DO & CO Aktiengesellschaft

Annual Financial Report
Business Year 2016/2017

CONTENTS

Group Management Report for 2016/2017

1. Highlights

Outstanding result due to consistent positioning in the premium segment and further diversification

Innovative products, new customers, a good performance with existing customers and numerous measures to improve efficiency have once again produced an outstanding result in this business year: revenue (€ 913.44m / -0.3%), EBITDA (€ 91.89m / -0.8%), EBIT (€ 56.24m / +1.3%), net result (€ 20.83m / -26.3%). Earnings per share thus amount to € 2.14 (PY: € 2.90). The Management Board will propose a dividend of € 0.85 per share to the General Meeting of Shareholders.

DO & CO as gourmet entertainer at the UEFA EURO 2016

In 2016, DO & CO was responsible for the VIP catering at the European football championship in France. At 51 football matches in 10 stadiums and 9 different cities, 110,000 VIP guests enjoyed culinary treats. Further, DO & CO was the hospitality production manager and in this function responsible for the entire infrastructure as well as the catering for the UEFA under this project.

DO & CO confirms its lead position in premium sports events

In the business year 2016/2017, DO & CO completed its already 25th season of catering for Formula 1 grand prix races, handling a total of 18 races in 18 different countries. Further highlights of the business year were the Madrid tournament of the ATP Tennis Masters Series, the UEFA Europa League final in Basel and the UEFA European Champions League final in Milan. In the business year 2016/2017, DO & CO organised the catering of 45 football matches at the Allianz Arena in Munich in addition to the organisation of numerous events in the sports and business fields.

Extension of catering contract with Turkish Airlines

At the end of the business year 2016/2017, Turkish DO & CO signed the extended catering supply contract with Turkish Airlines which will expire after two years and includes an extension option for Turkish Airlines for another 12 months.

New airline catering locations in Los Angeles and Paris

In the spring of 2017, the Company started establishing a new gourmet kitchen at the airport of Los Angeles, with the project scheduled for completion in the second quarter of the business year 2017/2018. The airport of Los Angeles figures among the 7 major airports worldwide and is the third largest airport in the US, handling a volume of up to 75 million passengers per year. DO & CO already reports lively interest by its clients for this new location.
Another gourmet kitchen intended to serve customers in the future also at the airport Paris-Charles de Gaulle is currently being established. The completion of the kitchen is scheduled for the end of 2017. With 66 million passengers, the airport Paris-Charles de Gaulle is the second largest airport in Europe.

New buy-on-board solutions in airline catering

With its joint venture Versilia Solutions Ltd., which was established in 2016 and is exclusively active in the development of buy-on-board solutions for airline catering, DO & CO started its operating business with the delivery of NIKI in Germany, Austria and Switzerland in March 2017.

Major new airline catering customers in 2016/2017

- Lufthansa ex New York John F. Kennedy
- Thai Airways ex Frankfurt and Munich
- Cathay Pacific ex London Gatwick
- EVA Air ex Chicago O'Hare
- Etihad Airways ex Incheon
- Air China ex Warsaw
- Saudia (former Saudi Arabian Airlines) ex Ankara

Opening of the first Nespresso Café in London

Under their joint venture, DO & CO and Nespresso opened their first Nespresso Café in London at the end of June 2016. Situated in the City of London, at the prestigious location between the Bank of England and St. Paul's Cathedral, fresh products from the London DO & CO gourmet kitchen are served together with Nespresso coffee.

2. Key Figures of the DO & CO Group under IFRS

The calculations of the key figures are explained in the glossary.

		Business Year 2016/2017	Business Year 2015/2016
Revenue	m€	913.44	916.47
EBITDA	m€	91.89	92.68
EBITDA margin	%	10.1%	10.1%
EBIT	m€	56.24	55.51
EBIT margin	%	6.2%	6.1%
Profit before income tax	m€	49.86	50.83
Net result	m€	20.83	28.25
Net result margin	%	2.3%	3.1%
Employees		9,576	9,655
Equity [1]	m€	247.56	246.09
Equity ratio [1]	%	39.8%	39.2%
Net debt (net financial liabilities)	m€	10.08	-18.87
Net debt to EBITDA		0.11	-0.20
Net gearing	%	4.1%	-7.7%
Working capital	m€	-8.22	-13.78
Cash flow from operating activities	m€	56.36	91.73
Cash flow from investing activities	m€	-65.17	51.89
Free cash flow	m€	-8.81	143.62
ROS	%	5.5%	5.5%

1 … Adjusted by proposed dividend payments

Key figures per share

		Business Year 2016/2017	Business Year 2015/2016
EBITDA per share	€	9.43	9.51
EBIT per share	€	5.77	5.70
Earnings per share	€	2.14	2.90
Equity per share (book entry) [1]	€	20.18	20.10
High [2]	€	107.60	106.00
Low [2]	€	52.42	64.03
Price at the end of the period [2]	€	60.89	106.00
Number of shares at the end of the period	TPie	9,744	9,744
Market capitalization at the end of the period	m€	593.31	1,032.86

1 … Adjusted by proposed dividend payments and equity attributable to non-controlling interest

2 … Closing price

3. Economic Environment[1]

In 2016, the global economy remained more or less at the same level of 2015 and lagged behind expectations. During 2016 the International Monetary Fund (IMF) corrected the growth rate of 3.4% - expected at the beginning of the year - downward to a rate of 3.1%, compared to a growth of 3.4% in the previous year. The slowdown of the worldwide business activities observed by the IMF was due to numerous factors among which count for example slackening growth in China, continuous drop in commodity prices (most notably the oil price) which leads to significant re-distributive effects throughout branches and countries and to a corresponding decline in investments in emerging countries as well as to highly volatile financial markets resulting in subdued growth in developed economies. Political uncertainties such as the growing nationalist tendencies in European countries and the US also exerted a negative influence on the economic growth.

The economists of the IMF expect the global economy to grow by 3.5% in 2017 and by 3.6% in 2018.

In 2016, the IMF forecasts a moderate growth of 1.7% for the euro zone. This is due to the moderate domestic demand and the hesitant investment activity of most industries, which is the result of uncertainties concerning Great Britain's scheduled withdrawal from the European Union. Negative effects are also expected for Europe's economic growth in 2017 due to Great Britain expected to leave the European Union and the resulting economic and political uncertainties.

In 2016, the Austrian economy grew by 1.5%, representing a significantly higher rate than in the previous year (1.0%). Austria's economic development, therefore, performed much better than the rest of the euro zone. Investments as well as public sector and private consumption increased, whereas the contribution of foreign trade shrank compared to the previous year. As in the two previous years, unemployment was again on the rise in 2016 at 6.0% (Eurostat definition). Compared to the average EU unemployment rate, this is an opposite development. Average unemployment within the EU has been on the decline as in the two previous years. At 8.5%, the rate, however, clearly exceeds the figures reported for Austria. Compared to the previous year, the domestic inflation rate (Harmonised Index of Consumer Prices) increased by 0.2% to 1.0% and is therefore (as in the previous year) still visibly higher than the rate of the European Union which reports an annual inflation rate of 0.3% in 2016 (PY: 0.0%). The Austrian Economic Chamber (Economic Situation Report and Forecast of March 2017) considers the Austrian economy to be recovering and forecasts an economic growth of 2.0% for 2017 which is therefore by 0.5% higher than the growth expected for 2016.

After a 6.1% increase in 2015, the Turkish economy reported a slowdown in its economic growth in 2016. Despite turmoil and unrest, the Turkish economy showed a growth of 3.5% in the past quarter of 2016, after having reported a decrease in the penultimate quarter for the first time since the crisis year of 2009. Overall, Turkey therefore achieved a total growth of 2.9% in 2016. The economic growth was predominantly driven by private consumption, the building industry and public investment.

At 1.6%, economic growth in the US in 2016 was significantly below the previous year's rate of 2.6%. Private consumption continued to develop positively, contributing to approx. 70% of the overall economic performance and therefore representing the key growth driver in the US.

Ukraine grew again by 2.3% in 2016 after a rate of -9.8% in 2015. Although a slight decline to 2.0% is again expected for 2017, another increase is expected for 2018 and a GDP growth of 3.2% forecast.

South Korea, Asia's fourth largest national economy, reported a growth of 2.6% in 2016, maintaining its prior-year rate of 2.6%.

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[1] Source of economic data: http://www.imf.org/en/Publications/WEO/Issues/2017/04/04/world-economic-outlook-april-2017

With interest rates low, earnings from overnight money and fixed-term deposits were markedly below the historic average also in 2016, which led to a lively demand for more profitable investment opportunities in the financial markets. The European Central Bank (ECB) announced to leave the base rate in the euro zone unchanged at the record low of 0.0%. In order to kick-start the economy and to increase the continuously low inflation towards the ECB's target level of slightly below 2.0%, the ECB continues to buy government and corporate bonds at a value of approx. € 80 billion on a monthly basis. The programme, designed for investments of € 1.74 trillion, will run until at least the end of 2017. In contrast, the American Federal Reserve (FED) increased the base rate once again in March 2016, with the interest rate now ranging from 0.75%-1.00% due to positive economic data and a low unemployment rate.

Between 1 April 2016 and 31 March 2017, the Austrian leading index ATX was up by some 25% and the Turkish BIST 100 index rose by more than 7%.

In the business year 2016/2017, the US dollar varied between 1.05 and 1.14 against the euro. As of 31 March 2017, the exchange rate stood at 1.07 EUR/USD, meaning that the euro suffered a slight loss on the US dollar during the reporting year (PY: 1.14 EUR/USD on 1 April 2016). The Turkish lira lost on the euro, falling from EUR 3.21 per TRY on 1 April 2016 to 3.89 on 31 March 2017. The EUR/CHF rate was 1.07 on 31 March 2017 compared to 1.09 in the previous year. The Ukrainian hryvnia reported a slight appreciation during the reporting period, increasing to a EUR/UAH exchange rate of 28.96 on 31 March 2017 (compared to EUR 29.69 for the UAH on 1 April 2016).

4. Business Development

Group		Business Year			
		2016/2017	2015/2016	Change	Change in %
Revenue	**m€**	**913.44**	**916.47**	**-3.02**	**-0.3%**
Other operating income	m€	28.72	24.67	4.06	16.4%
Cost of materials	m€	-383.50	-396.71	13.21	3.3%
Personnel expenses	m€	-315.13	-302.74	-12.39	-4.1%
Other operating expenses	m€	-149.55	-148.26	-1.29	-0.9%
Result of equity investments accounted for using the equity method	m€	-2.09	-0.74	-1.35	-181.4%
EBITDA - Operating result before amortisation / depreciation and effects from impairment tests	**m€**	**91.89**	**92.68**	**-0.78**	**-0.8%**
Amortisation / depreciation and effects from impairment tests	m€	-35.66	-37.16	1.51	4.1%
EBIT - Operating result	**m€**	**56.24**	**55.51**	**0.72**	**1.3%**
Financial result	m€	-6.38	-4.69	-1.69	-36.0%
Profit before income tax	**m€**	**49.86**	**50.83**	**-0.97**	**-1.9%**
Income tax	m€	-16.06	-6.14	-9.92	-161.6%
Profit after income tax	**m€**	**33.80**	**44.69**	**-10.88**	**-24.4%**
Therof net profit attributable to non-controlling interests	m€	-12.97	-16.43	3.46	21.1%
Therof net profit attributable to shareholders of DO & CO Aktiengesellschaft (Net result)	**m€**	**20.83**	**28.25**	**-7.42**	**-26.3%**
EBITDA margin	%	10.1%	10.1%		
EBIT margin	%	6.2%	6.1%		
Employees		9,576	9,655	-79	-0.8%

4.1. Revenue

In its business year 2016/2017, the DO & CO Group recorded a revenue of € 913.44m, a decrease of -0.3% or € -3.02m on the previous year.

Revenue		Business Year			
		2016/2017	2015/2016	Change	Change in %
Airline Catering	m€	597.46	631.26	-33.80	-5.4%
International Event Catering	m€	146.33	117.68	28.65	24.3%
Restaurants, Lounges & Hotel	m€	169.66	167.52	2.13	1.3%
Group Revenue		**913.44**	**916.47**	**-3.02**	**-0.3%**

Share of Group Revenue		Business Year	
		2016/2017	2015/2016
Airline Catering	%	65.4%	68.9%
International Event Catering	%	16.0%	12.8%
Restaurants, Lounges & Hotel	%	18.6%	18.3%
Group Revenue		**100.0%**	**100.0%**

In the business year 2016/2017, revenue of the **Airline Catering division** fell by € -33.80m from € 631.26m to € 597.46m. This represents a decrease of -5.4%. The division's revenue produced 65.4% of the Group's overall revenue (PY: 68.9%).

The decline in revenue reported by the Airline Catering division is mainly due to the significant depreciation of the Turkish lira and the British pound on the euro. Based on the historic average rates of the previous business year 2015/2016, the Airline Catering division would report a growth in revenue of approx. +2% on the previous year.

Furthermore, Turkish DO & CO initiated a cost-saving programme for its main customer Turkish Airlines in the business year 2016/2017, which led to a corresponding decline in revenue.

In the business year 2016/2017, revenue of the **International Event Catering division** grew by € +28.65m from € 117.68m to € 146.33m. This represents an increase of +24.3%. The division's revenue produced 16.0% of the Group's overall revenue (PY: 12.8%).

The significant revenue growth in the International Event Catering division was chiefly due to the activities during the European football championship UEFA EURO 2016 in France. In addition, the revenue figures achieved in the Formula 1 grand prix races were increased in particular due to the catering provided for the Mercedes Motorhome.

In the business year 2016/2017, revenue of the **Restaurants, Lounges & Hotel division** grew by € +2.13m from € 167.52m to € 169.66m. This represents an increase of +1.3%. The division's revenue produced 18.6% of the Group's overall revenue (PY: 18.3%).

In the Restaurants, Lounges & Hotel division, it is particularly the area of lounges as well as staff restaurants that contribute to this revenue growth.

4.2. Earnings

Other operating income amounts to € 28.72m, representing an increase of € +4.06m (PY: € 24.67m).

In absolute figures, cost of materials fell by € -13.21m (-3.3%), from € 396.71m to € 383.50m, at a revenue reduction rate of -0.3%. Cost of materials as a proportion of revenue thus decreased slightly from 43.3% to 42.0%.

Personnel expenses in absolute figures rose from € 302.74m to € 315.13m (+4.1%) in the business year 2016/2017. In relation to revenue, personnel expenses thus increased from 33.0% to 34.5%.

Other operating expenses rose by € +1.29m or +0.9%. Accordingly, operating expenses made up 16.4% of revenue (PY: 16.2%).

The result of investments accounted for using the equity method amounts to € -2.09m (PY: € -0.74m) in the business year 2016/2017. The significant decrease on the previous year is particularly due to the investments Versilia Solutions Ltd. and Soon Sharp DO & CO Korea LLC and is the result of the start-up costs.

The EBITDA margin stands at 10.1% (PY: 10.1%) in the business year 2016/2017.

In the business year 2016/2017, amortisation/depreciation and effects from impairment tests amounted to € 35.66m, representing a decrease of € -1.51m on the previous year (PY: € 37.16m). This decline is mainly due to the deconsolidation of Do & Co Restaurantbetriebsgesellschaft m.b.H., who was the owner of the Haas Haus property, in the fourth quarter of the business year 2015/2016.

The EBIT margin was 6.2% in the business year 2016/2017 (PY: 6.1%).

The financial result for the business year 2016/2017 declined from € -4.69m to € -6.38m and mainly comprises interest for the corporate bond placed at the beginning of 2014.

For the business year 2016/2017 income tax is € 16.06m (PY: € 6.14m) representing an increase of € 9.92m. The tax ratio (taxes as a proportion of untaxed income) was 32.2% in the business year 2016/2017 (PY: 12.1%). The tax ratio of the business year 2016/2017 mainly rose due to the evaluation of current and previous deferred taxes as well as one-off effects from current taxes. The low tax ratio in the previous year is the result of higher contributions by units in low-tax countries, profits in countries with tax loss carry-forwards not capitalised and one-off effects from the capitalisation of deferred taxes on tax loss carry-forwards.

For the business year 2016/2017, the Group achieved a profit after income tax of € 33.80m, a decrease of € -10.88m or -24.4% on the previous year, reflecting the increase in income tax. € 12.97m (PY: € 16.43m) of the profit after income tax is attributable to non-controlling interests.

The net profit attributable to the shareholders of DO & CO Aktiengesellschaft (net result) therefore amounts to € 20.83m (PY: € 28.25m). Earnings per share are therefore € 2.14 (PY: € 2.90).

4.3. Statement of Financial Position

Compared to reporting date 31 March 2016, there has been an increase in non-current assets with regard to "property, plant and equipment" which is due to investments made most notably in Turkey, the US and Great Britain. The decline in cash and cash equivalents compared to the reporting date 31 March 2016 is also due to these transactions.

Consolidated shareholders' equity (adjusted for proposed dividend payments) was € 247.56m as of 31 March 2017, which translates into an equity ratio of 39.8% as of 31 March 2017.

The increase in current other financial liabilities is mainly due to changed terms of a loan and due to an obligation with regard to a building cost subsidy granted for the expansion of the restaurant area of Arena One in Munich under the extended contract. The decline in trade payables is mainly due to the successful completion of the UEFA EURO 2016.

4.4. Employees

In the business year 2016/2017, the average number of employees (full-time equivalent) was 9,576 (PY: 9,655 employees), representing a decline of -79 employees on the same period last year. This development was mostly due to a decline in business in Ukraine and Turkey which was due to the weaker order situation. This decline was partly compensated by an increase in employees at locations in Germany, Great Britain and the US.

4.5. Non-financial performance indicators

Non-financial performance indicators are important value drivers of a company that significantly influence the corporate success. At DO & CO, these are:

- Product innovation
- Employee motivation
- Customer satisfaction
- Supplier relationships

DO & CO's management is confident that it can continue its successful performance of the past years. A focus on innovation, superior product and service standards, customer service and excellently trained and committed staff continue to provide the underpinnings for DO & CO to make the best possible use of its available growth potential.

Trainings involve, amongst others, state-of-the-art technical equipment, and employees around the globe receive training via video screen with a view to ensure a uniform standard to be applied in product presentation and diversity.

The employees of the event team are professionally trained at the internal DO & CO Academy, which not only ensures the quality of DO & CO's services but also the employees' confidence when handling the necessary equipment. Trainings involve, amongst others, state-of-the-art technical equipment, and chefs operating around the globe receive training via video screen with a view to ensure a uniform standard to be applied in product presentation and diversity.

DO & CO looks back on many years of satisfied customers, with customer satisfaction being based on jointly developed product and service packages and DO & CO's flexibility to accommodate customer wishes. That customers are satisfied with DO & CO is repeatedly demonstrated when DO & CO opens new airline catering locations and existing customers follow DO & CO along to the new locations.

DO & CO is committed to enter into long-term business relationships with its suppliers. The prerequisite for this long-term commitment is a beneficial partnership for both sides. Business with DO & CO is based on values such as fair pricing as well as reliable and flexible delivery of goods. The joint development of products and services strengthens loyalty and therefore improves the understanding of the different corporate cultures of all partners involved. Furthermore, this valuable exchange of experience helps DO & CO meet its high quality standards.

4.6. Airline Catering

Having established a unique, innovative and competitive product portfolio, the Airline Catering division contributes the largest share to the overall revenue of the DO & CO Group.

On a global scale, 30 DO & CO gourmet kitchens in New York, Chicago, London, Istanbul, Frankfurt, Munich, Milan, Malta, Warsaw, Kiev, Seoul, Vienna and other locations in Austria, Germany, Turkey and Poland are setting new standards in the premium segment of the airline catering business.

DO & CO has built up a large customer portfolio. This clientele includes major players such as Austrian Airlines, British Airways, Emirates, Turkish Airlines, Etihad Airways, Cathay Pacific, Qatar Airways, Singapore Airlines, Air France, South African Airways, LOT Polish Airlines, Oman Air, Ukraine International Airlines, Royal Air Maroc, Korean Air, EVA Air, Egypt Air, Royal Jordanian, China Airlines, NIKI, Pegasus Airlines, Asiana Airlines, and since recently Lufthansa and Thai Airways.

Airline Catering		Business Year			
		2016/2017	2015/2016	Change	Change in %
Revenue	m€	597.46	631.26	-33.80	-5.4%
EBITDA	m€	70.63	75.35	-4.71	-6.3%
Amortisation / depreciation	m€	-25.20	-22.18	-3.02	-13.6%
Effects from impairment tests	m€	-0.49	-3.23	2.74	84.8%
EBIT	m€	44.94	49.94	-4.99	-10.0%
EBITDA margin	%	11.8%	11.9%		
EBIT margin	%	7.5%	7.9%		
Share of Group Revenue	%	65.4%	68.9%		

In the business year 2016/2017, the Airline Catering division rang up revenue of € 597.46m (PY: € 631.26m), a decline of -5.4% on the previous year. The division contributed 65.4% of the Group’s overall revenue (PY: 68.9%). Altogether, the 30 gourmet kitchens operated by the DO & CO Group around the globe catered for more than 94 million passengers on over 646,000 flights.

EBITDA and EBIT decreased during the business year 2016/2017 compared to the previous year due to a decline in revenue as well as an increase in amortisation /depreciation: at € 70.63m, EBITDA fell by € -4.71m (-6.3%) on the previous business year. EBIT declined from € 49.94m to € 44.94m (-10.0%). The EBITDA margin was 11.8% in the business year 2016/2017 (PY: 11.9%). The EBIT margin was 7.5% (PY: 7.9%).

Throughout the business year 2016/2017, the Airline Catering division again faced a highly competitive and volatile market environment. Despite these difficult market conditions, DO & CO managed to retain the EBITDA margin and gain new customers.

With regard to the development of the international locations, the following is worth noting.

TURKEY

The business year 2016/2017 was a challenging year for the Turkish location and the Turkish aviation industry. The main issues in this context were in particular the terrorist attacks at the airport Istanbul Atatürk at the end of June 2016 and in downtown Istanbul at the turn of the year as well as the failed coup d’état in mid-July 2016.

Declining passenger numbers and, consequently, decreasing results reported by Turkish Airlines forced Turkish DO & CO to implement cost-saving measures with regard to airline catering for its main customer Turkish Airlines in the business year 2016/2017. This cost-saving programme led to a corresponding decline in revenue and the number of employees. Turkish DO & CO was able to implement this cost-saving programme without any significant effects on the margins.

Moreover, the Turkish lira lost considerably on the euro in the business year 2016/2017. While the Turkish lira stood at 3.21 EUR/TRY on the euro at the beginning of the business year 2016/2017, the exchange rate of the Turkish lira only stood at 4.06 EUR/TRY at the end of January 2017, thus down by -26.5%. At the end of the business year 2016/2017, a slight appreciation was reported for the Turkish lira. The value against the euro was at 3.89 EUR/TRY as of 31 March 2017, representing a decline of -21.1% on the last reporting date 31 March 2016. Since the main portion of costs is incurred in the local currency, the margins remain basically unaffected by this development. The average EUR/TRY rate fell by -11.9% on the business year 2016/2017.

Revenue in Turkey reports a decline of -1.7% in local currency (Turkish lira), which translates into a total revenue decline of -12.2% in the consolidated income statement of DO & CO due to the loss of the Turkish lira on the euro.

The works to convert and enlarge the existing gourmet kitchen at Istanbul's Sabiha Gökçen Airport, Istanbul's second airport situated on the Asian part of the city, are completed. This location offers further growth potential also in the future.

Another positive highlight is that Saudia (former Saudi Arabian Airlines) ex Ankara was gained as a new customer.

At the end of the business year 2016/2017, Turkish DO & CO was successful in negotiating another extension of the catering supply contract with Turkish Airlines. The signed contract will expire after two years and includes an extension option for Turkish Airlines for further 12 months.

AUSTRIA
In the business year 2016/2017, the Austrian location reported stable revenue compared to the previous year.

US
The location at New York's John F. Kennedy Airport reported increased revenue, mostly with existing customers such as Etihad Airways, Emirates and Ukraine International Airlines. As of March 2017, deliveries are also made for Lufthansa, which is the new customer at New York's John F. Kennedy Airport, with one daily flight to Munich and/or two daily flights to Frankfurt. DO & CO has therefore substantially improved its market position at this strategically important location. Furthermore, investments for conversion and expansion works have been made at the site since January 2017 with a view to enable further growth. Works are scheduled to be completed at the end of 2017.

The unit at Chicago O'Hare, DO & CO's second location in North America, increased its business on the previous year. With EVA Air, the Company won another customer in the business year 2016/2017. With its catering for Emirates, British Airways, Cathay Pacific, Turkish Airlines, Austrian Airlines, Finnair, Etihad Airways, and EVA Air, DO & CO now has eight customers at this location.

GREAT BRITAIN
The location at London Heathrow reported declining revenue of -6.7%. This development is exclusively due to the depreciation of the British pound against the reporting currency. When using the local reporting currency, revenue increased by +7.1% (GBP 3.6m). Since the main portion of costs is incurred in the local currency, the margins remain basically unaffected by the depreciation of the British pound. On a positive note, Cathay Pacific was won as a new customer at the airport of London Gatwick (with four flights per week) as of the beginning of September 2016. The cooperation with China Southern Airways was terminated.
Conversion and expansion works were carried out for existing gourmet kitchens, which will be completed in the second quarter of the business year 2017/2018, with a view to achieve growth also in the future.

GERMANY
At the German locations (Frankfurt, Munich, Düsseldorf and Berlin), revenue surged thanks to an expansion of business with existing customers and the acquisition of new customers (acquired already in autumn 2015). In this context, it should also be reported that Thai Airways became a new customer for the Frankfurt and Munich units towards the end of the business year 2016/2017. Starting in April 2017, DO & CO will perform catering services for Thai Airways for a daily flight ex Munich and two daily flights ex Frankfurt.

POLAND
The Polish Airline Catering locations reported revenue increases as a result of expanded business activities with existing customers and the acquisition of new customers. It should be highlighted that the unit has won Air China as a new customer and has been catering for this customer in Warsaw since September 2016.

ITALY
At Milan's Malpensa, the business volume further increased which is particularly due to the existing customers Singapore Airlines and Oman Air.

UKRAINE
The Airline Catering location in Kiev reports a strong decline in business. The considerable decline in the volume delivered to Ukraine International Airlines (the major customer at the Airline Catering location in Kiev) in the first half of the business year 2016/2017 led to a decline in revenue.

DO & CO strategy

- Strengthening the division's position as "the" premium supplier in the airline catering segment
- A unique, innovative and competitive product portfolio
- Long-term sustainable partnerships with customers at several locations
- One-stop supplier of airline catering services
- Gourmet kitchen approach: meals for all divisions are prepared in central kitchens in order to ensure consistent quality, know-how exchange across all divisions and high capacity utilisation

Outlook on the business year 2017/2018

- Participation in numerous tenders for existing and/or new customers
- Continuing negotiations with Turkish Airlines on another extension of the catering supply contract at the third airport in Istanbul
- Establishment of new gourmet kitchens at the airport of Los Angeles in the US and at the airport Paris-Charles de Gaulle in France
- Completion of the expansion investments at the locations New York (John F. Kennedy Airport) and London Heathrow
- Development of a new tableware and service concept for the business class of British Airways; during the 6-month test phase on the LHR-JFK route DO & CO also prepares the meals for first and business class
- Expansion of the buy-on-board business with Versilia Solutions Ltd., a joint venture founded by DO & CO and partners
- Evaluation of takeover goals and expansion possibilities

Competitive edge of DO & CO

- "The" premium airline caterer
- Product creativity and innovation
- Supplier of one-stop solutions

4.7. International Event Catering

The International Event Catering division generated revenue of € 146.33m in the business year 2016/2017 (PY: € 117.68m). In the business year 2016/2017, the International Event Catering division's EBITDA was € 11.79m (PY: € 9.30m), with an EBITDA margin of 8.1% (PY: 7.9%). EBIT amounted to € 6.72m in the business year 2016/2017 (PY: € 4.23m), and the EBIT margin was 4.6% (PY: 3.6%).

International Event Catering		Business Year			
		2016/2017	2015/2016	Change	Change in %
Revenue	m€	146.33	117.68	28.65	24.3%
EBITDA	m€	11.79	9.30	2.49	26.8%
Amortisation / depreciation	m€	-5.07	-5.07	0.00	-0.1%
EBIT	m€	6.72	4.23	2.49	58.9%
EBITDA margin	%	8.1%	7.9%		
EBIT margin	%	4.6%	3.6%		
Share of Group Revenue	%	16.0%	12.8%		

The strong revenue increase achieved in this division is particularly due to the European football championship UEFA EURO 2016 in France. DO & CO, respectively Hédiard Paris, was the Hospitality Production Management Company at one of the biggest sports events that has ever been held in Europe. In the course of this sports event, 110,000 VIP guests were treated with culinary delights during 51 football matches in 9 cities and 10 different stadiums.

For DO & CO's International Event Catering division, the business year 2016/2017 was already its 25th season of catering for Formula 1 grand prix races. Altogether, it handled 18 Formula 1 grand prix races in 18 different countries. Moreover, DO & CO was also put in charge of the Formula 1 VIP hospitality infrastructure segment in its business year 2014/2015, a responsibility that involves the provision of noncatering items such as tents, furniture, security, decoration and entertainment. In addition, DO & CO was selected to provide the catering for the Mercedes Motorhome for all Formula 1 grand prix races in the business year 2016/2017.

In the business year 2016/2017, DO & CO handled the catering for a total of 45 football matches at the Allianz Arena. Its services comprise full-scale catering for the VIP and public areas for all games of FC Bayern Munich and 1860 Munich, as well as organising numerous sporting and business events at the Allianz Arena. Arena One, a subsidiary of DO & CO, also organised a large range of events at the Munich Olympic Park.

DO & CO was able to extend the contract for running the catering of Allianz Arena with Allianz Arena München Stadion GmbH up until 2030 (for the provision of catering services at the Allianz Arena). To further develop Allianz Arena and to expand the existing hospitality and restaurant infrastructure, DO & CO will grant a building cost subsidy.

In May 2016, DO & CO was busy catering for several major sports events. At the ATP Tennis Masters Series in Madrid, the DO & CO event team was again in charge of the exclusive catering to VIP guests and the tennis players themselves. In mid-May 2016, DO & CO was the culinary host of the UEFA Europa League final in Basel. One more highlight of the event calendar was the UEFA Champions League final held at Stadio Giuseppe Meazza in Milan at the end of May 2016, actually the eleventh Champions League final catered for by DO & CO for UEFA.

Aachen hosted the equestrian tournament CHIO in July 2016, with DO & CO being again responsible for the catering for the VIP guests. The highlight of the summer was once again the annual beach volleyball tournament at the Wörthersee in Klagenfurt in July 2016, where for six days VIP guests tasted the very best of DO & CO's catering. In addition, DO & CO was also responsible to do the catering for the VIP guests at the Miami Major beach volleyball tournament in February 2017 in Fort Lauderdale in the US.

The annual film festival held, in July and August 2016, at the Rathausplatz in Vienna also merits attention. Since 1992, DO & CO has been responsible for the planning, organisation, setup and gastronomic logistics of the attendant gourmet food market, an event that is unique in Europe.

The activities at the Rathausplatz began already at the beginning of June 2016 due to the public viewing during the UEFA EURO 2016; therefore, the two events followed each other.

DO & CO's schedule also covered the international ÖFB matches at the Ernst Happel Stadium in Vienna and the home games of FC Red Bull Salzburg at the Red Bull Arena in Salzburg.

As from the start of the 2016/2017 season of the Austrian Bundesliga, DO & CO was also responsible for the VIP catering of the long-established club Austria Wien at the Ernst Happel Stadium.

The highlight of the winter season in January 2017 was once again the annual Hahnenkamm ski race at Kitzbühel, together with the Bergisel and Bischofshofen legs of the Four Hills Tournament and the night slalom at Schladming, where DO & CO provided a unique ambient and catering at the highest level.

DO & CO strategy

- Strengthening our core competence as a premium caterer
- Pushing our position as a "general contractor for gourmet entertainment" with "ready-made" creative solutions
- Enhancing the premium event brand established by DO & CO
- Establishing DO & CO as a strong and reliable partner

Outlook for the business year 2017/2018

- ATP Tennis Masters in Madrid
- UEFA Champions League final 2017 at the national stadium of Wales in Cardiff
- Beach Volleyball Major Series in Poreč
- Catering and management of VIP hospitality infrastructure for Formula 1 grand prix races
- Catering for football games at the Allianz Arena
- Expansion of the stadium catering area – in addition to Bayern Munich, Red Bull Salzburg and Austria Vienna, the new customer Juventus Turin is the fourth football club enjoying the culinary treats of DO & CO.

Competitive edge of DO & CO

- "One stop partner"
- Unique premium product – distinct and unequalled
- Maximum reliability, flexibility and a strong focus on quality have turned DO & CO into a "no headache" partner that is always ready to serve its customers
- An international and dynamic leadership team that is experienced in the premium segment

4.8. Restaurants, Lounges & Hotel

In the business year 2016/2017, the Restaurants, Lounges & Hotel division accounted for revenue of € 169.66m (PY: € 167.52m), which translates into a revenue growth of 1.3%.
The division's EBITDA was € 9.47m (PY: € 8.04m). The EBITDA margin was 5.6% (PY: 4.8%). EBIT, amounting to € 4.58m, was above the previous year's level (PY: € 1.35m). The EBIT margin was 2.7% (PY: 0.8%).

Restaurants, Lounges & Hotel		Business Year			
		2016/2017	2015/2016	Change	Change in %
Revenue	m€	169.66	167.52	2.13	1.3%
EBITDA	m€	9.47	8.04	1.43	17.8%
Amortisation / depreciation	m€	-3.59	-6.03	2.43	40.4%
Effects from impairment tests	m€	-1.30	-0.66	-0.64	-97.3%
EBIT	m€	4.58	1.35	3.23	238.9%
EBITDA margin	%	5.6%	4.8%		
EBIT margin	%	2.7%	0.8%		
Share of Group Revenue	%	18.6%	18.3%		

The Restaurants, Lounges & Hotel division consists of the following units: restaurants and Demel cafés, lounges, hotel, staff restaurants, retail, airport gastronomy and railway catering.

It was particularly the Lounges unit that reported revenue increases in the business year 2016/2017. In this connection it should be noted that DO & CO has been operating an Emirates lounge in Frankfurt since October 2015 as well as one Emirates lounge each in Munich and Düsseldorf since November 2015. Growth rates were further enhanced by the Emirates lounges at London Heathrow and New York John F. Kennedy.

The 30 lounges operated around the world by DO & CO – comprising the Austrian Airlines and Vienna Airport lounges in Vienna, the Lufthansa lounges in Frankfurt and London Heathrow, the Emirates lounges in London Heathrow, New York John F. Kennedy, Milan Malpensa, Munich, Frankfurt and Düsseldorf, the Etihad lounge in Frankfurt as well as the Turkish Airlines lounges in Istanbul, Dalaman, Trabzon, Adana and Bodrum – served culinary delights to over 4.1m passengers in the business year 2016/2017.

Staff restaurants, located in various parts of Austria and Germany, also reported revenue increases in the business year 2016/2017.

Restaurants reported a stable sales development in the business year 2016/2017. The DO & CO flagship restaurant at Vienna's Stephansplatz, the DO & CO restaurant at the Albertina as well as two restaurants located at the Munich Olympic Park, Restaurant 181 and Restaurant Olympiasee, generated satisfactory revenue figures.

For the railway catering business it is to report that following the extraordinary cancellation of the contract with ÖBB-Personenverkehr AG, DO & CO was successful in negotiating a continuation of the contract until the end of April 2018. DO & CO plans to participate in another tender expected for autumn 2017.

Under their joint venture, DO & CO and Nespresso opened their first Nespresso Café in London at the end of June 2016. Situated in the City of London, at the prestigious location between the Bank of England and St. Paul's Cathedral, fresh products from the London DO & CO gourmet kitchen are served together with Nespresso coffee. The Nespresso Café in Vienna was closed in June 2016 given its less than satisfactory development.

The flagship store of Hédiard, a subsidiary of DO & CO, located on Place de la Madeleine in Paris, is currently undergoing a thorough makeover and thus closed until the refurbishment is completed. In March 2017, DO & CO announced to carry out reorganisation measures and concept changes at Hédiard, which will result in staff reductions. The social compatibility of these staff reductions is ensured with the help of a social plan. The expected costs incurred in the course of this measure are taken into account in the income statement of the business year 2016/2017.

The construction works for the hotel in Istanbul have further progressed. The opening of the hotel and the restaurant as well as the event location is planned for 2018.

DO & CO strategy

- Creative core of the DO & CO Group
- Marketing tool and image projector of the Group and brand development

Outlook for the 2017/2018 business year

- Continued expansion in the retail segment with the opening of new locations of Nespresso Cafés and "Henry – the art of living" shops
- Continued expansion in the lounges, airport gastronomy and staff restaurants segments

Competitive edge of DO & CO

- Pioneer in product innovation and take-up of international trends
- Strong brand that guarantees supreme quality
- Wide spectrum within the division: lounges, retail, airport gastronomy, restaurants and Demel cafés, hotel, staff restaurants and railway catering
- Unique locations: Stephansplatz, Kohlmarkt, Albertina and Neuer Markt in Vienna, Place de la Madeleine in Paris and Istanbul Ortaköy

4.9. Shares / Investor Relations / Information Pursuant to Section 243a UGB

Stock market overview

The reporting period was marked by a favourable development of international stock markets. This development was not even affected by the surprising results of political votes such as the Brexit referendum in Great Britain and the US presidential election. The markets benefit from positive economic data – most notably also in Europe. The ongoing expansive monetary policy of the European Central Bank supported this development. While also the Japanese central bank further pursued its slack monetary policies, the Federal Reserve was very cautious when continuing its tightening course in the US. Investors have not yet responded to the probable interest increases which might occur in the near future. After uncertainties were felt concerning the Chinese economy at the beginning of 2016, growth returned to normal in this Far Eastern economic power.

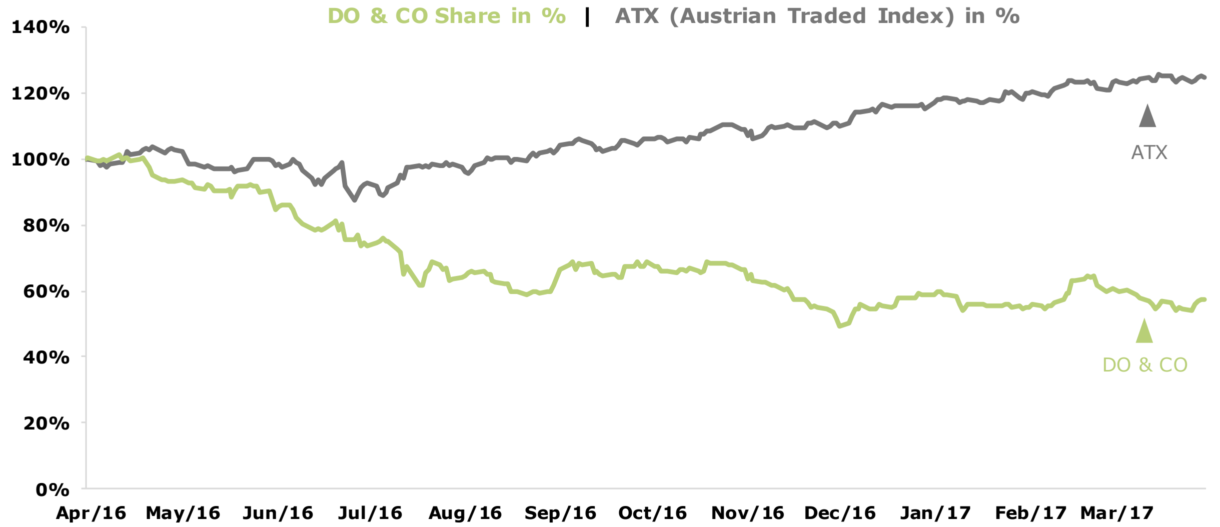
During the reporting period, the overall European stock index EuroStoxx 50 increased by 16.5%. The US stock index Dow Jones Industrial and the DAX also rose by 16.8% and 23.6%, respectively.

The Vienna Stock Exchange index ATX continued to move upwards. Altogether, the ATX rose by 24.6% from 2,270.38 points on 31 March 2016 to 2,828.79 points on 31 March 2017.
The Istanbul Stock Exchange put in a slightly positive performance in the reporting period. The Turkish BIST 100 rose by 6.8% during the reporting period, closing at 88,947.40 points on 31 March 2017.

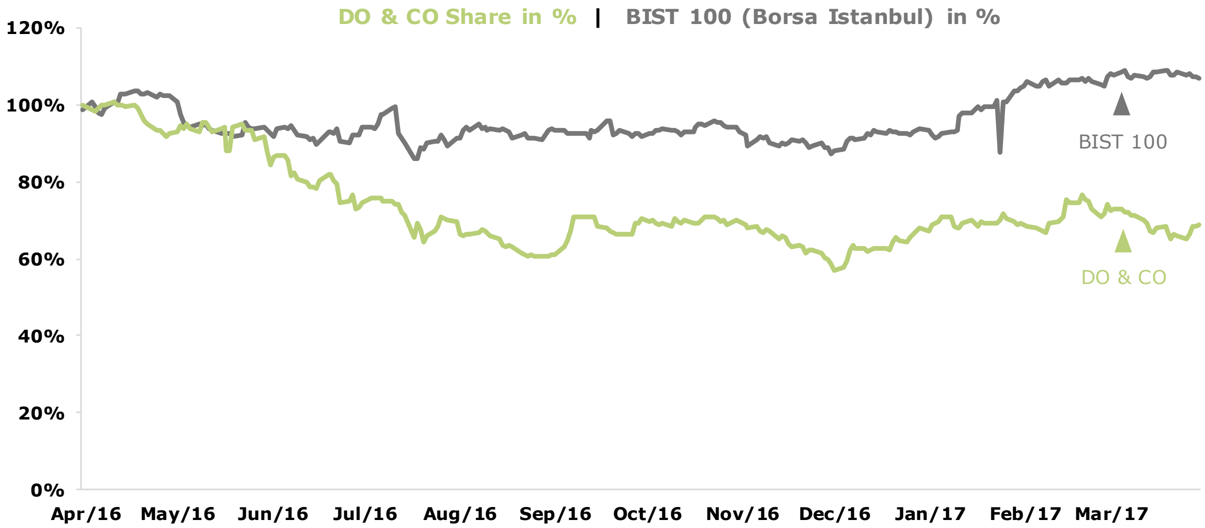
DO & CO shares

In the business year 2016/2017, the DO & CO shares lost in value on the Vienna and Istanbul stock exchanges.

On the Vienna Stock Exchange, the DO & CO share lost -42.6%, closing at € 60.89 on 31 March 2017.



On the Istanbul Stock Exchange, DO & CO shares lost -30.2%, closing at TRY 235.90 on 31 March 2017.



On 1 October 2015, DO & CO was accepted into the BIST 100 index, the key index for the Turkish stock market. The foremost stock index in Turkey, BIST 100 includes the 100 main Turkish stocks, weighted by market capitalisation.

Dividend

The Management Board of DO & CO Aktiengesellschaft will propose the distribution of a dividend amounting to € 0.85 per share to the General Meeting of Shareholders on 27 July 2017. The dividend thus amounts to the dividend distributed in the previous business year. The distribution ratio is 39.8%.

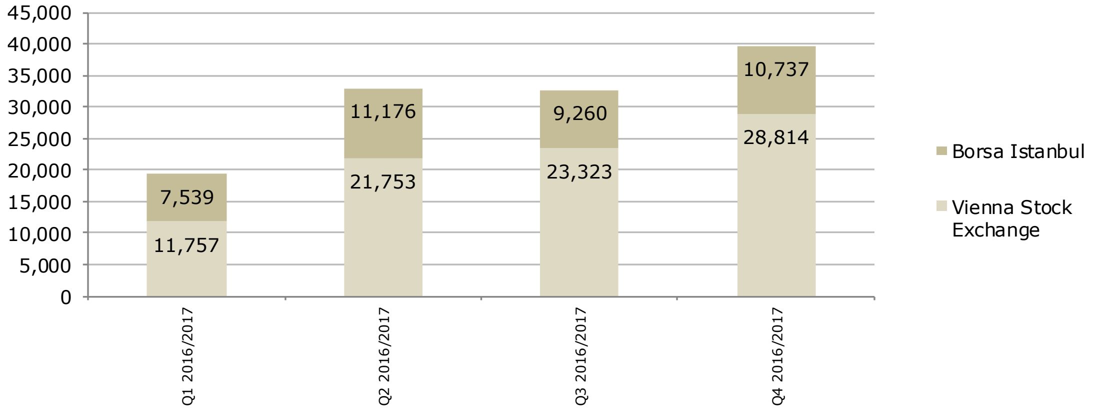
Trading volumes

On the Vienna Stock Exchange, an average of € 1,452k in DO & CO stocks was traded daily during the business year 2016/2017, compared to an average daily trading volume of € 684k in DO & CO shares on the Istanbul Stock Exchange. Trading in Vienna thus was higher than the level of the Istanbul Stock Exchange. Together, the two stock exchanges traded € 2,136k or 31,097 shares as a daily average. Trading volumes thus increased over the previous year in both numbers and value.

	Vienna Stock Exchange		Istanbul Stock Exchange		Total	
	Business Year		Business Year		Business Year	
	2016/2017	2015/2016	2016/2017	2015/2016	2016/2017	2015/2016
Volume in shares*	21,413	9,360	9,684	10,502	31,097	19,861
Turnover in k€*	1,452	808	684	895	2,136	1,704

*Daily average traded volume of the DO & CO shares

Daily average traded volume*



*Volume in shares

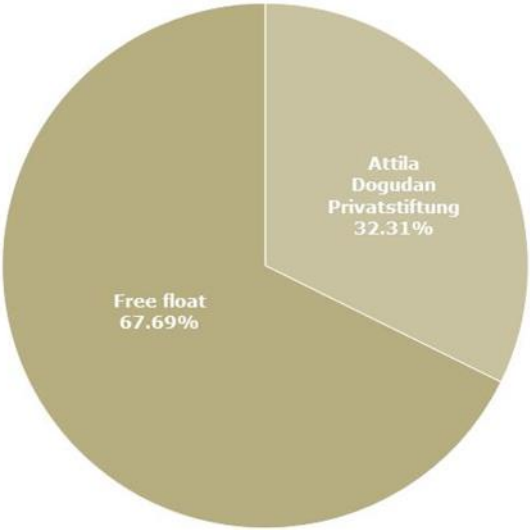
Share indices

		Business Year 2016/2017	Business Year 2015/2016
High [1]	€	107.60	106.00
Low [1]	€	52.42	64.03
Share price at the end of the period [1]	€	60.89	106.00
Number of shares at the end of the period	TPie	9,744	9,744
Market capitalisation at the end of the period	m€	593.31	1,032.86

1 … Closing price

Shareholder structure of DO & CO Aktiengesellschaft

On 31 March 2017, 67.69% of the shares were in the free float. The remaining 32.31% were held by the private foundation Attila Dogudan Privatstiftung. This figure includes a stake of 1.59% provided for management and staff participation.



Informationen on the DO & CO shares

ISIN	AT0000818802
Reuters Code	DOCO.VI, DOCO.IS
Bloomberg Code	DOC AV, DOCO TI
Indices	ATX Prime, WBI, BIST ALL, BIST 100
WKN	081880
Listed in	Vienna, Istanbul
Currency	EUR, TRY

Financial calendar

17 July 2017	Cut-off date for the General Meeting of Shareholders
27 July 2017	General Meeting of Shareholders for the business year 2016/2017
31 July 2017	Ex dividend day
1 August 2017	Cut-off date for dividends
14 August 2017	Dividend payment date
17 August 2017	Results for the first quarter of 2017/2018
16 November 2017	Results for the first half of 2017/2018
15 February 2018	Results for the first three quarters of 2017/2018

Investor relations

In the business year 2016/2017, the management of DO & CO Aktiengesellschaft held talks with many institutional investors and financial analysts. These talks took place in Frankfurt, Istanbul, London, Stegersbach, Vienna and Zürs.

Analyses and reports involving DO & CO's shares are currently published by eleven international institutions:

- Kepler Cheuvreux
- Renaissance Capital
- Wood & Company
- Erste Bank
- HSBC
- Raiffeisen Centrobank
- İş Investment
- Ünlü & Co
- Garanti Securities
- GSC Research
- Globul Menkul Degerler

Analysts on overage have a price target of € 75.23 (status: 31 March 2017).

All published materials, the Corporate Governance Report and information on DO & CO's shares are posted under Investor Relations on the DO & CO homepage at **www.doco.com**.

For more information please contact:

Investor Relations
Email: **investor.relations@doco.com**

Notes in Accordance with Section 243a Austrian Commercial Code (UGB)

1. The share capital amounts to € 19,488,000.00 and is divided into 9,744,000 no-par value bearer shares. Only shares of this class are issued.
2. The Management Board is currently not aware of any limitations to the voting rights or to the transfer of DO & CO shares, even for those contained in agreements between shareholders.
3. With a stake of 32.31%, Attila Dogudan Privatstiftung holds at least 10% of the share capital of the Company at the reporting date.
4. There are currently no shares endowed with special control rights.
5. DO & CO staff owning Company shares can exercise their voting rights directly at the General Meeting of Shareholders.
6. The Company has no provisions on appointing and dismissing members of the Management Board that are not derived directly from the pertinent law on this matter. The General Meeting of Shareholders is entitled to remove a member of the Supervisory Board with a simple majority of the votes cast (instead of the statutory majority of 75%). A simple majority of the share capital represented in the vote of a resolution suffices to make a change in the Articles of Association (as opposed to the statutory majority of 75%), unless that change pertains to a conditional capital increase, authorised capital or an ordinary or simplified capital reduction.
7. The Management Board is authorised until 30 June 2017:
   a) subject to the Supervisory Board's consent, to increase the share capital from, at present, € 19,488,000.00 by up to a further € 9,744,000.00 through the issuance of up to 4,872,000 shares in the form of new no-par value bearer shares in exchange for cash contributions and/or contributions in kind, if required in several tranches, and to specify the issuing price, the condition for such issuance and any other details of this capital increase by agreement with the Supervisory Board;
   b) subject to the Supervisory Board's consent, to exclude the subscription right of the shareholders:
      (i) if and when the capital is increased against contributions in kind, or
      (ii) in order to exclude residual amounts from the shareholders' subscription right, or
      (iii) in order to service a greenshoe option granted to issuing banks.

   The share capital of the Company is increased pursuant to Section 159 (2) 1 Austrian Stock Corporation Act (AktG) by up to € 7,795,200.00 through the issuance of up to 3,897,600 new no-par value bearer shares for issuing to creditors of financial instruments as described in the resolutions of the General Meeting of Shareholders of 10 July 2008 and of 4 July 2013. The capital increase may only be carried out to the extent that the creditors of financial instruments exercise their warrant or conversion rights to Company shares.
8. Agreements have been made with clients of the DO & CO Group that entitle them to cancel the contractual relationship in full or in part if there is a change of control in the Company. These agreements are not further specified here owing to the considerable damage this disclosure would do to the Company.
9. No agreements have been made between the Company and the members of its Management or Supervisory Boards or its employees regarding any compensation in the event of a public takeover bid.

4.10. Significant Events After the Reporting Period

No significant events or developments occurred after 31 March 2017 that would be of importance with regard to the DO & CO Group's financial situation and performance.

5. Outlook

With its diverse distribution facilities, a broad brand portfolio and activities in numerous regions, DO & CO is in an excellent position to face challenging market conditions and expects good development opportunities also in the future.

ESTABLISHMENT OF NEW GOURMET KITCHENS IN LOS ANGELES AND PARIS
In the business year 2017/2018, it is planned to open two new gourmet kitchens in Los Angeles and Paris. The works to establish a new gourmet kitchen at the airport of Los Angeles commenced in the spring of 2017. The kitchen is scheduled to be completed in the second quarter of the business year 2017/2018. Moreover, DO & CO started to plan the establishment of a gourmet kitchen in Paris, which is scheduled to be completed until the end of 2017. The airport Paris-Charles de Gaulle is the second largest airport in Europe with some 66 million passengers.

TURKEY
With regard to the commitment in Turkey it has to be noted that DO & CO is going to continue its activities in Turkey as planned. DO & CO is fully committed to its long-term projects in Turkey.

In the first quarter of the business year 2017/2018, DO & CO entered into negotiations on a further extension of the catering supply contract with Turkish Airlines. This contract, which is currently being negotiated, is to become effective upon expiry of the extended contract (entered into in the fourth quarter of the business year 2016/2017) and particularly governs the terms for the new yet to be opened third airport in Istanbul.

Since April 2017 of the current reporting period, Turkish Airlines made headlines with its increasing passenger numbers, which exceeded the previous-year figures by +8.0% in April and +4.5% in May. In the past months of the business year 2016/2017, negative deviations from the respective previous-year figures were reported by Turkish Airlines. Taking this into account, DO & CO expects a stable revenue development.

BUY-ON-BOARD BY NIKI
At the end of the business year 2016/2017, NIKI underwent considerable changes. With the summer flight plan having taken effect, only 5 of the previously 22 airplanes are based in Austria. The other 17 airplanes have been flying ex Germany and Switzerland since April 2017, leading to a shift in the business. As a consequence the number of flights ex Austria fell to about one quarter. As a compensation, NIKI now flies to other European destinations ex Düsseldorf, Hamburg, Munich, Basel and Zurich. At the same time, the catering was changed to a buy-on-board concept available on all city shuttle flights. The catering concept offered on charter flights remains unaffected. The new buy-on-board concept was designed by Versilia Solutions Ltd., a joint venture founded by DO & CO and partners, and is still supervised by Versilia. With this solution, the DO & CO Group was able to keep NIKI as a customer. However, the historical sales will no longer be generated in the medium term.

EXPANSION OF STADIUM CATERING
At the beginning of the business year 2017/2018, DO & CO was successful in winning Juventus Turin as a new customer. From mid-August onwards, the Company will be responsible for the stadium catering of this traditional Turin football club, marking a significant and important step in the expansion of this business segment. In addition to Bayern Munich, Red Bull Salzburg and Austria Vienna, Juventus Turin is the fourth football club to enjoy the culinary treats of DO & CO.

TENDER FOR HENRY AM ZUG AND AT AUSTRIAN AIRLINES
At the end of the business year 2016/2017, ÖBB-Personenverkehr AG and Austrian Airlines initiated tender processes for the catering contracts as of April 2018 and January 2019, respectively.

EMIRATES LOUNGES IN NEW YORK JOHN F. KENNEDY AND MILAN TERMINATED
The contracts for the Emirates lounges in Milan and at the New York John F. Kennedy Airport were terminated. DO & CO will continue operating the two lounges until the beginning of July 2017 and the beginning of September 2017, respectively.

RETAIL & HENRY GOURMET SHOPS
With regard to retail, additional gourmet shops will be opened under the Henry brand in Vienna and London in the business year 2017/2018.

NEW ACQUISITIONS
As in previous quarters, DO & CO continues to evaluate possible targets for acquisition in various markets.

DO & CO's management is confident that it can continue its successful performance of the past years. A focus on innovation, superior product and service standards and excellently trained and committed staff continue to provide the underpinnings for DO & CO to make the best possible use of its available growth potential.

6. Risk and Opportunity Management

DO & CO is exposed to widely varying risks because it conducts business globally in three different divisions: Airline Catering, International Event Catering and Restaurants, Lounges & Hotel. Yet this diversification also opens up many opportunities for a positive development of the Company.

As to opportunities, strategies that allow the Group to continue on its growth path include the acquisition of new customers. Extending the products and services provided for existing customers is also seen as an opportunity for DO & CO, whether it is by supplying a greater level of products and services at existing locations or by providing products and services at new locations. Opportunities also arise from innovative products and services with a view to promote the Company's positive development.

DO & CO views risk management as a crucial instrument for managing the Company. These efforts ensure the continued existence of the business while creating opportunities to improve the Company's assets, financial and earnings position by enhancing future potential for growth and profits. With its risk management, the Company responds reliably and promptly to any changes in basic conditions and to any resulting opportunities and risks.

The applied risk and opportunity management system is based on standardised, group-wide planning and control processes laid down in the risk and opportunity policy and on intercompany guidelines and reporting systems that adhere to the principles of risk management and risk structures according to COSO (Committee of Sponsoring Organizations of the Treadway Commission).

Risk and opportunity management is considered a core management task and an integral part of all business processes. Therefore, the Group can quickly identify both risks and opportunities. Reporting is done on an ongoing basis, and all managers and decision-makers are involved in risk management.

Identified risks and opportunities are grouped into risk and opportunity categories and assigned to the managers responsible for the given area. Strategies for coping with the identified risks and utilising the identified opportunities are then defined and subsequently pursued on site by local management. The aim of these actions is to reduce possible damage from risks and minimise the probability of them occurring while increasing opportunities for earnings and the possibilities for realising profits.

Diversification plays a significant role in this process. The Group conducts business worldwide in three divisions, thus alleviating the overall potential impact of specific threats in individual markets. In other words, the very business model of DO & CO itself provides additional mechanisms to compensate for risks.

Risk management activities are supported by a multitude of regulations and activities, including those of the Central Administration, Controlling, Legal Compliance and Internal Auditing departments.

Political crises, wars and natural disasters are liable to pose major risks in particular for the safety of airlines, events, customers and staff. In order to analyse, guard against and control this safety risk, DO & CO closely monitors the security situation at a local as well as global level, together with ongoing developments which might impact on the business of DO & CO.

The risk management system closely cooperates with insurers to ensure that proper coverage is provided for those risks that are insurable.

In particular, the following risk categories were identified as material for the business year 2016/2017:

Risks and trends specific to the airline industry

The airline industry is heavily dependent on economic developments that act both globally and in the respective regions. Specific problems the aviation industry faces also have an impact both directly and indirectly on DO & CO's Airline Catering division.

Political crises and terrorist attacks led to changes in travel and leisure patterns. Terrorist attacks that directly target airlines also threaten the safety of aviation and resulted in additional costs to improve security.

With DO & CO achieving large parts of its revenue from a handful of key customers, such as Turkish Airlines, Emirates, Etihad Airways, LOT Polish Airlines, Austrian Airlines, Cathay Pacific, British Airways, NIKI and Pegasus Airlines, the Group therefore is also exposed to a "cluster risk".

The Company has thus instituted a course of permanent monitoring of the security situation combined with ensuring that its key account managers are in constant contact with airline clients, so that it can react quickly to any changes and promptly counter any negative effects on the DO & CO Group.

Economic developments

DO & CO's business in all three divisions is strongly shaped by global economic trends, because these trends have an enormous influence on tourism and consumers' leisure-time behaviour. Volatility in consumers' travel activities, especially air travel, affects the Airline Catering division in particular.

From DO & CO's point of view, ongoing expansion may be at risk from the permanent worldwide terrorist threat, political unrest and the changing global political landscape.

To counter economic risks in its business, DO & CO has diversified its locations internationally and by sector in three different market divisions. Prompt reporting of business results includes analysis and forecasts of current operating business in each reporting entity (the Group companies are divided into units comparable to profit centres for internal reporting purposes). These efforts ensure that capacity is adjusted immediately.

Risks pertaining to terrorism and political unrest

Terrorist attacks in the Middle East and Europe have substantially infringed upon the safety of passengers and staff.

Negative ramifications therefore need to be expected for the aviation industry and leisure-time behaviour. Major events may need to be cancelled at short notice whenever a concrete terror alert is issued.

DO & CO cooperates with government authorities on an ongoing basis to prepare security analyses that allow advance assessment of developments in certain parts of the world and setting up preventive scenarios to combat possible problems. Necessary security measures are developed depending on the probability and impact of loss-causing events.

In creating in-depth security analyses for the Company and its customers, DO & CO makes use of information made available by national and international security agencies.

Next to performing a constant evaluation of risks for the Company, DO & CO accords great importance to ensuring the safety of its staff members who are promptly informed of the relevant security situation before being posted and while they stay abroad.

Risks pertaining to natural disasters and epidemics

Risks may come out of the blue, as was the case when the Icelandic volcano Eyjafjallajökull erupted in April 2010 and repeatedly brought air traffic in large parts of Northern and Central Europe to a complete or partial standstill for several days in a row. This risk category also includes natural disasters such as the meltdown of the nuclear power plant and consequent radioactive contamination of the environment in Japan in March 2011.

The specific risk of long-term closing of large parts of the air space and attendant large-scale cancellation of flights by the Group's partners is monitored through our close cooperation with airlines, aeronautical authorities (EASA) and the international air weather service.

Risks that are beyond the control of DO & CO but which heavily impact on the airline and tourism industries include the outbreak of epidemics such as avian flu, Severe Acute Respiratory Syndrome (SARS) or Ebola fever. In these times, experts estimate that people on all continents may become infected by pathogens within just a few weeks. Travel restrictions imposed by health care authorities may impact on the travel and leisure-time behaviour of people, leading to short-notice cancellations of flights and events alike.
In the event of epidemic or pandemic risks, DO & CO has access to professional medical services that enable it to respond quickly and properly to any outbreak.

Reputation risks

Anything that might harm the DO & CO brand and its reputation is combatted by a rule book that sets out a uniform standard for identifying, assessing and controlling such risks. Each and every staff member is personally charged with guarding the reputation of DO & CO. The overall responsibility for identifying, assessing, controlling, monitoring and reporting hazards rests with the national and international management units. If a potential risk to the Company's reputation is discovered, this triggers a centrally controlled risk management process which includes all activities required to ward off any harm to the Company's image and possible losses for DO & CO.

Hygiene risks

To ensure that the food DO & CO produces complies with its high hygienic standards, DO & CO carried out risk analyses in all business areas as part of the ongoing development of its HACCP (Hazard Analysis and Critical Control Points) system. Based on these analyses it has implemented group-wide hygienic guidelines to control and minimise risks. An internationally active quality control team constantly monitors the effectiveness of these actions and further develops them in accordance with the latest international findings.

Loss risks

The risk of losses from fire, storms, flooding or earthquakes is countered by safety and disaster policies and emergency plans which are trained and adapted on a regular basis. Such risks are covered by appropriate insurance coverage.

Personnel risks

For DO & CO, its employees represent the biggest asset and the corporate culture into which they breathe life. The employees are the most crucial factor in DO & CO's success. Consequently, the future development of DO & CO depends strongly on how effective it is in hiring and integrating highly skilled and motivated employees and in forging lasting bonds of loyalty between them and the Company. Professional training and consistent personnel development are central tools for achieving the desired growth.

The ongoing expansion of the DO & CO Group is accompanied by a mirroring drive to enlarge its management resources.

The professional and profitable integration of new company units will be a major challenge for the continued success of DO & CO. Shared values and a vital corporate culture help new employees to understand the high quality standards of products and personal service and assist in anchoring those standards permanently in the Company.

Procurement risks

By processing food, DO & CO is exposed to some risk in procuring the requisite raw materials. Climatic, logistic and other events, such as avian flu, may lead to restrictions in the supply of such raw materials. These are also subject to price fluctuations that cannot always be fully passed on to customers.

Through long-term delivery contracts, supplier diversification and permanent monitoring of the markets, DO & CO seeks to make sure that the raw materials required by it are always available at the highest possible quality standards and at competitive prices.

Risk of production plant failure

In order to minimise the risk that critical production plants (large-scale kitchens, cold storage houses) might fail, DO & CO regularly directs considerable investment funds to bring to and keep sensitive units at the latest state of the art. Stringent preventive maintenance, risk-focused spare-parts stocking and in-depth staff training are among the arsenal of key measures to reduce the risk of production plant failure.

Information technology risks

Many processes within the DO & DO Group rely on computers and information generated from electronic systems. If these systems were to fail, this would constitute a risk that is countered by intense training and the deployment of internal and external experts. The Group's IT infrastructure and systems are regularly maintained and optimised across the entire Group so as to ensure their continued and improved functionality and minimise their failure rate.

Legal risks

With its constant expansion and its global scope of business, DO & CO has to abide by a myriad of legal requirements at national and international level, especially in relation to food law, hygiene, waste management, human resources, taxes and levies, as well as special guidelines and regulations issued by various airlines. The Company needs to respond rapidly to any changes in legal regimes and to integrate them in its business processes.

Non-compliance with legal regulations and contractual agreements may give rise to claims for damages that could put a heavy burden on the Group. The Group has set up a central legal department and a risk & compliance committee at Management Board level to counter this risk. Specific insurance policies are taken out throughout the Group as the main means of minimising liability risks from damage that has proven unpreventable despite damage avoidance efforts.

Acquisition and integration of business units

The DO & CO Group aims, among other things, to grow not just through its established units but also through the acquisition of strategically suitable companies. In pursuit of this strategic goal, DO & CO has been buying businesses on an ongoing basis and integrating them into the DO & CO Group. Such a process is faced with numerous challenges that require efforts to achieve this goal and avoid pitfalls.

Foreign currency risks

DO & CO is highly vulnerable to exchange rate fluctuations due to the international nature of its business segments. The major foreign currencies involved are TRY, UAH, USD, GBP, CHF and PLN.

Closed positions are set up for hedging purposes by trying to offset proceeds in a given foreign currency against expenses in that same currency with the same maturity. The Group is also attentive to excluding additional risks to the greatest possible extent by entering into appropriate contractual agreements with customers and suppliers.

If need be, financial instruments and derivatives are employed to control currency risks.

Liquidity risks

Precise financial planning is the key to control liquidity and avoid liquidity risks. If expansion and other projects are undertaken, an accurate analysis of their impact on Group liquidity must be conducted.

Deviations from financial plans are detected immediately thanks to regular and prompt financial reporting. This approach ensures that countermeasures can be initiated quickly.

Liquidity needs can be covered from existing funds and credit facilities offered by the banks.

Credit risks

DO & CO keeps the risk of default as low as possible by closely monitoring outstanding debts as part of receivables management. The outstanding items are reported weekly, meaning that the Group monitors customer credit risks promptly and is able to respond quickly if the situation changes.

It also takes proactive steps to control the risk of default associated with major customers by entering into pertinent contractual agreements with them and by having customers furnish collateral.

DO & CO does not avail itself of credit insurance at present. Investments are made only at banks with first-class ratings. No material default risks are expected from the other original financial instruments. Any residual risks are covered by adequate allocations to reserves.

Interest risks

Financing is done at usual market conditions, with maturities always matching those of the financed projects. The effects of a change in interest rates are monitored in sensitivity analyses conducted in half-yearly intervals. The Group does not currently face any material risk from interest rate fluctuations.

Additional detailed information on foreign currency, liquidity, default and interest risks is provided in the notes (item 4.6. Trade receivables and item 7.1. Additional disclosures on financial instruments).

7. Internal Control System

The Management Board meets its responsibility for organising an internal control system and risk management system, for accounting and for legal compliance. The internal control system for accounting ensures that financial information and data processing systems are complete and reliable. The system likewise ensures that business facts are recorded, compiled, processed and entered in the accounts in accordance with proper financial procedures. The objective of the internal control system is to guarantee effective and constantly improving internal controls for accounting, thereby ensuring that financial statements comply with the regulations. This system also ensures that the processes are appropriate and efficient and that all regulations (legal and otherwise) are adhered to.

The responsibilities for the internal control system are adapted on an ongoing basis to the organisational structure of the Company to ensure an environment for control activities that corresponds to and meets the requirements. The central functions Group Accounting and Group Controlling are responsible for drawing up uniform Group guidelines and for organising and monitoring financial reporting in the Group.

Compliance with the processes for recording, making account entries and accounting for transactions is regularly monitored as part of appropriate organisational actions. All monitoring actions apply to the entire current business process. Monitoring can constitute anything from management examining results for various periods, reconciliating accounts in specific ways and analysing ongoing processes in accounting. Areas connected with the accounting process are given suitable qualitative and quantitative resources.

The data processing systems are efficiently refined and constantly optimised. Close attention is paid to IT security in this context. With respect to the financial systems used, pertinent authorisation arrangements are employed to guard access to corporate data. Restrictive authorisation allows sensitive activities to be separated from non-sensitive ones.

Suitable personnel resources, the use of adequate software and clear legal specifications form the basis for a proper, uniform and continuous accounting process.

Comprehensive financial reports are given regularly and promptly to the Supervisory Board and Management Board and to middle management.

The Group accounting department is the central contact for all accounting issues at the level of individual companies as well as at Group level. It is also responsible for the preparation of the consolidated financial statements by using an accepted consolidation software. Transferring the financial statements into the system and preparing the consolidated financial statements including the disclosures in the notes is supported by numerous controls to ensure the completeness and accuracy of the data. A Group accounting manual, which states the accounting and measurement approaches used by DO & CO and which is regularly updated, ensures the standardised processing of business transactions, reducing the risk of variations in the procedures within the Group. Ongoing staff training ensures that the accounts are kept in line with current law. In presenting complex facts, DO & CO obtains the support of external service providers in order to ensure that they will be properly presented in the annual and consolidated financial statements. This applies to transactions such as the acquisition of companies which carry risks from the integration of different bookkeeping systems and measurement risks. For some measurements (such as pensions and severance payment obligations), the Company draws on the know-how of experts.

In order to prevent any fraudulent act or abuse, the Company has implemented the separation of duties as well as ongoing and second-tier checks (four-eyes principle). Regular audits carried out by the internal audit department ensure that these processes are constantly improved and optimised.

Regardless of its design, no internal control system can absolutely ensure that its goals will be achieved. However, considering the ongoing care involved in designing, implementing and improving the controlling system, DO & CO considers the risk of preparing misleading financial statements to be negligible.

Corporate Governance Report

1. Commitment to the Code of Corporate Governance

The Austrian Code of Corporate Governance (ÖCGK) is a set of regulations for responsible corporate governance and management of Austrian stock corporations and was written in accordance with international standards.

DO & CO has been committed to full compliance with the rules of the Austrian Code of Corporate Governance (available for perusal at www.corporate-governance.at) since February 2007. It satisfies all the legal requirements ("L Rules") and confirms that it will not deviate from the comply-or-explain requirements ("C Rules").

As regards corporate governance, management's goal at DO & CO is to increase the value of the Company on a sustainable, long-term basis. DO & CO adheres to strict principles of good corporate management and transparency while constantly refining its efficient system of corporate governance in the interest of all stakeholders. The ultimate priority is a corporate culture that engenders trust and enables the Company to achieve lasting gains in value.

DO & CO has had an independent external institution conduct regular and voluntary evaluations of its compliance with the Austrian Code of Corporate Governance since the business year 2007/2008 in accordance with Rule 62 of this Code. The evaluation for the business year 2016/2017 was performed by Ullrich Saurer, a lawyer with Held Berdnik Astner & Partner Rechtsanwälte GmbH. The report on this external evaluation is available on DO & CO's website at www.doco.com.

2. The Management Board

Attila DOGUDAN
Chairman, born in 1959
First appointed to the Board on 3 June 1997
End of the current term of office: 31 July 2020
Holds no other memberships of supervisory boards or comparable positions

Gottfried NEUMEISTER
Member of the Board, born in 1977
First appointed to the Board on 16 July 2012
End of the current term of office: 31 July 2020
Holds no other memberships of supervisory boards or comparable positions

In the business year 2016/2017, Haig Asenbauer and Klaus Petermann served as members of the Management Board of DO & CO Aktiengesellschaft from 1 April until 30 September 2016.

Haig ASENBAUER
Born in 1967, member of the Board until 30 September 2016
First appointed to the Board on 16 July 2012
Membership of supervisory boards or comparable positions in non-Group companies (until 30 September 2016):

- Member of the Supervisory Board of MOUVI Holding AG, Austria

Klaus PETERMANN
Born in 1966, member of the Board until 30 September 2016
First appointed to the Board on 16 July 2012
Memberships of supervisory boards or comparable positions in non-Group companies (until 30 September 2016):

- Member of the Board of Directors of Indivis S.A., Luxembourg
- Member of the Board of Directors of Libidama International S.A. SPF, Luxembourg (until 29 April 2016)

Mr. Haig Asenbauer was Chief Investment Officer and in this function responsible for M & A, legal issues, IT, as well as for the growth and development of the retail business and the airport catering sector.
Mr. Klaus Petermann was Chief Financial Officer and in this function responsible for finances, controlling and investor relations.

Workings of the Management Board
Business responsibilities and modes of cooperation of the Management Board are laid down in the Articles of Association and the Internal Rules of Procedure.

The Chairman of the Management Board is responsible for the overall management of the Company and for coordinating the work of the Management Board. All members of the Management Board must report to each other on all important business events that occur in their assigned area of business.
The Chairman of the Management Board, Attila Dogudan, is responsible for the strategy and organisation of the Group, the central units, personnel and procurement, M & A, legal issues, IT and he takes the lead in all matters related to the operational business.
Board Member Gottfried Neumeister is responsible for finances, investor relations, for all production locations worldwide, airline catering distribution and railway catering, and supports the Chairman of the Management Board in developing the Group’s strategy and organisation.

The Internal Rules of Procedure contain the information and reporting duties of the Management Board and a list of actions requiring the approval of the Supervisory Board.

Shares held by Members of the Management Board
At the reporting date 31 March 2017, Gottfried Neumeister held 10,000 no-par value shares of DO & CO Aktiengesellschaft.

3. The Supervisory Board

Waldemar JUD
Chairman, independent, born in 1943
Current term runs until the 21st Ordinary General Meeting of Shareholders (2019), First appointed to the Board on 20 March 1997
No further seats on supervisory boards of listed companies

Werner SPORN
Deputy Chairman, independent, born in 1935
Representative of shareholders holding shares in free float
Current term runs until the 21st Ordinary General Meeting of Shareholders (2019),
First appointed to the Board on 20 March 1997
No further seats on supervisory boards of listed companies

Georg THURN-VRINTS
Member, independent, born in 1956
Current term runs until the 21st Ordinary General Meeting of Shareholders (2019),
First appointed to the Board on 20 March 1997
No further seats on supervisory boards of listed companies

Christian KONRAD
Member, independent, born in 1943
Representative of shareholders holding shares in free float
Current term runs until the 21st Ordinary General Meeting of Shareholders (2019),
First appointed on 10 July 2002
No further seats on supervisory boards of listed companies

Andreas BIERWIRTH
Member, independent, born in 1971
Current term runs until 23rd Ordinary General Meeting of Shareholders (2021),
First appointed to the Board on 21 July 2016
Seats on supervisory boards or comparable positions in non-Group companies:

- Member of the Board of Directors of EasyJet PLC, Great Britain
- Member of the Supervisory Board of Casinos Austria Aktiengesellschaft, Austria
- Member of the Supervisory Board of Telekom Deutschland GmbH, Germany
- Member of the Supervisory Board of Avcon Jet AG, Austria
- Member of the Supervisory Board of FK Austria Wien AG, Austria
- Member of the Supervisory Board of Lindner Hotels Aktiengesellschaft, Germany

Cem KOZLU
Member, independent, born in 1946
Current term runs until 23rd Ordinary General Meeting of Shareholders (2021),
First appointed to the Board on 21 July 2016
Seats on supervisory boards or comparable positions in non-Group companies:

- Member of the Board of Directors of Pegasus Hava Tasimaciligi A.Ş., Turkey
- Member of the Board of Directors of Anadolu Endüstri Holding A.Ş., Turkey
- Member of the Board of Directors of Anadolu Efes Biracilik ve Malt Sanayi A.Ş., Turkey
- Member of the Board of Directors of Yazicilar Holding A.Ş., Turkey
- Member of the Board of Directors of Coca-Cola Satis ve Dagitim A.Ş., Turkey

Workings of the Supervisory Board
The legal basis for the actions of the Supervisory Board are the Austrian Stock Corporation Act (AktG), the Articles of Association as well as the Internal Rules of Procedure of the Supervisory Board and the Austrian Corporate Governance Code to which the Supervisory Board is expressly committed to complying.

In the business year 2016/2017, the Supervisory Board performed its duties under the law and the Articles of Association in four meetings and adopted one resolution in writing by a circulation procedure. They focused on deliberations regarding the Company's strategic approach, the acquisition of stakes, extension of the distribution network and the organic expansion opportunities as well as new business expansion investments and ongoing business, especially train catering, airline catering (in particular the extension of the contract with Turkish Airlines), as well as Nespresso-DO & CO Cafés.

Shares held by the Members of the Supervisory Board
At the reporting date 31 March 2017, Andreas Bierwirth held 450 no-par value shares in DO & CO Aktiengesellschaft. Cem Kozlu held 14,215 no-par values shares in DO & CO Aktiengesellschaft at the reporting date 31 March 2017.

Independence
The Supervisory Board of DO & CO has no members who have either been former Management Board members or senior officers of the Company; similarly there are no interlocking directorates. Existing business relations to companies in which Supervisory Board members of DO & CO Aktiengesellschaft are active are handled on arm's length terms (see also the report on remuneration).

Adhering to Rules 39 and 53 and Annex 1 of the Austrian Code of Corporate Governance, the Supervisory Board in its meeting of 14 February 2007 adopted the following criteria for assessing the independence of its members and committee members:
A member of the Supervisory Board shall be deemed independent if said member does not have any business or personal relations with the Company or its Management Board that constitute a material conflict of interests and are therefore likely to influence the member's conduct.

Further criteria for the assessment of the independence of a member of the Supervisory Board:

1. The Supervisory Board member has not been a member of Management Board or senior officer of the Company or any of its subsidiaries in the past five years.

2. The Supervisory Board member has no current business relationship nor has had any business relationship within the last year with the Company or any of its subsidiaries of an extent that is material for such Supervisory Board member. This also applies to business relationships with companies in which the Supervisory Board member has a considerable economic interest. Approval of any individual business matters by the Supervisory Board member in line with L Rule 48 does not automatically cause him/her to be qualified as non-independent.

3. For the past three years, the Supervisory Board member has not been an auditor of the Company or stakeholder or employee of the company auditing DO & CO.

4. The Supervisory Board member is not a management board member of another company in which a Management Board member of the Company serves as a supervisory board member.

5. The Supervisory Board member is no direct family member (direct descendant, spouse, domestic partner, parent, uncle, aunt, sibling, niece, nephew) of a Management Board member or of any person who is in any one of the positions described above.

The members of the Supervisory Board each declare that they are independent within the meaning of the above criteria.

Composition and workings of the Committees
AUDIT COMMITTEE:
Waldemar JUD: Chairman
Werner SPORN: Deputy Chairman
THURN-VRINTS: Member
Christian KONRAD: Member
Andreas BIERWIRTH: Member since 21 July 2016
Cem KOZLU: Member since 21 July 2016

The Audit Committee's brief includes supervising the reporting process, monitoring the effectiveness of the Company's internal control, internal audit and risk management systems, supervising the audit of the Company's and Group's financial statements, investigating and monitoring the auditor's (Group auditor's) independence, especially with regard to additional services rendered for the audited company, checking the annual financial statements and preparing their approval, considering the proposal for the appropriation of profit, management report and corporate governance report, and reporting the audit findings to the Supervisory Board, examining the consolidated financial statements and the group management report, submitting the report on the audit findings to the Supervisory Board, and preparing a proposal by the Supervisory Board for appointing the auditor (Group auditor).

The brief of the Audit Committee is currently discharged by the entire Supervisory Board. The Chairman of the Supervisory Board also chairs the Audit Committee and serves as its financial expert. The Deputy Chairman of the Supervisory Board also serves as Deputy Chairman of the Audit Committee.

In the business year 2016/2017, the Audit Committee met twice with the auditor present as well as discussing issues with the auditor in the absence of the Management Board. During these meetings, it concentrated on discussing measures of the internal control system and the performance of risk management, as well as implementation of an internal audit and other audit activities to be performed under Para 4a of Section 92 Austrian Stock Corporation Act.

COMMITTEE OF THE CHAIRMAN:
Waldemar JUD: Chairman
Werner SPORN: Deputy Chairman

The Committee of the Chairman is made up of the Chairman and the Deputy Chairman.

The Committee of the Chairman is also charged with acting as nominating committee, remuneration committee and committee authorised to make decisions in urgent cases.

In its capacity of nominating committee, the Committee of the Chairman submits proposals to the Supervisory Board for filling vacant seats on the Management Board and deals with issues of succession planning. During the business year 2016/2017, the nominating committee met once to discuss the new organisation and allocation of duties in the Management Board as well as the revised wording of the Internal Rules of Procedure of the Management Board.

In its capacity of remuneration committee, the Committee of the Chairman discusses matters concerning relationships to the Company and the members of the Management Board, remuneration of members of the Management Board and the content of employment contracts with members of the Management Board. The remuneration committee met once in the business year 2016/2017, deliberating on the granting of variable salary components to members of the Management Board in the business year 2015/2016.

In its capacity of committee authorised to make decisions in urgent cases, the Committee of the Chairman is charged with taking decisions on matters that require its consent.

4. Remuneration Report

The remuneration report summarises the principles applied in determining the remuneration for the Management Board and Supervisory Board of DO & CO Aktiengesellschaft.

Remuneration of the Management Board
Total pay of the Management Board is divided into fixed and performance-linked components. The fixed component is geared to the tasks and areas of responsibility of the members of the Management Board. Another key element of Management Board remuneration is a variable component similarly based on their scope of tasks and responsibilities and on the criteria of Rule 27 of the ÖCGK. As a result, the variable components are determined by long-term, sustainable criteria that extend over several years and that include non-financial parameters.

For the business year 2016/2017, the variable remuneration was calculated in particular on the basis of the EBITDA margin and EBIT margin, combined with the performance in terms of strategic company targets as well as personal performance targets.

The performance-linked component depends on measurable criteria and is subject to caps in terms of amount or percentages of fixed pay, not exceeding 100% of fixed pay.

Remuneration for the business year 2016/2017 was as follows:

Remuneration Management Board 2016/2017			
in k€	**Fixed Remuneration**	**Variable Remuneration**	**Total**
Attila Dogudan *	767	384	1,151
Gottfried Neumeister **	581	581	1,162
Haig Asenbauer (till 30.09.2016)***	458	0	458
Klaus Petermann (till 30.09.2016)****	240	0	240
Total	**2,046**	**965**	**3,010**

*Including remuneration in kind and including € 34k for activities as deputy chairman of the Board of Directors and CEO of THY DO & CO Ikram Hizmetleri A.Ş.
**Including € 30k for activities as member of the Board of Directors of THY DO & CO Ikram Hizmetleri A.Ş.
*** Including € 15k for activities as member of the Board of Directors of THY DO & CO Ikram Hizmetleri A.Ş. and € 147.5k as termination payment.
****Including € 15k for activities as member of the Board of Directors of THY DO & CO Ikram Hizmetleri A.Ş.

Currently, no arrangements have been made regarding any in-house retirement provision for the Management Board. The chairman of the Management Board is entitled to severance pay analogously to the Salaried Employees Act. The employment contracts of the members of the Management Board provide for a gratuity of three monthly salaries in the event that their membership in the Board is terminated early without compelling cause. No such claim is due if a Management Board contract is terminated for a cause that is within such member's control. No further claims are due to a member of the Management Board upon retirement.
Furthermore, no arrangements have been made so far in the event of a change of control.

Remuneration of the Supervisory Board

By resolution of the General Meeting of Shareholders of 21 July 2016 applying to the business year 2015/2016, a remuneration totalling € 100k (PY: € 100k) was paid to the Supervisory Board members, distributed as shown in the table below.

Remuneration Supervisory Board 2015/2016 *	
in k€	
Waldemar JUD	35
Werner SPORN	25
Georg THURN - VRINTS	20
Christian KONRAD	20
Total	**100**

*No meeting attendance fees were paid

Companies in which Supervisory Board member Werner SPORN has a considerable economic interest charged professional fees of € 587k in the business year 2016/2017 for legal counsel given outside their officer's function.

In addition, DO & CO Aktiengesellschaft has taken out a consequential loss and liability insurance (D&O insurance) whose beneficiaries are the Company's officers. Its cost is assumed by the Company.

5. Measures to promote Women to the Management Board, Supervisory Board and in Executive Positions

The Company puts considerable emphasis on ensuring equal treatment of men and women in posting candidates to executive positions and paying equal wages and salaries. Management positions at DO & CO Aktiengesellschaft and its subsidiaries are appointed without consideration of gender, with the result that the Group boasts a high share of women in executive positions within the companies and in a senior executive capacity at Group level.
Of particular note is the Company's position in creating an appropriate framework for returning women into senior management positions after maternity and parental leave. A number of part-time models allow women to re-enter their original management positions and continue to serve in an executive position.

Vienna, 26 June 2017

Attila Dogudan m.p.
Chairman of the Management Board

Gottfried Neumeister m.p.
Member of the Management Board

Report of the Supervisory Board

The Management Board of DO & CO Aktiengesellschaft regularly informed the members of the Supervisory Board in writing and orally in meetings and outside meetings about the progress of business and the situation of the Company as well as material business events. Based on the reports of and information from the Management Board, the Supervisory Board monitored the management and deliberated thoroughly on business occurrences of special significance in open discussions.

In the 18th Ordinary General Meeting of Shareholders held on 21 July 2016, Andreas Bierwirth and Cem Kozlu were appointed to the Supervisory Board of DO & CO Aktiengesellschaft. Currently, the Supervisory Board consists of 6 members.

In the business year 2016/2017, the Supervisory Board performed its duties under the law and the Articles of Association in four meetings and adopted one resolution in writing by a circulation procedure. They focused on deliberations regarding the Company's strategic approach, the acquisition of stakes and the organic expansion opportunities as well as new business expansion investments and ongoing business, especially train catering, airline catering (in particular the extension of the contract with Turkish Airlines), as well as Nespresso-DO & CO Cafés.

The Chairmen of the Supervisory Board and the Management Board regularly consulted on material issues of the Company's development.

At its meeting on 27 June 2017, the Audit Committee examined the annual financial statements of DO & CO Aktiengesellschaft and the preparation of its approval, the proposal for the appropriation of profit, the management report, the Corporate Governance Report, the Consolidated Financial Statements and the Group Management Report, proposing to select PKF CENTURION Wirtschaftsprüfungsgesellschaft mbH as auditor of the annual and consolidated financial statements for the business year 2017/2018.

The Audit Committee met twice in the business year 2016/2017, monitoring the accounting system, the implementation of steps to optimise the internal control system, as well as the functionality of the risk management system and the internal audit system.

The annual financial statements plus notes of DO & CO Aktiengesellschaft as of 31 March 2017 along with the management report were prepared in accordance with Austrian accounting regulations and audited by PKF CENTURION Wirtschaftsprüfungsgesellschaft mbH, which issued an unqualified auditor's report on these documents. The Supervisory Board concurred with the Management Board in the latter's report on the audit findings and approved the financial statements for 2016/2017. They are thus adopted in accordance with § 96 (4) of the Austrian Corporation Act (AktG).

The consolidated financial statements as of 31 March 2017 plus notes were prepared in accordance with International Financial Reporting Standards (IFRS) as adopted in the European Union and were audited, along with the Group management report, by PKF CENTURION Wirtschaftsprüfungsgesellschaft mbH. In the auditor's opinion, the consolidated financial statements present fairly, in all material respects, the actual assets and financial position of the DO & CO Aktiengesellschaft Group as of 31 March 2017 and the results of its operations and its cash flows for the business year 2016/2017 in conformity with International Financial Reporting Standards (IFRS) as adopted in the European Union and additional requirements under Section 245a Austrian Commercial Code (UGB). The Supervisory Board concurred with the findings of the audit.

Furthermore, the Supervisory Board examined the proposal from the Management Board for the appropriation of profit of DO & CO Aktiengesellschaft. A proposal will be made to the General Meeting of Shareholders on 27 July 2017 to distribute the entire net profit of € 8,282,400 for a dividend payout of € 0.85 on each share entitled to a dividend.

The compliance review within the scope of the Corporate Governance Report as provided for in Section 243b UGB and an evaluation of compliance by DO & CO Aktiengesellschaft with the rules of the Austrian Corporate Governance Code (ÖCGK) during the business year 2016/2017 were carried out by Ullrich Saurer, lawyer at Held Berdnik Astner & Partner Rechtsanwälte GmbH, and found that DO & CO has complied with the rules of the Austrian Corporate Governance Code in its business year 2016/2017.

The Supervisory Board proposes to appoint PKF CENTURION Wirtschaftsprüfungsgesellschaft mbH as the auditor of the (annual and consolidated) financial statements for the business year 2017/2018.

The Supervisory Board thanks the Company's management and staff members for their dedicated work in a still very challenging economic environment.

Vienna, 27 June 2017

Waldemar Jud m.p.
Chairman of the Supervisory Board

Werner Sporn m.p.
Deputy Chairman of the Supervisory Board

Consolidated Financial Statements 2016/2017 of DO & CO Aktiengesellschaft pursuant to IFRS

1. Consolidated Statement of Financial Position

Notes	Assets in m€	31 March 2017	31 March 2016
4.1.	Intangible assets	59.90	66.30
4.2.	Property, plant and equipment	220.12	210.37
	Investment property	1.55	1.55
4.3.	Investments accounted for using the equity method	8.55	4.28
4.4.	Other financial assets	3.73	3.26
4.13.	Income tax receivables	0.00	0.23
4.13.	Deferred tax assets	7.13	9.32
	Other non-current assets	13.00	0.00
	Non-current assets	**313.98**	**295.31**
4.5.	Inventories	24.58	26.17
4.6.	Trade receivables	99.33	100.62
4.7.	Other financial assets	16.21	10.10
4.13.	Income tax receivables	5.90	3.02
4.8.	Other non-financial assets	17.88	20.87
4.9.	Cash and cash equivalents	143.53	171.91
	Current assets	**307.43**	**332.69**
	Total assets	**621.41**	**628.00**

Notes	Shareholders' equity and liabilities in m€	31 March 2017	31 March 2016
	Share capital	19.49	19.49
	Capital reserves	70.51	70.51
	Retained earnings	152.83	140.28
	Other comprehensive income	-37.58	-25.87
	Special item from transactions with non-controlling interests	-0.32	-0.27
	Equity attributable to the shareholders of DO & CO Aktiengesellschaft	**204.93**	**204.13**
	Non-controlling interests	50.91	50.24
4.10.	**Shareholders´ equity**	**255.84**	**254.37**
4.11.	Bond	148.76	148.47
	Other financial liabilities	0.00	4.44
4.12.	Provisions	23.24	22.44
4.13.	Deferred tax liabilities	3.18	5.38
	Non-current liabilities	**175.18**	**180.74**
4.14.	Other financial liabilities	49.87	33.29
4.15.	Trade payables	73.72	84.92
4.16.	Provisions	37.19	32.52
4.13.	Income tax liabilities	11.15	9.18
4.17.	Other liabilities	18.47	32.98
	Current liabilities	**190.39**	**192.89**
	Total shareholders' equity and liabilities	**621.41**	**628.00**

2. Consolidated Income Statement

Notes	in m€	Business Year 2016/2017	Business Year 2015/2016
5.1.	**Revenue**	**913.44**	**916.47**
5.2.	Other operating income	28.72	24.67
5.3.	Cost of materials	-383.50	-396.71
5.4.	Personnel expenses	-315.13	-302.74
5.5.	Other operating expenses	-149.55	-148.26
	Result of equity investments accounted for using the equity method	-2.09	-0.74
	EBITDA - Operating result before amortisation / depreciation and effects from impairment tests	**91.89**	**92.68**
5.6.	Amortisation / depreciation and effects from impairment tests	-35.66	-37.16
	EBIT - Operating result	**56.24**	**55.51**
	Financing income	2.34	2.80
	Financing expenses	-6.62	-7.49
	Other financial result	-2.09	0.00
5.7.	**Financial result**	**-6.38**	**-4.69**
	Profit before income tax	**49.86**	**50.83**
5.8.	Income tax	-16.06	-6.14
	Profit after income tax	**33.80**	**44.69**
	Thereof net profit attributable to non-controlling interests	-12.97	-16.43
	Thereof net profit attributable to shareholders of DO & CO Aktiengesellschaft (Net result)	**20.83**	**28.25**

		Business Year 2016/2017	Business Year 2015/2016
	Net result in m€	**20.83**	**28.25**
	Number of shares at the end of the period (in Pie)	9,744,000	9,744,000
5.9.	**Basic/diluted earnings per share (in €)**	**2.14**	**2.90**

3. Consolidated Statement of Comprehensive Income

in m€	Business Year 2016/2017	Business Year 2015/2016
Profit after income tax	**33.80**	**44.69**
Differences of currency translation	-19.01	-18.88
Income tax	-0.60	1.00
Total of items that will be reclassified subsequently to the income statement	**-19.61**	**-17.88**
Termination benefits and pension payments obligations	-2.87	1.37
Income tax	0.56	-0.33
Total of items that will not be reclassified subsequently to the income statement	**-2.31**	**1.05**
Other comprehensive income after income tax	**-21.92**	**-16.83**
Total comprehensive income for the period	**11.89**	**27.86**
Thereof attributable to non-controlling interests	2.76	10.23
Attributable to DO & CO Aktiengesellschaft (Total result)	**9.13**	**17.63**

4. Consolidated Statement of Cash Flows

	in m€	Business Year 2016/2017	Business Year 2015/2016
	Profit before income tax	**49.86**	**50.83**
+/-	Amortisation / depreciation and effects from impairment tests	35.66	35.68
-/+	Gains / losses from disposals of non-current assets	0.42	-0.56
-/+	Gains / losses from the disposal of subsidiaries	0.00	-2.37
-/+	Gains / losses from associated companies measured at equity without cash effect	2.09	1.52
+/-	Other non-cash expenses / income	0.18	-1.02
+/-	Interest result	4.32	3.52
	Gross cash flow	**92.52**	**87.61**
-/+	Increase / decrease in inventories and other current assets	-1.09	-10.28
+/-	Increase / decrease in provisions	6.64	-3.82
+/-	Increase / decrease in trade payables and other liabilities	-26.05	31.68
-	Income tax payments	-15.66	-13.46
	Cash flow from operating activities (net cash flow)	**56.36**	**91.73**
+	Payments received for disposals of property, plant and equipment and intangible assets	0.08	3.98
+	Payments received for the disposal of subsidiaries, less divested cash	0.00	112.16
+	Payments received for the disposal of other financial assets	0.73	0.00
-	Additions to property, plant and equipment	-58.57	-61.49
-	Additions to intangible assets	-1.84	-2.44
-	Additions to associated companies measured at equity	-6.39	-0.48
-	Additions to other financial assets	-1.93	-1.45
+	Dividends received	0.44	0.01
+	Interest received	2.30	1.60
	Cash flow from investing activities	**-65.17**	**51.89**
-	Dividend payment to shareholders of DO & CO Aktiengesellschaft	-8.28	-11.69
-	Dividend payment to non-controlling interests	-2.29	-2.76
+	Increase in financial liabilities	0.00	0.02
-	Repayments from transactions with non-controlling interest owners	0.00	-5.81
-	Interest paid	-5.38	-5.13
	Cash flow from financing activities	**-15.96**	**-25.38**
	Net increase/decrease in cash and cash equivalents	**-24.75**	**118.24**
	Cash and cash equivalents at the beginning of the period	171.91	57.37
	Effects of exchange rate changes on cash and cash equivalents (opening balance)	-2.71	-3.86
	Effects of exchange rate changes on cash and cash equivalents (movement)	-0.66	0.00
	Decrease / increase of liquid funds due to changes of scope of consolidation	-0.25	0.15
	Cash and cash equivalents at the end of the period	143.53	171.91
	Net increase/decrease in cash and cash equivalents	**-24.75**	**118.24**

Please refer to Section 6. for comments on the consolidated statement of cash flows.

5. Consolidated Statement of Changes in Equity

in m€	Share capital	Capital reserves	Retained earnings	Currency translation differences	Revaluation IAS 19	Special item from transactions with non-controlling interests	Total	Non-controlling interests	Total equity
	Equity of the shareholders of DO & CO Aktiengesellschaft								
				Other comprehensive income					
As of 1 April 2016	**19.49**	**70.51**	**140.28**	**-24.50**	**-1.37**	**-0.27**	**204.13**	**50.24**	**254.37**
Dividend payments 2015/2016			-8.28				**-8.28**	-2.13	-10.42
Total result			20.83	-10.33	-1.37		**9.13**	2.76	11.89
Transactions with non-controlling interests						-0.05	**-0.05**	0.05	0.00
As of 31 March 2017	**19.49**	**70.51**	**152.83**	**-34.84**	**-2.74**	**-0.32**	**204.93**	**50.91**	**255.84**
As of 1 April 2015	**19.49**	**70.51**	**128.47**	**-13.04**	**-2.21**	**-1.80**	**201.42**	**45.32**	**246.74**
Additions to non-controlling interests			-4.75				**-4.75**	-1.03	-5.78
Dividend payments 2014/2015			-11.69				**-11.69**	-2.54	-14.23
Total result			28.25	-11.46	0.84		**17.63**	10.23	27.86
Transactions with non-controlling interests						1.53	**1.53**	-1.74	-0.21
As of 31 March 2016	**19.49**	**70.51**	**140.28**	**-24.50**	**-1.37**	**-0.27**	**204.13**	**50.24**	**254.37**

Information on shareholders' equity is provided in Section 4.10.

6. Segment Reporting

The Management Board of DO & CO is the chief decision-maker to allocate resources to the business segments as well as to measure their profitability. It controls the Group based on financial data calculated in line with IFRS.

According to the management approach, segment reporting follows internal reporting to the Management Board of DO & CO with regard to the business segments

- Airline Catering,
- International Event Catering, and
- Restaurants, Lounges & Hotel.

Both earnings figures, EBIT and EBITDA, are of relevance for the management with regard to control. Management predominantly focuses on EBIT in respect of resource allocation; EBIT, therefore, is the segment result within the meaning of IFRS 8. To the extent that overheads cannot be allocated to the individual segments based on the causation principle, the overheads are basically allocated in proportion to revenue. The valuation relevant for the segment reporting corresponds to the accounting policies applied in the consolidated financial statements according to IFRS. The operating result (EBIT) is reported as segment result. The transfer prices are defined in line with the OECD Guidelines.

The Group centrally controls the financial result and the tax expense.

The segment result mainly comprises property and buildings, including buildings on third party land, assets in the course of construction and any advance payments made in their regard, goodwill and other rights, the Hédiard brand in the Restaurant, Lounges & Hotel segment as well as other non-current assets in the International Event Catering segment.

Financial liabilities are not allocated for internal reporting purposes.

The major part of revenue in the DO & CO Group is generated by the Airline Catering division on three continents with its unique innovative and competitive product portfolio. The core of the Airline Catering segment consists of 30 gourmet kitchens at international airports (among which Istanbul, London, New York, Vienna, Frankfurt, Warsaw, Milan) offering culinary treats to 94 million passengers on more than 646,000 flights in the business year 2016/2017. DO & CO has a customer portfolio consisting of numerous airlines, such as Austrian Airlines, British Airways, Emirates, Turkish Airlines, Etihad Airways, Cathay Pacific, Singapore Airlines and since recently Lufthansa and Thai Airways.

The International Event Catering segment is the smallest of the three business segments of the DO & CO Group. The DO & CO Group operates with this segment on a global scale and offers its customers also one-stop solutions at events that include logistics, decoration, furniture, tents, music, entertainment and lighting in addition to traditional catering. Here, references include, amongst others, the catering for 18 Formula 1 grand prix races, UEFA Champions League finals, the catering at Allianz Arena and the Olympic Park in Munich, as well as the catering for VIP guests at the UEFA EURO. Long-standing partnerships confirm: national and international organisers trust DO & CO as host and one-stop shop with regard to hospitality solutions.

The Group has its origins in the Restaurants, Lounges & Hotel segment. This segment comprises a number of different areas, such as lounges, retail, airport catering, restaurants and Demel café, hotel, staff restaurants and railway catering.

DO & CO has one customer whose share in the Group’s overall revenue exceeds 10%, with the share amounting to € 280.37m in the business year 2016/2017. The revenue with this customer is particularly included in the segments Airline Catering and Restaurants, Lounges & Hotel.

Segment reporting by business segments for the business years 2016/2017 and 2015/2016 is as follows:

Business Year 2016/2017		**Airline Catering**	**International Event Catering**	**Restaurants, Lounges & Hotel**	**Total**
Revenue	m€	597.46	146.33	169.66	913.44
EBITDA	m€	70.63	11.79	9.47	91.89
Amortisation / depreciation	m€	-25.20	-5.07	-3.59	-33.87
Effects from impairment tests	m€	-0.49	0.00	-1.30	-1.79
EBIT	m€	44.94	6.72	4.58	56.24
EBITDA margin	%	11.8%	8.1%	5.6%	10.1%
EBIT margin	%	7.5%	4.6%	2.7%	6.2%
Share of Group Revenue	%	65.4%	16.0%	18.6%	100.0%
Total investments	m€	38.66	2.50	16.42	57.59

Business Year 2015/2016		**Airline Catering**	**International Event Catering**	**Restaurants, Lounges & Hotel**	**Total**
Revenue	m€	631.26	117.68	167.52	916.47
EBITDA	m€	75.35	9.30	8.04	92.68
Amortisation / depreciation	m€	-22.18	-5.07	-6.03	-33.27
Effects from impairment tests	m€	-3.23	0.00	-0.66	-3.89
EBIT	m€	49.94	4.23	1.35	55.51
EBITDA margin	%	11.9%	7.9%	4.8%	10.1%
EBIT margin	%	7.9%	3.6%	0.8%	6.1%
Share of Group Revenue	%	68.9%	12.8%	18.3%	100.0%
Total investments	m€	51.65	4.20	16.91	72.75

External revenue of the DO & CO Group can be broken down **by geographical regions** according to the location of the subsidiary as follows:

Business Year 2016/2017		**USA**	**Germany**	**Austria**	**Turkey**	**Other Countries**	**Total**
Revenue	m€	87.72	129.27	196.79	305.10	194.56	913.44
Share of Group Revenue	%	9.6%	14.2%	21.5%	33.4%	21.3%	100.0%

Business Year 2015/2016		**USA**	**Germany**	**Austria**	**Turkey**	**Other Countries**	**Total**
Revenue	m€	83.12	116.71	189.78	350.21	176.65	916.47
Share of Group Revenue	%	9.1%	12.7%	20.7%	38.2%	19.3%	100.0%

Non-current assets pursuant to IFRS 8 broken down by geographical regions (excl. corporate income tax receivables and deferred taxes) are as follows as of 31 March 2017 and 31 March 2016:

31 March 2017		**USA**	**Germany**	**Austria**	**Turkey**	**Other Countries**	**Total**
Non-current assets	m€	42.06	44.64	32.40	99.77	87.99	306.85

31 March 2016		**USA**	**Germany**	**Austria**	**Turkey**	**Other Countries**	**Total**
Non-current assets	m€	37.21	34.47	35.54	100.34	78.20	285.76

Notes to the Consolidated Financial Statements

1. General information

DO & CO Aktiengesellschaft (DO & CO, the Company), domiciled in 1010 Vienna, Stephansplatz 12, is the parent company of an international catering group. It conducts business in the three segments Airline Catering, International Event Catering and Restaurants, Lounges & Hotel. The shares of DO & CO Aktiengesellschaft are listed on the Vienna Stock Exchange and the Istanbul Stock Exchange.

The consolidated financial statements of DO & CO Aktiengesellschaft for the business year from 1 April 2016 to 31 March 2017 (2016/2017) have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted in the European Union for capital market-oriented entities as well as pursuant to the supplementary provisions of Section 245a of the Austrian Commercial Code (UGB).

DO & CO has fully complied with these provisions. The consolidated financial statements present a true and fair view of the DO & CO Group's financial situation and performance. The financial statements of all material domestic and foreign entities that are fully included in the consolidated financial statements have been audited and issued with an unqualified auditor's report.

In accordance with IAS 1, the consolidated statement of financial position is to be structured according to maturities. Assets and liabilities are classified as current if they are expected to be realised (assets) or settled (liabilities) within 12 months after the reporting date. The income statement is prepared using the total expenditure format.

The consolidated financial statements are prepared in euros, the functional currency of the holding company. Unless otherwise stated, the figures in the consolidated financial statements are presented in millions of euros (m€). Both individual amounts and sums represent the smallest rounding difference. When individual items are added, it is therefore possible that slight differences to the reported sums may arise.

The preparation of the consolidated financial statements in accordance with the generally accepted accounting methods under IFRS as adopted in the European Union requires assumptions and estimates that affect the amount and presentation of recognised assets and liabilities, as well as income and expenses during the reporting period. Although these estimates are made by the Management Board on the members' best knowledge by drawing on experience gained in similar transactions, the actual values may differ from these estimates.

On 27 June 2017, the Company's Supervisory Board will approve the consolidated financial statements.

2. Effects of new and/or amended IFRS

The following standards and interpretations newly issued and/or amended by the IASB and effective in the European Union have been applied in the business year for the first time by DO & CO:

Standard / Interpretation (First application in 2016/2017)		Publication (EU Endorsement)	Mandatory effective date for DO & CO	Expected impact on consolidated financial statements
IAS 16 IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation	12 May 2014 (02 December 2015)	1 April 2016	no material impact
IAS 16 IAS 41	Agriculture: Bearer Plants	30 June 2014 (23 November 2015)	1 April 2016	no impact
IAS 27	Equity Method in Separate Financial Statements	12 August 2014 (18 December 2015)	1 April 2016	no impact
IFRS 11	Accounting for Acquisitions of Interests in Joint Operations	06 May 2014 (24 November 2015)	1 April 2016	no material impact
IFRS 10 IFRS 12 IAS 28	Investment Entities: Applying the Consolidation Exception	18 December 2014 (22 September 2016)	1 April 2016	no impact
IAS 1	Disclosure Initiative	18 December 2014 (18 December 2015)	1 April 2016	no material impact
Various	Annual Improvements to IFRSs 2012-2014	25 September 2014 (15 December 2015)	1 April 2016	no material impact

The first-time application of the amendments to IFRS 11 is made prospectively. In the business year 2016/2017, no situation occurred that would require the amended standard to be applied.

Under the "Annual Improvements to IFRSs" projects, specific standards are being amended, which is mainly done to provide clarifications with regard to existing regulations.

Where specifically applicable, the above-mentioned standards were applied to these consolidated financial statements. The first-time application of the standards and/or interpretations had no significant effects on the consolidated financial statements as well as on the presentation of the financial situation and performance of DO & CO.

The amendments to IAS 1 "Disclosure Initiative" pertain to clarifications on the materiality of information presented in the parts of financial statements, meaning that no disclosures relating to information that is not material are to be made, even if this information is required by other Standards. In addition, new provisions are included on the presentation of subtotals, the structure of the notes as well as disclosures on the accounting methods. Moreover, IAS 1 clarifies the presentation of shares in other comprehensive income of entities accounted for using the equity method. DO & CO maintained its reporting structure; information provided pertaining to areas that are not material was shortened.

The new or amended standards and interpretations stated below have already been endorsed in part by the European Union. These become only effective for future financial statements, provided that these standards and interpretations are subsequently endorsed by the European Union. The option of the voluntary early application is not used by DO & CO.

Standard / Interpretation (until 31.03.2017)		Endorsed and effective from beginning of	Mandatory effective date for DO & CO	Expected impact on consolidated financial statements
New standards				
IFRS 9	Financial Instruments	January 2018	preliminary 1 April 2018	in evaluation
IFRS 15	Revenue from Contracts with Customers	January 2018	preliminary 1 April 2018	no material impact

Standard / Interpretation (until 31.03.2017)		Not yet endorsed and effective from beginning of	Mandatory effective date for DO & CO	Expected impact on consolidated financial statements
New standards and interpretations				
IFRS 14	Rate-regulated Activities	January 2016	Not adopted by the EU	no impact
IFRS 16	Leases	January 2019	preliminary 1 April 2019	material impact expected
Changes to standards and interpretations				
IAS 7	Disclosure Initiative – Statement of Cash Flows	January 2017	preliminary 1 April 2017	additional notes disclosures
IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses	January 2017	preliminary 1 April 2017	no impact
Various	Annual Improvements to IFRSs 2014-2016	January 2017 January 2018	preliminary 1 April 2018/ preliminary 1 April 2017	no impact
IFRS 2	Classification and valuation of transactions with share-based payments	January 2018	preliminary 1 April 2018	no impact
IFRS 4	Application of IFRS 9 Financial Instruments together with IFRS 4 Insurance Contracts	January 2018	preliminary 1 April 2018	no impact
IFRIC 22	Transactions in a foreign currency and return consideration paid in advance	January 2018	preliminary 1 April 2018	in evaluation
IAS 40	Transfers of Investment property	January 2018	preliminary 1 April 2018	no impact
IFRS 10 IFRS 12 IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	effective to be determined	effective to be determined	no impact

A brief explanation is provided below for the new standards IFRS 9, IFRS 15 and IFRS 16:

IFRS 9 "Financial Instruments" addresses the classification, recognition and measurement of financial assets and financial liabilities. The final version of IFRS 9 was published in July 2014. This standard replaces those sections of IAS 39 "Financial Instruments: Recognition and Measurement" dealing with the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and creates three measurement categories for financial assets: at amortised cost, at fair value through other comprehensive income and at fair value through profit or loss. The classifications depend on the entity's business model and the characteristics of the contractual cash flows of the financial asset. As a rule, investments in equity instruments have to be measured at fair value through profit or loss. Here, the irrevocable option to recognise changes in the fair value in other comprehensive income is only applicable at initial recognition. Also, this standard introduces a new impairment model based on expected losses that replaces the IAS 39 incurred loss model. With regard to financial liabilities, the classification and measurement has basically remained unchanged, the only exception being liabilities designated as "at fair value through profit or loss" as the changes in the own credit risk have to be recognised in other comprehensive income. IFRS 9 facilitates the provisions on measuring hedge effectiveness because the quantitative effectiveness test is on principle omitted. An economic relationship between the underlying transaction and the hedging instrument is required. Moreover, the hedge relationship must be compliant with the hedge relationship actually used by management for risk management purposes. A concurrent documentation remains a requirement, but differs from the documentation currently prepared under IAS 39. The impact of the application of IFRS 9 on the Group is currently being assessed. However, from today's perspective, only minor changes to the disclosures are expected.

IFRS 15 “Revenue from Contracts with Customers” establishes uniform principles on revenue recognition applying to all contracts with customers and thus replaces IAS 18 “Revenue” and IAS 11 “Construction Contracts” as well as the corresponding interpretations. The core of IFRS 15 is an extensive model providing information as to how revenue from contracts with customers is to be recognised. In line with this model, an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard provides for a five-step model to calculate the revenue to be realised. The decisive criterion for the recognition of revenue is no longer the transfer of significant risks and rewards but the point in time the customer gains control over the agreed goods and services and obtains benefits from them. At present, DO & CO assesses the impact the application of IFRS 15 may have on its financial situation and performance. The main customer contracts from all business segments and divisions are analysed with regard to separate service obligations and to the possible later recognition of revenue. The segments Airline Catering and Restaurants, Lounges & Hotel are not expected to be significantly affected by the separating of service obligations. With regard to customer contracts of the International Event Catering segment, further analyses are required as to the extent to which separate service components may lead to a later recognition of revenue. At present, DO & CO does not expect any significant effects.

The accounting standard IFRS 16 “Leases” issued in January 2016 replaces IAS 17 “Leases” as well as the corresponding interpretations. In the future, lessees will be obligated to disclose assets and liabilities for most of the leases, irrespective of whether the lease is an operating or finance lease as defined in the previous standard IAS 17. IFRS 16 provides for exceptions for short-term leases and assets of low value. There will only be minor changes for lessors compared to the accounting under IAS 17. The Group has already commenced with its analysis of operating leases and their impact on the consolidated financial statements. Since the minimum lease payments due on the reporting date under uncancellable operating leases amount to € 179.45m (see Section 7.2 Contingencies and financial liabilities), a material extension of the statement of financial position with regard to assets and liabilities is expected as a result of the first-time application of IFRS 16. At present, no information can be provided as to the amount. Rental and lease expenses from operating leases are shown under *Other operating expenses* in the consolidated income statement. When applying IFRS 16, the rights of use are capitalised and recognised in the item *Amortisation / depreciation and effects from impairment tests* over the respective useful life. In addition, part of the cash flow from operating activities is now shown under the cash flow from financing activities in the consolidated statement of cash flows, since the redemption of lease liabilities is to be reported as cash flow from financing activities.

The amendment to IAS 7 “Statement of Cash Flows” requires additional disclosures on the change in financial liabilities.

The additional disclosures relate to both cash and non-cash transactions. In order to meet the new disclosure requirements, DO & CO plans to present a reconciliation of the balance of the financial liabilities at the beginning and end of the period.

3. Significant Accounting Principles

3.1. Consolidation

3.1.1. Scope of consolidation

The consolidated financial statements as of 31 March 2017 comprise, in addition to DO & CO, all material subsidiaries which the Company directly or indirectly controls. An entity is controlled when DO & CO or one of its subsidiaries is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. For subsidiaries of DO & CO, such control normally results from the ownership of the majority of voting rights.

DO & CO holds 50% of the voting rights in the subsidiary THY DO & CO Ikram Hizmetleri A.Ş. As DO & CO is in a position to appoint members to the bodies of the company, DO & CO has the power to exert an influence on the relevant activities of THY DO & CO Ikram Hizmetleri A.Ş. and is thus in a position to influence its own yield resulting from this investment. Against this background, the Management Board of DO & CO thus considers DO & CO to have control over THY DO & CO Ikram Hizmetleri A.Ş.

With regard to the disclosure requirements for investments in subsidiaries pursuant to IFRS 12, refer to Section 4.10.

Four foreign companies in which DO & CO shares control with another entity via indirect shareholding are included at equity in the consolidated financial statements of DO & CO as a joint venture.

DO & CO has significant influence over two foreign companies (associates) as the Company indirectly holds 40% of the shares and voting rights of each of the two companies as well as over one domestic company in which DO & CO indirectly holds 49% of the voting rights. This means that DO & CO has the power to participate in financial and operating policy decisions. These companies are included at equity in the consolidated financial statements.

Disclosures on joint ventures and associates are provided in Section 4.3.

3.1.2. Changes in the scope of consolidation

In the business year 2016/2017, the following newly established subsidiary and joint venture were consolidated for the first time:

- DO & CO Los Angeles, Inc. (fully consolidated, 100%)
- Versilia Solutions Ltd. (at equity; 50%)

The following companies were deconsolidated in the business year 2016/2017 due to liquidation or withdrawal:

- DO & CO Hospitality Management Poland Sp. z o.o. w likwidacji (previously fully consolidated, 100%)
- DO & CO Events Poland Sp. z o.o. w likwidacji (previously fully consolidated, 100%)
- DO & CO International Catering & Logistics AG (previously fully consolidated, 100%)
- Henry am Zug Hungary Kft. (previously fully consolidated, 100%)

3.1.3. Consolidation principles

Subsidiaries are initially consolidated at the date of their acquisition, i.e. when DO & CO obtains control of the subsidiary. Subsidiaries are deconsolidated from the date that control ceases.

Initial consolidation is based on the acquisition method. This method requires the parent company to measure acquired assets and assumed liabilities at their fair values at the acquisition date. The acquisition costs of the acquisition are the fair value of the consideration transferred. DO & CO recognises goodwill to the extent that the consideration transferred (including the value of the shares of other shareholders and the fair value of any shares held prior to the moment when control is obtained; i.e. acquisition achieved in stages) exceeds the fair value to be recognised for the assets acquired and liabilities identified. If this is not the case, after a re-examination of the purchase price allocation, the Company recognises the difference with immediate effect in profit or loss. DO & CO measures non-controlling interests at the proportionate share of the subsidiary's identifiable net assets.

Goodwill arising from acquisitions is not subject to amortisation, but is tested annually for impairment (impairment test) and written down to its lower recoverable value in the case of impairment.

DO & CO uses the equity method to account for investments in joint ventures and associates. Acquired investments are initially recognised at cost at the time of their acquisition, inclusive of transaction costs. If the acquisition costs incurred for the investment exceed the acquired interest in the fair values of the assets and liabilities, goodwill is recognised. Goodwill is part of the carrying amount of the investment and is not tested separately for impairment. Any negative difference is recognised immediately in profit or loss. The carrying amount of the investment is subsequently measured taking into account DO & CO's proportionate share of the changes in the net assets of the investment. Any losses carried forward by an associate or a joint venture that exceed the carrying amount of the investment held by DO & CO are only recognised to the extent that DO & CO has incurred legal or constructive obligations to cover any losses. DO & CO tests investments accounted for using the equity method for impairment if there is indication of such impairment.

The financial statements of the joint venture or the associate at the reporting date of DO & CO form the basis for investments being accounted for using the equity method. In the case of deviating reporting dates, DO & CO uses interim financial statements of the respective entity prepared at the reporting date for the update of the carrying amount of the investment.

Subsidiaries, joint ventures and associates are included in the consolidated financial statements according to uniform accounting methods. Significant inter-company transactions, balances, unrealised income arising from supply and service relationships among the companies of the consolidated group are eliminated. Transactions between the parent company or subsidiaries and entities included at equity are eliminated on a prorated basis. The same applies to unrealised losses unless the transaction implies that the transferred assets are impaired.

3.2. Currency translation

The euro is DO & CO Group's presentation currency. The functional currency of foreign entities partly differs from the Group's presentation currency. Financial statements of subsidiaries, joint ventures and associates that do not have the euro as functional currency are translated in accordance with IAS 21 using the modified reporting date method. Assets and liabilities of the financial statements of the entities to be included are translated using the average spot exchange rate as of 31 March 2017, income and expenses are translated using the average annual exchange rate.

Foreign currency transactions are translated into the respective functional currency using the exchange rates prevailing at the dates of the transactions. Monetary items (most notably receivables and liabilities) are subsequently translated at the respective closing rates. Any currency translation differences are immediately recognised through profit or loss by DO & CO. Unrealised currency translation differences with regard to monetary items, however, that economically belong to the net investment in a foreign operation are recognised directly in equity as currency translation differences (net investment approach). This particularly includes loans to British, American, Ukrainian and Swiss subsidiaries of which the repayment is neither planned nor probable for the near future.

Movements in non-current assets are translated at average exchange rates. Any effects resulting from changes in the average exchange rate at the reporting date compared to the average exchange rate of the previous period, as well as from the application of average rates, are reported separately in the consolidated asset movement schedule under currency translation.

Currency translation differences resulting from the use of different closing rates for items in the statement of financial position or from exchange rate differences between the closing rates applied to the translation of expenses and income in the income statement and associated changes in net assets in the statement of financial position are recognised under differences of currency translation within equity. Currency translation differences recognised without affecting profit or loss during a company's association with the Group will be reclassified to the income statement upon deconsolidation of the respective company.

The exchange rates applied with regard to the translation of significant currencies have developed as follows:

	Reporting Date Rate		**Average Rate**	
1 Euro corresponds to:	**31 March 2017**	**31 March 2016**	**31 March 2017**	**31 March 2016**
US Dollar	1.0691	1.1385	1.0973	1.1046
British Pound	0.8555	0.7916	0.8414	0.7333
Turkish Lira	3.8894	3.2118	3.5165	3.1414
Swiss Franc	1.0696	1.0931	1.0836	1.0739
Polish Zloty	4.2265	4.2576	4.3518	4.2263
Ukrainian Hryvnia	28.9642	29.6893	28.4022	25.4201
Mexican Peso	20.0175	19.5903	21.0985	18.3821
South Korean Won	1,194.5400	1,294.8800	1,260.2100	1,277.0015

3.3. Accounting methods

General measurement principle

The consolidated financial statements are prepared under the historical cost convention, excluding assets and liabilities recognised at fair value.

Intangible assets

DO & CO particularly recognises goodwill as well as acquired customer agreements, licenses, trademarks and rights of use under the item Intangible assets in the consolidated statement of financial position. Research and development expenses are not incurred at DO & CO. Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses. DO & CO charges amortisation for intangible assets with definite useful lives on a straight-line basis over a useful life of 2 to 17 years. Amortisation is recognised in the income statement under *Amortisation / depreciation and effects from impairment tests*. Goodwill and other intangible assets with an indefinite useful life are not subject to amortisation. If evidence exists that intangible assets are impaired, DO & CO tests the respective assets for impairment. Irrespective of such evidence, DO & CO tests goodwill and other intangible assets with an indefinite useful life annually for impairment. With regard to the determination and recognition of impairment, reference is made to Section *Impairment of non-financial assets*.

Property, plant and equipment

Property, plant and equipment is recognised at cost less accumulated depreciation and accumulated impairment losses. In addition to the purchase price and directly attributable expenses required to transfer the asset to a location and to render the asset operational as intended by management, cost also includes the estimated expenses for a possible obligation for dismantling and removing the asset and for restoring the site at which the asset is located. With regard to qualifying assets, DO & CO has not yet recognised borrowing costs as part of cost, since no borrowing costs were incurred for the acquisition or production of such assets.

At DO & CO, depreciation of property, plant and equipment subject to wear and tear is charged on a straight-line basis over the useful lives shown below and by taking into account significant residual values:

Land and buildings	25.0	to	40.0 years
Buildings on land owned by others	2.0	to	25.0 years
Plant and machinery	2.0	to	20.0 years
Other equipment and office equipment	2.0	to	10.0 years

Depreciation is recognised in the income statement under *Amortisation / depreciation and effects from impairment tests.*

If evidence exists with regard to potential impairment, DO & CO assesses the need to impair the assets in line with the principles set forth in this Section entitled *Impairment of non-financial assets*.

Gains and losses arising from the disposal of property, plant and equipment are determined at the time when the assets are derecognised by comparing the net disposal proceeds with the carrying amount of the asset to be disposed and are recognised within *Other operating income* or *Other operating expenses*.

Investment property

DO & CO treats developed property held for an undetermined future use as Investment property. Investment property was initially recognised at cost including associated costs incurred and subsequently measured at cost less accumulated depreciation. Property is subsequently measured at cost less accumulated depreciation since commissioning and accumulated impairment losses.

Leases

Lease agreements under which the lessor retains substantially all the risks and rewards of ownership of the leased assets are treated as operating leases at DO & CO. Lease payments arising from such leases are regularly recognised on a straight-line basis under *Other operating expenses* during the term of the lease. Neither the leased asset nor the liability with regard to future lease payments is reported in the statement of financial position.

Impairment of non-financial assets

DO & CO tests capitalised goodwill annually for impairment. All intangible assets, property, plant and equipment and investment property are tested for impairment when there is evidence or any indicator that their carrying amounts may not be recoverable either by selling the assets or by using the assets in the Company. If this assumption is confirmed, DO & CO recognises an impairment loss equivalent to the difference between the carrying amount and the lower recoverable amount. The recoverable amount is the higher of the fair value less costs to sell and the discounted net cash inflow from the future use of the asset (value in use). If individual assets cannot be allocated to separately identifiable cash flows, impairment is tested at the lowest level of cash-generating units for which cash flows can be identified and which are largely independent from cash flows of other cash-generating units (CGU). DO & CO tests goodwill for impairment at the lowest level within the Group where management monitors these assets for internal management purposes. The underlying CGU only includes one operating segment.

Impairment results in a corresponding decrease of the carrying amount of the asset. If impairment is assessed on the basis of cash-generating units, impairment primarily reduces the

goodwill allocated to the unit. Any remaining amount reduces non-current assets in proportion to their carrying amounts, whereas the impairment is limited by a value of zero and – if determinable – by the net selling price or the value in use of the relevant asset.
Impairment losses are recognised in the income statement under *Amortisation / depreciation and effects from impairment tests* at DO & CO.

If evidence exists that an asset subject to amortisation or depreciation is impaired, DO & CO reviews the asset's remaining useful life, the method of amortisation or depreciation applied and any residual value taken into account based on whether or not an impairment loss has to be recognised.

If the recoverable amount of an impaired asset (except for goodwill) increases again at a later reporting date, DO & CO adjusts the carrying amount accordingly. In this case the amortised cost is the upper threshold for measurement purposes. Income from write-ups is recognised under *Amortisation / depreciation and effects from impairment tests* in the income statement. Reversals of the impairment of goodwill are not allowed under IFRS.

Financial assets

DO & CO recognises financial assets if the Company becomes a contracting party to the agreements on a financial instrument. Financial assets have to be derecognised if the rights of cash flows granted by them are phased out or if the asset is transferred effectively to a third party. Purchases and sales of financial assets at market prices are recognised or derecognised on the settlement day.

At the time of acquisition, DO & CO classifies financial assets in one of the following measurement categories: loans and receivables or available for sale. The classification depends on the type of the financial asset and the purpose for which the financial asset was acquired. It is reviewed at the end of every reporting period.

- **Loans and receivables** (LaR) are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They result from the provision of financial assets, goods or services to a debtor unless it is intended to trade these receivables. They are classified as current assets, provided that these assets are due within less than 12 months after the end of the reporting period. If this is not the case, they are classified as non-current assets. Loans and receivables are initially measured at fair value plus directly attributable transaction costs. Subsequently, DO & CO measures trade receivables at amortised cost using the effective interest method.

- **Available-for-sale financial assets** (AfS) are non-derivative financial assets which, based on their objective characteristics, are not classified in any of the other categories or which, based on the decision of the management, were designated in this category at the time of acquisition. If it is expected to dispose of these assets within twelve months, they are included in current assets; if this is not the case, these assets are recognised as non-current assets. DO & CO initially recognises available-for-sale financial assets at their fair value plus directly attributable transaction costs. Subsequent measurement is based on their fair value at the reporting date. Equity instruments of other companies whose fair value cannot be reliably estimated are excluded. These instruments are measured at cost.

  Changes in fair values of AfS are reported as part of Other comprehensive income in the statement of comprehensive income. This does not apply to impairments or to currency translation gains or losses on monetary items, since they are directly recognised in the income statement. Expenses and income which are not recognised in profit or loss have to be reclassified to the income statement upon disposal of the asset or in the case of impairment.

DO & CO measures a potential impairment loss with regard to loans and receivables as the difference between the asset's carrying amount and its recoverable amount. This loss is recognised under an impairment item in profit or loss. If a default on a receivable is almost certain, the receivable is impaired. If the recoverable amount increases again at a later reporting date, a write-up can be recognised in the income statement in an amount not exceeding amortised cost.

Inventories

Inventories are stated at the lower of cost or net realisable value on the reporting date. DO & CO determines cost primarily by using the average price method. The net realisable value is the estimated selling price in the ordinary course of business, less estimated costs until completion and selling expenses still to be incurred.

Cash and cash equivalents

Cash and cash equivalents primarily comprise cash at banks and – to a minor extent – cash on hand and cheques. Foreign currency balances are translated using the exchange rate prevailing at the reporting date.

Equity

Equity is the residual value of the Group's assets after deducting all its liabilities. Equity is reported in the consolidated statement of financial position showing equity attributable to the shareholders of the parent company and non-controlling interests under separate items.

In connection with a business combination, DO & CO entered into a forward transaction on the remaining shares held by other shareholders of the acquisition target. This transaction is presented in the consolidated financial statements as follows:

With the initial recognition of a business combination, the non-controlling interests are recorded in equity as a separate item. This item is subsequently adjusted for any changes in the net assets of the non-controlling interests (prorated allocation of profit or loss and distributions). Correspondingly, DO & CO recognised a non-current derivative financial liability with regard to the obligation resulting from the put option. The liability was recognised in equity and offset against a special item from transactions with non-controlling interests in equity. Based on the assumption that DO & CO acquires the current balance of the respective investment of the non-controlling interests, the Company derecognises the amount reported in equity for the non-controlling interests at the end of every reporting period. Differences between the derecognised equity amounts and the amounts at which the derivative financial liability is recognised and amortised are taken into account by DO & CO in accordance with the provisions on the presentation of transactions between shareholder groups as adjustment of the parent company's equity.

Employee benefits

DO & CO committed itself to grant employees post-employment benefits. The obligation is limited to a contribution to be paid to an external provider under defined contribution plans. DO & CO recognises this contribution as *Personnel expenses* in the income statement. Obligations not fulfilled at the reporting date are recognised as current liabilities.

With regard to defined benefit pension plans, DO & CO is under an obligation to provide the agreed benefits to employees after termination of employment: Employees whose employment is subject to Austrian law and commenced prior to 1 January 2003 are entitled to termination benefits after three years of uninterrupted employment in case employment is terminated by the employer or if employment was terminated for compelling reasons. The same holds true if the employee reaches the pensionable age after 3 years of uninterrupted employment with the company. Furthermore, DO & CO undertook to pay lifelong annuity to a former employee. In this case, DO & CO bears the investment risk and the risk that higher expenses than expected may be incurred (actuarial risk). The amounts recognised under *Non-current provisions* on the liabilities side correspond to the present value of the vested amounts (*"defined benefit obligation",* DBO). They are calculated annually based on the *projected unit credit method* and take into account annuities known at the reporting date and acquired pension entitlements, as well as estimated future increases in remuneration and pensions, taking into account the staff turnover rate depending on the years of service. The present value of the obligation is based on the return of the senior fixed-interest corporate bonds of the relevant currency area. In the business year 2016/2017, the benefits expected to be provided were calculated using a discount rate of 1.30% p.a. (PY: 1.40% p.a.), taking into account expected wage and salary increases of 1.80% p.a. (PY: 1.80% p.a.) and applying an expected pensionable age of 65 years for women and 65 years for men (PY: 65/65). Termination benefits from foreign companies were calculated on the basis of comparable methods and recognised on the liabilities side, unless defined benefit pension plans are in place. Termination benefits vis-à-vis employees in Turkish group companies are calculated using a discount rate of 12.92% p.a. (PY: 12.00%) and expected inflation-related wage and salary increases of 11.29% p.a. (PY: 7.46%). Under Turkish law, each employee is entitled to this benefit if his employment is terminated with no compelling cause after one year of employment, if he faces military conscription, if he passes away, as well as if a male employee has been with the company for 25 years upon retirement (20 years for female employees) and reaches a pensionable age of 60 years (58 years for female employees). Management is of the opinion that defined benefit obligations do not result in extraordinary risks or risk concentrations. Any gains and losses resulting from adjustments of and changes in financial and demographic assumptions are recognised without affecting profit or loss in Other comprehensive income in the period in which they arise. Past-service costs are recognised under *Personnel expenses* in the income statement in the year in which they are incurred.

The measurement of other long-term employee benefits (most notably anniversary bonuses for employees employed with Austrian companies) is based on the principles outlined with regard to defined benefit obligation plans. The present values of these obligations calculated based on expert opinions take into account the staff turnover rate depending on the years of service. In contrast, actuarial gains and losses arising from other long-term employee benefits are not recognised in Other comprehensive income but are immediately recognised under *Personnel expenses* in the income statement having an effect profit or loss.

Other provisions

DO & CO recognises provisions on the liabilities side when it has a present legal or constructive obligation as a result of past events that will probably lead to a future outflow of economic resources and the amount can be reliably estimated. The provision is measured on the basis of the best possible estimate of the expected future cash outflow. In the case of longer-term obligations, the estimated cash outflow is discounted. Reimbursement rights against third parties that are virtually certain to arise are taken into account at DO & CO with the recognition of a separate asset.

Financial liabilities

Original financial liabilities are recognised on the liabilities side of the consolidated statement of financial position if DO & CO is under a contractual obligation to transfer cash or other financial assets to a third party. The liability is initially measured at its fair value and is subsequently measured at amortised cost, using the effective interest method. Financial liabilities are derecognised if they are settled, cancelled or expired.
Financial liabilities are classified as current if the Group does not have the unconditional right to delay the settlement of the liability by at least twelve months after the reporting period. In all other cases they will be classified as non-current liabilities.

Deferred taxes

Deferred tax assets are recognised on deductible temporary differences arising between the carrying amounts of assets and liabilities and their tax bases, on tax loss carry-forwards and tax credits, to the extent that it is probable that future taxable profit will be available. Deferred tax liabilities are recognised at DO & CO for taxable temporary differences arising between the carrying amounts and the tax bases of assets and liabilities. In both cases assumptions are made with regard to the estimated future tax effect that results from the reversal of temporary differences or from the use of the loss carry-forwards or from tax credits. The tax rate applicable at the reporting date serves as the basis to calculate deferred income tax. This tax rate, however, is only applied if no deviating tax rate has already been agreed upon with regard to the point in time when temporary differences are expected to reverse or a tax loss carry-forward or a tax credit is expected to be used.

Deferred taxes are recognised in the income statement as income or expense under *Income tax*. Deferred taxes on transactions having a direct impact on equity are excluded. These are recognised without effect on profit or loss.

Revenue recognition

Revenue include all proceeds from the sale of goods and the rendering of services. Other income from operations is recognised in *Other operating income*.

DO & CO recognises revenue when it is probable that the economic benefit from a third party transaction will flow to the Company and the amount of revenue can be reliably measured. Revenue from the sale of goods are recognised if the substantial risks and rewards related to the ownership of the goods and products sold have been transferred to the customer, when DO & CO has no effective power of disposal over the goods and products sold and when the costs incurred or to be incurred can be reliably established. Revenue from services rendered are recognised by the Company to the extent that corresponding services have been provided at the reporting date. DO & CO recognises interest income using the effective interest method. Dividends are recognised when the title to them has been legally accrued.

Earnings per share

Earnings per share reported in the income statement are calculated by dividing profit or loss attributable to the shareholders of DO & CO by the weighted average number of ordinary shares issued during the business year.

3.4. Significant discretionary decisions and estimates

The preparation of the consolidated financial statements is based on discretionary decisions and estimates as well as assumptions made by DO & CO that affect the accounting of assets and liabilities, the presentation of income and expenses and the relevant disclosures including the disclosure of contingent liabilities. These discretionary decisions and estimates may have a material impact on DO & CO's financial situation and performance.

Significant estimates and assumptions as well as uncertainties relating to the selected accounting policies are particularly made with regard to the following. In addition, reference is made to the notes to the respective items.

- The initial recognition of intangible assets and property, plant and equipment arising from business combinations requires estimates with regard to the determination of the fair value. The same applies to acquisitions of shareholdings in associates and joint ventures with regard to the net assets represented by the share acquired.

- A material assessment relates to the accounting treatment of a forward for the acquisition of non-controlling interests. On the basis of the agreement, DO & CO considers the current state of the investments of non-controlling interests at each reporting date to have been acquired (see also the comments on *Shareholders' equity* in Section 4.10.). This treatment of non-controlling interests has an influence on the equity structure.

- For the purpose of the subsequent measurement, estimates and assumptions have to be made to determine amortisation and depreciation – particularly to determine the useful lives, the methods of depreciation and amortisation, and the residual values – of intangible assets, property, plant and equipment and investment property subject to amortisation and depreciation. These estimates are based on historical experience and assessments of the management.

- Mandatory and event-related impairment tests of non-current assets require measurements and estimates in several respects. In particular, such measurements and estimates include the identification of internal and external evidence indicating potential impairment. In this regard, management particularly takes into account changes in current competitive conditions, significant deviations from the expected results, the loss of a key customer, suspension of services, detrimental developments of the political and economic environment as well as significant changes in exchange rate parities and interest rate levels. As far as investments in associates and joint ventures are concerned, management measures the existence of impairment by using criteria which indicate possible economic difficulties of the companies. Uncertainties associated with this test concern the timing of the recognition of an impairment. The calculation of the recoverable amounts of the individual objects to be measured is also based on estimates and assumptions. To the extent that these are based on present value calculations, DO & CO assesses the estimated cash inflows and outflows based on approved financing plans for a five-year detailed planning period and a depreciation or amortisation period corresponding to the probable useful life of the object to be measured. The cash flow estimate is based on the Company's ability to continue as a going concern and relies on planning taking into account experiences and assumptions with regard to the macro-economic environment and developments of the respective industry. Remaining uncertainties are taken into account appropriately. The interest rates used to determine the present value are based on the Company's costs of capital.

- Post-employment benefits are measured based on actuarial principles which require in particular assumptions on discount rates, estimated remuneration and pension trends, turnover rates and mortality. DO & CO uses the return of senior industrial bonds with a similar term to maturity as the corresponding measured liability to calculate appropriate country-specific discount rates. Estimates on the mortality risk are based on publicly available, country-specific reference guidelines. The remuneration and pension increases taken into account rely on estimated country-specific inflation rates as well as operational experience. Defined benefit obligations are highly sensitive to changes in these assumptions. The future development may indeed deviate from the estimates included in the measurement owing to changing market, economic and social conditions. Amounts reported are mainly based on expert opinions. The underlying assumptions are reviewed by DO & CO on an annual basis.

- Estimation uncertainties exist with regard to the recognition and measurement of other provisions. These uncertainties relate to the question if such obligations exist and when they arise, as well as to the question of the amount of the outflow potentially required to settle the uncertain liabilities.

- Accounting of deferred taxes requires an estimate with regard to the extent to which it is probable that the relating future tax benefit can be realised. This requires a prognosis as to the extent that it is probable that taxable profits will be available to make use of tax reducing effects. This prognosis has to take into account the effects from the reversal of taxable temporary differences, budgeted operating results as well as tax planning opportunities. The future tax result and the point of time when deferred tax assets may be realised have to be estimated.

Management reviews the estimates and assumptions made at every reporting date. Amounts recognised are regularly adjusted in the current reporting period through profit or loss if changes occur. Transactions immediately recognised in equity are exempt.

4. Comments on the Consolidated Statement of Financial Position

4.1. Intangible assets

Intangible assets comprise goodwill, the Hédiard brand and acquired rights and licenses in such rights. The rights and licences particularly include customer agreements, trademark titles, and rights of use and software licenses. With the exception of goodwill and the Hédiard brand, all intangible assets have definite useful lives.

The development of intangible assets in the business year compared to the previous year is presented below:

in m€	Goodwill	Right-of-use assets and contracts with customers	Trademark Hédiard	Total
Cost at 31 March 2016	**25.00**	**78.45**	**9.94**	**113.39**
Currency translation	-0.44	-3.63	0.00	**-4.07**
Additions	0.00	1.83	0.00	**1.83**
Disposals	-0.01	-3.11	0.00	**-3.12**
Reclassifications	0.00	1.33	0.00	**1.33**
At 31 March 2017	**24.55**	**74.87**	**9.94**	**109.36**
Accumulated amortisation and effects from impairment tests at March 2016	**0.09**	**47.00**	**0.00**	**47.09**
Currency translation	0.00	-3.01	0.00	**-3.01**
Additions (amortisation)	0.00	7.38	0.00	**7.38**
Disposals	0.00	-3.11	0.00	**-3.11**
Reclassifications	0.00	1.11	0.00	**1.11**
At 31 March 2017	**0.09**	**49.36**	**0.00**	**49.46**
Carrying amounts at 31 March 2017	**24.46**	**25.50**	**9.94**	**59.90**

in m€	Goodwill	Right-of-use assets and contracts with customers	Trademark Hédiard	Total
Cost at 31 March 2015	**25.35**	**79.07**	**9.94**	**114.37**
Currency translation	-0.35	-3.12	0.00	**-3.47**
Additions	0.00	2.44	0.00	**2.44**
Disposals	0.00	-0.02	0.00	**-0.02**
Reclassifications	0.00	0.08	0.00	**0.08**
at 31 March 2016	**25.00**	**78.45**	**9.94**	**113.39**
Accumulated amortisation and effects from impairment tests at 31 March 2015	**0.00**	**41.30**	**0.00**	**41.30**
Currency translation	0.00	-2.33	0.00	**-2.33**
Additions (amortisation)	0.00	8.05	0.00	**8.05**
Additions (effects from impairment tests)	0.09	0.00	0.00	**0.09**
Disposals	0.00	-0.02	0.00	**-0.02**
At 31 March 2016	**0.09**	**47.00**	**0.00**	**47.09**
Carrying amounts at 31 March 2016	**24.91**	**31.45**	**9.94**	**66.30**

Goodwill is tested annually for impairment. For the purpose of impairment testing, DO & CO allocates goodwill to cash-generating units that are expected to benefit from the synergies of the respective business combination. For comparison purposes, DO & CO calculates the value of use of cash-generating units in addition to the carrying amount.

For information on the economic situation in the respective countries as well as the expected development, reference is also made to the comments in the Group management report.

DO & CO refrained from testing goodwill of Sky Gourmet (31 March 2017: € 4.06m/ 31 March 2016: € 4.06m), DO & CO Poland (31 March 2017: € 1.25m/31 March 2016: € 1.24m) and Oleander Group AG/Lasting Impressions 31 March 2017: € 0.97m/ 31 March 2016: € 1.05m), allocated to the Airline Catering segment for impairment. The composition of the assets and liabilities has not changed significantly and last year's calculation of the recoverable amount exceeded the carrying amounts of the CGU's assets by far. Based on the developments that have occurred thus far, impairment of goodwill is practically precluded.

The table below presents an overview of goodwill tested for impairment in the business year 2016/2017 and the material assumptions made with regard to the relevant impairment tests.

Cash-generating unit	**Arena One Allianz Arena**	**Mazlum Ambalaj**	**Hédiard**
Segment	**International Event Catering**	**Airline Catering**	**Restaurants, Lounges & Hotel**
Carrying amount of goodwill in m€	7.76	1.77	8.66
Length of detailed planning period in years	4	5	10
Cash flow growth after detailed resp. general planning period in %	-1.0 % *	1.0 %	1.70%
Pre-tax discount rate	6.2 - 8.6 %	14.4 %	-----
After-tax discount rate	-----	-----	6.90%
Approach	value in use	value in use	fair value less cost to sell

*Four scenarios in total, of which only one scenario assumes a projection beyond the general planning period

Cash flow projections used to determine the value in use are generally based on forecasts which, in turn, are based on financial plans approved by management. The calculation of the fair value less costs to sell is also based on approved financial plans as well as expectations on the future development of the cash-generating unit's business model that are customary in the industry, without taking into account company-specific synergy effects. The fair values are to be allocated to level 3 given the planning assumptions used. To the extent that the stable business outlook necessary for calculating the perpetual annuity is not guaranteed at the end of the detailed planning period, DO & CO includes a general planning phase in this planning. The growth assumptions used for impairment testing are based on adapted past experiences. They also take into account assumptions with regard to the loyalty of major customers as well as with regard to the attracting of such customers and the expected developments in the relevant markets. The development of the cost structure also reflects past experiences, measures implemented to improve efficiency and expected developments of the individual cost factors.

In order to continue cash flow forecasts beyond the detailed planning period and the general planning period DO & CO takes into account growth rates that are particularly based on forecast inflation rates of the respective local market environment. External sources were used to predict the inflation rates.

Also, if the discount rate had increased by 0.5 percentage points, the recoverable amounts of the cash-generating units (to which goodwill was allocated) tested for impairment would have exceeded the respective carrying amounts. The same holds true if the growth rates applied to perpetual annuity had decreased by 0.5 percentage points or profitability had been reduced by 10%.

In the business year 2014/15, DO & CO acquired the Hédiard brand in the course of the merger with Hédiard. Given the name recognition level of this brand, the end of the period of use cannot be determined reliably from today's perspective. The brand is fully allocated to the cash-generating unit Hédiard in the reporting segment Restaurant, Lounges & Hotel and thus is annually tested for impairment together with goodwill arising from this business combination. No impairment was to be recognised for this brand as of 31 March 2017.

In the business year 2015/2016, impairment in the amount of € 1.15m was recognised due to the impairment test carried out for the goodwill of DO AND CO Kyiv LLC that is allocated to the Airline Catering segment. Goodwill was fully impaired (€ 0.09m), and property, plant and equipment showed an impairment loss of € 1.06m. This impairment loss was included in the Airline Catering segment and was due to reduced sales expectations. It was shown in the income statement under the item *Amortisation / depreciation and effects from impairment tests.*

Customer contracts acquired in the course of business acquisitions were capitalized at the fair value applicable at the acquisition date and amortised on a straight-line basis over their estimated useful lives of up to 17 years. They are recognized at a carrying amount of € 11.77m (PY: € 13.71m) under the item intangible assets.

4.2. Property, plant and equipment

The table below presents an overview of the development of property, plant and equipment in the reporting period and the comparative period:

in m€	Land and buildings including buildings on third party land	Plant and machinery	Other equipment and office equipment	Payments in advance and assets in course of construction	Total
Cost at 31 March 2016	**142.84**	**46.66**	**104.04**	**61.88**	**355.43**
Currency translation	-3.96	-3.62	-5.94	-11.09	**-24.61**
Additions	1.84	1.83	5.45	46.63	**55.76**
Disposals	-0.48	-0.91	-2.84	-0.10	**-4.34**
Reclassifications	10.67	2.93	2.15	-16.02	**-0.27**
At 31 March 2017	**150.91**	**46.90**	**102.85**	**81.31**	**381.97**
Accumulated depreciation and effects from impairment tests at 31 March 2016	**56.80**	**25.50**	**62.77**	**0.00**	**145.06**
Currency translation	-2.78	-1.32	-3.48	-0.06	**-7.65**
Additions (depreciation)	9.92	4.06	12.52	0.00	**26.49**
Additions (effects from impairment tests)	1.10	0.00	0.09	0.64	**1.84**
Additions	0.00	-0.01	-0.04	0.00	**-0.05**
Disposals	-0.46	-0.85	-2.54	0.00	**-3.84**
At 31 March 2017	**64.58**	**27.38**	**69.30**	**0.58**	**161.85**
Carrying amounts at 31 March 2017	**86.33**	**19.52**	**33.55**	**80.72**	**220.12**

in m€	Land and buildings including buildings on third party land	Plant and machinery	Other equipment and office equipment	Payments in advance and assets in course of construction	Total
Cost at 31 March 2015	**183.89**	**42.43**	**94.55**	**53.28**	**374.16**
Changes in the scope of consolidation and reclassifications	-57.47	0.00	-0.03	0.00	**-57.50**
Currency translation	-7.67	-2.86	-5.20	-6.23	**-21.96**
Additions	20.41	8.28	20.56	21.06	**70.32**
Disposals	-0.75	-1.78	-5.45	-2.91	**-10.88**
Reclassifications	4.42	0.59	-0.39	-3.31	**1.30**
At 31 March 2016	**142.84**	**46.66**	**104.04**	**61.88**	**355.43**
Accumulated depreciation and effects from impairment tests at 31 March 2015	**50.85**	**25.15**	**57.78**	**0.00**	**133.78**
Changes in the scope of consolidation and reclassifications	-1.47	0.00	-0.03	0.00	**-1.50**
Currency translation	-2.92	-1.16	-2.64	0.00	**-6.72**
Additions (depreciation)	9.38	3.65	12.19	0.00	**25.22**
Additions (effects from impairment tests)	2.20	0.06	0.25	0.00	**2.51**
Additions	-1.30	-0.01	-0.17	0.00	**-1.48**
Disposals	-0.71	-1.62	-5.16	0.00	**-7.49**
Reclassifications	0.77	-0.57	0.55	0.00	**0.74**
At 31 March 2016	**56.80**	**25.50**	**62.77**	**0.00**	**145.06**
Carrying amounts at 31 March 2016	**86.05**	**21.16**	**41.28**	**61.88**	**210.37**

In the business year 2016/2017, the expansions of the gourmet kitchens at the locations New York JFK and London Heathrow (Airline Catering segment) as well as the continued construction of the hotel in Istanbul (Restaurants, Lounges & Hotel segment) were recognised under the item buildings under construction.

In the business year 2016/2017 in the course of impairment tests, which were done for CGUs due to triggering events, it came to impairments amounting to € 1.84m. These are allocated to the segments Airline Catering and Restaurant, Lounges & Hotel. In the business year 2015/2016, DO & CO recognised impairment losses in the amount of € 2.51m for property, plant and equipment. The expenses are shown in the income statement under *Amortisation / depreciation and effects from impairment tests.* In the business year 2015/2016 material impairment related to the Airline Catering segment (Ukraine) in the amount of € 1.06m which are due to reduced sales expectations.

Additions in the business year 2016/2017 mainly result from Airline Catering investments made in Turkey, Austria, France, Germany, Great Britain and the US, as well as from investments in the Restaurants, Lounges & Hotel segment in Turkey and in the International Event Catering segment in Germany and Austria.

In the business year 2015/2016, Do & Co Restaurantbetriebsgesellschaft m.b.H., in its capacity as owner of the Haas House property in the centre of Vienna, was deconsolidated. 52% of the building space used by DO & CO for business purposes was reported under property, plant and equipment. The remaining percentage of retail space was rented out to retail companies and accounted for as investment property.

4.3. Investments accounted for using the equity method

Investments in joint ventures relate to strategic partnerships in the segments Airline Catering and Restaurants, Lounges & Hotel.

Investments accounted for using the equity method have developed as follows in the current and the previous business year:

in m€	**Business Year 2016/2017**		**Business Year 2015/2016**	
	Associated companies	Joint ventures	Associated companies	Joint ventures
As of 1 April	**1.99**	**2.29**	**1.96**	**0.00**
Attributable net result	0.67	-2.76	0.67	-0.90
Additions	0.00	6.39	0.00	3.14
Currency translation	0.00	0.38	0.00	0.05
Attributable dividend payment	-0.41	0.00	-0.64	0.00
As of 31 March	**2.25**	**6.30**	**1.99**	**2.29**

The significant decrease of the attributable net result compared to the previous year is particularly due to the investments Versilia Solutions Ltd. (€-0.91m) and Soon Sharp DO & CO Korea LLC (€ -1.07m) and is the result of the start-up costs.

The attributable net result equals the attributable result from continuing operations of the entities.

The carrying amounts of the investments accounted for using the equity method reported in the consolidated financial statements with regard to joint ventures and associates are shown in the table below:

in m€	**31 March 2017**		**31 March 2016**	
	Associated companies	Joint ventures	Associated companies	Joint ventures
Carrying amounts	2.25	6.30	1.99	2.29

In the business year 2016/2017, € 0.33m of pro-rated losses was recognized off-balance sheet. In the business year 2015/2016, all pro-rated losses were recognized through profit or loss.

4.4. Other financial assets (non-current)

Other financial assets (non-current) mainly include securities and investments as well as loans.

Section 7.1. provides additional information on these financial assets.

4.5. Inventories

DO & CO's inventories break down as follows at the reporting dates:

in m€	31 March 2017	31 March 2016
Raw materials and supplies	14.32	14.35
Goods	10.26	11.81
Total	24.58	26.17

As goods were for the most part directly passed on to the customer, impairment was only to be recognised to a minor extent at the end of the reporting period. The same holds true for raw materials and supplies that have a short turnover period.

4.6. Trade receivables

Trade receivables have a remaining period of a maximum of 12 months after the reporting period. With regard to impairment of trade receivables, creditworthiness is assessed on an ongoing basis.

The development of trade receivables is as follows:

in m€	31 March 2017	31 March 2016
Trade receivables	102.28	103.73
Impairments	-2.96	-3.11
Trade receivables (net)	**99.33**	**100.62**

The following risk concentrations exist with regard to trade receivables: At 31 March 2017, trade receivables from one customer amount to € 28.57m (31 March 2016: € 30.45m), of which € 14.21m (PY: € 2.41m) was still outstanding at the end of May 2017. No evidence exists that these receivables are uncollectible.

Of the total amount of trade receivables as of 31 March 2017, € 55.39m (31 March 2016: € 70.59m) are neither impaired nor past due.

Impairment of trade receivables mainly relate to receivables more than 80 days past due and has developed as follows:

in m€	Business Year 2016/2017	Business Year 2015/2016
As of 1 April	**3.11**	**3.31**
Allocation	0.58	1.22
Reclassification/ FX effects	-0.14	-0.11
Consumption	-0.42	-0.80
Release	-0.18	-0.50
As of 31 March	**2.96**	**3.11**

At 31 March 2017 and 31 March 2016, unimpaired trade receivables have the following past due periods:

in m€	31 March 2017	31 March 2016
undue	55.39	70.59
up to 20 days due	26.39	12.24
21 to 40 days due	5.21	6.86
41 days to 80 days due	7.52	6.45
more than 80 days due	4.74	4.27
Total	**99.25**	**100.41**

€ 2.96m of valuation allowances was recognised for trade receivables totalling € 3.04m.

4.7. Other financial assets (current)

In the business year 2016/2017, this includes, amongst other things, a transfer fee receivable of € 8.00m with regard to the rental agreement on a premises.

4.8. Other non-financial assets (current)

Other non-financial assets (current) include the following assets:

in m€	31 March 2017	31 March 2016
Prepaid expenses	4.53	4.39
VAT receivables	4.86	8.89
Other receivables	8.49	7.60
Other current non-financial assets	**17.88**	**20.87**

Impairment of other non-financial assets (current) has developed as follows in the business year:

in m€	Business Year 2016/2017	Business Year 2015/2016
As of 1 April	**0.74**	**0.62**
FX effects	0.00	-0.02
Allocation	0.33	0.51
Consumption	-0.15	-0.17
Release	-0.32	-0.20
As of 31 March	**0.60**	**0.74**

4.9. Cash and cash equivalents

Cash and cash equivalents include cash on hand, cash in transit and cash at banks with a maturity of less than three months. They are recognised at the most recent amount at the reporting date. € 143.53m (31 March 2016: € 171.91m) was recognised in the statement of financial position at the reporting date. The decline in cash and cash equivalents is mainly due to investment activities.

Cash and cash equivalents include foreign currencies, such as:

	31 March 2017	31 March 2016
mUSD	22.33	14.25
mTRY	65.47	44.10
mUAH	225.92	160.43
mGBP	2.07	4.33
mPLN	3.74	13.92

With regard to restrictions of availability of cash, please refer to Section 4.10.

4.10. Shareholders' equity

The share of DO & CO has been listed in the prime market of the Vienna Stock Exchange since March 2007 and at the Istanbul Stock Exchange since December 2010. As of 31 March 2017, 67.69% of the shares are in free float. The remaining shareholding of 32.31% is held by Attila Dogudan Privatstiftung and includes a share of 1.59% reserved for management and employee participation programmes.

The nominal capital of DO & CO amounts to € 19.49m at the end of the reporting period. 9,744,000 fully paid in no-par value shares are issued. Each share grants one vote.

At the 18th Ordinary General Meeting of Shareholders of DO & CO Aktiengesellschaft held on 21 July 2016, it was resolved to pay a dividend of € 0.85 per dividend-bearing share for the business year 2015/2016. On 8 August 2016, DO & CO Aktiengesellschaft paid a dividend in the total amount of € 8,242,400 to its shareholders.

The capital reserve mainly includes amounts from past capital increases that were made in excess of the nominal capital less capital procurement costs, net of tax.

The accumulated remaining equity includes the currency translation reserve, the differences from the translation of financial statements prepared in foreign currencies that were recognised directly in equity in the business year under review and in previous years, as well as net investment effects and the IAS 19 reserve, as well as actuarial gains and losses from defined benefit plans, net of income tax.

The special item from transactions with non-controlling interests recognised within equity results from the acquisition of 51% of the shares and voting rights in DO AND CO KYIV LLC. As the Company simultaneously undertook to purchase the 49% of the shares held by the other shareholders at a later point in time, a liability had to be recognised in the amount of the present value of the purchase price obligation. This liability was initially recognised directly in equity by offsetting the liability against the special item reported in equity, with the item non-controlling interests not having been derecognised. Based on the assumption that DO & CO acquires the current balance of the respective investment of non-controlling interests, the Company derecognises the amount reported in equity for non-controlling interests at the end of every reporting period. Differences between the derecognised equity amounts and the amounts at which the derivative financial liability is recognised and amortised at cost are taken into account at DO & CO in accordance with the provisions on the presentation of transactions between shareholder groups by adjusting the special item.

At the Ordinary General Meeting of Shareholders of 5 July 2012, the Management Board was authorised, subject to the consent of the Supervisory Board, to increase the share capital by up to € 9,744,000.00 through the issuance of up to 4,872,000 shares in the form of new no-par bearer shares in exchange for cash contributions and/or contributions in kind. This authorisation expires on 30 June 2017.

By resolution of the General Meeting of Shareholders of 4 July 2013, the Management Board was authorised, subject to approval of the Supervisory Board, to issue financial instruments within the meaning of Section 174 of the Austrian Stock Corporation Act (AktG), most notably convertible bonds, warrant bonds, profit-sharing bonds, hybrid bonds, jouissance rights of up to € 200,000,000.00 that may also grant a subscription and/or conversion right regarding the purchase of up to 3,897,600 shares in the Company. The thus approved capital amounts to € 200,000,000.00. The authorisation expires on 3 July 2018.

The shares of other shareholders include the direct non-controlling interests in the equity of the fully consolidated THY DO & CO İkram Hizmetleri A.Ş. amounting to 50%, the fully consolidated Lasting Impressions Food Company Ltd amounting to 15%, the fully consolidated Mazlum Ambalaj Sanayi ve Dış Ticaret A.Ş. amounting to 49% and the fully consolidated DO & CO Netherlands Holding B.V. amounting 49%. Moreover, this item included the non-controlling interests in DO & CO im PLATINUM Restaurantbetriebs GmbH amounting to 10%.

The influence exercised by non-controlling interests (NCI) with a significant investment in subsidiaries on the activities and the cash flow of the entities is presented in the tables below.

			31 March 2017		31 March 2016	
Subsidiary	**Place of business**	**Voting rights**	**Result NCI in m€**	**Carrying amount NCI in m€**	**Result NCI in m€**	**Carrying amount NCI in m€**
THY DO & CO Ikram Hizmetleri A.S.	Turkey	50%	13.55	50.25	14.44	49.38

in m€			Business year 2016/2017 Income statement - result				
Subsidiary	**Revenue**	**Expenses**	**Parent**	**NCI**	**Total**	**Other comprehensive income**	**Dividends to NCI**
THY DO & CO Ikram Hizmetleri A.S.	293.51	266.42	13.55	13.55	27.09	-10.54	2.29

in m€			Business year 2015/2016 Income statement - result				
Subsidiary	**Revenue**	**Expenses**	**Parent**	**NCI**	**Total**	**Other comprehensive income**	**Dividends to NCI**
THY DO & CO Ikram Hizmetleri A.S.	338.16	309.27	14.44	14.44	28.89	-5.20	2.54

in m€	31 March 2017					
	Assets		**Liabilities**		**Equity**	
Subsidiary	**Current**	**Non-current**	**Current**	**Non-current**	**Parent**	**Other shareholders**
THY DO & CO Ikram Hizmetleri A.S.	63.00	95.92	51.17	7.25	50.25	50.25

in m€	31 March 2016					
	Assets		**Liabilities**		**Equity**	
Subsidiary	**Current**	**Non-current**	**Current**	**Non-current**	**Parent**	**Other shareholders**
THY DO & CO Ikram Hizmetleri A.S.	57.79	95.97	45.87	9.13	49.38	49.38

Due to the foreign exchange provisions of Resolution No 140 of the Ukrainian National Bank dated 5 March 2016, the transfer of liquid funds of DO & CO's Ukrainian subsidiaries to other entities within the DO & CO Group is restricted. The Resolutions prohibit, among other things, the repayment of loans granted in a currency other than the Ukrainian national currency, the hryvnia (UAH), and interest before the contractual terms have expired. Ukrainian subsidiaries are further prohibited from purchasing currencies other than the Ukrainian currency for purposes of paying dividends to non-Ukrainian investors, for capital decreases, withdrawals from the company and the disposal of shares. The 90-day rule applies to all settlements for import/export transactions. Ukrainian companies are subject to the mandatory sale of 50% of all proceeds in a foreign currency (i.e. not in hryvnia (UAH)). At the reporting date, a loan receivable denominated in EUR exists in the amount of € 11.64m (PY: € 11.17m) which is subject to this restriction.

4.11. Bond

At the beginning of March 2014, DO & CO placed a corporate bond at a notional amount of € 150.00m. The bond falls due on 4 March 2021 and has an interest rate of 3.125% per annum. The interest expense according to the effective interest method amounts to € 4.98m in the business year 2016/2017 (business year 2015/2016: € 4.97m). Payments are made annually on 4 March.

4.12. Non-current provisions

The breakdown of non-current provisions arising from employment contracts are as follows at the end of the reporting period:

in m€	31 March 2017	31 March 2016
Provisions for severance payments DBO	17.99	16.98
Provisions for long-service anniversary payments DBO	4.65	4.86
Provisions for pension payments DBO	0.59	0.61
Total	23.24	22.44

€ 3.15m of the total amount of non-current provisions is due in the short term.

The projected unit credits of the defined benefit obligations and the anniversary bonuses have developed as follows in the business year 2016/2017:

	Termination benefits		Pensions		Anniversary bonuses	
in m€	**2016/2017**	**2015/2016**	**2016/2017**	**2015/2016**	**2016/2017**	**2015/2016**
Present value of obligations (DBO) on 1 April	**16.98**	**18.74**	**0.61**	**0.61**	**4.86**	**5.63**
Currency changes	-1.44	-1.05	0.00	0.00	0.00	0.00
Current service cost*	1.49	2.98	0.02	0.00	0.48	0.87
Interest cost	0.88	0.35	0.01	0.01	0.06	0.08
Benefit payments	-2.75	-2.64	-0.08	-0.07	-0.32	-0.38
Actuarial gains and losses**	2.83	-1.40	0.04	0.05	-0.43	-1.34
thereof arising from expierenced based adjustments	0.00	-0.71	0.04	0.05	-0.05	-0.84
thereof arising from changes in financial assumptions	2.45	-0.20	0.00	0.00	0.04	0.33
thereof arising from changes in demographic assumptions	0.38	-0.50	0.00	0.00	-0.42	-0.83
Present value of obligations (DBO) on 31 March	**17.99**	**16.98**	**0.59**	**0.61**	**4.65**	**4.86**

* These items are included in the Personnel expenses

** This item is for long-service anniversary included in the Personnel expenses

The actual development of the obligations may deviate from the estimates included in the measurement owing to changing market, economic and social conditions. The above table presents the resulting value adjustments and the changes in these estimates as actuarial gains and losses.

DO & CO recognises actuarial gains and losses with regard to provisions for termination benefits and pensions in the business year in which they originate in the consolidated statement of comprehensive income (without effect on income) under Revaluation IAS 19. With regard to anniversary bonuses, the revalued obligations are directly recognised under *Personnel expenses* in the income statement. The interest expense resulting from the discounting of personnel provisions is reported in the *Financial result*.

The breakdown of expenses from termination benefits and pensions is shown below. These expenses are reported in the relevant income statement items presented:

in m€	Income statement position	Termination benefits 2016/2017	Termination benefits 2015/2016	Pensions 2016/2017	Pensions 2015/2016
Current service cost	Personnel expenses	1.49	2.98	0.02	0.00
Past service cost	Personnel expenses	0.00	0.00	0.00	0.00
Interest cost	Financial expenses	0.88	0.35	0.01	0.01
Total		**2.37**	**3.33**	**0.03**	**0.01**

4.13. Income tax

Effective income tax receivables result from tax advances. Income tax receivables for which a legally enforceable right to offset against income tax liabilities exists, were offset.

Deferred taxes as of 31 March 2017 result from temporary differences arising between the carrying amounts and the tax bases of assets and liabilities as well as tax loss carry-forwards. Deferred taxes primarily result from the following:

	31 March 2017		31 Mach 2016	
in m€	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Intangible assets	0.07	-6.97	0.14	-8.63
Property, plant and equipment and investment property	0.39	-8.27	1.15	-3.35
Non-current financial assets	0.00	0.00	0.22	-2.75
Inventories	0.00	0.00	0.00	-0.81
Current financial assets and other current assets	0.40	-3.64	0.00	0.00
Provisions	10.00	-0.03	10.46	-1.43
Liabilities	7.81	-0.23	0.41	-0.40
Total temporary differences	**18.68**	**-19.12**	**12.39**	**-17.37**
Tax losses carried forward	6.12	0.00	44.07	0.00
Valuation discount for deferred tax assets	0.46	0.00	-35.16	0.00
Offsetting of differences with the same tax authorities	-18.13	15.94	-11.99	11.99
Total	**7.13**	**-3.18**	**9.32**	**-5.38**

In the business year 2016/2017 a tax expense of € 0.04m was directly recognised in equity arising from the revaluation of provisions for pensions and termination benefits and net investments. The book value of deferred tax reserve recognised in the other comprehensive income amounts to € 0.54m (31 March 2016: € 0.82m). The book value of the non-controlling interests was € 0.39m (31 March 2016: € 0.15m).

Loss carry-forwards capitalised and not capitalised as well as the ability to carry forward losses that were not capitalised are presented in the table below:

in m€	31 March 2017	31 March 2016
Loss carry-forwards – capitalised	20.48	28.92
Loss carry-forwards – not capitalised	108.39	108.72
of which loss carry-forwards forfeitable between two and five years	0.20	0.32
Non-forfeitable loss carry-forwards	108.19	108.41
Total unused loss carry-forwards	**128.87**	**137.65**

In the business year, DO & CO did not recognise deferred taxes (31 March 2016: € 0.73m) for loss carry-forwards previously not taken into account (31 March 2016: € 3.02m). For tax loss carry-forwards in the amount of € 108.39m (31 March 2016: € 108.72m) no deferred tax assets were recognised, since the realisation of potential tax benefits within the planning period is not sufficiently secured.

Deferred tax liabilities are not recognised for temporary differences resulting from shares in subsidiaries, joint ventures or associated companies (outside-basis differences) in cases where their reversal can be controlled by DO & CO and is not probable in the foreseeable future.

4.14. Other financial liabilities (current)

in m€	31 March 2017	31 March 2016
Loan	4.85	0.13
Provision for interest on bonds	0.35	0.00
Miscellaneous other financial liabilities (current)	44.68	33.16
Other financial liabilities (current)	49.87	33.29

As of 31 March 2017, a loan with a remaining maturity of two months was reclassified from non-current to current.

Other financial liabilities (current) mainly pertain to liabilities due to real estate close to Paris acquired for the establishment of a gourmet kitchen, prorated special payments in the amount of € 3.14m (31 March 2016: € 2.55m) that result from having a business year not coinciding with the calendar year, provisions for a prorated number of vacation days not yet used by the end of the reporting period in the amount of € 11.31m (31 March 2016: € 11.36m). Moreover, the Company has a liability in the amount of € 13.00m for a building cost subsidy for the expansion of the restaurant area of Arena One in Munich under the extended contract in the business year 2016/2017.

4.15. Trade payables

The table below shows the development of trade payables:

in m€	31 March 2017	31 March 2016
Trade payables	65.20	76.63
Deliveries and services not yet invoiced	8.51	8.29
Trade payables	73.72	84.92

As of 31 March 2017, accruals/deferrals made for services not yet invoiced arising from the item provisions were reclassified to trade payables. The previous-year figures were adjusted. The decline in trade payables is due to the successful completion of the UEFA EURO 2016.

4.16. Current provisions

The current provisions have developed as follows in the business year:

in m€	As of 1 April 2016	Currency changes	Changes in scope of consolidation	Consumption	Release	Allocation	Transfer	As of 31 March 2017
Other personnel provisions	5.80	-0.05	0.00	-5.52	-0.02	5.09	0.00	5.31
Other provisions	26.72	-1.92	-0.06	-11.46	-7.56	26.19	-0.03	31.88
Total	**32.52**	**-1.97**	**-0.06**	**-16.98**	**-7.57**	**31.28**	**-0.03**	**37.19**

Other personnel provisions pertain to provisions for performance-based remuneration components in the amount of € 5.31m (31 March 2016: € 5.80m). Other provisions mainly include provisions resulting from sales obligations, audit and consulting expenses, legal fees as well as other current obligations and deferrals/accruals.

Due to the challenging economic situation faced by the customer Turkish Airlines, Turkish DO & CO was forced to dismiss employees. The dismissals are challenged by the employees. The provision was set up in the amount in dispute as well as the estimated legal fees and shown under Other provisions.

In the course of the reorganisation of the French subsidiary, management decided to negotiate a social plan with the employee representatives. The provision for the social plan is set up at the estimated amount, with the amount being estimated based on the status of the negotiations with the employee representatives.

Further, a provision was set up under Other provisions based on management's estimates for impending penalties payable for exceeding the maximum working time and possible violations against the Workers Directive concerning the employment of Hungarian staff in Austria.

4.17. Other liabilities (current)

Other liabilities (current) break down as follows:

in m€	31 March 2017	31 March 2016
Advanced payments received on orders	2.38	2.81
Other liabilities	13.85	9.46
Deferred income	2.23	20.71
Total	18.47	32.98

It is expected that these obligations will be settled within twelve months after the end of the reporting period. Other liabilities mainly pertain to VAT liabilities and liabilities to social insurance funds as well as to liabilities to employees for recurring remuneration payments.

The balance of deferred payments as of 31 March 2016 mainly related to advance payments made under the hospitality programme at the UEFA EURO 2016, with the amount being reduced after having successfully completed this project in the business year 2016/2017.

5. Comments on the Consolidated Income Statement

5.1. Revenue

Information on revenue generated by the individual business segments and geographical regions is presented in section Segment reporting.

5.2. Other operating income

In the business year 2016/2017 and in the previous year, other operating income pertains to:

in m€	Business Year 2016/2017	Business Year 2015/2016
Income from the release of provisions	8.86	8.68
Foreign exchange gains	3.94	5.77
Income from deconsolidation	0.00	2.37
Miscellaneous other operating income	15.92	7.85
Total	28.72	24.67

In the business year 2016/2017, miscellaneous other operating income includes income from the transfer fee received with regard to the rental agreement for a premises as well as a compensation payment received with regard to the additional costs in railway catering which resulted from migration, partial cancellation of train services and interrupted service in the business year 2015/2016.

5.3. Costs of materials

In the business year 2016/2017 and the previous year, cost of materials and purchased services amounted to:

in m€	Business Year 2016/2017	Business Year 2015/2016
Cost of materials	-282.27	-313.34
Cost of purchased services	-101.23	-83.38
Total	-383.50	-396.71

Purchased services mainly include the renting of equipment and acquired staff.

5.4. Personnel expenses

The DO & CO Group employed an average of 9,576 staff (PY: 9,655 staff) in the business year 2016/2017.

In the business year and in the previous year, personnel expenses comprised the following:

in m€	Business Year 2016/2017	Business Year 2015/2016
Wages and salaries	-242.19	-238.16
Expenses for termination benefits, pensions and contribution based payments	-11.84	-7.14
Compulsary social security contribution and payroll-related taxes	-45.24	-44.88
Other employee-related expenses	-15.86	-12.55
Total	-315.13	-302.74

In the business year 2016/2017, other employee-related expenses include expenses for compensation claimed in Turkish courts in response to redundancies as well as expenses incurred due to a social plan in France (see Section 4.16. Current Provisions).

5.5. Other operating expenses

Other operating expenses pertain to:

in m€	Business Year 2016/2017	Business Year 2015/2016
Rentals, leases and operating expenses (including airport fees)	-72.03	-72.36
Travel and communication expenses	-17.46	-14.73
Transport, vehicle and maintenance expenses	-22.66	-23.33
Insurance premiums	-1.48	-1.30
Legal, auditing and consulting expenses	-8.44	-8.82
Bad debts, impairments of receivables and other claims	-1.52	-2.09
Foreign exchange losses	-2.97	-6.15
Losses on disposal of non-current assets	-0.49	-0.56
Other taxes	-4.03	-3.35
Miscellaneous other operating expenses	-18.47	-15.57
Total	-149.55	-148.26

Rentals, leases and operating expenses include fixed rents in the amount of € 21.54m (PY: € 23.73m) and sales-based payments in the amount of € 16.60m (PY: € 17.55m).

Expenses for the auditor and all members of the auditor’s Austrian network amounted to € 0.46m (PY: € 0.48m) for the audit of the consolidated financial statements and the financial statements in the reporting period as well as to € 0.14m (PY: € 0.23m) for other consulting services.

5.6. Amortisation/ depreciation and effects from impairment tests

Amortisation / depreciation and effects from impairments tests recorded in the income statement include:

in m€	Business Year 2016/2017	Business Year 2015/2016
Amortisation and depreciation	-33.87	-33.27
Effects from impairment tests	-1.79	-3.89
Total	-35.66	-37.16

For the breakdown of the reported impairment losses with regard to the business segments, please refer to Segment reporting.

5.7. Financial result

The table below shows the breakdown of the financial result:

in m€	Business Year 2016/2017	Business Year 2015/2016
Income from non-current securities	0.04	0.01
Interest and similar income	2.30	2.79
Interest and similar expenses	-6.62	-7.49
Other financial result	-2.09	0.00
Total	-6.38	-4.69

Interests and similar income are interest income resulting from cash equivalents in Turkey and Ukraine. Interest and similar expenses include interest expenses incurred for the corporate bond in the amount of € 4.98m (PY: € 4.97m) and from the discounting of termination benefit obligations and other non-current obligations in the amount of € 0.94m (PY: € 0.43m). The other financial result includes Foreign exchanges differences resulting from group financing in GBP und USD.

5.8. Income tax

The item income tax comprises current and deferred income taxes as presented in the table below:

in m€	Business Year 2016/2017	Business Year 2015/2016
Current income taxes	-16.45	-12.02
Deferred taxes	0.39	5.88
Total	-16.06	-6.14

€ -14.02m (PY: € -12.02m) of current income tax expenses pertains to the current year. Income tax expenses in the amount of € -2.42m (PY: € -0.75m) relate to adjustments of income tax expenses incurred in previous years.

The income tax reported in the business year 2016/2017 is derived as follows from the expected income tax expense that would have resulted from applying DO & CO's income tax rate to the Group's profit before income tax:

in m€	**Business Year 2016/2017**	**Business Year 2015/2016**
Profit before income tax	49.86	50.83
Expected tax expense 25% (PY: 25%)	**-12.47**	**-12.71**
+/- Tax differences non-domestic countries	1.83	1.60
Calculated income tax expense	**-10.63**	**-11.11**
Reconciliation item	-5.42	4.97
Accounted income tax expense	**-16.06**	**-6.14**
Effective tax rate	**32.2%**	**12.1%**

The effective tax burden of the DO & CO Group, i.e. the reported tax expense in relation to the profit before income tax, is 32.2% (PY: 12.1%). The tax ratio of the business year 2016/2017 mainly rose due to non-deductible expenses, the valuation allowance for deferred tax assets with regard to loss carry-forwards that arose in the business year as well as to aperiodic one-off effects from current and deferred taxes.
The low tax ratio in the previous year is the result of higher contributions by units in low-tax countries, profits in countries with tax loss carry-forwards not capitalised and one-off effects from the capitalisation of deferred taxes on tax loss carry-forwards.

5.9. Earnings per share

Basic earnings per share are calculated by dividing profit or loss attributable to the shareholders of DO & CO by the average number of ordinary shares issued during the business year.

	Business Year 2016/2017	**Business Year 2015/2016**
Net result in m€	**20.83**	**28.25**
Number of shares at the end of the period (in Pie)	9,744,000	9,744,000
Basic/diluted earnings per share (in €)	**2.14**	**2.90**

The basic earnings per share equals the diluted earnings per share.

5.10. Proposed appropriation of profit

Under the provisions of the Austrian Stock Corporation Act, the financial statements of DO & CO as of 31 March 2017, prepared in accordance with the Austrian financial reporting requirements, provide the basis for the distribution of a dividend. These financial statements show a net profit for the year of € 8.28m. The Management Board proposes to the General Meeting of Shareholders to distribute the entire net profit for the year. This allows for a dividend of € 0.85 per dividend-bearing share. The proposed dividend has not tax effects for DO & CO in case of the dividend being paid.

6. Comments on the Consolidated Statement of Cash Flows (Cash Flow Statement)

The statement of cash flows from operating activities was prepared using the indirect method. Liquid funds correspond to *Cash and cash equivalents* in the consolidated statement of financial position and include cash in hand, cheques and cash at banks.

Income tax payments are reported separately under the cash flow from operating activities.

The gross cash flow amounts to € 92.52m, meaning an increase of € 4.91m compared to the prior-year period. Taking into account the changes in the working capital and the income tax payments, the cash flow from operating activities amounts to € 56.36m (business year 2015/2016: € 91.73m). The decline in the cash flow from operating activities mainly results from the decrease in accounts payable which were above average as of 31 March 2016 due to the organisation of the EURO 2016.

The cash flow from investing activities amounts to € -65.17m (business year 2015/2016: € 51.89m). In the business year 2015/2016, the cash inflows due to the sale of subsidiaries resulted from the deconsolidation of Do & Co Restaurantbetriebsgesellschaft m.b.H. Cash-effective investments in property, plant and equipment and in intangible assets are € -60.41m (business year 2015/2016: € -63.92m).

The cash flow from financing activities is € -15.96m (business year 2015/2016: € -25.38m).

7. Additional Disclosures

7.1. Additional disclosures on financial instruments

The fair values stated are determined based on the below parameters depending on the level to which the fair value is allocated:

- Level 1: Quoted prices in active markets for identical assets or liabilities
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the assets or liabilities either directly (that is, as a price) or indirectly (that is, derived from prices)
- Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs). An allocation to level 3 is already made if an unobservable input exists in the course of the measurement that exerts a significant influence on the measurement.

The carrying amounts of the financial instruments, classified in measurement categories pursuant to IAS 39, and the fair values allocated to classes are presented in the tables below:

in m€	Carrying amount 31 March 2017	Measure-ment category according to IAS 39	Fair Value	Level
Other financial assets (non-current)[1]	3.73			
Investments and securities	0.47	AfS		
Other non-current assets	3.25	AfS		
Trade receivables	99.33	LaR		
Other financial assets (current)	16.21	LaR		
Cash and cash equivalents	143.53	AfS		
Total assets	**262.80**			
Bond	148.76	FLAC	162.33	1
Other financial liabilities (current)	49.87	FLAC		
Loan	4.85	FLAC	4.23	3
Miscellaneous other current financial liabilities	45.02	FLAC		
Trade payables	73.72	FLAC		
Total liabilities	**272.35**			

in m€	Carrying amount 31 March 2016	Measure-ment category according to IAS 39	Fair Value	Level
Other financial assets (non-current)[1]	3.26			
Investments and securities	0.41	AfS		
Other non-current assets	2.85	AfS		
Trade receivables	100.62	LaR		
Other financial assets (current)	10.10	LaR		
Cash and cash equivalents	171.91	AfS		
Total assets	**285.89**			
Bond	148.47	FLAC	159.75	1
Other financial liabilities (non-current)	4.44	FLAC	4.33	3
Other financial liabilities (current)	33.29	FLAC		
Trade payables	84.92	FLAC		
Total liabilities	**271.13**			

1…Measured at cost pursuant to IAS 39

LaR: Loans and Receivables; AfS: Available-for-Sale Financial Assets; HfT: Held for Trading; FLAC: Financial Liabilities at Amortised Cost.

With regard to *Cash and cash equivalents*, *Trade receivables* as well as *Other current financial assets*, the carrying amounts represent an adequate estimate of the fair values as the remaining maturities are short. The same applies to trade payables, other liabilities and current financial liabilities. The fair value is not disclosed in accordance with the exemption provision set forth under IFRS 7.29(a).

Available-for-sale financial instruments, reported under other non-current financial assets, are not measured at fair value through OCI, since the fair value of the investments in associates included cannot be determined reliably. They are thus measured at cost. Securities are not measured at fair value for materiality reasons.

The fair value of *Other current financial liabilities* is calculated by discounting the future cash flows. The appropriate discount rate is 9.0%. Individual characteristics of the financial instruments are taken into account applying a creditworthiness and/or liquidity spread in line with the market. The financial liability arising from the obligation to acquire shares of other shareholders in the future (see Section 4.10. Shareholders' equity) is measured at fair value. The fair value is calculated as the present value of the difference between the purchase price paid by DO & CO for the acquisition of 51% of the shares less the contractually agreed purchase price for all shares in the subsidiary. Changes in value are directly offset against the Group's equity, which is why this liability cannot be classified to any of the measurement categories pursuant to IAS 39. As of 31 March 2017, the carrying amount of the liability arising from the acquisition of the non-controlling interests was € 0.00m (31 March 2016: € 0.00m).

Currency risk

Currency risk arises from possible changes in foreign exchange rates due to the international nature of its business. This risk particularly relates to the following currencies: Turkish lira (TRY), British pound (GBP), Ukrainian hryvnia (UAH), US dollar (USD) and Polish zloty (PLN).

The Company seeks to hedge currency losses primarily by natural hedges that aim at balancing income and expenses denominated in a foreign currency with regard to the currency amount and the timing when payments are received or to be made, if possible. The Company also aims at transferring currency risks as far as possible to customers and suppliers with the help of corresponding agreements.

If required, DO & CO uses derivative financial instruments to manage currency risks. At the reporting date, the Company does not hold any such instruments. Furthermore, the Company does not use hedge accounting at present.

Sensitivity analyses are required under IFRS 7 to highlight the dependency of currency risks from monetary financial instruments denominated in a currency other than the functional currency. Currency translation effects on gains and losses determined on the basis of these analyses mainly result from receivables and/or payables in foreign currencies that exist at the reporting date. Non-current receivables and liabilities that form part of net investments in foreign operations affect equity. Currency translation differences arising from the translation of financial statements into the Group reporting currency are not taken into account in the sensitivity analyses.

As of 31 March 2017, the exchange rates applied by DO & CO with regard to the translation of significant currencies into euros are as follows:

Currency	USD	GBP	TRY	PLN	UAH	CHF
Period-end exchange rate as of 31 March 2017 (Foreign currency in relation to the euro)	1.0691	0.8555	3.8894	4.2265	28.9642	1.0696

Based on the result of the sensitivity analyses, an appreciation (depreciation) by 10% of the main foreign currencies for DO & CO against the respective functional currency of the group companies led to the following theoretical impacts on the profit before income tax in the business year 2016/2017 and/or on equity as of 31 March 2017:

Impact on profit before income tax (m€)	USD	GBP	TRY	PLN	UAH	CHF
Revaluation of foreign currency in relation to the euro by 10%	0.76	-0.21	-0.18	-0.12	0.42	0.03
Devaluation of foreign currency in relation to the euro by 10%	-0.62	0.27	0.18	0.12	-0.42	-0.02

Impact on equity (m€)	USD	GBP	TRY	PLN	UAH	CHF
Revaluation of foreign currency in relation to the euro by 10%	6.08	1.48	-	-	1.47	-
Devaluation of foreign currency in relation to the euro by 10%	-4.97	-1.21	-	-	-1.21	-

Liquidity risk

Accurate financial planning is the key to control liquidity and to avoid liquidity risk. If expansion and other investment projects are undertaken, a meticulous analysis of their impact on Group liquidity must be conducted.

All Austrian and German DO & CO companies are integrated in a cash-pooling system so that liquidity can be managed centrally. Deviations from financial planning are detected immediately thanks to regular and prompt financial reporting. This approach ensures that counter-measures can be initiated quickly.

The liquidity risk of the DO & CO Group is currently negligible because of DO & CO's amount of C*ash and cash equivalents* and unused credit lines.

DO & CO keeps the default risk to a minimum with the help of timely monitoring as part of its debtor management. The outstanding items of all legal entities are reported weekly, which helps to timely monitor the credit risk of customers and enables the Company to quickly respond to a changed situation.

The default risk of major customers is mitigated by entering into corresponding contractual agreements and by customers providing collateral.

The table below presents the undiscounted contractually agreed interest payments and redemptions of the financial liabilities that fall within the scope of IFRS 7:

	31 March 2017			
in m€	Carrying amount	Cash outflow in the next reporting period	Cash outflow for the next but one reporting period	Subsequent cash outflow
Cash outflow issued bond	148.76	4.69	4.69	159.38
Cash outflow trade payables	73.72	73.72		
Cash outflow other liabilities	49.87	49.87		
Cash outflow liabilities within application area of IFRS 7	272.35	128.27	4.69	159.38

	31 March 2016			
in m€	Carrying amount	Cash outflow in the next reporting period	Cash outflow for the next but one reporting period	Subsequent cash outflow
Cash outflow financial liabilities	4.44	0.40	4.79	
Cash outflow issued bond	148.47	4.69	4.69	164.06
Cash outflow trade accounts payable	84.92	84.92		
Cash outflow other liabilities	33.29	33.29		
Cash outflow liabilities within application area of IFRS 7	271.13	123.29	9.47	164.06

Interest risk
Financing activities have maturities that correspond at least to terms of the commitment with regard to the projects to be financed. Financing is done at usual market conditions. The effects of a change in interest rates are monitored in sensitivity analyses conducted every six months. These analyses represent the effects that changes in market interest rates have on interest payments, interest income and interest expenses. Thus, interest rate risks do not exist for financial instruments measured at amortised cost. Changes in market interest rates, however, affect the financial result of variable-interest financial assets and liabilities. At DO & CO, this pertains in particular to cash. Market interest changes do not have any effect on equity, since the Company does not have any derivatives designated as instruments to hedge against interest-related cash flow fluctuations from underlying assets.

An increase (a decrease) of 100 basis points in the average interest rate at 31 March 2017 would therefore have increased (decreased) the profit before income tax by € 1.43m (€ 0.31m). DO & CO thus is at present not exposed to a significant interest rate risk.
The calculation is based on the assumption that DO & CO's deposits do not have a negative interest rate.

Default risk
The maximum default risk is mostly determined by the carrying amounts of the financial assets. At the reporting date 31 March 2017, DO & CO did not take out any credit insurance. Investments are made only at banks with first-class ratings. No material default risks are expected from the other original financial instruments. Any residual risk is covered by adequate provisions recognised in the statement of financial position.

Capital management
DO & CO's capital management strategy strives to increase the Company's value and to maintain a strong capital structure with high capital resources to ensure the trust of investors, creditors and the industry and to guarantee a solid capital base for the future development of its business. Financial management monitors the observance of this capital management strategy. With regard to the material characteristics of internal control and risk management, reference is made to the information provided in the management report for the Group.

Within the meaning of a value-oriented corporate governance, the key control parameters used are EBITDA, EBIT as well as EBITDA and EBIT margins. The focus is on the successful use of the Company's assets and achieving a value that exceeds the capital costs. DO & CO monitors capital on the basis of the performance indicators net gearing (gearing ratio), equity ratio and net debt to EBITDA (for the contents and definition of the key figures, see the glossary of key figures).
A dividend policy in line with the net result serves to maintain the capital structure. The Management Board will thus propose to the General Meeting of Shareholders to distribute a dividend in the amount of € 0.85 per dividend-bearing share.
The low interest level was already used to issue a bond with a volume of € 150m in 2014. The bond has a maturity of 7 years and a fixed-interest coupon of 3.125%.

7.2. Contingencies and financial liabilities

The contingent liabilities of the DO & CO Group amount to € 22.14m at 31 March 2017 (31 March 2016: € 24.06m) and comprise of:

in m€	31 March 2017	31 March 2016
Guarantees	21.24	22.87
Other contractual obligations	0.90	1.19
Total	22.14	24.06

All matters reported under contingent liabilities relate to potential future obligations which are uncertain as of 31 March 2017 and that would create an obligation for DO & CO only upon the occurrence of uncertain future events.

At 31 March 2017, executory contracts exist on the purchase of property, plant and equipment in the amount of € 31.23m (31 March 2016: € 34.47m).

There are uncancellable operating lease agreements on business premises and equipment and furniture as well as – to a minor extent – on vehicles and other assets.

Future operating lease payments to be made under uncancellable operating lease agreements amount to:

in m€	31 March 2017	31 March 2016
Up to one year	23.93	17.15
Two to five years	55.89	59.39
More than five years	99.63	127.65

Further lease payments of up to € 16.60m (31 March 2016: € 17.55m) may have to be paid in relation to lease payments depending on sales. These sales-depending lease payments mainly comprise rents for the business premises and have a maximum residual term of 5 years.

7.3. Significant events after the reporting period (subsequent report)

No significant events or developments occurred after 31 March 2017 that would be of importance with regard to the Group's financial situation and performance.

7.4. Related party disclosures

In its normal course of business, DO & CO Aktiengesellschaft has direct and/or indirect relationships with unconsolidated subsidiaries, joint ventures and associates.

Related parties mainly comprise members of the Management Board and of the Supervisory Board or companies in which members of the Management Board or Supervisory Board hold key positions.

	Business Year 2016/2017				Business Year 2015/2016			
in m€	Other related party	Associated companies	Joint ventures	Non-consolidated subsidiaries	Other related party	Associated companies	Joint ventures	Non-consolidated subsidiaries
Performed deliveries and services	0.00	0.25	0.85	1.12	0.05	0.33	1.54	0.75
Supplies received and services rendered	6.54	11.27	0.03	4.08	4.84	10.20	0.20	1.88

	31 March 2017				31 March 2016			
in m€	Other related party	Associated companies	Joint ventures	Non-consolidated subsidiaries	Other related party	Associated companies	Joint ventures	Non-consolidated subsidiaries
Receivables	0.95	0.01	1.47	1.37	0.95	0.00	1.14	0.52
Payables	0.47	1.11	0.02	0.86	0.36	1.79	0.01	0.15
Granted loans	0.00	0.00	2.40	0.00	0.00	0.00	1.40	0.00

In the business year 2016/2017, receivables in the amount of € 0.36m (31 March 2016: € 0.43m) were subject to value adjustments. The Company reports receivables from loans granted to joint ventures with an average remaining maturity of 2.11 years and an average interest of 2.52% per annum.

DO & CO provided guarantees for joint ventures and associates in the amount of € 7.40m (PY: € 7.40m) to serve as a collateral for loans. They fall due in May 2018. No cash outflow is expected.

Transactions with related parties are carried out at arm's length. No guarantees for loans or group company loans were extended to members of the Management Board and of the Supervisory Board.

See Section 7.6. for the remuneration of board members.

7.5. Investments

As of 31 March 2017, DO & CO has the following investments:

Company	Place of registration	Country	Consolidation 1)	Share of stock in %	Currency	Nominal Capital inTDC 2)
AIOLI Airline Catering Austria GmbH	Vienna-Airport	A	F	100.0	EUR	36 3)
B & B Betriebsrestaurants GmbH	Vienna	A	F	100.0	EUR	36 3)
Demel Salzburg Cafe-Restaurant Betriebs GmbH	Salzburg	A	F	100.0	EUR	35 3)
DO & CO - Salzburg Restaurants & Betriebs GmbH	Salzburg	A	F	100.0	EUR	36 3)
DO & CO Airline Catering Austria GmbH	Vienna	A	F	100.0	EUR	150 3)
DO & CO Airline Logistics GmbH	Vienna	A	F	100.0	EUR	35 3)
DO & CO Airport Hospitality GmbH	Vienna	A	F	100.0	EUR	35 4)
DO & CO Albertina GmbH	Vienna	A	F	100.0	EUR	35 3)
DO & CO Catering & Logistics Austria GmbH	Vienna	A	F	100.0	EUR	100 3)
DO & CO Catering-Consult & Beteiligungs GmbH	Vienna	A	F	100.0	EUR	36
DO & CO Event Austria GmbH	Vienna	A	F	100.0	EUR	100 3)
DO & CO Facility Management GmbH	Vienna	A	F	100.0	EUR	35 3)
DO & CO Gourmet Kitchen Cold GmbH	Vienna	A	F	100.0	EUR	35 3)
DO & CO Gourmet Kitchen Hot GmbH	Vienna	A	F	100.0	EUR	35 3)
DO & CO im Haas Haus Restaurantbetriebs GmbH	Vienna	A	F	100.0	EUR	36 3)
DO & CO im PLATINUM Restaurantbetriebs GmbH	Vienna	A	F	90.0	EUR	35
DO & CO Immobilien GmbH	Vienna	A	F	100.0	EUR	36 3)
DO & CO Party-Service & Catering GmbH	Vienna	A	F	100.0	EUR	36 3)
DO & CO Pastry GmbH	Vienna	A	F	100.0	EUR	35 3)
DO & CO Procurement GmbH	Vienna	A	F	100.0	EUR	35 3)
DO & CO Special Hospitality Services GmbH	Vienna	A	F	100.0	EUR	35 3)
Henry - the art of living GmbH	Vienna	A	F	100.0	EUR	36 3)
Henry am Zug GmbH	Vienna	A	F	100.0	EUR	35 4)
Ibrahim Halil Dogudan Gesellschaft m.b.H.	Vienna	A	F	100.0	EUR	36 3)
ISS Ground Services GmbH	Vienna	A	E	49.0	EUR	218
K.u.K. Hofzuckerbäcker Ch. Demel's Söhne GmbH	Vienna	A	F	100.0	EUR	799 4)
Sky Gourmet-airline catering and logistics GmbH	Vienna-Airport	A	F	100.0	EUR	800 4)
Total Inflight Solution GmbH	Vienna	A	F	100.0	EUR	35 4)
WASH & GO Logistics GmbH	Vienna	A	N	0.0	EUR	36
DO & CO International Catering & Logistics AG	Zurich	CH	N	100.0	CHF	100
DO & CO International Event AG	Zug	CH	F	100.0	CHF	100
Nespresso - DO & CO SA	Lausanne	CH	E	50.0	CHF	1,000 13)
Oleander Group AG	Zug	CH	F	100.0	GBP	67 10)
Arena One Gastronomie GmbH	Munich	D	F	100.0	EUR	25 5)
DO & CO München GmbH	Munich	D	F	100.0	EUR	100 5)
Arena One Mitarbeiterrestaurants GmbH	Munich	D	F	100.0	EUR	25 5)
Arena One Service GmbH	Munich	D	F	100.0	EUR	25 5)
DO & CO (Deutschland) Holding GmbH	Kelsterbach	D	F	100.0	EUR	25
DO & CO Berlin GmbH	Berlin	D	F	100.0	EUR	25 5)
DO & CO Deutschland Catering GmbH	Munich	D	F	100.0	EUR	25
DO & CO Düsseldorf GmbH	Düsseldorf	D	F	100.0	EUR	25 5)
DO & CO Frankfurt GmbH	Kelsterbach	D	F	100.0	EUR	25 5)
DO & CO Kelsterbach GmbH	Kelsterbach	D	N	100.0	EUR	25
DO & CO Lounge Deutschland GmbH	Munich	D	F	100.0	EUR	25 5)
DO & CO Lounge GmbH	Frankfurt	D	F	100.0	EUR	25 5)
DO & CO Catering München GmbH	Munich-Airport	D	F	100.0	EUR	25 5)
DO & CO Restauración & Catering España, S.L.	Barcelona	E	F	100.0	EUR	3
Financière Hédiard SA	Colombes	F	F	100.0	EUR	5,094
Hédiard Events SAS	Paris	F	F	100.0	EUR	100
Hédiard SA	Paris	F	F	100.0	EUR	3,500
Hédiard Traiteur SAS	Colombes	F	F	100.0	EUR	40
DO & CO AIRPORT GASTRONOMY LIMITED	Feltham	GB	F	100.0	EUR	0 6)
DO & CO Airport Hospitality UK Ltd.	Feltham	GB	F	100.0	GBP	0
DO & CO Event & Airline Catering Ltd.	Feltham	GB	F	100.0	GBP	0
DO & CO International Catering Ltd.	Feltham	GB	F	100.0	EUR	30 6)
DO & CO International Investments Ltd.	London	GB	F	100.0	EUR	5,000 6)
DO & CO Museum Catering Ltd.	Feltham	GB	F	100.0	GBP	0
Fortnum & Mason Events Ltd.	London	GB	E	50.0	GBP	0
Lasting Impressions Food Co. Ltd	Feltham	GB	F	85.0	GBP	0
Versilia Solutions Ltd.	Northampton	GB	F	50.0	GBP	0
Henry am Zug Hungary Kft.	Budapest	HU	N	100.0	EUR	10 9)
DO & CO Italy S.r.l.	Vizzola Ticino	I	F	100.0	EUR	2,900
Sky Gourmet Malta Inflight Services Ltd.	Fgura	MT	E	40.0	EUR	1 8)
Sky Gourmet Malta Ltd.	Fgura	MT	E	40.0	EUR	1 8)
DO & CO México, S. de R.L. de C.V.	Mexico-City	MX	F	100.0	MXN	50 12)
DO & CO Netherlands Holding B.V.	The Hague	NL	F	51.0	EUR	20
DO & CO – Restauração e Catering, Sociedade Unipessoal, Lda	Lisbon	P	F	100.0	EUR	5
DO & CO Poland Sp. z o.o.	Warsaw	PL	F	100.0	PLN	7,447
DO & CO Real Estate Poland Sp. Z o.o.	Warsaw	PL	F	100.0	PLN	55
Sharp DO & CO Korea LLC	Seoul	ROK	E	50.0	KRW	7,000,000
Sky Gourmet Slovensko s.r.o.	Bratislava	SK	F	100.0	EUR	63 7)
DOCO Istanbul Catering ve Restaurant Hiz. Tic. ve San. A.S.	Istanbul	TK	F	100.0	TRY	750
MAZLUM AMBALAJ SANAYİ VE DIŞ TİCARET A.Ş	Tekirdag	TK	F	51.0	TRY	3,523
THY DO & CO Ikram Hizmetleri A.S.	Istanbul	TK	F	50.0	TRY	30,000
DO & CO AIRPORT GASTRONOMY LLC	Kiev-Boryspil	UA	F	100.0	UAH	5,055
DO & CO Ukraine LLC	Kiev-Boryspil	UA	F	100.0	UAH	521 11)
DO AND CO KYIV LLC	Kiev-Boryspil	UA	F	51.0	UAH	2,400
DEMEL New York Inc.	New York	USA	F	100.0	USD	1
DO & CO CHICAGO CATERING, INC.	Wilmington	USA	F	100.0	USD	1
DO & CO Holdings USA, Inc.	Wilmington	USA	F	100.0	USD	100
DO & CO Los Angeles, Inc.	New York	USA	F	100.0	USD	0
DO & CO Miami Catering, Inc.	Miami	USA	F	100.0	USD	1
DO & CO NEW JERSEY CATERING, INC.	Wilmington	USA	N	100.0	USD	0
DO & CO New York Catering, Inc.	New York	USA	F	100.0	USD	1

1) F=Fully consolidated, E=at equity, N=no consolidation
2) TDC = in thousands of domestic currency units
3) There is a profit transfer agreement between these companies and the DO & CO Restaurants & Catering Aktiengesellschaft
4) There is a profit transfer agreement between these companies and the DO & CO Catering-Consult & Beteiligungs GmbH
5) There is a profit transfer agreement between these companies and the DO & CO (Deutschland) Holding GmbH
6) The nominal capital was initially paid in GBP
7) The nominal capital was initially paid in SKK
8) The nominal capital was initially paid in MTL
9) The nominal capital was initially paid in HUF
10) The nominal capital was initially paid in CHF
11) 1 % of each is held by DO & CO Event Austria GmbH
12) 1 % of each is held DO & CO Holdings USA Inc
13) A joint venture company of DO & CO Aktiengesellschaft with 2 subsidiaries

7.6. Corporate boards

In the business year 2016/2017, the corporate boards of DO & CO Aktiengesellschaft consisted of the following members:

Management Board:

Attila DOGUDAN
Chairman, born in 1959
First appointed to the Board on 3 June 1997
End of current term of office: 31 July 2020
Holds no other memberships of supervisory boards or comparable positions

Gottfried NEUMEISTER
Member of the Board, born in 1977
First appointed to the Board on 16 July 2012
End of current term of office: 31 July 2020
Holds no other memberships of supervisory boards or comparable positions

Haig ASENBAUER
Born in 1967, member of the Board until 30 September 2016
First appointed to the Board on 16 July 2012
Membership of supervisory boards or comparable positions in non-Group companies (until 30 September 2016):

- Supervisory Board of MOUVI Holding AG, Austria

Klaus PETERMANN
Born in 1966; member of the Board until 30 September 2016
First appointed to the Board on 16 July 2012
Memberships of supervisory boards or comparable positions in non-Group companies (until 30 September 2016):

- Board of Directors of Indivis S.A., Luxembourg
- Board of Directors of Libidama International S.A. SPF, Luxembourg (until 29 April 2016)

Remuneration of the Management Board in the business year 2016/2017 was as follows:

Remuneration Management Board 2016/2017			
in k€	**Fixed Remuneration**	**Variable Remuneration**	**Total**
Attila Dogudan *	767	384	1,151
Gottfried Neumeister **	581	581	1,162
Haig Asenbauer (till 30.09.2016)***	458	0	458
Klaus Petermann (till 30.09.2016)****	240	0	240
Total	**2,046**	**965**	**3,010**

*Including remuneration in kind and including € 34k for activities as deputy chairman of the Board of Directors and CEO of THY DO & CO Ikram Hizmetleri A.Ş.
**Including € 30k for activities as member of the Board of Directors of THY DO & CO Ikram Hizmetleri A.Ş.
*** Including € 15k for activities as member of the Board of Directors of THY DO & CO Ikram Hizmetleri A.Ş. and € 147.5k as termination payment.
****Including € 15k for activities as member of the Board of Directors of THY DO & CO Ikram Hizmetleri A.Ş.

Currently, no arrangements have been made regarding any in-house retirement provision for the Management Board. The chairman of the Management Board is entitled to severance pay analogously to the Salaried Employees Act. The employment contracts of the members of the Management Board provide for a gratuity of three monthly salaries in the event that their membership in the Board is terminated early without compelling cause. No such claim is due if a Management Board contract is terminated for a cause that is within such member's control. No further claims are due to a member of the Management Board upon retirement.
Furthermore, no arrangements have so far been made in the event of a change of control.

Supervisory Board:

Waldemar JUD
Chairman, independent, born in 1943
Current term runs until the 21st Ordinary General Meeting of Shareholders (2019),
First appointed to the Board on 20 March 1997
No further seats on supervisory boards of listed companies

Werner SPORN
Deputy Chairman, independent, born in 1935
Representative of shareholders holding shares in free float
Current term runs until the 21st Ordinary General Meeting of Shareholders (2019),
First appointed to the Board on 20 March 1997
No further seats on supervisory boards of listed companies

Georg THURN-VRINTS
Member, independent, born in 1956
Current term runs until the 21st Ordinary General Meeting of Shareholders (2019),
First appointed to the Board on 20 March 1997
No further seats on supervisory boards of listed companies

Christian KONRAD
Member, independent, born in 1943
Representative of shareholders holding shares in free float
Current term runs until the 21st Ordinary General Meeting of Shareholders (2019),
First appointed to the Board on 10 July 2002
No further seats on supervisory boards of listed companies

Andreas BIERWIRTH
Member, independent, born in 1971
Current term runs until 23rd Ordinary General Meeting of Shareholders (2021),
First appointed to the Board on 21 July 2016
Seats on supervisory boards or comparable positions in non-Group companies:
- Member of the Board of Directors of EasyJet PLC, Great Britain
- Member of the Supervisory Board of Casinos Austria Aktiengesellschaft, Austria
- Member of the Supervisory Board of Telekom Deutschland GmbH, Germany
- Member of the Supervisory Board of Avcon Jet AG, Austria
- Member of the Supervisory Board of FK Austria Wien AG, Austria
- Member of the Supervisory Board of Lindner Hotels Aktiengesellschaft, Germany

Cem KOZLU
Member, independent, born in 1946
Current term runs until 23rd Ordinary General Meeting of Shareholders (2021),
First appointed on 21 July 2016
Seats on supervisory boards or comparable positions in non-Group companies:
- Member of the Board of Directors of Pegasus Hava Tasimaciligi A.Ş., Turkey
- Member of the Board of Directors of Anadolu Endüstri Holding A.Ş., Turkey
- Member of the Board of Directors of Anadolu Efes Biracilik ve Malt Sanayi A.Ş., Turkey
- Member of the Board of Directors of Yazicilar Holding A.Ş., Turkey
- Member of the Board of Directors of Coca-Cola Satis ve Dagitim A.Ş., Turkey

By resolution of the General Meeting of Shareholders dated 21 July 2016, the members of the Supervisory Board received remuneration in the amount of € 0.10m (PY: € 0.10m) for the business year 2015/2016.

Vienna, 26 June 2017

The Management Board:

Attila DOGUDAN m.p.	Gottfried NEUMEISTER m.p.
Chairman of the Management Board	Member of the Management Board

Auditor’s Report

Report on the Consolidated Financial Statements

Audit Opinion

We have audited the consolidated financial statement of

DO & CO Aktiengesellschaft,
Vienna,

and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 March 2017, the separate consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the fiscal year then ended and the notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements comply with legal requirements and give a true and fair view of the financial position of the Group as at 31 March 2017, and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRSs) as adopted by the EU and the additional requirements under Section 245a Austrian Commercial Code.

Basis for Opinion

We conducted our audit in accordance with Austrian generally accepted auditing standards. Those standards require the application of the International Standards on Auditing (ISAs). Our responsibilities under those provisions and standards are further described in the “Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements” section of our report. We are independent of the Group in accordance with Austrian Generally Accepted Accounting Principles and professional requirements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the fiscal year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment of property, plant and equipment and intangible assets, including goodwill

Description

In its consolidated financial statements as at 31 March 2017, DO & CO Aktiengesellschaft reports goodwill and intangible assets with indefinite useful lives at a carrying amount of EUR 34.85m, property, plant and equipment in the amount of EUR 220.12m, as well as other intangible assets in the amount of EUR 25.50m.

In accordance with IFRSs as adopted by the EU, an entity is required to test goodwill and intangible assets with indefinite useful lives annually for impairment. In addition for intangible assets with definite useful lives as well as property, plant and equipment, it is required to asses on each balance sheet date whether impairment indicators exist. As at 31 March 2017, DO & CO Aktiengesellschaft reported production costs in an amount of EUR 52.98m for a hotel project under construction in Turkey under property, plant and equipment. Since the opening of the hotel is postponed and due to changed framework conditions in Turkey, there is indication that the project is impaired. Moreover, goodwill and intangible assets with indefinite useful lives include an amount of EUR 18.60m that is allocated to a cash-generating unit in France for which restructuring measures have been initiated. In addition to these matters, there is a risk that non-current assets may be impaired due to negative business development.

Testing intangible assets and property, plant and equipment for impairment requires significant estimates by the Management Board on the future development of revenue and profit margins, transaction prices (fair value less cost to sell) and the resulting net cash inflows as well as assumptions with regard to the definition of the discount rates used. Such estimates are therefore subject to a significant uncertainty. For the consolidated financial statements, this leads to the risk of intangible assets and property, plant and equipment being overstated.

We refer to the notes in Sections 4.1 and 4.2.

Our Audit Approach

We evaluated the design of the Company’s process for impairment testing.

We reconciled the budgeted revenue, results and investments with the existing business plans and critically assessed the material planning parameters (revenue, expenses, investments and changes in working capital). In addition, we evaluated whether the current forecast of the net cash inflows corresponds to the past actual results in order to verify the accuracy of the business plan.

We also simulated the calculation process used for the determination of the discount rate, performed plausibility checks for the parameters used with the help of database enquiries and analysed the consequences of parameter changes on valuation results involving our own valuation expert.

Revenue recognition

Description

The consolidated financial statements as at 31 March 2017 include revenue generated from one main customer in the amount of EUR 280.37m under a supply contract. This contract was extended by the end of the business year 2016/2017.

The main risk is that new contents of this contract may lead to a change in the revenue recognition. There is also the risk that the required information on significant customers is omitted in the notes and therefore the level of economic dependence is not evident.

We refer to the presentation in the consolidated financial statements in Sections 6 and to the notes in Section 3.3.

Our Audit Approach

We evaluated the extended contract as to changed contents and analysed the resulting consequences with regard to revenue recognition.

Based on samples, we checked the settlement of services under the contract and assessed whether the information provided on significant customers is complete.

Responsibilities of Management and the Audit Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU, and the additional requirements under Section 245a UGB, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

The audit committee is responsible for overseeing the Group’s financial reporting process.

Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with Austrian generally accepted auditing standards, which require the application of ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risks of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are

responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with all relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the audit committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Comments on the Group Management Report

Pursuant to the Austrian Commercial Code, the Group Management Report is to be audited as to whether it is consistent with the consolidated financial statements and as to whether the Group Management Report was prepared in accordance with the applicable legal requirements.

Management is responsible for the preparation of the Group Management Report in accordance with the Austrian Commercial Code.

We conducted our audit in accordance with Austrian Standards on Auditing for the audit of the Group Management Report.

Opinion

In our opinion, the Group Management Report was prepared in accordance with the applicable legal requirements, includes accurate disclosures pursuant to Section 243a UGB and is consistent with the consolidated financial statements.

Statement

Based on the findings during the audit of the consolidated financial statements and due to the obtained understanding concerning the Group and its circumstances no material misstatements in the Group Management Report came to our attention.

Other information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements, the Group Management Report and the auditor’s report. The annual report is expected to be made available to us after the date of this auditor’s report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Responsible Engagement Partner

Responsible for the proper performance of the engagement are Mr. Günther Prindl and Mr. Andreas Staribacher.

Vienna, 26 June 2017

PKF CENTURION
Wirtschaftsprüfungsgesellschaft mbH

Günther Prindl Austrian Certified Public Accountant	Andreas Staribacher Austrian Certified Public Accountant

This report is a translation of the original report in German, which is solely valid. Publication and sharing with third parties of the consolidated financial statements together with our auditor's opinion is only allowed if the consolidated financial statements and the Group Management Report are identical with the German audited version. This audit opinion is only applicable to the German and complete consolidated financial statements with the Group Management Report. For deviating versions, the provisions of Section 281 (2) UGB apply.

Statements by all Legal Representatives Pursuant to Section 82 (4) No. 3 Austrian Stock Exchange Act

We herewith certify to the best of our knowledge:

1. that the consolidated financial statements of DO & CO Aktiengesellschaft prepared in conformity with the relevant accounting standards provide a fair representation of the Group's assets, financial and profit situation;

2. that the Group management report shows the course of business, operating result and position of the Group so that a fair representation of the assets, financial and profit situation is provided, and that the Group management report describes the main risks and uncertainties to which the Group is exposed.

We herewith certify to the best of our knowledge:

1. that the financial statements of the parent company prepared in conformity with the relevant accounting standards provide a fair representation of the company's assets, financial and profit situation;

2. that the management report shows the course of business, operating result and position of the company so that a fair representation of the assets, financial and profit situation is provided, and that the management report describes the main risks and uncertainties to which the company is exposed.

Vienna, 26 June 2017

The Management Board:

Attila DOGUDAN m.p.
Chairman of the Management Board

Gottfried NEUMEISTER m.p.
Member of the Management Board

Glossary

				Business Year 2016/2017	Business Year 2015/2016
EBITDA margin in %	EBITDA	m€	91.89	**10.1%**	10.1%
	External revenue	m€	913.44		
EBIT margin in %	EBIT	m€	56.24	**6.2%**	6.1%
	External revenue	m€	913.44		
Return on Sales in %	Profit before income tax	m€	49.86	**5.5%**	5.5%
	External revenue	m€	913.44		
Adjusted equity in m€	+ Shareholders´ equity	m€	255.84	**247.56**	246.09
	- (proposed) dividend payment	m€	8.28		
Equity ratio in %	Adjusted equity	m€	247.56	**39.8%**	39.2%
	Total capital	m€	621.41		
Return on equity (ROE) in %	Profit after income taxes	m€	33.80	**13.4%**	18.4%
	Ø adjusted equity [1]	m€	253.04		
Debt (financial liabilities) in m€	+ Bond	m€	148.76	**153.61**	153.04
	+ Other financial liabilities	m€	0.00		
	+ Current loans	m€	4.85		
Net debt (net financial liabilities) in m€	+ Debt	m€	153.61	**10.08**	-18.87
	- Cash and cash equivalents	m€	143.53		
Net debt to EBITDA	Net debt	m€	10.08	**0.11**	-0.20
	EBITDA	m€	91.89		
Net gearing in %	Net debt	m€	10.08	**4.1%**	-7.7%
	Adjusted equity	m€	247.56		
Surplus cash in m€	+ Cash and cash equivalents	m€	143.53	**116.98**	145.30
	- 2% of revenue	m€	18.27		
	- (proposed) dividend payment	m€	8.28		
Working capital in m€	+ Current assets	m€	307.43	**-8.22**	-13.78
	- Current provisions and liabilities	m€	190.39		
	- Surplus cash	m€	116.98		
	- (proposed) dividend payment	m€	8.28		
Free cash flow in m€	+ Cash flow from operating activities	m€	56.36	**-8.81**	143.62
	+ Cash flow from investing activities	m€	-65.17		
EPS (Earnings per Share) in €	Net result	m€	20.83	**2.14**	2.90
	Number of shares	Mpie	9.74		
Distribution ratio in %	(proposed) dividend payments	m€	8.28	**39.8%**	29.3%
	Net result	m€	20.83		
Price/Earnings ratio	Share price at the end of the period	€	60.89	**28.48**	36.56
	EPS	€	2.14		
Tax ratio in %	Income tax	m€	16.06	**32.2%**	12.1%
	Profit before income tax	m€	49.86		
Adjusted EBIT in m€	EBIT	m€	56.24	**56.24**	54.91
	- Rent income from investment property	m€	0.00		
	+ Cost from investment property	m€	0.00		
Capital employed in m€	+ Adjusted equity	m€	247.56	**277.66**	253.37
	+ Non-current provisions and liabilities	m€	175.18		
	- Cash and cash equivalents	m€	143.53		
	- Investment property	m€	1.55		
Return on capital employed (ROCE) in %	Adjusted EBIT	m€	56.24	**20.5%**	18.5%
	Ø Capital employed [1]	m€	274.32		

1 … Calculated as the average amount by the end of the past four quarters and the amount at the beginning of the period under review