fund (DEKRA Unterstützungskasse e.V., Stuttgart).

The obligations relating to the consolidated member companies are included in full in these consolidated financial statements. The benefits are partly financed internally by systematic accumulation of provisions and partly by contribution payments to employer's pension liability insurance. The direct and indirect commitments are defined benefit obligations for which assets (among other things through the conclusion of employer's pension liability insurance policies) have been set aside within DEKRA Unterstützungskasse e.V. The company pension scheme was reorganized effective January 1, 2012. Claims vested prior to this date were not affected. Within the scope of the reorganization, direct commitments were made as defined contribution plans in accordance with the rules of separately concluded works agreements. The pension plan is described as a defined contribution plan, as the amount of the benefit is derived from and determined by previously defined pension contributions. In addition to the pension contribution paid by the employer, employees can increase this amount by converting salary components (deferred compensation). The employer's pension liability insurance and assets of DEKRA Unterstützungskasse e.V. are treated as plan assets in accordance with IAS 19.113. DEKRA Unterstützungskasse e.V. has an advisory board which is regularly informed about the situation of the assets in the fund.

The pension provisions in other countries mainly relate to pension plans and one-off termination benefits when employees commence retirement.

The defined benefit obligations are generally calculated annually by independent actuaries using the projected unit credit method. The 2005 G mortality tables of Prof. Dr. Klaus Heubeck are used for the German pension obligations and recognized mortality tables are used for the foreign obligations.

At some foreign entities, there are multi-employer plans for defined benefit plans, for which insufficient information is available.

Apart from the general interest, inflation, longevity and jurisdiction risks, there are no particular company-specific risks for the existing plans. The longevity risk is taken into consideration by using mortality tables when calculating the obligation. In particular, the mortality tables take into account the expected continued increase in life expectancy by means of appropriate assumptions. When calculating the obligation, the inflation risk is adequately taken into account at 1.75 % p.a. using a long-term approach and according to information currently available. It also has an effect on the review of current pensions. No employment-law related risks due to Supreme Court rulings that could affect the plans are currently known.

Defined benefit plans

Details of the carrying amount posted to the statement of financial position for provisions for pensions and similar obligations are as follows:

IN THOUSAND EUR	Benefit obligation	Plan assets (–)	Total
As of 1.1.2015	**908,696**	**–289,840**	**618,856**
Current service cost	21,429	115	21,544
Past service cost/plan curtailment	1,729	0	1,729
Net interest cost (standard interest)	18,084	–6,069	12,015
Net pension cost	41,242	–5,954	35,288
Actual return on plan assets less net interest cost	0	795	795
Actuarial gain/loss from changes in demographic assumptions	–146	0	–146
Actuarial gain/loss from changes in financial assumptions	–37,098	0	–37,098
Change from asset ceiling unless contained in net interest expense	134	0	134
Remeasurement of defined benefit pension plans	–37,110	795	–36,315
Benefits paid	–25,666	13,720	–11,946
Plan settlements	–224	0	–224
Employer contributions	–255	–28,052	–28,307
Employee contributions	4,042	–4,042	0
Total payments	–22,103	–18,374	–40,477
Changes in the consolidated group	–431	–35	–466
As of 31.12.2015	**890,294**	**–313,408**	**576,886**

thereof funded	849,632
thereof unfunded	40,662

IN THOUSAND EUR	Benefit obligation	Plan assets (–)	Total
As of 1.1.2016	**890,294**	**–313,408**	**576,886**
Current service cost	19,666	–361	19,305
Past service cost/plan curtailment	707	0	707
Net interest cost (standard interest)	19,329	–6,909	12,420
Net pension cost	39,702	–7,270	32,432
Actual return on plan assets less net interest cost	0	–2,114	–2,114
Actuarial gain/loss from changes in demographic assumptions	102	0	102
Actuarial gain/loss from changes in financial assumptions	61,618	0	61,618
Change from asset ceiling unless contained in net interest expense	628	0	628
Remeasurement of defined benefit pension plans	62,348	–2,114	60,234
Benefits paid	–26,354	13,951	–12,403
Plan settlements	0	0	0
Employer contributions	1	–27,999	–27,998
Employee contributions	4,348	–4,348	0
Total payments	–22,005	–18,396	–40,401
Changes in the consolidated group	–118	36	–82
As of 31.12.2016	**970,221**	**–341,152**	**629,069**

thereof funded	924,141
thereof unfunded	46,080

Plan settlements are attributable to the settlement of obligations due to the termination of employment relationships.

The weighted average term of the vast majority of benefit obligations is 15.73 years (prior year: 15.57 years).

The expected future pension payments for the coming five fiscal years are as follows:

IN THOUSAND EUR	2017	2018	2019	2020	2021
Expected pension benefit payments	28,783	30,532	32,119	33,894	35,332

The benefit obligation in proportion to plan assets reflects the funded status of the benefit plan in question, with any excess of the benefit obligation over plan assets constituting a plan deficit. Both the benefit obligation and plan assets can vary over time, leading to an increase/decrease in the plan deficit. Reasons for such fluctuation can include changes in market interest rates and thus in the discount rate, or adjustments to actuarial assumptions.

The DEKRA Group's plan assets mostly comprise employer's pension liability insurance policies and are subject to only limited fluctuation on account of the existing minimum returns. The recognized plan deficit is covered by cash flows from operating activities as well as securities designated for this purpose that do not qualify as plan assets.

It is the long-term goal of the DEKRA Group to gradually increase plan assets.

Key parameters

When calculating the benefit obligation according to the projected unit credit method, the following key parameters apply for the DEKRA Group:

IN %	GERMANY		OTHER COUNTRIES	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
Interest rate	1.75	2.25	1.65	2.10
Increase in salaries	2.00	2.00	1.85	1.66
Increase in pensions	1.75	1.75	1.50	1.50

The figures given are averages weighted with the present value of the benefit obligation in question. The obligations in other countries, which are determined taking into account country-specific measurement bases and parameters, are immaterial.

German pension commitments are partly financed through DEKRA Unterstützungskasse e.V., Stuttgart, which was included in the consolidated financial statements through the consolidated member companies. The assets of DEKRA Unterstützungskasse e.V., Stuttgart, met the criteria necessary to qualify as plan assets in accordance with IAS 19.

For individual entities, pension commitments are financed through payments to an insurance company. The resulting plan assets include qualifying insurance policies only.

Sensitivity analysis

The table below shows the effects on the benefit obligation of any change in the parameters. The analysis relates to parameters where a change was considered possible as of the reporting date. Any correlation between the parameters was not taken into account in the calculation.

	Changes in assumptions	Increase in assumption	Decrease in assumption
Interest rate	0.5%	6.5% decrease	7.4% increase
Increase in salaries	0.5%	0.1% increase	0.1% decrease
Increase in pensions	0.5%	6.1% increase	4.7% decrease
Employee turnover	0.5%	0.1% decrease	0.1% increase
Age	One year	4.5% increase	4.2% decrease

Plan assets

The fair value of plan assets breaks down as follows by asset class:

IN THOUSAND EUR	31.12.2016	thereof market price quoted on an active market	31.12.2015	thereof market price quoted on an active market
Employer's pension liability insurance policies	274,234	0	250,137	0
Securities	54,687	0	53,514	0
Other	12,231	0	9,757	0
	341,152	**0**	**313,408**	**0**

The employer contributions to plan assets are expected to amount to 27.8 million euros in the next fiscal year (prior year: 27.2 million euros).

Defined contribution plans

Part of the pension costs relating to the majority of employees, especially in Germany, is the statutory pension. For several German and foreign entities, there are voluntary defined contribution plans for post-employment benefits. Expenses related to defined contribution plans, including pension insurance contributions, amounted to 90.6 million euros in the fiscal year (prior year: 84.7 million euros). The future amount of these expenses essentially depends on the development of the underlying pension insurance systems.

6.15 Non-current and current provisions

IN THOUSAND EUR

	As of 1.1.2016	Allocation	Additions to the consolidated group	Utilization	Reversal	Reclassifications	As of 31.12.2016
Non-current provisions							
Other personnel provisions	5,425	1,529	18	–1,622	–399	243	**5,194**
Phased retirement	188	182	0	–436	0	243	**177**
thereof from phased retirement obligation	1,629	338	0	–479	0	0	**1,488**
thereof from phased retirement plan assets	–1,441	–156	0	43	0	243	**–1,311**
Long-service award	3,485	942	18	–1,167	0	0	**3,278**
Sundry other personnel provisions	1,752	405	0	–19	–399	0	**1,739**
Other non-personnel provisions	10,658	4,183	0	–561	–753	0	**13,527**
	16,083	**5,712**	**18**	**–2,183**	**–1,152**	**243**	**18,721**
Current provisions							
Other personnel provisions	3,739	2,018	93	–475	–904	0	**4,471**
Restructuring provision	21	1,087	0	0	0	0	**1,108**
Other non-personnel provisions	12,398	5,875	0	–2,053	–796	0	**15,424**
Other restructuring	0	364	0	0	0	0	**364**
Potential losses	1,010	727	0	–267	–21	0	**1,449**
Sundry other non-personnel provisions	11,388	4,784	0	–1,786	–775	0	**13,611**
	16,158	**8,980**	**93**	**–2,528**	**–1,700**	**0**	**21,003**

IN THOUSAND EUR

	As of 1.1.2015	Allocation	Additions to the consolidated group	Utilization	Reversal	Reclassifications	As of 31.12.2015
Non-current provisions							
Other personnel provisions	6,452	8,314	0	–6,761	–656	–1,924	**5,425**
Phased retirement	1,486	6,306	0	–5,680	0	–1,924	**188**
thereof from phased retirement obligation	5,957	1,629	0	–5,957	0	0	**1,629**
thereof from phased retirement plan assets	–4,471	4,677	0	277	0	–1,924	**–1,441**
Long-service award	3,489	891	0	–891	–4	0	**3,485**
Sundry other personnel provisions	1,477	1,117	0	–190	–652	0	**1,752**
Other non-personnel provisions	9,588	2,430	0	–1,334	0	–26	**10,658**
	16,040	**10,744**	**0**	**–8,095**	**–656**	**–1,950**	**16,083**
Current provisions							
Other personnel provisions	3,052	2,700	0	–1,434	–579	0	**3,739**
Restructuring provision	0	21	0	0	0	0	**21**
Other non-personnel provisions	5,922	7,866	818	–1,697	–535	24	**12,398**
Other restructuring	0	0	0	0	0	0	**0**
Potential losses	2,183	277	0	–1,420	–30	0	**1,010**
Sundry other non-personnel provisions	3,739	7,589	818	–277	–505	24	**11,388**
	8,974	**10,587**	**818**	**–3,131**	**–1,114**	**24**	**16,158**

In France, there are non-current obligations in relation to warranties of 10,998 thousand euros (prior year: 8,996 thousand euros), the risks of which exceed the insurance cover. There are also long-term obligations based on country-specific dues. Non-current provisions include effects of unwinding the discount of 256 thousand euros (prior year: 368 thousand euros).

Other current provisions primarily include legal, consulting and litigation risks as well as costs in connection with accreditations.

The provisions cover all identifiable obligations to third parties in accordance with IAS 37. They are recognized in the amount that will probably be required.

6.16 Non-current and current financial liabilities

Non-current financial liabilities

IN THOUSAND EUR	31.12.2016	31.12.2015
Liabilities to banks	266,782	169,143
Trade payables	130	148
Derivative financial instruments	1,062	1,253
Lease liabilities	2,124	1,884
Other financial liabilities	82	3
Liabilities from business combinations	453	21,675
	270,633	194,106

Current financial liabilities

IN THOUSAND EUR	31.12.2016	31.12.2015
Liabilities to banks	12,741	133,849
Profit participation rights	15,197	15,919
Financial liabilities to affiliates	21,036	20,615
Financial liabilities to associates	926	968
Financial liabilities to investees and investors	27	0
Derivative financial instruments	5	2,244
Lease liabilities	700	585
Liabilities from business combinations	22,211	1,774
Liabilities to employees	24,341	22,875
Other financial liabilities	18,554	16,580
	115,738	215,409

The overall decrease in non-current and current liabilities to banks of 23,469 thousand euros is essentially due to the repayment of mature promissory notes in the fourth quarter of the fiscal year of 120,000 thousand euros. This was offset by issuance of promissory notes with a nominal value of 100,000 thousand euros in this period. The notes were issued in one tranche with terms of five, seven, and ten years as well as variable and fixed interest rates.

The shift from non-current to current liabilities from business combinations is also essentially attributable to changes in the remaining terms. In the fiscal year, call options on subsidiaries acquired in the prior year were exercised and fixed purchase price liabilities were settled. On the other hand, there was an increase in the liabilities as a result of remeasurements of put options.

The overall decrease in non-current and current derivatives of 2,430 thousand euros is largely due to the maturity of derivative financial instruments with a nominal volume of 185,500 thousand euros. This was countered by the purchase of derivative financial instruments with a face value of 14,000 thousand euros. We also refer to the comments on financial management (note 10).

Liabilities to affiliates include liabilities from the cash pool, income tax and VAT as well as other cost allocations, some of which were netted with receivables from affiliates.

DEKRA SE granted its managers and employees the option of subscribing to profit participation rights of up to 10,737 thousand euros (4.2 million profit participation rights at 2.55645 euros each). Of this total, 2,893,170 (prior year: 3,053,136) profit participation rights were subscribed. The subscribed participation capital ensures participation in the adjusted consolidated earnings of DEKRA SE with a minimum return of 4 % p.a. and a maximum return of 30 % p.a. Subscribed profit participation rights can be terminated unilaterally by the recipient at short notice at any time.

6.17 Trade payables

Trade payables rose by 2,036 thousand euros compared with the prior year to 89,540 thousand euros.

6.18 Other non-current and current liabilities

Other non-current non-financial liabilities primarily include liabilities to the pension guarantee association and security deposits received.

Other current liabilities break down as follows:

IN THOUSAND EUR	31.12.2016	31.12.2015
Personnel-related liabilities	188,400	172,672
Deferred revenue	16,818	16,085
Other liabilities for taxes	49,347	47,371
Prepayments received	39,765	27,891
Social security	32,135	34,877
Sundry other	24,722	16,820
	351,187	315,716

Personnel-related liabilities chiefly relate to outstanding variable salary components and accrued vacation.

Liabilities for taxes principally relate to VAT and wage tax.

The carrying amount of the liabilities is their fair value.

7 STATEMENT OF CASH FLOWS

The statement of cash flows shows how the cash and cash equivalents changed during the course of the fiscal year as a result of cash inflows and outflows. In accordance with IAS 7, a distinction is made between cash flows from operating, investing and financing activities. Cash flows from operating activities are determined indirectly while cash flows from investing and financing activities are determined directly.

The composition of cash and cash equivalents matches the net cash and cash equivalents disclosed in the statement of financial position as of the reporting date. Cash and cash equivalents are not subject to any restrictions.

The cash flow from investing activities includes the following payments from the acquisition and disposal of fully consolidated subsidiaries:

IN THOUSAND EUR	31.12.2016	31.12.2015
Total purchase/sale price	–11,451	–103,025
thereof settled in cash	–10,620	–102,463
thereof not yet settled/received	–831	–562
Amount of cash and cash equivalents acquired/disposed of	286	9,239
Amount of assets and liabilities acquired/disposed of		
Non-current assets	8,796	94,467
Current assets	2,015	32,220
Non-current liabilities	1,231	15,151
Current liabilities	1,683	11,645

The cash flow from investing activities takes account of purchase price liabilities for the acquisition of fully consolidated subsidiaries from prior years amounting to 4,213 thousand euros. Payments were 311 thousand euros lower than the liabilities recognized in prior years.

In addition, the cash flow from investing activities comprises purchase price payments of 2,372 thousand euros (prior year: 5,025 thousand euros) for further subsidiaries and other units. There are no liabilities from these acquisitions as a result of variable purchase price components.

The carrying amount of the receivables acquired corresponds to their fair value.

8 OTHER DISCLOSURES IN THE NOTES

8.1 Other financial obligations

The following rental and lease obligations from operating leases relate primarily to obligations from property and vehicle leases.

Operating Lease

IN THOUSAND EUR	31.12.2016	31.12.2015
Rental and lease obligations in the current year	126,137	121,519
Residual term of less than 1 year	109,417	105,915
Residual term of 1 to 5 years	182,566	195,376
Residual term of more than 5 years	63,498	70,038
Total obligations for future years	**355,481**	**371,329**

The rental and lease obligations of the current year contain contingent lease payments of 917 thousand euros (prior year: 258 thousand euros). Property leases generally have residual terms of up to ten to 15 years. Subleases result in lease income of 1,586 thousand euros (prior year: 1,535 thousand euros).

Finance Lease

IN THOUSAND EUR	31.12.2016	Liability from lease obligations
Rental and lease obligations in the current year	684	–
thereof interest portion	86	–
Residual term of less than 1 year	758	700
Residual term of 1 to 5 years	2,263	2,124
Residual term of more than 5 years	0	0
Total obligations for future years	**3,021**	**2,824**

Finance Lease

IN THOUSAND EUR	31.12.2015	Liability from lease obligation
Rental and lease obligations in the current year	551	–
thereof interest portion	139	–
Residual term of less than 1 year	708	585
Residual term of 1 to 5 years	1,518	1,419
Residual term of more than 5 years	497	465
Total obligations for future years	**2,723**	**2,469**

The difference between the total obligations for future years and the lease liabilities recognized is the present value difference. The assets recognized on the basis of the existing finance leases amount to 3,360 thousand euros (prior year: 8,325 thousand euros). Of this total, an amount of 1,821 thousand euros is attributable to land and buildings and 1,539 thousand euros to other plant and equipment. The leases contain purchase options. No restrictions were imposed under the terms of these leases.

In 2016, the Group reported other financial obligations including purchase commitments of 19,576 thousand euros (prior year: 22,278 thousand euros). These are mainly attributable to long-term framework agreements concluded.

8.2 Contingent liabilities, other contingencies and collateral provided

Contingent liabilities of 5,571 thousand euros (prior year: 6,954 thousand euros) mainly include bank guarantees and contingencies from guarantees. In addition, collateral and warranties of 1,003 thousand euros (prior year: 963 thousand euros) have been issued. The risk of utilization is currently deemed to be low.

The DEKRA Group is not involved in any court proceedings that could significantly affect its economic or financial situation.

8.3 Government grants

Government grants of 2,072 thousand euros (prior year: 2,385 thousand euros) were received in the past fiscal year. Most of these relate to personnel-related grants.

9 CAPITAL MANAGEMENT

DEKRA pursues the goal of sustainably increasing equity. The aim is to maintain an appropriate debt-to-equity ratio while improving the EBIT margin. Equity was strengthened in the fiscal year by a contribution to the capital reserves of 15 million euros as well as an increase in the revenue reserves of 64.9 million euros. The adjustment of the discount rate for pension obligations had a negative effect of 42.3 million euros on equity. The DEKRA Group's equity ratio stood at 26.0 % (prior year: 25.5 %) as of the end of the reporting period.

10 FINANCIAL MANAGEMENT

The Group's financial management includes cash and liquidity management as well as the management of market price risks (interest, currency) and credit default risks.

Cash management determines the required or surplus cash for all DEKRA entities. Timely account management ensures that the necessary funds for payments are available where they are needed, with the aim of keeping external investing and lending to a minimum.

Liquidity management ensures all payment obligations of the entities in the DEKRA Group are always met. To this end, liquidity planning determines cash flows from operating activities, secures foreseeable liquidity requirements at an early stage and invests surplus liquidity on the money market.

Market price risk management is responsible for limiting the impact of interest rate and currency fluctuations on the Group's earnings. For this purpose, the market price risks are determined and used as a basis for hedging decisions. Such decisions include the selection of hedging instruments, the volume to be hedged and the period to be covered. DEKRA used derivative financial instruments in the fiscal year to hedge variable-rate finance arrangements.

The risk volume involved in the management of default risk includes securities investments and the investment of cash and cash equivalents in financial institutions as part of liquidity management, as well as the credit risk relating to end customers due to the granting and systematic monitoring of payment terms from trade.

Short-term investments of cash and cash equivalents are only made with top-rated financial institutions and on the basis of current ratings of rating agencies, and also take into account current CDS spreads. We use commercial credit agencies to assess the creditworthiness of our customers and in cases of doubt, upfront payment or bank guarantees are required.

Financial instruments

IAS 39 requires financial assets and liabilities to be classified under one of the following categories:

a) Financial assets at fair value through profit or loss
b) Loans issued and receivables measured at amortized cost
c) Held-to-maturity investments
d) Available-for-sale assets at fair value not through profit or loss
e) Financial liabilities at fair value through profit or loss
f) Financial liabilities at amortized cost

All financial assets of the DEKRA Group to be classified belong to the categories "Loans issued and receivables at amortized cost" or "Available-for-sale assets at fair value not through profit or loss". All financial liabilities belong to the categories "Financial liabilities at fair value through profit or loss" or "Financial liabilities at amortized cost".

The following table shows the net gains/losses for each category:

IN THOUSAND EUR	31.12.2016	31.12.2015
Loans issued and receivables measured at amortised cost	–4,597	1,123
Assets at fair value not through profit or loss	1,200	1,232
Financial liabilities at fair value through profit or loss	–2,456	–2,547
Liabilities measured at amortised cost	–7,790	–9,910
	–13,643	–10,102

Net gains and losses mainly comprise interest expenses, interest income, dividends, increases and impairments in value and impairment losses as well as gains or losses on disposal. The increase in net losses for loans and receivables measured at amortized cost is primarily due to the increase in expenses as a result of the addition to bad debt allowances and the lower level of interest income for receivables compared to the prior year.

The expense from financial liabilities at fair value through profit or loss stems from the increase in liabilities from put options and earn-outs.

Before tax effects, the available-for-sale reserve increased on account of gains and losses arising from changes in fair value amounting to 0.3 million euros (prior year: 0.3 million euros) which were reported in other comprehensive income. In the prior year, this included a decrease of 0.5 million euros in the available-for-sale reserve from the recycling of the item to profit and loss due to the sale of securities. No securities were sold in the fiscal year 2016.

The measurement of the derivative financial instruments not through profit or loss increases the reserve for hedging instruments by 2.0 million euros to –1.1 million euros (prior year: –3.1 million euros). Deferred taxes of 0.4 million euros (prior year: 1.0 million euros) had the opposite effect. In the past fiscal year, an amount of 1.2 million euros was reclassified from equity to interest expenses. The resulting deferred tax effect of 86 thousand euros was recognized as tax income.

The following tables show a breakdown of line items into categories and classes and the allocation of items measured at fair value in the statement of financial position to the fair value hierarchy:

IN THOUSAND EUR	Carrying amount 31.12.2016	Loans and receivables at amortised cost	Available-for-sale assets at fair value not through profit or loss	Fair value	thereof fair value level 1	thereof fair value level 2	thereof fair value level 3
Assets							
Non-current assets							
Shares in affiliates and investees	10,535	0	10,535[1]	n/a	n/a	n/a	n/a
Securities	60,467	566	59,901	59,901	9,124	50,777	0
Loans	13,315	13,315	0	n/a	n/a	n/a	n/a
Other financial assets	4,614	4,614	0	n/a	n/a	n/a	n/a
	88,931	**18,495**	**70,436**	**59,901**	**9,124**	**50,777**	**0**
Current assets							
Trade receivables including percentage of completion	459,940	459,940	0	n/a	n/a	n/a	n/a
Cash and cash equivalents	135,766	135,766	0	n/a	n/a	n/a	n/a
Securities	2,362	202	2,160	2,160	2,160	n/a	n/a
Receivables from affiliates and investees	128,753	128,753	0	n/a	n/a	n/a	n/a
Other financial assets	73,462	73,462	0	n/a	n/a	n/a	n/a
	800,283	**798,123**	**2,160**	**2,160**	**2,160**	**0**	**0**
	889,214	**816,618**	**72,596**	**62,061**	**11,284**	**50,777**	**0**

[1] This contains available-for-sale assets measured at cost of 10,535 thousand euros for which it is not possible to reliably determine a fair value. No sale is expected. In the absence of a specific term, the non-current assets were allocated to the available-for-sale category. The fair values would factor in future effects.

IN THOUSAND EUR	Carrying amount 31.12.2016	Financial assets/ liabilities at fair value not through profit or loss	Financial assets/ liabilities at fair value through profit or loss	Liabilities measured at amortized cost	Fair value	thereof fair value level 1	thereof fair value level 2	thereof fair value level 3
Equity and liabilities								
Non-current liabilities								
Derivative financial instruments designated as hedging instruments	1,062	1,062	0	0	1,062	n/a	1,062	n/a
Liabilities from business combinations	453	0	453	0	453	n/a	n/a	453
Financial liabilities	266,782	0	0	266,782	n/a	n/a	n/a	n/a
Finance lease liabilities	2,124	0	0	2,124[2]	n/a	n/a	n/a	n/a
Other non-current liabilities	212	0	0	212	n/a	n/a	n/a	n/a
	270,633	**1,062**	**453**	**269,118**	**1,515**	**0**	**1,062**	**453**
Current liabilities								
Trade payables	89,540	0	0	89,540	n/a	n/a	n/a	n/a
Profit participation rights	15,197	0	0	15,197	n/a	n/a	n/a	n/a
Derivative financial instruments designated as hedging instruments	0	0	0	0	0	n/a	0	n/a
Derivative financial instruments not designated as hedging instruments	5	0	5	0	5	n/a	5	n/a
Liabilities from business combinations	22,211	0	22,211	0	22,211	n/a	n/a	22,211
Financial liabilities	12,741	0	0	12,741	n/a	n/a	n/a	n/a
Liabilities to affiliates	21,036	0	0	21,036	n/a	n/a	n/a	n/a
Liabilities to associates	926	0	0	926	n/a	n/a	n/a	n/a
Liabilities to other investees and investors	27	0	0	27	n/a	n/a	n/a	n/a
Other current liabilities	42,895	0	0	42,895	n/a	n/a	n/a	n/a
Finance lease liabilities	700	0	0	700[2]	n/a	n/a	n/a	n/a
	205,278	**0**	**22,216**	**183,062**	**22,216**	**0**	**5**	**22,211**
	475,911	**1,062**	**22,669**	**452,180**	**23,731**	**0**	**1,067**	**22,664**

[2] Measured in accordance with IAS 17.

IN THOUSAND EUR	Carrying amount 31.12.2015	Loans and receivables at amortised cost	Available-for-sale assets at fair value not through profit or loss	Fair value	thereof fair value level 1	thereof fair value level 2	thereof fair value level 3
Assets							
Non-current assets							
Shares in affiliates and investees	13,807	0	13,807[1]	n/a	n/a	n/a	n/a
Securities	59,314	0	59,314	59,314	7,547	51,767	n/a
Loans	18,282	18,282	0	n/a	n/a	n/a	n/a
Other financial assets	12,273	12,273	0	n/a	n/a	n/a	n/a
	103,676	**30,555**	**73,121**	**59,314**	**7,547**	**51,767**	**0**
Current assets							
Trade receivables including percentage of completion	434,930	434,930	0	n/a	n/a	n/a	n/a
Cash and cash equivalents	89,557	89,557	0	n/a	n/a	n/a	n/a
Securities	1,194	0	1,194	1,194	1,194	n/a	n/a
Receivables from affiliates and investees	141,290	141,290	0	n/a	n/a	n/a	n/a
Other financial assets	54,670	54,670	0	n/a	n/a	n/a	n/a
	721,641	**720,447**	**1,194**	**1,194**	**1,194**	**0**	**0**
	825,317	**751,002**	**74,315**	**60,508**	**8,741**	**51,767**	**0**

[1] This contains available-for-sale assets measured at cost of 13,807 thousand euros for which it is not possible to reliably determine a fair value. No sale is expected. In the absence of a specific term, the non-current assets were allocated to the available-for-sale category. The fair values would factor in future effects.

IN THOUSAND EUR	Carrying amount 31.12.2015	Financial assets/ liabilities at fair value not through profit or loss	Financial assets/ liabilities at fair value through profit or loss	Liabilities measured at amortized cost	Fair value	thereof fair value level 1	thereof fair value level 2	thereof fair value level 3
Equity and liabilities								
Non-current liabilities								
Derivative financial instruments designated as hedging instruments	1,253	1,253	0	0	1,253	n/a	1,253	n/a
Liabilities from business combinations	21,675	0	21,675	0	21,675	n/a	n/a	21,675
Financial liabilities	169,143	0	0	169,143	n/a	n/a	n/a	n/a
Finance lease liabilities	1,884	0	0	1,884[2]	n/a	n/a	n/a	n/a
Other non-current liabilities	151	0	0	151	n/a	n/a	n/a	n/a
	194,106	**1,253**	**21,675**	**171,178**	**22,928**	**0**	**1,253**	**21,675**
Current liabilities								
Trade payables	87,504	0	0	87,504	n/a	n/a	n/a	n/a
Profit participation rights	15,919	0	0	15,919	n/a	n/a	n/a	n/a
Derivative financial instruments designated as hedging instruments	2,217	2,217	0	0	2,217	n/a	2,217	n/a
Derivative financial instruments not designated as hedging instruments	27	0	27	0	27	n/a	27	n/a
Liabilities from business combinations	1,774	0	1,774	0	1,774	n/a	n/a	1,774
Financial liabilities	133,849	0	0	133,849	n/a	n/a	n/a	n/a
Liabilities to affiliates	20,615	0	0	20,615	n/a	n/a	n/a	n/a
Liabilities to associates	968	0	0	968	n/a	n/a	n/a	n/a
Liabilities to other investees and investors	0	0	0	0	n/a	n/a	n/a	n/a
Other current liabilities	39,455	0	0	39,455	n/a	n/a	n/a	n/a
Finance lease liabilities	585	0	0	585[2]	n/a	n/a	n/a	n/a
	302,913	**2,217**	**1,801**	**298,895**	**4,018**	**0**	**2,244**	**1,774**
	497,019	**3,470**	**23,476**	**470,073**	**26,946**	**0**	**3,497**	**23,449**

[2] Measured in accordance with IAS 17.

The levels of the fair value hierarchy and their application to our assets and liabilities are described below:

Level 1: Market prices quoted on active markets for identical assets or liabilities
Level 2: Other information than quoted market prices that can be directly (e.g., prices) or indirectly (e.g., derived from prices) observed
Level 3: Information relating to assets and liabilities that is not based on observable market data

Movement in level 3 of the fair value hierarchy:

IN THOUSAND EUR	31.12.2016	31.12.2015
As of January 1	23,449	27,142
Additions	823	1,372
Disposals	–4,064	–7,612
Fair value changes	2,456	2,547
As of December 31	**22,664**	**23,449**

The contingent purchase price liabilities were recognized at present value. This gave rise to interest expenses of 40 thousand euros, which are contained in the financial result.

The non-observable input parameters of liabilities from business combinations primarily include factors such as the operating result, earnings before depreciation and amortization, financial result and income tax or the movement in the working capital of the acquired business.

As of the reporting date, there are significant purchase price liabilities for DEKRA New Zealand Ltd., Wellington, New Zealand, DEKRA Akademie A/S, Brondby, Denmark, DEKRA AQS Solutions, Inc., Minneapolis, USA, and Ingenieurbüro Blassing GmbH, Frechen.

Assuming a change of +10 % (–10 %) in the underlying parameters regarding non-observable input factors as of the next possible exercise date, the amount of the purchase price obligations, including put options and earn-outs, for the significant obligations from business combinations would be 4 % higher (8 % lower).

Contingent purchase price liabilities of 4,064 thousand euros were paid in the current fiscal year. An amount of 790 thousand euros was released through profit or loss and recognized as income. An amount of 3,246 thousand euros was expensed through profit or loss. This entire amount results from liabilities that still exist as of the reporting date.

Any future changes in value in the purchase price liabilities will be recognized through profit or loss in subsequent periods.

The majority of contractually agreed maturity dates for financial instruments measured at amortized cost are within twelve months of the reporting date. As such, their carrying amounts as of the reporting date approximately equate to their fair values. For all items of non-current financial assets and liabilities not recognized at fair value (except for non-current financial liabilities), the carrying amount is equal to the fair value.

For loans with longer terms, the present value largely corresponds to the carrying amount as, for the most part, variable interest rates based on market-dependent interest rates are used in the contractual agreements.

As regards financial liabilities, the fair value of non-current liabilities due to banks bearing a fixed interest rate is determined based on the present value of the expected future cash flows. The discount rates are based on market interest rates with reference to the maturities. The fair value of non-current financial liabilities with a carrying amount of 266,782 thousand euros comes to 275,680 thousand euros.

Risks from financial instruments

Principles of financial management

The main goals of the DEKRA Group's financial management are to ensure solvency at all times and to limit financial risks.

Financial derivatives are only used for hedging purposes for existing or foreseeable hedged items. This does not give rise to any additional risks for the Group. The transactions are only carried out with marketable instruments.

Liquidity risks

The liquidity required for operations and for implementing strategic measures is ensured through the cash and cash equivalents held and bank loans committed in writing (working capital credit and acquisition lines). Cash and cash equivalents are held in bank accounts or invested in the form of overnight money and time deposits as well as short-term money market papers. A central cash pool has been set up at DEKRA SE for German subsidiaries as well as the increasing number of international subsidiaries from the euro zone. Cash pools have also been established for the currencies USD for subsidiaries in the US and GBP in the UK.

The entities are largely financed centrally through DEKRA SE.

In order to visualize liquidity risks, the DEKRA Group prepares an overview of maturities for its undiscounted payment obligations arising from financial instruments.

As of December 31, 2016, the DEKRA Group was exposed to only a very small risk of being unable to meet its payment obligations arising from financial instruments in future. The DEKRA Group requires sufficient liquidity for future acquisitions, which is ensured by the promissory notes and by longer-term loan commitments. As of December 31, 2016, there are medium-term credit lines of 338 million euros granted in writing that have not yet been drawn.

As of the reporting date, the contractually agreed undiscounted financial liabilities including interest broke down as follows:

31.12.2016 IN THOUSAND EUR	< 1 year	1–5 years	> 5 years
Trade payables	89,540	0	0
Financial liabilities	15,073	118,691	159,237
Other financial liabilities	82,311	212	0
Derivative financial instruments (negative) designated as hedging instruments	462	563	89
Finance lease liabilities	758	2,263	0
	188,144	**121,729**	**159,326**

31.12.2015 IN THOUSAND EUR	< 1 year	1–5 years	> 5 years
Trade payables	87,504	0	0
Financial liabilities	140,462	110,906	69,494
Other financial liabilities	79,307	150	0
Derivative financial instruments (negative) designated as hedging instruments	2,631	856	0
Finance lease liabilities	708	1,518	497
	310,612	**113,430**	**69,991**

We also refer to our explanations on the contingent liabilities in note 8.2, which have an unlimited term.

In addition to liabilities from promissory notes, the liabilities to banks mostly include short- and medium-term utilization of credit lines as well as investment financing of foreign subsidiaries.

Credit risk (default risk)

In the course of its operations, DEKRA is exposed to the risk of default on outstanding receivables. The DEKRA Group counters this risk with timely receivables management, which entails the regular monitoring of outstanding items as well as timely dunning and collection of receivables. Potential defaults are accounted for using specific bad debt allowances and portfolio-based bad debt allowances. The maximum default risk is the carrying amount of the receivables as of the reporting date. There were no significant risk concentrations as of the reporting date.

DEKRA is also exposed to default risk in relation to cash investments. In order to minimize these risks as far as possible, we restrict our cash deposits to counterparties with first-class credit ratings subject to defined counterparty limits. In addition, there is a limit on the proportion of the entire investment volume that may be invested with any one counterparty. Investments in securities are only made with investment grade institutions. The investment strategy and the movement in securities are discussed by the investment committee at regular intervals.

The maximum risk of counterparty default is calculated in accordance with the carrying amounts of the financial assets as an equivalent for the maximum default risk. As of December 31, 2016, therefore, the DEKRA Group was exposed to the theoretical maximum possible risk of counterparty default shown in the table above for the breakdown of carrying amounts of the financial instruments.

No collateral is pledged by the counterparties for the financial instruments held. As of December 31, 2016, with the exception of trade receivables and loans, no material financial assets were overdue or affected by amendments to contracts.

Interest rate risks

In the course of our investing and financing activities, we are exposed to interest rate risks. For borrowings, such risks are generally managed using interest rate derivatives in defined interest rate hedge ranges. In relation to investing, interest rate fluctuations result in changes in the fair values of fixed income securities. For bonds most (and for shares all) long-term investments are made via funds. In order to manage price risks for these investment items, financial derivatives are recognized by the fund management by way of a hedge as necessary.

The interest rate risk for fixed-income securities is reflected in the price of the financial instrument. Temporary changes in value are reflected in the available-for-sale reserve in other comprehensive income; permanent impairments are recognized through profit or loss. For variable-rate securities, changes in interest rates impact directly on the financial result.

The risk for the statement of comprehensive income is measured in the DEKRA Group using a sensitivity analysis. This analysis tests for the impact on interest income or interest expense of a shift in the term structure of interest rates by 100 base points.

An upward shift of 100 base points would result in an increase in the interest result of 1,621 thousand euros (prior year: 1,475 thousand euros). A downward shift of 100 base points would result in a decrease in the interest result of 1,036 thousand euros (prior year: 1,252 thousand euros).

As there are no longer fixed-income securities in the portfolio, an upward shift of 100 base points would, as in the prior year, have no effect on the available-for-sale reserve. A corresponding downward shift would also, as in the prior year, have no effect on the available-for-sale reserve.

An upward shift of 100 base points would result in an increase in the fair value of hedging instruments reported in equity of 726 thousand euros. A downward shift of 100 base points would result in a decrease in the fair value reported in equity of 760 thousand euros.

Interest derivatives were concluded to hedge the interest risk for material variable-interest loans and reported as hedging transactions as defined by IAS 39.

Cash flow hedges for variable-interest loans

The rules on cash flow hedge accounting were applied for derivatives with a nominal volume of 214.0 million euros to fix variable-interest promissory note loans.

In order to hedge the interest risk of promissory note loans, interest derivatives of 14 million euros were concluded, thus largely fixing the interest expense on the loans. The portfolio of interest derivatives as of the reporting date amounts to 28.5 million euros (prior year: 200.0 million euros).

Interest swaps are recognized at fair value. The effective portion of the changes in the fair value of the interest swap determined as a cash flow hedge is recognized in equity; the ineffective portion of the changes in the fair value is recognized through profit or loss. The cash flow hedges for the variable-interest portions of the loans led to ineffective hedges of 1.4 thousand euros in the fiscal year to be recognized through profit or loss. The payments received and made from these interest swaps were netted in the interest expense and are thus a component of the interest result.

The hedging transactions have remaining terms of between one and six years.

The fair value of the derivative financial instruments, which are interest rate hedges, is determined using the mark-to-market method. This involves use of the discounted cash flow method and customary market interest rates.

Currency risks

Currency risks from the operating activities are immaterial, since the local entities bill the services they render locally almost exclusively in their local currency. In connection with investments and intragroup transactions, liabilities occasionally arise in foreign currencies, for which hedging is decided on a case-by-case basis.

A 10 % change in the rate of the euro against the Swedish krona, the Brazilian real, the Japanese yen and the Croatian kuna would affect the result from the translation of financial assets or liabilities by approximately 4.5 million euros. Decisions on necessary currency hedges are taken on a case-by-case basis. No material effects are expected from currency fluctuations for the other items. Group revenue includes revenue of 520.1 million euros (prior year: 462.7 million euros) that was not recorded in a euro zone country.

Other price risks

As part of the presentation of market risks, IFRS 7 also requires disclosures on how hypothetical changes in risk variables affect prices of financial instruments. Possible risk variables include in particular stock market prices or indices. As of December 31, 2016, the Group had available-for-sale financial assets totalling 72.6 million euros (prior year: 74.3 million euros), which are subject to fair value fluctuations. The changes in fair value are presented in equity unless the conditions for an impairment loss are satisfied. These risks are mainly due to interest rate, credit and price risks. The fair value changes averaged 0.47 % in 2016 and 0.5 % in 2015.

To present market price risks for these financial instruments, the interest and share price risks are measured using the value at risk method based on a historical simulation. The value-at-risk calculation indicates the scope of a potential loss in the overall portfolio with a 99 % probability of it not being exceeded within a period of 10 days. The historical market data used to determine the value at risk comprise the last 260 trading days. The value at risk was calculated for the two special funds and amounted to 1.6 million euros and 0.9 million euros (prior year: 2.3 million euros and 0.8 million euros) as of the reporting date. Although the value at risk is an important concept for measuring market price risks, the model assumptions can lead to restrictions. The actual effects on profit can deviate significantly from the value at risk figures calculated due to fundamental conceptual differences.

Securities and restricted assets

As in the prior year, there were no restrictions on title or disposal for legally and beneficially owned property, plant and equipment, with the exception of the assets recognized under finance leases. Other assets include 1.0 million euros (prior year: 1.0 million euros) of premium reserve from employer's pension liability insurance policies pledged as collateral for pension obligations, but not to the entitled employees.

No financial assets were pledged as collateral for liabilities or contingent liabilities.

11 RELATED PARTY DISCLOSURES

Pursuant to IAS 24 "Related Party Disclosures," transactions with related parties must be disclosed. The Management Board and Supervisory Board as well as shareholders qualify as related parties within the meaning of IAS 24.9.

Remuneration of the Management Board

The remuneration paid to Management Board members (short-term benefits) comprises fixed annual compensation and a performance-related variable bonus.

Remuneration for the Management Board of DEKRA SE including reimbursement of expenses amounted to 2,511 thousand euros (prior year: 2,988 thousand euros).

In addition, there were further expenses (among other things, for pensions of DEKRA SE) of 725 thousand euros (prior year: 1,034 thousand euros) and obligations of 8,685 thousand euros (prior year: 9,491 thousand euros) relating to this group of persons.

This results in a total remuneration of 3,236 thousand euros (prior year: 4,022 thousand euros).

Total remuneration paid to former members of the Management Board amounts to 399 thousand euros (prior year: 372 thousand euros). There are also pension obligations of 3,213 thousand euros.

Remuneration of the Supervisory Board

The remuneration paid to the Supervisory Board for the reporting year came to 218 thousand euros (prior year: 203 thousand euros), of which a total amount of 218 thousand euros (prior year: 203 thousand euros) is reported as liabilities as of the reporting date.

In addition, there were further expenses (among other things, for pensions of DEKRA SE) of 671 thousand euros (prior year: 578 thousand euros) and obligations of 983 thousand euros (prior year: 896 thousand euros) relating to this group of persons.

Transactions with DEKRA e.V., Stuttgart

There are liabilities of 20.3 million euros (prior year: 19.1 million euros) to DEKRA e.V., Stuttgart, as of December 31, 2016, which mainly stem from VAT liabilities. There are also receivables of 103.1 million euros (prior year: 116.7 million euros) that primarily result from cash pooling less profit and loss transfer.

There are lease agreements in place between DEKRA e.V., Stuttgart, as lessor and various companies of the DEKRA Group as tenants. Rent for business premises amounted to 19.6 million euros in the fiscal year 2016 (prior year: 20.6 million euros). Receivables from and liabilities to DEKRA e.V., Stuttgart, gave rise to interest income of 1.5 million euros (prior year: 1.4 million euros) and interest expenses of 0.3 million euros (prior year: 0.5 million euros). Tax allocations amounted to 33.6 million euros (prior year: 28.6 million euros). In addition, services totalling 1.6 million euros (prior year: 1.5 million euros) were purchased from DEKRA e.V., Stuttgart.

Under a corporate lease agreement, activities are primarily performed in the field of German automotive testing and expertises by an operating company of the DEKRA Group for DEKRA e.V. Business is generally conducted in the name of and for the account of DEKRA Automobil GmbH, Stuttgart. All transactions and business processes are carried out at DEKRA Automobil GmbH.

As remuneration for the activities, a flat-rate percentage of the profit generated before income taxes or of revenue is invoiced. In the fiscal year 2016, a total volume of 5.0 million euros (prior year: 4.4 million euros) was charged to the DEKRA Group. DEKRA e.V. recorded revenue of the same amount from this source.

In addition, the DEKRA Group rendered services of 9.9 million euros (prior year: 9.7 million euros) for DEKRA e.V., Stuttgart, in the fiscal year.

There is a profit and loss transfer agreement in place between DEKRA SE and DEKRA e.V., Stuttgart, as well as a tax group for income tax and VAT purposes.

Transactions with non-consolidated subsidiaries, associates and equity investments

SUBSIDIARIES THAT ARE NOT FULLY CONSOLIDATED IN MILLION EUROS	31.12.2016	31.12.2015
Services rendered	3.1	5.0
Services purchased	4.6	3.7
Receivables and loans	34.3	38.2
Liabilities*	0.7	1.5

ASSOCIATES IN MILLION EUROS	31.12.2016	31.12.2015
Services rendered	0.1	0.1
Services purchased	10.0	9.9
Liabilities	0.9	1.0

EQUITY INVESTMENTS IN MILLION EUROS	31.12.2016	31.12.2015
Services rendered	0.4	0.5
Services purchased	0.6	0.6
Receivables and loans	0.3	0.4
Liabilities*	0.1	0.0

* Liabilities are partially netted with the receivables in the statement of financial position.

12 DISCLOSURES ON THE MANAGEMENT BOARD AND SUPERVISORY BOARD

The members of the **Management Board** are:

- **Stefan Kölbl**
  Chairman
  Leinfelden-Echterdingen
- **Roland Gerdon**
  Stuttgart
- **Clemens Klinke**
  Boffzen
- **Ivo Rauh**
  Stuttgart

The members of the Company's **Supervisory Board** in the fiscal year were:

- **Thomas Pleines**
  Chairman of the Supervisory Board
  Former chairman of the Management Board
  Allianz Versicherungs-AG
  President of the executive committee of DEKRA e.V., Stuttgart
- **Dipl.-Ing. Hartwig Meis** [1]
  Deputy Chairman of the Supervisory Board
  Chairman of the central works council of DEKRA Automobil GmbH and publicly appointed and sworn expert at Münster branch of DEKRA Automobil GmbH, Stuttgart
- **Ulrich Beiderwieden** [1, 2]
  (since April 26, 2016)
  Formerly ver.di head office
  Head of sector
  Sector 13 Special Services, Berlin
- **Marcus Borck** [1]
  (until April 26, 2016)
  Regional department head responsible for supply and waste disposal divisions
  ver.di Saxony, Saxony-Anhalt, Thuringia
- **Prof. Dr. Sabine Fließ**
  Douglas Endowed Chair of Service Management at the University of Hagen, Hagen
- **Nicolas Gibaudan** [1]
  (until April 26, 2016)
  Representative of the French trade union CGT
  DEKRA Industrial S.A.S., Limoges, France
- **Jean-Luc Inderbitzin** [1]
  Representative of the French trade union CFDT
  DEKRA Industrial S.A.S., Limoges, France
- **Dipl.-Ing. (FH) Wilfried Kettner** [1]
  2nd deputy chairman of the central works council of DEKRA Automobil GmbH
  Engineer at the Bad Salzungen external branch of DEKRA Automobil GmbH, Stuttgart
- **Dipl.-Wirtsch.-Ing. Arndt G. Kirchhoff**
  Managing partner of the KIRCHHOFF Group, Iserlohnn
- **Laurent Masquet** [1]
  (since April 26, 2016)
  Deputy production manager IT
  DEKRA Automotive Solutions, Bordeaux France
- **Dipl.-Ing. (FH) Wilhelm Oberfranz**
  Head of the branch DEKRA Automobil GmbH, Stuttgart
- **Monika Roth-Lehnen** [1]
  Chairman of the central works council of DEKRA Akademie GmbH, Stuttgart
  Project coordination and quality assurance officer at the Service Center Wuppertal of DEKRA Akademie GmbH, Stuttgart
- **Dipl.-Wirtsch.-Ing. Peter Tyroller**
  General manager
  Robert Bosch GmbH, Stuttgart
- **Prof. Dr. Wolfgang Weiler**
  Chairman
  HUK-Coburg Versicherungsgruppe, Coburg

13 SUBSEQUENT EVENTS

There were no significant events after the reporting date.

14 OTHER DISCLOSURES

List of shareholdings and consolidated group

The Group's entire shareholdings pursuant to Sec. 313 (2) HGB as well as all of the entities included in the consolidated financial statements in addition to DEKRA SE are presented in the following list.

[1] Employee
[2] Full-time member of the works council from September 1, 2016.

IN %		Share of capital
Affiliates in Germany:		
DEKRA Automobil GmbH, Stuttgart	4)	100.00
DEKRA Akademie GmbH, Stuttgart	4)	100.00
DEKRA Arbeit GmbH, Stuttgart	4)	100.00
DEKRA Qualification GmbH, Stuttgart	4)	100.00
DEKRA Certification GmbH, Stuttgart	4)	100.00
DEKRA Personal GmbH, Stuttgart	4)	100.00
DEKRA Claims Services GmbH, Stuttgart	4)	100.00
DEKRA Beteiligungs- und Finanzierungs GmbH, Stuttgart	4)	100.00
DEKRA Assurance Services GmbH, Stuttgart	4)	100.00
DEKRA Media GmbH, Mönchengladbach	1)	100.00
DEKRA Personaldienste GmbH, Stuttgart	4)	100.00
DEKRA Event & Logistic Services GmbH, Stuttgart	4)	100.00
DEKRA EXAM GmbH, Bochum	4)	100.00
PRO-LOG Beteiligungs GmbH, Stuttgart		100.00
PRO-LOG Ruhr GmbH, Bochum		100.00
PRO-LOG Personal GmbH (formerly PRO-LOG Rosenheim GmbH), Stuttgart		100.00
DEKRA Immobilien GmbH (formerly DEKRA Machinery & Equipment GmbH), Stuttgart		100.00
PRO-LOG IV GmbH, Stuttgart		100.00
DEKRA Industrial International GmbH, Stuttgart	4)	100.00
UPDOWN Ingenieurteam für Fördertechnik GmbH, Hamburg		100.00
GKK Gutachten GmbH, Düsseldorf	4)	100.00
DEKRA Inspection Services GmbH, Stuttgart		100.00
DEKRA Automotive Solutions Germany GmbH, Frankfurt am Main	4)	100.00
DEKRA INCOS GmbH, Ingolstadt	4)	100.00
DEKRA Cargo & Security Services GmbH (CSS), Stuttgart	1)	100.00
Visatec Gesellschaft für visuelle Inspektionsanlagen mbH, Sulzberg		100.00
Ingenieurbüro Blassing GmbH, Frechen	1)	100.00
DEKRA Testing and Certification GmbH, Dresden		100.00

IN %		Share of capital
Affiliates in other countries:		
DEKRA Automotive Solutions S.A.S.U., Bordeaux, France		100.00
DEKRA Foncier S.N.C., Trappes, France		100.00
Auto Bilan France S.A.S.U., Trappes, France		100.00
DEKRA Automotive S.A., Trappes, France		100.00
C.T.A. S.A.R.L., Trappes, France		90.00
DEKRA Automotive Maroc S.A., Casablanca, Morocco		80.00
DEKRA Test Center S.A., Montredon des Corbières, France		100.00
DEKRA Expertise S.A.S., Cormelles le Royal, France		100.00
DEKRA SErvice Maroc S.A., Casablanca, Morocco		80.00
DEKRA Certification Tanúsító és Szolgáltató Kft., Budapest, Hungary	1)	92.00
DEKRA Certification (Proprietary) Ltd., Centurion, South Africa		100.00
DEKRA CZ a.s., Prague, Czech Republic		100.00
DEKRA POLSKA Sp. z o.o., Warsaw, Poland		100.00
DEKRA Claims Services Spain, S.A., Barcelona, Spain		100.00
DEKRA Claims Services Belgium S.A., Zaventem, Belgium		100.00
DEKRA Claims Services Luxembourg S.A., Luxembourg, Luxembourg	1)	100.00
DEKRA Claims Services Netherlands B.V., Rotterdam, Netherlands		100.00
DEKRA Claims Services UK Ltd., London, UK		100.00
DEKRA France S.A.S., Bagneux, France		100.00
DEKRA Claims Services International BVBA, Zaventem, Belgium		100.00
DEKRA Claims and Expert Services International N.V., Zaventem, Belgium		100.00
DEKRA Certification S.L., Barcelona, Spain	1)	100.00
DEKRA Certification s.r.o., Prague, Czech Republic		100.00
DEKRA Certification Sp. z o.o., Wroclaw (Breslau), Poland		100.00
DEKRA Automotive North America, Inc., Marietta, USA		100.00
DEKRA Portugal S.A., Lisbon, Portugal		100.00
DEKRA Automotive Solutions Spain S.L., Madrid, Spain		100.00
DEKRA North America, Inc., Marietta, USA		100.00
DEKRA Austria Automotive GmbH, Vienna, Austria	1)	100.00
DEKRA zaposljavanje i zastupanje d.o.o., Zagreb, Croatia		100.00
DEKRA Hellas EPE, Athens, Greece	1)	100.00
DEKRA Claims Services Austria GmbH, Vienna, Austria	1)	100.00
DEKRA Claims Services Hungary Service Ltd., Budapest, Hungary	1)	100.00
DEKRA Certification S.R.L., Cluj-Napoca, Romania	1)	100.00
DEKRA Claims Services Switzerland S.A., Geneva, Switzerland		100.00

IN %		Share of capital
DEKRA Italia S.r.l., Arese (Milan), Italy		100.00
DEKRA Industrial Holding S.A.S., Limoges, France		100.00
DEKRA Arbeit Magyaroszag Szolgáltató Kft., Budapest, Hungary		100.00
DEKRA Claims Services Trust reg., Vaduz, Liechtenstein	1)	100.00
DEKRA Zaposljavanje d.o.o., Belgrade, Serbia	1)	100.00
DEKRA za privremeno zaposljavanje d.o.o., Zagreb, Croatia		100.00
DEKRA zaposljavanje d.o.o., Sarajevo, Bosnia-Herzegovina	1)	100.00
DEKRA Certification S.A.S., Bagneux, France		100.00
DEKRA Expert OOO, Kiev, Ukraine	1)	80.00
DEKRA SErtifikasyon A.S., Kavacık, Turkey	1)	100.00
DEKRA kvalifikácia a poradenstvo s.r.o., Bratislava, Slovakia		100.00
DEKRA Automotive AB, Eskilstuna, Sweden		100.00
DEKRA (Shanghai) Co., Ltd., Shanghai, China		100.00
DEKRA Automotive OOD, Sofia, Bulgaria	1)	55.00
Consorzio DEKRA Revisioni S.r.l., Arese (Milan), Italy	1)	99.00
DEKRA Expertises Ltda., Atibaia, Brazil	1)	100.00
DEKRA kvalifikace a poradenství s.r.o., Prague, Czech Republic	1)	100.00
DEKRA SErvicios Recursos Humano S.L., Barcelona, Spain		100.00
DEKRA Empleo ETT S.L., Barcelona, Spain		100.00
DEKRA Ekspert d.o.o., Sesvete, Croatia	1)	51.00
DEKRA Russ O.O.O., Moscow, Russia	1)	99.99
DEKRA Akademie Kft., Budapest, Hungary		100.00
DEKRA Hasar Servisi Ltd. Sti. (formerly DEKRA Claims Services Turkey Ltd. Sirketi), Istanbul, Turkey	1)	100.00
DEKRA Claims Services Maroc S.A.R.L., Casablanca, Morocco	1)	67.00
DEKRA Claims Services Portugal S.A., Lisbon, Portugal		100.00
DEKRA Claims and Expertise B.V., Alkmaar, Netherlands		100.00
DEKRA Expert Limited (formerly DEKRA Expert (UK Consultancy), Stokenchurch High Wycombe, UK		100.00
DEKRA Industrial (Guangzhou) Co., Ltd. (formerly DEKRA CTI Testing and Certification Ltd.) Guangzhou, China	1)	100.00
DEKRA Finland Oy, Vantaa, Finland		100.00
DEKRA Industrial Oy, Vantaa, Finland		100.00
DEKRA Automotive Pty. Ltd., Johannesburg, South Africa		100.00
DEKRA Zaposljavanje d.o.o., Podgoriza, Montenegro		100.00
SLOVDEKRA s.r.o., Bratislava, Slovakia		100.00
DEKRA Netherlands Holding B.V., Arnhem, Netherlands		100.00
DEKRA Claims Services, Kiev, Ukraine	1)	70.00

IN %		Share of capital
Checkauto Consultatoria Tecnica E Informacoes veiculares Ltda. (formerly DNA Security Consultoria Tecnica e Informacoes Veiculares Ltda.), Atibaia, Brazil		100.00
DEKRA VistorIAS e Serviços Ltda., Atibaia, Brazil		100.00
DEKRA Automotive Holding Pty. Ltd., Johannesburg, South Africa		100.00
Hangzhou DEKRA WIT Certification Co., Ltd., Hangzhou, China		60.00
DEKRA Expert Services N.V., Ghent, Belgium		100.00
DEKRA Industrial AB, Gothenburg, Sweden		100.00
DEKRA Sweden AB, Gothenburg, Sweden		100.00
DEKRA Industrial AS, Soli, Norway	1)	100.00
DEKRA Egypt for Services and Consulting, Cairo, Egypt	1)	51.00
DEKRA Motores - Vistoria Veicular Ltda. (formerly DEKRA VistorIAS em Veiculos e bens moveis e imoveis Ltda.), Atibaia, Brazil	1)	100.00
DEKRA Test Center 34 S.A.R.L., Mireval, France		100.00
DEKRA Automotive Solutions Belgium, Drogenbos, Belgium		100.00
DEKRA UK Ltd., Southampton, UK		100.00
Chilworth Technology Ltd., Southampton, UK		100.00
Chilworth Technology (Pvt) Ltd., New Delhi, India		100.00
Chilworth Technology Inc., Plainsboro, USA		100.00
Chilworth France S.A.S., St. Jonage, France		100.00
Chilworth Amalthea S.L., Paterna (Valencia), Spain		100.00
Safety Consulting Engineers Inc., Schaumburg, USA		100.00
DEKRA Personnel Ltd., Southampton, UK	1)	100.00
DEKRA SErvicos Tecnicos de Sinistros Ltda. (formerly Jopema Servicos Tecnicos de Sinistros Ltda.), Atibaia, Brazil		100.00
DEKRA ITV España S.L., Madrid, Spain		100.00
DEKRA Expertise Spain S.L.U., San Sebastián de los Reyes (Madrid), Spain		100.00
CABINET D'EXPERTISE R.TANFERRI S.A.S., Vitry-sur-Orne, France		100.00
DEKRA Arbeit Işgücü Seçme ve yerleştirme Hizmetleri Ltd., Istanbul, Turkey	1)	51.00
DEKRA Arbeit Istihdam ve insan Kaynaklari Hizmeti Ltd., Istanbul, Turkey	1)	51.00
Centro Revisione Auto s.c.a.r.l., Genoa, Italy	1)	51.12
DEKRA Canada Inc., Saint John NB, Canada	1)	100.00
DEKRA Kalite Kontrol Hizmetleri Ltd. A.S., Ankara, Turkey		100.00
Behavioral Science Technology (BST) Inc., Oxnard, USA		100.00
Behavioral Science Technology International (BSTI) Inc., Oxnard, USA		100.00
DEKRA Akademie A/S, Brondby, Denmark		100.00
BST Consultants Pte. Ltd., Singapore, Singapore		100.00
Behavioral Science Technology Consultores do Brasil Ltda., São Paulo, Brazil		100.00

IN %		Share of capital
BST France S.A.R.L., Paris, France		100.00
DEKRA Services ApS, Brondby, Denmark		100.00
DEKRA AMU Center Sydjylland A/S, Vejen, Denmark		100.00
DEKRA AMU Center Hovedstaden A/S (formerly DEKRA AMU Center Sjaelland A/S), Brondby, Denmark		100.00
DEKRA Job ApS, Brondby, Denmark		100.00
DEKRA AMU Center Nordsjaelland ApS (formerly DEKRA AMU Center Hovedstaden ApS), Ishoj, Denmark		100.00
DEKRA AMU Center Midtjylland ApS, Skjern, Denmark		100.00
DEKRA Vognmandsuddannelser A/S, Braband, Denmark		100.00
DEKRA Equipment & Services A/S, Orbaek, Denmark		100.00
DEKRA Praca Sp. z o.o., Krakow, Poland	1)	100.00
DEKRA Caribbean B.V., Willemstad, Curaçao	1)	100.00
DEKRA Management (Shanghai) Co., Ltd., Shanghai, China		100.00
Road Safety Consulting N.V., Brussels, Belgium	1)	50.10
DEKRA Outsourcing d.o.o., Belgrade, Serbia	1)	100.00
DEKRA People B.V., Alkmaar, Netherlands		100.00
DEKRA Privremeno Zaposljavanje Podgorica d.o.o., Podgorica, Montenegro		100.00
DEKRA Insight Australia Pty Ltd., South Melbourne, Australia		100.00
DEKRA usluge d.o.o., Zagreb, Croatia	1)	100.00
DEKRA Revisión Técnica SpA, Santiago de Chile, Chile	1)	100.00
DEKRA SErvices (Pty) Ltd., (formerly RAYSONICS group of companies Pty Ltd.), Vereeniging, South Africa		100.00
DEKRA Industrial RSA (Pty) Ltd., Vereeniging, South Africa		100.00
DEKRA Quality Management AB, Frösön, Sweden		100.00
PRO - M s.r.o., Prague, Czech Republic		100.00
DEKRA Inspecoes Portugal, LDA, Lisbon, Portugal	1)	99.99
DEKRA Vrabotuvanje dooel, Skopje, Macedonia	1)	100.00
DEKRA AMU Center Fyn ApS, Odense, Denmark		100.00
European Road Stars Academy (ERSA) SPRL, Brussels, Belgium	1)	50.10
DEKRA New Zealand Ltd., Wellington, New Zealand		60.00
Vehicle Testing New Zealand Ltd. (VTNZ), Wellington, New Zealand		60.00
Vehicle Testing New Zealand IP Ltd. (VTNZIP), Wellington, New Zealand		60.00
On the Go Ltd. (OTG), Wellington, New Zealand	1)	60.00
On Road New Zealand Ltd. (ORNZ), Wellington, New Zealand	1)	60.00
D Akademie S.r.l., Verona, Italy	1)	80.00
Amedes Belgium N.V., Ghent, Belgium		100.00

IN %		Share of capital
DEKRA Akademie SRL, Bucharest, Romania	1)	100.00
Spearhead Communications Ltd., Stokenchurch, UK		100.00
DEKRA Automotive Ltd., Stokenchurch, UK		100.00
DEKRA España S.L., Madrid, Spain		100.00
DEKRA Akademie EPE, Thessaloniki, Greece	1)	100.00
DEKRA Automotive La Reunion S.A.S., Sainte-Clotilde, France		100.00
DEKRA Rail B.V., Utrecht, Netherlands		100.00
DEKRA agencija d.o.o., Sarajevo, Bosnia-Herzegovina	1)	100.00
Regulatory Consultants, Inc. Safety, Horton, USA		100.00
Arbeit De Agency for Temporary Employment, Skopje, Macedonia	1)	100.00
DEKRA zaposlitev d.o.o., Ljubljana, Slovenia	1)	100.00
ADA 1214 DEKRA s.r.o., Prague, Czech Republic		100.00
DEKRA OMAN LLC, Muscat, Oman		70.00
UAB DEKRA Industrial, Visaginas, Lithuania		100.00
COMENIUS Oktató és Kiadó Kft., Pecs, Hungary	1)	100.00
Comenius Szakközépiskola és Szakiskola (formerly Didactica Magna Alapítvány), Pecs, Hungary	1)	100.00
QuieTek Corporation, New Taipei City, Taiwan		100.00
DEKRA Testing & Certification (Suzhou) Co., Ltd. (formerly QuieTek Technology Co. Ltd.), Suzhou, China		100.00
QTK Asia Electronics, Road Town (Tortola), British Virgin Islands		100.00
DEKRA Middle East Fze, Dubai, United Arab Emirates	1)	100.00
DEKRA AQS Solutions, Inc. (formerly: DEKRA Insight Inc.), Minneapolis, USA		100.00
DTS Service Aps., Odense, Denmark	1)	100.00
DEKRA iST Reliability Services Inc., Hsinchu, Taiwan		51.00
DEKRA iST Reliability Services Limited, Hong Kong, Hong Kong		51.00
DEKRA iST Reliability Services Limited, Kunshan, China		51.00
Optimus Seventh Generation Holding Ltd., Aberdeen, Scotland		100.00
Optimus Seventh Generation Ltd., Aberdeen, Scotland		100.00
AT4 wireless S.A.U., Malaga, Spain		100.00
AT4 wireless Inc., Herndon, USA		100.00
AT4 wireless Inc., Taipei, Taiwan		100.00
AT4 wireless Ltda., Santiago de Chile, Chile		99.90
DEKRA Akademie shpK, Tirana, Albania	1)	100.00
DEKRA Arbeit (Schweiz) AG, Zug, Switzerland	1)	100.00
DEKRA Inspection Oy, Vantaa, Finland	1)	100.00
Gron Koreteknisk Anlaeg A/S, Saeby, Denmark		100.00
Grons Transport Uddannelser A/S, Saeby, Denmark		100.00

IN %		Share of capital
DEKRA Services France SAS, Bagneux, France		100.00
DEKRA Automotive S.à r.l., Munsbach, Luxembourg	1)	100.00
QC Plzeň s.r.o., Pilsen, Czech Republic		82.00
DEKRA Services s.r.o., Bratislava, Slovakia	1)	100.00
PRO-LOG CG d.o.o., Podgorica, Montenegro	1)	100.00
DEKRA Automotive d.o.o., Belgrade, Serbia	1)	100.00
DEKRA AMU Center Sjaelland A/S, Naestved, Denmark	1)	100.00
DEKRA Lesotho (Pty) Ltd., Lesotho, South Africa	1)	100.00
Centre Contrôle Sécurité S.A.S., Tinqueux, France	1)	100.00
LIBOLT S.A.S., Auxerre, France	1)	100.00
GAM2I S.A., Limoges, France		100.00
MERMOZ BASTIE S.C.I., Limoges, France		100.00
DEKRA Industrial SAS, Limoges, France		100.00
DEKRA Solutions (Pty) Ltd., Centurion, South Africa		100.00
DEKRA Industrial S.A.R.L., Algiers, Algeria		99.50
DEKRA AMBIO S.A.U., Barcelona, Spain		100.00
DEKRA Inspection S.A., Casablanca, Morocco		100.00
DEKRA Certification B.V., Arnhem, Netherlands		100.00
DEKRA Solutions B.V., Arnhem, Netherlands		100.00
DEKRA Certification Asia Ltd., Fanling, Hong Kong	1)	100.00
DEKRA Testing and Certification S.r.l., Osnago, Italy		100.00
DEKRA Certification K.K., Tokyo, Japan	1)	100.00
DEKRA Testing Services (Zhejiang) Ltd., Zhejiang, China		51.00
DEKRA Testing and Certification (Shanghai) Ltd. (formerly DEKRA Testing and Certification China Ltd.), Shanghai, China		100.00
DEKRA Certification Ltd., Pershore Worcestershire, UK	1)	100.00
DEKRA Certification Ltd., Tel Aviv, Israel		100.00
DEKRA Certification Hong Kong Ltd., Fanling, Hong Kong		100.00
DEKRA Certification Inc., North Wales, USA		100.00

IN %		Share of capital
Associates in Germany:		
Euro Transport Media Verlags- und Veranstaltungsgesellschaft mbH, Stuttgart		40.00
FSD Fahrzeugsystemdaten GmbH, Dresden		35.54
Associates in other countries:		
TRANSDEKRA AG, Moscow, Russia	2)	50.00
DEKRA - EXPERT Müszaki Szakértöi Kft., Budapest, Hungary	2)	50.00
DEKRA Claims Services France S.A., Levallois Perret, France	2)	50.00
NDT Training Center AB, Västeras, Sweden	2)	33.00
S.T.I. Salvage Transport Incident, Arnhem, Netherlands	2)	33.00
Equity investments:		
ARGE ‚Technische Prüfstelle für den Kraftfahrzeugverkehr 21' GbR, Dresden	3) 5)	25.00
DYNAE S.A., Villefontaine, France		19.93
Société Coopérative de Promotion S.A., Trappes, France		< 5.00
Crédit Agricole S.A., Paris, France		< 1.00
Crédit Mutuel, Paris, France		< 1.00
ITT Technology Transfer s.r.l., Ferrara, Italy		1.00

[1] Not included in the consolidated financial statements by way of full consolidation.
[2] Not accounted for using equity method (Sec. 311 (2) HGB) due to insignificance for financial position and performance.
[3] The disclosures pursuant to Sec. 313 (2) No. 4 HGB are not made since they are insignificant for the presentation of a true and fair view of the Group's financial position and performance.
[4] Utilization of the exemption pursuant to Sec. 264 (3) HGB.
[5] Significant influence is not exercised.

Audit of the financial statements

The shareholder meeting on April 26, 2016 appointed Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft as auditors of the separate and consolidated financial statements for fiscal year 2016.

The auditors' fees recognized in the fiscal year are shown in the following table.

IN THOUSAND EUR	2016	2015
Audit services	792	566
Tax advisory services	135	184
Other services	0	75
	927	825

Stuttgart, March 23, 2017

DEKRA SE
The Management Board

Kölbl, Chairman

Gerdon

Klinke

Rauh

DEKRA SE
AUDIT OPINION[1)]

We have audited the consolidated financial statements prepared by DEKRA SE, Stuttgart, comprising the statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows and the notes to the consolidated financial statements, together with the group management report for the fiscal year from January 1 to December 31, 2016. The preparation of the consolidated financial statements and the group management report in accordance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Sec. 315a (1) HGB ["Handelsgesetzbuch": German Commercial Code] is the responsibility of the Company's management. Our responsibility is to express an opinion on the consolidated financial statements and the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with Sec. 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the financial position and performance in the consolidated financial statements in accordance with the applicable financial reporting framework and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and the group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRSs as adopted by the EU, the additional requirements of German commercial law pursuant to Sec. 315a (1) HGB and give a true and fair view of the financial position and performance of the Group in accordance with these requirements. The group management report is consistent with the consolidated financial statements, complies with the legal requirements, and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Stuttgart, March 24, 2017

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Hummel
Wirtschaftsprüfer
[German Public Auditor]

Fischer
Wirtschaftsprüferin
[German Public Auditor]

1) Translation of the German audit opinion concerning the audit of the consolidated financial statements and group management report prepared in German.

REPORT OF THE CHAIRMAN OF THE SUPERVISORY BOARD

THOMAS PLEINES

Born in 1955, was appointed President of the Presidential Board of DEKRA e. V. and Chairman of the Supervisory Board of DEKRA SE since 2011. The qualified lawyer from 2006 to 2010 was Chairman of the Management Board of Allianz Versicherungs AG, Munich.

The Supervisory Board wholly fulfilled its task of supervising and advising the Management Board in the fiscal year 2016. The Supervisory Board was kept regularly informed about important business transactions, the market and the competitive environment, as well as regulatory changes, both in the form of written reports and orally. Furthermore, these topics formed the focus of two Supervisory Board meetings.

With the aim of sustainably developing the company, the Supervisory Board and the Management Board weighed up the opportunities and the risks involved in key decisions affecting the company. In this context, the proposed resolutions put forward by the Management Board were also discussed in detail and approved.

The Supervisory Board affirms that 2016 was another good year for DEKRA SE. Key financial figures, such as revenue, profit and the number of employees, were raised.

Stuttgart-based Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, the independent auditor mandated by the Supervisory Board, audited DEKRA SE's separate financial statements and management report, as well as the consolidated financial statements and the management report on the Group for the fiscal year 2016 and issued an unqualified auditor's opinion. Examination by the Supervisory Board did give rise to any objections either. The annual financial statements prepared by the Management Board are therefore ratified and adopted.

The Supervisory Board thanks the Management Board as well as all the employees for their successful commitment to DEKRA in the fiscal year 2016.

Stuttgart, April 2017
Supervisory Board

THOMAS PLEINES,
Chairman

IMPRINT

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Mehr unter

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