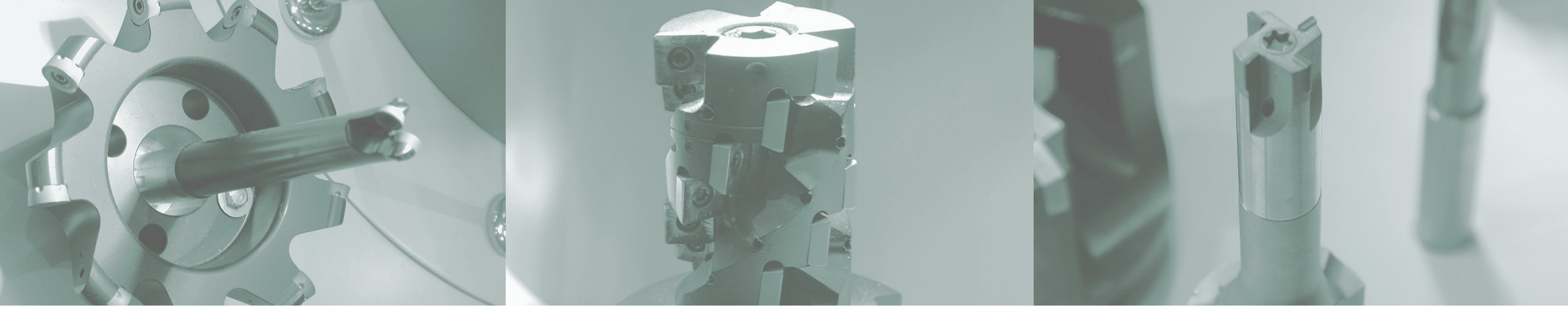
KROMI LOGISTIK AG

Annual Report 2014 / 2015



Key figures at a glance (IFRS)

	Financial year 2014 / 2015 (Jul 1, 2014 – Jun 30, 2015)	Financial year 2013 / 2014 (Jul 1, 2013 – Jun 30, 2014)
Revenues	63,341	61,287
Earnings before interest and tax (EBIT)	578	1,252
Earnings before tax (EBT)	358	974
Consolidated net profit / loss	-153	447
Number of shares in fiscal year	4,124,900	4,124,900
Earnings per share in EUR	-0.03	0.11
Equity ratio in %	57.7	62.4
Cash flow from operating activities	409	992
Cash flow from investing activities	-321	-457
Cash flow from financing activities	400	-481
Employees at end of period (excluding Managing Board)	154	134

In EUR thousand (unless otherwise stated)

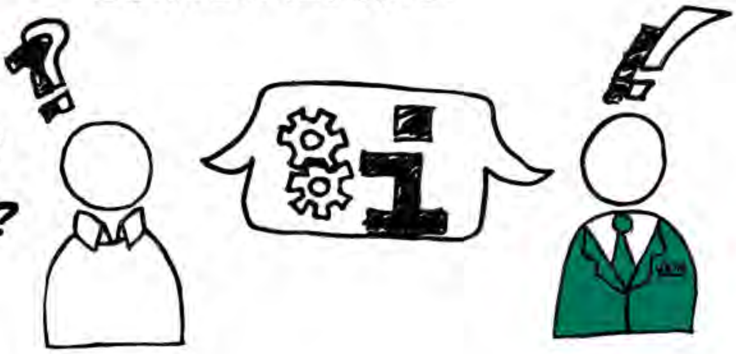
Financial calendar

November 18, 2015	3-month report 2015 / 2016
November 23-25, 2015	Presentation at the German Equity Capital Forum 2015
December 9, 2015	Annual shareholders' meeting in Hamburg
February 17, 2016	6-month report 2015 / 2016
May 20, 2016	9-month report 2015 / 2016

KROMI TOOL MANAGEMENT –

1. TECHNOLOGY CONSULTING

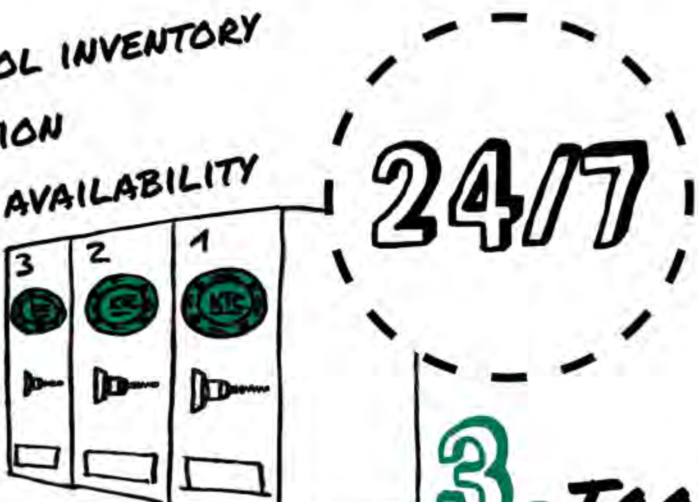
- WHY?
- HOW MANY?
- HOW OFTEN?
- WHERE?



- THE RIGHT TOOL AT THE RIGHT TIME AT THE RIGHT PLACE
- IMPLEMENTATION OF A NEW SYSTEM

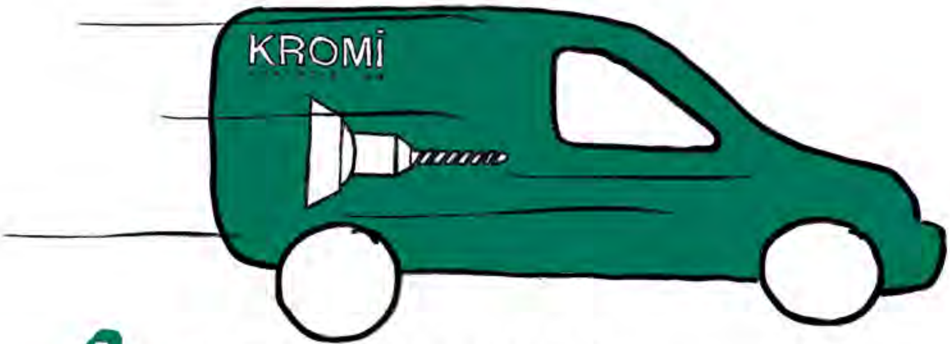
2. TOOL ORGANISATION

- REDUCING TOOL INVENTORY
- COST REDUCTION
- PERMANENT AVAILABILITY



3. TOOL STORE

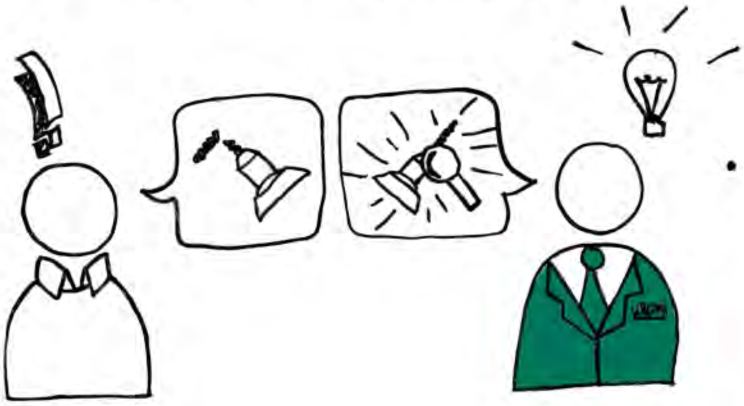
SIMPLY CLEVER



4. TOOL SUPPLY

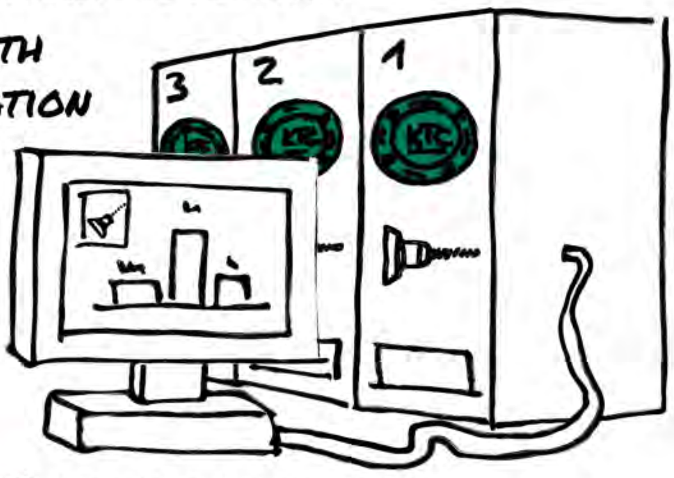
- SMOOTH SUPPLY CHAIN

5. TOOL DEVELOPMENT



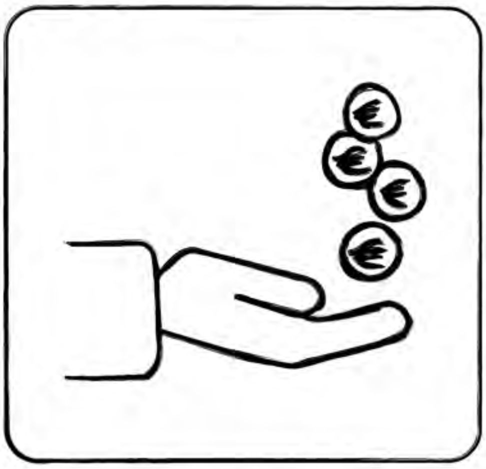
- OPTIMIZATION OF TOOLS FOR PERFECT PRODUCTION

- STRUCTURED TOOL DATA
- SMOOTH OPERATION



6. CONTROLLING

KROMI TOOL MANAGEMENT –



1. Consulting

- Outsourcing of tool supplies
- Professional tool procurement and management

ADVANTAGE:

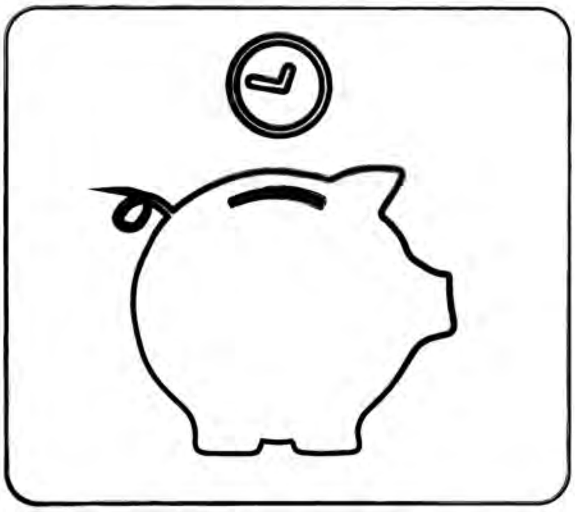
Optimization of inventory level

2. Controlling

- Full consumption monitoring
- Cost analysis every 10 minutes

ADVANTAGE: Ideal basis for optimizing the costs per part

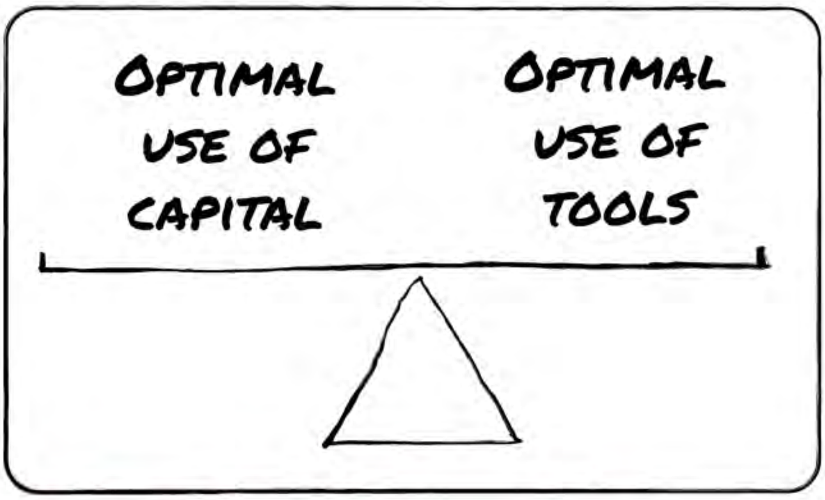
ALWAYS THE PERFECT TOOL



3. LOGISTICS

- FULL CROSS-MANUFACTURER SUPPLIER
- 100% AVAILABILITY
- 24/7 SUPPLY SERVICE

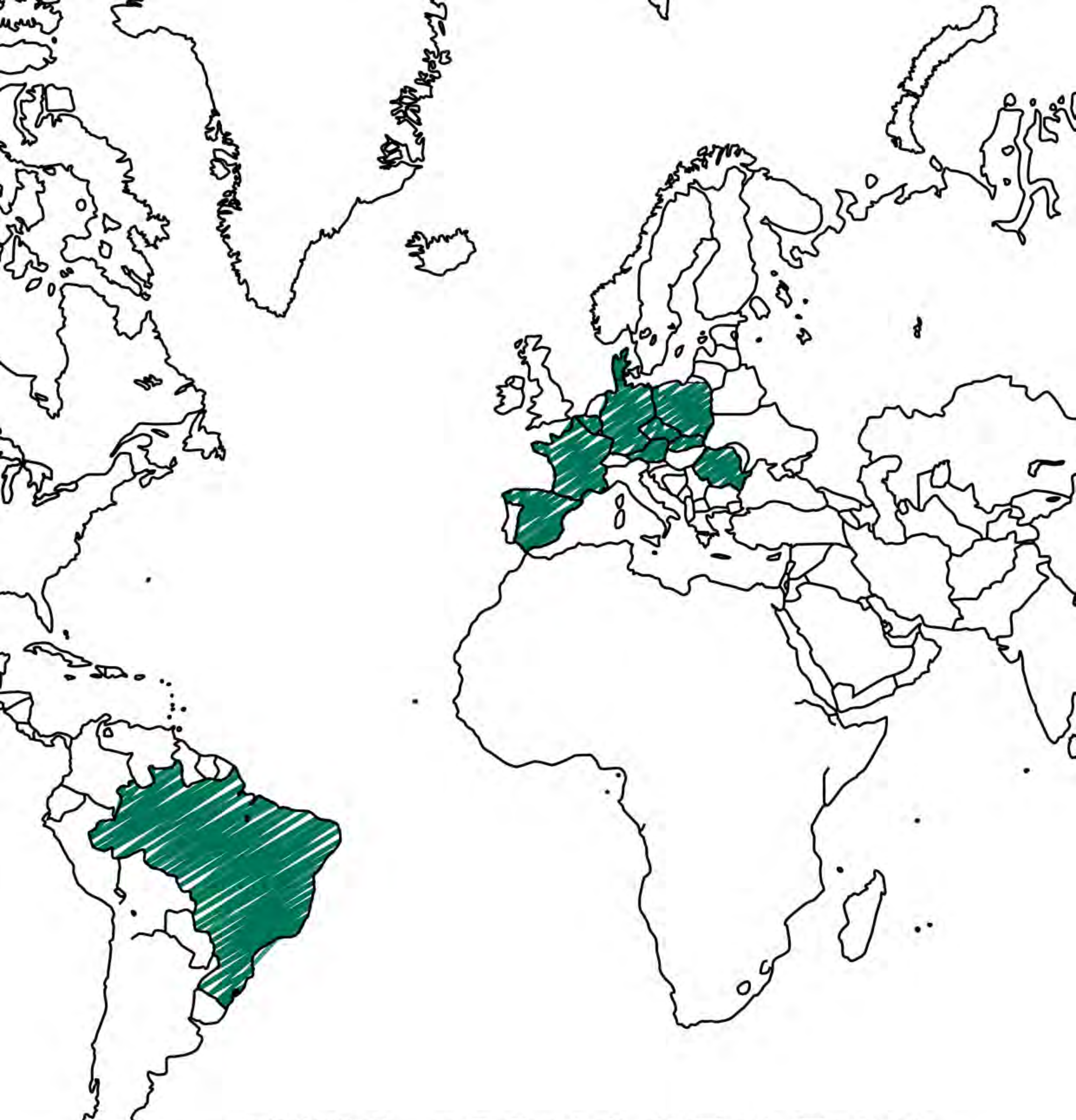
ADVANTAGE: NO PRODUCTION STOP, NO SUPPLY BOTTLENECK



4. ENGINEERING

- ANALYSIS OF MACHINING PROCESSES
- SUBSTITUTION OF COST-AND TIME-INTENSIVE TOOLS

ADVANTAGE: USING RATIONALIZATION POTENTIAL BY OPTIMAL DEPLOYING



TOOL MANAGEMENT INTERNATIONAL

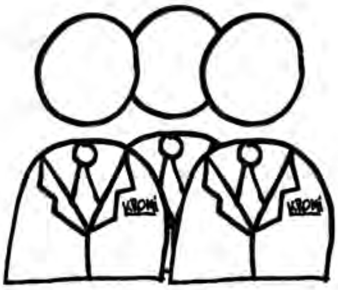
2014 / 2015

SALES REVENUE (IN EUR MILLIONS)

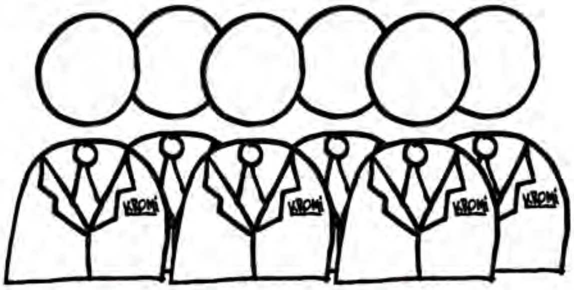
2006 / 2007
32.2

2014 / 2015
63.3

EMPLOYEES



2006 / 2007
67



2014 / 2015
154

GROSS PROFIT MARGIN

2006 / 2007
23.9%

2014 / 2015
24.4%

Dear shareholders, employees and friends of our company,

Since our IPO in 2007, we have constantly developed KROMI Logistik AG further, and today we rank among the leaders in our field internationally as a manufacturer-neutral specialist for professional tool management. We have since doubled our sales revenue to reach EUR 63,341 thousand in the 2014 / 2015 fiscal year. Despite some challenges, we have thereby achieved 3.4% year-on-year sales revenue growth. Although we fell short of the full-year sales revenue target that we set ourselves, our business with both new and existing customers developed satisfactorily overall. In March 2015, we ended our business involvement in Italy. Discontinuation of business with our largest customer in this country, which already occurred back in May, proved critical to this decision. This resulted in a year-on-year reduction of around EUR 3,000 thousand of sales revenue contribution. When adjusted to reflect this figure, revenue growth generated with new and existing customers would have been up by around 8.7% year on year. At the same time, the start-up process at various new customers, often multinational groups, continues to suffer further delays. Correspondingly, these new customers also failed to make any notable revenue contributions during the 2014 / 2015 fiscal year. Although sales revenue growth consequently proved lower than expected, we are proud to have further improved our sales revenue quality through the successful expansion of business with existing customers. Our gross profit margin increased to 24.4% correspondingly (previous year: 23.9%).

Jörg Schubert (CEO)

Axel Schubert (CIO)

Uwe Pfeiffer (CFO)

Bernd Paulini (COO)

In Germany, we not only successfully expanded business with existing customers during the period under review, but also acquired additional new customers from various sectors. Revenue in Germany consequently grew by 5.7%, from EUR 38,092 thousand in the previous year TEUR 40,260 thousand in the 2014/2015 fiscal year. Outside Germany, too, our operating business put in a successful performance overall. We acquired new customers in various European countries, and further strengthened our market position. Our business in Brazil reported differing trends. Due to the currently very difficult economic environment, KROMI Logistik reported a sustained decline in sales revenues with existing customers, although this has been largely offset by business with new customers. The low margins that are typical of first-time customers affected our operating profit accordingly. Despite the challenging market environment, successful new customer acquisition nevertheless shows the potential for our business model in Brazil. Given an improved cost base, we will consequently also continue to drive ahead with new customer acquisition, in order to exploit the opportunities that this market offers us medium-term. Overall, revenue of TEUR 23,081 thousand generated abroad in the 2014 / 2015 fiscal year was nearly at the previous year's level (EUR 23,195 thousand).

Within our customer structure, we have managed to realise a strategic target in terms of a shift toward large international customers. Along with attractive sales revenue potential, such groups also give us the opportunity to rapidly implement our internationalisation strategy. They nevertheless also present us with challenges given their complex organisational and decision-making structures. We have already invested substantially in this new customer business during the fiscal year elapsed in order to establish the personnel preconditions for business that is expected to accrue in the future. We are currently in intensive dialogue with such customers, and firmly anticipate that we will assume supplies for them. Such future-oriented investment affected our earnings before interest and tax (EBIT) accordingly. Accounting-driven currency losses deriving from the fall in the Brazilian real exchange rate to the euro placed an additional burden on EBIT. EBIT consequently amounted to EUR 630 thousand in the 2014 /2015 fiscal year (previous year: EUR 1,252 thousand). When adjusted for expenses arising from unrealised valuation losses from the Brazilian business, pure operating earnings stood at EUR 1,269 thousand (previous year: EUR 1,403 thousand).

Given the challenges described above, we are satisfied overall with business trends during the period under review, despite the fact that we are still not able to fully exploit the potentials existing in Brazil and with large international customers. Prospectively, we are nevertheless convinced that our investments in both areas will pay off, contributing to sustained profitable growth. With a look to the ongoing 2015 / 2016 fiscal year we anticipate that revenue growth will be recorded in the upper single-digit percentage range. In this context, we also expect a continuous improvement in our operating earnings. The market developments, and consequently KROMI customers' production levels, will comprise especially decisive factors for our earnings trends. If these factors develop positively, we aim for an increase in profit from operations (EBIT) as part of our gradual and profitable growth strategy.

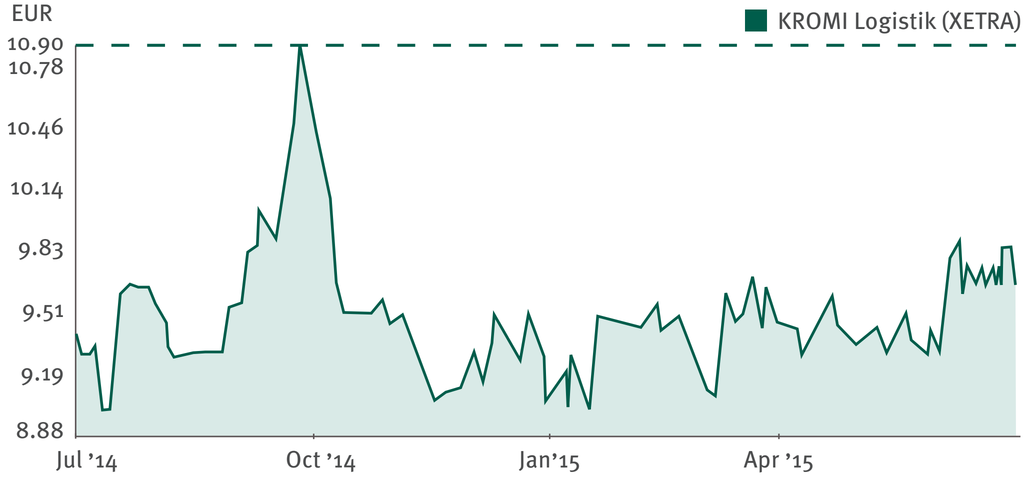
We have also, and particularly, our committed employees‘ work and input to thank for the good development and growth of our company over the past years. As a consequence, we would like to take this opportunity to extend our special thanks to them. We have our shareholders to thank for the trust and confidence that they have invested in us. Please continue to support us in the future.

Yours sincerely

Jörg Schubert Uwe Pfeiffer Bernd Paulini Axel Schubert

Capital market information

Share price performance (July 1, 2014 – June 30, 2015)



Important key data

German Securities Identification Number (WKN)	A0KFUJ
ISIN	DE000A0KFUJ5
Ticker symbol	K1R
Trading segment	Regulated Market (Prime Standard)
Share type	No-par ordinary bearer shares (no-par shares)
Share capital	4,124,900
Initial listing	March 8, 2007
Designated Sponsor	M.M. Warburg
Share price as of July 1, 2014*	EUR 9.40
Share price as of June 30, 2015*	EUR 9.64
Percentage change	+2.6 %
52-week high**	EUR 10.90
52-week low**	EUR 9.01

*Closing price, XETRA trading system of Deutsche Börse AG
**Intraday price, XETRA trading system of Deutsche Börse AG

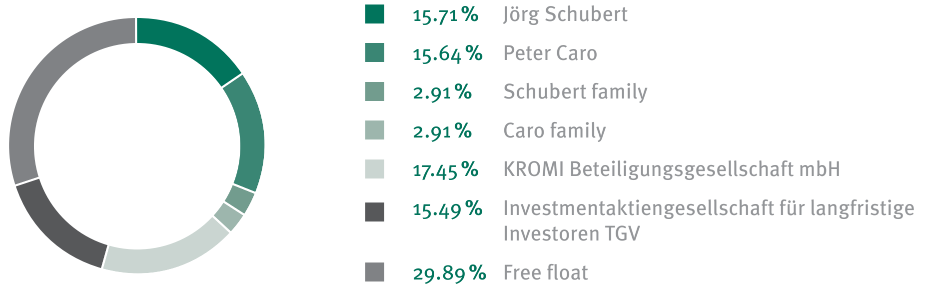
On an overall view, the share price of KROMI Logistik AG during the 2014 / 2015 fiscal year achieved a slightly positive performance in low turnover. The share opened on July 1, 2014 at EUR 9.40. After initially posting a loss to EUR 9.01 on July 11, 2014, the share subsequently appreciated significantly. It then reached its high for the period under review of EUR 10.90 on September 24 and 25, 2014.

Selling pressure nevertheless then increased, so that the low for the KROMI share for the observation period of EUR 9.00 was reached on January 16, 2015. The share closed on June 30, 2015 at EUR 9.64. The market capitalisation of KROMI Logistik amounted to EUR 39.8 million on this final trading day during the period under review. In overall terms, KROMI Logistik consequently reported a slight share price gain of 2.6 % over the course of the fiscal year.

Shareholder structure at the end of the fiscal year

The shareholder structure of KROMI Logistik AG enjoys a stable investor base with a long-term investment orientation. With their interest totalling 54.62 %, the founders of the company and their families, as well as the management level, form a strong foundation for the shares. Investmentaktiengesellschaft für langfristige Investoren TGV, Bonn, a further investor that has long-standing ties with the company, holds 15.49 % of the shares. Besides this, the 29.89 % free float caters for a broad investor base, and sufficient share liquidity.

Shareholder structure



Investor relations

The shares of KROMI Logistik AG have been listed in the Prime Standard of the Frankfurt Stock Exchange since the IPO in March 2007. The company has consciously committed itself to the highest and most extensive transparency standards and reporting duties as a consequence. In its presentation to the public, the company is led by the guiding principle that it should cultivate a transparent information policy, and engage in open dialogue with investors, analysts and the media.

Regular participation by the Managing Board in capital market events, such as investor and analyst conferences, comprises one element of this open communication policy. For example, the company was again represented at the German Equity Capital Forum in Frankfurt am Main during the 2014 / 2015 fiscal year elapsed, and took the opportunity to engage in dialogue with existing and potential investors at a company presentation as well as in one-on-one meetings. The company is to participate again at the Germany Equity Capital Forum in Frankfurt am Main in November 2015, where it will make presentations to investors, analysts, and economic and financial journalists.

Report of the Supervisory Board

Dear shareholders,

In the 2014/2015 fiscal year, the Supervisory Board of KROMI Logistik AG continued to perform its duties according to the law, its articles of incorporation, the German Corporate Governance Code and the Supervisory Board's rules of procedure, and supervised and advised the company's management on an ongoing basis.

Composition of the Supervisory Board

The Supervisory Board comprises three members in line with the articles of incorporation. It did not form any committees from among its number.

In the 2014/2015 fiscal year, the Supervisory Board consisted of

- Wilhelm Hecking (Supervisory Board Chairman)
- René Dannert (Deputy Supervisory Board Chairman)
- Prof. Eckart Kottkamp.

Supervisory Board of KROMI Logistik AG (f.l.t.r.: René Dannert, Prof. Dr. Eckart Kottkamp and Wilhelm Hecking (Chairman))

The Supervisory Board members Wilhelm Hecking and René Dannert were appointed as Supervisory Board members as the result of an election of the AGM of December 14, 2011 for the period until the end of the AGM that approves their discharge for the 2015/2016 fiscal year, and Prof. Kottkamp was elected at the previous year‘s AGM for the period until the end of the AGM that approves the discharge of the Supervisory Board for the 2014/2015 fiscal year.

Meetings

In the 2014/2015 fiscal year, the Supervisory Board held five meetings by personal attendance on August 18, 2014, September 8, 2014, November 17, 2014, February 25, 2015, and April 13, 2015. With the exception of the meeting on November 17, 2014, which Supervisory Board member Prof. Kottkamp was unable to attend (although this meeting did not require the passing of any resolutions), all Supervisory Board members attended all of the other meetings.

In addition to these meetings by personal attendance, the Managing Board constantly informed the Supervisory Board about business progress by means of monthly financial reporting.

In the year under review, the Managing and Supervisory boards were at all times in continuous personal and telephone contact – mainly by way of dialogue between the CEO and the CFO and the Supervisory Board Chairman.

The aforementioned meetings and further information and discussions allowed the Supervisory Board to be informed in depth about the company‘s commercial and financial position, its risk position, as well as concerning basic business policy. All resolutions were passed as part of meetings by personal attendance, and with the full participation of all Supervisory Board members.

Supervisory Board activities

The Supervisory Board regularly consulted with, and supervised, the Managing Board in the fiscal year elapsed, and was included in all decisions of fundamental significance for the company. The Managing Board continuously, promptly and extensively informed the Supervisory Board concerning all questions of relevance to corporate planning, business policy and development, profitability, the risk position and risk management, strategic measures and important business transactions. The Supervisory Board used as its basis the annual budget approved for the 2014/2015 fiscal year in order to monitor the management of the business.

As in the previous years, the development of the international subsidiaries in their respective domestic markets formed a particular focus of the activities of the Supervisory Board and its discussions with the Managing Board. The situation in Spain, which was still difficult in the previous year but improved during the year under review, contributed to a positive trend in KROMI‘s activities there. The involvement in Italy was terminated, by contrast. Business in other European foreign markets reported positive developments in line with expectations.

The development of KROMI do Brasil remained a further important subject of Supervisory Board activity during the period under review. The positive development of this company and its positioning on the market continued, albeit negatively impacted externally by worsening economic conditions and currency effects. The targets for the year under review were not reached as a consequence, although the Managing and Supervisory boards confirmed the strategic orientation of KROMI do Brasil and the involvement of KROMI Logistik AG in Brazil.

The Supervisory Board kept itself informed promptly and in detail about the respective developments, and discussed with the Management Board its expectations and measures for the further development of the Group companies.

In the context of monitoring business trends, the Supervisory Board kept itself informed about the situation of the specific focus sectors of the company's customers and developments at important major clients. Discussions reflected not only the positive trend in the general engineering area, but also challenges in the aerospace area. In the automotive sector, although the termination of some business relationships exerted a dampening effect on sales revenue growth, the profitability of this business rose as business entered into with new customers offers higher margins than the contracts terminated with previous customers.

Supervisory Board consultations also continued to address the further development of risk controlling, controlling of the company's participating interests, and controlling of IT structures.

In the personnel area, Supervisory Board measures included a discussion and approval of a simplifying new regulation for variable Management Board compensation.

The Supervisory Board meeting on September 8, 2014 also included Supervisory Board consultations – in the presence of the auditor – relating to the clarification and discussion of the annual financial statements as of June 30, 2014, as well as planning for the 2014/2015 fiscal year.

Corporate governance

The Supervisory and Managing boards continue to act in the awareness that good corporate governance forms an important precondition for the success of the company, and lies in our shareholders' interests. In June 2015, the Managing and Supervisory board renewed its usual annual declaration of conformity pursuant to Section 161 of the German Stock Corporation Act (AktG). The declaration is reproduced in this annual report as part of the corporate governance statement.

Audit of the 2014 / 2015 annual financial statements

The annual single-entity financial statements of KROMI Logistik AG prepared by the Managing Board according to the regulations of the German Commercial Code (HGB), the IFRS consolidated financial statements of KROMI Logistik, and the respective management reports for the 2014/2015 fiscal year, including the financial accounting, were audited by KPMG AG Wirtschaftsprüfungsgesellschaft, and were each issued with unqualified auditor's opinions. In the light of these auditor's reports, the

Supervisory Board reviewed the single-entity annual financial statements prepared by the Managing Board, the consolidated financial statements, and the management reports for both KROMI Logistik AG and the Group, and examined the proposal for the application of unappropriated retained earnings.

At the Supervisory Board's financials meeting of September 14, 2014, the Supervisory Board required the Managing Board to discuss the annual financial statements as of June 30, 2015 that were to be approved in this connection, and to report concerning profitability, and, in particular, about the company's equity, as well as on business progress and the company's position. All Supervisory Board members received the requisite documents before this meeting. The auditor was present at the meeting, providing detailed explanations about the audit report, and responding in depth to questions raised by the Supervisory Board members in the course of the financials meeting. The Supervisory Board concurred with the auditor's report. No concerns exist about the auditor's independence. The Supervisory Board concurred in full with the auditor's findings. After an in-depth review, the Supervisory Board does not believe that any reason exists to raise objections to the management or to the annual financial statements prepared by the Managing Board. Consequently, the Supervisory Board approved the single-entity annual financial statements of KROMI Logistik AG and the consolidated financial statements of KROMI Logistik, at its meeting on September 14, 2015. The single-entity annual financial statements of KROMI Logistik AG were thus adopted as a consequence. The Supervisory Board concurred with the Managing Board's proposal concerning the application of unappropriated retained earnings.

The Supervisory Board would like to thank the Managing Board and all employees for their commitment to the company, and for the work that they have performed.

Hamburg, September 9, 2015

Wilhelm Hecking
Supervisory Board Chairman

Corporate governance

The term “corporate governance“ refers to the responsible, transparent management and controlling of companies, geared to their long-term economic success. This is also precisely what KROMI Logistik AG aims to do. That is why the responsible management of the company, in line with all of the relevant legal requirements and regulations, and in awareness of the company‘s responsibilities to its shareholders, customers, employees and society, plays a major role in the entrepreneurial decisions taken by KROMI Logistik AG‘s Managing and Supervisory boards, and in implementing these decisions.

Since being launched in 2002, the German Corporate Governance Code in its respective current version has been KROMI Logistik AG‘s guideline for transparent and responsible corporate governance. KROMI Logistik AG‘s statement of compliance is reproduced in the “Corporate governance declaration pursuant to Section 289a of the German Commercial Code (HGB)“.

Differences to the Code‘s recommendations occur as a result of the size of the company and its executive bodies and also the entrepreneurial structures of its executive bodies and organization. These do not require all of the details of the Code‘s regulations and measures because the Code is universally applicable, including for large groups.

Corporate governance declaration pursuant to Section 289a of the German Commercial Code (HGB)

KROMI Logistik AG is a listed German public stock corporation (Aktiengesellschaft), and its corporate governance is primarily determined by the German Stock Corporation Act, and also by the requirements of the German Corporate Governance Code in its respective current version.

Management and Supervisory boards‘ working approach

KROMI is subject to the dual management system prescribed by German stock corporation law. This is characterized by a strict split between the Managing Board as the managing body, and the Supervisory Board as the supervisory body. The Managing and Supervisory boards work closely together in the company‘s interests.

KROMI Logistik AG‘s Managing Board is solely responsible for managing the company with the aim of generating sustainable added value. The principle of overall responsibility applies. In other words, the members of the Managing Board are jointly responsible for managing the entire company. They develop the company's strategy, and in agreement with the Supervisory Board they ensure that it is implemented. The principles guiding the cooperation in KROMI's Managing Board are set out in the Managing Board's rules of business procedure.

The Managing Board consists of four members: its chairperson, the chief financial officer, a Managing Board member for the technology and product area, and a Managing Board member with responsibility for the IT and administrative areas. The Managing Board members work closely together irrespective of their individual areas of responsibility. In line with rules of business procedure, the members of the Managing Board constantly inform each other of all of the key transactions in their areas, and also actively gather information for themselves on the course of business in the other Managing Board members' areas. As a rule, resolutions by the Managing Board are passed with a simple majority of votes cast, unless a different majority is required by law, the articles of incorporation, or the rules of business procedure. The CEO has the casting vote in the event of a tied vote.

The CEO provides the Supervisory Board with regular, up-to-the-minute and end-to-end information on all of the key aspects of business growth for the KROMI Group, key transactions and the current earnings situation, including risks and risk management. Differences between the course of business and previous forecasts and objectives are discussed in detail, and the related reasons are provided. The Managing Board participates in all Supervisory Board meetings unless the Supervisory Board identifies a need to convene alone in compliance with the German Corporate Governance Code. The Managing Board reports in writing and verbally on the individual agenda items and proposed resolutions, and answers questions from the individual members of the Supervisory Board.

In the case of transactions of fundamental importance, in particular for the company's financial position and results of operations, the rules of business procedure require approval by the Supervisory Board, and include a specific list of transactions that must be approved.

The Supervisory Board advises the Managing Board on managing the company, and supervises its activities. It appoints and dismisses members of the Managing Board, approves the renumeration system for members of the Managing Board, and defines the respective total renumeration. It is involved in all fundamentally important transactions. In line with the number of the company's employees and its articles of incorporation, the Supervisory Board comprises three members who are elected by the company's shareholders.

The principles guiding the joint work within KROMI Logistik AG's Supervisory Board are set out in the rules of business procedure for the Supervisory Board. The company does not use the opportunity provided for within the rules of business procedure to form committees due to the size of the company and the Supervisory Board. The Supervisory Board's tasks are all discussed and decided upon by the Board. The possibility of passing resolutions by circulating written voting papers is used only infrequently, and then only in particularly urgent cases.

Statement of compliance pursuant to Section 161 of the German Stock Corporation Act (AktG)

On June 30, 2015, the Managing and Supervisory boards of KROMI Logistik AG issued a statement of compliance pursuant to Section 161 of the German Stock Corporation Act (AktG). Accordingly, KROMI Logistik AG has complied, and complies, with the recommendations of the "Government Commission German Corporate Governance Code" (DCGK) in the 2014 / 2015 fiscal year, with the following exceptions:

- By way of divergence from Section 3.8 (2) DCGK, no deductible has been arranged in the D&O insurance for the Supervisory Board. From the point of view of the company, a deducible is not required given the sense of responsibility and motivation of the members of the Supervisory Board.
- Pursuant to Section 4.1.5 DCGK, be Managing Board should take into account an appropriate participation by women when making managerial appointments. The Managing Board feels committed to this requirement, but does not yet pursue any gender-specific personnel policy. For this reason, attention is paid to diversity when appointing managers within the company, but the focus is nevertheless on the qualifications of the candidates (both women and men). In the company's interests, the Managing Board regards itself as obliged to continue to appoint the most appropriate candidates in both technical and personal terms for the respective vacant positions.
- Pursuant to figure 4.2.3 DCGK, the compensation of the Managing Board members should be reported in total and in its variable components in terms of maximum limit amounts. Before this provision was introduced in 2012, the company launched an extensive new compensation scheme which was further developed in 2015 and among other things, limits the degree of target attainment to 200 % for the measurement of variable compensation, in other words, even where target attainment exceeds three times the target value of the measurement amounts, Managing Board members' variable compensation is capped at three times the target amount. The company continues to regard this regulation as appropriate.
- Deviating from Section 4.2.5 paragraph 3 DCGK the KROMI Logistik AG is not using the pattern tables according to the enclosure of the DCGK in its presentation of the management board remuneration in the remuneration report. The company is convinced, that it can also provide enough transparency on the remuneration of the board members without using these patterns. Particularly in the light of the fact that the company, in view of the high shareholding quota of the board members, conflicts between interests of the management and stockholders are structurally low. The valid arrangements on variable remunerations exclude immoderately high total remunerations from the beginning due to the basis of assessment and Caps.

- Pursuant to Section 5.1.2 DCGK, the Supervisory Board is required to take into account an appropriate participation by women when appointing Managing Board members. To this extent, the remarks relating to Section 4.1.5 apply correspondingly for the Supervisory Board. In addition, a Managing Board consisting of only four members offers limited scope to establish diversity among its membership.
- Pursuant to Figure 5.4.1 DCGK, the Supervisory Board should include appropriate participation by women. The considerations relating to Figure 4.1.5 and 5.1.2 DCGK apply correspondingly to this recommendation. Limitations to the diversity of the composition of the Supervisory Board arise of necessity from its restriction to only three members.
- By way of divergence from Section 5.3 DCGK, the Supervisory Board forms no committees. With a Supervisory Board only comprising three members it makes no sense to form committees.
- By way of divergence from Section 5.4.1 (2) DCGK, no retirement age has been set for Supervisory Board members. It does not appear to be sensible to set a retirement age given the knowledge, abilities and specialist experience required pursuant to Section 5.4.1 (1) DCGK.
- By way of divergence from Section 5.4.6 (2) DCGK, the members of the Supervisory Board receive a fixed salary; no components of their renumeration are performance-based. All Supervisory Board members bear the same responsibility and workload. Even without the incentive of a performance-based compensation, the work that is carried out is oriented to performance, and is remunerated appropriately and practically on a fixed payment basis.

This declaration relates to the recommendations of the Code in the version of June 24, 2014.

KROMI Logistik AG will continue to comply in the future with the recommendations of the “Government Commission German Corporate Governance Code“ in the version of June 24, 2014, with the aforementioned exceptions.

Hamburg, June 30, 2015

For the Supervisory Board

Wilhelm Hecking

For the Management Board

Jörg Schubert | Uwe Pfeiffer | Bernd Paulini | Axel Schubert

Other corporate management practices

The company applies all of the management practices and compliance regulations prescribed by law.

The company upholds the transparency requirements imposed by shareholders and the general public by posting mandatory, up-to-date information on its website. This is where KROMI publishes information including ad hoc disclosures, financial reports and its financial diary, information on voting rights, directors' dealings, information on the shareholder structure, the General Meeting and general press releases.

The company has not formally approved or introduced other standards which apply company-wide, such as ethical, labour or social standards. Observing the corresponding requirements goes without saying for KROMI and its executive bodies. The Managing Board pays personal attention to these issues. As a result of the company's size, the Managing Board recognizes any misdevelopments directly, and corrects these as necessary. In view of the number of employees, all of the employees have easy and direct access to the Managing Board, which is highly sensitive to its employees, and provides for them well.

Renumeration report

The renumeration report summarizes the principles which which are applied in setting the renumeration for KROMI Logistik AG's Managing and Supervisory boards, and discusses the amount and structure of the Managing Board's income. The report includes information which forms part of the Group management report pursuant to Section 315 of the German Commercial Code (HGB). To this extent, reference is made to the Group management report (renumeration report). Additionally the following information according to the requirements of the German Corporate Governance Code:

On December 19, 1996, Mr. Jörg Schubert received a pension commitment from Tarpenring 11 Vermogensverwaltungs GmbH in the amount of around EUR 6,000 per month on his leaving the company after reaching the age of 65. KROMI Logistik AG assumed this pension commitment on December 7, 2006, with effect from January 1, 2007. Provisions for pensions were added in the period from July 1, 2014 until June 30, 2015 in this regard totaling around EUR 99 thousand.

As part of their activity for the company, and already before they were appointed to the Managing Board, Managing Board members Bernd Paulini and Axel Schubert were granted pension commitments on the attainment of their 65th year. In Mr. Paulini's case, this also includes benefits for surviving dependents equivalent to 60 % of the pension commitment. These agreements with the aforementioned Managing Board members continue to be valid. Pension provisions of around EUR 153 thousand (Paulini) and EUR 102 thousand (A. Schubert) were formed for these pension commitments in the July 1, 2014 to June 30, 2015 period.

During the year under review, Mr. Uwe Pfeiffer received a defined contribution benefit commitment from a congruently re-insured benefit fund. This form of benefit commitment does not require any provisions for pensions to be formed, and consequently does not affect the balance sheet. The company's expenses for the re-insurance comprise operating expenses, and are included in the information on total renumeration for the members of the Managing Board detailed in the notes to the financial statements.

As of June 30, 2015, Managing Board member Jörg Schubert is the beneficial owner of 648,007 shares, including voting rights for 1,413,006 shares of the company attributable to him in the meaning of Section 22 (1) of the German Securities Trading Act (WpHG). On the same date, Managing Board member Uwe Pfeiffer held 1,000 shares of the company. Indirectly by way of their respective 25% interests in KROMI Beteiligungsgesellschaft mbH, Managing Board members Bernd Paulini and Axel Schubert each indirectly held 180,000 voting rights in KROMI Logistik AG. Managing Board member Axel Schubert directly held a further 3,000 voting rights, and Managing Board Bernd Paulini held an interest in a further 2,200 voting rights in KROMI Logistik AG.

Group management report

Basis of the Group

I. Group business model

KROMI Logistik AG (following KROMI Logistik) offers manufacturing companies an end-to-end outsourcing concept to supply them with precision machining tools. Along with the classic supplies delivered by KTC dispensers at customer sites, this concept comprises inventory optimisation and warehouse management, consumption controlling, and optimisation of tool deployment in customer production facilities based on inventory and consumption data.

II. Company structure

As of the June 30, 2015 reporting date, the KROMI Group was present at four locations in Germany: along with its headquarters in Hamburg, the Group operates branches in Magdeburg, Düsseldorf and Stuttgart. It also operates subsidiaries in the Czech Republic, Slovakia, Spain and Brazil. In addition, KROMI Logistik supplies customers in Denmark, Poland, Romania, Austria, Belgium and France with tools. The activities in Italy were discontinued as of March 31, 2015.

III. Segments

The company purpose of KROMI Logistik is trading with, and the distribution of, machining tools and associated services. The Managing Board believes that it is not pertinent to segment based on products or product groups, as these are homogeneous. In consequence, KROMI delineates its operating segments according to its sales markets (applying its customers' headquarter locations accordingly).

IV. Services

Along with supplying its customers, and the related stock of monitoring and filling of KTC dispensers, KROMI Logistik focuses particularly on optimising tool deployment and customer processes. Here, the KEP (KROMI Engineering Process) engineering service rendered by KROMI Logistik is deployed. The optimisation of the machining process (KVP – continuous improvement process) allows improvement potentials to be constantly disclosed to customers, thereby generating savings.

V. Employees

At the end of the 2014/2015 fiscal year, KROMI Logistik AG (excluding its Managing Board) employed 154 staff (June 30, 2014: 134). These figures also include one trainee in machining engineering, and two students who are pursuing logistics management studies in cooperation with KROMI Logistik.

VI. Principles of Group steering

KROMI Logistik utilises various key indicators to manage performance relating to the attainment of sustainable, value-oriented growth. This entails applying planning and controlling processes to prepare the requisite key figures and information for decision-makers at various management levels. Based on strategic long-term planning, detailed annual plans and respective budget figures are determined. Rolling monthly forecasts allow differences between budget and actual outcomes to be identified and analysed, allowing countermeasures to be launched at an early juncture in the case of any negative developments. The steering system has not changed compared with the previous year.

Key financial steering indicators

As part of the financial management of KROMI Logistik, the key figures of gross profit margin (gross profit expressed as a percentage of sales revenue), sales revenue and the operating result (EBIT) serve as central metrics for the steering system. The company also actively monitors the metrics of warehousing stock, inventory turnover, and outstanding debtor periods and levels.

Business report

I. Macroeconomic conditions

The economic and business situation on global markets was characterised by considerable changes in overall conditions in the 2014/2015 fiscal year due to the fall in the oil price and significant shifts in currency exchange rate relationships between major advanced economies. After having reported dynamic growth during the second half of 2014, the global economy put in a weak start to 2015.

According to the Kiel Institute for the World Economy (IfW), the global economy expanded by 3.5 % in 2014, and it forecasts weaker growth of 3.4 % for 2015. The Institute sees higher growth rates for the advanced economies in this context. Although emerging economies will benefit from stronger demand than advanced economies, the experts nevertheless also perceive considerable economic and structural burdens in leading emerging economies and regions such as China, Russia and Latin America. Brazil recorded a further contraction in economic activity during the first quarter 2015, according to the IfW. Moreover, the Institute does not anticipate improvement for the full year, forecasting a year-on-year 0.5 % decline in gross domestic product (GDP).[1]

After the Eurozone economy managed to achieve moderate growth again during the second half of 2014, the IfW believes that the upturn will assume further breadth as domestic economic strength makes a greater contribution to the expansion. Not least, the Eurozone has also benefited from lower energy prices. After year-on-year economic output growth of 0.9 % in 2014, the IfW economists forecast 1.5 % GDP growth for 2015.[2]

The IfW regards the German economy as about to embark on a cyclical boom. Following 1.6 % GDP growth in 2014, the German economy has started the current year with great momentum. Industrial capacity utilisation has already slightly exceeded normal utilisation, and new order intake has resumed an uptrend, according to the IfW. The Institute is consequently forecasting that economic output will grow by 1.8 % year-on-year over the full course of 2015. Given a further increase in capacity utilisation and extremely favourable financing terms for the foreseeable future, the IfW consequently identifies the preconditions for a significant recovery in corporate investment activity.[3]

The German Institute for Economic Research (DIW) arrives at the same conclusion for German economic trends. Although production proved surprisingly weak at the start of the year, the DIW regards Germany as remaining in an economic upturn. Supported by labour market growth and a strong domestic economy, the DIW economists forecast 1.8 % GDP growth for Germany for the current year. This forecast already takes into account dampening factors such as uncertainties connected with the Eurozone crisis, geopolitical tensions, and concerns about economic growth in important emerging economies.[4]

[1] Kiel Institute for the World Economy (IfW), Weltkonjunktur im Sommer 2015, June 16, 2015 | [2] Kiel Institute for the World Economy (IfW), Weltkonjunktur im Sommer 2015, June 16, 2015 | [3] Kiel Institute for the World Economy (IfW), Deutsche Konjunktur im Sommer 2015, June 16, 2015 | [4] German Institute for Economic Research (DIW), Sommergrundlinien 2015, June 24, 2015

II. Sector-related conditions

a. Engineering / precision tools

KROMI Logistik is a tool manager and consequently an outsourcing partner for industrial companies, with the company's core competence focusing on machining tools for the processing of metals and plastics. Although KROMI Logistik is not directly assignable on the basis of its business model to one of the sectors mentioned below, trends in the mechanical and plant engineering sector nevertheless provide a good indicator for developments in various customer segments. According to the German Engineering Federation (VDMA), 2014 was a year of differing trends for the engineering sector in Germany. Following a positive start to the year, the Ukraine crisis and lack of domestic investments proved to have a significantly dampening effect on activity. Overall, however, annual production of EUR 199 billion was up by around 2 % year-on-year. Sales of EUR 212 billion reflected 3 % growth on the previous year. No significant growth signals were identifiable in the new order intake received by the German engineering sector in 2014. The German domestic economy initially delivered impulses within a difficult economic environment, with orders from abroad reporting strong growth during the second half of the year, driven by numerous large orders. Accordingly, both Germany and markets abroad registered 2 % new order intake growth over the full year.[5]

During the first half of 2015, at -1%, the total new order intake was only slightly lower than its previous year's level. This applies equally for domestic orders, while foreign demand stagnated. A 4 % decline in new order intake from non-Euro countries was offset by the marked 12% growth in orders from Euro partner countries in this context.[6]

The precision tools sub-segment made a positive contribution to the situation of the German engineering sector in 2014, exceeding its previous year's record level. VDMA estimates that German precision tool manufacturers achieved a production volume of around EUR 9.1 billion last year, compared with EUR 8.7 billion in the previous year. Of this amount, 13 % is attributable to the specialist area of clamping/chucking tools, 35 % to machining tools, and 52 % to the toolmaking area. Mechanical engineering and the automotive industry were the drivers of the good business trend in precision tools in 2014. The VDMA Precision Tools Association expects that the business situation will improve further in the current 2015 year. The Association anticipates that the 2015 production record will be topped by 3 % to a total of EUR 9.4 billion. Here, too, the mechanical engineering and automotive industry sectors are expected to be the growth drivers of the precision tools sector in 2015.[7]

Following last year's 5 % price-adjusted sales growth, the global mechanical engineering sector is set to grow by 3 % this year, according to estimates produced by the VDMA. This trend is due to the slowdown in the Chinese economy. The VDMA believes that growth rates below 5 % in the global mechanical engineering industry could become normality in the future.[8]

[5] VDMA, Mechanical Engineering – Figures and Charts 2015, March 2015 | [6] VDMA, press release, July 30, 2015 | [7] VDMA Precision Tools Association, press release, January 14, 2015 | [8] VDMA, Markets & Business Cycles, International Bulletin, June 2015

b. Aircraft construction, aviation and shipbuilding

As one of the target sectors of KROMI Logistik, the German aircraft construction and aviation industry experienced a positive trend in 2014. Sector sales revenue reported growth of 4.9 % to an all-time high of EUR 32.1 billion (previous year: EUR 30.6 billion), while the total number of employees grew slightly, by 0.2 %, to 105,700, according to the German Aerospace Industries Association (BDLI). Civilian aerospace with EUR 23 billion of sales is still the sector's most important arm (previous year: EUR 21.4 billion). Following on from a previous year that was burdened by extraordinary effects, the space industry also reported year of growth in 2014, with sales up 6 % to EUR 2.5 billion (previous year: EUR 2.4 billion). Defence equipment companies, by contrast, reported sales down by 2.7 % to EUR 6.6 billion due to large-scale programs expiring and a lack of development programs.[9]

As a consequence, growth in civilian aviation continued to provide the most important support to the overall aerospace sector in 2014. Global passenger volumes reported above-average gains of 5.8 % in 2014, according to the International Air Transport Association (IATA).[10] This trend continued in the first quarter of 2015, amounting to 5.6 % year-on-year. With regard to global freight volumes, the IATA returned to reporting an increase of 4.5 % for 2014, following 1.4 % in the previous year. Following a very volatile first quarter of 2015, freight volumes in the second quarter of 2015 reattained to their 2014 year-end level.[11] With a look to the full 2015 year, the IATA anticipates 5.2 % growth.[12]

c. Automotive supply industry

Despite a strained geopolitical environment, the German automotive industry recorded 3 % year-on-year domestic production growth in 2014. Production in Germany has consequently grown by 13 % on a five-year view. Overall, the German automotive industry expanded its sales to EUR 367.9 billion last year, thereby hitting a new record level. This represents 2 % year-on-year growth. Exports of cars manufactured in Germany reported further year-on-year gains of 2.5 %. At EUR 236.8 billion, almost two thirds of sales thereby derived from export sales. Sales in Germany totalled EUR 131.2 billion. The German Automotive Industry Association (VDA) believes that these trends provide evidence that the German automotive industry has managed to defend and expand its competitive position in the face of difficult circumstances. German automotive supply operations also reported further sales growth in 2014, and total sales in 2014 of EUR 73 billion are up 5 % year on year. Around two thirds of this total sales revenue was attributable to business on the German market. As with automotive manufacturers, total sales generated by automotive supply companies abroad (+8 %) were stronger than domestically (+3 %).[13]

With regard to the full 2015 year, the VDA forecasts that the global car market will register further growth of 2 % to reach 76.4 million units. The important Chinese and US markets are predicted to expand by 6 % and 2 % respectively. Domestic car production is set to increase by 2 % to 5.65 million units in 2015, with German foreign production even up by as much as 5 % to 9.6 million units, according to the VDA. The German automotive industry will thereby produce a total of 15.3 million cars worldwide (+4 %).[14]

[9] German Aerospace Industries Association (BDLI), press release, April 28, 2015 | [10] International Air Transport Association, Factsheet: Industry Statistics, June 2015 | [11] International Air Transport Association, Cargo Chartbook Q2 2015, July 2, 2015 | [12] International Air Transport Association, Factsheet : Industry Statistics, June 2015 | [13] German Automotive Industry Association (VDA), 2015 Annual Report, July 2, 2015 | [14] German Automotive Industry Association (VDA), press release, December 2, 2014

III. Course of business – KROMI Logistik in the 2014 / 2015 fiscal year

Corporate strategy and objectives, and its implementation in the Group in the 2014/2015 fiscal year

The strategy of KROMI Logistik focuses on profitable growth through continues expanding the customer base in existing and new markets. In the case of existing customers, the optimisation and efficiency enhancement of machining processes, and the reduction of manufacturing and administration costs, form the focus of their cooperation with KROMI Logistik. Customer loyalty is also to be further intensified through constant innovations to the supply concept, accompanied by the consistent, permanent orientation to customers‘ requirements.

Along with the expansion of its core market in Germany, the tapping and further penetration of new markets, and the acquisition of internationally operating large-scale machining operations as new customers remain critical aspects of the growth strategy. The company is also constantly examining options to supply its existing customers at further locations.

Above and beyond this, all foreign investments are continuously examined with regard to their economic and financial efficiency in order to ascertain whether the capacity exists to respond adequately to changes in market conditions where required. This continues to ensure that resources are focused where they can be deployed the most efficiently for the Group.

Germany: expansion of the core market

In its home market in Germany, KROMI Logistik achieved its strategic objectives. Various new customers continued to be acquired over the course of the fiscal year elapsed, for example. Relationships with existing customers were also expanded and secured, with their tool deployment being optimised. Revenue in the „Germany“ segment increased by EUR 2,168 thousand, representing 5.7 % year-on-year growth.

European countries outside Germany: development of existing customers and boosting profitability

KROMI Logistik also acquired new customers, further expanded its market position, and expanded its sales revenues in European countries outside Germany. Along with scaling up supplies at existing customers, a particular focus in this context is on boosting profitability. However sustainable revenue growth at the Spanish plant of an internationally operating large-scale machining company placed an overall burden on earnings as a result of the lower margins that are usual during the start-up phase.

Brazil: acquisition of new customers in a demanding environment

The Brazilian subsidiary reported differing trends during the 2014/2015 fiscal year. Due to the currently difficult economic environment, KROMI Logistik reported a decline in sales revenues with existing customers, although this has been largely offset to date by business with new customers. The lower margins that are typical of business with first-time customers are affecting our operating profit accordingly, while accounting-driven currency losses deriving from the fall in the exchange rate value of the Brazilian real to the euro placed an additional burden on EBIT. High demand from numerous further machining operations and successful new customer acquisition, despite the challenging environment, nevertheless provide clear evidence of the potential for our business model in Brazil. For this reason, KROMI Logistik continues to pursue its strategy of pushing ahead with acquiring new customers in order to offset potential negative sales effects from further economic setbacks.

Growth with existing customers

Revenues generated with the existing customers of KROMI Logistik remained stable at a high level during the year under review. The company was able to fully offset a year-on-year discontinuation of earnings contributions due to significant production relocations by one large customer, and the ending of business with one major customer in Italy. Supplies to further production sites for other existing customers started up in both Germany and abroad, for instance. Our gross profit margin also increased to 24.4 % as a consequence. The company is constantly examining options to supply existing customers at further locations as part of its growth strategy.

Optimisation and efficiency enhancement

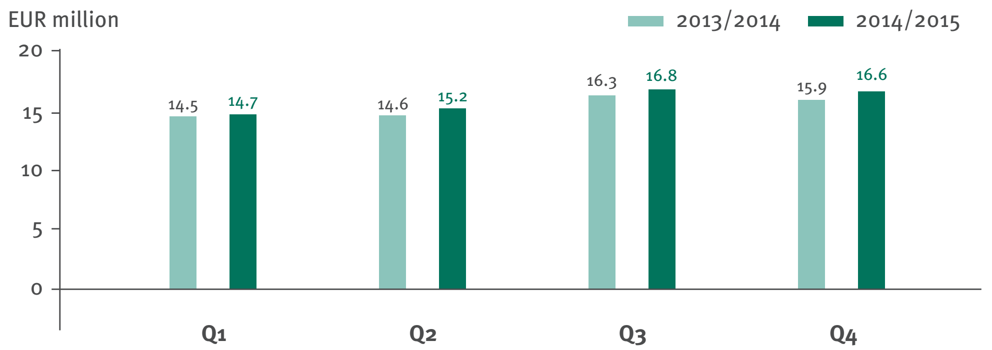
KROMI Logistik‘s process and tool optimisation measures allow the company to sustainably enhance its customers‘ business and financial efficiency, thereby forming the basis for the type of long-term customer loyalty that is typical of KROMI‘s client base. The company has further intensified this approach. KROMI Logistik also provided its customers with up-to-date tool and consumption data. Such data are unique in terms of their quality, forming the basis for further optimisations along the entire supply chain at existing customers. Data gathering and evaluation in the meaning of Industry 4.0 comprises an important USP, not only in the case of existing customers, but especially also when acquiring new customers.

IV. Statement on results of operations, net assets and financial position

a. Results of operations

The business of KROMI Logistik reported a satisfactory trend overall during the 2014/2015 fiscal year, although some special effects hindered us from fully reaching the targets that we had set for ourselves. Revenue, for example, grew year-on-year to a level of EUR 63,341 thousand (previous year: EUR 61,287 thousand). Despite some challenges, we thereby achieved 3.4 % revenue growth, with a pleasing trend in business generated with both new and existing customers. Apart from this KROMI Logistik has made the conscious decision terminate its business involvement in Italy in March 2015, which was directly prompted by the discontinuation of its business with its largest customer in this country in May 2014. This resulted in a year-on-year reduction of sales revenue contribution of around EUR 3,000 thousand. When adjusted to reflect this figure, revenue growth generated with new and existing customers would have been up by around 8.7 % year on year. The original forecast announced at the beginning of the fiscal year of sales growth in the upper single-digit percentage range in financial year 2014 / 2015, therefore could not be achieved.

Revenues 2014 / 2015 on quarterly basis and compared to the previous year



KROMI Logistik continues to benefit from a well-balanced customer structure diversified across several sectors and regions. Whereas revenue generated in Germany reported further growth, foreign revenue in the 2014/2015 fiscal year was recorded approximately at the previous year's level. In line with its strategic goals, KROMI Logistik has succeeded in integrating major international customers into its customer structure to a greater extent in this context. Along with attractive sales revenue potential, such corporations also offer the opportunity to rapidly implement our internationalisation strategy.

In Germany, KROMI Logistik not only successfully expanded business with existing customers during the period under review, but also acquired additional new customers from various sectors. **Revenue in Germany** consequently advanced by 5.7 %, from EUR 38,092 thousand in the previous year to EUR 40,260 thousand in the 2014 / 2015 fiscal year. Outside Germany, too, the operating business put in a successful performance overall. The company acquired new customers in various European countries, and further strengthened its market position. The business in Brazil reported differing trends. Due to the currently very difficult economic environment, KROMI Logistik reported sustained sales revenues declines with existing customers, although this has been largely offset by business with new customers. The low margins that are typical of first-time customers affected operating profit accordingly. The continued low exchange rate of Brazil's currency, the real, only has relevance for Group figures as far as currency translation is concerned. These expenses relate exclusively to unrealised, and consequently non-cash, exchange rate losses. **Revenue generated abroad** of EUR 23,081 thousand was at the previous year's level overall (EUR 23,195 thousand).

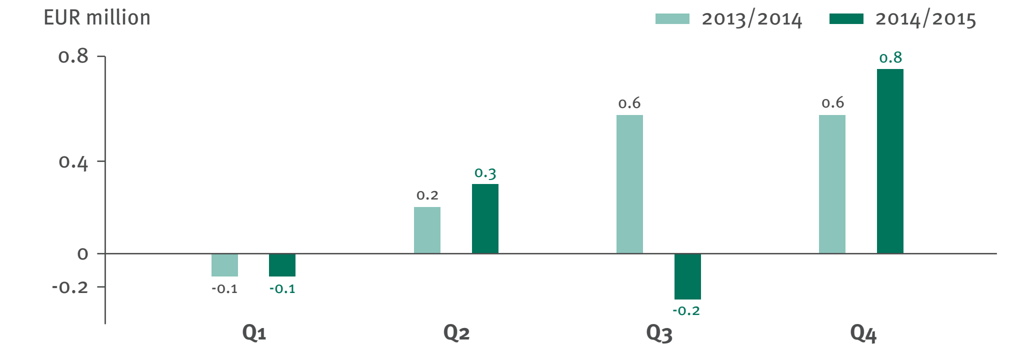
The **cost of materials** was reduced in relation to revenue growth. In absolute terms, it recorded only a 2.5 % year-on-year increase from EUR 46,673 thousand to EUR 47,863 thousand. The **cost of materials ratio** also reported a corresponding improvement to 75.6 % below the previous year's 76.2 %. This trend is also reflected in a better gross margin in relation to revenue **(gross profit margin)** of 24.4 % (previous year: 23.9 %). This improvement is due to the successful expansion of business with existing customers, and the separation from one lower-margin customer during the period under review.

Staff costs rose year-on-year from EUR 8,120 thousand to EUR 9,215 thousand. The **staff cost ratio** stood at 14.5 %, reflecting marked year-on-year growth (previous year: 13.2 %). This is attributable to substantial investments in the new customer business with large international groups, in order to thereby create the personnel preconditions for the business that is expected in the future. The start-up process at these customers was nevertheless delayed further during the 2014/2015 fiscal year due to their complex organisational and decision-making structures. These new customers also failed to make any notable revenue contributions accordingly. KROMI Logistik is currently in intensive dialogue with these customers, and firmly anticipates that it will assume supplies for them.

Depreciation and amortisation reduced to EUR 632 thousand, compared with EUR 757 thousand during the fiscal year 2013/2014. **Other operating expenses** of EUR 5,943 thousand were up compared with the previous year's level of EUR 5,242 thousand. Among other items, this line item includes EUR 640 thousand of unrealised currency differences (previous year: EUR 151 thousand) that arise from the significant depreciation of the Brazilian real to the euro.

As a consequence, the Group reported EUR 578 thousand of **earnings before interest and tax (EBIT)** for the 2014/2015 fiscal year, compared with EUR 1,252 thousand in the previous year. When adjusted for expenses arising from unrealised valuation losses, **pure operating earnings** stood at EUR 1,218 thousand (previous year: EUR 1,403 thousand). The original forecast announced at the beginning of the fiscal year of a further EBIT increase in the fiscal year 2014/2015, as expected could not be achieved due to the macroeconomic situation in Brazil as well as the delays in the ramp-up process of several new customers. The Group reported **a consolidated net result** of EUR -153 thousand after deducting finance costs, other finance income, and taxes to be paid that are based on the profit or loss of the separate parent entity. KROMI generated a consolidated net profit of EUR 447 thousand in the 2013/2014 reporting year.

EBIT 2014 / 2015 on quarterly basis and compared to the previous year

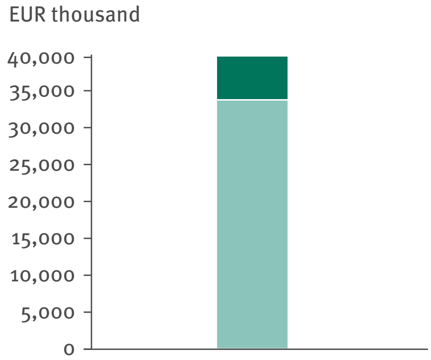


b. Net assets

As of the June 30, 2015 balance sheet date, the **total assets** of KROMI Logistik AG stood at EUR 39,777 thousand, thereby above their level as of June 30, 2014 (EUR 36,957 thousand).

On the **assets side** of the balance sheet, **non-current assets** reported a slight reduction from EUR 6,083 thousand as of June 30, 2014 to EUR 5,959 thousand. Within **current assets**, inventories were up by 11.6 % to EUR 16,951 thousand (June 30, 2014: EUR 15,187 thousand). **Trade receivables** also increased correspondingly, standing at EUR 15,348 as of June 30, 2015 (June 30, 2014: EUR 14,472 thousand). **Liquid assets** rose to EUR 741 thousand as of the 2015 reporting date (June 30, 2014: EUR 253 thousand).

Balance sheet structure – assets

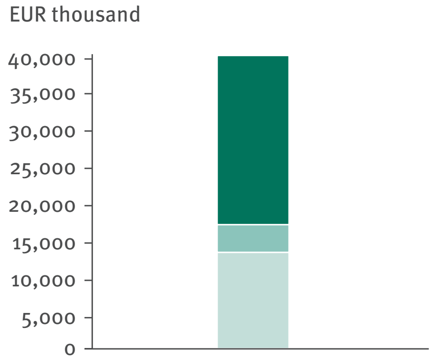


	EUR thousand
Total net assets	**39,777**
Non-current net assets	5,959
Current net assets	33,818

On the **equity and liabilities** side, the balance sheet comprised a slight reduction in equity compared with June 30, 2014, amounting to EUR 22,966 thousand as of June 30, 2015 (June 30, 2014: EUR 23,043 thousand). This reflected the consolidated net loss that was incurred. Due to the parallel increase in total assets, the **equity ratio** fell from 62.4 % on June 30, 2014 to 57.7 %.

The liabilities – comprising both provisions and liabilities in this case – of KROMI Logistik were up from EUR 13,914 thousand, as of June 30, 2014, to a level of EUR 16,811 thousand. Of this amount, EUR 3,744 thousand (June 30, 2014: EUR 3,342 thousand) was attributable to an almost unchanged level of **non-current liabilities**, and EUR 13,067 thousand (June 30, 2014: EUR 10,572 thousand) was attributable to **current liabilities**. The increase in current liabilities reflects, firstly, a rise in **trade payables** deriving from effects related to the reporting date. At EUR 5,856 thousand, these stood EUR 1,331 thousand above their level as of June 30, 2014 of EUR 4,252 thousand. Secondly, **other current interest-bearing borrowings** grew from EUR 4,631 thousand as of June 30, 2014 to EUR 5,845 thousand as of the 2015 balance sheet date due to the drawing down of credit lines in order to finance working capital.

Balance sheet structure – equity and liabilities



	EUR thousand
Total equity and liabilities	**39,777**
Equity	22,966
Non-current liabilities	3,744
Current liablilities	13,067

c. Financial position

Cash flow from operating activities amounted to EUR 409 thousand in the period under review. A cash inflow of EUR 992 thousand was recorded in the previous year. Starting with EUR 578 thousand of profit from operations (previous year: EUR 1,252 thousand), this development is due to an increase in pension provisions and a lower level of cash outflow from the change in net current assets. Taxes paid also reflected a marked rise to EUR 935 thousand (previous year: EUR 185 thousand).

Cash flow from investing activities stood at EUR -321 thousand for the 2014/2015 fiscal year (previous year: EUR -457 thousand). The cash inflow from **financing activities** amounted to EUR 400 thousand (previous year: EUR -481 thousand cash outflow). Financing funds amounted to EUR 741 thousand at the end of the reporting period, compared with EUR 253 thousand in the comparable period.

At EUR 20,751 thousand (previous year: EUR 20,302 thousand), a slightly higher level of **working capital** (current assets less current liabilities) continues to provide a strong and stable basis for the Group‘s targeted, profitable growth.

V. Overall statement on the company's financial position

The Managing Board looks back on a 2014/2015 fiscal year that proved to be challenging. Business with both existing and new customers reported positive trends. At the same time, production relocations, the termination of a supply contract in the previous year, and very long start-up processes at various new customers – frequently multinational groups – exerted a burdening effect. Although revenue reported growth of 3.4 %, EBIT was down. This chiefly reflected the substantial personnel-related future investments that have already been realised for this anticipated business with new customers. As delays occurred to the assumption of supplies for such customers due to their more complex organisational and decision-making structures, these customers also made no notable contribution to revenue during the 2014/2015 fiscal year. The Managing Board of KROMI Logistik is nevertheless convinced that such investments will prospectively prove worthwhile.

Accountancy-based currency losses due to the decline in the exchange rate of the Brazilian real to the euro had a burdening effect on EBIT. Unrealised valuation losses amounted to EUR 640 thousand (previous year: EUR 151 thousand). When adjusted for expenses arising from valuation losses, pure operating earnings stood at EUR 1,218 thousand. The gross profit margin also increased year-on-year from 23.9 % to 24.4 %. This rise in the gross profit margin confirms the substance of the business model.

KROMI Logistik continues to be able to build on a largely stable foundation among its broad customer base both in Germany and abroad. The economic situation in Brazil is difficult currently, by contrast. Despite the challenging market environment, however, successful acquisition of new customers demonstrates the potential for the business model of KROMI Logistik in Brazil. Given an improved cost base, the company will consequently also continue to drive ahead with new customer acquisition in order to exploit the opportunities that this market offers medium-term.

Report on events after the balance sheet date

Following the end of the 2014/2015 fiscal year, the Managing Board of KROMI Logistik AG passed a resolution to terminate a supply contract in the Czech Republic as of September 30, 2015, and to terminate a supply contract in Germany as of November 30, 2015. Due to the existence of supply contracts with other customers, the organisations of KROMI Logistik in these regions will remain largely in their current form.

Above and beyond this, no events of particular significance occurred following the end of the 2014/2015 fiscal year.

Report on outlook, risks, and opportunities

I. Outlook

a. Managing Board's overall statement on the development of the Group in the 2015 / 2016 fiscal year

As a result of the investments in new supply customers in markets that have been made already, or are planned, as well as the acquisitions that have been realised, the Managing Board of KROMI Logistik regards the Group as well positioned for the current 2015/2016 fiscal year. KROMI Logistik enjoys a healthy equity capital base, sufficient liquidity reserves and a clearly focused corporate strategy.

For example, the Managing Board plans to further internationalise the group in the future, consolidate markets, and consistently further develop the business model in the process, with the aim of building up additional USPs. All activities are oriented to profitable growth. Organic growth is to be achieved primarily at existing locations, while new markets are to be tapped principally by way of accompanying existing customers, in order to then expand them locally. The careful weighing and consideration of opportunities and risks will continue to play a central role in this context in the future.

b. Expected trend in the market environment

The customers of KROMI Logistik operate on global growth markets. Although local and global downturns exert negative medium-term effects on sector trends, engineering, aerospace and the automotive supply industries, in particular, enjoy prospects of a rise in long-term growth rates.

As far as advanced economies are concerned, although we expect higher growth rates during the current fiscal year, we also identify considerable economic and structural uncertainties in leading emerging economies and regions such as China, Russia and Brazil. The order books of German industry are currently well filled, however, and engineers and automotive suppliers worldwide are benefiting from long-term global trends such as energy efficiency/climate protection and the networking of production facilities and locations. The aviation sector, too, anticipates constant growth in passenger numbers, and consequently rising demand for aeroplanes and their components. The Airbus Group, for example, an important customer of KROMI Logistik, forecasts global demand of more than 32,000 new aircraft deliveries during the 2015 to 2034 period.[15]

[15] Airbus Group, Global Market Forecast 2015.

c. Expected trend for KROMI Logistik

With a look to the 2015/2016 fiscal year, the Managing Board assumes that revenue growth will be recorded in the upper single-digit percentage range. As a consequence, the Group's plan outpaces the VDMA's forecast range of 3 % for the precision tools sub-segment in calendar 2015.

In this context, KROMI also expects a continuous improvement in its operating earnings. The market developments, and consequently KROMI customers' production levels, will comprise especially decisive factors for our earnings trends. If these factors develop positively, the Management Board aims for a significant increase in profit from operations (EBIT) and gross profit margin as part of its gradual and profitable growth strategy.

II. Report on opportunities and risks

a. Report and information in accordance with Section 315 (2) No. 5 of the German Commercial Code (HGB)

Along with accounting-related processes, the risk management system (RMS) and the internal controlling system (ICS) generally also comprise all risks and controls relating to accounting. With regard to the accounting process, the risk management system aims to identify and measure risks that counter the aim of ensuring that the consolidated financial statements and management report comply with regulations. Identified risks are measured with regard to their impact on the consolidated financial statements and management report. In this connection, the internal controlling system aims to guarantee sufficient security by implementing corresponding controls to ensure that the consolidated financial statements and management report are prepared in line with the corresponding standards despite the identified risks.

b. Group accounting-related internal controlling system

The Managing Board of KROMI Logistik has set up an internal controlling system for the wide-ranging organisational, technical and commercial workflows in the Group in order to ensure that bookkeeping and financial accounting are conducted properly. As an integral component of the Group accounting process, it comprises preventative, supervisory and revelatory security and controlling measures within the financial accounting and operating functions. The clear allocation of responsibilities and controls in preparing the financial statements, and appropriate access regulations in the IT systems of relevance to the financial statements, comprise key accounting control elements. One central element is the principle of functional separation, which aims to ensure that major executory (for example, sales), booking (for example, financial accounting) and administrative (for example, IT administration) activities do not stem from a single source. The „two sets of eyes" principle ensures that no major process goes uncontrolled. In addition to this, procedural instructions and IT-supported reporting and consolidation processes support both Group accounting and accounting-related reporting by its subsidiaries included in the consolidated financial statements.

c. Risk management and methods

KROMI Logistik has developed systems, methods and bodies to implement and secure its business. These aim to allow the Managing Board to recognise to evaluate and to manage at an early juncture any operating and financial risks that might jeopardise the company as a going concern, and to also mitigate these at an early stage if required. It aims to ensure that critical information is passed on to management directly and in good time. In this context, the risk management system issues the following basic principles and objectives:

1. Standardised view of risks

2. Rapid overview of the actual risk situation within the Group

3. Consistent disclosure and addressing of loopholes

4. Risk-oriented concentration on key business areas and processes, as well as requisite controls

5. Implementation which is cost-aware and pragmatic, and which does not entail unnecessary bureaucracy

6. Standardised perspective and approach for all controlling-relevant sub-areas

KROMI Logistik utilises a spreadsheet-based management and controlling system to measure, monitor and control business growth and risks. This system is mostly based on data from financial accounting and materials planning. The risk manual documents the key risks that are present, and allocates levels of responsibility within the group. Existing risk potentials are monitored on an ongoing basis, and adequate activities to limit risks are put in place if possible.

As part of risk management, risks are allocated by the respective risk officers. This entails grouping risks according to their relevance and importance. Within the relevance aspect, risks are differentiated into „immaterial“, „material“ and „going concern“ risks.

d. Dealing with going concern risks

The operational management of KROMI Logistik is directly responsible for the early recognition, controlling and communication of risks. This allows the group to respond to potential risks both rapidly and comprehensively. The risk policy is geared to the aim of increasing the company's value over the long term. In its overall assessment of the risk situation, the Managing Board is of the opinion that the following risks and their treatment will be of particular importance in the 2015/2016 fiscal year:

- The management, steering and controlling of the company's intended growth both in Germany and abroad.
- The management, steering and controlling of margins and costs. The impact on growth dynamics from exogenous macroeconomic developments.

The risks detailed here could have a negative impact on the future growth of KROMI Logistik. Going-concern risks to the company were not identifiable at the time when these annual financial statements were compiled.

Liquidity risk

The business model of KROMI Logistik necessitates the provision of working capital within the scope of tool provision. Maintaining a sufficient liquidity reserve is achieved through careful liquidity management. Both short-term rolling liquidity planning and medium-term financial planning are utilised to calculate the liquidity required. These instruments allow financial requirements to be coordinated and covered on time with lending banks. As a result of successful liquidity management, a significant, quantifiable liquidity risk did not occur at any time during the period under review.

Opportunities and risks connected with changes in interest rates

The group currently identifies no risk from sustainable interest-rate risks within the Eurozone. By way of precaution, however, a EUR 1.5 million interest-rate swap was entered into already the 2011/2012 fiscal year in order to hedge the purchase price financing for the Tarpenring 11 building. A further interest-rate swap comprising a volume EUR 3.0 million was also entered into in the 2012/2013 fiscal year, which serves to hedge the financing of working capital. The hedges are recognised at market values, whereby the portion that no longer forms part of the hedge is reported through profit or loss, and the effective portion is offset with equity. These market values can change depending on the respective interest-rate levels, exerting corresponding positive or negative effects on earnings before tax, consolidated net income and the equity of KROMI Logistik.

The Eurozone reference interest rate stood at 0.05 % as of the balance sheet date. It is not expected that this reference interest rate will change fundamentally over the course of the fiscal year. Accordingly, no significant quantifiable risks are expected to arise during the 2015/2016 fiscal year from the change in the reference interest rate.

Risk of receivables default / risk of customer insolvency

KROMI Logistik steers and minimises its receivables default risk through consistent debtor management. The Group's customers primarily comprise established industrial companies with high credit ratings. A risk relating to payment behaviour and solvency nevertheless generally exists. Up to four months can pass between the tools being removed from the dispensers and payment actually being received, including the agreed payment targets. These circumstances give rise to a receivables default risk for KROMI Logistik. KROMI Logistik combats such default risk by diversifying its customer portfolio within the relevant target industries. In order to minimise the risk of a default on receivables, for example as a result of a customer insolvency, the company took out insurance cover for some of its receivables until June 30, 2013. This insurance policy was cancelled since the company regards the risk as manageable due to the related historic loss record. Before concluding agreements with new customers, KROMI also runs credit checks based on generally accessible information. As part of the receivables management system, all receivables are subject to a weekly review by the Managing Board and financial management and, if necessary, clarified in a personal discussion with the customer. As of the balance sheet date, the company was not aware of any significant quantifiable risks arising from the default of debtors.

Merchandise risks / warehouse / financing risks

When accepting a new business relationship, KROMI Logistik initially acquires the customer's existing tool inventories, and feeds these gradually into the dispenser supply, thereby bearing the financing risk.

The systems of KROMI Logistik are set up to analyse past tool consumption, and to utilise this information to derive data for demand-based repurchasing, assuming constant consumption. Additional information on future production planning is needed to precisely gear order quantities for tools to customers' changing requirements. Only the customer can supply this information. For this reason, KROMI Logistik agrees a suitable communication concept with its customers to record this customer information, and to take it into account in its merchandise planning. If excess stocks still result at KROMI Logistik, however, the tool supply agreements stipulate that customers should accept these stocks within fixed agreed dates, to the extent that is impossible to return excess stocks to the respective suppliers. This approach can be jeopardised if a customer becomes insolvent. As of the balance sheet date, the company was not aware of any significant quantifiable risks arising from merchandise and warehouse risks.

Opportunities and risks relating to changes to currency exchange rates

This potential risk from foreign business as a result of currency translation differences is negligible, as invoices are exclusively issued in euros. In Brazil, the Brazilian subsidiary buys and sells merchandise in local currency. As a consequence, currently no direct risk exists from changes in exchange rates due to commercial transactions, or only to a minor extent. The Brazilian subsidiary bears the exchange-rate risk for the repayment relating to the debt service to the parent company. It is impossible to hedge this exchange rate risk due to the fact that the currency concerned is the Brazilian real, and because the relevant cash flows occur in the future. As of the end of the fiscal year, the company is unaware of any significant quantifiable risks arising from changes to currency exchange rates in the meaning of the risk definition that could exert a considerable negative or positive effect on the earnings of the KROMI Group.

Opportunities and risks arising from the investment in Brazil

In Brazil, the speed at which the penetration of the potential market is occurring is slower than initially assumed due to various regulatory administrative processes. The develoment in earnings of the investment is part of the risk management. The development of the subsidiary is accompanied very closely on a daily basis and the management is continuously informed shortly. The further developments and effects of the currently very tense overall economic situation in Brazil remain to be seen. So far sustainable drop in sales revenue with existing customers have largely been offset by new business. Sales revenue decreased in the fiscal year by EUR 248 thousand to EUR 3,482 thousand. The EBIT decreased by EUR 416 thousand to EUR -886 thousand. The EBIT includes expenses for unrealized exchange losses at the amount of EUR 640 thousand (previous year: EUR 151 thousand). Due to the expected market potential the Managing Board remains convinced that the sales revenue and earnings expectations will be met in the long term.

Market opportunities and risks

The customers of KROMI Logistik are primarily active in the general engineering, aerospace, automotive supply and ship engine construction industries in Germany as well as in other European countries and Brazil. Demand for its products is subject to economic factors, energy costs, seasonal effects, consumer demand and other factors, which incur corresponding impacts on demand for the products and services that KROMI Logistik offers. This could have a negative impact on the Group‘s financial position and performance. As forecasts for the global economy are generally positive, we identify more opportunities than risks for the current fiscal year.

Risks associated with the company‘s strategy

KROMI Logistik aims to generate profitable, sustained growth. Decisions on capital expenditure, strategic alliances and equity participations have been, and are, taken based on this fundamental criterion. Risks associated with the company‘s strategy may result from expectations that are placed in internal projects (such as capital expenditure), and from strategic alliances not being fulfilled, or not being implemented within the planned time period. These risks are restricted through early-stage analyses of opportunities and risks by experienced specialist units, with the support of external consultants if needed. Significant quantifiable, corporate-strategy risks in the meaning of the risk definition were not identified as of the end of the year under review.

Information technology risks

IT systems form a major component of the business processes of KROMI Logistik. The use of IT results in risks with regard to the availability, reliability and stability of business processes as well as the confidentiality of data, which could have a negative impact on the financial position and performance, and image, of KROMI Logistik. IT-related risks are monitored constantly. The measures needed to reduce risks are put in place if required. The IT systems are regularly evaluated with regard to their security level, based on the relevant business processes and the data to be processed. Various risk scenarios are taken into account in this regard, such as system downtime or hacker attacks. As a result of these analyses, redundant systems are installed at various locations and additional external back-up systems are deployed. The IT design within KTC supply ensures that KTC dispenser supply is permanently guaranteed for the customer in the event of a defect or temporary server downtime. Data losses are avoided through additional external data back-ups. To further minimise this risk, and to maintain efficient and secure business processes, KROMI Logistik also constantly checks its IT systems, and is constantly developing them further. Significant quantifiable, information technology risks in the meaning of the risk definition were not identified as of the end of the year under review.

Opportunities arising from the outsourcing trend in manufacturing industry

Manufacturing companies are increasingly placing a priority on focusing on their core competencies. A growing trend prevails toward outsourcing peripheral production areas. Cost pressure, high inventory levels of ‚C items‘ (products of low value but which are indispensable for regular production processes), the tying up of capital, and a lack of transparency are reasons that motivate industrial companies to pursue outsourcing, particularly the outsourcing of precision tools. This generates considerable market potential for KROMI Logistik. Customers‘ frequent lack of tool know-how and the lack of databases to optimise tool deployment also represent a high need for external advice. KROMI Logistik also offers such expertise.

Multinational customer structure

The internationalisation of the customer structure of KROMI Logistik AG offers continuous growth potential. The company pursues a dual strategy in this context. Firstly, the company‘s international growth is realised through expanding tool management for existing customers who also make recourse to KROMI Logistik services for new locations abroad. Secondly, KROMI Logistik is driving ahead with its own expansion in additional markets as opportunities arise. As a result of founding subsidiaries, or the opening of liaison offices, particularly in countries to which many German companies are outsourcing production, KROMI Logistik is available on a directly local basis with its expertise, and can position itself on these markets as an experienced outsourcing partner to industrial companies. Ageneral country risk concerning economic or legal changes in the framework conditions exists in general regarding our activities of the subsidiary in Brasil due to the business volume.

High market potential

KROMI Logistik has already achieved awarness within the tool management niche. The market offers excellent growth opportunities that should strengthen even further due to growing outsourcing trends in industry. As a result of its introduction of the tool management system in 2000, the company has already established a pioneering position in the by-far most developed European market, Germany, and consequently commands a decisive competitive advantage to exploit further market potentials.

High plannability of business

Regular revenues are generated once a KTC has been installed for a customer. This circumstance results in considerable security, and allows business with existing customers to be planned reliably.

Opportunities and risks relating to personnel

Highly qualified staff form an important success factor for KROMI Logistik. With its business, KROMI Logistik is operating in a sector exhibiting constantly growing technical and organisational requirements. Experience, and specialist and technical expertise, play a major role as a consequence. In addition, detailed technical knowledge is required particularly in production and materials specialisms. To date, KROMI Group staff have mostly stayed with the company over a long period. Ensuring that employees remain with the Group for a long period on average will also remain an objective for KROMI Logistik in the future. Above and beyond this, KROMI Logistik competes with other companies for new, highly qualified staff. A number of measures have been adopted in order to be able to continue to recruit and retain existing qualified applicants in the future. The offering of basic and further training forms a central pillar these measures. KROMI Logistik is currently training individuals in the wholesaling and export area, for example. The company also provides the operating aspect for logistics management and business management students who are combining studies with operational experience. The training offering was expanded in the current fiscal year to comprise a training operation for machining technology.

e. Overall statement on the Group opportunity and risk situation

The overall risk and opportunities position of KROMI Logistik derives from the specific risks and opportunities presented above, which are continuously reported and controlled with the help of the established risk management system. Based on current information, the Managing Board is of the view that the Group is currently not exposed to any risks that extend above and beyond those that are inseparably connected with its business. All risks are monitored continuously where possible, and corresponding hedging and securing measures are implemented. As a consequence, no risks are currently identifiable that could jeopardise the Group's overall financial stability.

During the 2014/2015 fiscal year, the long-term oriented business model of KROMI Logistik AG proved itself again. Despite the burden of special factors, it remained both stable and robust. Irrespective of economic trends, KROMI Logistik pursues an active growth strategy with a focus on profitability, as well as continuous cost and process optimisation. As far as liquidity aspects are concerned, the KROMI Group is very well positioned due to its constant cash flow, available credit lines, and quality and creditworthiness. As of the balance sheet date, no knowledge existed of any significant quantifiable risks in the meaning of the risk definition which jeopardise the Group as a going concern, or which would give rise to expectations of significant effects on the financial position and performance.

Renumeration report

The remuneration report summarises the principles that are applied in setting the remuneration for the Managing and Supervisory boards of KROMI Logistik, and discusses the amount and structure of the Managing and Supervisory boards' income.

I. Renumeration of Managing Board members

The Supervisory Board is responsible for setting the remuneration for the Managing Board members. In doing so, the Supervisory Board bases its decision on the tasks of the respective Managing Board member, their performance, the performance of the Managing Board, the economic situation, the company's success and its future prospects while taking its comparable environment into account, with the aim of setting reasonable overall remuneration.

The company approved a new compensation scheme for the Managing Board members in the 2011/2012 fiscal year, and developed it further in the 2014/2015 reporting year by simplifying how it is implemented – although leaving the structure unchanged – through concluding corresponding supplementary agreements with the Managing Board members. Accordingly, the Managing Board members are entitled to both fixed and annually variable compensation, and ancillary benefits. The latter are granted in a manner that is normal for the market and for corporations. These include the provision of company cars and accident insurance protection. Such benefits are taxed if they are deemed to comprise monetary benefits.

The Supervisory Board regularly reviews and determines the structure of the Managing Board compensation scheme, and the appropriateness of the remuneration. The compensation scheme is based on the following requirements:

- individually appropriate compensation for each Managing Board member,
- orientation to sustained corporate growth,
- a split between fixed and variable components,
- a multi-year measurement basis,
- inclusion of both positive and negative developments,
- orientation to relevant and demanding targets and key metrics,
- limitation to the variable compensation, and
- the possibility for the Supervisory Board to respond to extraordinary developments.

The level of the variable component takes into account existing and other regulations within the company, normal market compensation, and the recommendations of the German Corporate Governance Code. Accordingly, the variable component is fixed at a maximum of 40 % of total direct compensation for each Managing Board member at KROMI Logistik. In this context, 60% of the variable compensation is granted as short-term variable compensation following assessment of goal attainment, and 40% as long-term variable compensation. In addition to the individual upper limit for total compensation for each Managing Board member, a total bonus upper limit is applicable for the total amount of all variable compensation granted to all Managing Board members in relation to the company's pre-tax profit in the respective fiscal year.

Before the start of each fiscal year, and at the latest by July 31 of the relevant fiscal year, the Supervisory Board agrees in a target agreement relevant targets with the Managing Board member for the respective fiscal year. The target agreement to measure variable compensation comprises quantitative targets based on the company's key performance indicators, as well as qualitative goals. The target agreement sets out the mutual relationship of the respective targets (weighting) and the key indicators and target attainment parameters that are relevant for measuring performance in relation to the specific objectives.

Total target attainment is calculated through a weighted addition of the target values achieved for the specific targets. The maximum possible target attainment for the respective individual target amounts to 200% of the agreed target value. If a target attainment of 0% is registered for all of the individual targets, no entitlement exists to variable compensation for the respective fiscal year. No minimum amount has been agreed for variable compensation.

Long-term variable compensation is allocated over a three-year retention period, and paid out in three instalments amounting to a maximum of one third each. Payment of the retained components of variable compensation is granted only if the company reports a sustained positive trend in its value. Negative performance contributions by a Managing Board member, or a negative overall performance by the company, can reduce the level of retained shares that have not yet been paid out, or such shares can lapse in full. The Supervisory Board decides on this at his own discretion, taking into account statutory regulations and the circumstances entailed in the specific case.

In the year under review, Mr. Jörg Schubert acted as CEO, Mr. Uwe Pfeiffer as CFO, Mr. Bernd Paulini as Managing Board member responsible for the Technology and Products area, and Mr. Axel Schubert as Managing Board member responsible for IT and Administration. Total compensation paid to Managing Board members for the 2014/2015 fiscal year amounted to EUR 1,254 thousand (previous year: EUR 1,203 thousand). Individual details on the remuneration of the members of the Managing Board, in particular person-by-person information about remuneration, can be found in the notes.

II. Renumeration of the Supervisory Board members

The members of the Supervisory Board receive fixed annual remuneration for their activities. The Chairman of the Supervisory Board receives one and a half times the standard remuneration for Supervisory Board members. In fiscal 2014/2015, the remuneration for members of the Supervisory Board totalled EUR 70 thousand. Details of the Supervisory Board's remuneration can be found in the notes.

Takeover law disclosures

I. Composition of subscribed capital

The parent company's subscribed share capital amounts to a total of EUR 4,124,900.00. It comprises 4,124,900 no par value bearer shares. The shares are ordinary shares and carry an equal participating interest in the company's share capital. The company has no plans for different share classes. As a consequence, the ownership of one share grants the owner one vote during voting held at the company's Annual General Meeting.

II. Direct or indirect interests exceeding 10 % of voting rights

The following direct or indirect interests existed exceeding 10 % of the voting rights in the parent company's share capital.

		Number of voting rights	Interest of voting rights	Of which attribution according to Section 22 (1) of the German Securities Trading Act (WpHG)	Held by:
1	Jörg Schubert	1,413,006	34.26 %	34.18 %	2, 3, 4, Schubert Vermögens-verwaltung KG
2	Schubert & Caro Beteiligungs GmbH & Co. KG	1,110,013	26.91 %		
3	Tarpenring 11 Vermögensverwaltungs GmbH	1,290,013	31.27 %	26.91 %	2
4	Caro & Schubert Vermögensverwaltungs-gesellschaft mbH	1,290,013	31.27 %	31.27 %	2.3
5	KROMI Beteiligungsgesellschaft mbH	720,000	17.45 %		
6	Investmentaktiengesellschaft für langfristige Investoren TGV	639,038	15.49 %		

Mr. Jörg Schubert resides at Quickborn, Germany. Bonn, Germany, is the location of the headquarters of Investmentaktiengesellschaft für langfristige Investoren, TGV. All of the other shareholders named in the above table have their registered office in Hamburg, Germany.

III. Holders of shares with special rights

No shares with special rights exist.

IV. Type of control of voting rights in the event of employee equity participations

No employee participation programmes exist. If employees hold participating interests in the company, these exercise their controlling rights indirectly.

V. Restrictions on voting rights or transfers

As far as the Managing Board is aware, no restrictions exist relating to voting rights or the transfer of shares, including such arising from agreements between shareholders.

VI. Statutory provisions and provisions of the articles of incorporation regarding the appointment and dismissal of members of the Managing Board and amendments to the articles of incorporation

The appointment and dismissal of members of the Managing Board is based on Section 84 of the German Stock Corporation Act (AktG) and Article 6 of the articles of incorporation of KROMI Logistik. These stipulate that the Supervisory Board is responsible for appointing and dismissing Managing Board members. The Managing Board comprises one or several persons. The Supervisory Board determines the number of members of the Managing Board.

The company's articles of incorporation can be amended only by a resolution by the General Meeting within the meaning of Section 179 of the German Stock Corporation Act (AktG). Pursuant to Article 21 of the articles of incorporation, the Supervisory Board is authorised to make amendments to the articles of incorporation that affect only their wording.

VII. Authorisation for the Managing Board to issue and repurchase shares

The Managing Board may only issue new shares on the basis of resolutions by the General Meeting.

By way of a resolution by the General Meeting on December 10, 2014, the Managing Board was authorised for a period of five years from the date of entry in the commercial register, subject to the consent of the Supervisory Board, to increase the company's share capital by up to a total of EUR 2,062,000.00 through one or more issues of new no par value bearer shares against cash or non-cash contributions (Authorised Capital).

Shareholders are to be granted subscription rights. However, the Managing Board is authorised, with the approval of the Supervisory Board, to exclude shareholders' subscription rights in the following cases:

I. To reconcile fractional amounts;

II. To grant subscription rights to the holders of convertible bonds and / or bonds with warrants and / or profit participation certificates to the extent that these would be due to these holders after exercising their conversion or option rights of after fulfilment of their conversion obligation;

III. When issuing new shares against non-cash capital contributions;

IV. When issuing shares against cash contributions, to the extent that the issuing price per share is not significantly lower than the stock market price of the shares already listed on the date the shares are issued, and the number of shares issued in this manner together with the number of treasury shares that were sold during the term of the authorisation to exclude subscription rights and the number of shares that could result from the exercise of option and / or conversion rights or the fulfilment of conversion obligations from option bonds and / or bonds with warrants and / or profit-participation certificates, does not exceed 10 % of the share capital.

The Managing Board is authorised, with the consent of the Supervisory Board, to define the content of share rights, the details of the capital increase and the conditions of the share issue, in particular the issuing amount.

By way of a resolution by the General Meeting on December 10, 2014, the company was authorised to acquire treasury shares of up to 10 % of its share capital at that time up to December 10, 2019. Together with other shares which may have been acquired for other reasons and which are held by the company or which are to be allocated to it within the meaning of Sections 71a et seq. of the German Stock Corporation Act (AktG), the shares acquired as a result of this authorisation may not at any time exceed 10 % of the share capital. Treasury shares may be acquired through the stock market or a public purchase offer submitted to all shareholders. The consideration paid when acquiring the shares (excluding incidental purchase costs) may not be more than 10 % higher or lower than the average share price (closing price of KROMI Logistik shares in XETRA trading or a comparable successor system on the Frankfurt Stock Exchange) on the last three days of trading prior to the undertaking to acquire shares or, in the case of a public purchase offer, prior to the day when the offer is published. If the volume of the offered shares exceeds the intended buy-back volume in a public purchase offer, the purchased amount must be proportionate to the shares offered in each case. Provision may be made for preferred acceptance of low numbers of shares of up to 100 shares of the company offered for acquisition per shareholder.

The resolution authorises the Managing Board, with the approval of the Supervisory Board, to sell the acquired shares through the stock market, through an offer to all shareholders, or against non-cash consideration excluding shareholders‘ subscription rights for the purpose of acquiring companies or participating interests in companies. In addition, the Managing Board is authorised to sell the shares against cash consideration excluding shareholders‘ subscription rights, if the purchase price is not significantly lower than the stock market price of the shares at the time of the sale. This authorisation may only be utilised if it can be ensured that the number of shares to be sold as a result of this authorisation, together with shares from authorised capital excluding shareholders‘ subscription rights that are issued within the meaning of Section 186 (3) Clause 4 of the German Stock Corporation Act (AktG), do not exceed 10 % of the share capital that exists when the shares are issued or sold.

The Managing Board is also authorised to retire the shares acquired as a result of this authorisation without further resolutions by the General Meeting, and to reduce the share capital by the amount due to the retired shares. The Managing Board can retire the shares using a simplified method without reducing the share capital, with the result that the proportion of the other shares in the share capital increases as a result of the withdrawal. If the shares are retired using the simplified method without reducing the share capital, the Managing Board is authorised to adjust the number of shares in the articles of incorporation.

The authorisation to acquire, re-sell and retire treasury shares can be exercised in whole or in part, on one or on several occasions in each case.

VIII. Agreements subject to the condition of a change of control and compensation agreements

The company has not concluded any agreements that are subject to the condition of a change in control as a result of an acquisition offer.

Please see the remuneration report for information on the Managing Board members' extraordinary rights of termination.

Hamburg, September 09, 2015

Managing Board of KROMI Logistik AG

Jörg Schubert	Uwe Pfeiffer	Bernd Paulini	Axel Schubert

Consolidated balance sheet according to IFRS as of June 30, 2015

Aktiva	Notes	June 30,2015	June 30,2014
Non-current assets			
Intangible assets	4.1.1.	213	217
Other property, plant and equipment	4.1.1.	3,895	4,202
Other non-current assets	4.1.2.	1,289	1,263
Deferred taxes	4.4.4.	562	401
Total non-current assets		**5,959**	**6,083**
Current assets			
Invesntories	4.2.1.	16,951	15,187
Trade receivables	4.2.2.	15,348	14,472
Other current receivables	4.2.3.	778	962
Cash and cash equivalents	4.2.4.	741	253
Total current assets		**33,818**	**30,874**
		39,777	**36,957**

In EUR thousand (unless otherwise stated)

Passiva	Notes	June 30,2015	June 30,2014
Equity			
Subscribed capital	4.3.1.	4,125	4,125
Share premium	4.3.2.	15,999	15,999
Retained earnings	4.3.3.	1,007	1,007
Other reserves	4.3.5.	294	218
Net retained profits		1,579	1,721
Minority interests	4.3.6.	-38	-27
Total Equity		**22,966**	**23,043**
Total non-current liabilities			
Provisions for pensions and other post employment benefits	4.4.1.	2,421	1,911
Non-current interest-bearing loans	4.4.2.	1,100	1,200
Other non-current liabilities	4.4.3.	196	207
Deferred taxes	4.4.4.	27	24
Total non-current liabilities		**3,744**	**3,342**
Current liabilities			
Income tax liabilities	4.5.1.	207	631
Other interest-bearing loans	4.5.2.	5,845	4,631
Trade payables	4.5.3.	5,856	4,525
Other current liabilities	4.5.4.	1,159	785
Total current liabilities		**13,067**	**10,572**
		39,777	**36,957**

In EUR thousand (unless otherwise stated)

Consolidated income statement according to IFRS from July 1, 2014 to June 30, 2015

	Notes	Jul 1, 2014 – Jun 30, 2015	Jul 1, 2013 – Jun 30, 2014
Revenue	5.1.	**63,341**	**61,287**
Other operating income	5.2.	890	757
Cost of material	5.3.	47,863	46,673
Staff costs	5.4.	9,215	8,120
Depreciation / amortisation	4.1.1.	632	757
Other operating expenses	5.5.	5,943	5.242
Profit from operations		**578**	**1,252**
Finance costs	5.6.	280	301
Other financial income	5.7.	60	24
Earnings before tax		**358**	**975**
Income taxes	5.8.	511	528
Company net profit / loss		**-153**	**447**
Consolidated net income due to shareholders of KROMI Logistik AG		142	452
Consolidated net income due to minority interests		-11	-5
Earnings per share			
Shareholders‘ consolidated earnings in EUR		-142,625	451,599
Number of shares (weighted average for the fiscal year)		4,124,900	4,124,900
Earnings per share in EUR (undiluted and diluted)		**-0.03**	**0.11**

In EUR thousand (unless otherwise stated)

Consolidated statement of comprehensive income according to IFRS from July 1, 2014 to June 30, 2015

	Jul 1, 2014 – Jun 30, 2015	Jul 1, 2013 – Jun 30, 2014
Company net profit / loss	**-153**	**447**
Changes of the components, which are not reclassified in the future income statement for the period:		
Revaluation of pension provisions	-454	-68
included deffered taxes	140	22
Changes of the components, which are potentially reclassified in the future income statement for the period:		
Currency translations	383	111
Changes of the reserve for cash flow hedging	8	-99
included deffered taxes	-1	31
Other comprehensive income after tax	**76**	**-3**
Consolidated net income	**-77**	**444**
due shareholders of KROMI Logistik AG	-142	449
due to non-controlling interests	-11	-5

In EUR thousand (unless otherwise stated)

Consolidated cash flow statement according to IFRS from July 1, 2014 to June 30, 2015

	Notes	Jul 1, 2014 – Jun 30, 2015	Jul 1, 2013 – Jun 30, 2014
Cash flow from operating activities			
Consolidated earnings before interest and taxes (EBIT)		578	1,252
+ Amortisation / depreciation	4.1.1.	632	757
+ / – Increase / decrease in other non-current receivables	4.1.2.	26	325
+ / – Increase / decrease in provisions for pensions (without interest share)		453	-286
– / + Change in net current assets		-183	-680
+ Interest received		60	24
– Interest paid		-222	-227
+ Income taxes received		0	12
– Income taxes paid		-935	-185
Net cash from operating activities		**409**	**992**
Cash flow from investing activities			
+ Cash inflow from the sale of non-current assets		0	0
– Payments for the acquisition of non-current assets	4.1.1.	-321	-457
Net cash used in investing activities		**-321**	**-457**
Cash flow from financing activities			
– Cash inflow from borrowings		500	-481
+ Payments fort he repayment of lease liabilities		-100	0
Net cash used in financing activities		**400**	**-481**
Cash change in cash and cash equivalents		488	54
+ Cash and cash equivalents – start of period		253	199
Cash and cash equivalents – end of period	4.2.5.	**741**	**253**

In EUR thousand (unless otherwise stated)
For information on the cash flow statement please refer to Section 9 of the notes.

Consolidated statement of changes in equity of fiscal year 2014/2015

	Subscirbed capital	Share premium	Retained earnings	Net retained profits	Currency translation	Subtotal	Minority interests	Equity
Notes	4.3.1.	4.3.2.	4.3.3.		4.3.		4.3.6.	
1.7.2013	**4,125**	**15,999**	**1,007**	**1.269**	**221**	**22.621**	**-22**	**22,599**
Company net surplus	-	-	-	452	-	452	-5	447
Other comprehensive income	-	-	-	-	-3	-3	0	-3
Consolidated net income	-	-	-	452	-3	449	-5	444
30.6.2014	**4,125**	**15,999**	**1,007**	**1.721**	**218**	**23.070**	**-27**	**23,043**
Balance as of June 30, 2014	4,125	15,999	1,007	1.721	218	23.070	-27	23,043
1.7.2014	**4,125**	**15,999**	**1,007**	**1.721**	**218**	**23.070**	**-27**	**23,043**
Company net surplus	-	-	-	-142	-	-142	-11	-153
Other comprehensive income	-	-	-	-	76	76	0	76
Consolidated net income	-	-	-	-142	76	76	-11	-77
30.6.2015	**4,125**	**15,999**	**1,007**	**1.579**	**294**	**23.004**	**-38**	**22,966**

In EUR thousand (unless otherwise stated)

Notes to the consolidated financial statements for the 2014/2015 fiscal year

1. Introduction

KROMI Logistik AG (also referred to below as „KROMI Logistik“) operates in the trade and sale of machining tools and associated services. The company focuses mainly on customers in the machining metal-working segment that have a strong demand for tools. These customers especially comprise automotive suppliers, and aerospace and general engineering sector companies.

The company has its registered office at Tarpenring 11, 22419 Hamburg, Germany.

2. Information on the principles and methods for the consolidated financial statements

2.1. Basics

KROMI Logistik AG has prepared consolidated financial statements according to the internationally recognised principles of International Financial Reporting Standards (IFRS) as of June 30, 2015, and has applied all of the International Accounting Standards (IAS) and IFRS approved by the International Accounting Standards Board (IASB) prior to June 30, 2015, to the extent that these had been endorsed by the European Commission and published in the Official Gazette of the European Union before these consolidated financial statements were published and for which application is mandatory.

These consolidated financial statements generally apply the cost principle. Derivative financial instruments, which are measured at fair value, represent an exception to this. The reporting currency is the Euro. The figures in the consolidated financial statements are mostly presented in thousands of Euros (EUR thousand) and have been rounded. The financial statements of subsidiaries for which the functional currency is not the Euro were translated into Euros by translating the financial statements prepared in local currencies at historical or average rates of exchange or the rate of exchange on the balance sheet date.

The accounting and valuation, and the explanations and notes, in the IFRS consolidated financial statements for the fiscal year to June 30, 2015 are based on the same accounting and valuation methods that were applied in the preparation of the IFRS consolidated annual financial statements to June 30, 2014, to the extent that they are not presented in section 2.2 „Changes to accounting policies“.

The conditions of Article 4 of the European Parliament‘s Directive No. 1606 / 2002 in combination with Section 315a of the German Commercial Code (HGB) for exemption from the requirement to prepare consolidated financial statements according to the German Commercial Code have been met. All of the notes and information that are required according to Section 315a of the German Commercial Code (HGB) that extend beyond the requirements of the IASB to achieve comparability with consolidated financial statements prepared according to the German Commercial Code were included.

The consolidated financial statements have been prepared based on the going-concern principle.

The consolidated balance sheets were prepared on an accrual basis in line with IAS 1. The consolidated income statement was prepared according to the nature of expense method. In order to improve the clarity of presentation, consolidated balance sheet items and consolidated income statement items are summarised and discussed in the notes to the consolidated financial statements.

The Group exercised the option included in IAS 1 to present a statement of comprehensive income insofar as it presented the consolidated income statement as a separate component of the financial statements.

2.2. New accounting standards

For fiscal years commencing on January 1, 2014 or later, some new standards and revisions of existing standards, as well as interpretations, require mandatory application for the first time.

IFRS 10 „Consolidated Financial Statements" creates a standard definition for the term of control, and thereby a uniform basis for the existence of a parent-subsidiary relationship, and the related demarcation of the scope of consolidation. This new standard replaces the previously applicable IAS 27 (2008) „Consolidated and Separate Financial Statements according to IFRS" and SIC-12 „Consolidation – Special Purpose Entities". The new regulation has no effects on the financial statements of the KROMI Group.

IFRS 11 „Joint Arrangements" regulates the accounting treatment of circumstances where an entity exercises joint control over a joint venture or a joint operation. The new standard replaces IAS 31 „Interests in Joint Ventures" and SIC-13 „Jointly Controlled Entities –. Non-monetary Contributions by Venturers" and must be applied to fiscal years commencing from January 1, 2014. The new regulation has no effects on the financial statements of the KROMI Group.

IFRS 12 „Disclosure of Interests in Other Entities" aggregates the revised disclosure requirements relating to IAS 27 and IFRS 10, IAS 31 and IFRS 11, and IAS 28 into one standard. More detailed disclosures are required as a result of this revision.

The adaptation to **IAS 19 „Employee Benefits"** results in changes to the accounting treatment of employee contributions as part of defined benefit plans. These new regulations simplify the treatment of employee contributions that are not tied to the number of service years. In this case, independently of the planning formula, the service cost can be reduced for the period in which the corresponding service is rendered. This new regulation must be applied for fiscal years commencing from July 1, 2014. For KROMI Logistik AG this has no effect.

The new version of **IAS 27 „Separate Financial Statements"** now solely comprises the unchanged regulations relating to IFRS separate financial statements. No effects arise for the KROMI Group.

The new version of **IAS 28 „Interests in Associates and Joint Ventures“** regulates for the first time that, in the case of planned partial disposals of an associate or joint venture, the interest that is held for sale is to be accounted for as „non-current assets and discontinued operations held for sale“ pursuant to IFRS 5, to the extent that the related classification preconditions have been satisfied. The remaining interest continues to be carried forward according to the equity method until the disposal of the interest that is held for sale. The new regulation has no effects on the financial statements of the KROMI Group.

The amendments to **IAS 32 „Financial Instruments: Presentation“** include additional application guidelines relating to the offsetting of financial assets with financial liabilities. This emphasises that an unconditional and legally enforceable offsetting right must also exist in the case of the insolvency of a participating party. The amendments have solely clarificatory character and no effects arise for the consolidated financial statements of KROMI Logistik AG.

The amendments to **IAS 36 „Impairment of Assets“** specify disclosures where an asset is impaired and the recoverable amount was determined on the basis of its fair value less costs of disposal. This amendment creates no effects for the consolidated financial statements of KROMI Logistik AG.

The amendments to **IAS 39 „Financial Instruments: Recognition and Measurement“** include simplified regulations whereby the discontinuation of hedge accounting is not required if the novation of a hedging instrument with a central counterparty meets certain criteria. No effects arise for the consolidated financial statements of KROMI Logistik AG.

IFRIC 21 „Levies“ clarifies for levies that are levied by a government entity and do not fall into the scope of application of another IFRS, how and, in particular, when such obligations are to be recognised as liabilities pursuant to IAS 37 „Provisions, Contingent Liabilities and Contingent Assets“. This new regulation must be applied for fiscal years commencing from June 17, 2014. The potential effects of this new regulation on accounting in the consolidated financial statements are currently being examined.

The following standards, interpretations and amendments to existing standards and interpretations, which are to be applied in the future, partially affect the Group‘s business. The company does not plan to apply standards early. Unless stated otherwise, the effects are currently being examined.

The new **IFRS 9 „Financial Instruments“** comprises simplified rules relating to the accounting treatment of financial instruments. In future, it will comprise just two categories for the classification of financial assets – measurement at amortised cost and measurement at fair value. The existing differentiated classification and measurement model of IAS 39 is to be discontinued. IFRS 9 also includes a revised impairment model and new hedge accounting rules. As part of the amendments to IFRS 9, IFRS 7 was also amended in relation to supplementary disclosures about comparable periods when applying IFRS 9 for the first time. These new regulations of IFRS 9 and IFRS 7 must be applied for fiscal years commencing from January 1, 2018 (subject to any EU endorsement still outstanding).

The amendments to the standards **IAS 28 „Interests in Associates and Joint Ventures“, IFRS 10 „Consolidated Financial Statements“ and IFRS 12 „Disclosure of Interests in Other Entities“** grant an exception in relation to the consolidation requirement pursuant to IFRS 10 if the parent entity meets the definition of an investment entity. It is also clarified that an investment entity that measures all of its subsidiaries at fair value has to provide the disclosures about investment entities as prescribed pursuant to IFRS 12. The amendments must be applied for fiscal years commencing from January 1, 2016 (subject to outstanding EU endorsement), and will have no effects on the consolidated financial statements of KROMI Logistik AG.

The amendments to **IFRS 11 „Joint Arrangements“** clarify that purchases of interests that comprise an operation in the meaning of IFRS 3 are to be accounted for on the basis of IFRS 3 and other applicable standards to the extent that doing so does not conflict with IFRS 11. These amendments must be applied for fiscal years commencing from January 1, 2016 (subject to any EU endorsement still outstanding).

The new **IFRS 14 „Regulatory Deferral Accounts“** permits retaining the application of national accounting regulations for regulatory deferral accounts when transitioning to IFRS. The new regulation must be applied for fiscal years commencing from January 1, 2016 (subject to outstanding EU endorsement), and will have no effects on the consolidated financial statements of KROMI Logistik AG.

The new **IFRS 15 „Revenue from Contracts with Customers“** aggregates the large number of regulations that have previously been contained in various standards and interpretations, and sets standard basic cross-sector principles for all categories of sales revenue transactions. This new regulation must be applied for fiscal years commencing from January 1, 2017 (subject to any EU endorsement still outstanding).

The amendments to **IAS 16 „Property, Plant and Equipment“ and IAS 38 „Intangible Assets“** are intended to clarify which depreciation and amortisation methods are appropriate. These amendments must be applied for fiscal years commencing from January 1, 2016 (subject to any EU endorsement still outstanding).

The adaptation of **IAS 16 „Property, Plant and Equipment“ and IAS 41 „Agriculture“** requires bearer plants to be treated in the future as property, plant and equipment in the meaning of IAS 16. Agricultural produce, by contrast, continues to be treated on the basis of IAS 41. The amendments must be applied for fiscal years commencing from January 1, 2016 (subject to outstanding EU endorsement), and will have no effects on the consolidated financial statements of KROMI Logistik AG.

The amendments to **IAS 27 „Consolidated and Separate Financial Statements“** introduce the equity method as an additional accounting alternative for the recognition of interests in subsidiaries, joint ventures and associates in separate IFRS financial statements. The new regulations must be applied for fiscal years commencing from January 1, 2016 (subject to outstanding EU endorsement), and will have no effects on the consolidated financial statements of KROMI Logistik AG.

The amendments to **IAS 28 „Interests in Associates and Joint Ventures“ and IFRS 10 „Consolidated Financial Statements“** are intended to correct well-known inconsistencies between the regulations of both standards for the case where assets are sold to an associate or joint venture, or where assets are contributed to an associate or joint venture. These new regulations must be applied for fiscal years commencing from January 1, 2016 (subject to any EU endorsement still outstanding).

„Improvements to IFRS 2011 – 2013“ must be applied for fiscal years commencing from January 1, 2015. This effects IFRS 1, IFRS 3, IFRS 13 and IAS 40.

2.3. Principles of consolidation, scope of consolidation

The Group treats business combinations by applying the purchase method if the Group has gained control. The Group controls a company when it is exposed, or has rights, to variable returns from its involvement with the company and has the ability to affect those returns through its power over the company.

The group of consolidated companies includes the financial statements of

- KROMI Logistik AG, Hamburg, the Group‘s parent company,
- KROMI Slovakia s.r.o., Prievidza, a wholly-owned Slovakian company, and
- KROMI CZ s.r.o., Liberec, a wholly-owned Czech company, and
- KROMI Logistica do Brasil Ltda, Joinville, a Brazilian company in which the company holds a 99 % interest, and
- KROMI Logistik Spain S.L., Vitoria, a Spanish company in which the company holds a 99 % interest.

The financial statements of the German and foreign companies included in the consolidated financial statements were prepared as of the balance sheet date for the consolidated financial statements (June, 30), and are based on uniform accounting and valuation methods.

Intra-group profits and losses, revenues, expenses and income are eliminated, as are receivables, liabilities and provisions between the parent company and its subsidiaries.

2.4. Currency translation

Transactions denominated in foreign currencies are translated applying the cash exchange rate on the transaction date. As a rule, we carry cash items denominated in foreign currencies on the balance sheet applying the exchange rate on the balance sheet date. Currency translation differences are all recognised in income.

The reporting currency for the consolidated financial statements is the Euro, which is also the parent company‘s functional currency. The Euro is the functional currency of KROMI Slovakia s.r.o. and KROMI Logistik Spain S.L. The Czech Kroner is the functional currency of KROMI CZ s.r.o. The functional currency for KROMI Logistica do Brasil Ltda is the Brazilian Real. The assets and liabilities of the subsidiary are translated to the reporting currency applying the closing date on the respective balance sheet date. Equity is translated applying historical exchange rates. Items in the income statement are translated applying average rates of exchange. Differences from currency translation are taken directly to equity and carried under a separate consolidated equity item. Please refer to the statement of changes in equity. The exchange rate for Euros (EUR) to the Brazilian Real (BRL) comprises a material factor for currency translation in the KROMI Group. Currency translation in the years stated was based on the following exchange rates in each case:

EUR in BRL	June 30, 2015	June 30, 2014
Exchange rate on balance sheet date	3.47	3.00
Annual average exchange rate	3.19	3.08

Currency translation differences in the individual financial statements and from the consolidation of receivables, liabilities, expenses and income resulted in expenses that are recognised in income totalling EUR 640 thousand (previous year: EUR 176 thousand).

3. Summary of key accounting methods

3.1. Consolidated balance sheet items

With the exception of **goodwill**, purchased intangible assets are measured at cost on the date when they are included in the financial statements, and amortised straight-line over their respective useful lives. Straight-line depreciation is carried through profit or loss. These relate exclusively to assets of limited useful life. The amortisation of capitalised software licenses is based on a useful life of one to three years. The amortisation rate is consequently 33 % or 100 % p.a.

Acquired **goodwill** relates to the transfer of intangible assets from Tarpenring 11 Vermögensverwaltungsgesellschaft mbH. Amortisation is not applied to goodwill according to IAS 36, but is instead tested for impairment at least once per year. All impairment losses are expensed immediately.

Goodwill is tested for impairment based on forecast-based future cash flows for the cash-generating unit to which the goodwill is allocated. The goodwill that is capitalised in the consolidated financial statements is tested for impairment at the level of KROMI Logistik AG. No goodwill impairment losses were required as a result of impairment testing.

Expenses for research and development activities that can be capitalised according to IAS 38 were not incurred during the period under review.

Property, plant and equipment is carried at cost from the date it is acquired and depreciated straight-line over its useful life. Straight-line depreciation is carried through profit or loss.

Depreciation is measured based on the following estimated useful lives:

	Useful life (in years)	Depreciation (%)
Buildings	33	3
Other property, plant and equipment	1 - 10	10 - 100

A financial asset is initially recognised at fair value. Transaction costs are taken into account to the extent that the asset is not an asset measured at fair value through profit or loss.

No collateral is held for financial assets.

Other **non-current receivables** include reinsurance policies taken out to finance issued pension commitments which do not comprise qualified insurance policies, and bank balances pledged to cover pension commitments. The reinsurance policies are measured at the fair value of the reinsured assets according to IAS 19.104A. Calculations are based on actuarial surveys based on biometric information. The anticipated income is carried under the net financial result. Actuarial gains / losses are recognised in profit and loss (within the net financial result) in full in the year in which they arise.

Merchandise **stocks** are carried under inventories. Inventories are carried at cost, if necessary taking into account a lower net realisable value on the balance sheet date. First-in first-out consumption has been assumed (FIFO). Apart from the rights of retention customary in the industry, inventories are not subject to third-party rights.

Trade receivables are carried at amortised cost, which as a rule corresponds to their nominal values, taking into account all recognisable risks. Specific valuation allowances are formed for individual identifiable risks.

Risks are estimated by the Managing Board, assuming the future cash flow from the respective balance sheet item that is anticipated on the date the financial statements are prepared. If payments are regarded as being unlikely, this risk is taken into account through percentage reductions (specific valuation allowances). The Managing Board believes that the valuation allowances provide sufficient cover for the existing risks. It is impossible to either estimate or state a range of event probabilities and risks.

Other current assets and income tax claims are carried at amortised cost. As a rule these correspond to the nominal value, taking into account a lower value on the balance sheet date.

The acquisition of an asset is recognised as soon as economic ownership has transferred to the company. Assets are derecognised as soon as economic ownership has transferred to the acquiring party, or a final and certain loss of value has occurred.

Cash and cash equivalents are carried at nominal value.

Deferred taxes are formed according to the requirements of IAS 12. Deferred tax assets and liabilities are to be carried for temporary differences that result from differences in the carrying amounts for assets and liabilities between the IFRS financial statements and the respective tax base. Deferred taxes are calculated based on future national tax rates for the respective temporary differences. The temporary differences are due almost exclusively to KROMI Logistik AG. The corporation tax rate for domestic companies in Germany totalled 15.0 % in the period under review (previous year: 15.0 %). The Solidarity Surcharge amounts to 5.5% of the amount of corporation tax charged (previous year: 5.5 %) . The company's average trade tax rate amounts to approximately 16.5% (previous year: 16.5 %). After tax rates have been compounded, a lump-sum tax rate of 32.0 % is applied to calculate deferred tax assets (previous year: 32.0 %). A 32.0 % tax rate is applied for the Brazilian subsidiary (previous year: 32.0 %).

A differentiation is made between tax claims (deferred assets) and tax liabilities (deferred liabilities). These are generally non-current pursuant to IAS 1.70. Deferred tax assets resulting from tax loss carryforwards are capitalised to the extent that it is probable that taxable earnings will arise in the foreseeable future against which the tax loss carryforwards can be offset.

Subscribed share capital is carried at its nominal value. Payments and contributions by shareholders that exceed the subscribed share capital are carried under the share premium account. The costs of procuring equity are carried as a deduction from equity (netted with the share premium account), net of any associated income tax benefits, pursuant to IAS 32.35.

The currency translation item includes the currency translation differences from translating the financial statements of subsidiaries from their functional currencies to Euros. These differences are taken directly to equity.

In accordance with IAS 37, provisions are formed for all identifiable obligations to third parties for which it is probable that fulfilment of the obligations will lead to an outflow of resources and for which a reliable estimate of the amount of the obligation can be made. If the amount and occurrence of the obligation are sufficiently certain, these are carried under liabilities.

Liabilities are measured at amortised cost, which generally corresponds to the repayment amount, and applying the effective interest method.

Financial liabilities are recognised as soon as the event that results in the liability has occurred. Financial liabilities are derecognised as soon as the liability has been fully redeemed, or if it is certain that it is no longer likely to be utilised.

With the exception of derivative financial instruments which are designated as hedging instruments, and which are effective as such, financial liabilities in the KROMI Group are exclusively allocated to the categories „loans and receivables“ and „financial liabilities at amortised cost“ according to IAS 39.

KROMI Logistik deploys derivative financial instruments in the form of interest-rate swaps to hedge against interest-rate risks (cash flow hedge). These derivative financial instruments were recognised at fair value on the date when the contracts were entered into, and are remeasured at fair value in subsequent periods. Derivative financial instruments are recognised as financial assets if their fair value is positive, and as financial liabilities if their fair value is negative. The negative fair values of the interest-rate swaps were reported as financial liabilities as of June 30, 2015.

At the start of hedging, both the hedging relationship and the Group‘s risk management objectives and strategy relating to the hedging were formally determined and documented.

This documentation includes determining the hedging instrument, the underlying transaction and the type of risk hedged, as well as a description of how the company values the efficacy of the hedging instrument‘s fair value changes in compensating the risks arising from changes to the cash flows of the hedged transaction, which relate back to the hedged risk. The interest-rate swaps were assessed to be effective to a high degree.

Gains or losses arising from changes to the fair value of the interest-rate swap are reported in other comprehensive income, within the cash flow hedging reserve.

The amounts reported in other comprehensive income are rebooked to the income statement in the period in which the hedged transaction affects net income, in other words, when the hedged interest expenses are reported.

The interest-rate swaps were fully classified as non-current in line with the total term of the hedged loan and the working capital credit line, and taking into account materiality aspects.

3.2. Recognition of revenues and expenses

Income from the sale of merchandise and the provision of services is carried under revenues. In the case of merchandise, revenue is recognised, as a matter of principle, when the merchandise is delivered to the customer, and consequently when the significant risks and opportunities connected with ownership transfer to the purchaser, the receipt of the consideration is probable, the costs can be estimated reliably, and no further power of disposition over the goods exists. Sales revenues are recognised less price discounts. To the extent that goods are delivered when customers remove merchandise from the KTC dispensers (KROMI Tool Centre, comprising a service desk and tool dispenser unit) installed at customers' facilities, revenues are recognised when the customers remove the merchandise. Income from services is recognised when the respective service is performed. Revenues are measured in the amount of the income received.

The cost of materials is recognised as soon as the merchandise is sold or written off due to zero value. Measurement is performed by applying the moving average price. Impairments to non-current assets and receivables are recognised as soon as the impairment has occurred. Amortisation/depreciation is calculated based on normal useful lives, and valuation allowances are applied to receivables in line with the prospective loss on the receivable. Other expenses are recognised as soon as the service has been rendered. These are measured in the amount of the agreed consideration.

Borrowing costs are expensed in the period in which they are incurred. The company did not incur borrowing costs that can be directly allocated to the purchase, construction or production of a qualified asset. Borrowing costs comprise interest payments and other costs which a company incurs in connection with the drawing down of borrowings.

3.3. Employee benefits from pension plans

Any defined benefit plans for employees that exist are structured as a direct commitment. As a result, no assets are removed from the balance sheet, but rather the existing benefit obligations that have been accrued on a pro rata basis on the balance sheet date are carried at their present values as provisions on the balance sheet, and are offset with plan assets arising from reinsurance policies. The benefit commitment on the balance sheet date is measured applying actuarial principles and the projected unit credit method. In this method, not only the acquired entitlements that are known on the balance sheet date, but also future expected pension increases are taken into account. Calculations are based on actuarial surveys that are in turn based on biometric information according to the Heubeck 2005G mortality tables. Actuarial gains and losses are carried directly to equity in the year in which they arise. The current service cost is carried as personnel expenses, and the interest portion is carried as financial expense.

The state pension plans to which the Group contributes are classified as defined contribution plans. In addition, the Group has made additional benefit commitments through a congruently reinsured benefit fund, which are also classified as a defined contribution plan. The contributions paid in each case are carried under personnel expenses. The defined contribution plans do not result in any assets and liabilities that should be allocated to the Group.

3.4. Currency translation

Only minor amounts of liabilities denominated in foreign currency existed on the balance sheet dates. The company has no receivables denominated in foreign currencies.

3.5. Contingent liabilities

Contingent liabilities as defined by IAS 37 are stated in the notes to the consolidated financial statements to the extent that the outflow of resources is unlikely or the amount of the obligation cannot be reliably determined.

3.6. Estimates and assumptions

The preparation of consolidated financial statements requires the use of estimates and judgement-based assumptions that impact the amounts carried in the consolidated financial statements and the information provided in this regard. Although these estimates have been made according to the best of the Managing Board's knowledge, actual results may differ from these estimates.

When applying accounting and valuation policies in the Group, the management made the following estimates that have a material effect on the amounts in the consolidated financial statements:

On the balance sheet date, valuation allowances of EUR 965 thousand had been applied to trade receivables (previous year: EUR 977 thousand). No impairment adjustments were required for inventories, as in the previous year. The management believes that existing risks are sufficiently covered as a consequence. Actual results and developments may differ from these estimates and assumptions.

4. Notes on individual consolidated balance sheet items

4.1. Non-current assets

4.1.1. Intangible assets and property, plant and equipment

The gross acquisition costs and cumulative amortisation/depreciation changed as follows in the year under review and in the previous year

In EUR thousand	Intangible assets Goodwill	 Other	Land and buildings	Other property, plant and equipment
Acquisition costs on 01 / 07 / 2014	150	461	3,157	6,422
Currency differences	0	0	0	0
Additions - individual acquisitions	0	48	0	272
Disposals	0	0	0	-53
Reclassifications	0	0	0	0
Acquisition costs on 30 / 06 / 2015	**150**	**509**	**3,157**	**6,641**
Amortisation / depreciation on 01 / 07 / 2014	0	394	258	5,119
Currency differences	0	0	0	0
Additions	0	52	83	496
Disposals	0	0	0	-53
Reclassifications	0	0	0	0
Amortisation / depreciation on 30 / 06 / 2015	**0**	**446**	**341**	**5,562**
Carrying amount on 01 / 07 / 2014	150	67	2,899	1,303
Carrying amount on 30 / 06 / 2015	**150**	**63**	**2,816**	**1,079**

In EUR thousand	Intangible assets Goodwill	 Other	Land and buildings	Other property, plant and equipment
Acquisition costs on 01 / 07 / 2013	150	405	3,157	6,095
Currency differences	0	0	0	0
Additions - individual acquisitions	0	56	0	401
Disposals	0	0	0	-74
Reclassifications	0	0	0	0
Acquisition costs on 30 / 06 / 2014	**150**	**461**	**3,157**	**6,422**
Amortisation / depreciation on 01 / 07 / 2012	0	308	176	4,604
Currency differences	0	0	0	0
Additions	0	86	82	589
Disposals	0	0	0	-74
Reclassifications	0	0	0	0
Amortisation / depreciation on 30 / 06 / 2014	**0**	**394**	**258**	**5,119**
Carrying amount on 01 / 07 / 2013	150	97	2,981	1,491
Carrying amount on 30 / 06 / 2014	**150**	**67**	**2,899**	**1,303**

Intangible assets include software in the amount of EUR 63 thousand (previous year: EUR 67 thousand), which is used for the operation of the server and the PC systems. In addition, goodwill is carried in the amount of EUR 150 thousand (previous year: EUR 150 thousand) from the acquisition of intangible assets from Tarpenring 11 Vermögensverwaltungsgesellschaft mbH. According to IAS 36, goodwill is not amortised, and no impairment was reported.

Other property, plant and equipment relates to KTC dispensers and general office equipment, including office furniture, computers and vehicles.

Bank borrowings of EUR 1,578 thousand (previous year: EUR 1,578 thousand) are collateralised through land charges on property.

4.1.2. Other non-current receivables

This item exclusively comprises the re-insurance concluded to finance the pension commitments made, which do not comprise plan assets, in an amount of EUR 297 thousand (EUR 273 thousand). In addition, this item includes EUR 992 thousand of bank deposits pledged to secure the pension commitments (previous year: EUR 989 thousand).

The changes in plan assets are presented in section 4.4.1.

4.2. Current assets

4.2.1. Inventories

As of June 30, 2015, no inventories existed that are recognised at net realisable value, as in the previous year. No impairments to inventories were reported in the 2014/2015 fiscal year, as in the previous year.

4.2.2. Trade receivables

Composition:

In EUR thousand	June 30, 2015	June 30, 2014
Gross receivables	16,313	15,449
Less write-downs	-965	-977
	15,348	**14,472**

Trade receivables relate to receivables from customers from the delivery of goods and the provision of services. Receivables do not carry interest and are generally due within one year. The additions to the valuation allowances for trade receivables totalled EUR 90 thousand in the fiscal year (previous year: EUR 110 thousand). Valuation allowances and reversals of valuation allowances changed as follows:

In EUR thousand	Specific allowance
As of June 30, 2013	**939**
Additions through profit or loss	110
Utilisation / reversal	-72
As of June 30, 2014	**977**
Additions through profit or loss	90
Utilisation / reversal	-102
As of June 30, 2015	**965**

The term structure of the trade receivables on June 30, 2015 was as follows:

In EUR thousand					Of which overdue and unimpaired				
	Carrying amount of receivables	Of which impaired	Of which unimpaired	Of which not overdue	Up to 3 months	Between 3 months and 6 months	Between 6 months and 12 months	More than 12 months	Total overdue
As of 30 / 06 / 2015	16,313	965	15,348	12.430	2.776	59	76	7	2.918
As of 30 / 06 / 2014	15,449	977	14,472	11,963	2,422	16	54	17	2,509

On the balance sheet date, receivables of EUR 2,918 thousand (previous year: EUR 2,509 thousand) were overdue and had not been written down. Of the overdue unimpaired receivables, receivables in an amount of EUR 2,786 thousand (previous year: EUR 2,465 thousand) had been received at the time when this annual report was prepared. The non-overdue receivables have retained their value in the management‘s assessment.

The carrying amounts of the gross trade receivables (before specific valuation adjustments) are denominated in the following currencies:

In EUR thousand	June 30, 2015	June 30, 2014
Receivables in EUR	15,634	14,730
Receivables in BRL	679	719
	16,313	15,449

4.2.3. Other current assets

Composition:

In EUR thousand	June 30, 2015	June 30, 2014
Value added tax	211	376
Advances to commercial representatives	43	163
Prepaid expenses	92	139
Deferred bonus payments	67	83
Creditors in debit	4	20
Industrial product tax (Brazil)	130	170
Other	231	11
	778	**962**

All other current receivables are due within one year. Overdue or value adjusted items are not included.

4.2.4. Cash and cash equivalents

The cash and cash equivalents comprise current account balances and cash in hand of EUR 741 thousand (previous year: EUR 253 thousand). From the management's perspective, all of these funds are designated for fulfilling payment obligations and consequently act as a liquidity reserve.

The cash and cash equivalents are denominated in the following currencies:

In EUR thousand	June 30, 2015	June 30, 2014
Cash and cash equivalents in EUR	609	244
Cash and cash equivalents in BRL	105	4
Cash and cash equivalents in CZK	27	5
	741	**253**

4.3. Equity

For details of the changes in equity please refer to the statement of changes in equity.

Composition:

In EUR thousand	June 30, 2015	June 30, 2014
Subscribed capital	4,125	4,125
Share premium account	15,999	15,999
Retained earnings	1,007	1,007
Balance sheet profit	1,578	1,721
Other reserves	295	218
Equity due to shareholders Equity	**23,004**	**23,070**
Non-controlling interests	-38	-27
	22,966	**23,043**

Composition of other reserves:

In EUR thousand	Adjustment item for currency translation and other reserves June 30, 2015	June 30, 2014
Currency translation differences	861	478
Cash flow hedge	-133	-141
Revaluation of pensions	-433	-119
	295	**218**

4.3.1. Subscribed capital and authorised capital

The subscribed share capital of KROMI Logistik AG amounted to a total of EUR 4,124,900 on June 30, 2015 (previous year: EUR 4,124,900). It comprises 4,124,900 no par value bearer shares (previous year: 4,124,900). All of the shares are ordinary shares and carry an equal participating interest in the company's share capital. No differing share classes exist. One share grants the holder one vote at the General Meeting.

By way of a resolution by the General Meeting on December 8, 2009 the Managing Board was authorised, subject to the consent of the Supervisory Board, for the period through to December 20, 2014 to increase the share capital of the company by up to a total of EUR 2,062 thousand through one or more issues of new no par value bearer shares against cash and/or non-cash capital contributions (Authorised Capital).

All of the shares had been fully paid in on the balance sheet date.

4.3.2. Share premium account

The share premium account comprises a differential amount arising from the formation of the company (spin-off for transfer on January 1, 2002) of EUR 10 thousand, to the extent that the net assets at their carrying amounts exceeded the nominal amount of the issued shares, as well as EUR 12,653 thousand from the premium from the issue of new shares as part of the IPO in March 2007 after deducting the costs of procuring equity within the meaning of IAS 32, as well as EUR 3,336 thousand from the premium from the issue of new shares as part of the capital increase in June 2009 less the associated income tax relief, implemented after deducting the costs of procuring equity within the meaning of IAS 32, less the associated income tax relief.

4.3.3. Retained earnings

Retained earnings relate to the adjustments from the first-time application of IFRS as of January 1, 2002 totalling EUR 7 thousand and from the addition to other retained earnings of EUR 1,000 thousand from the profits from the 2007/2008 fiscal year as approved by the General Meeting on December 9, 2008.

4.3.4. Cash flow hedging reserve

This reserve item includes the negative fair values of interest-rate swaps which were designated as hedging instruments, and which are effective as such, less related deferred tax.

4.3.5. Adjustment item for currency conversion

The differences in the equity of the foreign subsidiaries resulting from changes in the exchange rate between the date of first-time consolidation and the balance sheet date and the differences from the translation of the income statement are disclosed in the „Other reserves“ item together with the „Adjustment item for currency conversion“ item.

4.3.6. Non-controlling interests

Non-controlling (minority) interests are carried at the proportionate amount of the identifiable net assets of the respective subsidiary. Negative non-controlling interests are carried as a result of the losses incurred that exceed the minority interests in equity.

4.3.7. Information about capital management

The Group‘s capital structure mostly comprises current liabilities from ongoing business, and equity. Equity is almost entirely due to the parent company‘s shareholders, and mostly comprises shares issued, the capital reserves, revenue reserves and the other earnings. The equity ratio stood at 57.7 % as of June 30, 2015 (previous year: 62.4 %).

KROMI Logistik AG pursues the objective of sustainably securing its capital over the long term, and of generating an appropriate return on capital employed. The company actively pursues this objective by constantly monitoring its margins per customer, and through additional key indicators. In this context, the Group‘s balance sheet equity is only used as a passive control ratio, whereas revenues and EBIT are used as active control ratios.

The Group‘s current operating activities were financed from operating cash flow. A property acquisition in the previous year was financed using a long-term (non-current) loan.

4.4. Non-current liabilities

4.4.1. Pension provisions

Existing pension commitments relate to several individual commitments the comprise defined benefit plans in the meaning of IAS 19. Such commitments are realised through direct pension commitments. In each case, a monthly retirement and invalidity pension in a fixed Euro amount is committed. In addition, in the case of some commitments, a widow‘s pension exists equivalent to 60 % of the pledged retirement pension. The pensions are increased regularly to reflect a guaranteed adjustment rate.

Please refer to section 13.1 for the characteristics of the defined benefit pension plans.

To finance the pension obligations, exclusively reinsurance policies are concluded that are partially offset as plan assets with the provision. Above and beyond this, a bank deposit exists to finance one commitment. This deposit is pledged to the pension recipient (please see section 4.1.2).

The actuarial obligation value changed as follows during the fiscal year:

In EUR thousand	Target value of obligation June 30, 2015	June 30, 2014
Balance at start of period	**2,326**	**2,123**
Ongoing service cost	69	61
Interest expenses	71	74
Expense for pension benefit	**140**	**135**
Balance at end of period (expected)	**2,466**	**2,258**
Actuarial gains (-) / losses (+) resulting and amortised during the period	439	68
Balance at end of period (actual)	**2,905**	**2,326**
Less plan assets	-484	-416
Balance at end of period (net)	**2,421**	**1,910**

The following actuarial assumptions were applied when calculating the provision:

in % p.a.	June 30, 2015	June 30, 2014
Discount Rate	2.08	3.10
Future pension increases	1.00 – 2.00	1.00 – 2.00
Anticipated employee turnover	0.00	0.00

Biometric basis (mortality): Heubeck 2005 mortality tables

Notable risks pertaining to the Group pension plans arise especially from capital market trends that influence financial assumptions such as the interest rate, as well as changes to demographic assumptions such as a change in life expectancy.

Sensitivity calculation relating to the interest rate:

	Interest rate	Defined Benefit Obligation	Service Cost
Basis calculation	2.08 %	EUR 2,904,699	EUR 91,487
Sensitivity – 0.5 % points	1.58 %	EUR 3,224,460	EUR 104,673
Sensitivity + 0.5 % points	2.58 %	EUR 2,628,353	EUR 80,235

Sensitivity calculations relating to mortality:

		Defined Benefit Obligation	Service Cost
Basis calculation	Life expectancy based on Heubeck 2005 mortality tables	EUR 2,904,699	EUR 91,487
Sensitivity	1 year higher life expectancy	EUR 3,040,242	EUR 96,124
Sensitivity	1 year lower life expectancy	EUR 2,765,921	EUR 86,752

In each case, the sensitivity calculations presented above take into account the change to an assumption whereby the other assumptions remain unchanged compared with the original basis calculation. In other words, the sensitivity analysis does not take into account correlation effects between the individual assumptions. Consequently, the interest rate was adjusted up and down by 0.5 percentage points in each case, and life expectancy was increased and reduced by one year, whereby all the other assumptions were unchanged compared with the basis calculation.

A sensitivity calculation relating to pension trends has not been presented as the related levels include a contractually guaranteed adjustment. A sensitivity calculation relating to staff turnover has also not been presented, as little turnover is anticipated due to there being very few related staff.

The duration of the existing pension commitments amounts to 19.00 years.

Plan assets:

This item exclusively comprises the re-insurance concluded to finance the pension commitments made. These constitute qualified insurance policies in the meaning of IAS 19.

The reinsurance policies changed as follows in the year under review:

	Present value of asset	
In EUR thousand	**June 30, 2015**	**June 30, 2014**
Balance at start of period	**416**	**350**
Interest income	14	11
Contributions paid by employer	70	68
Payments rendered	0	0
Balance at end of period (expected)	**500**	**429**
Revaluation	-16	-13
Balance at end of period (actual)	**484**	**416**

The income expected from the insurance policies totals 3 % p.a. (previous year: 3.0 % p.a.). This expectation is based on the general interest-rate level.

Change in pension provision:

Balance sheet date	June 30, 2015	June 30, 2014
Net obligation at start	**1,910,404**	**1,772,700**
Pension expenses	126,312	121,720
Re-measurement	454,520	83,526
Pension payments	0	0
Employer contributions	-70,228	-67,542
Net obligations at end	**2,421,008**	**1,910,404**

During the year under review, the Group also granted benefits through a congruently reinsured benefits fund, which are also classified as a defined contribution plan. During the year under review, an amount of EUR 105 thousand was expensed for these benefit commitments (previous year: EUR 105 thousand). The benefit commitments do not result in any assets and liabilities that should be allocated to the Group.

A total of EUR 531 thousand was paid to statutory or state pension plans for defined contribution plans in the 2014/2015 fiscal year (previous year: EUR 482 thousand).

4.4.2. Non-current interest-bearing loans

In order to finance a property acquisition, a EUR 1,500 thousand loan with a term until June 30, 2022 was taken out in the 2011/2012 fiscal year. This loan is collateralised with land charges. Repayment is on a quarterly basis in an amount of EUR 25 thousand. The short-term portion of the loan in an amount of EUR 100 thousand is reported among current interest-bearing loans. The variable interest rate is 3-month EURIBOR +1.05 %, which is hedged through an interest-rate swap (see other non-current liabilities). The interest payments are due quarterly.

4.4.3. Other non-current liabilities

KROMI Logistik deploys derivative financial instruments in the form of interest-rate swaps to hedge against interest-rate risks (cash flow hedge).

An interest-rate swap for a nominal capital amount of EUR 1,500 thousand was entered into in the 2011/2012 fiscal year to hedge the purchase financing for a property. On the basis of the agreement, the Group makes a quarterly fixed interest payment of 2.3 % of the nominal capital amount, and receives a variable interest rate equivalent to 3-month EURIBOR. The interest-rate swap carries a term until 2022 in line with the loan‘s term.

A further interest-rate swap comprising a volume EUR 3.0 million was also entered into in the 2012/2013 fiscal year, which serves to hedge working capital credit lines. On the basis of the agreement, the Group makes a quarterly fixed interest payment of 1.27 % of the nominal capital amount, and receives a variable interest rate equivalent to 3-month EURIBOR. The interest-rate swap carries a term until 2017. These loans meet Level 3 criteria.

These derivative financial instruments were recognised at fair value on the date when the contracts were entered into, and are remeasured at fair value in subsequent periods. The negative fair value of the interest-rate swap of EUR 195 thousand (previous year: EUR 207 thousand) is calculated applying the mark-to-market method, and was reported as a financial liability as of June 30, 2015. The interest-rate swaps were fully classified as non-current in line with the total term of the hedged loan and the planned working capital credit line, and taking into account materiality aspects.

The lending risks have not changed since the issue date. The carrying amount corresponds to fair value.

4.4.4. Deferred taxes

Deferred taxes result from temporary differences between the carrying amounts of assets and liabilities in the tax-relevant accounts and the carrying amounts in the IFRS financial statements, as well as from tax loss carryforwards that have not yet been utilised. They are attributable to balance sheet items and loss carryforwards as follows:

In EUR thousand	June 30, 2015	June 30, 2014	Changes	
			Income statement	Other comprehensive income
Deferred tax assets				
Pension provisions	418	253	25	140
Interest-rate swap (cash flow hedge)	63	66	-	-3
Loss carryforwards	82	82	-	-
	563	401	25	137
Deferred tax liabilities				
Goodwill	27	24	3	-
	27	24	3	0

4.5. Current borrowings

4.5.1. Liabilities from income taxes

Tax liabilities mostly relate to the income taxes to be demanded by the German tax authorities for the 2014/2015 and 2013/2014 fiscal years.

Composition:

In EUR thousand	June 30, 2015	June 30, 2014
Corporate tax	34	265
Corporation tax for previous years	48	153
Trade tax	72	80
Trade tax for previous years	53	133
	207	631

4.5.2. Current interest-bearing loans

Composition:

In EUR thousand	June 30, 2015	June 30, 2014
Commerzbank - money market loan -	1,500	1,500
HypoVereinsbank - Euro loan -	1,000	1,000
HSH Nordbank - money market loan -	1,000	500
Deutsche Bank - current account -	1,116	1,521
Commerzbank - current account -	1,008	0
Deutsche Bank - Brasil -	108	0
HypoVereinsbank - property funding -	100	100
Deferred interest	13	10
	5,845	4,631

The current accounts are due on demand. The interest rates stood at between 1.6 % and 6.18 % as of June 30, 2015. The EUR 1,000 thousand money market loan is due on October 15, 2015, and the interest rate amounts to 1.6 %. The other money market lending facility is due on October 16, 2015, and carries a 1.61 % interest rate. The Euro lending facility carries a term until October 2, 2015, and 1.65 % interest.

4.5.3. Trade accounts payable

Liabilities from deliveries of goods received are carried under trade payables. These are due for payment after the balance sheet date. The supplier payables do not carry interest, and are all due within between one and three months.

The carrying amounts of the trade accounts payable are denominated in the following currencies:

	June 30, 2015	June 30, 2014
Liabilities in EUR thousand	5,476	4,082
Liabilities in BRL thousand	380	443
	5,856	**4,525**

4.5.4. Other current liabilities

Composition:

In EUR thousand	June 30, 2015	June 30, 2014
Personnel-related deferrals	573	354
Tax liabilities	218	209
Liabilities as part of social security	45	41
Other	177	181
	1.013	**785**

Personnel-related deferrals mostly relate to bonuses and outstanding vacation entitlements. Tax liabilities arise primarily from VAT liabilities within the EU region.

All other current liabilities do not bear interest and are due within one year.

5. Notes to the consolidated income statement

5.1. Revenues

KROMI Logistik sold goods and associated services during the period under review. Revenues are composed as follows:

In EUR thousand	July 1, 2014–June 30, 2015	July 1, 2013 – June 30, 2014
Deliveries - Germany	38,906	36,798
Deliveries - rest of world	22,243	22,383
Services - Germany	1,816	1,714
Services - rest of world	862	854
Sales allowances	-486	-462
	63,341	61,287

Revenue of BRL 11,095 thousand (EUR 3,482 thousand) was generated in Brazil in the 2014/2015 fiscal year (previous year: BRL 11,492 thousand / EUR 3,730 thousand).

5.2. Other operating income

Composition:

In EUR thousand	July 1, 2014 – June 30, 2015	July 1, 2013 – June 30, 2014
Cost allocations to related companies	318	322
Benefits in kind - vehicles	411	324
Income from written-down receivables	1	3
Rent	46	46
Income from disposals of plant	0	0
Other	114	62
	890	757

5.3. Cost of materials

Composition:

In EUR thousand	July 1, 2014 – June 30, 2015	July 1, 2013 – June 30, 2014
Materials utilised	48,279	47,015
Purchased services	124	113
Taxes in Brazil	524	586
Less discounts	-795	-786
Less bonus payments	-269	-255
	47,863	**46,673**

5.4. Staff costs

Composition:

In EUR thousand	July 1, 2014 – June 30, 2015	July 1, 2013 – June 30, 2014
Wages and salaries	7,808	6,865
Social security and retirement benefits	1,407	1,255
	9,215	**8,120**

During the fiscal year from July 1, 2014 to June 30, 2015 the Group employed an average of 145 staff, who exclusively comprised salaried employees (previous year: 128), in addition to the members of the Managing Board. As of June 30, 2015, the Group employed a total of 154 staff including the members of the Managing Board (previous year: 134).

5.5. Other operating expenses

Composition:

In EUR thousand	July 1, 2014 – June 30, 2015	July 1, 2013 – June 30, 2014
Selling expenses	3,244	3,216
Operating costs	1,012	870
Administrative expenses	698	616
Expenses arising from currency differences	639	176
Additions to valuation allowances for receivables	13	38
Miscellaneous	337	326
	5,943	**5,242**

5.6. Financial expenses

Composition:

In EUR thousand	July 1, 2014 – June 30, 2015	July 1, 2013 – June 30, 2014
Miscellaneous interest expenses	223	227
Interest on pension commitments	57	74
	280	301

5.7. Other financial income

In the year under review, other financial income exclusively comprised EUR 60 thousand of interest income from current accounts (previous year: EUR 24 thousand).

5.8. Income taxes

Income taxes in the period under review derived from the following items:

In EUR thousand	July 1, 2014 – June 30, 2015	July 1, 2013 – June 30, 2014
Trade tax current year	270	274
Corporation tax current year	239	252
Solidarity surcharge current year	13	15
Foreign income taxes	4	3
Current year tax expense	**526**	544
Trade tax for previous years	7	1
Corporation tax for previous years	0	13
Solidarity surcharge for previous years	0	0
Previous years' tax expense	**7**	14
Deferred tax income - temporary differences	-25	-33
Deferred tax expenses - temporary differences	3	3
Tax deferrals – loss carryforwards	0	0
Deferred tax income	**-22**	-30
	511	528

The average Group tax rate for the 2014/2015 fiscal year stood at 32.0 % (previous year: 32.0 %).

The following presents the reasons for the divergences between the expected and actual tax expenses:

In EUR thousand	July 1, 2014 – June 30, 2015	July 1, 2013 – June 30, 2014
Profit before tax	358	975
Expected tax expense (tax rate: 32 %)	**115**	**312**
Taxes for prior years	7	14
Losses that cannot be utilised for tax purposes	0	0
Losses not yet utilised for tax purposes	0	0
Brazil: divergent measurement basis	346	167
Non-deductible expenses	35	33
Other	8	2
Actual tax expense for current year	**511**	**528**

The tax loss carryforwards amount to EUR 555 thousand (previous year: EUR 447 thousand) and correspond to EUR 189 thousand of deferred tax assets (previous year: EUR 152 thousand).

The tax losses can be offset for an indefinite period with the future taxable earnings of the company in which the loss arises. Deferred tax assets of EUR 82 thousand were recognised for tax loss carryforwards. To this extent, an amount of EUR 107 thousand was not recognised as a deferred tax asset. The possibility of utilisation was estimated cautiously based on planning.

5.9. EBIT, EBIT margin, gross profit

The company reported EUR 578 thousand of EBIT during the fiscal year (previous year: EUR 1,252 thousand). This also corresponds to earnings before interest and taxes (EBIT). The EBIT margin (as a percentage of revenue) consequently amounted to 0.9 % (previous year: 2.0 %). Gross profit grew from EUR 14,614 thousand to EUR 15,478 thousand.

6. Leasing

Whether an agreement contains a lease is determined on the basis of the economic content of the agreement on the date when the agreement was concluded, and requires an estimate as to whether the satisfaction of the contractual agreement depends on the utilisation of a certain asset or certain assets, and whether the agreement grants the right to the utilisation of the assets, even if such a right is not expressly determined within an agreement.

All other leases meet the criteria for operating leases according to IAS 17. Lease payments for operating leases are recognised directly in profit or loss.

The leases are concluded without options, and with a fixed lease term of 36 or 60 months as a rule.

Operating Leasing:

In EUR thousand	June 30, 2015	June 30, 2014
Total minimum future lease payments as a result of operating leases that cannot be terminated	935	865
- of which due within one year	520	429
- of which due within between one and five years	415	436
Total minimum future lease payments which are expected to be retained due to leases that cannot be terminated	0	0
Payments recognised in income in the reporting period from leases and subleases		
- minimum lease payments	891	747
- payments received from subleases	-46	-46

7. Contingent liabilities and financial commitments

Financial commitments

The defined contribution benefit plans result in monthly payments to a benefit fund of around EUR 9 thousand for the period in which an employment relationship exists with the beneficiary.

8. Financial risks and financial instruments

Categories of financial instruments

The Group‘s financial assets are its cash and cash equivalents and receivables. The primary financial instruments carried under assets are receivables to the extent that these are based on a contract, and to the extent that these are not connected to a retirement benefits plan. This relates almost exclusively to the trade receivables reported in the balance sheet, and to the advances to commercial representatives that are reported under other current assets.

The primary financial instruments carried as liabilities and bonus deferrals comprise all sub-groups of liabilities with the exception of commitments for retirement benefits, deferred income, deferred taxes and income tax liabilities. In addition, this does not include items that are not based on a contract (e.g. commitments to social security entities or tax authorities). The primary financial instruments carried under liabilities are almost exclusively interest-bearing loans and trade accounts payable carried under liabilities on the balance sheet.

Derivatives exist only in the form of two interest-rate swaps, which were designated as hedging instruments, and which are effective as such.

With the exception of derivative financial instruments which are designated as hedging instruments, and which are effective as such, financial liabilities in the KROMI Group are exclusively allocated to the categories „loans and receivables" and „financial liabilities at amortised cost" according to IAS 39. The short terms of these liabilities, however, and in the case of a longer-term loan, its variable interest rate, mean that their fair value does not differ materially from their carrying amounts on the balance sheet. The interest-rate swaps were measured at fair value. Besides these interest-rate swaps, there are no further financial instruments that are measured at fair value. The fair values of the interest-rate swaps were calculated using the mark-to-market method. As a result of the minor extent and negligible meaningfulness, the effect of a change in the fair value on equity (so-called sensitivity analysis) is not presented.

Default risk

Default risk is the risk of a counterparty not being able to fulfil its contractual obligations, resulting in a financial loss for the Group. The credit and default risk for financial assets corresponds at most to the amounts carried as assets.

The Group's default risk derives primarily from its trade receivables. The amount carried on the balance sheet includes valuation adjustments applied to doubtful receivables that the Managing Board has formed based on its estimate of its ability to collect the outstanding amounts.

The KROMI Group endeavours to limit default risks through appropriate diversification of its customer portfolio.

Liquidity and interest-rate risk

No material liquidity or interest-rate risks exist within the KROMI Group. Except for one non-current loan, the liabilities carry residual terms of less than one year. The variable interest-rate non-current loan is hedged with an interest-rate swap. The anticipated gross cash flows from these liabilities consequently largely correspond to the amounts carried on the balance sheet.

The Group has a credit line of EUR 13.0 million. The utilisation of this credit line amounted to EUR 5,346 thousand as of June 30, 2015.

Foreign currency risks

The foreign currency results reported during the year under review originated mostly from intra-group transactions between KROMI Logistik AG and its Brazilian subsidiary. No other material currency translation risks exist as almost all delivery agreements are concluded in Euros.

Only a small proportion of the Group's assets and liabilities are not denominated in Euros, and are denominated almost exclusively in the Brazilian Real. When translated into Euros, these financial assets totalled around EUR 679 thousand on the balance sheet date (previous year: EUR 719 thousand), and the financial liabilities totalled around EUR 488 thousand (previous year: EUR 443 thousand).

Sensitivity to changes in foreign currency exchange rates

The parent company finances its Brazilian subsidiary with Euro-denominated loans. A 5 % depreciation in the Real feeds through to EUR 221 thousand of exchange rate losses, and a 5 % appreciation of the Real equals EUR 232 thousand of exchange rate gains, both of which impact Group pre-tax earnings.

Market risk

Market risk is the risk that changes occur to market prices such as exchange rates, interest rates and share prices, thereby affecting the Group's income or the value of financial instruments that it holds. The aim of market risk management is to manage and control market risk within acceptable bandwidths, while at the same time optimising returns.

The Group purchases interest-rate swaps in order to manage market risks. As far as possible, hedge accounting is utilised to manage the volatility of results.

9. Notes to the consolidated cash flow statement

The consolidated cash flow statement (IAS 7) is presented according to operating activities, investing activities and financing activities. During the period under review, the cash and cash equivalents reported in the cash flow statement contained bank balances and cash in hand.

Cash and cash equivalents on June 30, 2015 totalled EUR 741 thousand and comprise cash and cash equivalents from Germany (EUR 420 thousand), Slovakia (EUR 60 thousand), the Czech Republic (EUR 27 thousand), Spain (EUR 129 thousand) and Brazil (EUR 105 thousand).

The indirect method was applied to calculate cash flow from operating activities. The cash flow statement starts with consolidated earnings before interest and tax. The cash outflows from interest and taxes have been allocated to operating activities, where they are carried under a separate item. Besides depreciation, amortisation, impairment charges and foreign currency exchange rate losses, cash flow from operating activities in the 2014/2015 fiscal year included no further significant non-cash expenses and income, as in the previous year.

10. Segment reporting

According to IFRS 8, the identification of operating segments with a reporting requirement is based on the management approach. Accordingly, external segment reporting is based on the internal financial reporting to the top-level management body. In the KROMI Group, the Managing Board of KROMI Logistik AG is responsible for evaluating and managing the segments' business performance, and is the top-level management body within the meaning of IFRS 8.

The corporate purpose of KROMI Logistik is trading with, and distribution of, machining tools and associated services. This forms the basis for the Group's income. The management believes that segmentation based on products is not pertinent, as these are homogeneous. As a result, the Managing Board forms segments based on its sales markets. The figures are based on customers' locations in Germany and abroad as the markets that the Group currently supplies. The foreign countries include, in particular, Slovakia, Spain, the Czech Republic, Brazil, Italy, Denmark and Poland, which account for the bulk of sales with foreign customers. The other countries to which deliveries are made (Romania, France and Belgium) continued to play a subordinate role in the fiscal year elapsed. Almost all revenues were invoiced in Euros, with the result that no currency translation risks require reporting.

The valuation principles for segment reporting are based on the IFRS principles applied in the consolidated financial statements. As a result, no reconciliation statements require presentation. If it proved impossible to assign individual items to the segment reporting according to the above (primary) criteria, the company has made reasonable assumptions for the distribution of key assets. Where it proved impossible to make any plausible or reasoned assumptions that were very likely to lead to the results similar to those actually obtained, the respective item was not included in the segment reporting, and was shown only in the reconciliation statement.

The allocation of external revenues and trade receivables is based on the respective customer's location. The allocation of non-current assets and inventories to regions is performed according to the location of the respective assets. Other assets are either financial assets that serve the company as a whole, or assets which cannot be distributed feasibly, and which are consequently shown only in the reconciliation statement to the company's total assets.

Liabilities in the KROMI Group are mostly not segment liabilities, as these serve the company as a whole or the financing of the company as a whole (for example, provisions for pensions, deferred taxes, interest-bearing loans). The remaining segment liabilities (trade payables) were not distributed, as a reasonable basis for distribution is impossible.

KROMI Logistik assesses the segments' performance using, for example, segment earnings. Segment earnings comprise revenues less the cost of materials. Revenues and advance payments between segments are not netted. As a result, segment reporting only includes income and expenses with external customers and suppliers.

In EUR thousand	Germany		Abroad		Total	
	7 / 14 to 6 / 15	7 / 13 to 6 / 14	7 / 14 to 6 / 15	7 / 13 to 6 / 14	7 / 14 to 6 / 15	7 / 13 to 6 / 14
Revenue (from external customers)	**40,260**	38,092	**23,081**	23,195	**63,341**	61,287
Less: Cost of materials	-29,631	-27,954	-18,232	-18,719	-47,863	-46,673
Segment result	**10,629**	10,138	**4,849**	4,476	**15,478**	14,614
Plus: Other operating income					890	757
Less: Staff costs					-9,215	-8,120
Less: Depreciation / amortisation					-632	-757
Less: other operating expenses					-5,943	-5,242
Less : Financial result					-220	-277
Less: Income taxes					-511	-528
Group net profit or loss					**-153**	447

In EUR thousand	Germany		Abroad		Total	
	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014
Segment assets	**20,827**	19,379	**15,567**	14,699	**36,394**	34,078
Of which non-current segment assets	3,529	3,702	579	717	4,108	4,419
Of which current segment assets	17,298	15,677	14,988	13,982	32,286	29,659
Plus: Cash and cash equivalents					741	253
Plus: Assets unallocated to segments					2,642	2,626
Total assets					**39,777**	36,957

Further segment information:

In EUR thousand	Germany		Abroad		Total	
	7 / 14 to 6 / 15	7 / 13 to 6 / 14	7 / 14 to 6 / 15	7 / 13 to 6 / 14	7 / 14 to 6 / 15	7 / 13 to 6 / 14
Capital expenditure	404	356	92	101	496	457
Less: Depreciation / amortisation	422	583	210	174	632	757
Key non-cash items (Impairment charges)	0	0	0	0	0	0

Revenues are presented according to deliveries of goods and services (provision of KTC dispensers) as described under 5.1.

The Group generates at least 10 % of its revenue with the following customers or corporate groups.

The corporate Group of KROMI Logistik AG achieves approximately 16.8 % or EUR 10,670 thousand (previous year: 18.3 % or EUR 11,223 thousand) of its revenues with one group of companies. Of this total, EUR 9,930 thousand are attributable to Germany (previous year: EUR 10,988 thousand) and EUR 740 thousand are accounted for by the rest of the world (previous year: EUR 235 thousand).

The Group generates approximately 15.2 % or EUR 9,645 thousand (previous year: 16.3 % or EUR 10,000 thousand) of its revenues with another group of companies. Of this total, EUR 2,348 thousand are attributable to Germany (previous year: EUR 2,422 thousand) and EUR 7,297 thousand are accounted for by the rest of the world (previous year: EUR 7,578 thousand).

11. Earnings per share

The subscribed share capital of KROMI Logistik AG amounted to a total of EUR 4,124,900.00 on June 30, 2015 (previous year: EUR 4,124,900.00). It comprises 4,124,900 no par value bearer shares. All of the shares are ordinary shares and carry an equal participating interest in the company's share capital.

Stück	June 30, 2015	June 30, 2014
Number of shares - start of period	4,124,900	4,124,900
Number of shares - end of period	**4,124,900**	**4,124,900**

Basic earnings per share are calculated by dividing the consolidated earnings by the weighted average number of ordinarily shares in circulation in the year under review. Earnings per share are calculated based on the following data:

in EUR	July 1, 2012- June 30, 2015	July 1, 2011- June 30, 2014
Group net profit or loss	-142,625	451,599
Number of shares in fiscal year	4,124,900	4,124,900
Earnings per share (basic)	**-0.03**	**0.11**

Diluted earnings per share correspond to the basic earnings per share.

The Managing Board is authorised, with the approval of the Supervisory Board, to increase the company's share capital by up to a total of EUR 2,062 thousand (Authorised Capital). This authorised capital can lead to diluted earnings per share in future as soon as the Managing Board avails itself of this authorisation.

No dividends were paid in the period from July 1, 2014 to June 30, 2015.

12. Related party disclosures

KROMI Logistik AG is the ultimate parent company.

According to IAS 24, the following information is provided on related parties. Related parties are broken down into the following groups and are comprised as follows:

a) KROMI Logistik AG's direct and indirect shareholders if there is a controlling or significant influence:

- Jörg Schubert, Chief Executive Officer
  Member of the Group Executive Committee
- Caro & Schubert Vermögensverwaltungsgesellschaft mbH, Hamburg
- Tarpenring 11 Vermögensverwaltungs GmbH, Hamburg
- Schubert & Caro Beteiligungs GmbH & Co. KG, Hamburg

Mr. Jörg Schubert's renumeration as a member of the Managing Board is stated under Note 13.

b) Transactions with other related parties:

In the period from July 1, 2014 to June 30, 2015, merchandise (net) was delivered in the amount of EUR 6,188 thousand (2013/2014: EUR 5,675 thousand) by Krollmann & Mittelstadt Hamburg GmbH, and a service agreement was in place for management, IT, other equipment, cleaning and maintenance and central HR management, which generated income in the amount of EUR 204 thousand (2013/2014: EUR 199 thousand). KROMI Logistik AG also received rental income of EUR 46 thousand (2013/2014: EUR 46 thousand).

As of June 30, 2015 current liabilities to Krollmann & Mittelstadt Hamburg GmbH exist in the amount of EUR 629 thousand (June 30, 2014: EUR 474 thousand) and short-term requests in amount of EUR 0 thousand (June 30, 2014: EUR 1 thousand).

A service agreement for management, IT, other equipment, cleaning and maintenance, accounting and central HR management existed with Krollmann & Mittelstadt Magdeburg GmbH, which resulted in income totalling EUR 114 thousand (2013/2014: EUR 117 thousand) for the company.

As of June 30, 2015, current receivables from Krollmann & Mittelstadt Hamburg GmbH exist in the amount of EUR 0 thousand (June 30, 2014: EUR 7 thousand).

c) Other persons in key positions:

- Wilhelm Hecking (Supervisory Board Chairman)
- René Dannert (Supervisory Board member)
- Prof. Eckart Kottkamp (Supervisory Board member)
- Jörg Schubert (Managing Board member)
  Member of the Group Executive Committee
- Uwe Pfeiffer (Managing Board member)
  Member of the Group Executive Committee
- Bernd Paulini (Managing Board member)
  Member of the Group Executive Committee
- Axel Schubert (Managing Board member)
  Member of the Group Executive Committee
- Jens Kumpert (Authorised Company Officer)
  Member of the Group Executive Committee
- Bernd Möller (Authorised Company Officer)
  Member of the Group Executive Committee

The Managing and Supervisory boards' compensation is detailed under Note 13.

Compensation of key management members

In EUR thousand	2014 / 2015	2013 / 2015
Payments due short-term	1,678	1,607
Other payments due long-term	112	12
Payments after end of employment contract	140	135
	1,930	1,754

13. Information on KROMI Logistik AG's executive bodies

13.1. Managing Board

The following persons were appointed as members of the Managing Board of KROMI Logistik AG for the fiscal year ending on June 30, 2015:

- Jörg Schubert (CEO), Quickborn
  Other memberships of supervisory boards / memberships of controlling bodies: none
- Uwe Pfeiffer, Hamburg
  Other memberships of supervisory boards / memberships of controlling bodies: none
- Bernd Paulini, Lüblow
  Other memberships of supervisory boards / memberships of controlling bodies: none
- Jörg Schubert, Quickborn
  Other memberships of supervisory boards / memberships of controlling bodies: none

Total compensation paid to the Managing Board amounted to EUR 1,254 thousand in the 2014/2015 fiscal year (previous year: EUR 1,203 thousand), and is derived as follows:

	2014 / 2015				2013 / 2014			
in EUR	Fixed based compensation	Performance-based compensation	Performance-based compensation with a long-term incentive effect	Total payments	Fixed based compensation	Performance-based compensation	Performance-based compensation with a long-term incentive effect	Total payments
Jörg Schubert	423,659	64,597	12,919	501,175	423,659	44,381	18,013	486,053
Uwe Pfeiffer	257,479	38,742	7,748	303,969	257,419	26,617	10,803	294,839
Bernd Paulini	193,685	29,803	5,961	229,449	186,966	19,500	7,915	214,381
Axel Schubert	186,580	27,748	5,550	219,878	182,530	18,156	7,369	208,055

Non-share-based compensation of EUR 64 thousand that depends on the occurrence or discontinuation of future conditions was granted to the Managing Board members in the 2014/2015 fiscal year. Such compensation was distributed among the Managing Board members as follows: Jörg Schubert EUR 26 thousand, Uwe Pfeiffer EUR 15 thousand, Bernd Paulini EUR 12 thousand and Axel Schubert EUR 11 thousand. The remuneration report presents the main characteristics of the commitment, the impact on the level, and the temporal distribution of the benefit.

Mr. Jörg Schubert received a pension commitment in the amount of EUR 6,000.00 per month upon exiting the company after reaching the age of 65. KROMI Logistik AG assumed this pension commitment on December 7, 2006, with effect from January 1, 2007. The commitment includes an invalidity pension of approximately EUR 4,000.00 and a widow‘s pension of approximately EUR 3,600.00. Current pensions are increased by 1 % p.a. The present value of the commitment amounts to EUR 1,294,308.00 as of June 30, 2015 (previous year: EUR 1,195,146.00). A provisioning amount of EUR 99,162.00 was formed during the fiscal year (previous year: EUR 16,924.00).

Mr. Uwe Pfeiffer has received a contribution-financed benefit commitment in a monthly amount of EUR 3,015.15 (previous year: EUR 3,015.15) from a congruently reinsured benefit fund. KROMI Logistik AG pays a monthly fixed amount of EUR 5,000.00 (previous year: EUR 5,000.00) to the support fund from January 1, 2013. KROMI Logistik AG will no longer have any benefit commitments to Mr. Pfeiffer once he has left the company.

Mr. Bernd Paulini has been given a pension commitment amounting to EUR 4,000.00 monthly to be received on retiring and after reaching the age of 65. In 2013, this was increased to the new standard retirement age: after reaching the age of 67. The commitment includes an invalidity pension of approximately EUR 4,000.00 and a widow's pension of approximately EUR 2,400.00. Current pensions are increased by 2 % p.a. The present value of the commitment amounts to EUR 539,097.00 as of June 30, 2015 (previous year: EUR 385,635.00). A provisioning amount of EUR 153,462.00 was formed during the fiscal year (previous year: EUR 58,964.00).

Mr. Axel Schubert has been given a pension commitment amounting to EUR 4,000.00 monthly to be received on retiring and after reaching the age of 65. In 2013, this was increased to the new standard retirement age: after reaching the age of 67. The commitment includes an invalidity pension of EUR 4,000.00. Current pensions are increased by 2 % p.a. The present value of the commitment amounts to EUR 300,144.00 as of June 30, 2015 (previous year: EUR 198,359.00). A provisioning amount of EUR 101,785.00 was formed during the fiscal year (previous year: EUR 37,498.00).

The pension commitments to Mr. Bernd Paulini and Mr. Axel Schubert already existed before they were appointed to be Managing Board members.

In addition, Managing Board members are entitled to an extraordinary right to cancel their employment contracts if a shareholder of KROMI Logistik AG for the first time (directly and/or indirectly) acquires more than 50 % of the voting rights of all of the company's issued shares. These Managing Board members are entitled to a settlement if this cancellation right is exercised. The level of the settlement for the Managing Board members Axel Schubert and Bernd Paulini is measured on the basis of the compensation which they would have received until the end of the current calendar year, discounted by 10 % per year. If Managing Board Chairman Mr. Jörg Schubert ends his employment contract prematurely, or is recalled from the Board, for whatever reason, he is entitled to the continued payments of his fixed compensation for the rest of the calendar year in which the contract ends, although at least for six months. The entitlement to variable compensation ends when the contract ends.

Mr. Uwe Pfeiffer is entitled to a settlement equivalent of the compensation that he would have still received until the standard end of his employment contract, discounted at 10 % p.a., in the instance that his contract is terminated due to a change of control. In all other instances of early termination of his employment contract or because he is recalled from office as a Managing Board member, Uwe Pfeiffer is entitled to a claim to the continued payment of his fixed compensation for the remainder of the calendar year in which the contract ends, albeit at least for six months.

If Managing Board contracts end due to the death of the respective Managing Board members, the widow of the Managing Board member receives 100 % of the Managing Board member's fixed salary for the month of death and the five following months, and 50 % for the further months until the end of the originally intended contractual term.

In the instance that Managing Board contracts are terminated due to a revocation of appointment pursuant to Section 84 (3) of the German Stock Corporation Act (AktG), to the extent that the revocation is not due to a withdrawal of confidence, or due to the effective extraordinary termination by the company or the Managing Board member, the contract does not end with immediate effect, but instead after the expiry of six months after the revocation or extraordinary termination was declared effective. This does not apply in instances where the extraordinary termination was due to circumstances that entitle the company to damage compensation claims. In such instances, termination is extraordinary, without notice, and with immediate effect.

Please refer to the comments in the remuneration report in the Group management report.

The Managing Board's shareholdings as at June 30, 2015 were as follows:

		Shares
Name	**June 30, 2015**	**June 30, 2014**
Jörg Schubert	1,413,006	1,413,006
Uwe Pfeiffer	1,000	1,000
Axel Schubert	183,000	183,000
Bernd Paulini	182,200	182,200

13.2. Supervisory Board

Supervisory Board is composed of the following members:

- Wilhelm Hecking (Chairman), independent management consultant, Bocholt
  Other memberships of supervisory boards / memberships of controlling bodies: none

- René Dannert, management consultant, Hamburg
  Other memberships of supervisory boards / memberships of controlling bodies: none

- Prof. Dr. Eckart Kottkamp, consultant, Grosshansdorf
  Other memberships of supervisory boards / memberships of controlling bodies:
  - Lloyd Fonds AG, Hamburg (Supervisory Board Chairman)
  - Basler AG, Ahrensburg (Supervisory Board member)
  - Elbphilharmonie Hamburg Bau GmbH & Co. KG Hamburg, (Supervisory Board member)
  - Mackprang Holding GmbH & Co. KG, Hamburg (Advisory Board Chairman)
  - ACTech GmbH, Freiberg, (Advisory Board Chairman)
  - C. Mackprang jr. GmbH & Co. KG, (Advisory Board member)

Total compensation paid to the Managing Board amounted to EUR 70 thousand in the 2014/2015 fiscal year, and is derived as follows:

	Fixed compensation	
in EUR	**2014 / 2015**	**2013 / 2014**
Wilhelm Hecking	30,000	30,000
René Dannert	20,000	20,000
Prof. Dr. Eckart Kottkamp	20,000	20,000

The compensation for the Supervisory Board was paid out to the Supervisory Board members in July 2015 after the end of the 2014/2015 fiscal year.

The members of the Supervisory Board did not hold any shares in the company on the balance sheet date. Please refer to the comments in the remuneration report in the Group management report.

14. Auditor's fee

The total fee invoiced by the auditor for the fiscal year amounts to EUR 72 thousand (previous year: EUR 93 thousand), and is due entirely to services related to the auditing of financial statements.

15. Notices received pursuant to Section 21 (1) and (1a) of the German Securities Trading Act (WpHG)

No notices pursuant to Section 21 (1) and (1a) of the German Securities Trading Act (WpHG) were received in the fiscal year 2014/15.

16. Events after the balance sheet date

No significant events occurred after the balance sheet date.

17. Proposal for the appropriation of profits for KROMI Logistik AG

KROMI Logistik AG, Hamburg, reports an unappropriated net profit of EUR 912 thousand according to its annual financial statements prepared as of June 30, 2015 according to the provisions of the German Commercial Code (HGB) and the German Stock Corporation Act (AktG). For the purposes of passing a resolution at the Annual General Meeting the company's Managing Board proposes to the Supervisory Board that the unappropriated net profit be carried forward to a new account.

18. Statement pursuant to Section 161 of the German Stock Corporation Act (AktG) relating to the Corporate Governance Code

The Managing and Supervisory boards herewith declare that the statement in the meaning of Section 161 of the German Stock Corporation Act (AktG) has been issued and made publicly accessible to shareholders on the company's website on June 29, 2013 (http://www.kromi.de/161-AktiengeseTz670.0.html?&L=3)

19. Date of authorisation for issue

The Managing Board authorised the consolidated financial statements of KROMI Logistik AG for issue on September 9, 2015 (date of authorisation by the Managing Board for presentation to the Supervisory Board).

Hamburg, September 9, 2015

Managing Board of KROMI Logistik AG

Jörg Schubert   Uwe Pfeiffer   Bernd Paulini   Axel Schubert

Auditors‘ Report

We have audited the consolidated financial statements prepared by KROMI Logistik AG, Hamburg, comprising the consolidated balance sheet, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated cash flow statement, the consolidated statement of changes in equity and the notes to the consolidated financial statements, together with the Group management report for the financial year from 1. July 2014 to 30 June 2015. The preparation of the consolidated financial statements and the Group management report in accordance with IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 315a (1) of the German Commercial Code [HGB] are the responsibility of the Company`s management. Our responsibility is to express an opinion on the consolidated financial statements and on the Group management report based on our audit.

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

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRSs as adopted by the EU, the additional requirements of German commercial law pursuant to Section 315a (1) of the German Commercial Code [HGB] and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The Group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group’s position and suitably presents the opportunities and risks of future development.

Hamburg, September 11, 2015

KPMG AG
Wirtschaftsprüfungsgesellschaft

Dr. Haußer
German Public Auditor

Falke
German Public Auditor

Responsibility statement (pursuant to Section 37y No. 1 of the German Securities Trading Act (WpHG))

To the best of our knowledge, we declare that, according to the principles of proper consolidated reporting applied, the consolidated financial statements provide a true and fair view of the Group‘s net assets, financial position and results of operations, that the Group management report presents the Group‘s business including the results and the Group‘s position such as to provide a true and fair view, and that the major opportunities and risks of the Group‘s anticipated growth for the remaining fiscal year are described.

Hamburg, September 9, 2015

Managing Board of KROMI Logistik AG

Jörg Schubert	Uwe Pfeiffer	Bernd Paulini	Axel Schubert

Publication details

Published by

KROMI Logistik AG
Tarpenring 11
22419 Hamburg
Telephone: +49 40 / 53 71 51 - 0
Telefax: +49 40 / 53 71 51 - 99
E-Mail: info@kromi.de
Internet: www.kromi.de

Concept, Text and Design

cometis AG
Unter den Eichen 7
65195 Wiesbaden
Telephone: +49 611 / 20 58 55 - 0
Telefax: +49 611 / 20 58 55 - 66
E-Mail: info@cometis.de

Printed by

EBERL PRINT GmbH
Kirchplatz 6
87509 Immenstadt

This report includes forward-looking statements which reflect the current views of KROMI Logistik AG's management with regard to future events. As a rule, these are shown by the use of "should", "expect", "assume", "anticipate", "intend", "estimate", "aim", "have the aim of", "forecast", "will be", "desire", "outlook" and similar expressions, and generally include information that is based on current forecasts, estimates or expectations. They are subject to risks and insecurities that are difficult to assess and not in KROMI Logistik AG's control.

These also include factors that have an impact on the development of costs and income, for example regulatory requirements, competition that is more intense than expected, changes in technology, litigation and developments under supervisory law. If these or other risks and insecurities should occur, or if the assumptions on which the statements in this report are based should prove to be incorrect, the actual results of KROMI Logistik AG could differ greatly from the results that are expressed or implied in these statements. KROMI Logistik AG does not assume any guarantee that the forward-looking expectations and assumptions will actually occur. In addition, KROMI Logistik AG declines all responsibility for updating forward-looking statements by taking into account new information or future events.

KROMI Logistik AG

Tarpenring 11
22419 Hamburg
Germany

Tel.: +49 40 / 53 71 51 - 0
Fax: +49 40 / 53 71 51 - 99