

**GROWING
TOGETHER**

Annual Report 2015

KEY DATA OF THE TECHNOTRANS GROUP (IFRS)

	Δ previous year	2015	2014	2013	2012	2011
Earnings	9.3%	122,838	112,371	105,207	90,662	97,265
Technology	10.4%	81,457	73,758	65,988	53,733	61,673
Services	7.2%	41,381	38,613	39,219	36,929	35,592
EBITDA	23.4%	12,187	9,873	7,815	8,319	7,980
EBITDA margin (%)		9.9	8.8	7.4	9.2	8.2
EBIT	31.1%	8,952	6,830	4,626	5,357	4,787
EBIT margin (%)		7.3	6.1	4.4	5.9	4.9
Net profit for the period¹	42.9%	6,262	4,381	3,016	3,094	3,019
as percent of revenue		5.1	3.9	2.9	3.4	3.1
Net profit per share (€)	42.4%	0.96	0.67	0.47	0.48	0.47
Dividend per share (€)	45.5%	0.48*	0.33	0.20	0.12	0
Balance sheet	2.0%	76,043	74,534	73,019	64,705	67,215
Equity	9.0%	51,725	47,470	43,743	40,865	37,291
Equity ratio (%)		68.0	63.7	59.9	63.2	55.5
Return on equity (%) ²		12.3	9.4	7.0	7.6	8.1
Net debt³	143.0%	-11,575	-4,763	-941	-8,122	5,481
Free Cashflow⁴	77.2%	8,542	4,821	-3,433	13,172	3,606
Employees (average)	5.1%	810	771	763	646	659
Personnel expenses	5.9%	42,160	39,808	37,022	32,651	33,224
as percent of revenue		34.3	35.4	35.2	36.0	34.2
Revenue per employee	4.1%	152	146	138	140	148
Number of shares at end of period		6,530,588	6,516,434	6,493,474	6,455,404	6,432,775
share price max (€)		19.90	9.56	10.35	7.20	7.51
share price min (€)		9.21	7.41	6.90	4.10	4.01

¹Net profit for the period = profit attributable to technotrans AG shareholders

²Return on equity = Net profit of the period/Equity to technotrans AG shareholders

³Net debt = financial liabilities – cash and cash equivalents

⁴Free Cashflow = Net cash from operating activities
+ cash used for investments acc. to cash flow statement

*Proposal to the Shareholder Meeting



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Dear Shareholders,
Dear Business Associates,

The past financial year of 2015 brought very mixed fortunes from an overall economic perspective. After a very dynamic start into the financial year, the economic prospects became ever more clouded as it progressed. The reasons for this were many and varied. Overall, growing uncertainty about the future prospects were registered in the second half of the year in almost all industrial sectors, and therefore also in the capital market. Even though this environment was not always ideal, technotrans adhered consistently to the path it had previously set out on and ended the year with the best set of business results since 2007.

How did we achieve that?

We were able to increase our market shares in almost every area of activity. Our successful market work among existing and new customers, our cross-group technological product developments and our extensive range of services tailored to customer requirements all played a major part.

Our business figures for 2015 also reflect this:

We were able to increase our revenue in all technotrans sub-markets yet again, with the total of € 122.8 million representing organic growth approaching 10 percent.

We succeeded in increasing the operating result (EBIT) by a significant degree to 7.3 percent; that is an improvement of 31.1 percent on the previous year.

In conjunction with the operating profit, the net income also improved by 42.9 percent to € 6.3 million.

We have chosen “growing together” as the motto for this year’s Annual Report. This phrase underlines our assessment of where technotrans is currently at. While our focus in previous years was on accessing new market areas and new customers, in 2015 we started to bundle the potential that we had now unlocked, and to distribute it among the individual business units. As a result, we are now in a position to adapt our processes even more flexibly to the highly diverse customer requirements worldwide, and to offer our customers the technology that they expect even faster.

For 2016, we currently assume the economic environment will continue to present a mixed picture. However, thanks to our well-oiled corporate network and our steadily growing customer base, we are very confident of again increasing both revenue and profit in the new financial year.

Our thanks are due not only to our shareholders, but in particular to our employees and also our customers all over the world.

On behalf of the Board of Management



Henry Brickenkamp



f.l.t.r.: Dr Christof Soest, Henry Brickenkamp, Dirk Engel

- UNIFORM PUBLIC IMAGE OF THE GROUP
- EXPLOITING NUMEROUS SYNERGIES AT THE LOCATIONS
- BUNDLING EXPERTISE AND ENERGY

The technotrans Group is growing in many different respects. On the one hand we can talk of growth in terms of revenue and earnings, orders, personnel or our product portfolio. On the other hand we are growing closer together as a group of companies. The process encompasses the many synergies at our locations, the joint innovations and ever greater cooperation on many different processes, ultimately leading to an ongoing dialogue between employees. It is also reflected in our new, uniform public image, which gives out a clear message about how we are growing together. On the following pages we provide an insight into how both of these interpretations of our “growing

together” slogan are manifested in our day-to-day work, and why we are convinced that they are inextricably linked, because they are pivotal to the success of the technotrans Group.

The publication of our Annual Report opens a new chapter in our communications. For the first time ever, all locations and products are presented under a uniform visual identity. That is not an end in itself. Companies such as KLH Kältetechnik GmbH, gds GmbH and Termotek GmbH have been part of the technotrans Group for a number of years now. For just as long, we have been a full-liner for cooling systems in numerous sectors

such as the laser and machine tool industry, or battery cooling. In other words, our product portfolio covers the entire performance range for cooling systems. Meanwhile we provide expert support for our customers at all stages of the process, from consultancy and development, to commissioning, servicing and retrofitting. We supply everything from a single source, and now communicate that blanket principle to everyone through our uniform public image.

To put this self-view into practice every day, we provide in-depth training for all employees across all locations and in all areas, from sales to service. We are retaining

Member of
the technotrans group

 technotrans

 gds

 termotek

 klh



the advantages of non-central structures so that we can still make decisions flexibly and rapidly if need be. But at the same time we are tapping a wide range of synergies: an umbrella approach to supplier management, expert sales operations for the entire product range and the worldwide service network for all technotrans solutions are just a few examples. An even more revealing example are the huge benefits derived from the growing-together process in our show stand construction and dismantling team, which was in action for the first time in 2015. These colleagues are

experts in their field, and make their expertise available to all locations. Another practical example is group or matrix certification, which enables us to make our quality management system simpler and more efficient for the companies by avoiding the need for a new certificate for every location and every product.

On the following pages we provide examples from every company in the group of how each one of them has contributed to our overall growth, and how existing structures have been integrated into a collective whole. We regard our goal of again

increasing revenue and profit in the coming years as both the task of the group as a whole, and of every individual who works for it. We are already performing the groundwork and making our expertise and energy available to the entire group of companies under the technotrans umbrella.

➤ FURTHER POSITIVE DEVELOPMENT

➤ DRUPA ON THE HORIZON

➤ SEIZING MOMENTUM FOR THE ENTIRE GROUP

At the core of our group is technotrans AG, with its headquarters in Sassenberg, Westphalia. This location is home to cooling technology for new markets, as well as to expertise for peripherals in the print area. Our coordinated, modular systems optimise production in offset, digital and flexographic printing. Over the

next few years, too. technotrans AG will continue to grow in this area. The machine tool industry likewise offers numerous opportunities for us in 3D printing. In 2015 we succeeded in positioning our products for filtration and cooling in this market. We also successfully expanded the area of laser technologies. In this dynamic environment, we are gaining a large

and KLH Kältetechnik GmbH. It is very useful to be able to draw on the expertise available in the group as a whole. We want to make the flow of experience and ideas more than just a one-way street. All employees of the group benefit continually from the day-to-day discussions in the course of business operations, but also from joint strategic activities.



past year this area of the company developed positively, as expected. Our strategy focuses on sustained, earnings-driven development. In some areas, we are already the technological and economic world market leader. Wherever that is not yet the case, we seek to achieve that status as our long-term goal.

Last year we were able to increase our market shares in the offset printing area, but even more satisfyingly, in the digital and flexographic printing area, too. As anticipated, existing trends in this market continued and we expect the picture to remain unchanged in the

number of new customers through both existing and additional, future innovations. Our spray lubrication system has made excellent progress, prompting us to expand that product area this year. Overall, we are very successfully generating steady growth with our products for machine tools and metal working.

In the segment for energy storage device cooling – for both mobile and stationary applications – we completed several orders last year. Here again, we were able to expand the portfolio into that of a full-liner thanks to growing cooperation with our colleagues at Termotek GmbH

Synergies in many different areas also bring an efficiency boost. A large number of new developments and exciting applications are taking shape in the group. Today, technotrans equipment and systems are found in action not on just stationary – in other words, permanently installed – energy storage facilities, but also on moving vehicles such as trams and buses. The coming years will bring more new projects and follow-on orders for us in this area. Last year the success of our mobile cooling solutions prompted us to take part in the busworld show in Belgium for the first time, and we were delighted

The logo for technotrans, featuring a stylized 'Z' icon followed by the word 'technotrans' in a lowercase, sans-serif font.

to register lively interest in our products in this new area of activity.

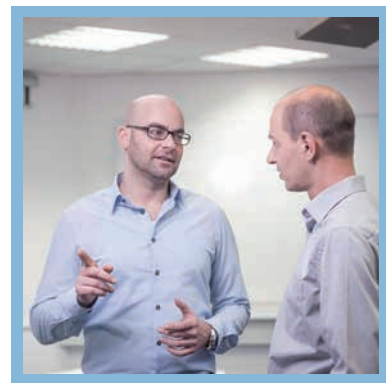
The drupa, the most important industry exhibition for the print sector is already looming on the horizon and will take place in summer

2016 in Düsseldorf. technotrans plays an important role in many of the products that our customers will be exhibiting. We continue to be well-positioned in the print sector. We will naturally not rest on our laurels in 2016 and will build on these

achievements to grow in tandem with the entire group.



- › FULL SERVICE FOR TECHNICAL DOCUMENTATION
- › PROFITING FROM GROUP-WIDE EXPERTISE
- › SUSTAINED, SHARED SUCCESS

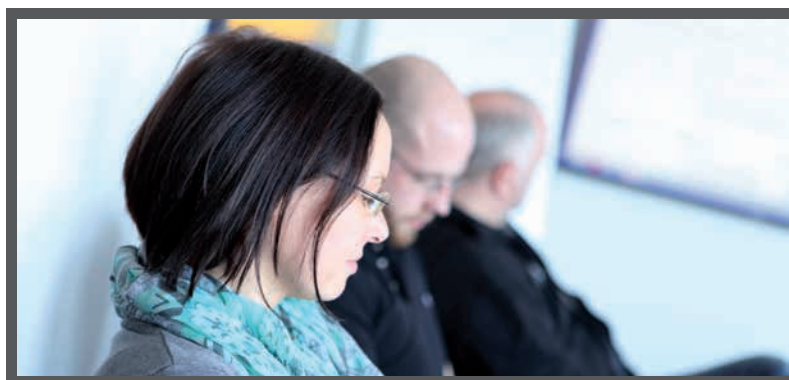


The oldest member of our group of companies is gds GmbH. The subsidiary was spun off in 2009 from the Technical Documentation department of technotrans. Seven years on, the gds Group is no longer

simply an internal and external full-service provider; it has now evolved into an independent software supplier. The measurable, steadily growing success of this subsidiary is proof that expansion was always

the right way to go. Our strategy of continually researching innovations and improvements and then applying them first internally before sharing them with gds customers has demonstrably been the right one.

The added value of the gds Group again paid dividends in 2015. By developing our own editorial system docuglobe, which we asserted as the market standard after the spin-off, we enabled the group to capitalise on precisely the effect that is our selling point for gds customers: we save time and money with editorial tasks. gds GmbH produces all technical documentation for the entire group, from operating manuals to assembly descriptions. In addition, over 2,000 users at some 400 different companies already benefit



producing a positive overall picture for the financial year.

One major highlight of the past year was the receipt of the IT Innovation Award for the gds "authordesk" solution; this prize is awarded every year by the SME information network "Initiative Mittelstand". The jury voted the new authoring assistance feature from gds "Best of 2015" in the Industry Software category. gds implemented an additional strategic extension to the document management system docuglobe in the form of the new "CE-Expert" module. The feature renders it easier for manufacturing companies to comply with relevant legislation, directives and standards when compiling technical documentation. gds has also extended its portfolio of consultancy services: the core tasks of the new "Service Consulting" business area involve consultancy and integration. The spectrum of services extends from introducing the our editorial system docuglobe to implementing CE-relevant

processes such as conformity evaluations, risk assessments and research of standards.

These additions to the portfolio of services have equipped us well for the new financial year. The future offers an array of opportunities for the gds Group, under the umbrella of the technotrans Group; we will make the most of these so that together we can grow further. gds would not have been able to achieve this success without a corporate culture of openness and the spirit of partnership that pervades all collaborative activities. The ability to keep learning, broaden our horizons and always focus closely on the needs of customers – these are the key to our sustained, joint success.



from gds expertise on a daily basis, and can count on the research and development work that it performs. External sales of gds software and sales have long since become an additional mainstay of core business. However due to the distinct business cycles of this market, the 2015 financial year initially proved relatively difficult for gds. Nevertheless, these weaknesses could be made good particularly in the second half of the year by a large number of successful deals,

- USING POTENTIAL FOR CAPTURING NEW CUSTOMERS
- DEVELOPMENT OF A NEW CONTROL CONCEPT
- TAPPING THE BENEFITS OF THE LEAD BUYER SYSTEM

Effective cooling for sensitive applications: in Baden-Baden, Termotek GmbH makes systems for cooling lasers in the scientific, medical and lab environment. It has been part of the technotrans Group since 2011, during which time it has achieved revenue growth in excess of 100 percent. Termotek thus makes a significant contribution to our huge success. Termotek's 70 employees now operate in close harness with colleagues elsewhere in the group, and play a part in generating diverse new growth through projects that can only be brought to fruition by a concerted effort. These achievements, too, reflect how the full-liner strategy of the technotrans Group is working.

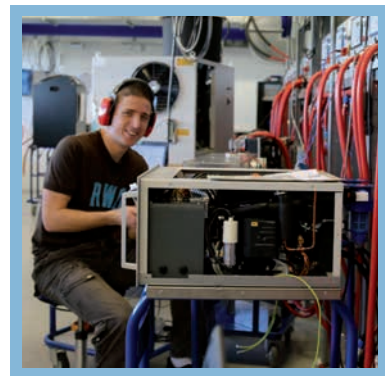
Last year, Termotek GmbH made very healthy progress in economic terms, too. This was mainly down to our strong international presence and our ability to capitalise on existing potential for generating new customers. Our innovative capability is demonstrated by a raft of projects. New projects were



developed and marketed in such fields as scanner technology. These made a significant contribution to revenue growth. Scanner technology is now used in the security sector worldwide, for instance in airports. Termotek GmbH supplied the necessary cooling technology for a world market leader. This helped increase the revenue for this business area.

Termotek GmbH unveiled our new control system at the Laser World of Photonics, the industry's leading show, which is held in Munich every two years. This

new modular-structure control concept was developed jointly by technotrans and Termotek, and in the future will be used throughout the entire group. This example shows there are many advantages to working together, because this development project would have been very difficult to accomplish independently. Wherever it is possible, or wherever the market conditions allow, the joint development of components and products that can in turn be used elsewhere in the group are a strategic objective. The solutions can usually be used in a variety of





areas, and generate further growth potential for future years. Various specific achievements illustrate how strongly we are converging, simply by working together.

For example, in 2015 the Service area of Termotek GmbH established a repair centre in Asia. We have expanded our range of services for even faster response times. We are now in a position to react more flexibly to customer requests and developments in the market. In production, we have introduced a lean management project designed to cut our lead times even further and make our production operations as lean as possible. What belongs



together is now growing together. This development is underpinned by employees at all locations who are receptive to new structures. The supplier management system, too, is growing together, and all

parties enjoy the benefits of our lead buyer system. With the Purchasing department at technotrans AG taking the lead, the economies of scale achieved filter through directly as cost savings to each subsidiary, including Termotek GmbH. So the prospects for us are very bright: we expect further growth for Termotek GmbH this year, hand in hand with the technotrans Group.

- SPECIALISTS FOR INDUSTRIAL COOLING
- SUPPLIER OVERLAPS
- CROSS-PRODUCT CUSTOMER CARE

KLH Kältetechnik GmbH has been part of the technotrans Group since 2013. Its universal cooling systems from 0.8 to 300 kilowatts and its efficient industrial cooling systems with a rating of up to 1 megawatt

have since developed into an ideal addition to our product portfolio. Conversely the location in Bad Doberan, in Mecklenburg-Western Pomerania, benefits from the worldwide service network and sales

organisation of the entire group. The successful development continued in 2015.





Together with technotrans AG, KLH Kältetechnik GmbH maintains production operations not just at the respective manufacturing bases in Germany, but also jointly at the Taicang facility in China. The specialists for industrial cooling systems in turn supply components to technotrans AG. The group benefits from this arrangement, especially for the production of special assemblies in small runs. Instead of having to rely on external suppliers, we have more direct access to more economical solutions. That makes us more flexible. And where we do still rely on trusted partners, we again realise economies of scale thanks to supplier overlaps.

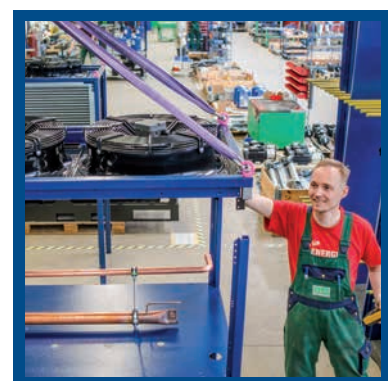
Convergence in the service area means we can now offer cross-product customer care all around the world. That makes us interesting partners for companies that count among the leading manufacturers in their industry. We moreover maintain a global presence at industry exhibitions, most recently

at the Laser World of Photonics in Shanghai. The trade visitors were without exception deeply impressed; that gives us ample cause for confidence about future years.

But for us, sharing resources is not just about a production location, it also encompasses service. At Sassenberg, we have also pursued joint development projects with KLH. By pooling research and development resources we achieve a depth that neither company alone would be able to achieve; as a result, we reach our goals sooner and can respond more flexibly to the requirements of the market. The group was also able to profit directly from the experience of KLH Kältetechnik GmbH in the field of machine tools. By entering this sector, we have been able to acquire new customers that were not previously in our sights.

So we believe it is only logical to continue down this chosen path. KLH Kältetechnik currently employs 119 people at its headquarters in

Bad Doberan and at Taicang, and has increased its revenue by 17 percent since it became part of the group in 2013. We expect further growth over the coming months and years. It will be underpinned by venturing into new markets and by business expansion into industries where the cooling solutions have long been established. Meanwhile we continue to grow together, with both parties profiting from strong teams in the sales, service and development areas. The ongoing dialogue between employees at all locations and our close collaboration produce a constant stream of new ideas and make us even more innovative as a group. In only three years, we have demonstrated just how much potential can be realised through outstanding products, effective structures and above all the will to act in concert in day-to-day work. Based on all these factors, KLH Kältetechnik GmbH has developed into an important component of the technotrans Group.



- HIGH-CALIBRE SUPPORT IN ALL MARKETS
- UNIFORM SUPPLIER MANAGEMENT
- GROWING TOGETHER GENERATES ADDED VALUE

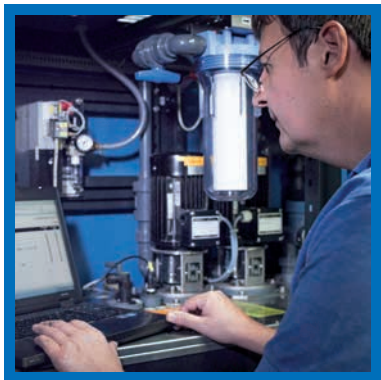
Service business makes a significant contribution to the success of the group. All companies benefit from our worldwide service network, through which we are always available to provide on-the-ground advice or assistance for our customers. We now offer the same high-calibre support for all products of the technotrans Group in all markets. This has already helped us to introduce the products of both Termotek GmbH and KLH Kältetechnik GmbH to new customers who serve the world market and in some cases have export ratios of more than 90 percent. This example shows how we generate growth by putting

our resources to work group-wide. A similar picture emerges for customers that need several different cooling solutions in various application areas. Thanks to the targeted acquisitions of recent years and their integration into central processes, the technotrans Group is now a full-liner that operates as a one-stop shop for technological solutions for all application areas.

We are in a position to offer the full gamut of services, from concepts, through development, production and assembly, to ongoing maintenance or retrofitting. As well as having a presence on the ground, we are continually building

up our expertise. To that end, we are establishing umbrella structures that benefit all companies of the group. We hold technology forums to maintain a constant dialogue between the relevant employees, as a way of responding swiftly and efficiently to new developments and enquiries from the market. Joint innovation groups are a regular source of fresh ideas. These benefit both our existing processes and our product development activities. Joint technological standards and product qualification work boost efficiency and speed up decision-making.





Because we are convinced that the most valuable resource of the technotrans Group is the expertise of its employees. We therefore consciously invest in developing that resource. Over recent years we have already succeeded in unlocking ample potential at the various locations by disseminating and merging expertise on a group-wide scale. These effects can be exploited especially well in the Service and Research & Development areas. On the one hand this generates a high level of customer satisfaction, but it also offers the prospect of creative,

market-led products as a source of further growth over the coming months and years.

These developments pave the way for further structural benefits such as uniform supplier management and widespread synergies in certification and quality management processes. The time and money that the group then saves can be invested in other areas. This does not mean we are spurning the benefits of non-central structures. Every location of the technotrans Group is also a specialist and is perceived as such. We showcase this expertise e.g.

in applications for lasers, energy storage devices or machine tools at exhibitions and congresses. Our Printing Industry business unit continues to profit from established structures and is also developing positively.

In 2016 we will keep working at improving the efficiency of the various areas, from Development to Purchasing and Service. We are growing together wherever it yields added value for our customers.

- MOTIVATED AND QUALIFIED EMPLOYEES
- EXTENSIVE FURTHER TRAINING OPPORTUNITIES
- INTERPERSONAL COMMUNICATION



The technotrans Group can only develop, build and sell the best products if motivated, qualified employees want to work towards that goal every day. That is the case here at technotrans. To facilitate the process we offer a variety of arrangements at all locations. These encompass a large number of qualification and further training options, health management and special events.

Attracting specialists and qualifying personnel are a key challenge for all mid-corporate businesses. The technotrans Group has been an exemplary employer in its region for many years. We get involved in a large number of social projects and create an agreeable, productive working environment for our teams.

We also team up with the region's schools as well as with various universities. This enables us to give young people the opportunity to put their ideas and energy to work at a globally active company. The excellent results achieved by our

apprentices endorse this approach. Demographic change will make it increasingly important to be an attractive and reliable employer. We are addressing this issue through an array of measures.

In 2015 the technotrans Group introduced the Job Bike. Employees can now travel to work by bike or its modern manifestation, the e-bike, and avoid vehicle congestion. This promotes a healthy lifestyle, saves the cost of travelling by car or paying bus fares and also does the environment a favour. Those who are keen to visit the gym for a session before or after work can access various membership benefits arranged by technotrans. And our colleagues can save hard cash by presenting their employee card when shopping at many retailers in the vicinity. In 2015 we created similar arrangements at all locations and will be rolling them out for all employees at the various subsidiaries in 2016.

One core aspect of growing together in the technotrans Group

is interpersonal communication. There are established arrangements for employees to switch locations for a limited period, to promote the transfer of expertise and experience. Our customers also benefit from this. Our Family Festival at the Sassenberg headquarters in summer 2015 reflected the spirit of understanding and the desire for dialogue. Almost the entire workforce of Termotek GmbH attended, making the "open house" event a huge success for all involved.



We want both our present and future employees to enjoy working at technotrans. Our employees are unique, as is their vision of what makes a good worker. From achieving a work-life balance or bringing their own ideas to fruition at work to



receiving suitable compensation for their services, every one of them has different priorities and wants to be both encouraged and challenged.

Meeting such expectations has always been and will remain an



important component of our corporate culture.



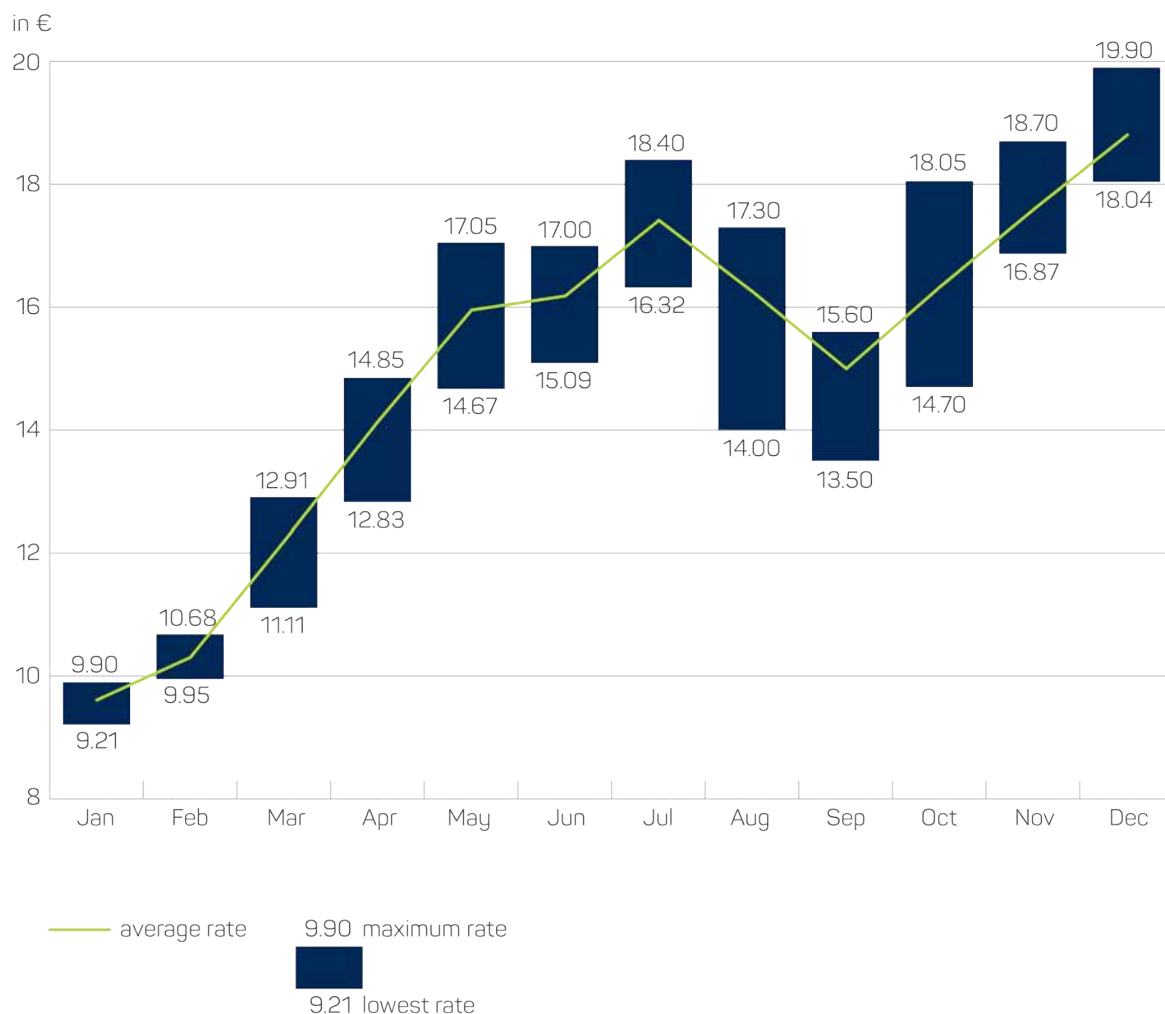
TECHNOTRANS ON THE CAPITAL MARKET - SHARES

Share Price (January 1, 2014 to December 30, 2015)



After lean gains in 2014, German standard shares brought much better yields for investors in 2015. With a closing level of 10,743 points, the DAX rose by 9.6 percent over the year. This change conceals sharp fluctuations in the market, which were a much more prominent feature of the past stock market year. After a sizzling start and a record high of more than 12,000 points, the index slipped back to a year-low of 9,325 points in September. Above all the surprising scale of the European Central Bank's monetary easing initially propelled prices to new heights on the capital market. On top of this was the falling value of the euro, which especially benefited Germany's export-oriented industry. Several factors clouded the fundamental picture in the second and third quarters, greatly unsettling the markets. The bottoming-out of the euro's decline, the delayed decision to increase interest rates in the USA, the crisis in Greece and China's development proved to be irritations to stock markets worldwide until into the autumn.

Performance of technotrans shares (XETRA) in 2015



At EUR 19.30 on the reporting date of December 30, 2015 the share price of technotrans AG was slightly more than EUR 10 up on the previous year's closing price. Market capitalisation more than doubled in the year under review to EUR 126 million (reporting date December 30, 2015). technotrans shares consequently achieved a price performance of plus 108 percent in 2015, easily outstripping not only the relevant benchmark indices (DAX, SDAX, DAXsector Prime Technology) but also a large number of benchmark companies. The shares peaked at a year-high of EUR 19.90 on December 17. The last time the shares had been at such a level was over eight years ago, in October 2007. Nevertheless, in line with the general market performance technotrans shares, too, experienced a temporary dip to a low of EUR 13.50 in the late summer of last year. XETRA trading volumes equally developed healthily, achieving a monthly average of approx. EUR 4.4 million (+132 percent compared with the average figure for 2014). The highest volume of trades was achieved via XETRA, accounting for an average of 72 percent of trades, while the average trades via Tradegate came to 17 percent and other trading platforms averaged 11 percent.

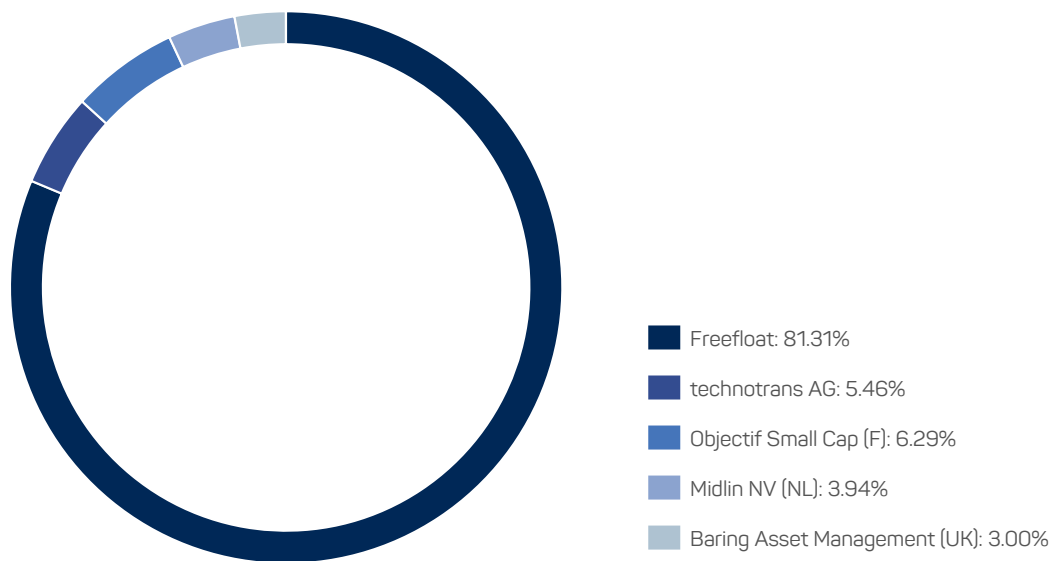
Capital market oriented

		FY 2015	FY 2014	FY 2013
Trading price (Xetra closing price)				
High	€	19.90	9.56	10.35
Low	€	9.21	7.41	6.90
End of financial year	€	19.30	9.28	7.71
Numbers of shares at end of period	Units	6,530,588	6,516,434	6,493,474
Market capitalisation	€ '000	126,040	60,473	50,065
Earnings per share	€	0.96	0.67	0.47
Dividend per share	€	0.48	0.33	0.20

Investor Relations Work

Our investor relations work maintains a continuous and open exchange of information with all capital market players. Our goal is to establish transparency and to promote an understanding of our business model and of the value drivers within our strategy. Supported by internal and external resources, both Chief Executive Officer Henry Brickenkamp and Chief Financial Officer Dirk Engel maintained a dialogue with a large number of institutional investors and analysts at conferences and roadshows nationally and internationally. There were also numerous conversations with our private shareholders. The business performance of technotrans again featured in the national media in the 2015 financial year. The shares were observed regularly by five analysts (Bankhaus Lampe, M.M. Warburg, equinet, Hauck & Aufhäuser and HSBC Trinkaus und Burkhardt) in 2015. The analysts' price targets for technotrans shares currently range between EUR 17.50 and EUR 24, and without exception represent recommendations to buy or hold. We also provide a steady flow of information about active capital market work on the company's website and post the regular publications and the financial calendar for the current year there.

Shareholdings at the end of 2015 (in %)



Treasury Shares held by the Company

At the reporting date of December 31, 2015 the total number of treasury shares came to 377,077. The shareholder structure otherwise remained broadly unchanged.

As at January 1, 2016 Hauck & Aufhäuser Investment Gesellschaft S.A., Luxembourg, gave notification of a share of voting rights of 4.48 percent pursuant to Sections 21 and 22 of German WpHG.

Dividend

Financial year		FY 2015	FY 2014	FY 2013	FY 2012	FY 2011
Dividend per share	€	0.48 ¹	0.33	0.20	0.12	-
Payout ratio	%	50%	49%	43%	25%	0
Amount distributed	€ '000	3,135 ³	2,151	1,299	776	0
Dividend yield ²	%	2.5%	2.1%	2.3%	1.3%	0.0%

¹ Proposal to Shareholders' Meeting

² Dividend payment/ technotrans tradingprice on day of Shareholders' Meeting; for FY 2015: dividend payment/ technotrans tradingprice at year end

³ Based on the estimated number of dividend-bearing shares for the past financial year on the day of the Shareholders' Meeting

The Board of Management and Supervisory Board will propose that a dividend of € 0.48 per share be distributed for the past financial year of 2015. This represents a dividend yield of 2.5 %, compared with 2.1 % in the previous year. Our proposal ensures that our shareholders participate appropriately in the company's profit performance, in keeping with our established dividend policy. The distribution rate envisaged is 50 % of consolidated net profit.

REPORT OF THE SUPERVISORY BOARD

The Supervisory Board performed the duties incumbent upon it under the law and in accordance with the Articles of Incorporation and the Rules of Procedure with considerable care in the past financial year. We regularly advised the Board of Management on the running of the company and continuously oversaw its activities. The Supervisory Board was involved directly and at an early stage in all decisions of fundamental significance for the company.

The Board of Management reported to us regularly, promptly and comprehensively, both in writing and orally, on the current status of transactions, the business performance and the economic position, the prevailing risks, risk management as well as relevant issues concerning compliance, strategy and planning. The business transactions of significance for technotrans were discussed in the committees and the plenary meetings on the basis of the Board of Management's reports. Deviations in the business performance from the prepared plans and targets were explained individually to the Supervisory Board and discussed at length by the Supervisory Board. The Board of Management complied fully with the reporting obligations of Section 90 of the German Stock Corporation Act as well as the German Corporate Governance Code. In my capacity as Supervisory Board Chairman, I was moreover in regular contact with the Board of Management. I was informed in a timely manner by the Chief Executive Officer of important occurrences that are of material significance for evaluating the situation, progress and management of the company.

In all, the Supervisory Board met for four regular meetings in the 2015 financial year, taking place on March 9, May 12, September 24 and December 11, 2015. The recurring subject matter of the ordinary meetings was the written and oral report of the Board of Management on the business situation of technotrans AG and the group, in particular the current revenue and earnings performance as well as the financial performance and net worth. The Supervisory Board was informed of and discussed significant business occurrences within the company, as well as its strategy and the implementation thereof, and also its approach to risk management. All members of the Supervisory Board and Board of Management were present at all meetings.

The Supervisory Board approved those transactions which require its approval in accordance with the statutory provisions and the articles of incorporation. These include decisions and measures which are of fundamental significance for the financial position and financial performance of the company.

Important topics in 2015 were:

- › The economic position (revenue and earnings) of the company and its divisions, in particular the operational and strategic development of its investments and their integration,
- › The annual financial statements of technotrans AG and the Consolidated Financial Statements for the 2014 financial year, as well as the resolutions on them,
- › The approval of the agenda for the Annual General Meeting on May 13, 2015,
- › The settlement of the target agreements of the Board of Management members for the 2014 financial year as well as the concluding of new target agreements for the 2015 financial year,
- › Technology management and the product developments,
- › The general acquisitions strategy and the ongoing M&A projects,
- › Budgeting for the 2016 financial year, encompassing revenue, cost, earnings, investment and personnel targets, as well as rough targets for subsequent years,
- › The appointment of KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin, as the auditors of the annual financial statements and Consolidated Financial Statements for the 2015 financial year, on the recommendation of the Audit Committee and pursuant to the resolution of the Annual General Meeting of May 13, 2015,
- › Aspects of risk management, compliance and corporate governance,

- › The approval of the Declaration of Compliance pursuant to Section 161 (1) of the German Stock Corporation Act, and
- › The determination of targets for the proportion of women on the Supervisory Board and Board of Management.

The members of the Supervisory Board are sufficiently independent and have sufficient time to serve as non-executive directors. In accordance with the recommendation in the German Corporate Governance Code, the Supervisory Board members of technotrans AG disclose any conflicts of interest to the Supervisory Board without delay. The Deputy Chairman of the Supervisory Board Dr Norbert Bröcker is partner in the law firm Hoffmann Liebs Fritsch & Partner. The law firm Hoffmann Liebs Fritsch & Partner provided legal advice for technotrans AG on a variety of topics in the past financial year. The Supervisory Board of technotrans AG approved the involvement of Hoffmann Liebs Fritsch & Partner as well as the consultancy fees arising. To avoid any conflicts of interest, Dr Bröcker abstained from these votes. No other potential conflicts of interest that are to be disclosed to the Supervisory Board and would need to be reported at the Annual General Meeting arose in the year under review.

Pursuant to Article 5.6 of the German Corporate Governance Code, the Supervisory Board conducted an efficiency audit by means of a formalised questionnaire. No efficiency shortcomings were identified in the last evaluation in December 2015.

To enable it to fulfil its duties more efficiently, the Supervisory Board has formed three committees.

The Nominating Committee, comprising the shareholder representatives on the Supervisory Board, has the task of proposing suitable candidates for the Supervisory Board to the Supervisory Board for its nominations for election to the Annual General Meeting. The Nominating Committee met on two occasions in the 2015 financial year. The reason for the Nominating Committee's consultations was the preparation of the Supervisory Board elections due in May 2016, in particular in view of the fact that the term of office of the current Supervisory Board member Helmut Ruwisch ends with the close of the next Annual General Meeting and that he is not available for re-election, having reached the age limit. The Nominating Committee has therefore embarked on its search for a suitable successor at an early stage. In drawing up proposals for candidates, the Nominating Committee has considered both the qualifications of the individual candidates and also the recommendations of the German Corporate Governance Code as well as the targets defined by the Supervisory Board with regard to its composition. At its meeting in December the Supervisory Board unanimously approved the recommendation of the Nominating Committee and at the 2016 Annual General Meeting will propose Dr Wolfgang Höper for election to the Supervisory Board of technotrans AG as successor to Mr Helmut Ruwisch.

An Audit Committee has in addition been formed (members: Dieter Schäfer; Helmut Ruwisch; Heinz Harling) as well as a Committee for Board of Management Affairs (members: Heinz Harling; Dr Norbert Bröcker; Helmut Ruwisch). The latter met once and dealt in particular with drawing up the contracts and agreeing the remuneration of the members of the Board of Management. Upon the proposal of the Personnel Committee, the Supervisory Board unanimously approved a modification of the contracts for the Board of Management at its meeting in March 2015. The fixed pay of the three Board of Management members was in each case increased by ten percent with effect from July 1, 2015.

The Audit Committee met twice, in the presence of the auditors and the members of the Board of Management, and concerned itself with matters relating to the annual financial statements, the presentation of the accounts, controlling and risk management. Other aspects included fiscal matters, compliance, assuring the independence of the auditors, commissioning the auditors with the audit mandate and identifying the priority areas for the audit, and agreeing the fee. The interim reports to be published were discussed in advance by the members of this committee.

The audit reports and documents for the accounts as well as the Board of Management's proposal on the appropriation of profit for the 2015 financial year were sent to all Supervisory Board members in good time. They were discussed intensively and in detail both by the Audit Committee at its meeting on February 26, 2016 and by the Supervisory Board at its meeting on March 7, 2016. At both meetings, the auditors of the accounts also reported in person on the key findings of their examinations and were available for additional questions and information. No material weaknesses in the internal accounting system were reported. The Chairman of the Audit Committee, too, reported at length to the Supervisory Board on the examinations of the Audit Committee. Both the annual financial statements of technotrans AG for the 2015 financial year prepared by the Board of Management in accordance with the German Commercial Code

(HGB) and the Consolidated Financial Statements for the 2015 financial year, which were prepared pursuant to Section 315a of HGB on the basis of the International Financial Reporting Standards (IFRS), as well as the Combined Management Report, were examined by the auditors and were in each case granted an unqualified audit certificate.

Following the conclusion of our own examination of the annual financial statements, the Consolidated Financial Statements and the Combined Management Report, we raised no objections to the findings of the audit and at our meeting on March 7, 2016 signed off the annual financial statements and Consolidated Financial Statements prepared by the Board of Management. The annual financial statements for the 2015 financial year are thus established. Following its own examination the Supervisory Board supports the proposal of the Board of Management on the appropriation of profit.

The Supervisory Board would like to thank the Board of Management and all employees of the group for their commendable dedication. Together they showed great dedication in shaping the company's development in the 2015 financial year. Our particular thanks are due to the employees' representatives, who yet again cooperated constructively and openly with the company's corporate bodies, and to the shareholders, many of who have now been involved in technotrans AG for quite a number of years.

On behalf of the Supervisory Board



Heinz Harling
Chairman of the Supervisory Board

CORPORATE BODIES

Board of Management

Dipl.-Wirtsch.-Ing. Henry Brickenkamp
Chief Executive Officer

Since 2005 Sales Director, since 2006 deputy Board member, since 2007 full Board member and since May 2008 Chief Executive Officer.

Responsible for the Products and Markets division (Sales and Service worldwide, business units, industrial system solutions and Marketing).

Dipl.-Kfm. Dirk Engel
Member of the Board of Management

Head of Group Accounts since 2004, Chief Financial Officer since 2006.

Responsible for the Finance and Administration division (Finance/Controlling, Personnel, IT, Legal Support and Investor Relations).

Dr.-Ing., Dipl.-Wirtsch.-Ing. Christof Soest
Member of the Board of Management

Since January 2011 Technical Director, since June 2011 member of the Board of Management.

Responsible for the Technology and Operations division (Production and Quality Management worldwide, Purchasing, Logistics, Development, Electrical Engineering and CPS).

Members of the Supervisory Board

Reinhard Aufderheide

technotrans AG, Sassenberg (employees' representative)

Dr. Norbert Bröcker

Deputy Chairman of the Supervisory Board

Partner in the law firm Hoffmann Liebs Fritsch & Partner Rechtsanwälte mbB, Düsseldorf

Dipl.-Ing. Heinz Harling

Chairman of the Supervisory Board of technotrans AG

Lecturer at Hamm-Lippstadt University of Applied Sciences

Dipl.-Ing (FH) Thomas Poppenberg

technotrans AG, Sassenberg (employees' representative)

Helmut Ruwisch

Chairman of the Advisory Board of Klein Pumpen GmbH, Frankenthal

Member of the Supervisory Board of Conpair AG, Essen

Member of the Supervisory Board of Thyssen'sche Handelsgesellschaft mbH, Mülheim a.d.R.

Member of the Supervisory Board of Cloppenburg Automobil SE, Düsseldorf

Dieter Schäfer

Managing Director of DMG MORI Systems GmbH, Wernau, Bielefeld

Chairman of the Audit Committee of technotrans AG

Committees

Audit Committee

Messrs Schäfer, Harling, Ruwisch

Nominating Committee:

Messrs Harling, Bröcker, Ruwisch, Schäfer

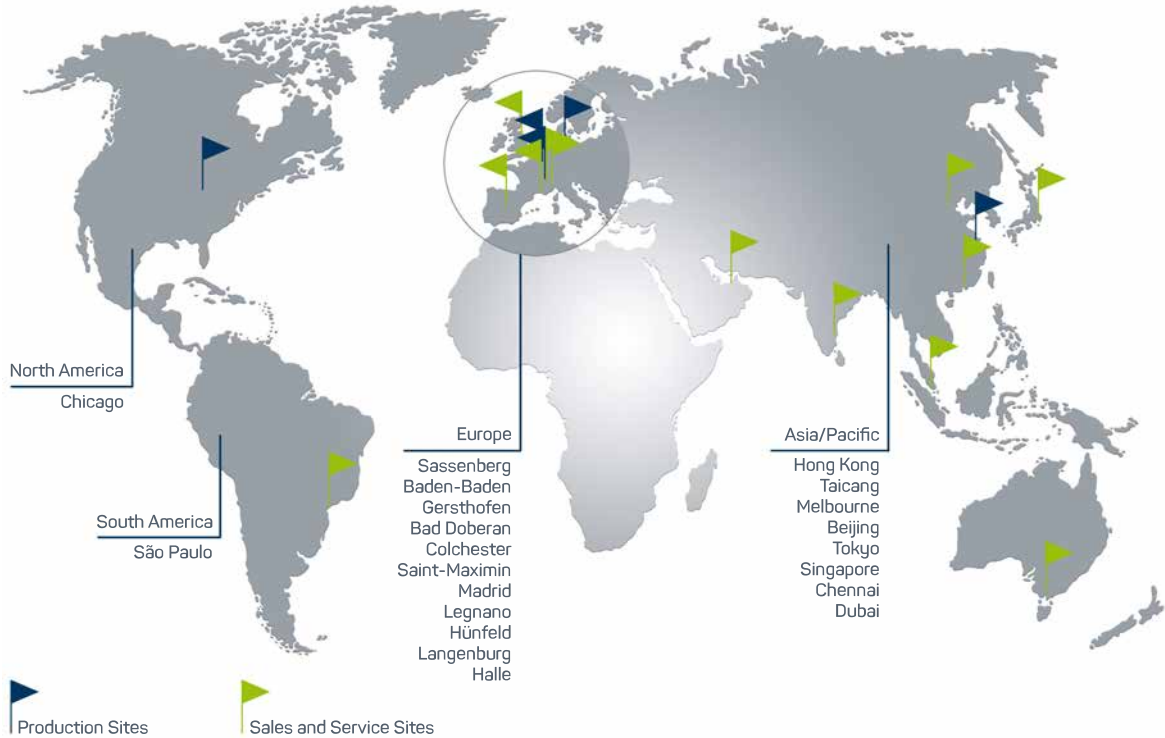
Personnel Committee:

Messrs Harling, Bröcker, Ruwisch

GROUP STRUCTURE

Organisational and Legal Corporate Structure

The technotrans Group is an international technology and service company that concentrates on customer-specific applications in the field of liquid technology. It comprises technotrans AG and 14 subsidiaries in which technotrans AG directly has an interest, as well as five companies in which it holds an interest indirectly. The parent company technotrans AG, with its registered office in Sassenberg (Westphalia), directly or indirectly has a majority interest in all subsidiaries. The structure is designed so that all companies can make a contribution towards strengthening the worldwide market position of the group. With 21 locations, numerous joint undertakings and 828 employees (December 31, 2015), the technotrans Group enjoys a presence in all major markets worldwide. The group's activities comprise on the one hand the production plants and on the other hand the sales and service companies. The production plants specialise in business segments and product lines. The technotrans sales and service companies are responsible for direct sales and service of our products. As a supplementary measure our Key Accounting supports major international customers. The technotrans Group does not have financial holdings. The ownership structure within the group is presented in the Notes, under "Consolidated Companies" and "Shareholdings".



Takeover-Relevant Disclosures Pursuant to Section 315 Para. 4 of German Commercial Code

The following disclosures satisfy the requirements pursuant to Section 289 (4) of the German Commercial Code (HGB) and Section 315 (4) of the German Commercial Code.

1. The issued capital (share capital) at December 31, 2015 comprises 6,907,665 fully paid no par value shares each representing a nominal amount of € 1 of the share capital. The shares of technotrans AG are registered shares. Exclusively ordinary shares have been issued; the rights and obligations arising from them conform to the relevant statutory regulations. They are subject to restrictions on voting rights and transfer only in those cases laid down by law, and not pursuant to the articles of incorporation. The Board of Management has not been notified of any voting trust agreements between shareholders.
2. No direct or indirect interests in the capital amounting to more than ten percent of the voting rights are known.
3. All shares carry identical rights. No shares are equipped with special rights, in particular none imparting authority to control.
4. Employees participating in the capital exercise their voting rights directly.
5. The statutory requirements pursuant to Sections 84 and 85 of AktG on the appointment and dismissal of the members of the Board of Management are applied. The articles of incorporation of the company contain no regulations over and above Section 84 of AktG. Pursuant to Section 179 of AktG, amendments to the articles of incorporation require a resolution of the Annual General Meeting carried by a voting majority of 75 percent.
6. The Board of Management is, with the consent of the Supervisory Board, authorised to increase the share capital on one or more occasions by up to a total of € 3,450,000 until May 14, 2019, through the issue of new shares against contributions in cash or in kind. No use was made of this authorisation in 2015. The subscription right of shareholders may be excluded insofar as the requirements of Section 186 (3) fourth sentence of AktG are met in the case of employee shares or the acquisition of companies or of participating interests in companies, if the acquisition or participating interest is in the properly understood interests of the company; the subscription right may moreover be excluded for the purpose of compensating for fractional amounts. In addition the Board of Management of the company is authorised until May 14, 2019 to acquire treasury shares up to 10 percent overall of the share capital existing at the time of the resolution, or at the time of this authorisation being exercised if the latter figure is lower. If acquired by stock exchange dealings, the purchase price per share shall not exceed or undercut by more than 10 percent the average Xetra closing price (or, insofar as the Xetra closing price serves as the basis for this authorisation, the closing price determined by a successor system taking the place of the Xetra system) on the Frankfurt Stock Exchange on the five trading days preceding the acquisition. If acquired on the basis of a public offer to buy, the acquisition price per share shall not exceed or undercut by more than 10 percent the average Xetra closing price on the Frankfurt Stock Exchange on the five last trading days before initial disclosure of the offer.
The Board of Management is authorised to retire all or some of the treasury shares acquired on the basis of the authorisation, without the need for a further resolution of the Annual General Meeting.
The Board of Management is furthermore authorised to dispose of the acquired shares via the stock market or to third parties, by cash sale. In these cases the selling price shall not undercut the average Xetra closing price on the Frankfurt Stock Exchange on the five trading days prior to sale by more than 5 percent. The Board of Management is, with the consent of the Supervisory Board, moreover authorised to dispose of the acquired treasury shares in a manner other than via the stock market or by offering them to all shareholders if transfer to a third party takes the form of counter-performance in the context of the acquisition of companies or of participating interests. The price at which the acquired treasury shares are surrendered to a third party shall not significantly undercut the average Xetra closing price on the Frankfurt Stock Exchange on the last five trading days before the concluding of the agreement on the acquisition of the company or participating interest. The acquired treasury shares may also be used in fulfilment of obligations in respect of conversion options granted as a result of the issuing of convertible bonds. The subscription right of the shareholders is excluded for the use

of treasury shares in the last three cases.

By June, 2008 a total of 690,000 treasury shares had been acquired via the stock market on the basis of the authorisation. At the end of 2014, 245,617 shares from this total were distributed to the employees as part of their Christmas bonus, and 4,152 shares by way of a remuneration component. A further 11,967 shares were distributed to the employees as part of their Christmas bonus at the end of 2015 and 2,187 shares as a remuneration component. Furthermore, 49,000 treasury shares were issued in the 2011 financial year as part of the purchase price of Termotek AG.

The Board of Management is in addition authorised, in accordance with the resolution of the Annual General Meeting of May 15, 2014 and with the consent of the Supervisory Board, to issue bonds with a term of a maximum of 5 years on one or more occasions up until May 14, 2019 of an aggregate nominal amount of up to € 10 million and to grant the bearers of bonds conversion options on up to 690,000 treasury shares.

7. There are no material agreements of the parent company that are conditional on a change of control following a takeover bid.
8. No compensation has been agreed with the members of the Board of Management or employees in the event of a takeover bid.

BUSINESS MODEL

Segments

The group's business is divided into two segments: Technology and Services. The **Technology segment** generates just under two-thirds of total revenue. In this business area technotrans develops and sells equipment and systems based on its core skills of cooling/temperature control, filtering/separating, and spraying/pumping of liquids, along with the corresponding control and process engineering. The core skills of technotrans AG in liquid technology are organised into three business units (BU). Its special knowledge of temperature control ("temperature control" BU), filtering and separating ("fluid conditioning" BU) and spraying and pumping liquids ("ink & fluid technology" BU) is the result of many years of experience. The focus is on customer-specific equipment and systems that technotrans develops as a leading systems supplier for performing essential functions as part of a specific application, therefore contributing towards optimising the overall quality and efficiency of the user's processes.

The company is steadily broadening its product range in close collaboration with existing and potential customers, including many renowned industrial enterprises, with a view to opening up new application areas and sales markets in order to safeguard its long-term growth.

Its customers come from a variety of industries such as the printing industry, the laser industry, machine tool engineering, and stamping and forming technology; their background is increasingly in new markets, too, such as energy storage technology or scanner and medical technology. Activities outside the printing industry brought in around 35 percent of revenue in 2015; the aim is to increase this share gradually to at least 50 percent.

The Technology segment is complemented by the **Services segment**. A large range of services (e.g. worldwide parts supply, as well as repair and installation services) completes the activities of technotrans. These include providing customer support for the installation, maintenance and operation of systems. The subsidiaries gds GmbH and gds Sprachenwelt GmbH, which likewise come under this segment, mainly produce technical documentation, including in translation. They also sell proprietary software, which is used to generate that documentation. The Services segment brackets together all life-cycle services for our products.

Markets and Competitive Position

The principal business processes encompass the development, assembly, testing and sale of equipment, along with all relevant services for major customers and their end users. technotrans' low manufacturing penetration enables it to respond flexibly and cost-effectively to the requirements of customers. The technotrans Group's largest customers come from the printing industry, the laser industry, machine tool engineering and medical technology. In the sphere of the printing industry, we supply almost all leading printing press manufacturers worldwide. The market share of technotrans here is well over 50 percent. The large installed base and the cyclical nature of the propensity to invest mean that – in addition to service business in the narrower sense – modernisation and retrofit business directly with end customers likewise generates a significant proportion of revenue. The largest customer of the technotrans Group from the laser industry is Trumpf Laser GmbH. In addition, there are long-standing business and supplier relationships with a large number of OEM companies (such as Coherent, Alcon Lensx, Asclepion, Schneider, etc.), in particular via the group companies Termotek GmbH and KLH Kältetechnik GmbH. Customers of the technotrans Group also include Siemens and other major companies in the machine tool industry such as DMG Mori, INDEX and ELDEC.

Alongside technotrans AG, the market for suppliers of peripheral equipment to the printing industry includes a relatively small number of competitors which have predominantly regional operations. In the other lines of industry in which technotrans is active, the supplier market is highly fragmented. A major success factor for technotrans is the approach of positioning itself as a systems supplier of complex, custom-made solutions with its own international service network, and not as an out-and-out component supplier. technotrans is steadily consolidating its position as market leader in its chosen niche markets; the market entry barriers for potential competitors are for the most part high. The investment propensity of the target industries in which the technotrans Group is active regularly has a major influence on the group's business performance. That propensity is in turn influenced by the present and anticipated economic situation. In view of its focus on the German mechanical and plant engineering sectors, cyclical fluctuations there have a marked influence on its business performance. The specific branching-out of business activities into high-growth industries such as the laser industry as well as energy storage or medical technology help to significantly reduce that correlation in future.

GOALS AND STRATEGIES

The overriding goal of the technotrans Group is to increase the value of the company in the long term. The corporate strategy is geared towards steadily expanding the current market position as a specialist for liquid technology (fluid management). To achieve that goal, technotrans concentrates on its core skills in the sphere of liquid technology, while focusing investment on measures that enable it to expand its product range further and gain a foothold in new areas of application for its technologies. Organic growth is rounded off by partnerships in areas where its core skills are called for, and also by targeted acquisitions. technotrans concentrates to a very large extent on niche markets where it is possible to achieve a market share in the region of 50 percent, taking into account the scale of its own business and the available resources. The dominant market position helps us to generate economies of scale and offer our customers benchmark technology and prices. technotrans is well-placed to realise such goals thanks to its clear focus on system partnerships with major industrial clients (OEM) which operate worldwide and expect their suppliers to have a similar organisation.

Profitable growth will remain the focus of technotrans' strategic development. technotrans has set itself the goal of growing faster than the market. By 2017/2018 it aims to increase consolidated revenue to around € 150 million. In pursuit of that goal, the new growth markets of the group in particular are to deliver overproportional rises in revenue over the coming years. We are seeking a steady improvement in the return on sales (EBIT margin) to up to 10 percent.

A sustained ability to distribute dividends and sound financing based on a high equity ratio also feature in the group's overall goal.

We have defined five value levers for our strategic development.

Increasing customer benefit: The product portfolio is continually being improved. Products and processes are undergoing evolutionary development to reflect changing customer requirements. As a systems supplier to the printing industry, technotrans has held a leading position in its product areas for many years. Based on our close ties with the manufacturers of both offset and digital and flexographic printing presses, along with our unique expertise, we intend to consolidate our role as technology partner in that industry and – wherever possible – build on it. It is, however, assumed that this basis for offset printing business is likely to reveal a slight contraction in market volume over the next few years, too. In addition, technotrans is also increasingly active in digital and flexographic printing – both areas still have potential for growth.

The growth strategy's implementation is supported by the corporate structure in that both the three business units – in which the core skills are concentrated – and the international sales and service locations worldwide are given growth targets to realise.

Broadening the business base: By addressing a variety of markets, the group is not as heavily dependent on the business cycles of individual industries. This enables it to absorb fluctuations more easily and achieve greater stability. technotrans will also continue to extend its business base in future. This entails both the further penetration of established markets and entry into new industries and application fields, making use of technotrans' core skills. In order to achieve its growth targets, it has been developing and expanding new applications outside the printing industry for a number of years. The focus of the activities that are bracketed together in a separate sales area is on using technotrans core skills in industries with long-term growth potential. These include laser technology, medical and scanner technology, energy storage technology and machine tool engineering. Within the printing industry, too, technotrans believes there is still growth potential in digital and flexographic printing.

As well as organically accessing new markets, technotrans' growth strategy also involves the acquisition of companies with core skills that specifically complement those present in every area of the group. Acquisitions are fundamentally structured in such a way that they directly deliver increased value added. Wherever possible and advisable, the form of participation is moreover designed to ensure that the holders of critical expertise are bound to the company in the long term.

Quality: Quality, alongside economic efficiency, is a core value of technotrans products. We are continually improving quality management in order to supply customers with reliable equipment swiftly, often after only a short time in development. technotrans also regards itself as a quality leader.

Pushing integration: Capacities and potential are being integrated on a group-wide scale in order to derive optimum benefit from them, with the objective of generating long-term added value in all areas of the company. To increase efficiency further, we will advance the projects designed to develop the group and further harmonise processes and structures. technotrans' strategies include the systematic expansion of shared infrastructures and cross-disciplinary functions, for instance in procurement or the international sales and service network. Functions across the whole group are brought together in the shared service centre.

Personnel development: The specialist and social expertise of the company's employees is its most valuable asset. The aim is to attract good employees, bind them into the company long-term and assure systematic personnel development. To enhance this asset, all key human resources processes are steadily developed and, to the extent that is possible and effective, standardised within the group.

CONTROL SYSTEM

The technotrans Group's internal control system has the purpose of overseeing implementation of the corporate strategy. The control system basically comprises regular strategic discussions within the Board of Management and in-year planning discussions – including investment and personnel planning aspects – with the individual managing directors of the companies, as well as a monthly analysis of their respective business performance. The system seeks to identify deviations as early on as possible so that swift action can be taken as appropriate. Over and above this, the individual managing directors monitor and analyse their respective markets and specific competitive environment and report to the Board of Management on material changes to it, and on the opportunities and risks. The Board of Management submits regular reports to the Supervisory Board.

technotrans AG and its group companies are controlled first and foremost on the basis of revenue and earnings ratios (EBIT margin). Corporate planning as a whole is furthermore based on cash flow. Financial control at technotrans is performed using quantified financial goals. These include financial ratios such as the equity ratio, gearing and free cashflow (consists of the cash flow from operating activities less the cash payments for investment in operating activities).

The following table provides an overview of key financial and control indicators for the technotrans Group:

		target figure 2015	2015	2014	2013
Revenue	€ million	116 -120	122.8	112.4	105.2
Technology	€ million	76 - 79	81.4	73.8	66.0
	%		66%	66%	63%
Services	€ million	40 - 41	41.4	38.6	39.2
	%		34%	34%	37%
EBIT	€ million	7.8 -8.8	9.0	6.8	4.6
	%	6.8% - 7.3%	7.3%	6.1%	4.4%
Technology	€ million		2.1	0.4	-1.8
	%	positive margin	2.6%	0.6%	-2.8%
Services	€ million		6.9	6.4	6.4
	%	stabile margin	16.5%	16.6%	16.5%
Free Cashflow	€ million	> 5	8.5	4.8	-3.4

The technotrans Group achieved its goals as a whole for the 2015 financial year. Compared with the original forecast, we even achieved much better results for certain financial indicators. The minimum goal for 2015 to achieve revenue growth of more than 3 percent for the group was exceeded, with growth up 9.3 percent thanks to a positive business performance in all sub-markets. With EBIT of € 9.0 and an EBIT margin of 7.3 percent, the earnings forecast was moreover achieved at the upper end of the range expected.

RESEARCH AND DEVELOPMENT

The focus for the Research and Development area in 2015 was to expand and promote the development of cooling systems for energy storage devices (e.g. lithium-ion batteries). This area is developing, implementing and testing a large number of projects for mobile applications (e.g. energy storage devices for rail technology). In addition to cooling of energy storage devices in rail technology, we are increasingly receiving enquiries from the market segment of bus and coach technology. Growing demand is being registered in the field of battery-operated transport technology. The aim is to create a standardised product range for this market, even if it is still very difficult to realise in view of the technology's early state of development. As matters stand it is not yet possible to describe a large number of application-dependent specifications in detail because in some cases the operating conditions and therefore the necessary findings are not yet available. Alongside product development proper, the entire industry is still strongly defined by research and advance development work. In October 2015 technotrans made its first appearance at the industry exhibition Busworld in Kortrijk, Belgium. Based on the very positive feedback and the large number of customer enquiries and projects, we continue to believe that the market for both mobile and stationary energy storage devices offers interesting future revenue potential for the technotrans Group.

Another area of activity is technology monitoring, i.e. observing and identifying technologies that could have future relevance for the technotrans Group. As well as building prototypes that use innovative components, we are also turning our attention to the general issues concerning pioneering technologies/mechanisms that might feature in our future products/systems. A partnership with the Hamm-Lippstadt University of Applied Sciences covering a wide range of topics and priority tasks was forged in 2015. Through our close contact with universities, higher education and organisations we continue to seek intensive exchanges and ties with external partners, and to spread the culture of innovation in the technotrans Group.

In addition, in 2015 we made progress with expanding a group-wide control platform within the development area of controls. As well as the high control system that was premièred in our spray lubrication product (spray.xact) at the Euroblech 2014 show, technotrans presented a further new development at Blechexpo 2015 in the form of spray.xact easy. This new product is aimed at applications of a complexity that ranks below that of spray.xact. In June, technotrans also unveiled its newly developed modular control system in the "medium price segment" at the "Laser World of Photonics" in Munich. This very flexible-to-use modular architecture comes in response to the growing pressure on costs, while offering a wide range of options for technotrans customers. With the control concepts, technotrans is gradually implementing a platform-independent communication and visualisation approach that uses a web browser, thus reflecting the connectivity idea of the German strategic initiative "Industrie 4.0", or the Fourth Industrial Revolution. Alongside other new developments, the control platform will be one of the topics to be showcased at drupa 2016 under the slogan "touch the future".

Last but not least, technotrans has developed a cooling unit for baggage scanners. We identify growing demand and further attractive niche potential for our group in this area of security technology.

Development spending is fundamentally recognised in the Income Statement. If the appropriate requirements are satisfied, development expenditure is treated as an intangible asset pursuant to IAS 38 and recognised as such on the Balance Sheet. The R&D ratio (development spending in relation to overall revenue) was 3.5 percent in the past financial year (previous year: 3.0 percent). If R&D spending is expressed as usual in relation to revenue for the Technology segment, the figures as shown in the following table are as follows:

Research and Development

Financial Year		FY 2015	FY 2014	FY 2013	FY 2012	FY 2011
R&D expenses ¹	€ '000	4,293	3,382	2,985	2,241	2,046
Innovation ratio ²	%	5.3	4.6	4.5	4.2	3.3
Capitalization ratio ³	%	4.1	4.9	22.6	21.4	15.5
Capitalized development costs ⁴	€ '000	1,195	1,439	1,583	851	336

¹ R&D expenses pursuant to consolidated income statement

² R&D expenses refer to the revenue by segment technology

³ Activated development costs refer to R&D expenses

⁴ Residual carrying amounts

It can be seen that the R&D spending ratio is once more showing an upward trend after the crisis years. This reflects the group's readiness to invest in new markets, products and technology in general. On the other hand the capitalisation ratio, i.e. the ratio of development expenditure recognised as an intangible asset to R&D spending, fell in 2015. This effect is attributable to the criteria of IAS 38 and the development status of a large number of development projects.

In rare instances, external capacity is used for special development topics. In individual cases, customer-specific developments can also be co-financed by the customer. No grants or third-party funds were used in 2015. technotrans owns a large number of patents, licences and similar rights. Patents were again filed for a number of developments in 2015, though patent applications are routinely only submitted following a careful assessment of the advantages and disadvantages of obtaining such protection.

PURCHASING

The past year of 2015 was both challenging and successful for Purchasing.

Effective supplier management at a time of growing product diversification, high flexibility and relatively low vertical integration are essential prerequisites of continuing to operate successfully. Good relations with our partners are consequently imperative. At a time of growing challenges, we succeeded in keeping prices of materials largely stable and maintaining a reliable and flexible supply of parts for the new markets, too. In addition, further synergy potential was again generated within the group in 2015.

Time to market remains a key success factor for technotrans in diversifying its markets and products. This was as valid as ever in 2015 because of the challenges presented by implementing the diversification strategy in practice at operational level. New markets, new products and a production growth of around 10 percent considerably increase the complexity of managing materials and resource requirements.

Criteria such as efficiency, quality and costs must not be neglected. To accommodate future requirements even more closely, technotrans started to analyse the organisation and processes in the year under review. The aim is to optimise the structures to handle growing complexity. As part of an internal supply chain management (SCM) project, the existing processes are systematically thrown open to question and reorganised if necessary. The focus here is above all on the interfaces between the task areas in order to achieve consistent process optimisation.

Ongoing process optimisation, leaner structures and high employee commitment in all areas of the company are essential factors in technotrans achieving its goals successfully. The combination of professional structures, a pragmatic outlook and receptiveness to new ways of doing things will remain a fundamental part of technotrans' corporate culture.

PRODUCTION AND LOGISTICS, QUALITY

The five production locations in the technotrans Group perform largely assembly and testing processes. Mechanical machining of components or sheet-metal processing is performed only in one-off instances. The assembly of products (systems) is performed largely manually, while the testing process takes place semi-automatically.

Following phases of scaling back volume up until 2013, the 2014 and 2015 financial years have seen a return to organic growth. For the first time in many years, extra production personnel were hired in 2015 to handle the production growth of around 10 percent.

High flexibility, manual expertise but also receptiveness to new approaches are relevant prerequisites for the operating production areas actually to achieve the growth that is targeted with the new products. The processes and consequently also the manufacturing and materials logistics concepts are therefore continually scrutinised in order to adjust to growing complexity, and identify and implement potential for efficiency gains.

Following on from 2014, a further reduction in warranty costs was achieved in 2015. The new record level reflects the success of the measures taken in previous years under the quality drive. technotrans' **quality management** work is effective and will be extended in 2016 with the introduction of multi-site management for the group. As in the previous year, quality topics are increasingly handled preventively, and "modern" quality management increasingly has an initiating function. In addition to the essential technical requirements that have to be met through supplier management, aspects of social responsibility are also being actively embraced and implemented in processes. The environment, sustainability and child labour are other matters that technotrans takes into account in internal and external audits. An energy audit to DIN EN 16247 was moreover conducted at the German technotrans production locations in 2015.

The priority for the **logistics area** was to "build on successful foundations". The most important aspects included supporting the subsidiaries, and optimising inventory management and internal concepts for flows of materials.

NON-FINANCIAL PERFORMANCE INDICATORS

As well as financial ratios, the following non-financial performance indicators play a decisive role in the sustained success of the technotrans Group.

Sustainability

technotrans subscribes to the principles of sustainable business development. The group parent and its subsidiaries treat employees, suppliers and business partners in a fair and respectful manner. They advocate the protection of the environment and of the earth's resources, and are mindful of their social responsibility. They bind their employees into a culture of unfailing regard for the law and for ethical standards. At technotrans we accept that responsibility worldwide in a variety of ways, for instance through our commitment to the Global Compact initiative of the United Nations (UN), or through the group-wide code of behaviour introduced in 2011. We always base our actions on the THINK-LEARN-ACT corporate philosophy that is actively practised throughout the entire group. The UN Global Compact is a strategic initiative that seeks to promote corporate social responsibility and sustainability in organisations and enterprises. Its centrepiece is ten universally acknowledged principles spanning human rights, labour standards, environmental protection and anti-corruption measures.

technotrans has been a member of this initiative since 2006. We want to play an active role in furthering its long-term goal of defining the social and ecological aspects of globalisation, while also consciously measuring our activities and strategies against these standards. Implementing the ten principles is a permanent challenge in our day-to-day work. technotrans upholds the protection of human rights. We advocate compliance with worldwide labour standards, and are involved in the fight against child and forced labour. By offering approved student internships to young people, we offer them an opportunity to get to know the world of work during the school holidays through arrangements that meet all the statutory requirements, so that they can form a better picture of their own career direction. We do not tolerate discrimination of any kind against employees in our company (whether based on gender, skin colour, nationality, religion, social background, disability or other aspects). We adopt a zero tolerance stance towards any such misconduct at the workplace. We have also set ourselves the goal of making family and working life compatible. Our employees are appointed solely on the basis of their qualifications – and nothing else. Checks are regularly carried out to assess whether the guidance to that effect, as laid down for instance in management manuals or compliance guidelines, has been followed. This audit again brought to light no departures from the application of the principles in respect of labour standards and human rights in our group in 2015.

We (technotrans) are successful internationally. But all over the world there are the weak, who will have no future prospects if we do not join together to support them. Children and young people are in an even more precarious position. They need our help particularly urgently. That is why technotrans has been an active supporter of Friedensdorf International (Aktion Friedensdorf e.V.) since 2011; it performs constructive work with long-term benefits for the future. This charity attends to children from war-torn and crisis zones, supporting them with medical and psychological help, education, projects and relief supplies.

In its economic activity, technotrans consciously seeks to help the environment by preserving resources. We develop technologies that redefine the benchmark and are designed for energy-saving components and low-emission solutions. We are currently exploring a highly promising solution for sustainable energy storage technology in stationary and mobile applications. We will continue to give high importance to environmental protection and sustainability in our product development work and use of resources.

Corruption is a danger to everyone. It hampers development, deepens poverty and has a devastating effect on society, both economically and socially. High quality and reliability have built up our good reputation in the markets and repeatedly facilitate our access to new customers. To protect our group against potential losses, we maintain transparency and implement internal control mechanisms. In particular, we have adopted a worldwide, binding set of anti-corruption guidelines.

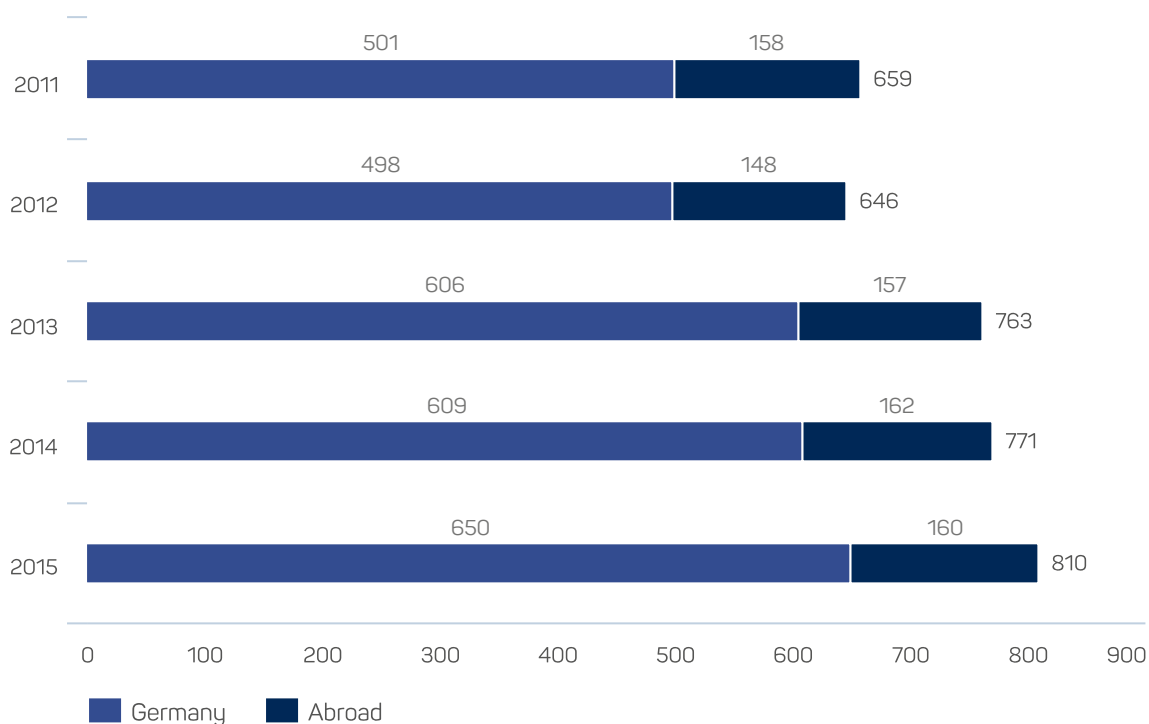
Much remains to be done, all over the world. For that reason, we will continue to do all in our power to support the Global Compact through our business activities and strategies, and will make adjustments as necessary to bring ourselves into line with these principles.

Employees

The number of employees in the technotrans Group at the end of the financial year increased from 781 to 828. Of the 810 employees on average in the year under review of 2015, 71 were in part-time employment. This represents a share of 8.8 percent.

technotrans was again able to respond flexibly to temporary fluctuations in the level of orders in 2015 by means of time accounts and temporary employees, with time credits then earned or used as necessary. The German production locations saw a volume-led increase in capacity in the production-focused areas in the year under review. Taking account of the planned growth, we consequently only plan further increases in capacity in isolated cases.

Average number of employees

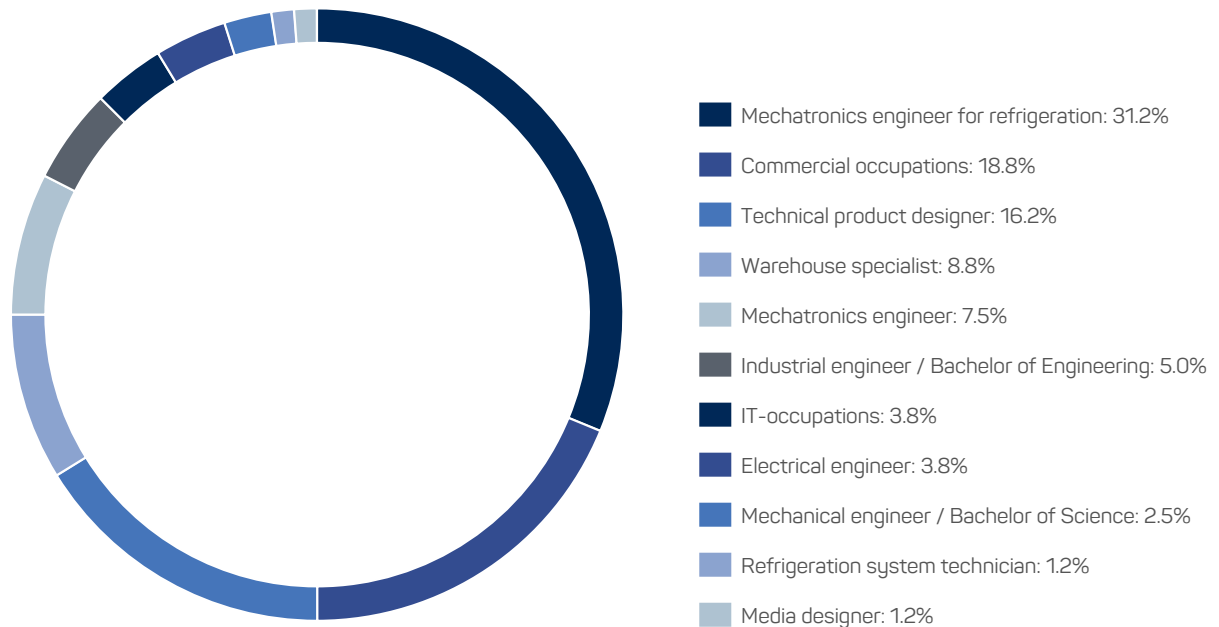


Revenue per employee rose only slightly year on year from € 146 thousand to € 152 thousand. This key performance indicator therefore falls short of former levels and from an operational perspective is not yet satisfactory. However from a strategic viewpoint it is still important for technotrans to hold onto qualified expertise carriers in order to unlock new markets and as a basis for future growth.

technotrans traditionally treats training as a very important matter. On the one hand it aims to continue recruiting juniors from within its own ranks. On the other hand it is in the interests of both society and the company to respond in a timely manner to the challenges of demographic change. The fact that society is growing older and that skilled staff are in short supply is already having an impact. This development will become even more marked over the next few years. The number of apprentices in the group increased to 80 (previous year: 77) at December 31, 2015. The apprentice total for technotrans AG, Sassenberg, of 60 was slightly higher than at the end of 2014 (56 apprentices).

The proportion of apprentices at the group parent was therefore almost 14 percent. One initiative specifically seeks to create additional apprenticeships for high-school graduates as an attractive alternative to “studying in overcrowded lecture theatres”. The range of vocations for which technotrans now provides training is correspondingly diverse:

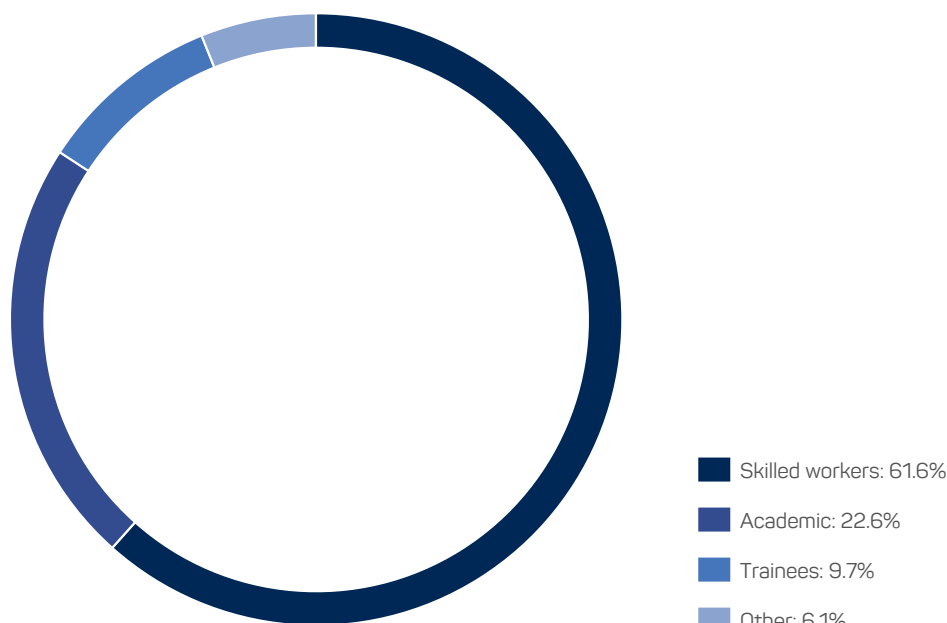
Training in the group by degree in percent



For many years technotrans AG has been punching above its weight in the standard of training it provides for juniors. This commitment again paid dividends in the 2015 financial year. Kevin Fislake (20), who started training at technotrans as a Mechatronics Engineer for Refrigeration Technology in 2011, completed his apprenticeship in January 2015 as the Chamber of Commerce’s top performer. In order to broaden the horizons of its apprentices during their training, technotrans encourages exchanges between the apprentices and their colleagues at neighbouring businesses. It also aims to promote specialist exchanges within the group.

technotrans is a technology company. That is reflected in the qualifications of its employees. Not counting the apprentices, 40 percent of employees have undergone training leading to qualifications, 22 percent have an engineering qualification and 23 percent have an academic background. technotrans is furthermore a young company: around 47 percent of the workforce are under 40 years old, and only 5 percent are over 60. The average age is just over 40; this figure has therefore risen slightly compared with the previous year.

Qualification of employees in percent



The specialist and social expertise of a company's employees are its most valuable asset. By way of **personnel development**, internal and external training as well as vital advancement measures were again provided for employees in 2015 to keep them well qualified for the challenges of the future. technotrans will continue with its systematic personnel development in this area over the coming years. In addition to specialist training, the priority in the year under review was on leadership and junior leadership training.

To make it easier for employees to balance working and family life, technotrans has established a partnership with a municipal kindergarten at the Sassenberg location in order to provide flexible child care options for children who have not yet reached school age. The arrangements are aimed especially at women who would like to keep pursuing their career objectives while bringing up a family.

Personnel expenses totalled € 42.2 million in 2015 (previous year: € 39.8 million). The increase results on the one hand from the pay increase made in the financial year and on the other hand from the capacity buildup in the growth-driving technology areas of the production plants. One-off severance payments were significantly lower than in the previous year, falling from € 0.9 million to € 0.1 million. The personnel costs ratio for the group (personnel expenses as a proportion of revenue) was 34.3 percent (previous year: 35.4 percent). The aim is to reduce the personnel costs ratio further in future.

The **remuneration** of employees at technotrans AG is a reflection of their individual positions within the company. They are each allocated to grades, which in turn comprise a number of remuneration bands. Annual decisions on percentage pay increases are negotiated between the Board of Management and the Works Council. Pay increases averaging 3.0 percent were agreed for the 2016 financial year.

The employees' profit share is in addition tied to the EBIT margin. Upward of an EBIT margin of 5 percent, a bonus is paid out to those who are not entitled to a management bonus. Performance-related pay components e.g. for service technicians were also introduced. There have been other fringe benefits such as employee-financed occupational

health insurance cover for all employees at German locations since 2014; this provides top-up insurance cover where there are gaps in the cover afforded by the statutory health insurance schemes. technotrans will become even more involved in health management in the future.

Throughout the group, managers receive (management) bonuses that are agreed individually in their contracts and depend half on the attainment of company targets, and half on their personal performance. They receive part of annual pay increases in the form of shares. There are no other incentive schemes involving share components.

Corporate Communications

Corporate communications by the technotrans Group cover the management of communication processes taking place between the company and external customers, service providers etc., as well as internal employees. The aim is to position products and services on the market, and also to create acceptance and establish long-term relationships with the company's various different target groups. The corporate communications tools used within the technotrans Group include e.g. classic advertising and sales promotions, social media, corporate identity, employee communications and investor relations. **Classic advertising** remains a major component within the marketing mix, alongside the now-established online media. The aim is to raise awareness of the group further by means of advertisements in trade journals in the relevant industries such as the printing and laser industry, stamping and forming technology, machine tools, and battery and inverter cooling. Press releases in the form of product information bulletins and user features complete the range of **press work** and provide important details on both well-established and new products.

Industry exhibitions remain an important aspect of corporate communications at technotrans. As a marketing instrument, they are still one of the key forms of B2B communication. Shows work because they give the company the opportunity to present itself to a specialist international audience and establish direct personal contact with the visitors to shows, who for the most part are the decision-makers at their companies. The technotrans Group's show calendar was very extensive in 2015, comprising everything from industry exhibitions and specialist conferences to small-scale congresses. The season was kicked off in March 2015 with the Laser World of Photonics in Shanghai, China. The group – comprising technotrans, Termotek and KLH – took this opportunity to present its solutions in the field of cooling and temperature control technology for the laser industry. The counterpart to the China show was the Laser World of Photonics in Munich, Germany, which took place in June. The show is held every two years and is likewise aimed at a specialist audience from the world of lasers. The technotrans Group and its two subsidiaries teamed up to present itself as a full-liner for cooling systems in the laser industry. The 12th Blechexpo provided a platform for the new spray lubrication system badged as the spray.xact easy. At the international industry exhibition for sheet-metal working in Stuttgart, technotrans presented its solutions for stamping and forming technology. With spray.xact, the company offers metal processors various versions of its established lubrication system with no spray mist.

technotrans AG put in its first appearance at Fabtech, which took place in Chicago, USA, in November. At North America's largest industry exhibition for sheet-metal working, the entire product range for the lubrication of coils, blanks and profiles was demonstrated and the spray.xact was presented to an impressed audience. The spray lubrication systems also enjoyed a successful debut in São Paulo, Brazil.

In 2015 technotrans took the opportunity to present the company and its products with a print focus at two different industry exhibitions: the Expográfica in Mexico, and the World Publishing Expo in Hamburg. At the Hamburg show, technotrans placed the spotlight on the modernisation of web offset printing presses. From October 5 to 7, the company presented how its peripherals can enable users to get more out of established presses. The show appearance focused mainly on the installation of new and the substitution of existing spray dampening systems in order to boost competitiveness. technotrans AG showcased its mobile and stationary cooling solutions for the first time at busworld 2015. At the international industry exhibition for the bus and coach industry from October 16 to 21 in Kortrijk, Belgium, the company presented modules for energy storage cooling systems that have been specially tailored to buses and coaches. The spotlight was especially on flat-design cooling systems for lithium-ion batteries as well as on heat exchangers for charging stations and inverters. Energy storage device cooling systems made in the Westphalian town of Sassenberg are now being used to good effect in trams and buses worldwide, or for cooling charging stations for rail and bus projects. technotrans presented its solutions for the laser and machine tool industry and for stamping and forming technology at smaller, more specialised events such as the Engineering Design Show in Coventry, UK, the

Battery Conference in Aachen, Germany, and, for the third time, the Stamping Technology Congress in Dortmund. Among the shows in 2016, the drupa in Düsseldorf, Germany, is an especially big event. Over a period of eleven days in June, technotrans will be showcasing its solutions for sheet-fed, web, newspaper, flexographic and digital printing there. Visitors can look forward to exhibits that feature innovative, forward-looking technology and already meet future ERP (energy related product) guidelines or ecodesign standards. Later on in the year technotrans will be making its second appearance at InnoTrans, an international industry exhibition for transport technology in Berlin that is held every two years. Its presentation there will again focus on the mobile cooling systems for batteries and heat exchangers for charging stations and inverters. With electric mobility increasingly moving into the mainstream, technotrans' cooling and temperature control have already met with an enthusiastic reception among both manufacturers of energy storage devices and manufacturers of buses and trams. To generate interest in the show presence, the group's activities there are being publicised through numerous PR measures. A large number of trade magazines report on technotrans products before, during and at the shows.

The rapid development in information and communications technology presents a succession of new challenges and opportunities to corporate communications. **Social networks** such as YouTube, Xing, LinkedIn, Facebook and Twitter have long made their mark on the communication strategies and forms. technotrans' platforms have now become established features of the social media landscape.

The motto of this year's Annual Report 'growing together' is also reflected in the **new visual identity** of the technotrans Group. The corporate identity has been completely revamped and infused with new vitality. The group will in future be identifiable as such thanks to a uniform brand identity. Alongside the engaging brand labels, the focus is on the colour scheme. It can be used to handle four different levels of communication spanning marketing, sales, product presentation and corporate presentation in a flexible way, depending on the specific requirements, while nevertheless preserving a consistent overall impression of the corporate design. Carefully placed design elements recur throughout. The website will in future adopt a 'responsive design' and thus satisfy current web requirements. In other words, the page view adapts to the format of the device on which it is being displayed: desktop, tablet or smartphone.

Good communication and information are important and arguably decisive success factors in smooth collaboration in and between organisations. Communication is an ongoing occurrence! Everyone processes a wide range of information in the course of a working day. The technotrans Group handles internal communication across locations, and even worldwide, over the intranet.

The shares of technotrans AG have been traded on the stock market since March 1998. As a company listed in the Prime Standard segment, we must meet the highest possible standards of transparency. **Investor relations** work includes such tasks as regular financial reporting in German and English. The shares of technotrans AG were converted from bearer to registered shares in October 2008. Since the changeover, we have also been able to communicate directly with our company's shareholders. Knowing the shareholder structure furthermore enables us to target our investor relations work even better. We continued to devote considerable energy to corporate communications in the year under review.

Transparency and credibility are the cornerstones of our communications with the capital market. All publications are also available on the internet. Regardless of whether someone is a shareholder or is merely interested in the company, and whether they hold a large or small number of shares, in addition to providing written reports we explain individual aspects and answer questions in telephone conferences or face-to-face talks. The result of an information policy that is candid and open to scrutiny is a relationship of trust with all capital market operators, based on mutual respect, and we value it very highly.

CORPORATE GOVERNANCE DECLARATION

Corporate governance denotes the responsible management and control of companies in a manner that strives for long-term value creation. This includes purposeful, effective collaboration between the Board of Management and Supervisory Board, regard for the interests of shareholders and employees, transparency and responsibility in all entrepreneurial decisions, and the suitable handling of risks. technotrans takes the German Corporate Governance Code as its point of reference.

Declaration of Compliance Pursuant to Section 161 of the German Stock Corporation Act (AktG)

The most recent Declaration of Compliance was submitted in September 2015, with the following wording:

Declaration of Compliance (2015)

"The Board of Management and Supervisory Board declare that, with the exception of the following departures, technotrans AG has complied with the conduct recommendations of the Code Commission appointed by the German government since submission of the last Declaration of Compliance in September 2014, and moreover intends to observe the recommendations in the future. The basis for the period from September 2014 (date of last Declaration of Compliance) to May 4, 2015 (day before announcement of the new version of the Code) is the German Corporate Governance Code in the version dated June 24, 2014, and the basis for the period since May 5, 2015 (date of announcement of the new version of the Code) is the German Corporate Governance Code in the version dated May 5, 2015.

Article 4.2.5 (Disclosure of Board of Management remuneration)

The German Corporate Governance Code recommends that the benefits granted plus fringe benefits, the maximum and minimum attainable remuneration for variable remuneration components as well as the fixed remuneration, short-term and long-term variable remuneration received, together with the benefit expenses for occupational pensions and other maintenance benefits, be presented in the Remuneration Report for financial years commencing after December 31, 2013 for every Board of Management member, and that template specimen tables be used for this information. technotrans AG discloses the remuneration of each individual Board of Management member in agreement with the applicable requirements, broken down into non-performance-related and performance-related pay. The Board of Management and Supervisory Board do not believe that changing the form of presentation for Board of Management remuneration will improve quality and ease of understanding. For that reason, no further sub-classification is practised, nor are the specimen tables used.

Article 5.1.2 (Composition of the Board of Management)

The German Corporate Governance Code recommends that the Supervisory Board also heed diversity in the composition of the Board of Management, with the company taking the recommendation to mean that women are adequately represented. The Supervisory Board considers that belonging to a particular gender is not an attribute that would particularly qualify a female or male candidate for a particular position, and therefore disregards this criterion when selecting the most suitable candidate for a position. When deciding on the appointment of new members of the Board of Management, in future the emphasis will be on the qualifications of the candidates and not on their gender. The Supervisory Board also takes this as its basis in specifying the targets for the proportion of women on the Board of Management in accordance with Section 111 (5) of the German Stock Corporation Act.

Article 5.4.1 (Objective for the composition of the Supervisory Board)

The German Corporate Governance Code contains the recommendation that the Supervisory Board should state specific objectives for its composition that, depending on the specific situation of the company, take account of the international operations of the company, potential conflicts of interest, the number of independent Supervisory Board members, a possible age limit for Supervisory Board members, and diversity. In its latest version the Code also contains the recommendation, within the context of its objective, to specify a cap on how long a person may serve on the Supervisory Board alongside the above criteria. In addition proposals by the Supervisory Board to the election bodies responsible are to reflect these objectives. technotrans AG has for many years imposed an age limit of 67 (at the time

of election) to membership of its Supervisory Board. Notwithstanding this, the Board of Management and Supervisory Board are of the opinion that the intention pursued by the Code can also be achieved without the need to state specific goals, and that defining further goals would actually hinder the Supervisory Board in selecting suitable members. The Supervisory Board of technotrans AG has therefore not stated any specific goals with regard to its composition. The Supervisory Board will, however, largely observe the criteria stated in the recommendation of the Code when proposing persons to the Annual General Meeting for election. With regard to the "diversity" criterion, which the company also takes to include the appropriate representation of women, the Supervisory Board will however not primarily consider gender and will continue to focus on the knowledge and specialist qualifications of the candidates, independently of their gender. The Supervisory Board also takes this as its basis in specifying the targets for the proportion of women on the Supervisory Board in accordance with Section 111 (5) of the German Stock Corporation Act. In light of the circumstances presented above, the Supervisory Board also declines to stipulate a limit on how long a person may serve on the Supervisory Board. Here, too, the interests of the company are best served by basing membership of the Supervisory Board solely on the knowledge and specialist qualifications of its members.

Article 5.4.6 (Remuneration of the Supervisory Board members)

In the event that performance-related remuneration is promised, the German Corporate Governance Code envisages that this be tied to sustainable corporate performance. In accordance with the articles of incorporation the members of the Supervisory Board receive a variable remuneration component that does not expressly reflect sustainable corporate performance.

Sassenberg, September 2015"

Information on Corporate Governance Practices

In addition to the recommendations, the German Corporate Governance Code contains suggestions, compliance with which is not binding. Nor are explanations for departures from the suggestions required. technotrans does not depart from these suggestions.

The recommendations and suggestions of the Corporate Governance Code as well as the statutory requirements form an integral part of the day-to-day working practices of the Board of Management and Supervisory Board. The committees examine compliance with the standards at regular intervals, to ensure that the issues at stake are always observed in the interests of the shareholders, the employees and not least the company itself.

Sustainable economic, ecological and social activity in keeping with applicable law is an indispensable element of entrepreneurial culture for technotrans. It also includes trust, respect and integrity in the way we deal with each other. This is manifested in exemplary behaviour towards employees, business partners, shareholders and the public. technotrans interprets compliance to mean observance of the law, the articles of incorporation, internal rules and any commitments undertaken voluntarily.

technotrans attaches particular importance to establishing a group-wide compliance structure that binds all employees worldwide to the compliance guideline. The purpose of this code of behaviour is to assure a uniform level of ethical and legal standards throughout the entire group of companies.

A compliance manager is appointed to ensure the relevant topics are suitably refined and disseminated through training.

Management and Control

The **Board of Management** is collectively in charge of operations. It comprises three members and is overseen by the Supervisory Board in accordance with the statutory requirements and the articles of incorporation. The members of the Board of Management and Supervisory Board are listed at the appropriate point in the Annual Report (under "Corporate Bodies").

The management of the subsidiaries and the heads of the various functions and product areas each report to one member of the Board of Management. The Board of Management is advised, overseen and monitored by the Supervisory Board. It reports regularly, promptly and comprehensively to the Supervisory Board on all material issues concerning the business performance and corporate strategy, as well as on potential risks.

Four of the six members of the **Supervisory Board** are elected by the shareholders, and two members are elected representatives of the employees. Details of the composition of the corporate bodies and of the distribution of responsibilities between the members of the Board of Management are equally provided in the section "Corporate Bodies".

The shareholders of technotrans AG exercise their rights through the Annual General Meeting. The **Annual General Meeting** normally takes place in the May of the following financial year. The Annual General Meeting is chaired by the Supervisory Board Chairman. The Annual General Meeting decides on all tasks assigned to it by law (including the election of Supervisory Board members, amendments to the articles of incorporation, the appropriation of profits and capital measures).

Modus Operandi of the Board of Management and Supervisory Board as well as Composition and Modus Operandi of their Committees

By law, the members of the Board of Management are jointly authorised to manage the company. The Chief Executive Officer is in charge of operations, with the focus on Products and Markets worldwide, the Chief Financial Officer is responsible for various administrative areas, and the Chief Technical Officer heads up the Technology and Operations division. A detailed list of responsibilities and divisions is provided in the Annual Report, in the section "Corporate Bodies". All members are closely involved in operating activities.

The Supervisory Board appoints the members of the Board of Management, in accordance with the articles of incorporation. It issues the Board of Management with rules of procedure that contain a list of transactions requiring the approval of the former, as well as a schedule of responsibilities.

The Board of Management members normally attend the meetings of the Supervisory Board and submit written and oral reports on the individual agenda items and draft resolutions, as well as answer the questions of the Supervisory Board members. The Supervisory Board has adopted rules of procedure. The Supervisory Board receives the agenda and a detailed written document one week in advance of its meetings.

The Supervisory Board Chair reports to the shareholders at the Annual General Meeting on the activities of the Supervisory Board and its committees.

The Supervisory Board Chair in particular regularly meets the Board of Management and discusses topical issues with it. Outside these meetings, the Board of Management informs the Supervisory Board Chair of current developments.

To enable it to fulfil its duties more efficiently, the Supervisory Board has formed three committees. The Nominating Committee (members: the shareholders' representatives on the Supervisory Board) proposes suitable candidates for elections to the Supervisory Board. In addition an Audit Committee was formed (members: Dieter Schäfer; Helmut Ruwisch; Heinz Harling) and a Personnel Committee for Board of Management Affairs (members: Heinz Harling; Dr Norbert Bröcker; Helmut Ruwisch). The Audit Committee meets on two occasions, in the presence of the auditors and the members of the Board of Management, and concerns itself with matters relating to the annual financial statements, the presentation of the accounts, controlling and risk management, fiscal matters, compliance, assuring the independence of the auditors, commissioning the auditors with the audit task, identifying the priority areas for the audit, and agreeing the fee. The interim reports to be published are discussed in advance by the members of this committee.

The Supervisory Board examines the efficiency of its work at least once a year with the aid of a structured questionnaire.

Goals for the Composition of the Supervisory Board and Board of Management Pursuant to Section 111 (5) of the German Stock Corporation Act (AktG)

The Supervisory Board is open to women serving on both the Supervisory Board and the Board of Management. Having said this, the Supervisory Board wishes to emphasise that for both future proposals to the Annual General Meeting for the election of Supervisory Board members and appointments to the Board of Management, it will continue to prioritise the knowledge and specialist qualifications of the candidates, irrespective of their gender.

In September 2015, the Supervisory Board therefore set both the target for the proportion of women on the Supervisory Board and the target for the proportion of women on the Board of Management as zero, as a reflection of the fact that these targets correspond to the current proportion of women on either board. These targets are to be

retained until June 30, 2017. The Supervisory Board nevertheless does not rule out the proposal of a female candidate for election to the Supervisory Board or the appointment of a woman to the Board of Management before June 30, 2017, should a suitable opportunity arise. With regard to the composition of the Board of Management, the Supervisory Board does not however anticipate that it will need to consider changes in the composition of the Board of Management in the period up until June 30, 2017, not least in view of the current terms of office.

Goals for the Filling of Management Functions Pursuant to Section 76 (4) of the German Stock Corporation Act (AktG)

When filling management functions in the company, the Board of Management considers diversity and in particular seeks to give appropriate consideration to women. The Board of Management sets the targets for the proportion of women in both management tiers below Board of Management level. In September 2015, the Board of Management therefore set a target of around 6 percent for the proportion of women in the first management tier of technotrans AG below the Board of Management, and a target of around 17 percent for the proportion of women in the second management tier below the Board of Management. These targets are to be achieved by or maintained until June 30, 2017.

The Board of Management is receptive to involving and promoting women in senior positions. In light of the comparatively small number of senior positions at technotrans AG, however, it does not consider merely belonging to a particular gender in itself to be an appropriate criterion for the selection of management employees. When choosing candidates to fill management posts, the Board of Management therefore looks primarily at the qualifications of the candidates. Past experience has shown that applying these criteria when giving appropriate consideration to women in the two management tiers below the Board of Management is a process that is evolving over a period of many years. For that reason, the Board of Management is of the opinion that maintaining the status quo in each case constitutes an appropriate target, given the relatively short implementation period of less than two years. This is all the more relevant in that the Board of Management believes the present proportion of women in the two management tiers to be relatively high. It should be considered in this connection that technical and engineering qualifications are often needed to perform management tasks at technotrans AG, and there are still far fewer women than men with relevant qualifications in these disciplines.

Transparent Corporate Communications

Open, transparent corporate communications are a central aspect of good corporate governance. As well as clear, intelligible content, this aspect entails equal access to information about the company for all target groups.

technotrans attaches considerable importance to the internet as an information medium that is independent of time and place, and moreover freely accessible. technotrans' website accordingly provides visitors with a wide range of well-structured information about every aspect of the company. In the "Investor Relations" section, for instance, comprehensive financial information about technotrans can be called up, such as Annual and Interim Reports, ad hoc information and press releases. All information is posted on the website simultaneously in German and English.

The scheduled dates of the principal recurring events, such as the publication dates of the Annual and Interim Reports and the date of the Annual General Meeting, are summarised in a financial calendar. This calendar is published sufficiently well in advance and posted on technotrans' website. The dates for the publications take account of the requirements of the stock exchange rules of the Frankfurt Stock Exchange for securities listed in the Prime Standard.

RENUMERATION REPORT

The Remuneration Report contains the itemised remuneration by individual member of the Board of Management and Supervisory Board of technotrans AG, as well as particulars of fringe benefits provided by the company for each individual member. The basic features of the remuneration system are also explained there.

Remuneration System of the Board of Management

The remuneration system of the Board of Management reflects the current standards and statutory requirements. The total cash remuneration of a Board of Management member comprises a fixed basic remuneration and a variable remuneration component (management bonus). The precise level of the variable remuneration component is determined by target attainment in a given financial year. Revenue and consolidated net income for the year serve as the basis for the targets for budgeting purposes. If the agreed targets are exceeded, the variable remuneration component is increased, this increase being capped at a multiple of 2.5. The variable remuneration component is paid out over a three-year period in instalments of 50, 30 and 20 percent and in relation to actual target attainment. There is no entitlement to a management bonus in the event of a net loss for the year or if target attainment is less than 50 percent in the assessment year. The sustainability-oriented management bonus is only paid out to the extent that the respective targets for the assessment year are attained in subsequent years. The deferred management bonus component may therefore fall, but it can no longer rise. If target attainment falls below 80 percent of the level achieved in the assessment year, the sustainability-oriented management bonus component lapses. If a Board of Management member leaves the company, their entitlement to a management bonus from previous years does not automatically lapse.

The company moreover provides fringe benefits (insurance premiums) in the form of contributions to a provident fund and a group accident insurance policy. In addition, company cars are available to the members of the Board of Management and they are reimbursed travel and other allowable expenses. The policies for the D&O insurance cover taken out by the company for the Board of Management members envisage an excess amounting to one and a half times the fixed annual income.

There is also a cap on termination indemnities amounting to a maximum of one year's salary.

The overall remuneration of each Board of Management member is approved by the Supervisory Board. At the proposal of the Personnel Committee, the Supervisory Board unanimously approved a modification of the contracts for the Board of Management at its meeting in March 2015. The fixed pay of the three Board of Management members was in each case increased by 10 percent with effect from July 1, 2015. No share-based payment components were envisaged for the 2015 financial year.

The level of target attainment for measurement of the variable remuneration component in the 2015 financial year was 109 percent according to the target agreement (previous year: 100 percent). Only in the event of exceptional occurrences is the Supervisory Board authorised to adjust the remuneration parameters in the course of a given year.

The members of the Board of Management received the following remuneration in the past financial year:

	Henry Brickenkamp		Dirk Engel		Dr. Christof Soest	
€ '000	2015	2014	2015	2014	2015	2014
Fixed basic remuneration	210	200	168	160	168	160
Fringe benefits	50	49	48	46	45	45
Management bonus, year under review	193	176	155	140	155	140
Total remuneration	453	425	371	346	368	345
Entitlement dependent on the attainment of future performance targets	149	124	119	99	119	99

Remuneration of the Supervisory Board

In accordance with the articles of incorporation approved by the Annual General Meeting, the members of the Supervisory Board receive remuneration comprising a fixed and a variable component, in addition to reimbursement of their expenses. The level of the variable remuneration component is based on the consolidated net income declared in the Consolidated Financial Statements. Under the articles of incorporation, this variable remuneration component is not expressly a reflection of sustainable corporate performance. Both the fixed and the variable remuneration component are higher for the Chairman and Vice Chairman of the Supervisory Board than for the remaining members. Membership of the committees formed by the Supervisory Board is likewise remunerated, in accordance with the articles of incorporation. The members of the Supervisory Board do not receive any stock options for their activities as non-executive directors. The company has taken out D&O insurance cover for the members of the Supervisory Board. There is an excess equivalent to the variable remuneration component in the year in which a claim is established.

In addition to the total remuneration stated for the Supervisory Board, the employees' representatives on the Supervisory Board receive remuneration in their capacity as employees, on the basis of their contracts of employment, and also receive share-based payments.

In accordance with the articles of incorporation the Supervisory Board members received the following remuneration for the year under review of 2015:

	2015			2014		
€ '000	Total remuneration	of which fixed	of which variable	Total remuneration	of which fixed	of which variable
Heinz Harling	46	22	24	38	22	16
Dr. Norbert Bröcker	33	15	18	27	15	12
Helmut Ruwisch	27	15	12	23	15	8
Dieter Schäfer	23	11	12	19	11	8
Reinhard Aufderheide	20	8	12	16	8	8
Thomas Poppenberg	20	8	12	16	8	8
Total remuneration	169	79	90	138	79	59

GENERAL AND INDUSTRY-SPECIFIC ECONOMIC ENVIRONMENT

The expansion of the global economy slowed in 2015. After global output had gained some momentum towards the end of 2014, the growth rates stabilised again at a low level in the summer months of 2015. Over the year as a whole the global economy expanded by 3.1 percent, a lower rate than had been expected (3.5 percent). On the other hand the economy in the eurozone achieved moderate growth in 2015 and, as in the USA, economic output was on the rise. Even if the German economy's momentum slowed somewhat in the course of the year, a number of early indicators point towards a revival at the end of the year. The slight cooling-down detected recently was mainly attributable to muted activity in German industry as a result of flat export trade.

Change of Gross Domestic Product in percent

	2015	2014
World	3.1	3.4
USA	2.5	2.4
Eurozone	1.5	0.9
Germany	1.5	1.6
China	6.9	7.3
Emerging Countries	4.0	4.6

Source: International monetary fund, World Economic Outlook, January 2016

The VDMA (German Engineering Federation) again had to adjust its expectations downwards in the past year. The federation had forecast a business recovery leading to a rise in production output of two percent for the German mechanical engineering sector. According to VDMA figures, mechanical engineering companies closed their order books for 2015 with real growth of one percent.

While the level of orders for the machine tool sector was broadly flat at the turn of 2015/2016, the printing industry as a whole fared rather better. At year-end, incoming orders for printing presses were nine percent up on the previous year, while the decline in revenue slowed further.

BUSINESS PERFORMANCE AND POSITION OF THE COMPANY

The technotrans Group achieved its goals as a whole for the 2015 financial year and therefore successfully maintained its growth trajectory. Compared with the original forecast, we even achieved much better results for certain financial indicators. The minimum goal for 2015 to achieve revenue growth of more than 3 percent for the group was easily exceeded, with growth up 9.3 percent thanks to a positive business performance in all sub-markets. With an operating profit (EBIT) of € 9.0 and an EBIT margin of 7.3 percent, the earnings forecast was confirmed at the top end of the anticipated range of 6.8 to 7.3 percent.

At the time the plans for 2015 were drawn up, the Board of Management assumed moderate revenue growth for the technotrans Group on the basis of a stable economic development in conjunction with various new projects involving both existing and new customers. It was already clear by the end of the first half of 2015 that the business performance for the year as a whole would be positive. With organic revenue growth of € 10.4 million compared with the previous year, consolidated revenue for the past financial year reached € 122.8 million. The Technology segment in particular made positive progress thanks to its successful business expansion in the non-print area and grew by 10.4 percent to € 81.4 million. The Services segment, too, more than made up for the previous year's slight fall in revenue, achieving revenue for the year of € 41.4 million with 7.2 percent growth.

The structure of the balance sheet did not change significantly in 2015 despite the growth. technotrans continued to free itself of debt, the free cash flow was positive at € 8.6 million and the equity position improved to a stable ratio of 68.0 percent.

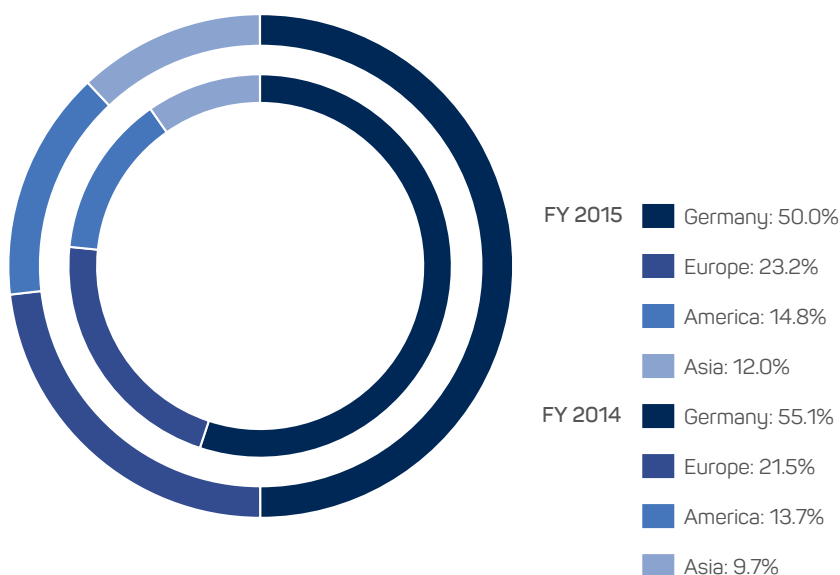
FINANCIAL PERFORMANCE, FINANCIAL POSITION AND NEW WORTH

Development in Revenue

technotrans' consolidated revenue rose in absolute terms by € 10.4 million in 2015 to € 122.8 million. This represents an increase of 9.3 percent year on year (€ 112.4 million). As in the previous year, revenue growth for 2015 was organic in origin. 35 percent of consolidated revenue now comes from outside the printing industry (previous year: 33 percent). Compared with the previous year, business with customers in offset, digital and flexographic printing also developed positively once more thanks to technotrans' good market position in the printing industry. Revenue in that area grew by 6.8 percent. Thanks to the market and revenue shares gained, technotrans again succeeded in growing in all relevant markets in 2015. The biggest boost to revenue came from our projects in the fields of laser technology, stamping and forming technology, and medical and scanner technology.

As a result of the customer structure in the printing industry but also the laser industry, technotrans traditionally generates a high proportion of its deliveries and revenue in Germany. The 2015 financial year saw the proportion of revenue achieved by the group with German customers drop from 55.1 percent in the previous year to 50.0 percent. In other European countries the revenue share was increased from 21.5 percent to 23.2 percent thanks to further revenue growth. Meanwhile the revenue share in America also edged up to 14.8 percent for the past financial year, compared with 13.7 percent in 2014. The Asia region resumed growth in the 2015 financial year, with the revenue share rising from 9.7 percent to 12.0 percent.

Revenues by Region in percent



technotrans' standard business with industrial customers is based on release orders. The equipping of certain machine models with technotrans products is usually agreed in advance. The time frame between the release order and delivery is rarely more than four weeks. Because of these master agreements, information on incoming orders and order backlogs is not particularly meaningful.

Price adjustments to reflect the market trend were implemented mainly in the Services area in 2015. technotrans' business with printing press manufacturers is usually conducted on the basis of multi-year master agreements that only allow well-justified price increases during their term. The same is true of requests for price reductions by our customers. For us, long-term, partnerlike relations with our customers and safeguarding our position in the market take priority over short-term price maximisation. In the other markets, there was a stable overall development in price effects in the past financial year.

Development in Earnings

The technotrans Group achieved a marked year-on-year improvement in its earnings ratios at December 31, 2015, including an increase of around 43 percent in earnings per share (EPS).

Gross profit, in other words revenue less cost of sales, came to € 41.4 million (previous year: € 37.4 million). The improvement in gross profit of 10.7 percent compared with the previous year was based above all on the increased revenue volume and the effects of changes to the product mix. The cost of purchased materials went up by 9.2 percent in line with revenue. The cost of purchased materials ratio of 39.0 percent was therefore unchanged from the previous year. The gross margin edged up to 33.7 percent at year end (previous year: 33.3 percent).

The operating result (EBIT) of € 9.0 million easily bettered the previous year's figure of € 6.8 million by 31.1 percent. This meant that the EBIT margin for the 2015 financial year reached 7.3 percent, up from the previous year's 6.1 percent. We consequently achieved our goal of an EBIT margin of between 6.8 and 7.3 percent for the 2015 financial year with a figure right at the top end of our forecast range.

Margin development of technotrans group

	2015		2014		change
	€ million	%	€ million	%	%
Gross profit	41.4	33.7	37.4	33.3	10.6
EBITDA	12.2	9.9	9.9	8.8	23.4
EBIT	9.0	7.3	6.8	6.1	31.1
EBT	8.7	7.1	6.3	5.6	38.8
Annual net profit	6.2	5.1	4.4	3.9	40.8

Distribution costs rose more slowly than revenue, growing 5.7 percent to € 17.1 (previous year: € 16.2 million). General administrative expenses, too, increased only slightly from € 12.6 million to € 13.0 million. On the other hand development costs of € 4.3 million for the 2015 financial year were again slightly higher than in the previous year (€ 3.4 million). technotrans continues to invest in a large number of development projects focusing on the new markets.

In the year under review, the positive balance of other operating income and expenses increased by € 0.4 million to € 1.9 million. Compared with the previous year, in particular we realised additional income from insurance payouts and other income unrelated to the period. 2015 brought net exchange rate gains of € 0.6 million as a result of the high exchange rate fluctuations. This matched the level of the 2014 financial year. No hedging instruments were used to reduce the impact of exchange rate fluctuations on the operating result.

Personnel expenses in absolute terms rose from € 39.8 million in the previous year to € 42.2 million in 2015, mainly as a result of the higher regular workforce in response to business expansion and the effect of a pay increase in the group. Over the same period the personnel expenses ratio fell from 35.4 percent to 34.3 percent.

Depreciation and amortisation of € 3.2 million was slightly above the 2014 figure (€ 3.0 million). It consequently again exceeded investment in property, plant and equipment and intangible assets amounting to € 1.7 million (previous year: € 1.4 million) in the 2015 financial year.

As expected, the interest result continued to fall in 2015, amounting to € -0.3 million net (previous year: € -0.6 million). On the one hand financial liabilities were reduced as planned over the course of the year, leading to a fall in interest expense. However there was an opposite effect of € 0.05 million from the early exercising of the call-put option on the gds-Sprachenwelt share acquisition. On the other hand the interest income item also includes the earnings effect from the subsequent measurement of the conditional purchase price liability for the KLH companies in the amount of € 0.18 million. For reasons of consistency, it is disclosed under the interest result.

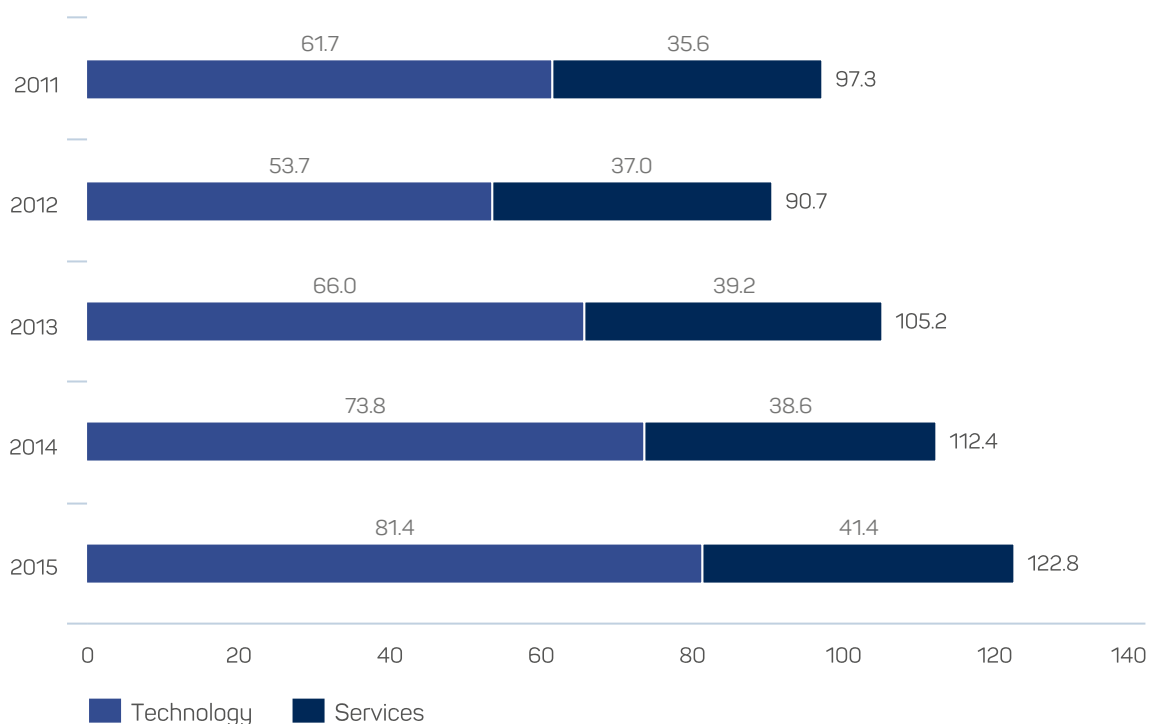
The tax expense of € 2.5 million for the past financial year is up on the previous year's level of € 1.9 million; it corresponds to an effective tax rate of 28.5 percent (previous year: 29.5 percent). For the fiscal particularities, please refer to the additional explanations in Section 26 of the Notes to the Consolidated Financial Statements.

The consolidated result after tax (net profit) for the 2015 financial year came to € 6.2 million (previous year: € 4.4 million), equivalent to a return on sales of 5.1 percent (previous year: 3.9 percent). Earnings per share outstanding rose from € 0.67 to € 0.96.

Segment Report

In the Technology segment, revenue climbed to € 81.4 million in the 2015 financial year. This segment's share of revenue is therefore 66.3 percent, representing a slight increase compared to the prior-year period (previous year: 65.6 percent). The rise of € 7.6 million or 10.4 percent compared to 2014 was realised in all relevant sub-markets of the group, in other words in mechanical and plant engineering, in the growth markets and in the printing industry. The segment again benefited above all from the organic growth in business in the non-print area. A positive business development for the group especially in the laser industry and its continuing success in adding market shares in the new markets served as the basis for the healthy revenue growth in the field of proprietary technologies for temperature control, filtration, cooling lubricant preparation and also spray lubrication. technotrans also put its growth objectives into practice in 2015 in its biggest market, the printing industry. The revenue performance was impacted positively by the increased market shares for offset printing and growing standard business in digital and flexographic printing.

Revenue by segments in € million



Because of the customer structure, the revenue of the Technology segment is traditionally very strongly focused on Germany. However the proportion of revenue generated by German customers fell to 57.3 percent in the period under review, compared with 62.1 percent in the previous year. Meanwhile the revenue share for the rest of Europe showed another year-on-year rise from 16.8 to 19.0 percent. Revenue from the Asia region, too, went up from 9.5 percent in the previous year to 11.7 percent in the 2015 financial year. At 12.0 percent, America's revenue share in the Technology segment was also slightly up on the prior-year figure (11.6 percent).

As expected, our subsidiaries Termotek and KLH again achieved double-digit growth in the 2015 financial year (+11 percent). This lifted their revenue share of the Technology segment to around 40 percent.

The financial performance in the Technology segment improved as expected. In 2015 the segment benefited both from the renewed revenue growth and from an enhanced product mix in all the group's target markets. Overall, earnings before interest and taxes (EBIT) for the Technology segment thus rose year on year from € 0.4 million to € 2.1 million. The rate of return for the segment came to 2.6 percent at year end (previous year: 0.6 percent).

566 employees belonged to the Technology segment at the end of the year (previous year: 529). As in previous years, the general administrative areas have been spread between the segments pro rata, based on their revenue shares. The increase of 37 employees (+7 percent) occurred almost exclusively at the German production locations and for reasons of growth was driven predominantly by the production-focused areas.

The Services segment achieved growth of 7.2 percent in the period under review and generated revenue of € 41.4 million (previous year: € 38.6 million). After a slight drop in revenue in the previous year, technotrans achieved the expected turnaround in this area. Within the segment, growth was driven largely by after-sales business in almost all sub-markets. Merely service business in the Technical Documentation area fell short of expectations due to weak orders in the first half, and failed to end the year with revenue growth. The Services segment brought in a total of 33.7 percent of consolidated revenue in the 2015 financial year.

The regional breakdown in revenue for the Services segment reveals a comparable development to the Technology segment for the 2015 financial year. The revenue shares compared with the previous year were as follows: Germany 35.7 percent (previous year: 41.7 percent), Rest of Europe 31.5 percent (previous year: 30.5 percent), Asia 12.4 percent (previous year: 9.9 percent), and America 20.4 percent (previous year: 17.9 percent).

Revenue (EBIT) for the Services segment rose by 6.8 percent in the period under review, from € 6.4 million to € 6.8 million. The result for the segment in absolute terms is in line with expectations. With an EBIT margin of 16.5 percent, the profit level confirms the previous year.

262 employees belonged to the Services segment at the end of the year (previous year: 252). As in previous years, the general administrative areas have been spread between the segments pro rata, based on their revenue shares.

Financial Position

Principles and Goals of Financial Management

The task of financial management within the technotrans Group is handled centrally by the group parent. This primarily involves managing liquidity, securing borrowed capital and managing interest and foreign currency risks. To a large extent the group constitutes a financial entity and is thus able to optimise its capital procurement and investment opportunities. The overriding goal of technotrans' financial policy is to assure a balance between growth, return on equity and financing security. In its financial management, technotrans continues to strive to generate internally both the financial resources required to fund the organic growth of its operations, and the investments this involves. This goal was again achieved in the 2015 financial year. Selective investment spending (€ 1.7 million) was again restricted to maintenance investments.

Limiting risks encompasses all financial risks that could threaten technotrans' survival as a going concern. technotrans makes use of selected derivative financial instruments exclusively for the hedging of interest rate risks for borrowings incurring interest at variable rates. The company in addition steers the financing required within the group by way of the credit facilities available to technotrans AG, Termotek GmbH and KLH Kältetechnik GmbH. Bank borrowings at the balance sheet date totalled € 8.1 million (previous year: € 11.6 million). There are no exchange-rate factors affecting external borrowings. Within the group, short-term and long-term lending between the group companies is practised to some degree in order to maintain adequate liquidity locally. Substantial liquidity holdings (cash and cash equivalents) moreover exist in EUR, USD and GBP. No instruments for the hedging of foreign currency positions were used beyond the 2015 reporting date.

Capital Structure

With an equity ratio of 68.0 percent at December 31, 2015 and borrowing arrangements amounting to some € 21.5 million, technotrans has a viable and sustainable financing structure.

The most important source of financing is the cash inflow from operating activities (operating cash flow). The optimisation of working capital releases liquid funds, keeps debt low and thus improves the indicators relating to balance sheet structure (such as equity ratio) and return on investment.

Debt finance was scaled back further at all group companies in the course of the year. The maturities of existing financial liabilities average two and a half years. Short-term credit lines were used only intermittently in the past financial year. At the end of the financial year the average weighted interest rate for borrowing was approx. 3.0 percent (previous year: 3.3 percent). At the balance sheet date technotrans had available but unused borrowing facilities in the amount of € 13.5 million. Off-balance-sheet financial instruments such as leases are of only minor significance for us.

In 2015 there were no restrictions on the availability of the loans provided. For its financial and liquidity planning, technotrans AG is working on the assumption that it will have adequate liquidity including for business operations in 2016, enabling it to meet its foreseeable payment obligations at all times and also to seize acquisition opportunities independently of the banks. Based on a sound equity base and a comfortable liquidity base, in conjunction with financing commitments by the banks, technotrans is able to invest flexibly at any time.

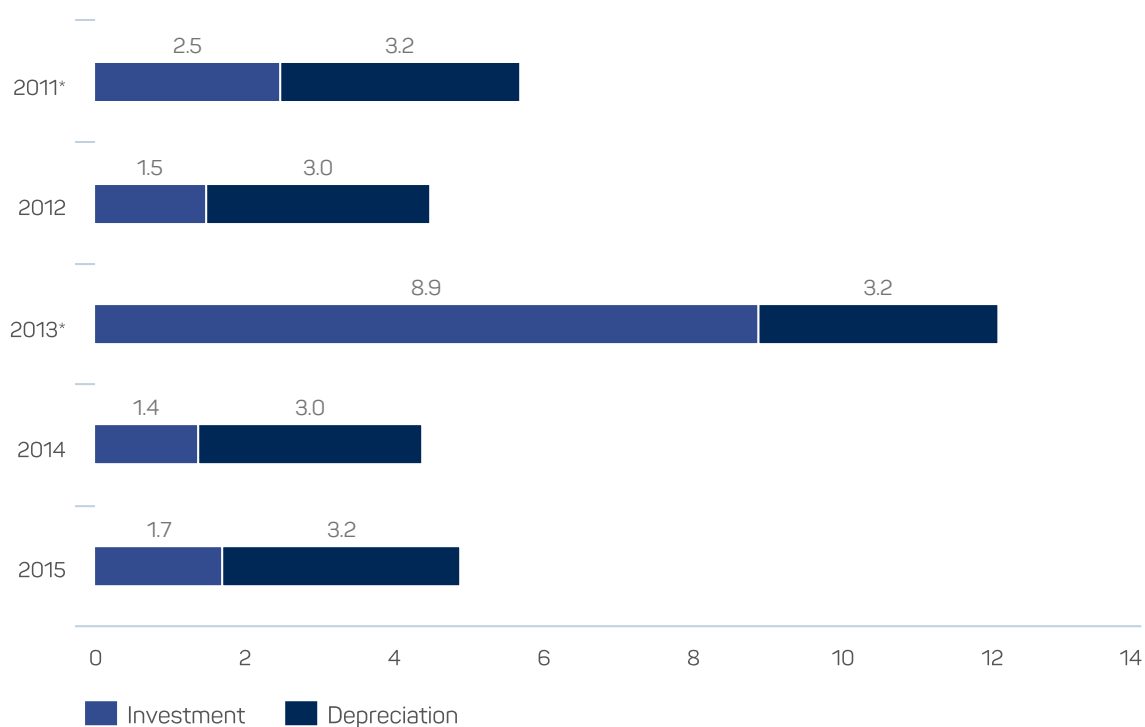
The long-standing business ties with our banks have remained steady. However, the current environment provides no guarantee that the banks will be willing or able to continue to perform the role of our financing partner to the extent to which we are accustomed. As a listed company, technotrans also has access to capital market instruments.

The Board of Management and Supervisory Board will propose to the Annual General Meeting in May 2016 that a dividend of € 0.48 per share outstanding be distributed for the 2015 financial year.

Investment

Investment spending amounted to € 1.7 million in the year under review (previous year: € 1.4 million). This total was made up of € 1.3 million for property plant and equipment and € 0.4 million for intangible fixed assets. Spending was again kept to a reasonable minimum level. The emphasis of investing activities was on replacement purchases and IT equipment. Of the overall volume, € 1.4 million was attributable to the Technology segment and € 0.3 million to the Services segment. Because of the low level of manufacturing penetration, the scaling-back of investment spending has no impact on the efficiency of production capacity.

Investment and depreciation in € million



*company acquisition inclusive (2011: € 1.1 million, 2013: € 6.5 million)

The development expenditure reported in the Income Statement came to € 4.3 million. This amounts to 3.5 percent of revenue. In addition, € 0.2 million in development costs were recognised as an intangible asset in the financial year. Development costs within intangible assets decreased to € 1.2 million (previous year: € 1.4 million). In the year under review, the amortisation of development expenditure recognised as an intangible asset came to € 0.4 million (previous year: € 0.3 million).

Depreciation and amortisation for the 2015 financial year came to € 3.2 million (previous year: € 3.0 million), a slight increase on the prior-year figure. Of this, € 2.5 million is attributable to the Technology segment and € 0.7 million to the Services segment. The customer base acquired along with KLH and the property in Sassenberg are major sources of depreciation and amortisation. Impairment of intangible assets in the course of the impairment test conducted was not required.

No further definite investments that would require an exceptional level of financing are currently planned for fixed assets or intangible assets.

Liquidity

The cash flow from operating activities before working capital changes (cash inflow) was up € 1.8 million on the previous year, rising from € 10.2 million to € 12.0 million. The cash flow benefited especially from the increased net profit for the year of € 6.2 million (previous year: € 4.4 million).

Cashflow in € million

	2015	2014
Cashflow from Operating Activities	12.0	10.2
Net Cashflow from Operating Activities	10.2	7.1
Cashflow from Investing Activities	-1.7	-2.3
Free Cashflow	8.5	4.8
Cash and Cash Equivalents at End of Period	20.0	17.2

The cash flow from operating activities (net cash from operating activities) of € 10.2 million remained above the figure for the previous year (€ 7.1 million). The changes in working capital had a positive cash flow effect of around € 0.8 million (previous year: negative effect of € 2.5 million). This change is attributable on the one hand to the cash inflow from the decrease in receivables and other current assets (€1.8 million) as well as to the increase in liabilities and prepayments received, plus other equity and liabilities items (provisions) amounting to € +1.2 million (previous year: € +1.4 million).

On the other hand there was a much higher cash outflow from the buildup of inventories of € -2.1 million compared with the previous year (€ -1.1 million), arising from business growth as at the reporting date. Furthermore, payments for interest and taxes rose to € -2.6 million overall, from € -0.6 million in the previous year.

The cash flow from investing activities (cash outflow) fell slightly as expected by € 0.6 million to € 1.7 million (previous year: € 2.3 million). The total net cash employed for investment in the 2015 financial year mainly comprised maintenance investments of € 1.7 million (previous year: € 1.4 million), whereas the final conditional purchase price component of € 0.9 million for the acquisition of Termotek GmbH needed to be financed in the previous year.

The free cash flow consists of the net cash flow from operating activities less the cash payments for investment in operating activities. The free cash flow in the period under review consequently rose to € 8.5 million (previous year: € 4.8 million).

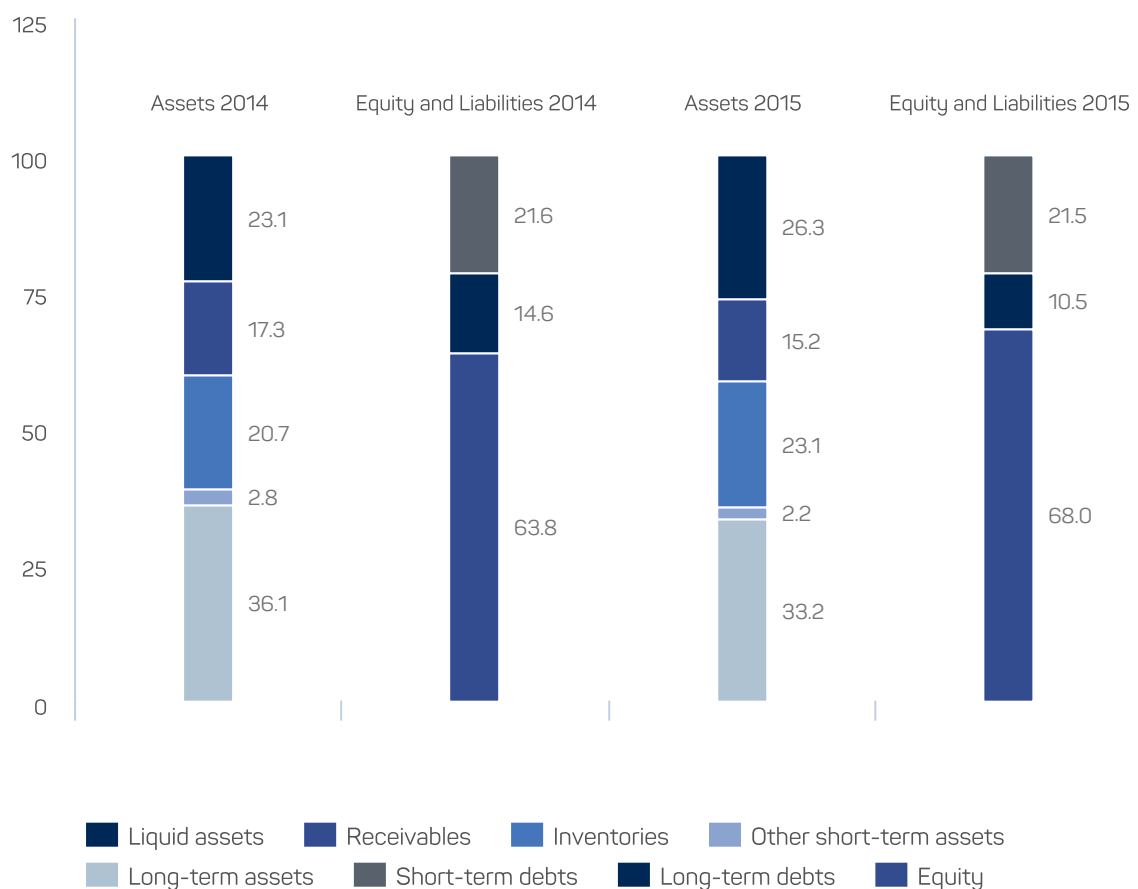
Cash flow from financing activities was higher than in the previous year. The net cash employed for financing activities in the 2015 financial year came to € -6.1 million (previous year: € -4.6 million). The payments in connection with the redemption of loans produced cash outflows of € 3.6 million (previous year: € 3.3 million). The dividend distribution amounted to € 2.2 million in the 2015 financial year (previous year: € 1.3 million). There were outflows of liquidity amounting to € 0.3 million in connection with the acquisition of the remaining shares in gds Sprachenwelt GmbH.

Cash and cash equivalents at year-end came to € 20.0 million and were therefore again up on the previous year (€ 17.2 million). From a capital management perspective the group's liquidity remains comfortable. In 2016, the group therefore remains in a position to meet its payment obligations from business operations at any time.

Net Worth

The net worth and capital structure of the technotrans Group remained stable in 2015. The **balance sheet total** at December 31, 2015 rose slightly from € 74.5 million at the prior-year reporting date to € 76.0 million.

Net worth and capital structure in percent 2015/2014



Assets

Non-current assets at the end of 2015 came to € 25.2 million, a decrease of € 1.7 million compared with the previous year (€ 26.9 million). This development is mainly attributable to depreciation and amortisation of property plant and equipment and intangible assets.

By contrast, current assets increased from € 47.6 million to € 50.8 million. While receivables fell by € 1.3 million compared with the previous year, inventories at December 31, 2015 were up € 2.1 million overall. The higher inventories at the balance sheet date essentially reflect the group's enlarged business base. There was a further rise in cash and cash equivalents compared with the previous year, to € 20.0 million (previous year: € 17.2 million), a new record since the initial public offering in 1998.

Equity and liabilities

Within equity and liabilities, there was an absolute rise in equity of € 4.2 million to € 51.7 million (previous year: € 47.5 million). This development reflects the successful business performance of the group in recent years. The equity ratio thus improved to 68.0 percent (previous year: 63.7 percent). The return on equity, representing net income as a proportion of equity, was 12.3 percent (previous year: 9.4 percent). Minority interests in equity amounted to € 0.9 million (previous year: € 1.0 million). There was a change on the balance sheet within liabilities at the end of the financial year. As planned, non-current liabilities fell from € 10.9 million in the previous year to € 8.0 million at the end of the 2015 financial year. Borrowings were the main source of change within this item. The € 0.4 million carrying

amount for other financial liabilities at the balance sheet date was slightly lower than for 2014; it basically consists of the conditional purchase price component resulting from the interest acquired in KLH (€ 0.3 million). The deferred tax liabilities of € 0.5 million stem from the capitalisation of a customer base following on from the acquisition of the KLH companies. Current liabilities rose slightly by € 0.2 million to € 16.3 million (previous year: € 16.1 million). While current financial liabilities decreased by € 1.3 million, prepayments received rose from € 2.0 million in the previous year to € 3.4 million. At the end of the 2015 financial year, the higher volume of project business was reflected in this increase. At the balance sheet date, technotrans had financial liabilities totalling € 8.1 million (previous year: € 11.6 million). No current bank overdrafts were in use at December 31, 2015. The non-current financial liabilities stem principally from investments in fixed assets, as well as from acquisitions of interests. They are protected in part by land charges. Details of the structure of financial liabilities are provided in the Notes to the Consolidated Financial Statements (Section 11).

technotrans calculates **working capital** as current assets less current liabilities. At December 31, 2015 working capital was € 34.5 million, an increase of 9.5 percent on the prior-year reporting date (€ 31.5 million). The increased working capital also supplies proof of the technotrans Group's improved liquidity situation. Cash and cash equivalents account for the lion's share of current assets.

The group's **net liquidity**, calculated as the difference between non-current plus current interest-bearing borrowings and cash and cash equivalents, amounted to € 11.6 million at the end of the year under review (previous year: € 4.8 million). The ratio of net debt to equity (gearing) is consequently negative at -22.4 percent (previous year: -10.0 percent).

Provisions remained stable in 2015 at € 6.5 million, unchanged from the previous year's level. The long-term provisions of around € 1.1 million (previous year: € 1.1 million) comprise both personnel-related obligations (pensions) and those Board of Management remuneration components that focus on sustainable corporate performance. The short-term provisions amounting to € 5.4 million (previous year: € 5.4 million) consist of other obligations towards personnel (€ 3.6 million), payments to be made under warranty (€ 0.9 million) and other provisions (€ 0.9 million). No off-balance-sheet financial instruments are used in the technotrans Group.

ANNUAL FINANCIAL STATEMENTS OF TECHNOTRANS AG (CONDENSED VERSION TO GERMAN COMMERCIAL CODE)

The annual financial statements of technotrans AG are prepared according to the German Commercial Code (HGB) and published in the Federal Official Gazette, unlike the Consolidated Financial Statements, which follow the International Financial Reporting Standards (IFRS, as adopted in the EU).

Business and Economic Environment

technotrans AG is the parent company of the technotrans Group. It is a technology company with core activities in the fields of cooling/temperature control, filtering/separating, and spraying/pumping of liquids. technotrans AG is moreover strongly influenced by its directly and indirectly held subsidiaries and participating interests. It directly and indirectly holds 18 companies and also encompasses the central functions of the group. The economic environment for technotrans AG is essentially the same as that for the technotrans Group. The management approach for the group parent follows the same principles as for the group.

Financial Performance

The expectations of the Board of Management on the company's business performance in the 2015 financial year were met overall. technotrans AG again handled the financial year successfully under its own momentum, in a moderate economic environment. Revenue contributions especially in the new application areas outside the printing industry were increased further. Revenue from the printing press industry, too, made positive progress thanks to a year-on-year increase in market shares. Service business, having merely remained steady in the previous year, grew by more than six percent in revenue terms in the period under review. This revenue growth was driven mainly by parts business and installation business.

Condensed profit and loss account of technotrans AG

€ '000	2015	2014
Revenue	65,862	61,197
Inventory change	769	149
Other own work capitalized	2	10
Other operating income	4,277	3,205
Cost of material	29,934	27,086
Personnel expenses	23,371	22,120
Depreciation and Amortisation	1,434	1,406
Other operating expenses	12,087	10,445
Net finance costs	4,766	2,699
Profit of common business operation	8,850	6,203
Taxes	2,484	1,865
Annual net profit	6,366	4,338
Profit carried forward	2,474	2,086
Transfer to retained earnings	3,000	1,800
Net profit	5,840	4,624

Revenue overall rose by 7.6 percent compared with the previous year to € 65.9 million (€ 61.2 million). Earnings before the financial result and income taxes (EBIT) amounted to € 4.0 million (previous year: € 3.4 million). This represents an EBIT margin of 6.1 percent. For the 2015 financial year, the Board of Management had defined revenue and earnings targets for technotrans AG involving slight revenue growth in the order of two to three percent and an EBIT margin of six percent.

Reconciliation of net income to earnings before interest and taxes (EBIT)

€ '000	2015	2014
Net profit for the period Income Statement	6,366	4,338
Income from write-ups of financial assets	3,000	126
Income from investments	1,794	968
Income from profit transfer agreement	2,323	1,877
Interest and similar income	25	71
Income from bans held as financial assets	202	225
Interest and similar expenses	305	396
Write-downs of financial assets and marketable securities	2,273	172
Income tax expense	2,420	1,802
Earnings before interest and taxes (EBIT)	4,020	3,441

The revenue share for the Technology segment rose by € 3.4 million (+ 8.4 percent) to € 44.6 million compared with the previous year (€ 41.2 million). Revenue for the Services segment, too, went up € 1.3 million (+6.5 percent) to € 21.3 million.

The cost of purchased materials for technotrans AG rose by 10.5 percent compared with the previous year to € 29.9 million. This meant the cost of purchased materials ratio (in relation to aggregate operating performance) deteriorated from 44.2 percent to 44.9 percent.

Personnel expenses for the 2015 financial year rose by 1.3 percent overall to € 23.4 million (previous year: € 22.1 million). The increase of 5.7 percent is attributable on the one hand to the buildup of employees and personnel capacity in the revenue-dependent areas, and on the other hand to implementation of the planned pay increase for 2015 averaging three percent. The personnel expenses ratio improved slightly from 36.1 percent to 35.1 percent. A large number of project kick-offs in the new markets necessitated an increased use of resources.

Other operating income rose by € 1.1 million, from € 3.2 million in the previous year to € 4.3 million. Of this total, € 2.3 million (previous year: € 1.6 million) was attributable to intercompany charges and compensatory payments by subsidiaries to adjust for transfer prices. The foreign exchange gains came to around € 0.6 million (previous year: € 0.6 million) and income unrelated to the accounting period totalled € 0.5 million (previous year: € 0.3 million). The latter stems mainly from the reversal of provisions and from cash received on impaired receivables.

The other operating expenses amounted to € 12.1 million, compared with € 10.4 million in the previous year. The € 1.7 million increase was driven mainly by transactions involving the subsidiaries. The amount includes compensation payments for the settlement of intercompany transfer prices to subsidiaries and impairment of receivables in respect of affiliated companies totalling € 1.7 million (previous year: € 0.8 million). In addition, sales commissions rose to € 1.0 million (previous year: € 0.8 million), of which € 0.9 million was paid to own subsidiaries. Travel expenses remained almost unchanged from 2014 at € 0.8 million. While € 0.6 million more was spent on the use of temporary personnel than in the previous year (previous year: € 0.3 million), expenditure on warranties (including the allocation to the provision for guarantees) was more than halved to € 0.3 million (previous year: € 0.8 million).

Depreciation and amortisation for the financial year totalled € 1.4 million (previous year: € 1.4 million). 2015 consequently again saw depreciation and amortisation exceed investment in property, plant and equipment and intangible assets amounting to € 1.0 million (previous year: € 0.6 million).

technotrans AG posted a financial result of € 4.8 million (previous year: € 2.7 million). This includes on the one hand income from investments amounting to € 4.1 million (previous year: € 2.8 million), which comprises € 1.8 million in dividend payments by subsidiaries as well as € 2.3 million in profit transfers from Termotek GmbH and gds GmbH on the basis of the existing profit and loss transfer agreements (PLTAs). On the other hand write-ups within investment assets yielded income of € 3.0 million. Write-downs on financial assets – relating both to shares and to loans extended to affiliated companies – totalled € 2.3 million in the year under review (previous year: € 0.2 million). The interest result was on a par with the previous year at € -0.3 million.

The income taxes for the 2015 financial year totalled € 2.4 million (previous year: € 1.8 million). This figure comprised € 2.0 million in current income tax and a deferred tax expense of € 0.4 million resulting from the change in deferred tax assets and liabilities.

Net income for the year of € 6.4 million is reported for the 2015 financial year (previous year: € 4.3 million).

Net Worth and Financial Position

ASSETS		
€ '000	31/12/2015	31/12/2014
Fixed assets	27,933	27,707
Inventories	9,778	8,536
Receivables and other assets	13,286	12,060
Cash and cash equivalents	11,341	11,352
Current assets	34,405	31,948
Deferred items	352	238
Deferred tax assets	106	530
Total assets	62,796	60,423
EQUITY AND LIABILITIES		
€ '000	31/12/2015	31/12/2014
Issued capital	6,531	6,516
Capital reserve	13,128	13,128
Retained earnings	20,862	17,630
Accumulated profit	5,840	4,624
Equity	46,361	41,898
Provisions	5,034	5,223
Liabilities	11,401	13,299
Deferred items	0	3
Total equity and liabilities	62,796	60,423

The balance sheet total of technotrans AG grew slightly compared with December 31, 2014 from € 60.4 million to € 62.8 million.

Fixed assets came to € 27.9 million (previous year: € 27.7 million) at the balance sheet date. Property, plant and equipment and intangible assets showed a year-on-year decrease of € 0.4 million to € 11.5 million. Within investment assets, reversals of impairment led to an increase of shares in affiliated companies totalling € 2.3 million overall. In addition, loans to affiliated companies fell by € 1.7 million in the same period, mainly as a result of write-downs.

Inventories of € 9.8 million (previous year: € 8.5 million) were up 14.6 percent on the previous year's level. The increase is mainly attributable to the high business volume at the end of the financial year.

Receivables and other assets climbed by € 1.3 million to € 13.3 million compared to the position at December 31, 2014, with receivables from affiliated companies accounting for € 8.3 million of this figure. Cash remained stable at the balance sheet date at € 11.3 million.

Equity increased to € 46.4 million, up from € 41.9 million at the end of the previous year. The increase is mainly attributable to the net income for 2015, of which € 3.0 million was allocated to the retained earnings in agreement with Section 58 (2) of the German Stock Corporation Act. The equity ratio climbed from 69.3 percent to 73.8 percent.

Liabilities and provisions at the balance sheet date amounted to € 16.4 million (previous year: € 18.5 million). The change results mainly from a € 2.4 million reduction in financial liabilities and a buildup in liabilities to affiliated companies in the amount of € 0.4 million. Provisions grew by € 0.2 million to € 5.0 million compared with the position at December 31, 2014.

The cash flow from operating activities (net cash) for the 2015 financial year reached € 3.3 million (previous year: € 3.8 million). The change in working capital resulted in payments totalling € 2.3 million. € 2.0 million of this cash outflow was prompted by a rise in the net receivables and liabilities in respect of affiliated companies at the reporting date – predominantly from the profit transfers by Termotek GmbH and gds GmbH. In addition, inventories were € 1.2 million higher than in the previous year as a result of business expansion. On the other hand the change in trade receivables and payables in the period under review produced a positive effect of € 1.0 million.

The moderate level of investment activity in fixed assets and the loans to affiliated companies resulted in payments amounting to € -1.3 million in the year under review (previous year: € -2.5 million). Cash receipts from the scaling-back of loans by subsidiaries and from interest and dividend payments received totalled € 2.9 million (previous year: € 3.7 million). Overall, the cash inflows and outflows produced a positive cash flow from investing activities of € 1.6 million (previous year: € 1.3 million).

The cash flow from financing activities in the period under review reveals a cash outflow of € 4.9 million (previous year: € 4.1 million).

This comprises € 2.4 million for the repayment of loans, € 0.3 million in interest payments and € 2.2 million for the distribution of the dividend to the shareholders of technotrans AG.

Employees

At December 31, 2015 technotrans AG had 436 employees, 32 more than at the end of 2014 (previous year: 404). At the end of 2015, this total comprised 341 employees belonging to the Technology segment (previous year: 317) and 95 employees belonging to the Services segment (previous year: 87).

Opportunities and Risks

The business performance of technotrans AG is essentially subject to the same opportunities and risks as that of the technotrans Group.

Merely in the two risk categories "General and Industry-Specific Risks" and "Corporate Strategy Risks" does technotrans AG assess the risks to be somewhat higher than for the group in view of its low target earnings.

If the expected economic or industry-specific developments or expectations for newly developed products should prove to be inaccurate, the revenue and therefore also the earnings target could be missed. We currently assess this risk as moderate.

The opportunities and risks are explained in the Risks Report of the Combined Management Report.

Outlook

In view of technotrans AG's ties with the group companies as well as its importance within the group, we refer to our comments in the Report on Expected Developments, which in particular reflect our expectations for the parent company.

OVERALL STATEMENT BY THE BOARD OF MANAGEMENT ON THE 2015 FINANCIAL YEAR

The Board of Management of technotrans AG assesses the year under review as having progressed positively. Business for technotrans was very successful overall in the past financial year of 2015. technotrans achieved further progress with the strategic transformation of the group into a growth-oriented specialist in liquid technology.

We again achieved all important targets that we had set ourselves and communicated for the 2015 financial year. These include both increased revenue and increased earnings. The financial position and net worth remain very sound. We offer our shareholders an attractive yield.

We remain cautiously optimistic about the coming financial years. We are determined to pursue the technotrans growth story and the medium and long-term goals.

REPORT OF POST-BALANCE SHEET DATE EVENTS

No events of particular significance affecting the financial performance, financial position or net worth of the company occurred after the end of the 2015 financial year.

RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

(Section 289 (5) of German Commercial Code, Section 315 (2) No. 5 of German Commercial Code)

With its worldwide activities the technotrans Group is, through its business processes, exposed to a wide range of risks that are part and parcel of any entrepreneurial activity. In order to seize specific opportunities, it is necessary to take assessable and manageable risks in a deliberate and controlled manner. Within a systematic and efficient risk management system, principles of risk policy are drawn up and current developments regularly logged, analysed, evaluated and – if necessary – appropriate countermeasures taken. The risk management system helps to safeguard the group permanently as a going concern by identifying as early as possible all risks that could materially impair the net worth, financial position and financial performance of the group. The internal control system (ICS), which constitutes an integral part of the risk management system, is described in summary form below.

The group-wide risk management system observes the following risk principles, among others:

- › The overriding risk principle at technotrans is to protect the company as a going concern. No action or decision may endanger the company as a going concern.
- › Any risks to the company as a going concern must be communicated to the Board of Management without delay.
- › Necessary risks are consciously accepted to a certain extent in return for economic success. Risks to income must carry the prospect of an appropriate opportunity of a return.
- › Risks are to be avoided as far as possible or, insofar as economically advisable, insured against, continually monitored and brought to the attention of the Board of Management, as well as the Supervisory Board if necessary, in the context of regular risk reporting. In the event of residual risks, countermeasures must be taken.

The risk management system is designed to promote the awareness of opportunities and risks among technotrans employees, and to guard against potential risks. The necessary procedures and rules of communication within individual corporate divisions have been defined and established by the Board of Management. The superior in charge of each area of operations is responsible for compliance with the standards and directives on how to handle risks. Control is exercised through audits by Group Controlling as well as by the Board of Management. The risk management system including the ICS is moreover regularly updated and thus constitutes the basis for the systematic identification, analysis, evaluation, management, documentation and communication of the various risk types and profiles. The same applies to our compliance programme. We do not tolerate any contravention of applicable law and to that end regularly examine the internal set of rules as well as our own compliance organisation, and seek to improve them.

Organisation of the Risk Management System

Organisationally, risk management is integrated into the tasks of Group Controlling and ensures that reports are submitted on a regular basis to the Board of Management and the Supervisory Board, specifically the Audit Committee. This organisational structure also makes it possible to identify tendencies and risks early on with the aid of key performance indicators, and thus ensures that the Group Board of Management can immediately implement suitable measures if there is a negative shift.

The objective of the ICS in respect of the financial reporting process is to guarantee with reasonable assurance, through the implementation of controls, that the (Consolidated) Financial Statements conform to the regulations, notwithstanding the risks identified. The non-central organisation of the ICS for financial reporting features a uniform, centrally defined reporting structure which, based on the local statutory requirements, is in harmony with the group principles. The subsidiaries report periodically to IFRS standards, for group reporting purposes. Newly established or acquired companies are integrated into this reporting process as swiftly as possible. There are no uniform ERP and bookkeeping systems throughout the entire group. The reporting and consolidation processes for all group companies are performed using a uniform IT system that is made available centrally by technotrans AG. To guarantee uniform reporting, there exist corporate guidelines such as financial reporting and consolidation manuals, compliance with which is regularly examined. At intermittent intervals internal checks on the subsidiaries' financial reporting and compliance

audits are carried out in situ. These include in particular IT-based and random examinations and plausibility checks, as well as the separation of functions and the dual control principle. At the end of the financial year the local financial statements are audited before they are released for the Consolidated Financial Statements. All measures taken and the ongoing refinement and adjustment of the ICS help to assure the reliability of financial reporting. Even suitable, functioning systems cannot provide any absolute guarantee that risks will be identified and controlled.

Group-wide, technotrans has a standardised organisation for risk management. Risks within technotrans AG and its subsidiaries are recorded promptly and non-centrally within the regular risk reports (quarterly). These include changes to risks already identified, as well as new developments that could lead to the creation of additional risks. The risks are analysed, evaluated based on their probability and the potential loss involved, and matched up with appropriate measures (net view). Residual risks are evaluated again and further measures are earmarked for them. For example, to avoid defaults every customer is issued with a general or individual credit limit (which possibly takes into account the amount of trade credit insurance cover) and their payment history is monitored. Receivables are regularly analysed to assess what measures are needed in order to close overdue items. The results of these analyses are then discussed with the customer. In the case of customers for standard business, the next stage is to announce the suspension of supplies and then to enforce that suspension until the customer is back below the credit limit. In parallel, external sources are used to assess customers' creditworthiness on a regular basis and to adjust the credit limits if necessary. This is also practised after supplies have repeatedly been suspended.

Individual discussions or meetings are then held, at which the risks are addressed, discussed and then evaluated on the basis of their probability and potential consequences. Those events that cause a percentage deviation in the expected EBIT value in the annual planning for the subsequent year are defined as risks.

The risks are classified qualitatively as "low", "medium" and "high". Taking account of the potential impact of a loss and the probability of risks materialising, individual risk potentials are calculated for quantifiable risks. These are then placed in relation to the planned net profit for the period (plan EBIT) to obtain the assessment basis for the risk category (low, medium and high).

technotrans uses this as the basis for classifying its risks for 2016

- as low if the risk potential of the individual risk is assessed at a value of less than 10 percent of the plan result
- as medium if the risk potential of the individual risk is assessed at a value of between 10 and 20 percent of the plan result,
- as high or as a threat to the company as a going concern if the risk potential of the individual risk is assessed at a value of more than 20 percent of the plan result.

OPPORTUNITIES AND RISKS PROFILE

As a technology company, technotrans operates in a dynamic market environment in which new opportunities and risks are continually emerging. technotrans conducts opportunity and risk management to assist the company management in achieving the corporate targets. technotrans' long-term success depends on identifying and seizing opportunities at an early stage. Meanwhile the company is exposed to risks that could hinder the attainment of its short and medium-term targets. technotrans takes risks to mean internal and external events, resulting from uncertainty about future developments, which could adversely affect the attainment of corporate targets. technotrans understands opportunities to mean possible successes over and above the defined targets, which thus promote the development of the business. Risks and opportunities are inseparably linked. The structures and processes of the risk management system as explained in the Risks Report are therefore automatically also an aspect of opportunities management. Based on the recommendations of DRS 20, technotrans categorises its risks according to five risk groups:

General and Industry-Specific Risks

The success of the technotrans Group depends to quite some degree on the macroeconomic developments of its sales markets – specifically the printing press industry, the machine tool industry and the laser industry – along with the sales markets of its customers. In assessing macroeconomic development, among other tools technotrans uses forecasts by widely recognised institutions and economic research institutes. The growing diversification of the technotrans Group reduces its dependence on the business cycles of a single industry, while creating the chance to share in the opportunities offered by various growth markets.

As a systems supplier, technotrans still realises a comparatively high proportion of its revenue from the leading printing press manufacturers worldwide, which are going through a continuing process of restructuring. Economic difficulties for one of these customers or its exit from the market would potentially have a considerable impact on the financial position and financial performance of the company in the short term. However, we do not expect any lasting effects because consolidation would probably not exercise any influence on overall sales of printing presses.

Industry-specific opportunities and risks could also arise for the technotrans Group from technological and competitive changes. technotrans addresses these risks with ongoing initiatives to safeguard and extend its leading technological and innovative position as well as by focusing on customers and markets.

A fundamental cyclical and industry-specific risk naturally remains because the actual economic development of the global economy and the German economy, but particularly of the export-oriented capital goods industry, could differ considerably from the forecasts made. At the time of compiling this report we rate this risk as low. Thanks to its flexible production structures, technotrans is able to adjust capacities swiftly and thus respond to changes in demand.

Corporate Strategy Risks

The strategic direction of the group has centred on investment in growth markets, the expansion of existing markets and the acquisition of further companies in the past few years. The purpose of this investment is to increase the presence in existing markets and to access new end markets that offer attractive growth potential. In order to gain access to further sales markets, we are focusing on our core skills and specifically addressing niche markets where we can succeed as a systems partner to major industrial clients. technotrans works in close partnership with the customer across all business processes.

We place the spotlight of our Research and Development activities on innovations and optimising our technologies, both for the printing industry and for other sales markets. Projects take shape both in the business units and on the initiative of our own development department. New products are created in constant consultation with the customer from the product and applications development stage onward.

In new markets involving new customers, there is fundamentally always the possibility that efforts to launch new products will not succeed. On the other hand the individual risk is lower because of the growing number of customers. Nevertheless, it is impossible to exclude miscalculations with regard to the strategic direction of the group and its

market potential, along with a lack of customer acceptance of newly developed products; these could have negative effects on the competitive position and the sales of the group. We tackle this risk by conducting a careful analysis of the underlying conditions before developing new products, and by carrying out a meticulous selection process of prototypes; we therefore rate this risk as low.

The relevant markets are moreover continuously monitored and opportunities for strategic acquisitions that complement organic growth are identified. By making targeted acquisitions, technotrans endeavours to strengthen its position as technology leader, unlock market potential, improve the services it provides for customers and expand the product portfolio.

There are a number of risks involved in taking over companies that could impact our financial performance, financial position and net worth. We limit these risks by often first agreeing a partnership so that we can assess our expectations in practice over a certain period. We also shore up the acquisition's success by then securing the close involvement of the existing management and offering them the motivation of incentive payments as part of the agreed purchase price. We therefore rate this risk in general as low.

If the expected economic or industry-specific developments or the targets for newly acquired businesses or expectations of newly developed products should prove to be inaccurate, the revenue and therefore also the earnings target could be missed. Attainment of the margin targets depends to a very great degree on the planned revenue performance and on keeping costs strictly under control. Unplanned expenses, e.g. for restructuring measures unexpectedly needed or unforeseeable additional quality problems, could also cause major shortfalls. There is no evidence of either at the time of writing this report and we rate the risk as low. In drawing up our plans for the 2016 financial year we have based our estimates on realistic planning assumptions and can if necessary take swift corrective action to exclude these risks as far as possible, or minimise their impact.

Financial Risks

Financial risks stem first and foremost from liquidity bottlenecks, credit financing and exchange rate fluctuations.

The individual subsidiaries fundamentally finance themselves from their operating profit. Depending on the liquidity situation, technotrans AG also helps with the financing and provides funding if required. To remain in a position to act at all times, the group parent has adequate liquidity reserves. A diversified financing structure, spread across several principal banks, prevents dependence on individual lenders. Nor would a change in the interest rate have any major impact on the financial performance, because ongoing financing involves a mix of fixed-rate and variable-rate financing and interest rate risks are hedged. A significant deterioration in the financial performance, financial position and net worth from the plan figures for the 2016 financial year could render it necessary to draw on these reserves. Based on our plans for 2016, we rate this risk as low.

In view of the company's structure and markets, exchange rates have only a limited impact on the operating performance of the technotrans Group because the overwhelming portion of its business is settled in euros. Foreign currency risks of the subsidiaries are transferred within the group to the group parent and thus pooled centrally. On the other hand exchange rate movements may be a help or a hindrance to the competitiveness of our customers.

We consider the risk of a major debt default to be low overall, among other things based on the experience of recent years. New customers are always subjected to proper credit checks. Wherever possible, we have insured against default losses on receivables and have thus further limited the risk. All in all, we rate the financial risks as low.

Economic Performance Risks

As well as corporate strategy risks, technotrans is exposed to economic performance risks, in particular in the form of procurement risks and production risks. The purchased materials are fundamentally exposed to the risk of price fluctuations. technotrans limits the price and volume risk through systematic supplier management as well as by creating a group procurement structure in order to create economies of scale in the group's procurement of the principal categories of materials. No major purchase price increases are expected for 2016.

There is furthermore the risk that customer expectations with regard to punctuality of delivery or quality will not be met. A large number of processes and mechanisms, from supplier management and customer project handling to quality management, are intended to anticipate and eliminate such risks.

A secure and effective IT infrastructure is the basis of the modern working environment. The growing integration of systems and the need for permanent availability place high demands on the information technology used. technotrans addresses possible risks from the failure of computer systems and networks, unauthorised accessing of data and data misuse through a central shared service centre function (in technical and organisational terms) as well as through regular investment measures and checks.

The success of the technotrans Group also depends substantially on the commitment, expertise and integrity of the employees. There exist possible risks mainly in the areas of personnel recruitment and personnel development. Changes to structures or processes harbour the risk of losing employees and their expertise if they are unable to identify with the measures taken and are therefore prompted to move (fluctuation). We tackle this risk through focused training and advancement measures, by spreading individual expertise among teams and by offering commensurate pay. Employees appreciate the positive corporate culture, with the result that all measures combined make technotrans an attractive employer. Overall, we rate the economic performance risks as low.

Legal Risks

Future changes to the law and to regulations, entailing changes to standards, could have a negative effect on the development of the technotrans Group. In addition, legal disputes and obligations to pay compensation could arise from the business operations of technotrans AG and its subsidiaries. While efficient contract and quality management plus a compliance system can minimise this risk, they cannot exclude it altogether. technotrans has adequate insurance cover in place to guard against the risk, and also creates provisions in its accounts.

There are no risks for either technotrans AG or the individual subsidiaries from the outcome of judicial or arbitration proceedings that, according to current estimates, could have a significant detrimental effect on the economic position of the group. Overall, we rate the legal risks as low.

OVERALL STATEMENT OF THE BOARD OF MANAGEMENT ON THE RISK SITUTATION

The overall risk situation of the group results from the aggregation of all categories for all business units and functions. It has not changed significantly compared with the previous year, and remains moderate and manageable. The Board of Management is not aware of any potential economic or legal threat to the group as a going concern. The Board of Management believes that the group is moreover well-placed to extend its market position and achieve global growth in the medium term, too.

FUTURE PARAMETERS

The expansion of the global economy slowed down in 2015. A gradual but initially rather subdued recovery is expected for the next two years. The current political and economic conflict situation is difficult to predict and anything but clear-cut.

The International Monetary Fund (IMF) made a slight downward adjustment to its forecast for global economic growth for 2016 in January. As well as an escalation in geopolitical crises, the IMF warns in particular of further falls in the price of oil and other commodities, and of sharp devaluations for emerging and developing countries. On December 16, 2015 the US Federal Reserve heralded in a new era of monetary policy in raising the base rate by 25 base points. However the global economy still has a long way to go before interest rates have returned to normal levels. Following global growth of 3.1 percent in 2015, the International Monetary Fund's forecasts anticipate slightly higher growth in the global economy of 3.4 percent for 2016. A moderate upturn in the international economic environment in the years 2016/2017 will also improve the context and outlook for the target markets of the technotrans Group.

China's structural transformation from an export and investment-driven economy into one focusing more on the service sector and private consumption is being expressly encouraged by the Chinese government. The turbulence on China's stock markets and the uncertainty surrounding its monetary policy have recently undermined confidence in China's state authorities. A permanent slowdown in China's growth is having a major impact on other countries, including Germany. The mechanical engineering sector and automotive industry are among those particularly affected.

Growth Forecast of Gross Domestic Product in percent

	2016	2017
World	3.4	3.6
USA	2.6	2.6
Eurozone	1.7	1.7
Germany	1.7	1.7
China	6.3	6.0
Emerging Countries	4.3	4.7

Source: International monetary fund, World Economic Outlook, January 2016 (forecast)

The experts from leading European economic research institutes (ifw/EUROFRAME) likewise expect to see Europe's economy achieve only moderate growth of 1.7 percent in 2016. The mood in the eurozone at the end of 2015 reached its highest point since spring 2011. The region therefore remains resilient to the adverse global climate. The current favourable economic outlook for Germany (+1.7 percent) is still in contrast to the rather weak state of domestic industrial output. Strong consumer spending and accelerating investment activity are the driving forces behind the upswing. According to the ifw winter forecast, German exports continue to expand. The same is true of investment, which is expected to regain momentum thanks to a conducive environment (low interest rates, high income growth, healthy budgetary situation, improving sales and profit expectations at home and abroad).

The German Engineering Federation (VDMA) expects price-adjusted output of machinery and plant in Germany to remain flat in 2016. The many crises worldwide are paralysing business. Although the USA as the key customer and a number of European countries continue to develop healthily, emerging economies such as China and Russia are putting the brakes on the expectations of the German mechanical engineering sector.

The slowdown in the global economic environment is causing considerable uncertainty among most of the branches covered by the VDMA. Because of technical or statutory requirements, the individual areas that make up the mechanical engineering sector have their own cycles, which can therefore differ to some extent from the average for the sector overall. For example, the machine tool engineering sector is highly dependent on the automotive industry,

while the printing industry depends on worldwide demand for the offset printing market as well as on digital and packaging printing. There remains growth potential in the relatively new market segment of digital and flexographic printing. Due to ongoing consolidation among printing houses in some industrial countries, the market volume in sheet-fed and web offset printing press business is, however, not expected to expand over the next few years.

ANTICIPATED DEVELOPMENT OF THE TECHNOTRANS GROUP

In the 2016 financial year technotrans will again focus its activities increasingly on organic growth for the existing portfolio and its expansion through acquisitions. The further business development of the technotrans Group in 2016 will to a large degree depend on the world economy and on various project launches involving existing and new customers.

The Board of Management rates the outlook for the 2016 financial year cautiously optimistic. technotrans has set itself the goal of growing faster than the market. The GDP forecast for 2016 (ifo economic forecast and IfW Institute for the World Economy) is 1.7 percent. Overall, the Board of Management expects the technotrans Group to achieve revenue of € 126 to € 132 million for the 2016 financial year, assuming a steady development in the world economy. The EBIT margin for 2016 should be in the range of 7.5 to 8.0 percent. For planning purposes EBIT therefore needs to be between € 9.5 and € 10.5 million. The revenue volume and the time required to get the new projects off the ground will in turn materially influence the earnings position. In an effort to see that the many customer projects currently getting under way are completed successfully, we continue to invest in the necessary resources.

Group targets and the segments

		target figure 2015	forecast 2016
Revenue	€ million	122.8	126 - 132
Technology	€ million	81.4	84 - 88
	%	66	
Servicess	€ million	41.4	42 - 44
	%	34	
EBIT	€ million	9.0	9.5 - 10.5
	%	7.3	7.5 - 8.0
Technology	€ million	2.1	
	%	2.6	> 3
Services	€ million	6.9	
	%	16.5	stable margin
Free Cashflow	€ million	8.5	>5

The revenue and earnings planning does not reflect possible acquisitions. On the procurement side we do not expect to see any major price changes; in the personnel arena we will however see a rise in personnel expenses. Alongside a slightly higher employee total at the turn of 2015/2016, an average pay increase of 3 percent is expected. The effective tax rate for the group is expected to be in the region of 30 percent.

Given the prevailing economic environment, the Board of Management expects technotrans AG (separate financial statements) to achieve slight revenue growth in the order of 3 to 4 percent in the 2016 financial year. As matters stand we also anticipate an improved financial performance from the higher revenue level. Our goal is to achieve an EBIT margin of 6.5 percent for technotrans AG.

In the **Technology segment** we again plan to maintain organic growth for 2016. We assume here that the markets we already serve will continue to develop positively in the 2016 financial year. technotrans expects robust demand for digital and flexographic printing presses, while business for offset printing will stabilise at least at the prior-year level.

The laser and mechanical engineering markets, stamping and forming technology, energy storage technology as well as medical and scanner technology will remain the segment's growth drivers. We have successfully stepped up our activities in these growth areas in recent years.

The **Services segment** generates a relatively high proportion of the technotrans Group's overall revenue and therefore plays an important part in keeping our business stable. We anticipate that revenue for the Services segment will again grow slightly in 2016 thanks to increased use of our worldwide service network by the group's new companies. We expect the financial performance to remain on an even keel with an unchanged EBIT margin. For 2016, the Board of Management expects a positive operating cash flow thanks to steady income and earnings, so technotrans should again be in a position to finance business operations and the maintenance investments it envisages in property, plant and equipment and intangible assets (excluding acquisitions) from cash flow. After interest and capital repayments, the current view is that there should again be a positive free cash flow.

On the financial side, based on the planned business performance the Board of Management expects borrowings to come down yet further as a result of scheduled repayments (around € 2.0 million). technotrans had cash and cash equivalents amounting to € 20.0 million at the reporting date of December 31, 2015. This is ample for financing ongoing business in all group companies. technotrans also has unutilised borrowing facilities which, together with the surplus financial resources, provide considerable flexibility for following up strategic options where appropriate. As before, the Board of Management views acquisitions as an appropriate way of strategically adding to corporate growth and accessing additional future industries. It is continually scouting for and analysing suitable options. For technotrans – in the role of strategic investor – suitable acquisition targets must not only fit in with its market and growth-led expansion strategy, but also offer the prospect of unlocking appropriate synergy potential. In addition, technologies that would specifically broaden its core skills are fundamentally of great interest. It is the declared intention of the Board of Management to accelerate the company's growth through further acquisitions. Depending on the size of the acquisition targets, the use of both external funding and equity instruments would be considered. Our banks have expressed an interest in supporting us as required. On the other hand, in the absence of specific takeover targets at the reporting date there are as yet no firm commitments. technotrans intends broadly to maintain the current structure of the balance sheet. Depending on the financial commitment necessitated by any acquisitions, there could be a slight temporary dip in the equity ratio.

The prospects for the distribution of a dividend for the 2016 financial year are good: the company has a sound balance sheet structure and the profitability trend is positive. As matters stand we would however make a distribution of dividend dependent on plans for any major investment projects that would have a priority claim on financial resources, e.g. a major acquisition, at the time that decision needs to be reached. Given these conditions, we stand by our dividend declaration that we once more intend to distribute half of our consolidated net profit in the future.

OVERALL STATEMENT OF THE BOARD OF MANAGEMENT ON THE FUTURE BUSINESS PERFORMANCE

The technotrans Group continues to progress steadily along its strategic path. The Board of Management will focus its activities on a combination of organic growth and expansion through potential acquisitions.

Revenue growth and the economies of scale that will result from this, along with a disciplined approach to costs and higher margins from growing technology and service business, should increase the value of the company. In addition, measures to optimise internal processes and group development projects are to continue according to plan or be kicked off.

At the time of preparation of these annual financial statements, the Board of Management expects a positive overall business development for the technotrans Group in the 2016 financial year.

Disclaimer:

The Group Management Report contains future-related statements. Considerable variation between anticipated developments and actual outcomes is possible due to any aforementioned or other element of uncertainty, or if the assumptions on the basis of which the forecasts are made prove to be incorrect.

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CONSOLIDATED BALANCE SHEET

ASSETS	Note	31/12/2015	31/12/2014
		€ '000	€ '000
Non-current assets			
Property, plant and equipment	(1)	14,700	15,158
Goodwill	(2)	5,828	5,828
Intangible assets	(3)	3,200	4,264
Income tax receivable	(7)	58	115
Other financial assets	(4)	48	48
Deferred tax	(26)	1,430	1,493
		25,264	26,906
Current assets			
Inventories	(5)	17,547	15,400
Trade receivables	(6)	11,552	12,940
Income tax receivable	(7)	142	420
Other financial assets	(8)	466	653
Other assets	(8)	1,094	977
Cash and cash equivalents	(9)	19,978	17,238
		50,779	47,628
Total assets		76,043	74,534

EQUITY AND LIABILITIES	Note	31/12/2015	31/12/2014
		€ '000	€ '000
Equity	(10)		
Issued capital		6,908	6,908
Capital reserve		12,928	12,928
Retained earnings		36,147	33,874
Other reserves		-11,448	-11,596
Net profit for the period		6,262	4,381
Total equity attributable to technotrans AG shareholders		50,797	46,495
Non-controlling interests in equity		928	975
		51,725	47,470
Non-current liabilities			
Borrowings	(11)	6,061	8,346
Provisions	(15)	1,123	1,079
Other financial liabilities	(12)	360	850
Deferred tax	(26)	486	650
		8,030	10,925
Current liabilities			
Borrowings	(11)	1,997	3,293
Trade payables	(13)	2,433	2,637
Prepayments received	(14)	3,359	1,966
Provisions	(15)	5,428	5,374
Income tax payable	(16)	885	516
Other financial liabilities	(17)	532	656
Other liabilities	(17)	1,654	1,697
		16,288	16,139
Total equity and liabilities		76,043	74,534

CONSOLIDATED INCOME STATEMENT

	Note	2015	2014
		€ '000	€ '000
Revenue	(18)	122,838	112,371
of which Technology		81,457	73,758
of which Services		41,381	38,613
Cost of Sales	(19)	-81,413	-74,950
Gross profit		41,425	37,421
Distribution costs	(20)	-17,116	-16,200
Administrative expenses	(21)	-12,988	-12,550
Development costs	(22)	-4,293	-3,382
Other operating income	(23)	3,247	2,792
Other operating expenses	(24)	-1,323	-1,251
Earnings before interest and taxes (EBIT)		8,952	6,830
Financial income		225	103
Financial charges		-486	-670
Net finance costs	(25)	-261	-567
Profit before tax		8,691	6,263
Income tax expense	(26)	-2,476	-1,850
Net profit for the period		6,215	4,413
of which:			
Profit attributable to technotrans AG shareholders		6,262	4,381
Profi/loss attributable to non-controlling interests		-47	32
Earnings per share (€)	(27)		
(basic)		0.96	0.67
(diluted)		0.96	0.67

CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE

	Note	2015	2014
		€ '000	€ '000
Net profit for the period	(10)	6,215	4,413
Other results			
Items that were or must be reclassified to Income Statement			
Exchange differences from the translation of foreign group companies		718	329
Change in the amount recognised within equity (net investments in a foreign operation)		-808	124
Change in the market values of cash flow hedges		-44	-76
Amount transferred to the Income Statement		93	0
Deferred tax		-15	23
Change in the amount recognised within equity (cash flow hedges)	(32)	34	-53
Overall profit after tax		-56	400
Overall result for the financial year		6,159	4,813
of which:			
Profit attributable to technotrans AG shareholders		6,206	4,781
Profit/loss attributable to non-controlling interests		-47	32

CONSOLIDATED CASH FLOW STATEMENT

	Note	2015	2014
		€ '000	€ '000
Cash flow from operating activities	(28)		
Net profit for the period		6,215	4,413
Adjustments for:			
Depreciation and amortisation		3,235	3,043
Share-based payment transactions	(10)	247	213
Income tax expenses	(26)	2,476	1,850
Gain (-) / loss (+) on the disposal of property, plant and equipment	(23, 24)	-26	1
Foreign exchange losses (+) / gains (-)		-455	110
Net finance costs	(25)	261	567
Cash flow from operating activities before working capital changes		11,953	10,197
Change in:			
Inventories		-2,147	-1,070
Receivables and other current assets		1,808	-2,752
Liabilities and prepayments		1,077	319
Provisions		98	1,046
Cash from operating activities		12,789	7,740
Interest received		39	95
Interest paid		-438	-654
Income taxes paid / income tax rebates		-2,162	-57
Net cash from operating activities		10,228	7,124
Cash flow from investing activities	(29)		
Cash payments for investments in property, plant and equipment and in intangible assets		-1,684	-1,436
Cash payments for the acquisition of consolidated companies		-49	-931
Proceeds from the sale of property, plant and equipment		47	64
Net cash used for investing activities		-1,686	-2,303

	Note	2015	2014
Cash flow from financing activities	(30)		
Cash receipts from the raising of short-term and long-term loans		0	500
Cash payments from the repayment of loans		-3,597	-3,797
Distribution to investors		-2,151	-1,299
Payment for the acquisition of non-controlling interests		-345	0
Net cash used in financing activities		-6,093	-4,596
Net increase/decrease in cash and cash equivalents		2,449	225
Cash and cash equivalents at start of period		17,238	16,723
Consolidation-related changes in cash and cash equivalents		-23	0
Net effect of currency translation in cash and cash equivalents		314	290
Cash and cash equivalents at end of period	(9, 31)	19,978	17,238

STATEMENT OF MOVEMENTS IN EQUITY

(NOTES 10)

	Issued capital	Capital reserve	Retained earnings
	€ '000	€ '000	€ '000
01/01/2014	6,908	12,928	35,291
Net profit for the period	0	0	4,381
Other result	0	0	0
Overall result for the financial year	0	0	4,381
Distribution of profit	0	0	-1,299
Issuance of treasury shares	0	0	-118
Transactions with owners	0	0	-1,417
31/12/2014 / 01/01/2015	6,908	12,928	38,255
Net profit for the period	0	0	6,262
Other result	0	0	0
Overall result for the financial year	0	0	6,262
Distribution of profit	0	0	-2,151
Issuance of treasury shares	0	0	43
Transactions with owners	0	0	-2,108
31/12/2015	6,908	12,928	42,409

Exchange differences	Other reserves			Total equity attributable to technotrans AG shareholders	Non-controlling interests in equity	Group equity
	Reserve for exchange rate differences from the financing of investments	Hedging reserve	Treasury reserve			
€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000
-4,385	-1,900	-81	-5,961	42,800	943	43,743
0	0	0	0	4,381	32	4,413
329	124	-53	0	400	0	400
329	124	-53	0	4,781	32	4,813
0	0	0	0	-1,299	0	-1,299
0	0	0	331	213	0	213
0	0	0	331	-1,086	0	-1,086
-4,056	-1,776	-134	-5,630	46,495	975	47,470
0	0	0	0	6,262	-47	6,215
718	-808	34	0	-56	0	-56
718	-808	34	0	6,206	-47	6,159
0	0	0	0	-2,151	0	-2,151
0	0	0	204	247	0	247
0	0	0	204	-1,904	0	-1,904
-3,338	-2,584	-100	-5,426	50,797	928	51,725

SEGMENT REPORT BY DIVISION

		Technology	Services	Consolidated/ not allocated	Group
		€ '000	€ '000	€ '000	€ '000
External revenue	2015	81,457	41,381	0	122,838
	2014	73,758	38,613	0	112,371
Internal revenue	2015	9,793	8,477	-18,270	0
	2014	8,569	7,400	-15,969	0
Inter-segment revenue	2015	0	1,313	-1,313	0
	2014	0	1,129	-1,129	0
Segment result	2015	2,116	6,836	0	8,952
	2014	432	6,398	0	6,830
Depreciation and amortisation	2015	2,539	696	0	3,235
	2014	2,497	546	0	3,043

I. APPLICATION OF IFRS – BASIC NOTES

technotrans AG is a publicly traded corporation domiciled in Sassenberg, Germany. These Consolidated Financial Statements of technotrans AG and its subsidiaries (the "group") at December 31, 2015 were approved for presentation to the Supervisory Board by resolution of the Board of Management of February 26, 2016. The task of the Supervisory Board is to examine the Consolidated Financial Statements and declare whether it will sign off the Consolidated Financial Statements.

The Consolidated Financial Statements have been prepared on the basis of Section 315a of German Commercial Code ("Consolidated financial statements to international financial reporting standards") in accordance with the International Financial Reporting Standards (IFRS) and the accompanying interpretations of the International Accounting Standards Board (IASB). All standards the application of which is mandatory, as adopted by the European Union, were applied.

The Consolidated Financial Statements are based on standard recognition and measurement principles. They are expressed in € thousand.

II. GROUP

a) Consolidated Companies

The Consolidated Financial Statements include technotrans AG and its 18 subsidiaries, over which it exercises control. Control is routinely deemed to exist where a majority of voting rights is held. technotrans AG directly or indirectly holds a majority of voting rights in 17 subsidiaries. The group does not hold a majority of voting rights in SHT Immobilienbesitz GmbH & Co. Vermietungs KG, which exclusively holds and manages the factory premises in Bad Doberan that are let out to KLH Kältetechnik GmbH. However, based on the terms of the lease agreement the group essentially receives the entire income from this activity. The Board of Management consequently comes to the conclusion that SHT Immobilienbesitz GmbH & Co. Vermietungs KG is a subsidiary and is therefore to be included in consolidation.

At the meeting of shareholders on September 8, 2015 the liquidation of ISD Institut für Sprache und Dokumentation GmbH, Regensdorf (Switzerland) was resolved and applied for. The company still in liquidation was deconsolidated at the reporting date of December 31, 2015. Deconsolidation led to a loss of € 11 thousand, which is reported under other operating expenses.

For all companies included in the Consolidated Financial Statements, with the exception of technotrans india pvt ltd (March 31), the balance sheet date is December 31.

Company	Domicile	Interest	Equity ¹	Revenue ¹	Profit after tax ¹	
			in %	€ '000	€ '000	€ '000
technotrans AG	D	Sassenberg	parent company	46,029	65,862	5,635
Termotek GmbH	D	Baden-Baden	100% ³	1,486	14,772	0
gds GmbH	D	Sassenberg	100% ³	2,443	3,608	-33
gds Sprachenwelt GmbH	D	Hünfeld	100%	340	2,016	179
technotrans graphics Ltd.	GB	Colchester	100%	852	3,653	167
technotrans france s.a.r.l. (Saint-Maximin und Madrid)	F	Saint-Maximin	100%	1,477	5,405	223
technotrans italia s.r.l.	I	Legnano	100%	647	2,752	96
technotrans scandinavia AB	S	Åkersberga	100%	3	0	0
technotrans america inc.	USA	Mt. Prospect	100%	5,511	10,969	1,208
technotrans américa latina ltda.	BR	Sao Paulo	100%	-1,461	707	-61
technotrans Asia Pacific limited, (Hong Kong und Tokyo)	CHN	Hongkong	100%	-1,886	1,491	7
technotrans printing equipment (Beijing) co. Ltd.	CHN	Peking	100%	-234	1,809	4
technotrans technologies pte. ltd., (Singapore und Melbourne)	SGP	Singapur	100%	663	2,203	55
technotrans middle east FZ-LLC	VAE	Dubai	100%	541	1,347	75
technotrans india pvt ltd	IN	Chennai	100%	14	389	26
KLH Kältetechnik GmbH	D	Bad Doberan	65%	778	15,963	211
KLH Cooling International Pte. Ltd.	SGP	Singapur	65%	696	3,494	29
Taicang KLH Cooling Systems Co. Ltd.	CHN	Taicang	65%	534	4,597	111
SHT Immobilienbesitz GmbH & Co. Vermietungs KG	D	Mainz	94% ²⁾	-4	0	0

¹ Equity, revenue and profit after tax have been taken from the IFRS packages of each subsidiary (prior to consolidation).

² Limited partnership interest held by KLH Kältetechnik GmbH.

³ The domestic subsidiary has met the necessary conditions for taking advantage of the exemption provisions pursuant to Section 264 (3) of German Commercial Code and uses the option not to prepare and disclose the documentation pertaining to its annual financial statements.

b) Consolidation Methods

The Consolidated Financial Statements are based on the group companies' annual financial statements and interim financial statements (Commercial Balance Sheet II based on IFRS) prepared in accordance with standard recognition and measurement principles at December 31, 2015.

Capital consolidation for the subsidiaries is performed according to the purchase method pursuant to IFRS 3. The costs of acquisition of the business combination in each case correspond to the cash components paid and the liabilities arising and acquired at the time of acquisition. These costs of acquisition are distributed between the identifiable assets, liabilities and contingent liabilities of the acquiree by their recognition at the respective fair values at the time of

acquisition. The positive differences remaining after purchase price allocation are recognised as goodwill. The non-controlling interests were measured at acquisition cost (partial goodwill method). Changes in the group's interest in a subsidiary that do not lead to a loss of control are reported as equity transactions. Goodwill is recognised as an asset and subjected to an impairment test annually. The costs associated with the business combination are recognised as an expense when they arise.

All intra-group receivables and liabilities, revenues, expenses and income as well as balances from intra-group supplies are eliminated on consolidation. Where necessary, deferred taxes are recognised for consolidation processes affecting income.

c) Recognition and Measurement Principles

With the exception of certain financial instruments that are reported at fair value, the Consolidated Financial Statements are prepared based on historical cost.

Estimates and Judgments Made for Financial Reporting Purposes

The preparation of the Consolidated Financial Statements in accordance with IFRS requires the Board of Management to make estimates and assumptions which exercise influence on the amounts reported and the disclosures made on them in the Notes. Key exercises of judgment outside the context of estimates concern the definition of the cash-generating units, the consolidation of companies in which no majority of voting rights is held, and the measurement method for the non-controlling interests.

All estimates and assumptions are made to the best of our knowledge, in the interests of providing a true and fair view of the net worth, financial position and financial performance of the group. Such estimates and assumption-based policies involve uncertainty and may change in the course of time. The actual results may deviate from these assessments. Responsibility for regularly monitoring all key fair value measurements, including the Level 3 fair values, rests with Group Controlling. Changes are reported to the Finance Director. Regular reviews of the key non-observable input factors and of fair value adjustments are carried out.

The assessments and underlying assumptions are examined on a regular basis. If a reassessment results in a difference, that difference is reported in the accounting period in which the reassessment was made if it relates to that period only. It is recorded in the accounting period in which the reassessment was made, as well as in subsequent periods if it also influences the subsequent periods.

Assessments made by the Board of Management that are subject to a significant degree of uncertainty and bring with them the risk of significant adjustments in future financial years concern the following matters in particular:

1) Accounting of Acquisitions

Goodwill is reported in the Consolidated Balance Sheet as a result of acquisitions. Upon the initial consolidation of an acquisition, all identifiable assets, liabilities and potential liabilities are stated at their fair value at the date of acquisition. Assets such as land, buildings, and plant and equipment are normally measured on the basis of independent appraisals, while the fair value of an intangible asset is determined internally according to its nature and the complexity of its measurement, applying an appropriate measurement technique. The assumptions made here are regularly subject to forecasting uncertainty. KLH Kältetechnik GmbH, KLH Cooling International Pte. Ltd. and Taicang KLH Cooling Systems Co. Ltd. were acquired in the 2013 financial year. The balance remaining after purchase price allocation was reported as goodwill. There is in addition goodwill as a result of the interest acquired in Termotek GmbH in 2011 and the acquisition of gds Sprachenwelt GmbH in 2012. Goodwill is tested for impairment once a year or whenever any basis for impairment is identified. With regard to "key exercises of judgment in the context of financial reporting for 2015", see Note 2 "Goodwill" and Note 3 "Intangible Assets".

2) Assessment of the Value of Assets

At each balance sheet date the Board of Management is to assess whether there is any indication that the carrying amount of an item of property, plant and equipment or an intangible asset might be impaired. In that case, the recoverable amount of the asset in question is estimated. The recoverable amount corresponds to the higher of the fair

value less the costs of disposal, or the value in use. In order to determine the value in use, the discounted future cash flows of the asset in question need to be determined. This estimate involves key assumptions about the underlying economic situation and future cash flows. Changes to these assumptions or circumstances could result in additional reductions for impairment in the future, or in reversals. With regard to "key exercises of judgment in the context of financial reporting for 2015", see Note 1 "Property, Plant and Equipment".

3) Recognition and Measurement of Provisions

The determination of all provisions, and in particular of provisions for warranties, inherently involves estimates. With regard to "key exercises of judgment in the context of financial reporting for 2015", see Note 15 "Provisions".

4) Income Tax Expense

Because the group has operations and generates income in many different countries, it is subject to widely varying tax laws in a large number of tax regimes. Although the management believes it has made a reasonable estimate of fiscal imponderables, there can be no assurance that the outcome of such fiscal imponderables will correspond to the original estimate. Any differences could have an impact on the tax liabilities and the deferred taxes. At every balance sheet date, the Board of Management assesses whether the realisability of future tax benefits is sufficiently probable for the reporting of deferred tax assets. This requires the management among other things to assess the tax benefits that arise from the available tax planning strategies and future taxable income. The deferred tax assets reported could decrease if the estimates of planned taxable income are reduced or if changes to current tax laws restrict the realisability of future tax benefits.

The application of a specific IFRS is indicated in the notes to the individual items of the financial statements. The following methods of recognition and measurement were fundamentally applied:

Property, plant and equipment are reported at historical cost less depreciation and accumulated impairment losses. Retrospective costs of acquisition are capitalised where they increase the value of the property, plant and equipment. In the case of self-constructed assets, the cost of conversion is calculated on the basis of prime costs as well as the systematically allocable fixed and variable production overheads, including depreciation. Regular maintenance and repair costs are recorded as an expense after they have occurred.

Apart from land, items of property, plant and equipment are depreciated according to the straight-line method, on the basis of their useful life. The useful life and method of depreciation are reassessed annually. Components of property, plant and equipment with a significant purchase value in relation to the total value are depreciated separately as appropriate. Upon sale or retirement, the costs and the corresponding accumulated depreciation for the assets are derecognised from the Balance Sheet; any gains or losses arising are recognised in the Income Statement.

Useful life of property and equipment

Buildings	25 to 50 years
Land improvements, fixtures and fittings	10 to 15 years
Tools, plant and equipment	3 to 10 years
Hardware, vehicle fleet	3 to 5 years

Where there is a basis for impairment, property, plant and equipment are examined for impairment pursuant to IAS 36. Insofar as necessary, the carrying amount for property, plant and equipment is adjusted to the recoverable amount. If the circumstances which led to this measure subsequently cease to apply, this impairment is reversed at most by the net carrying amount that would have applied if no such reductions for impairment had been made.

The reported goodwill constitutes the difference between the purchase price and the fair value of the net assets acquired through business combinations. Pursuant to IAS 36, goodwill is to be tested for impairment once a year or if any basis for a reduction for impairment is established. For the impairment test, from the acquisition date any goodwill acquired through a business combination is allocated to the group's cash-generating units which benefit from the

synergy effects from the business combination. Insofar as necessary, the carrying amount is reduced to the "recoverable amount". Pursuant to IAS 36.124, such impairment is not reversed where the circumstances which led to it subsequently cease to apply.

Intangible assets, namely concessions, industrial and similar values acquired for consideration, and the customer base are carried at cost. They are amortised by the straight-line method, according to their useful life. The residual value, useful life and method of depreciation are reassessed annually.

Self-constructed intangible assets are recognised at cost. Development expenditure on the fundamental reengineering of a product is capitalised if the product is technically and economically realisable, the development is saleable, the expenditure can reliably be measured and the group possesses adequate resources to complete the development project. Pursuant to IAS 38.65 ff, it comprises the directly allocable prime costs as well as the production overheads that can be allocated directly to the creation, manufacture and preparation of the asset, where they arise between the start of the development phase and its conclusion. The conditions for capitalisation as laid down in IAS 38.21, 38.22 and 38.57 are met. Amortisation of development expenditure recognised as an intangible asset commences as soon as the asset is available for use. This usually coincides with the start of its commercial use.

All self-constructed intangible assets acquired for consideration have a finite useful life. The notes on property, plant and equipment apply analogously to any necessary impairment of intangible assets to the "recoverable amount".

The **taxes** for the period comprise current and deferred taxes. Taxes are recognised in the Income Statement unless they refer to items that are recognised directly within equity or the other result. In such cases, the corresponding taxes are likewise recognised within equity or the other result. In accordance with IAS 12, **deferred taxes** are accounted for using the balance sheet liability method in respect of temporary differences between the carrying amounts in the Commercial Balance Sheet and the Tax Balance Sheet (liability method) and in respect of tax loss carryforwards for creditable tax. Deferred tax assets for temporary differences as well as tax loss carryforwards are only reported to the extent that it is probable that sufficient taxable income will be available in the future to make use of these. The deferred taxes are measured using the locally applicable tax rates that apply or have been announced at the balance sheet date.

Deferred tax assets and liabilities are also recognised on temporary differences arising from business combinations, except for temporary differences on goodwill where the latter are fiscally disregarded. Deferred tax assets and liabilities are offset if a right to perform offsetting exists and the items relate to income taxes levied by the same taxation authorities and for the same company.

The **inventories** recognised are always measured at cost of acquisition or cost of conversion, using the weighted average cost method, or at the net realisable value if lower. In accordance with IAS 2, cost of conversion includes the direct costs of material and direct costs of labour, as well as allocable fixed and variable production overheads arising in the manufacturing process, by way of target costing.

The net realisable value is the anticipated sales proceeds less the estimated costs of completion and the costs necessary to make the sale. If the reasons which have led to downward valuation cease to apply, a reversal is made.

Trade receivables and other current receivables are fundamentally reported at amortised cost, using the effective interest rate method. Reductions for impairment that are applied in the form of individual and group portfolio-based valuation allowances take adequate account of the credit risk. Objective failures result in the derecognition of the receivable in question. Non-current, non-interest-bearing receivables are discounted.

Cash and cash equivalents are reported at face value and converted into euros at the closing rates. They comprise cash on hand and demand deposits, as well as financial assets that can be converted into cash at any time.

Issued capital (no par value shares) is reported at the nominal amount.

If the company acquires **treasury shares**, these are offset against equity. The purchase and sale, issuance and retirement of treasury shares are not recognised within income, but as an addition to or disposal from equity. Differences between the cost of the issued shares and their fair value upon their sale or issuance are offset against retained earnings.

Liabilities are fundamentally recognised at amortised cost. Liabilities in foreign currency are translated in accordance with IAS 21.21 and 23 (a). With the exception of the conditional purchase price payments from corporate transactions, financial liabilities are not measured at fair value through profit and loss. When initially recognised, they are measured at fair value including the transaction costs and subsequently at amortised cost, using the effective interest method. Conditional purchase price payments are measured at fair value. Changes in the fair value are recognised through profit and loss.

Provisions are created to cover obligations to third parties if obligations existing at the reporting date are likely to result in a future outflow of resources and the latter amount can reliably be estimated. They are measured at the likely amount at which settlement will take place. Long-term provisions are discounted.

Provisions for warranties are created at the time of sale of the goods in question. Their level is based on past developments in warranties and on a consideration of all possible future warranty claims, weighted according to probability.

Provisions for pensions and provisions for similar obligations are measured according to the projected unit credit method.

Derivative financial instruments are recognised at market value. At technotrans, derivative financial instruments were used exclusively for hedging interest rate risks at December 31, 2015. Where they qualify as cash flow hedges, the correspondingly effective adjustments to the market price are recognised within equity, with no effect on income. Financial instruments are reported if technotrans is a party to the contractual provisions of the financial instrument. Financial assets are reported at the settlement date except in the case of derivative financial instruments, which are reported at the trade date.

Revenues from the sale of goods are recognised in accordance with IAS 18.14 as soon as the significant risks and rewards associated with ownership of the products sold have been transferred to the buyer. Revenues from services are recognised as soon as the service has been performed. Revenue is reported less reductions in proceeds such as bonuses, rebates and trade discounts.

Financial income and charges are reported on an accrual basis in line with the effective interest method. Borrowing costs that are directly attributable to the acquisition, construction or manufacture of a qualifying asset are capitalised as part of the cost of that asset pursuant to IAS 23. No financing costs were capitalised in the 2015 financial year.

Currency translation: The financial statements of all foreign group companies prepared in foreign currency are translated according to the concept of the functional currency (IAS 21). The local currency of the country in which they are based is fundamentally recognised as the functional currency of the companies included in the Consolidated Financial Statements. In a departure from this principle, the euro is considered to be the functional currency of the subsidiary technotrans technologies pte ltd., Singapore, as its primary economic environment (revenues and expenses) is determined predominantly by the euro. The US dollar is moreover considered to be the functional currency of KLVH Cooling International Pte. Ltd., Singapore, because its invoices are determined predominantly by the US dollar.

Business transactions conducted by a group company in a currency other than its functional currency are translated into and reported in the functional currency for the first time at the spot exchange rate on date of the business transaction. At each subsequent balance sheet date, monetary items (cash, receivables and liabilities) that were originally in a currency other than the functional currency are translated at the closing rate; the resulting exchange rate differences are recognised in the Income Statement. Non-monetary items are translated at the historical rate.

The assets and liabilities of foreign subsidiaries are translated at the mean rate at the balance sheet date (closing rate), and included in the Consolidated Financial Statements. Expenses and income are translated at the current rate, approximating to the mean rate for the year; the resulting differences are netted against equity, with no effect on income. Exchange differences compared with prior-year translation are likewise netted within equity, with no effect on income.

Exchange rate differences from the net investment in a foreign business (group company) are reported within equity with no effect on income; they are only recognised in the Income Statement upon disposal of the net investment.

The following rates were applied in currency translation:

	Mean rates for the financial year		Mean rates at balance sheet date	
	2015	2014	31/12/2015	31/12/2014
USD	1.1095	1.3285	1.0887	1.2141
JPY	134.3000	140.3061	131.0700	145.2300
GBP	0.7259	0.8061	0.7340	0.7789
SEK	9.3539	9.0985	9.1895	9.3930
CNY	6.9733	8.1858	7.0608	7.5358
HKD	8.6013	10.3025	8.4376	9.4170
CHF	1.0679	1.2146	1.0835	1.2024
BRL	3.6993	3.1211	4.3117	3.2207
AED	4.0764	4.8817	4.0048	4.4636
INR	71.1941	81.0406	72.0215	76.7190

Changes in Recognition and Measurement Principles

The Consolidated Financial Statements of technotrans AG at December 31, 2015 include all standards and interpretations adopted by the European Union, the application of which is mandatory from January 1, 2015.

The following standards were to be applied for the first time:

Standard/ Interpretation	Applicable from (financial year starting on or after...)	Content	Effect on Consolidated Financial Statements
IFRIC 21: Levies	June 17, 2014	The interpretation covers accounting for obligations to pay a levy that come under the scope of IAS 37. It also concerns accounting for obligations to pay a levy at a fixed time and of a fixed amount.	No significant
Improvements to IFRS (2011 to 2013)	January 1, 2015	In the context of the annual improvement project, amendments were made to four standards (IAS 40, IFRS 1, IFRS 3, IFRS 13).	No significant

During the 2015 financial year the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) published further standards and interpretations as well as amendments to existing standards, the application of which was not yet mandatory in the 2015 financial year. The technotrans Group does not plan the early adoption of the following new or amended standards and interpretations, the adoption of which is only mandatory in later financial years.

a) EU endorsement has already taken place

Standard/ Interpretation	Applicable from (financial year starting on or after...)	Content	Anticipated effects on Consolidated Financial Statements
Amendment to IAS 19: Defined Benefit Plans: Employee Contributions	February 1, 2015	The amendments clarify accounting for the contributions of employees or third parties under defined benefit plans by the reporting enterprise.	No significant
Improvements to IFRS (2010 to 2012)	February 1, 2015	In the context of the annual improvement project, amendments were made to seven standards (IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24, IAS 38).	No significant
Amendment to IFRS 11: Accounting for Acquisitions of Interests in Joint Operations	January 1, 2016	The amendment regulates the accounting for an acquisition of interests in a joint operation that constitutes a business within the meaning of IFRS 3.	None
Amendment to IAS 1: Notes	January 1, 2016	The amendments in IAS 1 concern various reporting issues for the Notes.	With the introduction of this amendment to the standard, technotrans may possibly dispense with notes that are of no material importance.
Amendment to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation	January 1, 2016	The amendments contain guidelines on how to determine an acceptable method of depreciation and amortisation.	No significant
Amendment to IAS 16 and IAS 41: Agriculture: Bearer Plants	January 1, 2016	The amendments regulate the future accounting for bearer plants.	None
Amendment to IAS 27: Equity Method in Separate Financial Statements	January 1, 2016	With the amendment, the equity method is permitted as an accounting option for shares in subsidiaries, joint ventures and associates in separate financial statements of an investor.	None
Improvements to IFRS (2012 to 2014)	January 1, 2016	In the context of the annual improvement project, amendments were made to four standards (IFRS 5, IFRS 7, IAS 19, IAS 34).	No significant

b) EU endorsement pending

In addition, the IASB published standards and interpretations that have not yet been adopted by the European Union. Of these, the following standards are of relevance for the group. The effects on the Consolidated Financial Statements are currently being examined.

Standard/ Interpretation	Applicable from (financial year starting on or after ...)	Content	Anticipated effects on Consolidated Financial Statements
IFRS 9: Financial Instruments	January 1, 2018	IFRS 9 replaces the existing guidelines in IAS 39 Financial Instruments: Recognition and Measurement	Currently under examination
IFRS 15: Revenue from Contracts with Customers	January 1, 2018	IFRS 15 Revenue from Contracts with Customers specifies a comprehensive framework for determining whether, in what amount and at what time revenue is reported. It replaces existing guidelines on the reporting of revenue, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes.	Currently under examination

III. NOTES TO THE CONSOLIDATED BALANCE SHEET

Consolidated Statement of Changes in Fixed Assets

2014		Cost					at December 31, 2014
		at January 1, 2014	Foreign currency translation differences	Additions	Disposals	Transfers	
		€ '000	€ '000	€ '000	€ '000	€ '000	€ '000
Property, plant and equipment	(1)						
Property*		20,992	68	77	-560	0	20,577
Technical equipment and machinery		5,261	0	55	-142	0	5,174
Other equipment, operating and office equipment		10,820	236	742	-1,575	8	10,231
Construction in progress		9	0	46	0	-8	47
		37,082	304	920	-2,277	0	36,029
Intangible Assets	(3)						
Goodwill	(2)	5,828	0	0	0	0	5,828
Concessions, industrial and similar rights		11,727	45	324	-170	31	11,957
Development expenditure recognised as an intangible asset		8,192	26	173	0	-31	8,360
Prepayments		0	0	19	0	0	19
		25,747	71	516	-170	0	26,164
2015		Cost					
		at January 1, 2015	Foreign currency translation differences	Additions	Disposals	Transfers	at December 31, 2015
		€ '000	€ '000	€ '000	€ '000	€ '000	€ '000
Property, plant and equipment	(1)						
Property*		20,577	-13	4	0	0	20,568
Technical equipment and machinery		5,174	57	232	-134	0	5,329
Other equipment, operating and office equipment		10,231	111	1,014	-607	0	10,749
Construction in progress		47	0	17	0	0	64
		36,029	155	1,267	-741	0	36,710
Intangible Assets	(3)						
Goodwill	(2)	5,828	0	0	0	0	5,828
Concessions, industrial and similar rights		11,957	44	232	-123	19	12,129
Development expenditure recognised as an intangible asset		8,360	25	185	0	0	8,570
Prepayments		19	0	0	0	-19	0
		26,164	69	417	-123	0	26,527

* Land, land rights and buildings, including buildings on land owned by others.

Accumulated depreciation					Residual carrying amounts
at January 1, 2014	Foreign currency translation differences	Depreciation for the year	Disposals	at December 31, 2014	at December 31, 2014
€ '000	€ '000	€ '000	€ '000	€ '000	€ '000
8,708	68	694	-560	8,910	11,667
4,777	3	107	-128	4,759	415
7,607	182	938	-1,525	7,202	3,029
0	0	0	0	0	47
21,092	253	1,739	-2,213	20,871	15,158
0	0	0	0	0	5,828
8,260	41	1,018	-168	9,151	2,806
6,609	26	286	0	6,921	1,439
0	0	0	0	0	19
14,869	67	1,304	-168	16,072	10,092

Accumulated depreciation					Residual carrying amounts
at January 1, 2015	Foreign currency translation differences	Depreciation for the year	Disposals	at December 31, 2015	at December 31, 2015
€ '000	€ '000	€ '000	€ '000	€ '000	€ '000
8,910	-16	695	0	9,589	10,979
4,759	46	108	-134	4,779	550
7,202	82	943	-585	7,642	3,107
0	0	0	0	0	64
20,871	112	1,746	-719	22,010	14,700
0	0	0	0	0	5,828
9,151	35	1,060	-122	10,124	2,005
6,921	25	429	0	7,375	1,195
0	0	0	0	0	0
16,072	60	1,489	-122	17,499	9,028

III. NOTES TO THE CONSOLIDATED BALANCE SHEET

1) Property, Plant and Equipment

The additions within technical equipment and machinery as well as other assets, plant and other equipment mainly comprise replacement purchases.

As in previous years, no self-constructed assets were capitalised in the 2015 financial year. No write-downs or reversals were performed in the year under review. Property amounting to € 10,979 thousand (2014: € 12,284 thousand) belonging to the group is used as collateral for long-term loans (cf. Note 11 "Financial liabilities").

2) Goodwill

The following table shows the residual carrying values of technotrans goodwill, broken down by segment:

	31/12/2015	31/12/2014
	€ '000	€ '000
segment Technology: Laser Cooling	5,243	5,243
segment Services: Translation Services	585	585
	5,828	5,828

The goodwill resulting from the acquisition of the shares of the KLH companies with effect from January 1, 2013 as well as the acquisition of the shares of the Termotek Group with effect from January 7, 2011 was tested for impairment at the level of the Laser Cooling group cash-generating units within the Technology segment, because synergies and advantages from the business combinations can only be determined at that level. Equally, the goodwill is monitored exclusively on the basis of this cash-generating unit.

Goodwill of € 585 thousand was recognised as an asset in connection with the acquisition of gds Sprachenwelt GmbH on September 1, 2012. This goodwill is allocated to the Translation Services cash-generating unit in the Services segment.

The cash-generating units were tested for impairment according to IAS 36.10 in the 2015 financial year. For this, the carrying amount of a cash-generating unit is compared with the recoverable amount. The recoverable amount is the higher of the two amounts of the fair value less proceeds of disposal, and the value in use. The fair value measurement was classified as a Level 3 fair value based on the input factors of the measurement technique used.

At technotrans, the recoverable amount corresponds to the value in use. The key assumptions made for this value in use were as follows: the starting point for the cash flow forecasts for goodwill was the budget for 2016 and revenue trends for the 2017 to 2020 financial years of the respective cash-generating units. Average revenue growth of 6.4 percent (2014: 6.5 percent) and an average EBIT margin of 11.0 percent (2014: 8.0 percent) were assumed for the Laser Cooling cash-generating unit for the years 2017 to 2020, and a trend averaging 5.0 percent (2014: 5.0 percent) (revenue) and 11.9 percent (2014: 14.1 percent) (EBIT margin) for the Translation Services cash-generating unit. No separate revenue plans for the cash-generating units in question were drawn up for subsequent financial years; instead, further average revenue growth rates of a constant 1.5 percent (2014: 1.5 percent) (long-term market trend for the laser industry and for translation services) were assumed for both cash-generating units. Furthermore, the costs (materials, personnel and other costs) for each cash-generating unit were estimated on the basis of assumptions for the forecasting period; cost increases were suitably taken into account. All assumptions by the Board of Management are based on experience and reflect expectations concerning the relevant customers and industry.

Discounting of the anticipated cash flows is based on weighted pre-tax cost-of-capital rates of 12.97 percent (2014: 12.38 percent) for the Laser Cooling cash generating unit and 11.54 percent (2014: 11.42 percent) for the Translation Services cash generating unit.

The values in use determined on the basis of these assumptions each exceed the carrying amounts of the cash-generating units.

3) Intangible Assets

The carrying amounts of intangible assets fell further compared with the previous year. The decrease is mainly attributable to depreciation and amortisation of € 720 thousand (2014: € 720 thousand) on the customer base with a cost of € 3,600 thousand identified within the context of purchase price allocation in the 2013 financial year.

Intangible assets arising from development activities are capitalised pursuant to IAS 38 if it is probable that future economic advantage will accrue from the use of the asset and the costs of the asset can be reliably determined. technotrans AG and Termotek GmbH capitalised intangible assets which are the result of development activities amounting to € 185 thousand in the financial year (2014: € 173 thousand).

As in previous years, the items capitalised were predominantly development projects for products outside the printing industry. In the 2015 financial year a number of development projects such as the group-wide control platform developed over the past few years as well as special cooling technologies for baggage scanners were brought to a successful conclusion. These are now being depreciated over their useful lives.

Due to nonfulfilment of the requirements for recognition as stated in IAS 38.57, development costs amounting to € 4,293 thousand (2014: € 3,382 thousand) were recognised as an expense.

There are no concessions, industrial and similar rights or development expenditure recognised as an intangible asset with an unlimited useful life. The useful life taken as the basis for the amortisation of software and development expenditure recognised as an intangible asset is three to five years.

In the Income Statement, the amortisation of development expenditure recognised as an intangible asset is allocated to the cost of sales using the function of expense method, according to the principle of causation. The amortisation of concessions, industrial and similar rights has been allocated to the cost of sales, distribution costs, administrative expenses and development costs by means of cost centre accounting.

4) Other Financial Assets

	31/12/2015	31/12/2014
	€ '000	€ '000
Rent deposits	38	38
Other	10	10
	48	48

5) Inventories

	31/12/2015	31/12/2014
	€ '000	€ '000
Raw materials and supplies	9,085	7,762
Work in progress	3,806	3,179
Finished goods and merchandise	4,656	4,459
	17,547	15,400

Of total inventories, the amount of € 3,880 thousand (2014: € 3,175 thousand) is reported at the fair value, less production costs still to be incurred and distribution costs. Impairment of inventories totalling € 436 thousand (2014: € 951 thousand) was recognised as an expense in the 2015 financial year. Reversals of € 632 thousand (2014: € 604 thousand) in the same period led to an income, as higher net realisable values could be assumed than in the previous year.

6) Trade Receivables

In the Technology segment, receivables outstanding are owed mainly by major printing press and laser manufacturers, as well as by end customers.

In the year under review, additions to the impairment of receivables totalling € 286 thousand (2014: € 187 thousand) were booked to distribution costs in the Income Statement. Impairment was applied in order to measure the receivables at fair value. This impairment reflects the actual credit risk. Impairment is applied in particular if the debtor is experiencing considerable financial difficulties. The amounts stated for trade receivables are fundamentally adjusted via a value adjustment account. Receivables are only derecognised once the debtor has opened insolvency proceedings or the receivable has become uncollectable.

The following table provides an overview of impairment of receivables:

	31/12/2015	31/12/2014
	€ '000	€ '000
Opening level	1,155	1,256
Allocated	286	187
Derecognition of receivables	-307	-273
Cash receipts for receivables written off	-53	-42
Exchange differences	16	27
Closing level	1,097	1,155

7) Income Tax Receivable

This comprises ongoing income tax receivable as well as a corporation tax credit balance from previous years.

At December 31, 2015 technotrans AG had a remaining corporation tax credit balance of € 127 thousand from previous years. This rebate (Section 37 (5) of German Corporation Tax Act) has been capitalised at the present value of € 122 thousand (2014: € 179 thousand). The rebate will be paid in ten equal annual instalments between 2008 and 2017; the income tax receivable has correspondingly been allocated pro rata to current and non-current assets. The interest for determination of the present value is 3.75 percent.

8) Other Assets

	31/12/2015	31/12/2014
	€ '000	€ '000
Other financial assets		
Deposits	246	151
Receivables from suppliers	19	58
Other	201	444
	466	653
Other assets		
Prepaid expenses	558	423
Creditable input tax	157	234
Other	379	320
	1,094	977
	1,560	1,630

9) Cash and Cash Equivalents

Cash and cash equivalents comprise balances with banks and cash on hand. The fair value of cash and cash equivalents corresponds to the carrying amount. There were no marketable securities at the balance sheet date.

The development in cash and cash equivalents is shown in the Cash Flow Statement.

10) Equity

The development in equity is shown in the Statement of Movements in Equity. The equity of the group totalled € 51,725 thousand at December 31, 2015 (2014: € 47,470 thousand). Of this, € 928 thousand (2014: € 975 thousand) is attributable to non-controlling interests.

Issued Capital

At December 31, 2015 the issued capital (share capital) of technotrans AG comprised 6,907,665 issued no par value registered shares, of which 6,530,588 were outstanding. The shares outstanding are fully paid. Each no par value share represents a nominal amount of € 1 of the share capital. All shares carry identical rights. No special rights or preferences are granted to individual shareholders. The same applies to dividend entitlements.

	Shared issued		Shares outstanding	
	2015	2014	2015	2014
Position at January 1	6,907,665	6,907,665	6,516,434	6,493,474
Issued to employees (as Christmas bonus)	0	0	11,967	22,960
Issued to employees (as remuneration component)	0	0	2,187	0
Position at December 31	6,907,665	6,907,665	6,530,588	6,516,434

Authorised Capital

The Annual General Meeting on May 15, 2014 authorised the Board of Management to raise the share capital, with the consent of the Supervisory Board, by the issuance of new shares on one or more occasions by May 14, 2019, against contributions, by up to a total of € 3,450,000. No use was made of this authorisation in 2015.

Conditional Capital

At the Annual General Meeting on May 15, 2014 the Board of Management was, with the consent of the Supervisory Board, authorised to issue bearer and/or registered bonds with a term of a maximum of five years on one or more occasions up until May 14, 2019 of an aggregate nominal amount of up to € 10 million and to grant the bearers of bonds conversion options on up to 690,000 no par value registered treasury shares in accordance with the respective terms of the bonds (convertible bond terms).

The conversion options granted to the bearers of the bonds may cover shares in the company representing an amount of up to € 690,000.00 of the share capital. As well as in euros, the convertible bonds may be issued in the legal currency of an OECD country, limited to the corresponding euro countervalue.

The shareholders have a fundamental right to subscribe to bonds. The bonds may also be accepted by a bank or a consortium of banks with the obligation to offer them to the shareholders for subscription. In addition, however, the Board of Management is, with the consent of the Supervisory Board, authorised to exclude the statutory subscription right of the shareholders to the bonds within the limits laid down individually and specifically by the authorisation.

The Board of Management is authorised, with the consent of the Supervisory Board, to specify the further details of the issuance and features of the convertible bonds and their terms itself, meaning in particular the currency, interest rate, issuing amount, term and denomination of the convertible bonds, the conversion price and period, the exchange ratio and payment of the countervalue in money instead of exchange for treasury shares. This authorisation was not used in the 2015 financial year.

Capital Reserve

The premium from the past share issues from the issuance of shares under conversion options from conditional capital and from the issuance of ordinary shares from authorised capital (capital increase for contribution in kind) was paid into the capital reserve. The costs of the share issues were deducted.

Retained Earnings

The retained earnings also include profit carried forward and additional other reserves. Of these, an amount of € 691 thousand (2014: € 691 thousand) relates to the legal reserve of technotrans AG pursuant to Section 150 (2) of German Stock Corporation Act and € 377 thousand (2014: € 391 thousand) to the reserve for treasury shares of technotrans AG.

The difference of € 43 thousand (2014: € 118 thousand) between the cost of the shares and their fair value at the time of issuance (€ 247 thousand; 2014: € 213 thousand), resulting from the issuance of treasury shares, was reported in the retained earnings.

Pursuant to Section 268 (8) of German Commercial Code, an amount totalling € 106 thousand (2014: € 530 thousand) of the other retained earnings of the parent company may not be distributed due to the capitalisation of deferred taxes.

Other Reserves

	31/12/2015	31/12/2014
	€ '000	€ '000
Hedging reserve	-100	-134
Reserve for net investments in a foreign operation	-2,584	-1,776
Exchange differences	-3,338	-4,056
Treasury shares	-5,426	-5,630
	-11,448	-11,596

Pursuant to IAS 39, the negative market value of the interest rate swaps used was recognised in the hedging reserve with no income effect, following deduction of deferred taxes (cf. Note 32 "Financial instruments"). In the 2015 financial year, a gain of € 49 thousand (2014: loss of € 76 thousand) was reported within equity with no effect on income. As in the previous year, no gains were realised. In return, deferred tax of € 15 thousand (2014: € 23 thousand) was booked with no effect on income.

technotrans AG has extended loans to its subsidiaries that are to be regarded as net investments in foreign businesses. Pursuant to IAS 21.32 and IAS 12.61A, the accumulated translation differences up to the balance sheet date and any taxes on these are netted directly within equity. Exchange rate differences are only recognised through profit and loss upon liquidation or partial liquidation of the company.

In the 2015 financial year, currency translation losses from the above loans in the amount of € 655 thousand (2014: € 124 thousand gain) were netted directly within equity; because their liquidation or partial liquidation are not planned for the foreseeable future, as in the previous year no deferred taxes on these exchange rate losses were netted income-neutrally within equity in the financial year.

In previous years, foreign currency gains on a loan extended to technotrans Asia Pacific Ltd. Hong Kong, China, for € 153 thousand was reported within equity with no effect on income because this loan was qualified as a net investment pursuant to IAS 21. Since that company's liquidation is planned in the medium term, these gains were recognised through profit and loss in the financial year.

The exchange differences include differences from the translation of the subsidiaries' equity to be consolidated at the historical rate and at the rate on the balance sheet date. This item furthermore includes the differences resulting from the translation of the assets and liabilities of the international subsidiaries at the closing rate and from the translation of the expenses and income at the average rate for the year.

Treasury Shares

At the Annual General Meeting on May 15, 2014 the shareholders authorised the Board of Management to buy back treasury shares in accordance with Section 71 (1) No. 8 of German Stock Corporation Act. The scope of this authorisation is for the buying back of a portion of up to € 690,000.00 of the share capital (690,000 no par value shares, corresponding to 9.98 percent of the share capital at the time of the resolution) and is valid until May 14, 2019. No shares were bought back during the period January to December 2015. Pursuant to IAS 32.33 the shares bought back are deducted from equity at their cost (including incidental costs). The buy-back is in line with the strategic objectives of the company. In the 2015 financial year, 14,154 no par value shares (2014: 22,960 no par value shares) with a fair value of € 247 thousand (2014: € 213 thousand) were issued to employees by way of a remuneration component. At the reporting date of December 31, 2015 the total treasury shares amounted to 377,077 ordinary shares (2014: 391,231 ordinary shares).

Capital Management

At December 31, 2015 the equity ratio was 68.0 percent (2014: 63.7 percent). One of the most important financial objectives for technotrans AG is to assure its solvency at all times, and increase the long-term value of the group.

The creation of adequate liquidity reserves is very important in this respect. The aim is always to have liquidity reserves amounting to at least 10 percent of annual revenue. This objective is achieved by implementing various measures in order to reduce capital costs and optimise the capital structure, alongside practising effective risk management.

Methodologically, technotrans' capital management approach is based on financial market oriented indicators, such as the return on sales (long-term target margin for EBIT: 10 percent), the equity ratio (target: > 50 percent) and gearing. technotrans is not subject to capital requirements laid down in the articles of incorporation. A sound capital structure provides technotrans with the stability that serves as the basis for a business model focusing on sustainability, and thus in the long term meets both the requirements of customer and supplier relations and serves the needs of the employees and shareholders.

The unsecured loan carries the obligation to adhere to certain financial indicators (financial covenants). The financial ratios, equity ratio, gearing and EBITDA margin are determined for the Consolidated Financial Statements and were complied with in the 2015 financial year.

11) Financial Liabilities

	31/12/2015	31/12/2014
	€ '000	€ '000
Short-term borrowings	1,997	3,293
Long-term borrowings	6,061	8,346
	8,058	11,639

There were no hedged liabilities at the balance sheet date. Interest rate hedges exist only in the case of financial liabilities.

Terms to Maturity of Financial Liabilities

	up to 1 year	1 to 5 years	over 5 years	Total	Interest p.a.	Collateral
	€ '000	€ '000	€ '000	€ '000		
Variable € credit	571	1,857	0	2,428	3-month EURIBOR cover via interest rate swap (fixed rate: 2.63%)	None
Variable € credit	0	1,500	0	1,500	3-month EURIBOR cover via interest rate swap (fixed rate: 2.70%)	Land charge
€ fixed rate credit	245	919	0	1,164	3.31%	Land charge
€ fixed rate credit	36	143	675	854	4.50%	Land charge
Variable € credit	157	589	0	746	3-month EURIBOR cover via interest rate swap (fixed rate: 3.40%)	Land charge
Variable € credit	188	328	0	516	3-month EURIBOR cover via interest rate swap (fixed rate: 2.81%)	Land charge
€ fixed rate credit	333	0	0	333	4.92%	Land charge
€ fixed rate credit	200	0	0	200	2.82%	Land charge
€ fixed rate credit	167	0	0	167	4.98%	Land charge
€ fixed rate credit	100	50	0	150	3.50%	None
	1,997	5,386	675	8,058		

Amounts owed to banks with a carrying amount of € 3,880 thousand (2014: € 5,713 thousand) are collateralised by land charges on the company premises in Sassenberg.

Financial liabilities of € 150 thousand (2014: € 250 thousand) relate to Termotek GmbH. No collateral was furnished for these loans.

At the reporting date KLH Kältetechnik GmbH had financial liabilities of € 746 thousand (2014: € 1,288 thousand) secured in full by land charges on the factory site Am Waldrand 10 in Bad Doberan.

SHT Immobilienbesitz GmbH & Co. Vermietungs KG had financial liabilities of € 854 thousand (2014: € 889 thousand). The real estate Am Waldrand 10a in Bad Doberan serves as security.

12) Other Financial Liabilities

	31/12/2015	31/12/2014
	€ '000	€ '000
Conditional purchase price of KLH	346	534
Long-term liabilities from finance lease	14	14
Conditional purchase price of gds Sprachenwelt GmbH	0	302
	360	850

In the 2015 financial year the call/put option agreed in connection with the acquisition of gds Sprachenwelt GmbH, Hünfeld, was exercised early. technotrans AG now indirectly holds 100 percent of the shares of gds Sprachenwelt GmbH.

On the basis of current plans, the conditional purchase price for the KLH companies was reduced by € 180 thousand.

13) Trade Payables

All trade payables have a term of up to one year.

	31/12/2015	31/12/2014
	€ '000	€ '000
Trade payables	2,000	2,094
Outstanding purchase invoices	433	543
	2,433	2,637

14) Prepayments Received

The prepayments received originate in the main from project business. They are used for financing the finished goods included in the inventories but from which no revenue has yet been realised. The rise is attributable to the healthy business performance at the end of the financial year.

15) Provisions

	Obligations to personnel	Payments to be made under warranty	Other provisions	Provisions for pensions	Total
	€ '000	€ '000	€ '000	€ '000	€ '000
Opening level at January 1, 2015	4,165	1,102	929	257	6,453
Exchange rate movements	42	9	-5	0	46
Used	2,646	547	663	11	3,867
Reversed	132	150	141	1	424
Compounding	0	0	0	5	5
Allocated	3,054	437	847	0	4,338
Closing level at December 31, 2015	4,483	851	967	250	6,551
Long-term provisions	884	0	0	239	1,123
Short-term provisions	3,599	851	967	11	5,428

The obligations to personnel consist largely of gratuities, bonuses and performance-related pay for employees, as well as time credits. It is in the first instance uncertain when these obligations will have to be met.

Partial retirement employment contracts were concluded with two employees in the 2015 financial year. The obligation from these partial retirement employment contracts was determined actuarially. The calculation is based on an interest rate of 2.34 percent. Partial retirement obligations are covered against possible bankruptcy pursuant to Section 8a of the German Partial Retirement Act. To provide cover, cash was paid into a money market fund (Deka Investments) and pledged in favour of the employees. Under IAS 19.7 the assets constitute "plan assets" and are netted with the corresponding provision. Income from the plan assets is netted with the corresponding expenses. No income was realised in the 2015 financial year. Cash of € 42 thousand was invested at December 31, 2015.

Provisions for warranties are created for current statutory, contractual and constructive warranty obligations towards third parties. The provisions were measured taking experience as the starting point, incorporating the circumstances at the balance sheet date.

The other provisions comprise costs for the preparation of the annual accounts, commission payments and other costs. The factor of uncertainty both in this case and for payments to be made under warranty is principally the amount in question.

A direct pension pledge has been made to employees of the former BVS Beratung Verkauf Service Grafische Technik GmbH. Pensions are already paid for all employees. The "defined benefit obligation" (DBO) for purposes of calculating the provisions for pensions was determined on the basis of an actuarial report, using the 2005 G reference tables published by Prof Dr Klaus Heubeck. The calculation is based on an interest rate of 2.1 percent (2014: 2.1 percent) and a pension trend of 2.0 percent (2014: 2.0 percent). The development in pay levels and employee fluctuation were not taken into account, as those eligible for pensions have since left the company. The interest costs for the DBO in 2015 amount to € 5 thousand (2014: € 7 thousand). The actuarial gain amounts to € 2 thousand (2014: € 37 thousand loss). Pension payments amounting to € 11 thousand (2014: € 9 thousand) were made in 2015.

16) Income Tax Payable

In the year under review, income tax payable relates substantially to technotrans AG and its controlled companies as well as KLH Kältetechnik GmbH.

17) Other Liabilities

	31/12/2015	31/12/2014
	€ '000	€ '000
Other financial liabilities		
Debtors with credit balances	177	376
Current liabilities from derivative financial instruments	144	193
Conditional purchase price of KLH	9	49
Other financial liabilities	202	38
	532	656
Other liabilities		
Sales tax	588	535
Operating taxes	369	402
Liabilities in respect of social insurance	123	133
Other	574	627
	1,654	1,697
	2,186	2,353

IV. NOTES TO THE CONSOLIDATED INCOME STATEMENT

18) Revenue

Revenue is recognised if the risks and rewards associated with ownership of the products sold have been transferred to the buyer. For deliveries, revenue is therefore realised in accordance with the agreed terms of delivery; for services, it is realised when the service has been performed.

Revenue is shown broken down by division in the segment report. € 104,841 thousand (2014: € 95,594 thousand) is the result of the sale of goods including sales of parts, and € 17,997 thousand (2014: € 16,777 thousand) from the provision of services. The geographical composition of revenue in 2015 was Germany € 61,413 thousand (2014: € 61,910 thousand), rest of Europe € 28,475 thousand (2014: € 24,159 thousand), America € 18,220 thousand (2014: € 15,441 thousand) and Asia € 14,730 thousand (2014: € 10,861 thousand).

19) Cost of Sales

The cost of sales comprises the cost of traded products and the cost price of merchandise sold. In accordance with IAS 2, it includes both costs which can be directly allocated, such as cost of materials and cost of labour, and also overheads, including pro rata depreciation and amortisation on property, plant and equipment used for production and on intangible assets. The amount for inventories reported as an expense in the period under review broadly corresponds to the costs of materials (raw materials, consumables and changes in inventories of finished goods and work in progress). The costs of the field service and the expense arising in connection with warranty obligations are likewise reported under cost of sales. Other cost of sales is mainly comprised of other building costs.

	2015	2014
	€ '000	€ '000
Cost of materials	47,889	43,838
Cost of labour	21,480	20,619
Subcontractors, personnel leasing	6,136	5,074
Travel expenses	1,534	1,388
Depreciation and amortisation	1,074	601
Tenancy and leasing costs	666	655
Warranty	623	765
Operating requirements	528	546
Other	1,482	1,464
	81,413	74,950

20) Distribution Costs

The distribution costs include costs for the Distribution Department and for in-house services, and also the costs of advertising and logistics. This item also includes sales-related expenditure for commissions and impairment of receivables.

	2015	2014
	€ '000	€ '000
Cost of labour	10,188	9,848
Logistics costs	2,476	2,035
Depreciation and amortisation	897	826
Travel expenses	760	813
Tenancy and leasing costs	431	458
Promotional and exhibition costs	398	396
Sales commissions	376	366
Impairment of receivables	284	187
Other	1,305	1,271
	17,116	16,200

21) Administrative Expenses

The administrative expenses comprise personnel and material costs for management and administration, insofar as not charged to other cost centres as internal services.

	2015	2014
	€ '000	€ '000
Cost of labour	7,092	6,925
IT costs	1,362	1,269
Consultancy, audits	1,032	949
Depreciation and amortisation	850	1,343
Tenancy and leasing costs	766	617
Insurances	558	525
Other	1,329	922
	12,988	12,550

	2015	2014
	€ '000	€ '000
Fees for		
Auditing of the financial statements	222	210
Tax consultancy services	44	35
	266	245

In the 2015 financial year, the fees for the auditors recorded as an expense pursuant to Section 319 (1) first and second sentences of German Commercial Code amounted to € 266 thousand (2014: € 245 thousand). The figures for the 2015 financial year include the fees and expenses of the auditors of the Consolidated Financial Statements, KPMG AG Wirtschaftsprüfungsgesellschaft, for the auditing of the Consolidated Financial Statements, the auditing of the annual financial statements of technotrans AG and KLH Kältetechnik GmbH, as well as for tax consultancy provided to technotrans AG and its controlled companies.

22) Development Costs

No research costs were incurred. Development costs are charged as ongoing expenses until the criteria of IAS 38.57 are satisfied cumulatively. From that point on, development costs are recognised as an intangible asset (see Note 3 "Intangible Assets").

23) Other Operating Income

	2015	2014
	€ '000	€ '000
Income unrelated to the accounting period		
Reversal of provisions	74	54
Book profits on the disposal of assets	29	61
Other income unrelated to the accounting period	281	145
	384	260
Other operating income		
Foreign currency gains	1,369	1,316
Insurance payments	229	26
Income from tenancy agreements	193	195
Personnel-related revenue	151	139
Other	921	856
	2,863	2,532
	3,247	2,792

The income unrelated to the accounting period comprises for example cash receipts from previously impaired receivables, and the other operating income includes development cost contributions from customers. Exchange rate gains mainly constitute unrealised changes in the measurement of intragroup assets and liabilities.

24) Other Operating Expenses

	2015	2014
	€ '000	€ '000
Expenses unrelated to the accounting period		
Other expenses unrelated to the accounting period	19	17
Book losses on the disposal of assets	3	62
	22	79
Other operating expenses		
Foreign currency losses	793	738
Other operating taxes	187	168
Other	321	266
	1,301	1,172
	1,323	1,251

25) Net finance costs

	2015	2014
	€ '000	€ '000
Financial income	225	103
Financial charges	-486	-670
Net finance costs	-261	-567

The interest income in the amount of € 39 thousand (2014: € 95 thousand) is from interest on bank credit balances. The figure additionally includes € 180 thousand (2014: € 0 thousand) from the termination of the conditional purchase price for the KLH companies. Interest income from the compounding of the corporation tax credit balance amounted to € 6 thousand in the 2015 financial year (2014: € 8 thousand).

The interest expenses comprise mainly interest charged on the group's financial liabilities. This item also includes € 46 thousand in interest expenses from the early exercise of the call/put option for the remaining 49 percent of the shares in gds Sprachenwelt GmbH. In the previous year the profits (€ 66 thousand) attributable to the non-controlling interests in gds Sprachenwelt GmbH were reported under interest expenses.

Furthermore, interest expenses from the compounding of the conditional purchase price payments for the KLH companies amounting to € 2 thousand (2011: € 11 thousand) and from the compounding of the pension obligation amounting to € 5 thousand (2014: € 7 thousand) are included in this item.

No borrowing costs were capitalised in the reporting period.

26) Income Tax Expense

	2015	2014
	€ '000	€ '000
Actual income tax expense		
Tax expense for the period	-2,533	-793
Tax expense unrelating to the accounting period	-58	-46
	-2,591	-839
Deferred tax		
Deferred tax expense	-465	-1,447
Deferred tax income	580	436
	115	-1,011
	-2,476	-1,850

Income tax expense includes corporation income tax and trade earnings tax for the domestic companies, and also comparable taxes on income for the foreign businesses. Other operating taxes are included in other operating expenses.

The deferred tax is attributable to temporally divergent valuations in the companies' tax balance sheets and the Consolidated Balance Sheet in accordance with the balance sheet liability method.

The reported deferred tax assets also include tax relief claims where it is anticipated that existing tax loss carryforwards will be used in subsequent years. The deferred tax is calculated on the basis of the tax rates applicable or expected at the time of realisation in the individual countries concerned.

The applicable tax rate in Germany of 30.17 percent (2014: 30.08 percent) calculated for the year under review is based on a corporation tax rate of 15.00 percent, a solidarity surcharge of 5.50 percent and an effective trade earnings tax rate of 14.34 percent (2014: 14.25 percent).

The following capitalised deferred tax assets and liabilities relate to recognition and measurement differences for the individual items on the Balance Sheet and to loss carryforwards which can be used in future.

	2015		2014	
	Assets	Liabilities	Assets	Liabilities
	€ '000	€ '000	€ '000	€ '000
Non-current assets	472	822	605	1,121
Inventories	362	27	304	30
Receivables	124	6	123	0
Provisions	171	107	171	105
Liabilities	64	2	78	2
Loss carryforwards	715	0	820	0
	1,908	964	2,101	1,258
Offsetting	478	478	608	608
	1,430	486	1,493	650

The deferred tax liabilities from non-current assets include € 432 thousand (2014: € 650 thousand) in deferred tax liabilities for the customer base capitalised in the 2013 financial year in the context of the business combination. The remaining deferred tax assets and deferred tax liabilities from non-current assets result largely from temporary differences in intangible assets acquired.

The deferred tax assets from inventories in essence stem from the elimination of intercompany profits. The deferred tax assets from liabilities include deferred tax assets from cash flow hedges.

There are tax loss carryforwards amounting to € 16,798 thousand (2014: € 17,871 thousand) for 2015. Deferred taxes amounting to € 715 thousand (2014: € 820 thousand) were recognised as an asset on an amount of € 2,045 thousand (2014: € 2,557 thousand) in agreement with IAS 12.34. No deferred tax assets were recognised on the remaining loss carryforwards of € 14,753 thousand (2014: € 15,313 thousand) and on deductible temporary differences of € 1,536 thousand (2014: € 2,048 thousand). The loss carryforwards may be carried forward for 20 years in the USA (€ 9,838 thousand; 2014: € 9,316 thousand), for nine years in Japan (€ 183 thousand; 2014: € 173 thousand) and for an unlimited period in other cases. In view of the uncertain earnings expectations of the companies in Asia, of technotrans america inc., technotrans américa latina ltda. and technotrans scandinavia AB, no or only pro rata deferred taxes were created on the loss carryforwards.

The following table reconciles the theoretical tax expense with the actual income tax expense.

	2015	2014
	€ '000	€ '000
Applicable tax rate	30.17%	30.08%
Consolidated earnings before taxes on income	8,691	6,263
Theoretical tax expense/income	-2,622	-1,884
Impairment (-) or reversal of impairment (+) on deferred tax assets on tax loss carryforwards and temporary differences	208	-55
Expense from the non-recognition of deferred tax assets on tax losses occurring in the financial year and temporary differences	93	-229
Tax effect from the use of deferred taxes on temporary differences and from tax loss carryforwards following impairment	412	294
Tax effect of non-deductibility of business expenses and tax-exempt income	-484	30
Differences compared with local tax rates	-25	40
Other taxes not relating to the period	-58	-46
Actual and deferred income tax expense	-2,476	-1,850

Deferred tax amounting to € -15 thousand (2014: € 23 thousand) that have been recognised in other comprehensive income arose in the year under review only from the change in cash flow hedges. As in the previous year, exchange rate differences from net investments in a foreign business did not lead to any deferred tax in the 2015 financial year.

27) Earnings Per Share

The figure for basic earnings per share is obtained by dividing the share of earnings attributable to the shareholders of technotrans AG by the weighted average number of ordinary shares outstanding in the financial year:

		2015	2014
Net profit for the period	in € thousand	6,215	4,413
of which:			
Profit attributable to technotrans AG shareholders		6,262	4,381
Profit/loss attributable to non-controlling interests		-47	32
Average number of ordinary shares outstanding in the year		6,518,459	6,494,943
Basic/diluted earnings per share	in €	0.96	0.67

In the 2015 financial year there were once again no stock options that would have had a dilutive effect on earnings per share pursuant to IAS 33.

V. NOTES TO THE SEGMENT REPORT

Segment information is provided on the basis of the business segments for internal reporting purposes. Segmentation according to the Technology and Services Divisions is performed in agreement with the internal reporting structure of the technotrans Group.

The Technology segment generates revenue through sales of equipment in the areas of liquid technology and laser technology. The Services segment generates revenue through after-sales service activities, installation, maintenance, servicing and the supplying of spare parts, as well as through compiling technical documentation and producing and selling software for the compilation of documentation. The revenue generated by gds Sprachenwelt GmbH from translation services is equally allocated to the Services segment.

The revenue amounting to € 122,838 thousand (2014: € 112,371 thousand) comprises € 61,413 thousand (2014: 61,910 thousand) generated in Germany and € 61,425 thousand (2014: € 50,461 thousand) generated internationally. The latter component included € 18,220 thousand (2014: € 15,441 thousand) from America and € 14,730 thousand (2014: € 10,860 thousand) from Asia. Revenue is classified on the basis of the domicile of the customer with which the revenue is realised.

The non-current assets amounting to € 25,265 thousand (2014: € 26,906 thousand) can be broken down by region as follows: Germany € 24,106 thousand (2014: € 25,661 thousand) and international € 1,158 thousand (2014: € 1,245 thousand).

The Segment Report itself is presented at the start of the Notes to the Consolidated Financial Statements.

The delivery prices for transactions between the segments are generally agreed on the same basis as transactions between a group company and a third party.

The Segment Report provides an analysis of the earnings figures. The segment information comprises both directly allocable amounts and amounts that can reasonably be split. No reconciliation between the segment and consolidated data is required, as the figures in the segment information coincide with those in the Consolidated Income Statement and Cash Flow Statement. The result for the segments corresponds to the earnings before interest and taxes (EBIT) in the Income Statement. The accumulated result for both segments of € 8,952 thousand, reduced by the net finance costs reported in the Income Statement of € -261 thousand, produces the accounting profit (€ 8,691 thousand).

Within the group's total revenues, one customer of the Technology and Services group segments brings in € 22 million of the group's total revenues.

VI. NOTES TO THE CASH FLOW STATEMENT

The Cash Flow Statement is structured according to cash flows from operating activities, investing activities and financing activities.

28) Cash Flow from Operating Activities

The cash flows from operating activities (net cash) amounted to € 10,228 thousand (2014: € 7,124 thousand) in the past financial year. This includes cash from operating activities amounting to € 12,789 thousand (2014: € 7,740 thousand) as well as interest and income tax received and paid amounting to € -2,561 thousand (2014: € -616 thousand). The change in working capital in 2015 resulted overall in a positive cash flow contribution.

29) Cash Flow from Investing Activities

The cash flows from investing activities comprise cash payments for investments in property, plant and equipment and in intangible assets (property, plant and equipment € 1,267 thousand and intangible assets € 417 thousand) as well as € 49 thousand for the conditional purchase price payment in connection with the acquisition of the KLH companies in 2013. The investment volume for the year under review tallied with the target level for 2015.

30) Cash Flow from Financing Activities

Repayments amounting to € 3,597 thousand on short-term and long-term loans were made during the year under review. In addition the amount of € 2,151 thousand was distributed to shareholders. In connection with the early exercise of the call/put option for the remaining shares in gds Sprachenwelt GmbH, € 345 thousand was paid to the former minority interests.

31) Cash and Cash Equivalents at End of Period

Cash comprises cash on hand and demand deposits. It corresponds to the cash and cash equivalents shown on the Balance Sheet.

VII. OTHER PARTICULARS

32) Financial Instruments

The financial instruments (financial assets and liabilities) are allocated to the following categories. No offsetting of financial assets and liabilities was performed.

	Section	31/12/2015	31/12/2014
		€ '000	€ '000
Hedging instruments and liabilities reported at fair value			
Market value of interest rate swaps	17	144	193
Non-current conditional purchase price	12	346	836
Current conditional purchase price	17	9	49
		499	1,078
Loans and receivables			
Rent deposits	4/8	284	189
Trade receivables	6	11,552	12,940
Receivables from suppliers	8	19	58
Other current assets	8	201	444
Cash and cash equivalents	9	19,978	17,238
		32,034	30,869
Financial liabilities measured at amortised cost			
Borrowings	11	8,058	11,639
Other financial liabilities	12	14	14
Trade payables	13	2,433	2,637
Debtors with credit balances	17	177	376
Other current liabilities	17	202	38
		10,884	14,704

Net Gains or Losses on Financial Instruments by Measurement Category

	From interest	From subsequent measurement			From disposal	2015	2014
		At fair value	Currency translation	Impairment			
	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000
Hedging instruments and liabilities reported at fair value	-2	138	0	0	0	136	-82
Held-to-maturity investments	0	0	0	0	0	0	1
Loans and receivables	39	0	78	-284	0	-167	70
Financial liabilities measured at amortised cost	-433	0	0	0	0	-433	-581
	-396	138	78	-284	0	-464	-592

Classifications and Fair Values

The following table shows the carrying amounts of financial assets and liabilities, including their levels in the fair value hierarchy. It does not contain any information on the fair value for financial assets and financial liabilities that were not measured at fair value if the carrying amount represents a suitable approximation of the fair value. The various levels are as follows:

- Level 1: Quoted prices in active markets for identical assets and liabilities
- Level 2: Valuation factors other than quoted market prices that are observable directly (i.e. as prices) or indirectly (i.e. derived from prices) for assets or liabilities
- Level 3: Valuation factors for assets and liabilities that are not based on observable market data

	31/12/2015		31/12/2014		Fair value hierarchy
	Carrying amount	Fair value	Carrying amount	Fair value	
	€ '000	€ '000	€ '000	€ '000	
Financial liabilities measured at fair value					
Market value of interest rate swaps	-144	-144	-193	-193	Level 2
Conditional long-term purchase price	-346	-346	-836	-836	Level 3
Conditional short-term purchase price	-9	-9	-49	-49	Level 3
	-499	-499	-1,078	-1,078	
Financial assets and liabilities not measured at fair value					
Rent deposits	284	284	189	189	
Trade receivables	11,552	11,552	12,940	12,940	
Receivables from suppliers	19	19	58	58	
Other assets	201	201	444	444	
Cash and cash equivalents	19,978	19,978	17,238	17,238	
Borrowings	-8,058	-8,289	-11,639	-11,928	Level 2
Other non-current liabilities	-14	-14	-14	-14	
Trade payables	-2,433	-2,433	-2,637	-2,637	
Debtors with credit balances	-177	-177	-376	-376	
Other current liabilities	-202	-202	-38	-38	
	21,150	20,919	16,165	15,876	
	20,651	20,420	15,087	14,798	
Gains (+) or losses (-) not entered		-231		-289	

There were no transfers between the fair value hierarchy levels in the financial year.

The carrying amounts for the financial instruments (for example, cash and cash equivalents, trade receivables and payable as well as other receivables and liabilities) fundamentally reflect their fair values. For receivables with a maturity of up to one year, their nominal value less the reductions for impairment applied provide the most reliable estimate of the fair value. The fair value of receivables with a maturity of over one year is indicated by their discounted cash flows.

The financial liabilities are an exception, because differences exist between the carrying amounts and fair values. The fair value of interest-bearing liabilities is indicated by the discounted cash flows from repayments and interest payments. The current reference interest rates of banks at the balance sheet date were requested and used in determining fair values. In accordance with the term, the reference interest rates were between 1.00 percent and 2.99 percent. An appropriate risk premium was added.

The market values of the interest rate swaps are calculated on the basis of observable expected returns of major German banks on the basis of the expected present value of the future cash flows.

The fair value of the conditional purchase price obligations for the KLH companies amounting to € 355 thousand (2014: € 583 thousand) is determined on the basis of the discounted cash flow method. The valuation model takes account of the present value of the expected payment based on the forecast revenue growth for the next two years (average 4.0 percent; 2014: 8.4 percent) and the forecast EBIT margins (average 6.1 percent; 2014: 7.2 percent), discounted with a risk-adjusted interest rate of 2 percent (2014: 2 percent). Material non-observable factors are the forecast growth rates for revenue, the EBIT margins and the discount rate. Due to changes in the factors over time, the fair values may turn out to be higher or lower. A reduction in the EBIT margin of one percentage point would lead to a reduction of € 36 thousand (2014: € 99 thousand) in the fair value of the conditional purchase price payment. An average 10 percent reduction in revenue would lead to a reduction of € 52 thousand (2014: € 177 thousand). The effects of the increase in the input factors would correspondingly work against the fair value to the same extent. Changes in the discount rate by one percentage point would lead to an increase or decrease of € 5 thousand (2014: € 8 thousand) in the fair value. Based on the 2015 annual financial statements of the KLH companies, the conditional short-term purchase price payment was calculated as € 9 thousand (2014: € 49 thousand). This portion has already been paid in 2016 at the amount recognised as a liability.

Reconciliation of Level 3 Fair Values

The following table shows the reconciliation between the opening and closing amounts for Level 3 fair values.

	Conditional purchase prices
	€ '000
Position at January 1, 2014	1,800
Payments	-931
Loss recognised as financial charges	
Interest costs	16
Position at December 31, 2014 / January 1, 2015	885
Payments	-394
Loss recognised as financial charges	
Change in fair value	-138
Interest costs	2
Position at December 31, 2015	355

Nature and Extent of Risks Associated with Financial Instruments

The credit risk is the risk that one party to a financial instrument will cause a loss for the other party as a result of not meeting its obligations. The market risk is based on the fact that the fair value or future cash flows from a financial instrument fluctuate as a result of changes in the market prices. The market risk assumes a more specific form in interest rate risks and exchange rate risks. The liquidity risk denotes the risk of crystallising difficulties in fulfilling financial obligations, e.g. the risk of being unable to prolong loans or secure new loans to repay loans due.

Credit Risks

A substantial part of the credit risk for technotrans relates to the risk of defaulting on trade receivables and theoretically also the risk of the banks with which technotrans has credit balances declaring bankruptcy. Banks are chosen on the basis of long-standing positive experiences and the banks' ratings.

There are credit risks equivalent to the reported carrying amounts of € 32,034 thousand. The trade receivables are to some extent covered by credit insurance; the insured volume at the reporting date was € 3,104 thousand.

The bad debt risk entails a concentration of risk because the major printing press manufacturers worldwide account for a substantial portion of technotrans' receivables. Significant bad debt losses had been incurred from two printing press manufacturers in the previous years. Corresponding impairment was applied. No significant bad debt losses were incurred in the financial year.

In the case of new customers, technotrans endeavours to limit the bad debt risk by obtaining credit information and monitoring credit limits with IT assistance. Here, too, there exists a degree of credit risk because customers operate largely within the printing sector.

In addition to observing credit limits, technotrans regularly agrees retention of title until goods or services have been paid for in full. technotrans does not usually demand security from customers.

The credit risks from trade receivables can be broken down by region, customer group and age structure as follows:

	31/12/2015	31/12/2014
	€ '000	€ '000
By region		
Germany	4,382	5,596
Other eurozone countries	2,992	2,965
Rest of Europe	580	300
North America	1,734	1,860
South America	110	113
Asia and Middle East	1,754	2,106
	11,552	12,940
By customer group		
OEM	5,608	6,988
End customers	5,944	5,952
	11,552	12,940
By age structure of receivables (without impairment)		
Carrying amount	11,552	12,940
of which: neither impaired nor overdue	8,347	10,179
of which: not impaired and		
overdue by up to 30 days	2,045	1,961
overdue by between 31 and 60 days	523	581
overdue by between 61 and 90 days	268	84
overdue by more than 90 days	369	135

With regard to the trade receivables that are neither impaired nor overdue, there is no indication at the balance sheet date that the debtors will not meet their obligations to pay.

Liquidity Risk

technotrans AG uses rolling financial and liquidity planning to determine its liquidity requirements. It ensures that sufficient cash and cash equivalents are available at all times to settle liabilities. The group has an unsecured bank loan which is subject to an obligation to adhere to certain financial indicators (financial covenants). A future breach of those indicators could lead to the loan becoming repayable at an earlier date than indicated in the following table.

The future payment streams for contingent consideration (cf. Note 12) and from the interest rate swaps may differ from the amounts shown in the following table because interest rates or the relevant conditions are subject to change.

Except in the case of these financial liabilities, it is not expected that a payment stream included in the maturity analysis might arise significantly earlier or in a significantly different amount.

The cash and cash equivalents available are kept exclusively with banks with a very good credit rating. Continuing credit facilities amounting to up to € 13.5 million (2014: € 13.5 million) were also in place at the balance sheet date.

The following table shows the contractual due dates of financial liabilities, including any interest payments.

	Carrying amount	Contractual/ expected payment	Due within					over 5 years
			6 months	6-12 months	1-2 years	2-5 years		
			€ '000	€ '000	€ '000	€ '000	€ '000	
At December 31, 2015								
Borrowings	8,058	8,837	1,459	740	2,885	2,829	924	
Other non-current liabilities	360	360	n/a	n/a	140	220	0	
Trade payables	2,433	2,433	2,413	20	n/a	n/a	n/a	
Other current liabilities	388	388	388	n/a	n/a	n/a	n/a	
Interest rate swaps	144	144	10	13	49	72	0	
	11,383	12,162	4,270	773	3,074	3,121	924	
At December 31, 2014								
Borrowings	11,639	12,782	1,574	2,044	2,324	5,432	1,408	
Other non-current liabilities	850	947	n/a	n/a	357	590	0	
Trade payables	2,637	2,637	2,611	26	n/a	n/a	n/a	
Other current liabilities	463	463	462	1	n/a	n/a	n/a	
Interest rate swaps	193	193	11	12	23	46	101	
	15,782	17,022	4,658	2,083	2,704	6,068	1,509	

Market Risks

technotrans pursues the objective of only being exposed to **interest rate risks** to a limited degree. Financial liabilities of € 2,868 thousand (2014: € 5,532 thousand) were therefore raised at a fixed interest rate. Long-term, variable-rate loans are hedged by the use of interest rate swaps, which are not needed in the case of short-term loans. All variable-rate loans (€ 5,190 thousand; 2014: € 6,107 thousand) are converted into fixed-rate loans by means of interest rate swaps. The group does not report any fixed-rate financial assets and liabilities at fair value through profit and loss, apart from the conditional purchase prices. Derivatives (interest rate swaps) are not intended as hedging instruments for fair values. A change in the interest rate at the reporting date would therefore not influence the gain or loss.

The carrying amounts of the interest rate swaps are equally exposed to an interest rate risk.

The group is exposed to **exchange rate risks** in the context of its operating activities. At December 31, 2015 the trade receivables as well as the cash and cash equivalents were denominated mainly in euros; other noteworthy components were denominated in US dollars, Chinese renminbi and Sterling. The foreign currency holdings quoted are held essentially by technotrans AG and the local national companies within the group.

		31/12/2015			31/12/2014		
		USD	CNY	GBP	USD	CNY	GBP
Trade receivables	in thousand	1,606	4,848	283	1,747	4,198	298
	in € thousand	1,475	687	385	1,439	557	382
Cash and cash equivalents	in thousand	3,652	2,030	822	2,529	2,918	586
	in € thousand	3,355	287	1,120	2,083	387	753

Financial liabilities are denominated predominantly in euros.

Net investments in a foreign business exist exclusively in Brazilian reals. Changes in exchange rates would have an equity effect.

Other foreign currency risks are limited within the technotrans Group by the fact that production takes place principally within the eurozone, and that the currency of production usually corresponds to the currency in which the customer is invoiced. Where significant discrepancies occur, this exchange risk is usually hedged against by means of derivative financial instruments. There were no currency hedging transactions at December 31, 2015.

Sensitivity Analysis

A potential 10 percent appreciation in the euro compared with the principal foreign-exchange closing rates throughout the group would have had the following effects on equity and profit after tax, assuming that all other variables, and in particular interest rates remain unchanged:

	Effect on equity	Effect on profit after tax
	€ '000	€ '000
At December 31, 2015		
USD	501	110
GBP	77	15
BRL	333	6
At December 31, 2014		
USD	461	46
GBP	76	15
BRL	477	5

The figures reflect the impact on the period under review of changes in both the closing rate and the average rate, in each case based on a 10 percent change compared with the translation rates applied in the respective consolidated financial statements.

A corresponding weakening of the euro would have had the opposite effect.

Market risks from interest rate fluctuations exist only for the interest rate swaps. A fall in the interest rate of one percentage point would have only a marginally negative impact on the valuation of the interest rate swap and therefore on equity.

Hedging Instruments

At the balance sheet date, there existed the following derivative financial instruments for hedging against the interest rate risk for variable interest-bearing loans denominated in euros (see Note 11); including these derivative financial instruments, the financial assets and financial liabilities are not exposed to any significant interest rate risk.

	Nominal amount	Repaid	Balance	Fixed rate	Variable Interest	Maturity	Fair Value
	€ '000	€ '000	€ '000	% p.a.			€ '000
Payer-Swap	3,688	3,172	516	2.81	3-month EURIBOR	Sep. 2018	-18
Payer-Swap	3,000	572	2,428	2.63	3-month EURIBOR	Jan. 2020	-59
Payer-Swap	1,500	0	1,500	2.70	3-month EURIBOR	Juni 2017	-42
Payer-Swap	1,100	354	746	3.40	3-month EURIBOR	Aug. 2020	-25

The fair values are obtained from the measurement of the outstanding items, disregarding any counter-cyclical trends in value from the positions. The fair values are calculated by major German banks on the basis of discounted cash flows (Level 2 according to IFRS 13.82).

Interest Rate Swap

The nominal amount or principal amount, terms, interest payment dates, interest rate adjustment dates, due dates and currencies of the hedged item and hedging instrument are the same. In cases where a hedge exists for a future transaction, it was accounted for as a hedging relationship only if it was considered very probable that this transaction would occur. The efficiency of the hedge pursuant to IAS 39.88 (b) is high, reaching almost 100 percent. The requirements of IAS 39.88 are moreover satisfied.

The interest rate swaps are recognised as a cash flow hedge at the market price; measurement gains and losses from changes in the market price are recognised in the hedging reserve, under equity, with no effect on income. The fair value of the hedging instruments at the balance sheet date is recognised at € 144 thousand under the current "Other liabilities" (Note 17). The underlying loan transactions are measured at amortised cost, using the effective interest method.

The deferred tax on the negative market prices of € -15 thousand was netted against the hedging reserve with no effect on income, with the result that the negative balance of the hedging reserve amounted to € 100 thousand at the reporting date.

	€ '000
Opening level at January 1, 2014	-81
Change of the market values of cash flow hedges	-76
Deferred tax on these not affecting income	23
Level at December 31, 2014 / January 1, 2015	-134
Amount transferred to the Income Statement	93
Change of the market values of cash flow hedges	-44
Deferred tax on these not affecting income	-15
Closing level at December 31, 2015	-100

33) Future Payment Obligations

	31/12/2015			31/12/2014	
	up to 1 year	1 to 5 years	over 5 years	Total	Total
	€ '000	€ '000	€ '000	€ '000	€ '000
Maintenance agreements	642	78	0	720	3,056
Tenancy and operating lease agreements	1,527	2,860	496	4,883	2,871
Other	101	7	0	108	117
	2,270	2,945	496	5,711	6,044

The future payment obligations are measured at their nominal amount; amounts in foreign currency were measured at the closing rate.

The maintenance agreements relate in the main to the ERP data processing system.

The future obligations from tenancy and lease agreements relate primarily to tenancy obligations for the business premises of subsidiaries and to the vehicle leasing agreements concluded. The expenditure for tenancy and lease agreements (minimum lease payments) in the year under review amounted to € 1,900 thousand (2014: € 1,772 thousand).

34) Personnel Expenses

	2015	2014
	€ '000	€ '000
Wages and salaries	34,806	32,881
Christmas bonus (Christmas shares)	218	213
Other compensation components (Shares)	29	0
Social insurance	6,237	5,862
Expenses for retirement benefits and maintenance payments	871	852
	42,161	39,808

The wages and salaries item also includes payments made in connection with the termination of employment of € 115 thousand (2014: € 908 thousand).

Social insurance comprises expenditure for defined contribution plans (employer contributions to the compulsory state pension scheme) totalling € 2,373 thousand (2014: € 2,034 thousand).

In the reporting period 11,967 (2014: 22,629) ordinary shares in technotrans AG were distributed to employees by way of a Christmas bonus, as well as 2,187 (2014: 0) ordinary shares in the form of compensation components; all shares had previously been acquired on the market under the share buy-back arrangements.

35) Total Employees, Yearly Average

	2015	2014
Average number of employees	810	771
of which in Germany	650	609
of which abroad	160	162
Technicians/skilled workers	503	480
Academic background	180	169
Trainees	74	68
Other	53	54

36) Related Parties

"Related parties" include the members of the Board of Management and Supervisory Board of technotrans AG, as well as their close family members.

Since the 2011 financial year the remuneration system for the Board of Management has met the latest standards and the statutory requirements of the Act on the Appropriateness of Management Board Compensation (German VorstAG). Please refer to the "Report on the Remuneration System of the Board of Management" in the Management Report for the group for information on the payment components.

Payments to Members of the Board of Management and Supervisory Board

	2015	2014
	€ '000	€ '000
Board of Management		
Regular payments		
of which fixed	689	660
of which variable	503	456
	1,192	1,116
Supervisory Board		
Regular payments		
of which fixed	79	79
of which variable	90	59
	169	138

In addition to the remuneration paid in the financial year, the members of the Board of Management are entitled to a profit share of € 387 thousand (2014: € 323 thousand) that is conditional on the attainment of future targets focusing on sustainability.

The regular payments to the Board of Management (fixed) include payments by the company for defined contribution plans totalling € 90 thousand (2014: € 90 thousand).

No employer's pension commitment has been made towards the members of the Board of Management, nor have loans been granted to them or surety obligations accepted on their behalf.

The members of the Board of Management and Supervisory Board are listed separately in the section "Corporate Bodies".

Directors' Holdings (Board of Management and Supervisory Board Members)

	Shares	
	31/12/2015	31/12/2014
Board of Management		
Henry Brickenkamp	47,037	47,037
Dirk Engel	20,000	20,000
Dr Christof Soest	18,764	18,764
Supervisory Board		
Reinhard Aufderheide	3,366	3,347
Dr Norbert Bröcker	250	250
Heinz Harling	64,854	64,854
Thomas Poppenberg	610	554
Helmut Ruwisch	1,500	1,500
Dieter Schäfer	0	0
Family members		
Marian Harling	1,000	1,000

37) Corporate Governance

The Board of Management and Supervisory Board submitted the Declaration of Conformity pursuant to Section 161 of German Stock Corporation Act in September 2015 and provided permanent access to it for shareholders and interested parties on the company's website (www.technotrans.de).

38) Events Occurring after the Balance Sheet Date

The date for release of the annual financial statements by the Board of Management pursuant to IAS 10.17 is February 25, 2016. These Consolidated Financial Statements are subject to approval by the Supervisory Board (Section 171 (2) of German Stock Corporation Act).

No further events of particular significance affecting the financial performance, financial position or net worth of the company occurred after the end of the 2015 financial year.

39) Disclosures of Interests Reported Pursuant to Section 21 (1) or (1a) of German Securities Trading Act

Reporting party	Reported development			
	Threshold value*	Date on which exceeded or undercut	New interest in voting power	Disclosures on attribution
	in %	Date	in %	
Lazard Frères Gestion SAS, Paris/France	>5%	17.5.2010	5,28	SICAV Objectif Small Caps Euro, Paris/France
technotrans AG, Sassenberg	>5%	12.3.2008	5,02	
Teslin Capital Management BV, Maarsbergen/the Netherlands	>3%	15.1.2010	3,02	Midlin NV, Maarsbergen/the Netherlands
Baring Fund Managers Limited, London/Great Britain	>3%	28.9.2015	3,00	Baring Asset Managers Limited, London/Great Britain

*moved above (>) or below (<).

As at February 25, 2015 Hauck & Aufhäuser Investment Gesellschaft S.A., Luxembourg, gave notification of a share of voting rights of 5.11 %.

PROPOSAL OF THE APPROPRIATION OF PROFIT

The Board of Management and Supervisory Board propose to the Shareholders' Meeting that the accumulated profit of technotrans AG be distributed as follows:

	€
Distribution of a dividend of € 0.48 per no par value share on the dividend-bearing share capital	3,134,682.24
Profit carried forward	2,705,240.02
Accumulated profit	5,839,922.26

The shares held by the company do not qualify for dividends pursuant to Section 71b of German Stock Corporation Act. Based on the dividend-bearing share capital of technotrans AG of € 6,530,588 at the balance sheet date, the amount for distribution is € 3,134,682.24. The number of dividend-bearing shares may increase or decrease up to the time of the Shareholders' Meeting as a result of the acquisition or sale of treasury shares. In that instance, a correspondingly modified resolution on the amounts in question in the appropriation of profit shall be put to the Shareholders' Meeting, based on an unchanged dividend of € 0.48 per dividend-bearing share.

Sassenberg, February 26, 2016

technotrans AG
The Board of Management



Henry Brickenkamp



Dirk Engel



Dr Christof Soest

RESPONSIBILITY STATEMENT BY THE MANAGEMENT

To the best of our knowledge, and in accordance with the applicable reporting principles for financial reporting, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the group, and the management report of the group includes a fair review of the development and performance of the business and the position of the group, together with a description of the principal opportunities and risks associated with the expected development of the group.

Sassenberg, February 26, 2016

technotrans AG
The Board of Management



Henry Brickenkamp



Dirk Engel



Dr Christof Soest

INDEPENDENT AUDITOR'S REPORT

We have audited the Consolidated Financial Statements prepared by technotrans AG – comprising the Consolidated Balance Sheet, Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Cash Flow Statement, Statement of Movements in Equity and Notes – as well as its report on the situation of the company and the group for the financial year from January 1 to December 31, 2015. The preparation and the content of the Consolidated Financial Statements and Combined Management Report in accordance with IFRS as adopted by the EU, and in accordance with the supplementary requirements under commercial law pursuant to Section 315a (1) of German Commercial Code, are the responsibility of the company's management. Our responsibility is to express an opinion on the Consolidated Financial Statements and Combined Management Report on the basis of our audit.

We conducted our audit of the Consolidated Financial Statements in accordance with Section 317 of German Commercial Code, observing the German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Those standards require that we plan and perform the audit such that we can establish with reasonable assurance whether the representation of the financial position and financial performance, as reflected in the Consolidated Financial Statements in keeping with the applicable accounting standards, as well as in the Combined Management Report, contains any material misstatements and irregularities. Knowledge of the business activities and the economic and legal environment of the group as well as evaluations of possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the internal accounting control system and the evidence supporting the amounts and disclosures in the Consolidated Financial Statements and Combined Management Report are examined predominantly on a test basis within the framework of the audit. The audit includes assessing the individual financial statements included in the Consolidated Financial Statements, the definition of the group, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the Consolidated Financial Statements and Combined 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, formed on the basis of our audit, the Consolidated Financial Statements are in accordance with IFRS, as adopted by the EU, as well as with the supplementary requirements under commercial law pursuant to Section 315a Para. 1 of German Commercial Code and, on the basis of those requirements, give a true and fair view of the financial position and financial performance of the group. The Combined Management Report is in agreement with the Consolidated Financial Statements, on the whole provides a suitable understanding of the group's position and suitably presents the risks of future development.

Bielefeld, March 7, 2016

KPMG AG

Wirtschaftsprüfungsgesellschaft



Andreas Blücher
Independent Auditor



Wolf Schröder
Independent Auditor

FINANCIAL CALENDAR

Publication	Date
Annual Report 2015	2016-03-08
Interim Report 1-3/2016	2016-05-04
Annual Shareholder Meeting	2016-05-12
Interim Report 1-6/2016	2016-08-05
Interim Report 1-9/2016	2016-11-04

THE SUCCESS STORY

Milestones in the company history of technotrans

2015	Growth strategy is 'on track' technotrans group expands its business outside the printing industry up to 35 percent
2014	Legal form of Termotek AG, Baden-Baden and gds AG, Sassenberg into a GmbH Debut of mobile cooling systems for batteries and chillers for charging stations and converter at InnoTrans, Berlin - international trade fair for Transport Technology
2013	Acquisition of majority interests in KLH Kältetechnik GmbH and its sister companies in Singapore and PR China
2012	Partnership with KLH Kältetechnik GmbH resulting in increased presence in the market for laser cooling systems Merger of Chinese production operations at the KLH location in Taicang Spray lubrication for forming technology makes debut at the Euroblech show Acquisition of a majority interest in Sprachenwelt GmbH by gds AG
2011	Acquisition of Termotek AG technotrans becomes serial supplier of the toolsmart (for cooling lubricant preparation) to Sauer GmbH
2010	Transfer of technical operations for ink supply systems from Gersthofen to Sassenberg Cooperation with Termotek AG, resulting in entry into the laser market Business units define and evaluate 30 projects outside the printing industry
2009	Production operations are halted at the Mt. Prospect (USA) and Gersthofen (Germany) locations and transferred to Sassenberg, and the structures in Asia are consolidated
2008	Two employees' representatives are elected to the Supervisory Board (One-Third Employee Representation Act)
2007	Establishment of the subsidiary in Dubai (UAE) Establishment of the subsidiary in Moscow (Russia) Opening of a further sales and service office in Shanghai, China Opening of a further sales and service office in Melbourne, Australia
2006	Merger of the two American production locations in Chicago Establishment of the subsidiary in Brazil Opening of a further sales and service office in Madrid, Spain
2005	Construction of new production plant at Gersthofen, near Augsburg
2004	Opening a further sales and service office in Yokohama, Japan
2003	Consolidation of international production capacities and relocation of assembly from technotrans graphics ltd., Colchester (Great Britain), to Sassenberg
2002	Transfer of activities from Atlanta to the principal American location in Chicago

2001	<p>Takeover of the American Steve Barberi Company Inc. and its subsidiary, Farwest Graphic Technologies LLC, of Corona, near Los Angeles, California (USA), renamed technotrans america west, inc.</p> <p>Takeover of the Electroforming Division of Toolex International N.V., which now operates as technotrans scandinavia AB, Tåby, Sweden</p> <p>Establishment of technotrans japan k.k. as a sales and service company</p> <p>Establishment of technotrans china ltd., Hong Kong, as a sales and service company</p>
2000	<p>Takeover of the American company Ryco Graphic Manufacturing, Inc. (Chicago) and merger with technotrans america inc.</p>
1999	<p>Founding of technotrans technologies pte. ltd. in Singapore</p> <p>Founding of the subsidiary technotrans italia s.r.l. in Milan</p> <p>The subsidiary technotrans systems GmbH is merged with technotrans AG</p>
1998	<p>Takeover of BVS Grafische Technik GmbH, which is renamed technotrans systems GmbH</p> <p>Initial public offering</p>
1997	<p>Transformation into a stock corporation</p> <p>Founding of technotrans printing equipment (Beijing) Co. Ltd., People's Republic of China</p>
1995	<p>technotrans america inc. is established in Atlanta, Georgia (USA)</p>
1993	<p>technotrans france s.a.r.l. is founded</p>
1992	<p>technotrans becomes original equipment supplier for the Heidelberg Speedmaster and MAN-Roland 700 presses</p>
1990	<p>Management Buy-out</p> <p>technotrans graphics ltd. is founded in Colchester, Great Britain</p> <p>Launch of the new system component concept for ancillary equipment on printing presses</p> <p>technotrans is one of the world's three largest suppliers of dampening solution preparation systems</p>
1987	<p>Launch of the first ink roller temperature control systems</p>
1981	<p>Development of a separate product line for dampening solution preparation systems</p>
1977	<p>Production of the first dampening solution equipment</p>
1973	<p>Initial contacts with the audio media and printing industry</p>
1970	<p>Founding of the company</p>

CONCEPT AND DESIGN

EQS Group AG, Munich and technotrans AG, Sassenberg

PRINT

Darpe Industriedruck GmbH & Co. KG, Warendorf

printed on Heidelberg Linoprint C751

VCSEL-technology (Vertical Cavity Surface-Emitting Laser) for brilliant picture quality

electrostatic transfer system with four cylinder and integrated transfer belt

oil-free bad fixation technique

waxed-based PxP toner

Member of
the technotrans group

∕technotrans

∕gds

∕termotek

∕kih

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