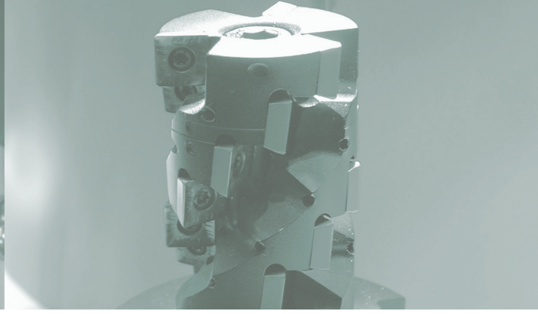
KROMI LOGISTIK AG

Annual Report 2015 / 2016


Key figures at a glance (IFRS)

	Financial year 2015 / 2016 (July 1, 2015 – June 30, 2016)	Financial year 2014 / 2015 (July 1, 2014 – June 30, 2015)
Revenues	69,481	63,341
Earnings before interest and tax (EBIT)	1,283	578
Earnings before tax (EBT)	997	358
Consolidated net profit / loss	409	-153
Number of shares in fiscal year	4,124,900	4,124,900
Earnings per share in EUR	0.10	-0.03
Equity ratio in %	50.7	57.7
Cash flow from operating activities	-1,964	409
Cash flow from investing activities	-627	-321
Cash flow from financing activities	3,400	400
Employees at end of period (excluding Managing Board)	157	154

In EUR thousand (unless otherwise stated)

Financial calendar

November 17, 2016	3-month report 2016 / 2017
December 9, 2016	Annual shareholders' meeting
February 16, 2017	6-month report 2016 / 2017

11 | To our shareholders

11 | Letter to shareholders
14 | Capital market information
16 | Report of the Supervisory Board
20 | Corporate governance

27 | Group management report

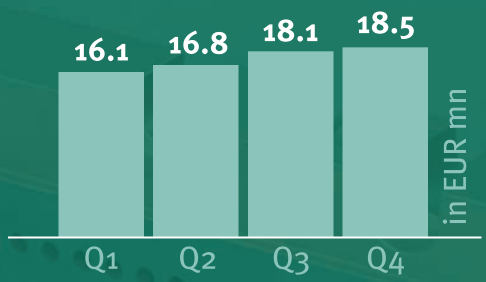
27 | Basis of the Group
29 | Business report
38 | Report on events after the balance sheet date
39 | Report on outlook, risks, and opportunities
48 | Remuneration report
50 | Takeover law disclosures

57 | Financial statements

57 | Consolidated balance sheet
58 | Consolidated income statement
59 | Consolidated statement of comprehensive income
60 | Consolidated cash flow statement
61 | Consolidated statement of changes in equity
62 | Notes to the consolidated financial statements
103 | Auditors' Report
105 | Responsibility statement

Facts – KROMI Logistik AG 2015/2016

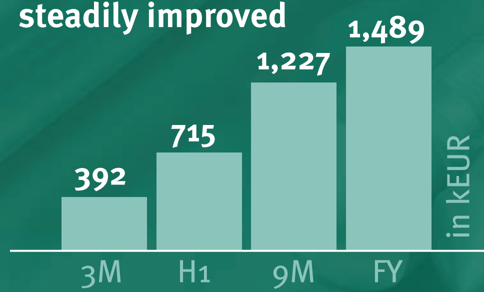
EUR 69.5 Mio. record revenue



Global customer confidence

KROMI Logistik is active in 11 countries worldwide. Therefore we are present at our customers‘ location with 4 offices in Germany, in 9 other European countries and Brasil.

Operating profit steadily improved



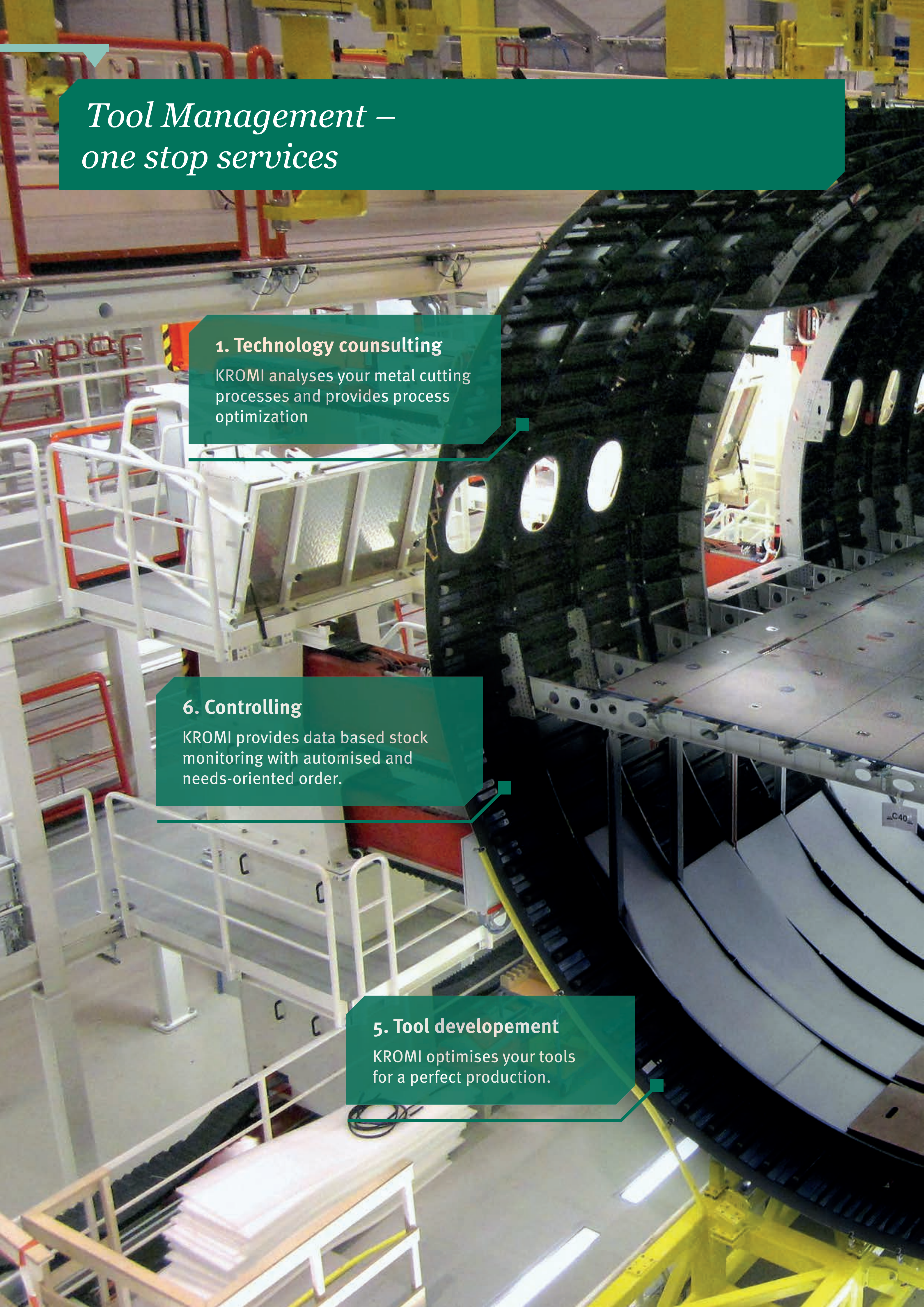
Success: the employee factor

At year end 2015 / 2016 KROMI Logistik had 157 employees providing top services to our customers day by day.

KROMI grows faster than the market

Engineering, automiotive supplier, aerospace or ship engine building - with 9.7 % growth KROMI benefits disproportionately from attractive target branches.

Tool Management – one stop services



1. Technology counsulting

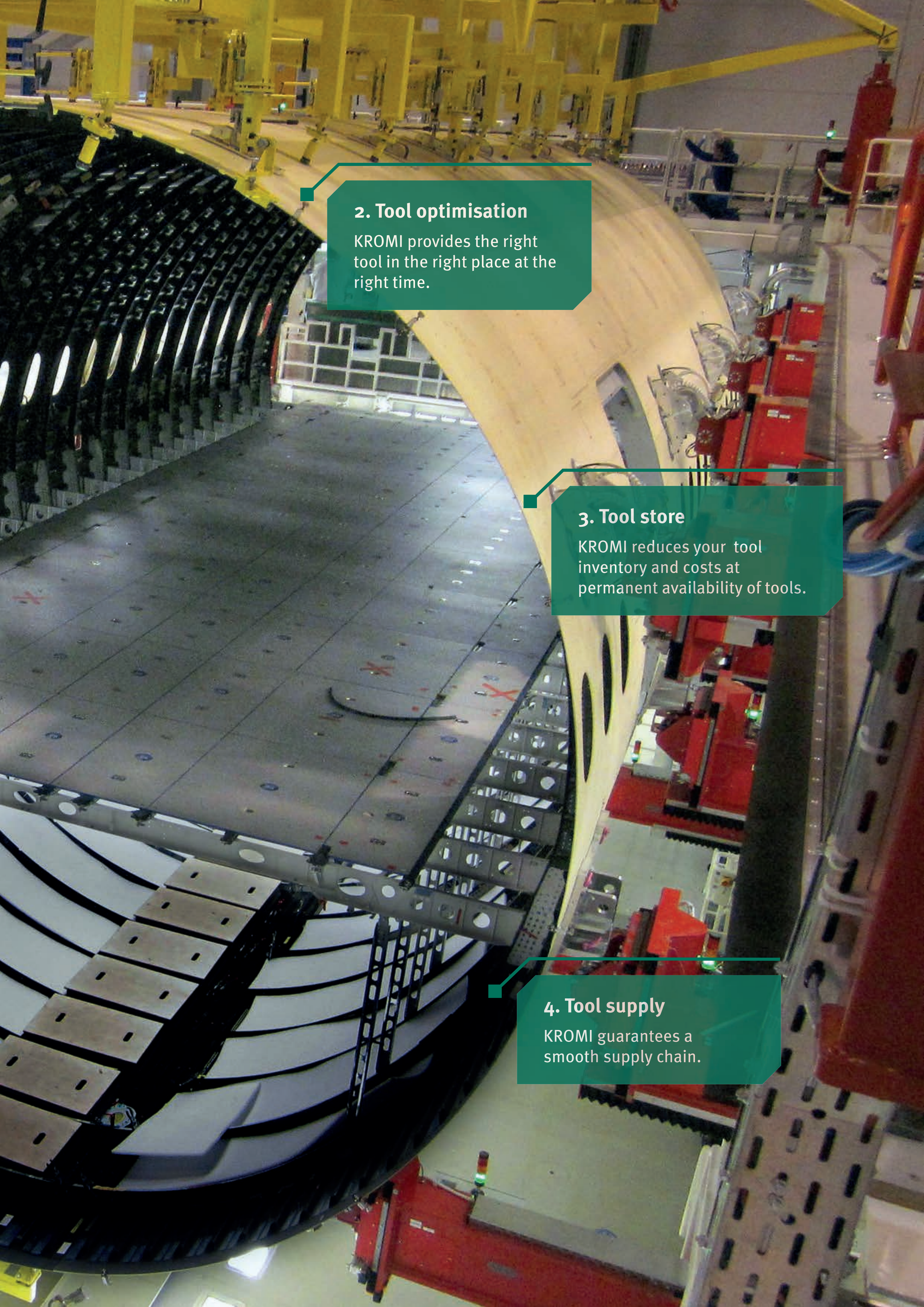
KROMI analyses your metal cutting processes and provides process optimization

6. Controlling

KROMI provides data based stock monitoring with automised and needs-oriented order.

5. Tool developement

KROMI optimises your tools for a perfect production.



2. Tool optimisation

KROMI provides the right tool in the right place at the right time.

3. Tool store

KROMI reduces your tool inventory and costs at permanent availability of tools.

4. Tool supply

KROMI guarantees a smooth supply chain.

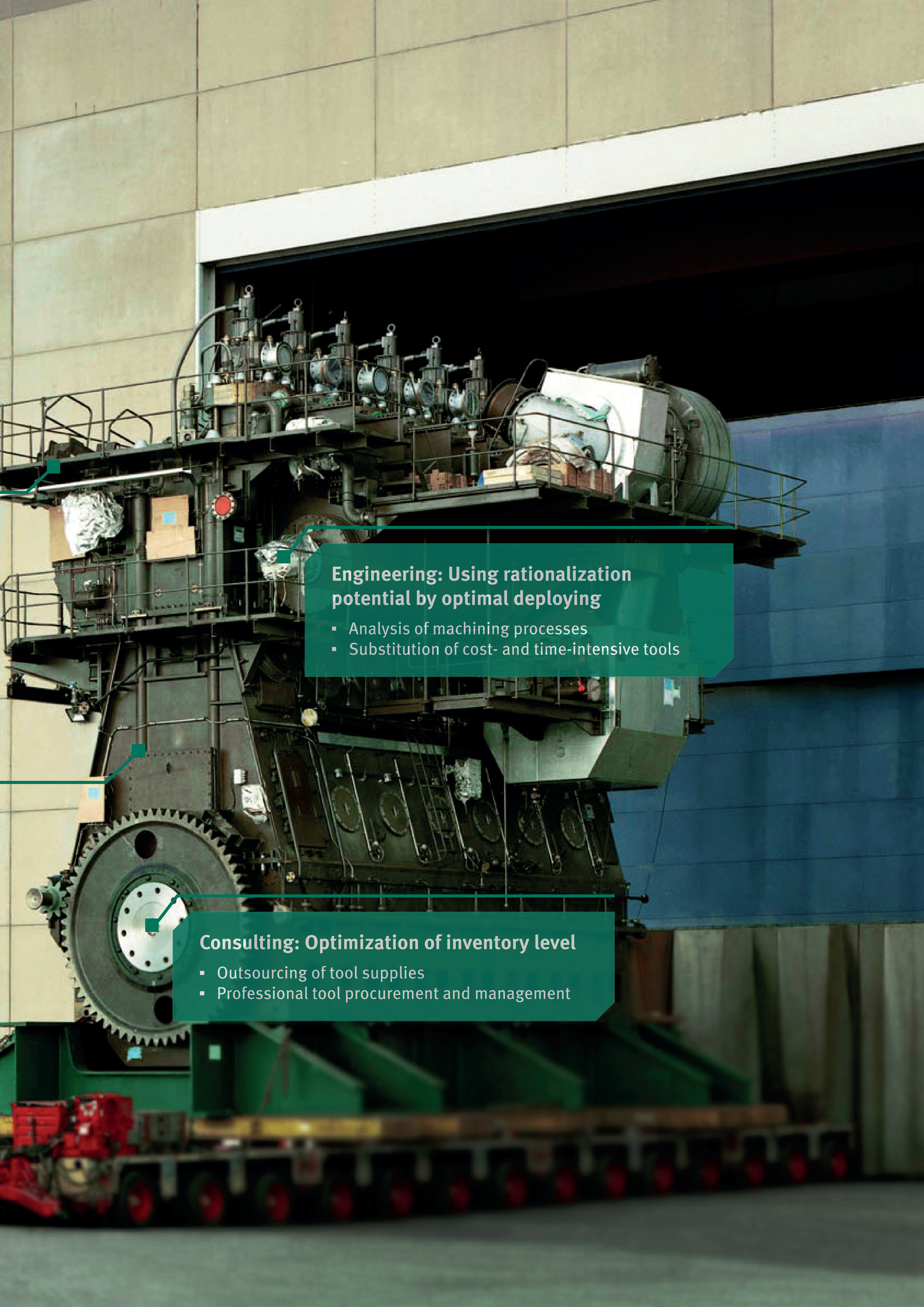
Tool Management – Added value for our customers

Controlling: Ideal basis for optimizing the costs per part

- Full consumption monitoring
- Cost analysis every 10 minutes

Logistik: No production stop, no supply bottleneck

- Full cross-manufacturer supplier
- 100% availability
- 24/7 supply service



Engineering: Using rationalization potential by optimal deploying

- Analysis of machining processes
- Substitution of cost- and time-intensive tools

Consulting: Optimization of inventory level

- Outsourcing of tool supplies
- Professional tool procurement and management

KROMI Solution Box – We enable Industry 4.0

Trouble-free production processes

Full control of the entire supply chain - from preparation through sourcing and tool assembly to process analysis.

100 % control at complete documentation

Optimized cost per part with production figures every 10 minutes.

Lean organization

Full automized processes for data collection and control.

No interfaces

Efficiency thanks to centralized database with continuous data basis for all IT systems.

Avoiding rejects

Always the right tool. Therefore manufacturing errors are a thing of the past.

11 | Letter to shareholders

14 | Capital market information

16 | Report of the Supervisory Board

20 | Corporate governance

Dear shareholders, employees and friends of our company,

Not entirely without ambition, we had set ourselves a growth target in the upper single-digit percentage range for the 2015 / 2016 fiscal year – and met this fully at the year-end with 9.7 % sales revenue growth to EUR 69,481 thousand. This also represents very pleasing business progress compared with an overall market that achieved growth of around just 3 %. Our revenue in our home market of Germany consequently grew by 4.9 %, from EUR 40,260 thousand in the previous year to EUR 42,237 thousand, with export revenue up 18.0 % to EUR 27,244 thousand. Here, it is particularly gratifying that this growth is also reflected in our profitability. Although our consolidated result at Group level continues to be burdened by unrealised currency effects from the relationship between the Brazilian real and the euro, our operating profit (EBIT) improved to EUR 1,284 thousand, more than doubling year-on-year. Before currency effects, KROMI Logistik reported a marked increase in its operating profit of 22.3 % to EUR 1,490 thousand.

Management Board of KROMI Logistik AG (f.l.t.r.: Jörg Schubert (CEO), Bernd Paulini (COO), Axel Schubert (CIO), Uwe Pfeiffer (CFO))

This excellent operating trend reflects the good interplay of business model, strategy, customer acquisition successes and a tailwind from our target sectors. As a full-service supplier along tool-related steps in preproduction, we enjoy close relationships with our customers. The result is a high level of sales quality that was evident in an attractive gross margin of 24.8 % in the reporting period. Both existing and potential new customers increasingly perceive KROMI Logistik as a data manager in production that utilises the tool and consumption data that it provides to optimise tool deployment and so generate genuine added value. We thereby address different sectors with our solutions and help stabilise and lend dynamics to our business growth and development. Accordingly, our revenue growth last year was also distributed among our most relevant target sectors of automotive suppliers, aerospace and general engineering. This broad positioning more than offset the slight decline in marine engine construction.

With subsidiaries and branch operations in ten Western European countries as well as in Brazil, internationalisation represents a further important pillar of the KROMI strategy. In Europe, especially the positive operating development in Spain is to be highlighted. Here, a growing willingness to invest is evident thanks to economic recovery, from which KROMI Logistik is also benefiting accordingly. The economic situation in Brazil remained fraught, by contrast. We have nevertheless kept our sales revenue relatively stable when calculated in the national currency, the Brazilian real. Thanks to outstanding acquisition successes, the new customer business has almost offset falling revenues with existing customers in this context. Growing business with both existing and new customers contributed to a good trend over the year.

Part of our strategy also consists in acquiring internationally operating groups with attractive sales potential, and in pursuing further expansion from the supply of individual locations. In line with this objective, last year we succeeded especially in further growing such business with major customers. We have invested significantly in acquiring these types of customers over recent years and have expanded our personnel base accordingly. To continue to exploit growth opportunities in the future, we invested not only in personnel but also in our organisation during the fiscal year elapsed: we strengthened our management level with additional managers, restructured responsibilities, and started to professionalise our IT systems through launching SAP.

The business performance of KROMI Logistik over the past ten years was followed by a significant change to the ownership structure at the start of the new 2016 / 2017 fiscal year: Investmentaktiengesellschaft für langfristige Investoren TGV ("Langfrist") agreed with the previous main shareholders of KROMI Logistik AG to take over by way of a purchase agreement around 45 % of the shares outstanding. As part of this, Langfrist boosted its interest to around 63 % and consequently now holds the majority of KROMI Logistik. As majority shareholder, Langfrist has also published a takeover offer to the KROMI shareholders, which the Management and Supervisory boards welcome expressly in a joint opinion. With Langfrist, KROMI Logistik AG has gained a reliable majority shareholder. At the same time, continuity in the company's successful orientation to date remains secure: Langfrist has already held an interest in KROMI Logistik since 2008, and with this transaction underscores its confidence in the KROMI business model of a manufacturer-neutral professional tool management specialist.

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. We are grateful for your continued support, now and in future.

Yours sincerely

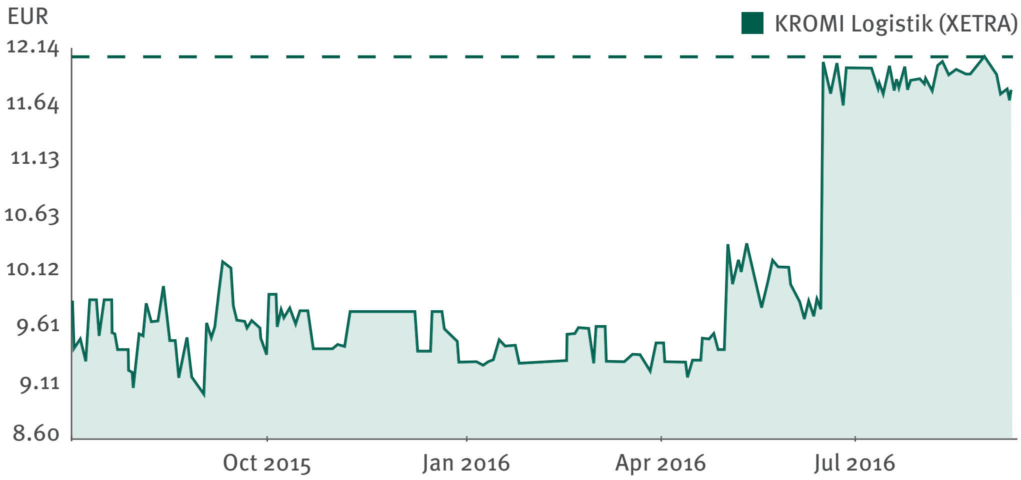
Jörg Schubert | Uwe Pfeiffer | Bernd Paulini | Axel Schubert

Capital market information

Important key data (July 1, 2015 – September 15, 2016)

German Securities Identification Number (WKN)	A0KFUJ
ISIN	DE000A0KFUJ5
Ticker symbol	K1R
Trading segment	Regulated Market (Prime Standard)
Share type	Non-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, 2015*	EUR 9.85
Share price as of June 30, 2016*	EUR 11.95
Percentage change	+21.32 %
52-week high**	EUR 12.05
52-week low**	EUR 9.01

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

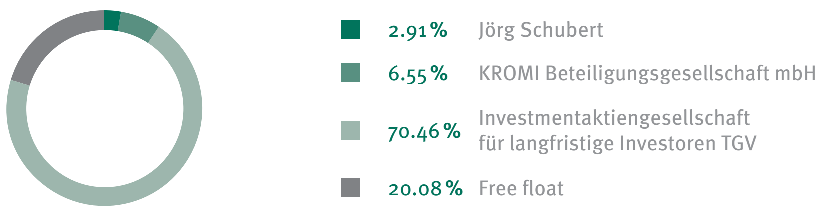


On an overall view, the share price of KROMI Logistik AG during the 2015 / 2016 fiscal year achieved a positive performance in low turnover. The share opened on July 1, 2015 at EUR 9.85. After initially posting a loss to EUR 9.01 on August 31, 2015 – the lowest price within the reporting period - the share subsequently appreciated significantly. It then reached its high for the period under review of EUR 10.90 on September 24 and 25, 2014. With EUR 10.195 the share reached an interim maximum on September 10, 2015. Until mid of April 2016 the share show a sideward movement and bottoming at EUR 9.30. After publication of the takeover offer of Investmentaktiengesellschaft für langfristige Investoren TGV the share price climbed up to the offer price of EUR 12.00 on June 16, 2016. On September 1, 2016 share reached its period maximum of EUR 12.05. On September 15, 2016 the share closed at EUR 11.76. The market capitalisation of KROMI Logistik amounted to EUR 48.5 million on this final trading day during the period under review. In overall terms, KROMI Logistik consequently reported a slight share price gain of 21.32 % over the course of the fiscal year.

Shareholder structure after takeover by TGV

On July 22, 2016, Investmentaktiengesellschaft für langfristige Investoren TGV ("Langfrist") published the offer document for the voluntary public takeover offer to all shareholders of KROMI Logistik AG to purchase their ordinary bearer shares in KROMI against payment of a cash consideration of EUR 12.00 per KROMI share. The offer document was submitted to the Managing Board of KROMI Logistik on July 22, 2016. The Managing Board properly forwarded the offer document to the Supervisory Board of KROMI Logistik and to the employees of KROMI Logistik. According to the information provided in the offer document, the German Federal Financial Supervisory Authority (the "BaFin") approved the publication of the offer document on July 22, 2016. On August 3, 2016, the Managing and Supervisory boards issued a joint reasoned opinion on the voluntary public takeover offer of Langfrist that was published on July 22, 2016 on the internet at www.kromi.de under "KROMI Investor Relations". Given the remarks contained in this opinion and taking into account all general circumstances, the Managing and Supervisory boards welcomed the offer submitted by Langfrist. The total number of KROMI shares that were effectively accepted for the offer within the offer period until September 7, 2016, plus the number of KROMI shares already held directly by the bidder as well as the instruments held in relation to KROMI shares, consequently amounts to 3,296,383 KROMI shares, and thereby corresponds to an approximately 79.91 % interest in the share capital and voting rights of KROMI Logistik AG.

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 2015 / 2016 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.

Report of the Supervisory Board

Dear shareholders,

In fiscal 2015 / 2016, 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 fiscal 2015 / 2016, the Supervisory Board consisted of

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

Supervisory Board of KROMI Logistik AG since September 1, 2016 (f.l.t.r.: Prof. Dr. Eckart Kottkamp, Wilhelm Hecking (Chairman), Ulrich Bellgardt)

The Supervisory Board members Wilhelm Hecking and René Dannert were appointed as Supervisory Board members after election by the AGM of December 14, 2011 for the period until the end of the AGM that approves their discharge for fiscal 2015 / 2016, and the ordinary AGM of December 9, 2015 passed a resolution to reappoint Prof. Kottkamp for the period until the end of the AGM that approves the discharge of the Supervisory Board for the 2019 / 2020 fiscal year.

After the end of the reporting year, with a letter dated July 22, 2016, Mr. Dannert relinquished his mandate with effect as of August 31, 2016. In response to an application by the company's Managing Board, Mr. Ulrich Bellgardt was appointed to the Supervisory Board by way of ruling of the Hamburg District Court of September 2, 2016, pursuant to Section 104 (1) of the German Stock Corporation Act (AktG), as the Supervisory Board no longer had sufficient members to be able to pass resolutions after Mr. Dannert stepped down from office. Mr. Bellgardt, born 1957, has a degree in engineering and has held managerial positions at various engineering companies during the course of his career. Since 2003, he has been managing shareholder of management consultancy ubc GmbH, based in Solothurn, Switzerland. Pursuant to section 104 (6) of the German Stock Corporation Act (AktG), Mr. Bellgardt's period of office will end as soon as the Supervisory Board's incapacity to pass resolutions has been remedied, at the latest at the end of the company's next Ordinary AGM, at which a replacement member can be elected for Mr. Dannert, who has stepped down from office.

Meetings

In fiscal 2015 / 2016, the Supervisory Board held five meetings by personal attendance on August 18, 2015, September 14, 2015, November 9, 2015, March 17, 2016, and on May 17, 2016. With the exception of the meeting on March 17, 2016, 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. On June 16, 2016, the Supervisory Board held a meeting by way of telephone conference in which all Supervisory Board members participated.

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, 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 fiscal 2015 / 2016 in order to monitor the management of the business.

The development of the international subsidiaries in their respective domestic markets continued to form a focus of the activities of the Supervisory Board and its discussions with the Managing Board. The progress in Spain that was already observable in the previous year continued with dynamism in the year under review. Thanks to a conjunction of favourable economic conditions in Spain and the local KROMI management‘s consistent business orientation, Spain developed into the fastest-growing market for KROMI in the reporting year. Business in other European foreign markets performed in line with expectations overall. In this context, a major customer relocated production from Denmark to Poland, with corresponding effects on the respective KROMI foreign branch operations.

The development of KROMI do Brasil remained a further important subject of Supervisory Board activity during the period under review. Here, countervailing developments were registered, again generating a considerable burden on the Group‘s results. Operating trends were very pleasing. Within a very difficult economic environment, KROMI do Brasil succeeded in almost fully offsetting significant sales losses among existing customers through business with new customers, and in reducing costs, allowing operating budget targets to be almost reached in domestic currency terms, despite the challenging environment. The continuing weakness of the Brazilian real, which accelerated over around eight months of the reporting year until February 2016, resulted in further considerable year-on-year increases in currency losses in the reporting year, although these are of a purely calculatory nature and are not cash-effective. The Managing and Supervisory boards nevertheless continue to appraise Brazil as an important strategic sales market, and given the operating stability of KROMI do Brasil continue to see the long-term oriented structure of its investment in KROMI do Brasil as confirmed in the face of economic weakness in the country.

The Supervisory Board also kept itself informed promptly and in detail about respective further 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.

The Supervisory Board meeting on September 14, 2015 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, 2015, as well as planning for fiscal 2015 / 2016.

At the Supervisory Board meeting on June 16, 2016 that was held by way of telephone conference, in which the Managing Board members and legal advisers also participated, the Supervisory Board consulted concerning the takeover of the majority of the shares of KROMI Logistik AG by Investmentaktiengesellschaft für langfristige Investoren TGV. The Supervisory Board had itself be informed comprehensively about this transaction, and passed a resolution to support the mandatory offer to the company‘s free float shareholders.

Besides current business trends, Supervisory Board consultations continuously covered important questions relating to controlling and IT structures. Instruments to analyse and manage the business were further developed and improved in the year under review through the launch of profit centre performance accounting. In the IT area, the Supervisory Board concerned itself with the accelerated transition to SAP solutions, specifically in the context of improving the goods management system.

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. On June 30, 2016, 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 2015 / 2016 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 2015 / 2016 fiscal year, including the financial accounting, were audited by KPMG AG Wirtschaftsprüfungsgesellschaft, Steuerberatungsgesellschaft, 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 profit.

At the Supervisory Board's financials meeting of September 22, 2016, the Supervisory Board required the Managing Board to discuss the annual financial statements as of June 30, 2016 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 22, 2016. The separate annual financial statements of KROMI Logistik AG were adopted as a consequence. The Supervisory Board concurred with the Managing Board's proposal concerning the application of unappropriated profit.

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 22, 2016

Wilhelm Hecking
Supervisory Board Chairman

Corporate governance report

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 endeavours to accomplish. It 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 the Managing and Supervisory boards of KROMI Logistik AG, and in implementing these decisions.

Since being launched in 2002, the German Corporate Governance Code in its respective current version has provided the guideline for KROMI Logistik AG in transparent and responsible corporate governance. The statement of compliance of KROMI Logistik AG 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 organisation. These do not require all of the details of the Code’s regulations and measures due to the fact that 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 characterised 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.

The Managing Board of KROMI Logistik AG 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 cooperation on the KROMI Managing Board are set out in the Managing Board’s rules of business procedure.

The Managing Board consists of four members: its chair, 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 remuneration system for members of the Managing Board, and defines the respective total remuneration. 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 the Supervisory Board of KROMI Logistik AG 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, 2016, 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 2015 / 2016 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 company’s point of view, 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, the 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. By way of divergence from Section 4.1.5 Clause 2 DCGK, the Managing Board has set no related targets for the proportion of women at the two management levels below the Managing Board.

- Pursuant to Section 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 introducing this provision in 2012, the company launched a comprehensive new compensation scheme, which it further developed in 2015 and which includes a 2.00 % limit on the target attainment that can be taken into account when measuring variable compensation. In other words, even where target attainment exceeds twice the target value of the measurements, variable compensation of the Managing Board members is capped at twice the target level. The company continues to regard this regulation as appropriate.

- By way of divergence from Section 4.2.5 (3) DCGK, KROMI Logistik AG does not utilise the template tables as per the annex of the DCGK when presenting Managing Board compensation in the remuneration report. The company is convinced that it establishes sufficient transparency in relation to the Managing Board members’ compensation without such tables, especially given the fact that conflicts between the interests of the Managing Board and those of shareholders are structurally low due to the Managing Board members’ high level of investment in the company’s equity, and the prevailing agreements on variable compensation preclude inappropriately high overall compensation due to their measurement basis and caps.

- Section 5.1.2 DCGK requires the Supervisory Board to pay heed to diversity when making appointments to the Managing Board, and to set targets for the proportion of women on the Managing Board. The Supervisory Board of KROMI Logistik AG refrains from setting such targets in light of the considerations presented above in relation to Section 4.1.5. In addition, a Managing Board consisting of only four members offers limited scope to establish diversity among its membership.

- Pursuant to Section 5.4.1 DCGK, the Supervisory Board should include appropriate participation by women. The considerations relating to Sections 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 is not useful 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. In addition, the Supervisory Board refrains from setting a general limit on Supervisory Board membership. The Supervisory Board is aware of the importance of changing its members, but regards itself as capable of implementing this aspect in the company's interest without setting a general limit.

- 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 remuneration are performance-based. All Supervisory Board members bear the same responsibility and workload. Also 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 May 5, 2015.

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 May 15, 2015, with the aforementioned exceptions.

Hamburg, June 30, 2016

For the Supervisory Board

Wilhelm Hecking

For the Managing 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 that 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 recognises any misdevelopments directly, and corrects these as necessary. In view of the number of employees, all of the employees have simple and direct access to the Managing Board, which is highly sensitive to its employees, and provides for them well.

Remuneration report

The remuneration report summarises the principles which are applied in setting the remuneration for the Managing and Supervisory boards of KROMI Logistik AG, 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 (remuneration 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 Vermögensverwaltungs GmbH upon 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, 2015 to June 30, 2016 in this regard totalling around EUR 50 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. These commitments were increased to the new statutory retirement age in 2013. 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. For these pension commitments, pension provisions of around EUR 34 thousand (Paulini) and EUR 15 thousand (A. Schubert) were formed in the July 1, 2015 to June 30, 2016 period.

During the year under review, Mr. Uwe Pfeiffer received a defined contribution benefit commitment from a congruently reinsured 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 reinsurance comprise operating expenses, and are included in the information on total remuneration for the members of the Managing Board detailed in the notes to the financial statements.

As of June 30, 2016, Managing Board member Jörg Schubert is the beneficial owner of 3,000 shares, including voting rights for 119,993 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 67,500 voting rights in KROMI Logistik AG as of the aforementioned reporting date. 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.

27 | Basis of the Group

29 | Business report

38 | Report on events after the balance sheet date

39 | Report on outlook, risks, and opportunities

48 | Remuneration report

50 | Takeover law disclosures

Group management report

Basis of the Group

I. Group business model

KROMI Logistik AG (also referred to below as "KROMI Logistik") offers manufacturing companies an end-to-end outsourcing concept for their supply of precision machining tools, especially machining tools for the processing of metals and plastics. KROMI Logistik addresses companies' complete production chains in this context: from classic tools trading with decentralised supplies through dispensers installed at customers, through to inventory optimisation and warehouse management, as well as consumption controlling and tool deployment optimisation based on inventory and consumption data.

II. Company structure

As of the June 30, 2016 reporting date, the KROMI Group was active 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 serves customers in Denmark, Poland, Romania, Austria, Belgium and France.

III. Segments

The corporate purpose of KROMI Logistik is trading with, and 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. Consequently, KROMI Logistik forms its operating segments according to the corporate seat of its customers, thereby basing itself on its relevant sales markets. A differentiation was made between Germany and abroad during the reporting period.

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 (CIP – continuous improvement process) allows improvement potentials to be constantly disclosed to customers, thereby generating savings.

V. Employees

At the end of fiscal 2015 / 2016, KROMI Logistik AG (excluding its Managing Board) employed 157 staff (June 30, 2015: 154). These figures also include three trainees in the wholesale and export trade area, one trainee in machining engineering, and one students who is pursuing logistics management studies in cooperation with KROMI Logistik.

VI. Key financial steering indicators

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.

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

Business report

I. Macroeconomic conditions

Following weakness registered in the winter half-year, the world economy regained momentum during spring 2016, according to the Kiel Institute for the World Economy (IfW). The IfW's economists forecast 3.1 % growth in world production in 2016, as in 2015. For 2017, the economists anticipate a 3.5 % increase in global gross domestic product (GDP).[1]

A similar picture is also emerging for the European economy, according to the IfW economists. Eurozone GDP growth for 2016 is forecast at 1.7 %, thereby only one percentage point ahead of the previous year's growth rate. The Kiel-based institute expects GDP to grow by 1.9 % in 2017. With a view to the referendum vote in the United Kingdom in favour of the country exiting the EU, the IfW forecasts that economic uncertainty will increase significantly and place a tangible brake on the economy.[2]

In Brazil, which has experienced a deep recession over past years, gross domestic product was down by a further 3.8 % in the first half of 2016, although this represents a significantly slower rate than the previous year. Brazil's GDP registered a contraction of 3.9 % in 2015. The prices of raw materials, in particular, have meanwhile risen markedly again. Brazil is expected to emerge slowly from its recession, however. According to the IfW economists, its GDP will reduce by total of 3.1 % in 2016, and not report growth (of 0.1 %) until the following year in 2017.[3]

The upturn in Germany has continued. The economic drivers are robust, reflecting a strong domestic economy. According to the Kiel-based economists, gross domestic product is forecast to grow by 2.1 % this year, compared with 1.8 % in 2015, and to expand by as much as 2.3 % in 2017. A strong domestic economy this year remains critical to this growth.[4]

[1] Kieler Institut für Weltwirtschaft – Weltkonjunktur im Sommer 2016 | [2] Kieler Institut für Weltwirtschaft – Weltkonjunktur im Sommer 2016 | [3] Kieler Institut für Weltwirtschaft – Weltkonjunktur im Sommer 2016 | [4] Kieler Institut für Weltwirtschaft – Weltkonjunktur im Sommer 2016

II. Sector-related conditions

Important target sectors for KROMI Logistik AG include mechanical and plant engineering, including precision tools, the automotive supply industry, the aerospace sector and marine engine construction. The marine engine construction area is of minor importance for KROMI Logistik, by contrast.

a. Mechanical 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 data from the German Engineering Federation (VDMA), new order intake for the German engineering sector was up by 3 % year-on-year during the first half of 2016. While domestic orders advanced by 4 % mainly due to business generated with large-scale plants, foreign orders increased by 3 %.[5]

The VDMA economists forecast that sales revenues for mechanical and plant engineering worldwide will stagnate over the full course of 2016. The previous year's regional trends will continue as a consequence: while sales in China will report slight growth, they will continue to stagnate in the EU, and decline in the USA and Japan.[6]

b. Aircraft construction and aviation

A positive trend is anticipated for the aerospace industry. IATA, the United Nations air transport association, expects worldwide passenger volumes to increase by 6.0 % in the current 2016 year. Taking replacement investments into account, the total number of passengers is set to grow by 3.8 % in 2016, compared with 3.6 % in 2015. With a look to the current year 2016, IATA also forecasts 3.9 % aircraft fleet growth to a total of almost 28,000 aircraft worldwide.[7]

The German Federal Ministry for Economic Affairs and Energy believes that sector prospects for growth and employment remain favourable, especially medium- and long-term, with reliable subsidy instruments lending the sector planning security. Global market forecasts, which assume a doubling of worldwide aircraft demand by 2030 and average annual growth of around 5 %, ascribe good capacity utilisation prospects to large civilian aircraft manufacturers and their supplier firms.[8]

[5] VDMA – press release July 2016 „Incoming orders in mechanical engineering June 2016" | [6] VDMA International Business Outlook: Stagnating global mechanical engineering industry | [7] IATA – Economic Performance of the Airline Industry | [8] BMWI - Branchenfokus - Luft- und Raumfahrt

c. Automotive supply industry

The global automotive industry already reported positive trends in 2015. This growth has continued during the course of the year to date and is set to continue on a full-year view. According to the German Automotive Industry Association (VDA), the international car market will report 3 % growth in 2016, prospectively exceeding the 80 million unit level for the first time at 80.6 million units. With regard to the Chinese market, the VDA experts forecast around 8 % growth in 2016 to almost 21.7 million units. The US market is expected to grow by 1 % to 17.5 million cars, and the experts anticipate 5 % growth for Western Europe to a total of 13.8 million units.

The German car market also performed well in the first half of 2016, with new car registrations up by a total of 7 % to 1.73 million units. For the full 2016 year, the VDA's experts see a 3 % increase to 3.3 million new registrations. Domestic car production also performed well, registering 4 % growth to 3 million units during the first half of 2016. The VDA expects the 2016 full-year domestic car production to stand at around 5.8 million units (plus 1 %), with export volumes at the previous year's level of 4.4 million units.

Foreign production was also stable during the first half of the year. Moreover, markets in China and the USA performed well, prompting the experts at the VDA to forecast a slight increase of 3 % to 9.7 million cars for the full year.[9]

III. Course of business – KROMI Logistik in the 2015 / 2016 fiscal year

Corporate strategy and objectives, and its implementation in the Group in fiscal 2015 / 2016

The medium-term strategy of KROMI Logistik focuses on profitable growth through continuously expanding the customer base in existing and new markets. In the case of existing customers, the optimisation and efficiency enhancement of machining processes, and reduction of manufacturing and administration costs, form the focus of their cooperation with KROMI Logistik. Customer loyalty also undergoes constant intensification through innovations to the supply concept and consistent orientation to customer 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 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 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 ensures that resources are focused where they can be deployed the most efficiently for the Group.

[9] VDA – H1 2016 press conference – German car market grows vigorously

In the 2015 / 2016 reporting period, KROMI Logistik fully reached the targets that it had set for itself, with its growth outperforming that of its relevant target sectors overall.

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. In addition, relationships with existing customers, and especially in the Group‘s business with major customers, were also expanded and bolstered further. Gross tool revenues in the “Germany” segment increased by EUR 2,124 thousand, representing 5.5 % year-on-year growth.

European countries outside Germany: Acquiring new customers and intensifying business with existing customers

The operating business of KROMI Logistik also performed well in European countries outside Germany, with the company acquiring further new customers and also intensifying its business with its existing customers. Gross tool revenues generated abroad grew by 18.6 % to EUR 26,376 thousand as a consequence. Sales in Spain, where economic recovery exerted a positive effect on the operating business, made a significant contribution to this trend. Thanks to favourable economic conditions in Spain and the local KROMI management‘s consistent business orientation, Spain developed into the fastest-growing market for KROMI Logistik in the reporting year. Business in other European foreign markets performed in line with expectations overall. The relocation of production by a major customer from Denmark to Poland had corresponding effects on the respective KROMI foreign branch operations. The good business foundation that was already laid in past years paid off in fiscal 2015 / 2016 as a result.

Brazil: Very successful acquisition of new customers in a demanding environment

Growth at the Brazilian subsidiary remained positive overall in fiscal 2015 / 2016, despite a continued challenging economic environment. In this context, frequently economically induced sales reductions at existing customers were largely offset by the very successful acquisition of new customers. The lower margins that are typical of business with first-time customers impacted on our operating profit, while accounting-driven currency effects deriving from the fall in the exchange rate value of the Brazilian real to the euro placed an additional burden on EBIT at Group level. It is pleasing in this context that, following an extended phase of weakness during the last approximately three months of the fiscal year under review, the Brazilian real has recovered somewhat compared with the euro. As a consequence, currency effects have increased only slightly year-on-year. Such accounting effects are effective purely in accounting terms, and are not cash-effective.

Clear evidence of the potential of the business model in Brazil is shown by the operating stability given continued high demand from numerous further machining operations, and the successful acquisition of new customers despite the challenging market environment. For this reason, KROMI Logistik continues to pursue its strategy of pushing ahead with acquiring new customers in order to benefit to an above-average extent from an economic improvement in Brazil in the medium term.

Growth with existing customers

Revenues generated with the existing customers of KROMI Logistik reported growth during the year under review. Especially at major customers, supplies of further production locations were initiated both in Germany and abroad. The company is constantly examining and realising options to supply existing customers at further locations as part of its growth strategy.

Optimisation and efficiency enhancement

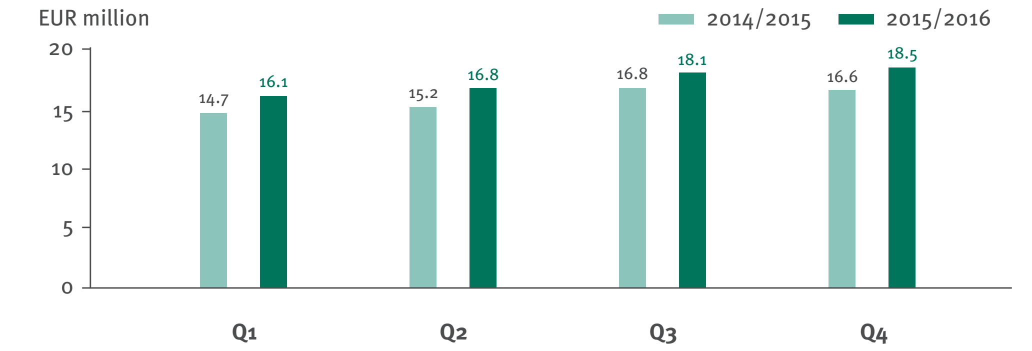
KROMI Logistik process and tool optimisation allows the company to sustainably enhance its customers' business and financial efficiency, thereby forming the basis for the type of long-term customer loyalty that is typical of KROMI's client base. The company continued to further intensify this approach in fiscal 2015 / 2016. KROMI Logistik supplied its customers with current tool and consumption data that are unique in terms the quality and form the basis for further optimisations along the entire supply chain, for example. Data-based optimisation in the meaning of Industry 4.0 represents an important USP not only among existing customers, but also increasingly in the acquisition of new customers. The KROMI Solution Box was developed successfully and launched on the market in fiscal 2015 / 2016. Here, the KROMI system proves convincing through end-to-end data collection without interfaces, low personnel costs, uninterrupted production, the avoidance of rejects, and 100 % controlling through seamless logging.

IV. Financial position and performance

a. Results of operations

The 2015 / 2016 fiscal year proved extremely satisfactory for KROMI Logistik. Sales revenue grew by 9.7 % to EUR 69,481 thousand (previous year: EUR 63,341 thousand), in line with the upper single-digit percentage range of the sales revenue growth forecast for the year. Sales revenue growth was thereby also significantly above the sector average, as shown by calendar 2015 data from the German Federal Statistical Office: sales in the precision tools area grew by 3 %, whereas business in the cutting tools sub-area reported growth of just 1 %. Apart from the reduction in marine engine construction, the sales growth at KROMI Logistik was distributed across all of the target sectors comprising automotive suppliers, aerospace and general engineering and machine building. With this distribution, KROMI Logistik continues to benefit from a customer structure that is diversified across different sectors and markets.

Revenues 2015 / 2016 on quarterly basis and compared to the previous year



Business growth with both existing and new customers contributed to the good growth that KROMI Logistik recorded. In particular, the company reported success in further expanding its business with major customers. Revenue in the home market of Germany consequently grew by 4.9 %, from EUR 40,260 thousand in the previous year to EUR 42,237 thousand. Sales revenue reported a gratifying trend abroad, too. Having been stable in the previous year at EUR 23,081 thousand, foreign revenue was up by 18.0 % to EUR 27,244 thousand in the 2015 / 16 fiscal year. This consequently confirms the KROMI Logistik internationalisation strategy. This strategy aims at prioritising the acquisition of international groups with attractive sales potential, and at driving further expansion from this basis. In this context, especially the positive operating development in Spain is to be highlighted. Here, KROMI Logistik is observing a growing propensity to invest thanks to the economic recovery, from which KROMI Logistik is also benefiting. By contrast, the economic situation in Brazil remains tense. KROMI Logistik has nevertheless succeeded in maintaining stable sales revenue stable as calculated in the national currency, the Brazilian real. Thanks to outstanding acquisition successes, the new customer business has offset stagnating or falling revenues with existing customers in this context.

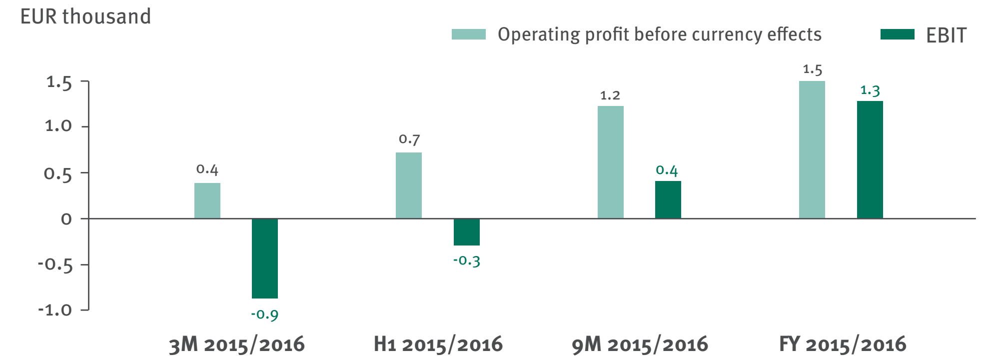
The cost of materials has risen in connection with the growing operating business. In absolute terms, it recorded an 10.9 % year-on-year increase from EUR 47,863 thousand to EUR 53,083 thousand. The cost of materials ratio also reported a corresponding change to 76.4 %, slightly above the previous year‘s 75.6 %. This trend is also reflected in the gross margin on sales of 24.8 %, which despite being below the previous year‘s 25.8 % remains within the range of the Managing Board‘s expectations.

Staff costs rose 10.5 % year-on-year from EUR 9,215 thousand to EUR 10,185 thousand. The staff cost ratio stood at 14.7 %, almost at the previous year‘s 14.5 %. Only a slight increase in the number of employees occurred in the reporting year, with this growth being attributable almost exclusively to European countries outside Germany. Staff costs rose mainly because the previous year‘s hires did not become fully effective in terms of expenses until the year under review. Investments were also made in more qualified employees and provisions were increased for variable compensation.

Depreciation and amortisation reduced slightly to EUR 590 thousand, compared with EUR 632 thousand during fiscal 2014 / 2015. Other operating expenses of EUR 5,125 thousand were down compared with the previous year's level of EUR 5,943 thousand. Unrealised currency differences of EUR 206 thousand (previous year: EUR 640 thousand) exerted a significant effect on this reduction. These differences do not arise from trading transactions, but instead from accountancy-related currency translations of the parent company's investment in relation to the Brazilian subsidiary, and the fact that no costs for visits to trade fair in Germany was attended in the reporting year. Preliminary expenses for the SAP implementation that was carried out on July 1, 2016 boosted costs.

In fiscal 2015 / 2016, KROMI Logistik achieved pure operating profit of EUR 1,489 thousand after adjusting for currency effects (previous year: EUR 1,218 thousand), representing 22.3 % growth. KROMI Logistik more than doubled its unadjusted operating profit (EBIT) of EUR 1,283 thousand (previous year: EUR 578 thousand). The Group reported a consolidated net result of EUR 409 thousand after deducting finance costs, other financial income, and payable corporation taxes on income and other taxes. KROMI generated a consolidated net profit of EUR -153 thousand in the 2014 / 2015 reporting year.

Develeopment of EBIT and pure operating profit 2015 / 2016 (cumulated)



b. Net assets

As of the June 30, 2016 balance sheet date, the total assets of KROMI Logistik AG stood at EUR 46,430 thousand, thereby above their level as of June 30, 2015 (EUR 39,777 thousand).

On the assets side of the balance sheet, non-current assets reported a decrease from EUR 5,959 thousand as of June 30, 2015 to EUR 5,890 thousand. Property, plant and equipment reported a slight reduction from EUR 3,895 thousand in the previous year to EUR 3,524 thousand. This decrease reflects not only depreciation but also the fact that new customers were equipped mainly with KTC dispensers from stock, making additional purchases hardly necessary. At the same time, other non-current receivables increased from EUR 1,289 thousand in the previous year to EUR 1,313 thousand.

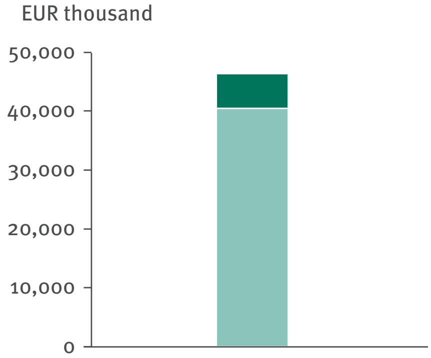
Among current assets, inventories reported a mark increase of 24.6 % to EUR 21,120 thousand (June 30, 2015: EUR 16,951 thousand). This growth reflects not only business expansion but also implementation of SAP software. This transition necessitated transferring a consignment warehouse that had been utilised date to the company's own merchandise position, and capitalising it on the balance sheet as a consequence.

Trade receivables were up by 4.6 % in line with sales growth, amounting to EUR 16,053 thousand as of the 2016 reporting date (June 30, 2015: EUR 15,348 thousand).

The value of other receivables increased from EUR 778 thousand in the previous year to EUR 1,806 thousand. This growth results mainly from the approximately EUR 600 thousand tax claim on the tax authorities, which arises from the invoice for the consignment warehouse transferred to the company's own stock.

Liquid assets rose to EUR 1,550 thousand as of the 2016 reporting date (June 30, 2015: EUR 741 thousand).

Balance sheet structure – assets

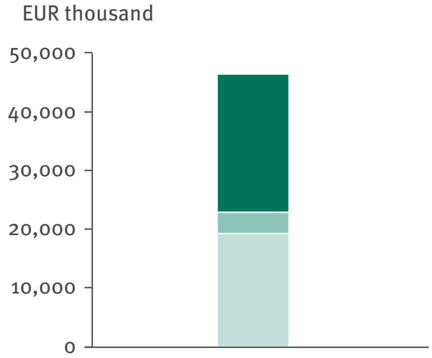


	EUR thousand
Total net assets	**46,430**
Non-current net assets	5,890
Current net assets	40,540

On the equity and liabilities side, the balance sheet comprised a year-on-year increase in equity of EUR 552 thousand to reach EUR 23,518 thousand as of June 30, 2016 (June 30, 2015: EUR 22,966 thousand). The equity ratio fell from 57.7 % on June 30, 2015 to 50.7 % as of the 2016 balance sheet date. The reduction derives from the aforementioned transfer of the previous consignment warehouse to the company's own merchandise, which occurred as part of the SAP launch. The consequently higher level of inventories is accompanied by a marked increase in total assets. Bank borrowings and trade payables rose at the same time in this context. Despite the absolute increase in the level of equity, this resulted in a reduction in the equity ratio.

The liabilities – comprising both provisions and liabilities in this case – of KROMI Logistik were up from EUR 16,811 thousand, as of June 30, 2015, to a level of EUR 22,912 thousand. Of this amount, EUR 3,617 thousand (June 30, 2015: EUR 3,744 thousand) was attributable to non-current liabilities, and EUR 19,295 thousand (June 30, 2015: EUR 13,067 thousand) was attributable to current liabilities. The increase in current liabilities is mainly reflected in the bank borrowings and trade payables items to finance the consignment warehouse that was transferred to the company's own stock, and is also reflected accordingly in the EUR 4,169 thousand change in the inventories and trade receivables asset items. Other provisions were raised due to variable compensation components. This item also includes a provision for a claim to loss compensation, and provisions for bonuses.

Balance sheet structure – equity and liabilities



	EUR thousand
Total equity and liabilities	**46,430**
Equity	23,518
Non-current liabilities	3,617
Current liablilities	19,295

c. Financial position

Cash flow from operating activities amounted to EUR -1,964 thousand in the period under review. A cash inflow of EUR 409 thousand was recorded in the previous year. Starting from our higher operating profit of EUR 1,283 thousand (previous year: EUR 578 thousand), this year-on-year change arises mainly from financing the consignment warehouse that transferred to the company‘s ownership.

Cash flow from investing activities stood at EUR -627 thousand for the 2015 / 2016 fiscal year (previous year: EUR -321 thousand). The company generated EUR 3,400 thousand from financing activities (previous year: EUR 400 thousand), and reflects the drawing down of borrowings to finance the consignment warehouse that are transferred to the company‘s ownership. Financing funds amounted to EUR 1,550 thousand at the end of the reporting period, compared with EUR 741 thousand in the comparable period.

At EUR 21,245 thousand (previous year: EUR 20,751 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 very satisfactory 2015 / 2016 fiscal year. Business with both existing and new customers performed very well. Sales in the target sectors of automotive suppliers, aerospace and general engineering all reported growth. In regional terms, KROMI Logistik achieved sales revenue growth both in Germany and abroad. Overall, this is reflected in 9.7 % year-on-year sales revenue growth to EUR 69,481 thousand, thereby significantly outperforming market growth. Operating profit more than doubled compared with the previous year to reach EUR 1,283 thousand. The gross profit margin of 23.6 % remained at a high level, confirming the business model‘s sustainable nature. With a 50.7 % equity ratio, EUR 1,550 thousand of liquid assets, and a working capital line of up to EUR 13,000 thousand, KROMI Logistik enjoys a stable financial position for its future business growth and development as of the 2016 reporting date.

Report on events after the balance sheet date

On July 22, 2016, Investmentaktiengesellschaft für langfristige Investoren TGV ("Langfrist") published the offer document in the meaning of Section 11 of the German Securities Acquisition and Takeover Act (WpÜG) (the "Offer Document") for the voluntary public takeover offer to all shareholders of KROMI Logistik AG (hereinafter referred to as "KROMI" or the "Target Company" and together with its consolidated subsidiaries the "KROMI Group" and the shareholders of KROMI Logistik AG referred to hereinafter as "KROMI shareholders") to purchase their ordinary bearer shares in KROMI (the "KROMI shares") against payment of a cash consideration of EUR 12.00 (the "Offer Price") per KROMI share pursuant to Section 14 (2) and (3) WpÜG (the "Takeover Offer" or the "Offer"). The offer document was submitted to the Managing Board of KROMI Logistik (the "Managing Board") on July 22, 2016. The Managing Board properly forwarded the offer document to the Supervisory Board of KROMI Logistik (the "Supervisory Board") and to the employees of KROMI Logistik. According to the information provided in the offer document, the German Federal Financial Supervisory Authority (the "BaFin") approved the publication of the offer document on July 22, 2016. On August 3, 2016, the Managing and Supervisory boards issued a joint reasoned opinion pursuant to Section 27 (1) WpÜG on the voluntary public takeover offer (cash offer) of Langfrist that was published on July 22, 2016. This opinion was published along with opinions to any amendments to the offer pursuant to Section 27 (3) Clause 1 and Section 14 (3) Clause 1 WpÜG through publication on the internet at www.kromi.de under "KROMI Investor Relations" under the menu item "Takeover Offer" (www.kromi.de / investor-relations / uebernahmeangebot). Given the remarks contained in this opinion and taking into account all general circumstances, the Managing and Supervisory boards welcome the offer submitted by Langfrist. In light of the fairness opinion of Network Corporate Finance GmbH & Co. KG and for the reasons presented in this opinion, the Managing and Supervisory boards are of the opinion that the offer price corresponds to legal requirements and is appropriate on an overall view. The acceptance period ended on September 7, 2016, 24:00 hours (based on local time at Frankfurt am Main). The total number of KROMI shares that were effectively accepted for the offer within the offer period until September 7, 2016, 24:00 hours (based on local time at Frankfurt am Main), plus the number of KROMI shares already held directly by the bidder as well as the instruments held in relation to KROMI shares pursuant to Section 25 (1) Clause 1 No. 2 of the German Securities Trading Act (WpHG), consequently amounts to 3,296,383 KROMI shares, and thereby corresponds to an approximately 79.91 % interest in the share capital and voting rights of KROMI Logistik AG.

As of September 1, 2016, Mr. Ulrich Bellgardt was appointed as a new member of the Supervisory Board. Bellgardt follows René Dannert, who stepped down from office with effect as of the end of August 31, 2016. Ulrich Bellgardt, born 1957, contributes to his office his experience from many years in managerial positions in various industrial operations, including as Managing Director of today's SMT Scharf Group, and as CEO of Surface Technology, a division of Saurer AG. Today he is managing shareholder of Swiss strategy and management consultancy ubc GmbH. The mandate of René Dannert as a Supervisory Board member should have ended on a regular basis in December 2016. The change within the Supervisory Board occurs as part of the majority investment announced in June this year and the public takeover offer by Investmentaktiengesellschaft für langfristige Investoren TGV.

Above and beyond this, no events of particular significance occurred following the end of fiscal 2015 / 2016.

Report on outlook, risks, and opportunities

I. Outlook

a. Managing Board‘s overall statement on the development of the Group in the 2016 / 2017 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 solid base of existing customers, the Managing Board of KROMI Logistik regards the Group as well positioned for the current 2016 / 2017 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 company 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, although they will not grow as dynamically as in previous years.

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 still well filled, 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. Economists at the German Engineering Federation (VDMA) expect sales in the current calendar year to stagnate, albeit at a high level. The aviation sector anticipates constant growth in passenger numbers, and consequently rising demand for aircraft and their components. The Airbus Group, for example, an important customer of KROMI Logistik, forecasts more than 33,000 new aircraft deliveries during the 2015 to 2035 period.[10]

Against this backdrop, KROMI Logistik, with its diversified customer structure, regards itself as well positioned to participate in these sectors‘ trends and growth.

[10] Airbus Group, Global Market Forecast 2016

c. Expected trend for KROMI Logistik

With a look to the 2016 / 2017 fiscal year, the Managing Board assumes that revenue growth will be recorded in the mid single-digit percentage range. Consequently, the Group‘s plan outpaces the VDMA‘s forecast range of 2 % for the precision tools sub-segment in calendar 2016.

KROMI expects a continuous improvement in its operating earnings in this connection, too. Market developments, and consequently KROMI customers‘ production levels, will comprise especially decisive factors for the company‘s earnings trends. If these perform positively, the Managing Board aims for further growth in earnings before interest and tax (EBIT) 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 comply with regulations. Identified risks are measured with regard to their impact on the consolidated financial statements. 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 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 company. 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. Managing significant and going concern risks and opportunities

The operational management of KROMI Logistik is directly responsible for the early recognition, controlling and communication of risks. This allows the company 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 key importance in the 2016 / 2017 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 significant 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. 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 in the meaning of the best definition did not occur at any time during the period under review.

Receivables default risk / insolvency risk of a customer and general customer default risk

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. Significant effects on the company's financial position and performance would arise especially if its two largest customers were to default on their receivables. 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. The company regards such risk is manageable given the historical loss record. Before concluding agreements with new customers, KROMI 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 in the meaning of the risk definition.

Opportunities and risks connected with changes in interest rates

The company 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 interest-rate level fell further over the course of fiscal 2015 / 2016. This resulted in a negative market valuation of the interest rate derivatives.

The Eurozone reference interest rate stood at 0.0 % 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 2016 / 2017 fiscal year from the change in the reference interest rate in the meaning of the risk definition.

Merchandise risks / warehouse 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 subsidiary's development is monitored very closely on a daily basis, and the management receives continuous short-term updates. The further developments and effects of the currently very difficult macroeconomic situation in Brazil remain to be seen. Sustained reductions in sales in the existing business have largely been offset by new business to date. In view of this situation, as well as the positive trend over the last fiscal years, the Managing Board remains convinced that the revenue and earnings expectations can be met 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 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.

High market potential

KROMI Logistik has already established a relatively high market share within the tool management niche. This market share is nevertheless relatively insignificant compared with the respective market. As a consequence, 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’s 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 fiscal 2015 / 2016, 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.

Remuneration 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. Remuneration 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 fiscal 2014 / 2015 by simplifying its implementation – 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.

In the year under review, the Managing Board unanimously approved a self-limitation in relation to the level of variable compensation for fiscal 2015 / 2016, which restricts variable compensation for the reporting year to a maximum of 100 % of the provision formed. This regulation is applicable for the instance that the calculated target attainment of the variable payments is greater than 100 % of the provisions 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 fiscal 2015 / 2016 amounted to EUR 1,372 thousand (previous year: EUR 1,319 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. Remuneration 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 2015 / 2016, 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 share 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

As of June 30, 2016, the following direct or indirect interests exceeding 10 % of the voting rights in the parent company's share capital had been notified.

		Number of voting rights	Interest of voting rights	Of which attribution according to Section 22 (1) of the German Securities Trading Act (WpHG)	
				Share	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.

With an agreement dated June 16, 2016 (the "Share Purchase Agreement"), Investmentaktiengesellschaft für langfristige Investoren TGV ("Langfrist") (i) acquired KROMI shares, and (ii) agreed a put option with shareholders of KROMI.

On July 22, 2016, Langfrist published the offer document in the meaning of Section 11 of the German Securities Acquisition and Takeover Act (WpÜG) (the "Offer Document") for the voluntary public takeover offer to all shareholders of KROMI Logistik AG (hereinafter referred to as "KROMI" or the "Target Company" and together with its consolidated subsidiaries the "KROMI Group" and the shareholders of KROMI Logistik AG referred to hereinafter as “KROMI shareholders”) to purchase their ordinary bearer shares in KROMI (the “KROMI shares”) against payment of a cash consideration of EUR 12.00 (the “Offer Price”) per KROMI share pursuant to Section 14 (2) and (3) WpÜG (the “Takeover Offer” or “Offer”).

The offer document was submitted to the Managing Board of the target company (the “Managing Board”) on July 22, 2016. The Managing Board properly forwarded the offer document to the Supervisory Board of the target company (the “Supervisory Board”) and to the employees of the target company. According to the information provided in the offer document, the German Federal Financial Supervisory Authority (the “BaFin”) approved the publication of the offer document on July 22, 2016.

With the Share Purchase Agreement, Langfrist initially acquired a total of 1,860,007 ordinary bearer shares, with a proportional amount in the share capital of EUR 1.00 attributable to each share, at a price of EUR 12.00 per share. The Share Purchase Agreement was executed subsequent to anti-trust approval on July 4, 2016. The transfer of the KROMI shares that were sold occurred on July 6, 2016. As a result of executing the Share Purchase Agreement, Langfrist increased its interest in the target company by an additional approximately 45.09 percentage points in the share capital and the voting rights of the target company, and now holds a total of 2,612,811 KROMI shares (around 63.34 % of the share capital).

Two sellers under the Share Purchase Agreement are companies in each of which Mr. Jörg Schubert, the Managing Board Chairman (CEO) of the target company, holds a 50 % interest. In addition, Managing Board members Axel Schubert and Bernd Paulini hold interests in a further selling company.

Specifically, Langfrist acquired off-bourse the following lines of shares on June 16, 2016 at a purchase price per KROMI share of EUR 12.00 each:

Seller	Number of KROMI shares
Schubert & Caro Beteiligungs GmbH & Co. KG	1,110,013
Tarpenring 11 Vermögensverwaltungs GmbH	180,000
Caro Vermögensverwaltung KG	119,994
KROMI Beteiligungsgesellschaft mbH	450,000

Following the execution of the Share Purchase Agreement dated June 16, 2016, which occurred on July 4, 2016, the Managing Board members still hold (directly and / or indirectly) the following numbers of KROMI shares:

(i) Jörg Schubert directly holds 3,000 KROMI shares, and indirectly via Schubert Vermögensverwaltung KG, in which Jörg Schubert holds a 100 % interest, 119,993 KROMI shares;

(ii) Uwe Pfeiffer directly holds 1,000 KROMI shares;

(iii) Bernd Paulini directly holds 2,200 KROMI shares, and holds a 25 % interest in KROMI Beteiligungsgesellschaft mbH, which in turn still holds 270,000 KROMI shares; and

(iv) Axel Schubert directly holds 3,000 KROMI shares, and holds a 25 % interest in KROMI Beteiligungsgesellschaft mbH, which in turn still holds 270,000 KROMI shares.

In the Share Purchase Agreement, two sellers have also committed themselves not to dispose of a total of 389,993 KROMI shares that they have retained, which correspond to 9.45 % of the share capital of the target company, before June 16, 2019, or to enter into legal transactions with similar economic effect (hereinafter referred to as the “Holding Requirement”), and in relation to these shares to also not accept the offer of Langfrist. Moreover, in the Share Purchase Agreement the sellers have assumed various guarantees, especially relating to the KROMI shares.

As consideration for the agreed Holding Requirement (including the obligation not to accept the offer of Langfrist) and the assumed guarantees, a put option was agreed with the sellers that enables them to sell the KROMI shares that they have retained to Langfrist after either three years or five years, at their choosing (hereinafter referred to as the “Put Option”).

The purchase price for the KROMI shares to be purchased by way of exercising the Put Option is calculated as follows for one KROMI share:

(a) EBIT of the KROMI Group for the fiscal year ending June 30 before the respective exercise of the Put Option minus the EBIT for the KROMI Group for the fiscal year ending June 30, 2016; this difference multiplied by a factor of eight (= difference of the enterprise value of the KROMI Group for the fiscal year ending June 30 before the respective exercise of the Put Option and the enterprise value of the KROMI Group for the fiscal year ending June 30, 2016)

less

(b) the net financial liabilities of KROMI Group for the fiscal year ending June 30 before the respective exercise of the Put Option minus the net financial liabilities of the KROMI Group for the fiscal year ending June 30, 2016

divided by

(c) 4,124,900 (= number of KROMI shares)

plus

(d) EUR 12,00.

The exercise period for the Put Option is the period from September 1, 2019 to November 30, 2019 and – if the Put Option is not exercised – additionally the period from September 1, 2021 to November 30, 2021. In other words, a transfer of the retained 389,993 KROMI shares cannot occur before September 1, 2019 at the earliest.

No independent economic value is attributable to the Put Option, and it is also not to be valued as consideration for the sale of the KROMI shares under the Share Purchase Agreement, as it relates to the consideration for the additionally assumed obligations (Holding Requirement and assumption of the guarantees in the share purchase agreement). In overview, the respective put options agreed off-bourse in relation to Langfrist in each case on June 16, 2016:

Beneficiary	Number of KROMI shares	exercise period
KROMI Beteiligungsgesellschaft mbH	270,000	September 1, 2019 – November 30, 2019, September 1, 2021 – November 30, 2021
Schubert Vermögensverwaltung KG	119,993	September 1, 2019 – November 30, 2019, September 1, 2021 – November 30, 2021

Above and beyond this, according to the offer document, during the aforementioned period neither Langfrist nor persons or their subsidiaries acting jointly with Langfrist in the meaning of Section 2 (5) of the German Securities Acquisition and Takeover Act (WpÜG) acquired directly or indirectly securities in the target company, nor have they entered into agreements on the basis of which the transfer of securities of the target company can be demanded.

The acceptance period ended on September 7, 2016, 24:00 hours (based on local time at Frankfurt am Main). The total number of KROMI shares that were effectively accepted for the offer within the offer period until September 7, 2016, 24:00 hours (based on local time at Frankfurt am Main), plus the number of KROMI shares already held directly by the bidder as well as the instruments held in relation to KROMI shares pursuant to Section 25 (1) Clause 1 No. 2 of the German Securities Trading Act (WpHG), consequently amounts to 3,296,383 KROMI shares, and thereby corresponds to an approximately 79.91 % interest in the share capital and voting rights of KROMI Logistik AG.

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 restrictions on 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 buy back 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 balance out 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 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 ten percent 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 10 % 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 Managing Board members' employment contracts include an extraordinary termination right for the Managing Board members if a shareholder of the target company combines (directly and / or indirectly) more than 50 % of the voting rights of all KROMI shares for the first time. In the case of termination, the respective Managing Board members would receive severance payments equivalent to the compensation that they would have received until the end of the regular duration of their employment contracts (discounted at 10 % p.a.). This termination right was already triggered by the execution of the Share Purchase Agreement, irrespective of the implementation of the offer. In an additional agreement connected with the Share Purchase Agreement, all of the Managing Board members of the target company have committed themselves to Langfrist to not utilise this termination right. In this agreement, Langfrist has held out the prospect of it endeavouring to the best of its capabilities and in the context of what is legally permissible to ensure that the Managing Board members are appointed for a further five years as Managing Board members of the target company after the execution of the offer, and to ensure that their employment contracts with the target company are concluded for a further five years in accordance with their current terms and conditions. This entailed clarifying that the responsibility of the Supervisory Board for the appointment of Managing Board members and the conclusion of their employment contract is unaffected.

Jörg Schubert | Uwe Pfeiffer | Bernd Paulini | Axel Schubert

57 | Consolidated balance sheet
58 | Consolidated income statement
59 | Consolidated statement of comprehensive income
60 | Consolidated cash flow statement
61 | Consolidated statement of changes in equity
62 | Notes to the consolidated financial statements
103 | Auditors‘ Report
105 | Responsibility statement

Financial statements

Consolidated balance sheet according to IFRS as of June 30 2016 and June 30, 2015

Aktiva	Notes	June 30,2016	June 30,2015
Non-current assets			
Intangible assets	4.1.1.	525	213
Other property, plant and equipment	4.1.1.	3,524	3,895
Other non-current assets	4.1.2.	1,313	1,289
Deferred taxes	4.4.4.	528	562
Total non-current assets		**5,890**	**5,959**
Current assets			
Inventories	4.2.1.	21,120	16,951
Trade receivables	4.2.2.	16,053	15,348
Other current receivables	4.2.3.	1,806	778
Income tax receivables	3.1	11	0
Cash and cash equivalents	4.2.4.	1,550	741
Total current assets		**40,540**	**33,818**
		46,430	**39,777**

Passiva	Notes	June 30,2016	June 30,2015
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.	437	294
Net retained profits		1,994	1,579
Minority interests	4.3.6.	-44	-38
Total Equity		**23,518**	**22,966**
Total non-current liabilities			
Provisions for pensions and other post employment benefits	4.4.1.	2,388	2,421
Non-current interest-bearing loans	4.4.2.	1,000	1,100
Other non-current liabilities	4.4.3.	199	196
Deferred taxes	4.4.4.	30	27
Total non-current liabilities		**3,617**	**3,744**
Current liabilities			
Income tax liabilities	4.5.1.	140	207
Other interest-bearing loans	4.5.2.	8,684	5,845
Trade payables	4.5.3.	8,670	5,856
Other current liabilities	4.5.4.	1,801	1,159
Total current liabilities		**19,295**	**13,067**
		46,430	**39,777**

All figures presented in thousands of euros (EUR thousand), unless otherwise stated.

Consolidated income statement according to IFRS for the period from July 1, 2015 to June 30, 2016 and from July 1, 2014 to June 30, 2015

	Notes	July 1, 2015 – June 30, 2016	July 1, 2014 – June 30, 2015
Revenue	5.1.	**69,481**	**63,341**
Other operating income	5.2.	785	890
Cost of material	5.3.	53,083	47,863
Staff costs	5.4.	10,185	9,215
Depreciation / amortisation	4.1.1.	590	632
Other operating expenses	5.5.	5,125	5,943
Profit from operations		**1,283**	**578**
Finance costs	5.6.	321	280
Other financial income	5.7.	35	60
Earnings before tax		**997**	**358**
Income taxes	5.8.	588	511
Company net profit / loss		**409**	**-153**
Consolidated net income due to shareholders of KROMI Logistik AG		415	-142
Consolidated net income due to minority interests		-6	-11
Earnings per share			
Shareholders‘ consolidated earnings in EUR		415,296	-142,625
Number of shares (weighted average for the fiscal year)		4,124,900	4,124,900
Earnings per share in EUR (undiluted and diluted)		**0.10**	**-0.03**

All figures presented in thousands of euros (EUR thousand), unless otherwise stated.

Consolidated statement of comprehensive income according to IFRS for the period from July 1, 2015 to June 30, 2016 and from July 1, 2014 to June 30, 2015

	July 1, 2015 – June 30, 2016	July 1, 2014 – June 30, 2015
Company net profit / loss	**409**	**-153**
Changes of the components, which are not reclassified in the future income statement for the period:		
Revaluation of pension provisions	112	-454
included deffered taxes	-36	140
Changes of the components, which are potentially reclassified in the future income statement for the period:		
Currency translations	70	383
Changes of the reserve for cash flow hedging	-5	8
included deffered taxes	2	-1
Other comprehensive income after tax	**143**	**76**
Consolidated net income	**552**	**-77**
due to		
shareholders of KROMI Logistik AG	558	-66
non-controlling interests	-6	-11

All figures presented in thousands of euros (EUR thousand), unless otherwise stated. The structure in which consolidated comprehensive income was presented in the comparable period was amended. Please refer to the remarks in Section 3.7 of the notes to the financial statements.

Consolidated cash flow statement for the period from July 1, 2015 to June 30, 2016 and from July 1, 2014 to June 30, 2015

		Notes	July 1, 2015 – June 30, 2016	July 1, 2014 – June 30, 2015
Cash flow from operating activities				
	Consolidated earnings before interest and taxes (EBIT)		1,283	578
+	Amortisation / depreciation	4.1.1.	576	632
+	Increase / decrease in other non-current receivables	4.1.2.	24	26
+/–	Increase / decrease in provisions for pensions (without interest share)		27	453
+/–	Change in net current assets		-3,007	-183
+	Interest received		35	60
–	Interest paid		-261	-222
+	Income taxes received		0	0
–	Income taxes paid		-641	-935
Net cash from operating activities			**-1,964**	**409**
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.	-627	-321
Net cash used in investing activities			**-627**	**-321**
Cash flow from financing activities				
–	Cash inflow from borrowings		-100	-100
+	Payments fort he repayment of lease liabilities		3,500	500
Net cash used in financing activities			**3,400**	**400**
	Cash change in cash and cash equivalents		809	488
+	Cash and cash equivalents – start of period		741	253
Cash and cash equivalents – end of period		4.2.5.	**1,550**	**741**

All figures presented in thousands of euros (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 in the period from July 1, 2015 to June 30, 2016 and from July 1, 2014 to June 30, 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.	
01/07/2014	**4,125**	**15,999**	**1,007**	**1,721**	**218**	**23,070**	**-27**	**23,043**
Company net surplus	-	-	-	-142	-	-142	-11	-153
Other compre-hensive income	-	-	-	-	76	76	0	76
Consolidated net income	-	-	-	-142	76	-66	-11	-77
30/06/2015	**4,125**	**15,999**	**1,007**	**1,579**	**294**	**23,004**	**-38**	**22,966**
Adjusted net income	**4,125**	**15,999**	**1,007**	**1,579**	**294**	**23,004**	**-38**	**22,966**
01/07/2015	**4,125**	**15,999**	**1,007**	**1,579**	**294**	**23,004**	**-38**	**22,966**
Company net surplus	-	-	-	415	-	415	-6	409
Other compre-hensive income	-	-	-	-	143	143	-	143
Consolidated net income	-	-	-	415	143	558	-6	552
30/06/2016	**4,125**	**15,999**	**1,007**	**1,994**	**437**	**23,562**	**-44**	**23,518**

All figures presented in thousands of euros (EUR thousand), unless otherwise stated. The previous year‘s comparable figures for the consolidated statement of changes in equity were restated. Please refer to the remarks in Section 3.7.

Notes to the consolidated financial statements for the 2015 / 2016 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. It mostly focuses on customers in the machining metal-working segment that have a high requirement for tools. These especially include 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, 2016, and has applied all of the International Accounting Standards (IAS) and IFRS approved by the International Accounting Standards Board (IASB) prior to June 30, 2016, 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, 2016 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, 2015, 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 satisfied. 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, 2015 or later, some new standards and revisions of existing standards, as well as interpretations, require mandatory application for the first time.

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 at the latest for fiscal years commencing from February 1, 2015. The new regulation has no effects on the financial statements of KROMI Logistik AG.

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 amendments to **IAS 1 "Presentation of Financial Statements"** include improvements to financial reporting in relation to disclosures in the notes to financial statements. This should involve not only a greater focus on the principle of materiality but also permit further sub-classification of items of the balance sheet and statement of comprehensive income, where appropriate for an understanding of financial position and performance. The amendments also include clarifications concerning the sequence of disclosures in notes to financial statements and the identification of significant accounting policies. The adaptation of the regulation must be applied for fiscal years commencing from January 1, 2016. Significant effects from the new regulation on financial accounting in the consolidated financial statements of KROMI Logistik AG are not currently expected.

Following the amendment to **IAS 7 "Statements of Cash Flows"**, a company is required to make disclosures about those financial liabilities whose cash inflows and cash outflows are shown under cash flow from financing activities in the statement of cash flows. Related financial assets are also to be included in the disclosures (e.g. assets from hedges). The adaptations of the regulation must be applied for fiscal years commencing from January 1, 2017. The potential effects of this new regulation on financial accounting in the consolidated financial statements of KROMI Logistik AG are currently being examined.

The amendments to **IAS 12 "Income Taxes"** clarify the accounting treatment of deferred tax assets relating to unrealised losses on available-for-sale financial assets. These amendments must be applied for fiscal years commencing from January 1, 2017 (subject to any EU endorsement still outstanding). Significant effects from the new regulation on financial accounting in the consolidated financial statements of KROMI Logistik AG are not currently expected.

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. Significant effects from the new regulation on financial accounting in the consolidated financial statements of KROMI Logistik AG are not currently expected.

The adaptations 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. These amendments must be applied for fiscal years commencing from January 1, 2016, 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, 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 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. The original mandatory first-time application date of January 1, 2016 was postponed for an indefinite period; the early voluntary application option continues to apply, however. Significant effects from the new regulation on financial accounting in the consolidated financial statements of KROMI Logistik AG are not currently expected.

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). Especially as a result of the revised impairment model for trade receivables and new regulations about the available-for-sale financial assets category, KROMI Logistik AG anticipates a need for adjustment. No significant effects on the financial position and performance of KROMI Logistik AG from this are currently expected.

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. Significant effects from the new regulation on financial accounting in the consolidated financial statements of KROMI Logistik AG are not currently expected.

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, 2018 (subject to any EU endorsement still outstanding). The potential effects of this new regulation on financial accounting in the consolidated financial statements of KROMI Logistik AG are currently being examined.

The new **IFRS 16 "Leases"** obligates lessees to present all leases as financing transactions as a matter of principle, and to recognise a right of use and a corresponding lease liability on the balance sheet (right-of-use model). These new regulations of IFRS 16 must be applied for fiscal years commencing from January 1, 2019 (subject to any EU endorsement still outstanding). Various assets, such as vehicles, IT equipment and office buildings are available for the use of KROMI Logistik AG as part of remunerated transfers. Most of such transfers are to be recognised on the balance sheet through applying IFRS 16 at the latest from the 2019 fiscal year, and exert a tangible effect especially on the financial position and performance of KROMI Logistik AG.

"Improvements to IFRS 2012 – 2014" comprises an omnibus standard to amend various IFRS. These comprise both amendments to various IFRS with effect on the recognition, measurement and reporting of business transactions, as well as terminological and editorial corrections. The new regulations of the "Improvements to IFRS 2012-2014" must be applied for fiscal years commencing from January 1, 2016. The potential effects of the new regulations on financial accounting in the consolidated financial statements of KROMI Logistik AG are currently being examined.

2.3. Principles of consolidation, group of consolidated companies

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
- KROMI CZ s.r.o., Liberec, a wholly-owned Czech interest, as well as
- KROMI Logistica do Brasil Ltda, Joinville, a Brazilian company in which the company holds a 99 % interest, as well as
- 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 policies.

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, 2016	June 30, 2015
Exchange rate on balance sheet date	3.59	3.47
Annual average exchange rate	4.10	3.19

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 235 thousand (previous year: EUR 640 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 five years. The amortisation rate is consequently 20 % or 100 % p.a.

Acquired **goodwill** relates to the transfer of intangible assets from Tarpenring 11 Vermogensverwaltungsgesellschaft mbH. Amortisation is not applied to goodwill according to IAS 38, 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 the nominal amount.

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 % 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 totals approximately 16.5 % (previous year: 16.5 %). After tax rates have been compounded, a lump-sum tax rate of 32 % is applied to calculate deferred tax assets (previous year: 32.0 %). A 32 % 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, 2016.

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.

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 1,026 thousand had been applied to trade receivables (previous year: EUR 965 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.

3.7. Adjustment of comparable information in the 2014 / 2015 fiscal year

The comparative information relating to the allocation of consolidated comprehensive income between the owners of KROMI Logistik Aktiengesellschaft and non-controlling interests was stated erroneously in the previous year insofar as consolidated net income was presented here instead of consolidated comprehensive income. The comparative information for the 2014 / 2015 fiscal year was corrected and now appropriately includes the allocation of consolidated comprehensive income.

In connection with this erroneous presentation, the comparative information for the 2014 / 2015 financial year in the statement of changes in equity was adjusted, and now includes the appropriate presentation.

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 / 2015	150	509	3,157	6,641
Currency differences	0	0	0	3
Additions - individual acquisitions	0	369	0	255
Disposals	0	-325	0	-534
Reclassifications	0	0	0	0
Acquisition costs on 30 / 06 / 2016	**150**	**553**	**3,157**	**6,365**
Amortisation / depreciation on 01 / 07 / 2015	0	446	341	5,562
Currency differences	0	0	0	7
Additions	0	57	82	437
Disposals	0	-325	0	-431
Reclassifications	0	0	0	0
Amortisation / depreciation on 30 / 06 / 2016	**0**	**178**	**423**	**5,575**
Carrying amount on 01 / 07 / 2015	150	63	2,816	1,079
Carrying amount on 30 / 06 / 2016	**150**	**375**	**2,734**	**790**

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**

Intangible assets include software in the amount of EUR 375 thousand (previous year: EUR 63 thousand), which is used for the operation of the server and the PC systems, as well as licenses purchased to implement a new merchandise management system. 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 Vermogensverwaltungsgesellschaft mbH. According to IAS 38, 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 321 thousand (previous year: EUR 297 thousand). In addition, this item includes EUR 993 thousand of bank deposits pledged to secure the pension commitments (previous year: EUR 992 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, 2016, no inventories existed that are recognised at net realisable value, as in the previous year. No impairments to inventories were reported in the 2015 / 2016 fiscal year, as in the previous year. The increase in inventories arises from taking over a consignment warehouse that has been utilised to date as part of the SAP transition.

4.2.2. Trade receivables

Composition:

In EUR thousand	June 30, 2016	June 30, 2015
Gross receivables	17,079	16,313
Less write-downs	-1,026	-965
	16,053	**15,348**

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 148 thousand in the fiscal year (previous year: EUR 90 thousand). Valuation allowances and reversals of valuation allowances changed as follows:

In EUR thousand	Specific allowance
As of June 30, 2014	**977**
Additions through profit or loss	90
Utilisation / reversal	-102
As of June 30, 2015	**965**
Additions through profit or loss	148
Utilisation / reversal	-87
As of June 30, 2016	**1,026**

The term structure of the trade receivables on June 30, 2016 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 June 30, 2016	17,079	1,026	16,053	13,637	2,153	120	139	4	2,416
As of June 30, 2015	16,313	965	15,348	12,430	2,776	59	76	7	2,918

On the balance sheet date, receivables of EUR 2,416 thousand (previous year: EUR 2,918 thousand) were overdue and had not been written down. Of the overdue unimpaired receivables, receivables in an amount of EUR 2,364 thousand (previous year: EUR 2,786 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, 2016	June 30, 2015
Receivables in EUR	16,312	15,634
Receivables in BRL	767	679
	17,079	16,313

The receivables' fair values correspond to their carrying amounts.

4.2.3. Other current assets

Composition:

In EUR thousand	June 30, 2016	June 30, 2015
Value added tax	900	211
Advances to commercial representatives	7	43
Prepaid expenses	157	92
Deferred bonus payments	90	67
Creditors in debit	7	4
Industrial product tax (Brazil)	327	130
Other	318	231
	1,806	**778**

All other current receivables are due within one year. No overdue or impaired items are included.

4.2.4. Cash and cash equivalents

The cash and cash equivalents comprise current account balances and cash in hand of EUR 1,550 thousand (previous year: EUR 741 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, 2016	June 30, 2015
Cash and cash equivalents in EUR	1,405	609
Cash and cash equivalents in BRL	118	105
Cash and cash equivalents in CZK	27	27
	1,550	**741**

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, 2016	June 30, 2015
Subscribed capital	4,125	4,125
Share premium account	15,999	15,999
Retained earnings	1,007	1,007
Balance sheet profit	1,994	1,578
Other reserves	437	295
Equity due to shareholders Equity	**23,562**	**23,004**
Non-controlling interests	-44	-38
	23,518	**22,966**

Composition of the other reserve:

	Adjustment item for currency translation and other reserves	
In EUR thousand	June 30, 2016	June 30, 2015
Currency translation differences	931	861
Cash flow hedge	-137	-133
Revaluation of pensions	-357	-433
	437	**295**

4.3.1. Subscribed share capital and authorised share capital

The subscribed share capital of KROMI Logistik AG amounted to a total of EUR 4,124,900 on June 30, 2016 (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 10, 2014, the Managing Board was authorised, subject to Supervisory Board consent, for the period through to December 9, 2019 to increase the company's share capital 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 translation

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 50.7 % as of June 30, 2016 (previous year: 57.7 %).

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.

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:

	Target value of obligation	
In EUR thousand	June 30, 2016	June 30, 2015
Balance at start of period	**2,905**	**2,326**
Ongoing service cost	91	69
Interest expenses	60	71
Expense for pension benefit	**151**	**140**
Balance at end of period (expected)	**3,056**	**2,466**
Actuarial gains (-) / losses (+) resulting and amortised during the period	-112	439
Balance at end of period (actual)	**2,944**	**2,905**
Less plan assets	-556	-484
Balance at end of period (net)	**2,388**	**2,421**

The following actuarial assumptions were applied when calculating the provision:

in % p.a.	June 30, 2016	June 30, 2015
Discount Rate	2.12	2.08
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	2.12 %	EUR 2,943,707	EUR 91,265
Sensitivity – 0.5 % points	2.62 %	EUR 2,667,386	EUR 80,382
Sensitivity + 0.5 % points	1.62 %	EUR 3,262,599	EUR 103,957

Sensitivity calculations relating to mortality:

		Defined Benefit Obligation	Service Cost
Basis calculation	Life expectancy based on Heubeck 2005 mortality tables	EUR 2,943,707	EUR 91,265
Sensitivity	1 year higher life expectancy	EUR 3,082,152	EUR 95,852
Sensitivity	1 year lower life expectancy	EUR 2,802,013	EUR 86,572

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 20.00 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:

In EUR thousand	Present value of asset June 30, 2016	June 30, 2015
Balance at start of period	**484**	**416**
Interest income	11	14
Contributions paid by employer	73	70
Payments rendered	0	0
Balance at end of period (expected)	**568**	**500**
Revaluation	-11	-16
Balance at end of period (actual)	**557**	**484**

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

Changes in pension provision:

Balance sheet date	June 30, 2016	June 30, 2015
Net obligation at start	**2,421,008**	**1,910,404**
Pension expenses	140,465	126,312
Re-measurement	-100,796	454,520
Pension payments	0	0
Employer contributions	-73,046	-70,228
Net obligations at end	**2,387,631**	**2,421,008**

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 573 thousand was paid to statutory or state pension plans for defined contribution plans in the 2015 / 2016 fiscal year (previous year: EUR 531 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 199 thousand (previous year: EUR 195 thousand) is calculated applying the mark-to-market method, and was reported as a financial liability as of June 30, 2016. 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, 2016	June 30, 2015	Changes	
			Income statement	Other comprehensive income
Deferred tax assets				
Pension provisions	382	418	-	-36
Interest-rate swap (cash flow hedge)	64	63	-	1
Loss carryforwards	82	82	-	-
	528	563	0	-35
Deferred tax liabilities				
Goodwill	30	27	3	-
	30	27	3	0

4.5. Current liabilities

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 2015 / 2016 and 2014 / 2015 fiscal years.

Composition:

In EUR thousand	June 30, 2016	June 30, 2015
Corporate tax	21	34
Corporation tax for previous years	0	48
Trade tax	66	72
Trade tax for previous years	53	53
	140	207

4.5.2. Current interest-bearing loans

Composition:

In EUR thousand	June 30, 2016	June 30, 2015
Commerzbank - money market loan -	2,500	1,500
HypoVereinsbank - Euro loan -	2,500	1,000
HSH Nordbank - money market loan -	1,500	1,000
Deutsche Bank - current account -	753	1,116
Commerzbank - current account -	712	1,008
Hamburger Sparkasse - money market loan -	500	0
Deutsche Bank - Brasil -	118	108
HypoVereinsbank - property funding -	100	100
Deferred interest	1	13
	8,684	5,845

The current accounts are due on demand. The interest rates amounted to between 1.0 % and 6.18 % as of June 30, 2016. The money-market and euro loans for EUR 7,000 thousand are due on September 30, 2016, and carry interest rates between 1.0 % and 1.61 %.

4.5.3. Trade payables

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:

In EUR thousand	June 30, 2016	June 30, 2015
Liabilities in EUR thousand	8,137	5,476
Liabilities in BRL thousand	533	380
	8,670	5,856

4.5.4. Other current liabilities

Composition:

In EUR thousand	June 30, 2016	June 30, 2015
Personnel-related deferrals	815	559
Tax liabilities	255	218
Liabilities as part of social security	176	60
Other	555	322
	1,801	**1,159**

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. Revenue

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

In EUR thousand	July 1, 2015 – June 30, 2016	July 1, 2014 – June 30, 2015
Deliveries - Germany	41,030	38,906
Deliveries - rest of world	26,376	22,243
Services - Germany	1,860	1,816
Services - rest of world	886	862
Sales allowances	-671	-486
	69,481	**63,341**

Revenue of BRL 11,803 thousand (EUR 2,907 thousand) was generated in Brazil in the 2015 / 2016 fiscal year (previous year: BRL 11,095 thousand / EUR 3,482 thousand).

5.2. Other operating income

Composition:

In EUR thousand	July 1, 2015 – June 30, 2016	July 1, 2014 – June 30, 2015
Benefits in kind - vehicles	419	411
Cost allocations to related companies	262	318
Other	47	114
Rent	46	46
Income from disposals of plant	11	0
Income from written-down receivables	0	1
	785	890

5.3. Cost of materials

Composition:

In EUR thousand	July 1, 2015 – June 30, 2016	July 1, 2014 – June 30, 2015
Cost of goods / purchased services	53,671	48,403
Taxes in Brazil	588	524
Less discounts	-932	-795
Less bonus payments	-244	-269
	53,083	47,863

5.4. Staff costs

Composition:

In EUR thousand	July 1, 2015 – June 30, 2016	July 1, 2014 – June 30, 2015
Wages and salaries	8,476	7,808
Social security and retirement benefits	1,709	1,407
	10,185	9,215

During the fiscal year from July 1, 2015 to June 30, 2016, the Group employed an average of 157 staff, who exclusively comprised salaried employees (previous year: 145), in addition to the members of the Managing Board. As of June 30, 2016, the Group employed a total of 158 staff including the members of the Managing Board (previous year: 154).

5.5. Other operating expenses

Composition:

In EUR thousand	July 1, 2015 – June 30, 2016	July 1, 2014 – June 30, 2015
Selling expenses	2,942	3,244
Operating costs	919	1,012
Administrative expenses	640	698
Expenses arising from currency differences	235	639
Additions to valuation allowances for receivables	66	13
Miscellaneous	323	337
	5,125	**5,943**

5.6. Financial expenses

Composition:

In EUR thousand	July 1, 2015 – June 30, 2016	July 1, 2014 – June 30, 2015
Miscellaneous interest expenses	261	223
Interest on pension commitments	60	57
	321	**280**

5.7. Other financial income

In the year under review, other financial income exclusively comprised EUR 35 thousand of interest income from current accounts (previous year: EUR 60 thousand).

5.8. Group profit or loss

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

In EUR thousand	July 1, 2015 – June 30, 2016	July 1, 2014 – June 30, 2015
Trade tax current year	294	270
Corporation tax current year	266	239
Solidarity surcharge current year	15	13
Foreign income taxes	10	4
Current year tax expense	**585**	**526**
Trade tax for previous years	0	7
Previous years' tax expense	**0**	**7**
Deferred tax income - temporary differences	0	-25
Deferred tax expenses - temporary differences	3	3
Deferred tax expense (previous year: profit)	**3**	**-22**
	588	**511**

The average Group tax rate for the 2015 / 2016 fiscal year stood at 32 % (previous year: 32.0 %).

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

In EUR thousand	July 1, 2015 – June 30, 2016	July 1, 2014 – June 30, 2015
Profit before tax	997	358
Expected tax expense (tax rate: 32 %)	**319**	**115**
Taxes for prior years	0	7
Losses that cannot be utilised for tax purposes	0	0
Losses not yet utilised for tax purposes	0	0
Brazil: divergent measurement basis	213	346
Non-deductible expenses	42	35
Other	14	8
Actual tax expense for current year	**588**	**511**

The tax loss carryforwards amount to EUR 680 thousand (previous year: EUR 496 thousand) and correspond to EUR 231 thousand of deferred tax assets (previous year: EUR 173 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 149 thousand was not recognised as a deferred tax asset. The possibility of utilisation was estimated cautiously based on planning.

On recognised deferred tax liabilities: as of June 30, 2016, and in accordance with IAS 12.39, unrecognised deferred tax liabilities exist in an amount of EUR 1 thousand (previous year: EUR 1 thousand) arising from temporary differences in an amount of EUR 77 thousand (previous year: EUR 74 thousand) in relation to interests in affiliated companies. The Group does not expect any charge to arise from this, as no release is currently planned.

5.9. EBIT, EBIT margin, gross profit

The company reported EUR 1,283 thousand of EBIT during the fiscal year (previous year: EUR 578 thousand). This also corresponds to earnings before interest and taxes (EBIT). The EBIT margin (as a percentage of revenue) consequently amounted to 1.9 % (previous year: 0.9 %). Gross profit grew from EUR 15,478 thousand to EUR 16,387 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, 2016	June 30, 2015
Total minimum future lease payments as a result of operating leases that cannot be terminated	735	935
- of which due within one year	441	520
- of which due within between one and five years	294	415
Total minimum future lease payments which are expected to be retained due to leases that cannot be terminated		
Payments recognised in income in the reporting period from leases and subleases		
- minimum lease payments	873	891
- payments received from subleases	-46	-46

7. Contingent liabilities and financial commitments

Financial commitments

Other financial obligations in an amount of EUR 690 thousand exist on the reporting date. These relate to leases for vehicles, copiers and IT systems, among other items. Additional contracts with terms of 3 to 6 months can be terminated at any time and are not included in the above amount.

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 7,273 thousand as of June 30, 2016.

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 933 thousand on the balance sheet date (previous year: EUR 679 thousand), and the financial liabilities totalled around EUR 533 thousand (previous year: EUR 378 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 232 thousand of exchange rate losses, and a 5 % appreciation of the Real equals EUR 210 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, 2016 totalled EUR 1,550 thousand and comprise cash and cash equivalents from Germany (EUR 1,217 thousand), Slovakia (EUR 63 thousand), the Czech Republic (EUR 28 thousand), Spain (EUR 124 thousand) and Brazil (EUR 118 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 2015 / 2016 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, France, Belgium, Brazil, Austria, Denmark and Poland, which account for most of the sales revenues generated with foreign customers. The other countries to which deliveries are made (China) 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 / 2015 to 6 / 2016	7 / 2014 to 6 / 2015	7 / 2015 to 6 / 2016	7 / 2014 to 6 / 2015	7 / 2015 to 6 / 2016	7 / 2014 to 6 / 2015
Revenue (from external customers)	**42,237**	40,260	**27,244**	23,081	**69,481**	63,341
Less: Cost of materials	-31,812	-29,631	-21,271	-18,232	-53,083	-47,863
Segment result	**10,425**	10,629	**5,973**	4,849	**16,398**	15,478
Plus: Other operating income					785	890
Less: Staff costs					-10,185	-9,215
Less: Depreciation / amortisation					-590	-632
Less: other operating expenses					-5,125	-5,943
Less : Financial result					-286	-220
Less: Income taxes					-588	-511
Group net profit or loss					**409**	-153

In EUR thousand	Germany		Abroad		Total	
	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
Segment assets	**24,100**	20,827	**17,121**	15,567	**41,221**	36,394
Of which non-current segment assets	3,652	3,529	396	579	4,048	4,108
Of which current segment assets	20,448	17,298	16,725	14,988	37,173	32,286
Plus: Cash and cash equivalents					1,550	741
Plus: Assets unallocated to segments					3,659	2,642
Total assets					**46,430**	39,777

Further segment information:

In EUR thousand	Germany		Abroad		Total	
	7 / 2015 to 6 / 2016	7 / 2014 to 6 / 2015	7 / 2015 to 6 / 2016	7 / 2014 to 6 / 2015	7 / 2015 to 6 / 2016	7 / 2014 to 6 / 2015
Capital expenditure	495	404	129	92	624	496
Less: Depreciation / amortisation	401	422	176	210	577	632
Key non-cash items (Impairment charges)		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 18 % or EUR 12,517 thousand (previous year: 16.8 % or EUR 10,670 thousand) of its revenues with one group of companies. Of this total, EUR 12,514 thousand are attributable to Germany (previous year: EUR 9,930 thousand) and EUR 3 thousand are accounted for by the rest of the world (previous year: EUR 740 thousand).

The Group generates approximately 14.1 % or EUR 9,761 thousand (previous year: 15.2 % or EUR 9,645 thousand) of its revenues with another group of companies. Of this total, EUR 2,418 thousand are attributable to Germany (previous year: EUR 2,348 thousand) and EUR 7,343 thousand are accounted for by the rest of the world (previous year: EUR 7,297 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, 2016 (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.

Number	June 30, 2016	June 30, 2015
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, 2013 – June 30, 2016	July 1, 2012 – June 30, 2015
Group net profit or loss	415,296	-142,625
Number of shares in fiscal year	4,124,900	4,124,900
Earnings per share (basic)	**0.10**	**-0.03**

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, 2015 to June 30, 2016.

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) Direct and indirect shareholders of KROMI Logistik AG with 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 remuneration as a member of the Managing Board is stated under Note 13.

b) Transactions with related parties:

In the period from July 1, 2015 to June 30, 2016, merchandise (net) was delivered in the amount of EUR 9,704 thousand (previous year: EUR 6,188 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 169 thousand (previous year: EUR 204 thousand). KROMI Logistik AG also received rental income of EUR 46 thousand (previous year: EUR 46 thousand).

The marked increase in merchandise purchases derives from the fact that KROMI Logistik on June 30, 2016, as part of launching SAP, transferred from Krollmann & Mittelstädt Hamburg the entire consignment warehouse merchandise located in the KTCs and in the stock warehouses.

As of June 30, 2016 current liabilities to Krollmann & Mittelstadt Hamburg GmbH exist in the amount of EUR 4,317 thousand (June 30, 2015: EUR 629 thousand) and short-term receivables in amount of EUR 1 thousand (June 30, 2015: EUR 0 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 93 thousand (previous year: EUR 114 thousand) for the company.

As of June 30, 2016, current receivables from Krollmann & Mittelstadt Hamburg GmbH exist in the amount of EUR 7 thousand (June 30, 2015: EUR 7 thousand).

c) Other individuals in key positions:

- Wilhelm Hecking (Supervisory Board Chairman)
- René Dannert (Supervisory Board member)
- Prof. Eckart Kottkamp (Supervisory Board member)
- Jörg Schubert (Chief Executive Officer)
  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 (Chief Executive Officer)
  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	2015 / 2016	2014 / 2015
Payments due short-term	1,849	1,678
Other payments due long-term	154	112
Payments after end of employment contract	151	140
	2,154	**1,930**

13. Information on the executive bodies of KROMI Logistik AG

13.1. Managing Board

For the fiscal year ending on June 30, 2016, the following persons were appointed as members of the Managing Board of KROMI Logistik AG:

- 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
- Axel Schubert, Quickborn
  Other memberships of supervisory boards / memberships of controlling bodies: none

Total compensation paid to the Managing Board amounted to EUR 1,372 thousand in the 2015 / 2016 fiscal year (previous year: EUR 1,319 thousand), and is derived as follows:

	2015 / 2016				2014 / 2015			
in EUR	Fixed based compen-sation	Performance-based compen-sation	Performance-based compen-sation with a long-term incentive effect	Total payments	Fixed based compen-sation	Performance-based compen-sation	Performance-based compen-sation with a long-term incentive effect	Total payments
Jörg Schubert	423,659	89,100	31,757	544,516	423,659	64,597	12,919	501,175
Uwe Pfeiffer	257,539	53,437	19,454	330,430	257,479	38,742	7,748	303,969
Bernd Paulini	198,035	41,108	15,200	254,343	193,685	29,803	5,961	229,449
Axel Schubert	190,630	38,273	14,222	243,125	186,580	27,748	5,550	219,878

Non-share-based compensation of EUR 89 thousand that depends on the occurrence or discontinuation of future conditions was granted to the Managing Board members in the 2015 / 2016 fiscal year. Such compensation was distributed among the Managing Board members as follows: Jörg Schubert EUR 36 thousand, Uwe Pfeiffer EUR 21 thousand, Bernd Paulini EUR 16 thousand and Axel Schubert EUR 16 thousand. The remuneration report presents the main characteristics of the commitment, the impact on the level, and the temporal distribution of the benefit.

In the year under review, EUR 32 thousand of compensation was granted that depended on the occurrence or discontinuation of future conditions, and whose original commitment was made in the 2014 / 15 fiscal year. Such compensation was distributed among the Managing Board members as follows: Jörg Schubert EUR 13 thousand, Uwe Pfeiffer EUR 8 thousand, Bernd Paulini EUR 6 thousand and Axel Schubert EUR 5 thousand.

Payments in kind were valued on the same basis as for tax purposes.

In addition to the remuneration detailed above, the following non-performance-based payments are made in the event the employment relationship comes to an end:

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 1,244,252 as of June 30, 2016 (previous year: EUR 1,294,308.00). A provision in an amount of EUR 50,056 was released during the fiscal year under review (in the previous year, a provision in an amount of EUR 99,162.00 was formed).

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 received a pension commitment amounting to EUR 4000.00 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 572,644 as of June 30, 2016 (previous year: EUR 539,097.00). A provisioning amount of EUR 33,547 was formed during the fiscal year (previous year: EUR 153,462.00).

Mr. Axel Schubert has received a pension commitment amounting to EUR 4000.00 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 315,006 as of June 30, 2016 (previous year: EUR 300,144.00). A provisioning amount of EUR 14,892 was formed during the fiscal year (previous year: EUR 101,785.00).

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, 2016 were as follows:

		Shares
Name	**June 30, 2016**	**June 30, 2015**
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:
  - Wollschläger GmbH & Co.KG, Bochum, (Deputy Advisory Board Chairman)
  - Frank Wollschläger GmbH, Bochum, (Deputy Advisory Board Chairman)
- René Dannert, management consultant, Hamburg (until August 31, 2016)
  Other memberships of supervisory boards / memberships of controlling bodies: none
- Ulrich Bellgardt, independent management consultant, Hubersdorf / Schweiz (since September 1, 2016)
  Other memberships of supervisory boards / memberships of controlling bodies:
  - WashTec AG, Augsburg, (Supervisory Board member)
- 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)

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	2015 / 2016	2014 / 2015
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 2016 after the end of the 2015 / 2016 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 77 thousand (previous year: EUR 72 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 2015 / 16.

16. Events after the balance sheet date

With an agreement dated June 16, 2016 (the "Share Purchase Agreement"), Investmentaktiengesellschaft für langfristige Investoren TGV ("Langfrist") acquired KROMI shares and agreed a put option with shareholders of KROMI Logistik. Moreover, Mr. Ulrich Bellgardt was appointed as a new member of the Supervisory Board as of September 1, 2016. Please refer to the report on events after the balance sheet date for more details.

Above and beyond this, 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 1,151 thousand according to its annual financial statements prepared as of June 30, 2016 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, 2016 (http://www.kromi.de/161-Aktiengesetz.670.0.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 19, 2016 (date of authorisation by the Managing Board for presentation to the Supervisory Board).

Hamburg, September 19, 2016

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 19, 2016

KPMG AG
Wirtschaftsprüfungsgesellschaft

Dr. Haußer	Willhöft
German Public Auditor	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 19, 2016

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

WALTER PERSPEKTIVEN
DRUCK & MEDIEN SERVICE GmbH
Pfälzer Straße 78
46145 Oberhausen

Photos

Page 2: Carl Aug. Picard GmbH | Page 4: Airbus S.A.S | Page 6: KROMI Logistik AG
Page 8: GHH RAND Schraubenkompressoren GmbH

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.: 040 / 53 71 51 - 0
Fax: 040 / 53 71 51 - 99