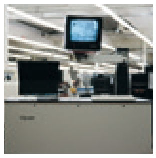
VISCOM
vision technology

30
2014

30 YEARS OF VISIONARY VIEW

Annual Report 2014

Content



1988

First Viscom component placement inspection system in use

1985

Exhibition at the Hanover Messe / Market launch of image processing software TopPic

1990

Introduction of the first soldered connection inspection system 6031

1996

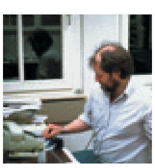
Introduction of the first system worldwide to combine visible light inspection and X-ray inspection (AOI/AXI)

1984

Martin Heuser and Volker Pape founded the enterprise

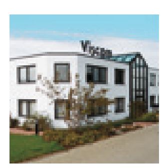
1989

Major orders from automotive suppliers for electronic assembly inspection systems come in



1986

Entry into serial production – inspection systems for CD inspection



1992

Viscom moves to present headquarters in Hanover-Badenstedt

2003

Development of compact X-ray inspection system X8011 / First Technology Forum and User Meeting

1998

International expansion with subsidiaries in the USA and Singapore

2005

Quality management system certified in accordance with DIN EN ISO 9001:2000

2001

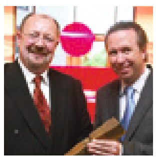
Change of corporate form to German stock corporation / International expansion with subsidiary in France

2002

EasyPro – the new user interface for Viscom inspection systems is introduced

1997

Introduction of first proprietary X-ray tube



2004

Dr. Martin Heuser and Volker Pape named „Entrepreneurs of the Year 2003“ in Hanover

2000

Viscom grows – turnover jumps to over 21 million euros / Introduction of the first wire bond inspection system

2007

Opening of the new Viscom Applications Center in Shanghai in the presence of Niedersachsen Minister President

2014

Viscom celebrates 30th anniversary

2012

New operating software "vVsion"/ Development of new high speed camera technology (XM module)

2011

New turnover record since company founded/ Viscom extends product family for wire bond inspection with the system S6056BO

2006

Viscom listed on stock market in May 2006/ Presentation of the first AOI desktop system S2088

2013

Viscom optimizes process control with Viscom Quality Uplink and Total 3D

2008

Viscom wins several awards in China and the USA

OPERATING FIGURES

Profit and loss

		2014	2013
Revenues	K€	62,254	49,820
EBIT	K€	9,378	6,772
Annual profit	K€	6,685	4,723

Balance sheet and cashflow statement figures

		2014	2013
Total assets	K€	64,458	71,358
Equity ratio	%	83.1	86.3
CF from current business	K€	4,755	7,174
CF from investment	K€	-2,233	-2,478
CF from financing	K€	-15,126	-5,331
End of period capital	K€	16,933	29,285

Share

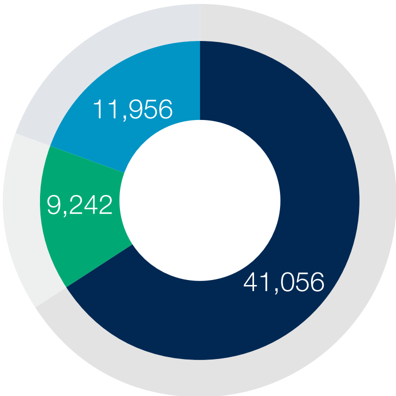
		2014	2013
Result per share	€	0.75	0.53
Dividend per share*	€	1.00	1.70

*Dividend proposal 1,00 € per share for the financial year 2014

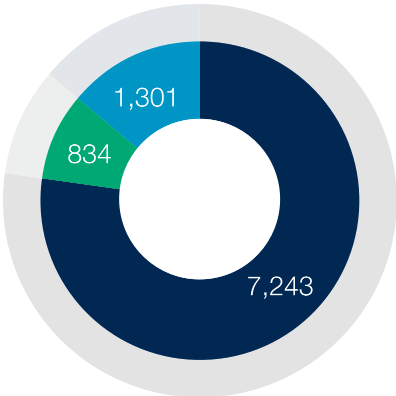
Employees

	2014	2013
Employees at year-end	325	300
Employees in annual average	314	296

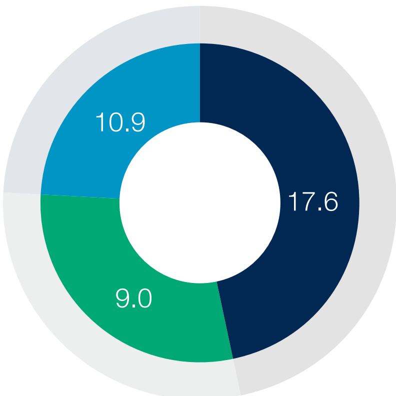
SEGMENT INFORMATION



Revenue
in K€



EBIT
in K€



EBIT-Margin
in %

■ Europe ■ Asia ■ Americas

FIGURES 2014

62,254
Revenue
in K€

9,378
EBIT
in K€

15.1
EBIT-Margin
in %

83.1
Equity Ratio
in %

FOREWORD FROM THE EXECUTIVE BOARD

30 Years of Viscom – Proud of our success story

Dear Ladies and Gentlemen,

30 years of Viscom. 30 years of technological insight. 2014, our anniversary year, was not just an occasion for us to celebrate our thirtieth birthday, but was also a year in which we as a company performed excellently, generating the highest revenue in the company's history. How did we achieve this outstanding result?

Electronics are increasingly saturating every aspect of life. Electronic assemblies are growing smaller and smaller, yet at the same time are taking on an increasing number of functions. The result: Increased demands on quality are not only increasing the component density of printed circuit boards, but also, the components used are becoming smaller. This technological diversification requires top-class inspection solutions: solutions that ensure product quality on the one hand, while on the other hand, ensuring the sustainable stability of increasingly complex processes. And this is exactly where Viscom excels: Decades of experience, a high level of professional expertise and client proximity in the automated inspection of electronics products have been our hallmark for over 30 years.

The figures for the 2014 financial year speak for themselves: They reflect our dedicated, skilled employees in all business areas and markets. Incoming orders had already reached a record level during the first half of the year. In particular, our strategy of generating market shares outside the automotive sector has proven that we are on the right track. In the first quarter, we started on a large order from a customer in the computer, communication and consumer (3C) market for electronics production at a contract manufacturer (EMS) in China. The order volume totalled approximately

Dirk Schwingel, Volker Pape, Dr. Martin Heuser (l. t. r.)
Executive Board

€4 million and was reported as revenue and income in the first half of 2014. The positive order trend continued in the third quarter, mainly due to increased demand for our new technologies. Demand for the new XM camera technology, one of the fastest AOI camera systems on the global market, is particularly high. Boosted by strong business at the end of the year, our excellent performance has ensured that the thirtieth anniversary of our company is even more special.

Revenue as of 31 December 2014 was up approximately 25 % on the previous year, and incoming orders were even around 31 % higher. We also generated an EBIT-Margin of 15.1 %, which was more than we had anticipated in the annual forecast for 2014.

Europe was by far the strongest region for Viscom Group, accounting for roughly 66 % of revenue. We were particularly pleased with the considerable investments made by our customers in Germany, where we were able to generate a 44 % increase in revenue year on year.

Our subsidiaries in international markets also contributed to the positive development of the Group. In the first half of the financial year, business was initially quite slow, particularly in Asia. During the second half of the year, customers from all market segments began to show heightened interest in our new 3D-inspection technologies. The launch of our XM-technology, which is also 3D-ready, in combination with the improved S3088-platform for optical inspection of electronic components, which now offers enhanced performance at a lower price was able to accommodate the customer demand in the third quarter. Our ability to deliver

ALL GOOD THINGS COME IN THREES

30455 Hanover – our head office. 30 years of technological vision have made Viscom great. Three members of the Executive Board set the company's course. The innovative 3D inspection technologies were a huge step and then there are the three things which are essential to us: attention to detail, a sense of proportion and keeping an eye on the bigger picture.

products fast ensured that the closing quarter was particularly good. At the same time, measures initiated during the year to improve the sales and support structure were effective. This led to an extraordinary increase in the number of evaluations, which were mainly awarded to Viscom. In addition, the broader installation base led to an increase in the service business.

2013's positive trend in the Americas region continued in 2014, boosted by the popularity of the new XM-sensor module and the 3D-AOI-technology. Continued high demand for automotive electronics in Mexico and for industrial electronics in the USA have also ensured that the business environment has remained stable in this segment.

As in previous years, we would like our shareholders to benefit from the positive performance of Viscom AG, which is why we, the Executive Board, and the Supervisory Board will propose to the Annual General Meeting for the 2014 financial year a dividend of € 1.00 per dividend-bearing share. In addition to the dividend from retained earnings in 2014 of € 0.72 per share, a special dividend of € 0.28 per share is to be distributed following the transfer of € 2,500 thousand from the free capital reserve to increase retained earnings. After payment of this special dividend, the free capital reserve will still amount to € 8,650 thousand or € 0.97 per dividend-bearing share. This amount remains available for potential future dividend payments and / or share buy-back programmes.

The signals currently coming from the markets and the economic outlook give us reason to assume that our forecast of a slight improvement in business in the 2015 financial year is realistic. We expect to generate revenue of between € 62 million and € 67 million and an EBIT-Margin of between 13 % and 15 %.

The success of the 2014 financial year is rooted in the dedicated and tireless performance of our employees, the trust placed in us by our customers and the support of our business partners, and we would like to take this opportunity to thank you!

Dear shareholders, we hope you enjoyed doing business just as much as we did in the reporting year. Please be assured that we will continue to make every effort to ensure that the 2015 financial year is just as successful. We thank you for your loyalty to Viscom.

The Executive Board

Dr Martin Heuser   Volker Pape   Dirk Schwingel

SUSTAINABLE SUCCESS

In the space of 30 years, Viscom AG has developed from a software designer for industrial image processing into a global company. From research & development to production, we create solutions for high-tech optical and X-ray inspection systems "made in Germany".
Our company is now one of the leading companies in the industry – worldwide.

Central in Hanover

REPORT OF THE SUPERVISORY BOARD

The section that follows comprises the Supervisory Board's report on its activities in the past 2014 financial year – the focal points of its monitoring and consultation functions, compliance with the Corporate Governance Code, and the audit of Viscom AG and the consolidated financial statements.

Dear Ladies and Gentlemen,

The 2014 financial year was another good year for Viscom AG. We increased revenue and profit as anticipated. In particular, we succeeded in placing a large order within the communications industry. This achievement is an important step in the efforts of the Executive Board to reduce the company's dependence on the automotive industry. The Supervisory Board is confident that we will be able to continue to broaden our customer base in the current financial year.

Advising The Executive Board And Monitoring Management

In the 2014 financial year, the Supervisory Board carried out the duties and obligations required of it by law and the Articles of Association, monitoring the Executive Board's management of the company and regularly acting in an advisory capacity on corporate management issues making sure the Executive Board acted in accordance with rules and legal regulations. It also obtained regular, prompt, comprehensive information on the development of business operations over the course of the year, the company strategy and its implementation, planning, the risk situation, risk management measures and compliance. The Supervisory Board constantly monitored management on the basis of written and verbal Executive Board reports and joint meetings, expecting explanations from the Executive Board of any deviations from plans and objectives for business developments, and the reasons for these. The Supervisory Board carefully examined transactions that were important for the business and that required its approval, and discussed each of them with the Executive Board. The Supervisory Board also ascertained that the Executive Board implemented and developed an effective

Prof. Dr Ludger Overmeyer
Member of the Supervisory Board

Bernd Hackmann
Chairman of the Supervisory Board

Klaus Friedland
Deputy Chairman of the Supervisory Board

and efficient corporate compliance system, and an internal risk management and control system for Viscom Group.

Supervisory Board

In compliance with Section 11 paragraph 1 of the Articles of Association in conjunction with Section 95 sentences 1 to 4, Section 96 paragraph 1, Section 101 paragraph 1 of the German Stock Corporation Act (AktG), the Supervisory Board of the company consists of three members who are elected by the Annual General Meeting without being bound by any proposals for suitable candidates. Prof. Dr Claus-Eberhard Liedtke stepped down from the Supervisory Board for reasons of age effective 27 May 2014. The Supervisory Board would like to thank Prof. Dr Claus-Eberhard Liedtke for his many years of service to Viscom AG as well as for his hard work and loyal support.

Due to the impending retirement of Prof. Dr Claus-Eberhard Liedtke, the search began in the first half of the year for a suitable applicant as his successor on the Supervisory Board. The Supervisory Board initially drew up a profile for a potential candidate taking into account the objectives set by the Supervisory Board in line with Section 5.4.1 of the German Corporate Governance Code as amended on 24 June 2014. A list of candidates deemed fitting in the eyes of the Supervisory Board was drawn up in a process lasting several phases. The most suitable candidates were then selected from this list and the Supervisory Board subsequently proposed to the Annual General Meeting on 27 May 2014 to nominate Prof. Dr Ludger Overmeyer. His nomination was approved with the required majority at the Annual General Meeting.

Bernd Hackmann and Klaus Friedland stood for re-election and were reappointed by the Annual General Meeting on 27 May 2014 as members of the company's Supervisory

THE 3 MEMBERS OF THE SUPER-VISORY BOARD

The current members of the Viscom AG Supervisory Board are Bernd Hackmann, Klaus Friedland and Prof. Dr-Ing. Ludger Overmeyer. They were individually elected at the Annual General Meeting on 27 May 2014 pursuant to the recommendations of the German Corporate Governance Code. The term of office for the Supervisory Board is five years.

Board. The terms of office of the newly appointed Supervisory Board members end at the close of the Annual General Meeting that approves the actions of the members of the Supervisory Board for the 2018 financial year. Bernd Hackmann was elected by the Supervisory Board as Chairman of the Supervisory Board and Klaus Friedland was elected Deputy Chairman of the Supervisory Board of Viscom AG effective 27 May 2014.

Meetings Of The Supervisory Board

In the 2014 financial year, the Supervisory Board held seven regular meetings, including a meeting for the purposes of an efficiency assessment that excluded the Executive Board. These meetings took place on 10 February, 18 March, 6 May, 27 May, 31 July, 4 November and 2 December 2014. At these meetings, the Supervisory Board was given prompt and comprehensive information on current business policies, relevant aspects of company planning including financial, investment and personnel planning, the course of business, the company's current revenue, earnings and liquidity position, budget planning, the economic situation of the company and Group including risk factors and risk management as well as compliance within the Group, strategic objectives and all major organisational and personnel changes. All meetings were held in person. Resolutions on urgent matters were also passed outside of meetings, both in conference calls and in writing. The Supervisory Board regularly consults at the beginning of the sessions on matters relating to the Supervisory Board without the Executive Board. The Supervisory Board was involved in all decisions of fundamental importance to the company at an appropriately early stage. The Interim Management Reports and Interim Reports were also discussed with the Executive Board prior to their publication. In addition, the Supervisory Board was presented with transactions requiring its approval. These were approved following detailed examination and discussion with the Executive Board. The Executive Board provided the Supervisory Board with the key figures required to assess business developments, in each case including comparisons to the current budget and to figures for the previous year, as part of monthly reporting. Reporting by the Executive Board took place on request respectively in response to specific enquiries by the Supervisory Board, and periodically according to the standing rules for the Executive Board established by the Supervisory Board.

Additionally, the Chairman of the Supervisory Board was in regular contact with the Executive Board, which informed him of current business events.

Focus Of Supervisory Board Advice and Supervision Activities

Information passed from the Executive Board to the Supervisory Board focused on the revenue situation as well as its effects on the business operations of Viscom AG and the Group. The Supervisory Board discussed the organisation, including risk management, and the economic, financial and strategic situation of both the company and each of its business areas, as well as key questions of corporate policy and strategy, with the Executive Board. Furthermore, the Executive and Supervisory Boards discussed developments on the international markets and at the sites of the company's subsidiaries in the US, Asia and France, as well as the general global competitive structure and possible areas of diversification.

Key topics discussed in meetings of the Supervisory Board during the 2014 financial year included the strategic direction of the company and its further development, the business operations of the Group and the individual business areas.

The meeting to review the accounts on 18 March 2014 focused on the annual and consolidated financial statements for 2013, including the management reports, the Corporate Governance Statement and Corporate Governance Report as well as the Executive Board report on the relationships of Viscom AG to affiliated companies. During the meeting, which was also attended by the auditors, the Executive Board issued a comprehensive report to the Supervisory Board on the basis of detailed documents. In addition, the agenda and the proposed resolutions for the Annual General Meeting 2014 were approved.

At the meeting on 6 May 2014, the Supervisory Board chiefly addressed the development of business operations during the first three months of the year in the Interim Management Report as of 31 March 2014.

The meeting on 27 May 2014 focused on a detailed review of the Annual General Meeting 2014. Furthermore, Bernd Hackmann and Klaus Friedland were elected by the Supervisory Board as Chairman and Deputy Chairman of the Supervisory Board, respectively.

The focus of the meeting on 31 July 2014 was the development of business in the first six months of the year within the scope of the Interim Report, which the Executive Board and Supervisory Board discussed and reviewed in detail. The production business area was also examined more closely during this meeting.

The main points of discussion at the meeting on 4 November 2014 were the Interim Management Report as of 30 September 2014, as well as the internal control and risk management systems.

During their meeting on 2 December 2014, the Executive and Supervisory Boards discussed in detail and adopted the annual planning, including financial, investment and personnel planning, for the 2015 financial year on the basis of the extensive documentation. The current status as regards corporate compliance was also an issue in this meeting. The company's switch from the General Standard to the Prime Standard stock market segment was discussed and approved unanimously. It was decided that the company would be admitted to the Prime Standard in January 2015.

Each Supervisory Board member attended all Supervisory Board meetings.

Corporate Governance

Information on the aspects of the company's corporate governance related to the Supervisory Board can be found in the Corporate Governance Statement in accordance with section 289a of the German Commercial Code (HGB) which is part of this Annual Report. Remuneration of the individual Supervisory Board members is reported in the Corporate Governance Statement printed in this Annual Report. There were no indications of conflicts of interest among the Executive Board or Supervisory Board members that must be declared to the Supervisory Board immediately and information of which must be provided at the Annual General Meeting.

During the 2014 financial year, the Supervisory Board assessed the efficiency of its activities in line with the requirements of the German Corporate Governance Code. This took place on 10 February 2014. The meeting was conducted partially on the basis of checklists. In addition to the long-term assessment of past resolutions, the focus was on efficient cooperation within the Supervisory Board, between the Chairman of the Supervisory Board and the other Supervisory Board members, and between the Supervisory Board and the Executive Board. No essential points were identified that required improvement.

Moreover, the Executive and Supervisory Boards submitted the annual Compliance Statement confirming compliance with the German Corporate Governance Code on 27 February 2015. It has been made permanently available to the public on the Viscom AG website. The Executive Board, also on behalf of the Supervisory Board, reports on the company's Corporate Governance in the Corporate Governance Statement published by Viscom AG, in accordance with section 289a of the German Commercial Code (HGB).

Accounting

PricewaterhouseCoopers AG Wirtschaftsprüfungsgesellschaft, Hanover office, was elected by the Annual General Meeting of the company on 27 May 2014 as auditor for the annual and consolidated financial statements of Viscom AG as of 31 December 2014. The Supervisory Board then negotiated and awarded the audit assignment. It was agreed that the auditors should promptly report all findings and occurrences significant to the tasks of the Supervisory Board as they appear during the audit. Furthermore, it was agreed that the auditors are to inform the Supervisory Board respectively and/or include a comment in the audit report if, in conducting the audit, the auditors become aware of any information indicating an inaccuracy in the Declaration of Compliance on the German Corporate Governance Code issued by the Executive Board and Supervisory Board.

The 2014 annual financial statements of Viscom AG prepared by the Executive Board in accordance with the German Commercial Code (HGB) and the consolidated financial statements prepared according to International Financial Reporting Standards (IFRS), as adopted by the EU, as of 31 December 2014, as well as the management and group management reports together with the accounting records, were audited by the auditor who issued an unqualified audit opinion.

The audit focused especially on the recognition of revenue, the valuation of inventories and the impairment test of investments in the annual financial statements and cash-generating units in the consolidated financial statements. In addition, the auditor reviewed Viscom AG's existing early risk detection system in accordance with Section 317 paragraph 4 of the German Commercial Code (HGB) and, as a result of this assessment, came to the conclusion that the statutory obligations of management with regard to monitoring and transparency were complied with. The report on Viscom AG's relations with affiliated companies prepared by the Executive Board of Viscom AG in accordance with Section 312 of the German Stock Corporation Act (AktG) was also examined by the auditor PricewaterhouseCoopers AG Wirtschaftsprüfungsgesellschaft.

The auditor issued the following audit opinion:

"Following our mandatory audit and examination, we confirm that

1. the factual information contained in the report is accurate,
2. payments made by the company were not unreasonable for the transactions listed in the report,
3. the measures included in this report do not give cause for a materially different assessment from that of the Executive Board."

The Supervisory Board meeting to review the accounts took place on 17 March 2015. The annual financial statements, consolidated financial statements and audit reports, Executive Board report on Viscom AG's relations with affiliated companies, the Executive Board's proposal for the use of retained earnings, and all other documents and meeting reports were provided to the members of the Supervisory Board in a timely manner prior to this meeting. This documentation was discussed in detail during the Supervisory Board meeting to review the accounts. The auditor was present at the meeting, reported on the audit and audit results and was available to answer questions, provide additional information and discuss the documents.

Following a detailed discussion of the audit and audit results with the auditor, a thorough examination of the audit reports provided by the auditor, its own examination and discussion of the annual financial statements, consolidated financial statements, management report, group management report and the Executive Board's proposal for the use of retained earnings, the Supervisory Board consented to the results of the audit. The Supervisory Board determined that no objections were to be raised following the final results of its examination. In its accounts review meeting on 17 March

MONITORING AND ADVISING

The Supervisory Board monitors and advises the Executive Board on Company management. It is involved in strategy and planning as well as all matters fundamental to the Company.

2015, the Supervisory Board approved the annual financial statements, consolidated financial statements as well as the management report and group management report for the 2014 financial year (Section 172 sentence 1 of the German Stock Corporation Act (AktG)).

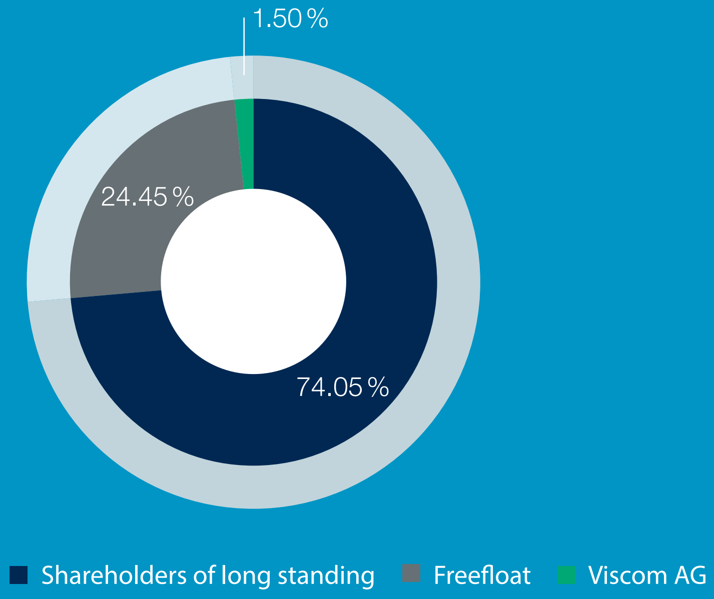
The Supervisory Board approved the proposal from the Executive Board on the appropriation of net retained profits. The Supervisory Board also examined the report of the Executive Board on Viscom AG's relations with affiliated companies and, based on its own examination and discussion of the report, agreed with the audit results of the auditor. In its meeting on 17 March 2015, it determined that after the final result of its review, there are no objections to be raised against the declarations of the Executive Board at the end of the report on relationships with affiliated companies.

The Supervisory Board would like to thank the members of the Executive Board, the management of the subsidiaries, the works council as well as all employees of the company for their very hard work, their achievements in the 2014 financial year and their commitment to the interests of the company.

Hanover, 17 March 2015
For the Supervisory Board

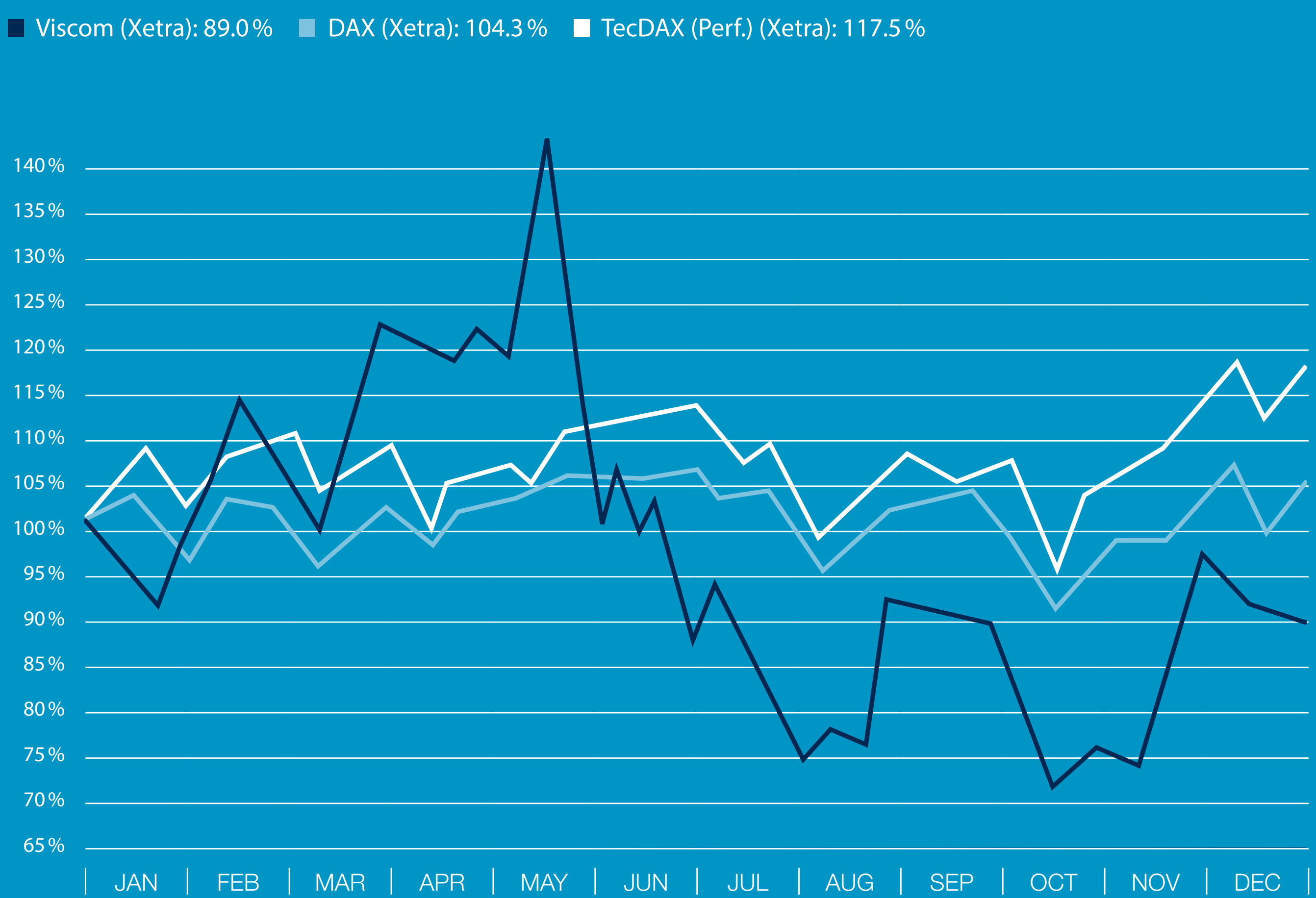
Bernd Hackmann
Chairman of the Supervisory Board

SHAREHOLDER STRUCTURE



VISCOM SHARE PRICE

In comparison to the DAX and the TecDAX



THE VISCOM SHARE

Basic Information On Viscom Shares

WKN	784686
ISIN	DE 000 7846867
Abbreviation	V6C
Listing	Regulated market (Prime Standard)
Category	No-par value bearer common share
Share capital in €	9.02 million
Share capital in units	9,020,000
Number of voting shares	8,885,060

		2014	2013	2012
Year-end share price (*)	€	11.20	12.30	7.60
Highest share price during the year (*)	€	18.00	12.60	8.69
Lowest share price during the year (*)	€	8.95	7.66	6.20
Market capitalisation (end of year)	million €	101.02	110.95	68.55
Earnings per share	€	0.75	0.53	0.75
Dividend per share	€	1.00	1.70	0.60

(*) All share price information is based on XETRA daily closing prices

Market conditions

2014 was a year of highs and lows on the stock market. Stock markets were negatively affected by various geopolitical influences, such as the Ukraine conflict and the campaigns of the "Islamic State", falling oil prices and the renewed flare-up of the European debt crisis. On the other hand, "cheap" money from the European Central Bank and low commodity prices propped up the financial markets. In view of these many external factors, the performance of the stock markets was extremely volatile. In mid-June 2014, the German leading index, the DAX, overshot the 10,000-point mark for the first time in its 26-year history. Not long after, the leading index plunged, falling to its lowest level of the year at around 8,500 points in October. As a result, the DAX only gained 4 % over the year as a whole.

Anna Borkowski, Jasmin Vennekohl (l. t. r)
IR-Team

„Our investor relations work is to allow all participants in the capital market the opportunity to evaluate Viscom AG fairly. We do this by means of continuous, open communication."

Viscom Share Price

The Viscom share got off to a good start at the beginning of 2014, performing in line with the TecDAX at an average share price of € 12.24. After starting the year at € 12.58, the performance of the Viscom securities became more volatile in the following months. The solid financial results announced at the end of March, the outlook for 2014 and in particular the prospect of a dividend payment of € 1.70 per dividend-bearing share at the Annual General Meeting caused the share price to rise disproportionately. The shares reached their highest value of € 18.00 on 27 May 2014. The share price's upward trend, which began after the announcement of the execution of the premium conversion model in August 2013, led to profit-taking, which was followed by pressure on the share price after this year's Annual General Meeting. The Viscom share reached its annual low on 16 October 2014 at € 8.95. The pleasing quarterly figures published on 11 November 2014 coupled with the company's solid operational performance and confirmation of the annual forecast by management had a positive impact on the share price. The Viscom share closed at € 11.20 at the balance sheet date 31 December 2014.

Research coverage

Four financial analysts monitored Viscom AG in the year under review and regularly published commentaries and analyses. All four analysts recommended buying Viscom.

Events after the balance sheet date / significant events: Switch in stock market segment

Until 31 December 2014, Viscom AG shares were listed in the General Standard of the regulated market on the Frankfurt Stock Exchange. The company was admitted to the regulated Prime Standard segment of the Frankfurt Stock Exchange on 22 January 2015. By switching from the General Standard to the Prime Standard and adhering to the highest standards of transparency and publicity, the company aims to make

Viscom shares more attractive and obtain greater interest from investors and analysts.

Shareholder structure

The company founders and CEOs of Viscom AG, Dr Martin Heuser and Volker Pape, hold the majority of shares in Viscom AG. 74.05 % of the shares are held by Dr Heuser and Mr. Pape either directly or via HPC Vermögensverwaltung GmbH. The free-floating shareholding of 24.45 % is largely held by investors in Germany and other European countries. Viscom AG owns 1.50 % of its own shares.

Annual General Meeting 2014

The Annual General Meeting of Viscom AG took place on 27 May 2014 in Hanover, 76.58 % of the share capital was represented. All agenda items were adopted by the shareholders and shareholder representatives with the necessary majority. Among other things, it was decided at the Annual General Meeting to pay a dividend of € 0.42 per share as well as a special dividend of € 1.28 per share. Furthermore, the Annual General Meeting elected a new Supervisory Board. The elections were carried out on an individual basis. The current members of the Viscom AG Supervisory Board are Bernd Hackmann (Chairman), Klaus Friedland (Deputy Chairman) and Prof. Dr Ludger Overmeyer. Prof. Dr Claus-Eberhard Liedtke did not stand for re-election and resigned from the Supervisory Board effective 27 May 2014.

Dividend / special dividend

The Executive Board and Supervisory Board will propose to the Annual General Meeting on 3 June 2015 that a dividend of € 1.00 per dividend-bearing share be paid. In addition to the dividend from retained earnings in 2014 of € 0.72 per share, a special dividend of € 0.28 per share is to be distributed following the transfer of € 2,500 thousand from the free capital reserve to increase retained earnings. After payment of this special dividend, the free capital reserve will still amount to € 8,650 thousand or € 0.97 per dividend-bearing share. This amount remains available for potential future dividend payments and / or share buy-back programmes.

Investor Relations

The objective of our investor relations work is to allow all participants in the capital market the opportunity to evaluate Viscom AG fairly. We do this by means of continuous, open communication. The company held numerous one-on-one meetings with analysts and investors in 2014 as well as at the Equity Forum of Deutsche Börse in Frankfurt.

All information on Viscom shares is published as it becomes available on our website at www.viscom.com / europe under Investor Relations

In addition, you can contact our Investor Relations department directly at the following address

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30455 Hanover, Germany
E-Mail: investor.relations@viscom.de
Tel.: +49 511 94996-861
Fax: +49 511 94996-555

30 YEARS OF VISIONARY VIEW

"A person with a new idea is a crank until the idea succeeds."

Mark Twain

It all started with a good idea: It's 1983, in the small wee hours. After a night of programming on the mainframe computer at the University of Hanover's computer centre, two people meet at the bike rack at five in the morning. And this is where, between five and six in the morning, the vision of a company for industrial image processing came to life.

From inspiration to realisation. It all starts in 1984: The American Company Apple introduces the Macintosh to the market, DNA fingerprinting is discovered, and Viscom AG is born. Recent graduates Volker Pape and Dr Martin Heuser found a company for industrial image processing – on 42 square metres. The start-up is a pioneer in this field and initially focuses on the development of image processing software.

30 years on: Viscom is one of the leading manufacturers worldwide of systems for optical and X-ray inspection for use in industrial electronics production and is the European market leader in the field of SMT inspection. The heart of Viscom still lies in Hanover. Today, more than 250 employees work here on around 12,000 square metres.

In the last three decades, Viscom has successfully mastered the challenges of rapid technological change and the ongoing process of globalisation as well as the ubiquity of electronics in all areas of life with innovations that are geared towards the current market and the future. Viscom finds optimum solutions for every requirement in the field of inspection systems, "Made in Germany". Furthermore, Viscom is represented in all major markets and guarantees its customers direct contact on site, first-class service and support.

PIONEER IN INDUSTRIAL IMAGE PROCESSING

The company was founded 30 years ago. A great deal has happened since then: What started out as a two-man enterprise has evolved into a high-tech company with international focus and over 300 employees worldwide. We can look back on a successful past and look forward to the future with optimism.

Volker Pape, Dr Martin Heuser (l. t. r.)
Founders and members of the Executive Board

FOCUS ON TECHNOLOGY

innovation

1990

The Viscom inspection system VPS 6031 goes into series production.

2014

S6056 high-end AOI: bestseller of 2014

The future-proof inspection solution for wave, reflow, pre-reflow and selective soldering

- Extremely fast AOI-XM-3D camera system
- Scalable, modular high-performance sensors with 3D measuring function
- Maximum inspection depth
- Best resolution at angled views
- Height measurement of components
- Single or double-track operation for printed circuit boards
- Also supports larger printed circuit boards
- Fast programming with vVision/EasyPro

scientific know-how

INNOVATIVE INSPECTION SYSTEM

Automated optical inspection (AOI) has become an essential tool in electronic assembly production. Our customers use AOI systems to monitor their production processes and optimise them in the long term.

quality and efficiency

30 YEARS OF TECHNOLOGICAL VISION

1990 was not just a landmark year for the aerospace industry. While the Space Shuttle Discovery launches the Hubble Telescope into space, Viscom sets its course for the future with several major orders from automotive suppliers. Besides the image processing software TopPic, the company gradually defines, develops and optimises its core competencies: physics, mechanical engineering, and automation technology.

Having diversified its business mix, and thanks to the orders that subsequently followed, 18 type VPS 6031 Viscom inspection systems go into series production in the same year.

The successes in the field of automated optical inspection are not to be the only ones. In 1995, as Windows95 revolutionises the world of personal computers and the DVD is launched as a digital audio storage device, Viscom ventures into the field of microfocus X-ray inspection – with success. In 1996, the company introduces the first system worldwide to combine visible light inspection and X-ray inspection. The fields of application of this innovative system are varied, ranging from inspection of materials to quality assurance in electronics production.

In 2000, as the first USB sticks come onto the market under the name “DiskOnKey”, Viscom introduces a worldwide unique wire bond inspection system. At Productronica 2005, the new S6056 high-speed inspection system for automated optical inspection of printed circuit boards is presented to the public for the first time. The latest model of this system, which is equipped with, among other things, the Viscom XM-sensor module, is still one of the company’s best-selling products. The same year also marks the development of a high-performance 3D-computed tomography system, and this is then followed by a world premiere in 2007: the X7056, the first system to conduct both optical inspection and 2D-X-ray inspection.

The new vVision operating software revolutionises the market in 2012 with intuitive navigation and more comfortable and faster operation of Viscom inspection systems. In the two following years, Viscom launches the S3088CCI inspection system for inspecting conformal coating of electronic assemblies as well as the high-speed 3D-AOI system for three-dimensional inspection of solder joints.

30 YEARS OF COMPETENCE UND INNOVATION

Electronics have revolutionised the world. They play an important role, and sometimes even have a key function, in almost all areas of life. We are clear about what our customers expect from us: quality, safety, and efficiency. These benchmark criteria are applied to all of the systems that the company develops and manufactures.

Viscom inspection systems are used wherever full quality assurance and process optimisation matters: in the production of automotive electronics, aerospace engineering and in the manufacture of industrial electronics. Material weaknesses and production errors have economic disadvantages for manufacturers and, particularly in the automotive industry, severe consequences for the end user. That's why renowned companies all over the world trust Viscom systems.

Torsten Pelzer, Alexandra Mattucci, Jan Elste (l. t. r)
Sales-Team

Today, the automotive and industrial electronics sectors are the most important markets for Viscom. The Group's aim is to tap into even more new and future-oriented fields of application. Viscom wants to play a greater role in the market segments where large investments are made, and continue to build on its already strong position on the national and international markets, all the while maintaining its reputation as a technological leader. Sector-specific market analysis and in-depth information exchange with customers and industry associations help to identify the needs of the market promptly and clearly. In doing so, the company is able to align its strategies and corporate activity with the needs of the market in a targeted and pragmatic manner.

Viscom is able to offer its customers inspection systems for every kind of test and for almost every budget. A customised product portfolio tailored to individual regions is the reason why Viscom systems consistently come out on top. This ability to compete is a platform for further international growth of the Group.

In 2013, Viscom set up a "Global Application Team" to implement custom applications and conduct evaluations on site, a move that received an excellent response from the market. Following this, the "Global Business Development Team" was established in the third quarter of 2014 to complement the sales structure. This team will offer a close-knit structure around the world as the point of contact for multinational companies in the electronics industry, selecting and acquiring customers, particularly ones in the non-automotive sector.

30 YEARS OF INTENSE EXCHANGE

Viscom technologies are used internationally in various sectors. All around the world, we are there for our customers at our branches and application centres and through our representatives in Europe, America and Asia. This ensures direct contact persons, short delivery times and first-class service.

Torsten Pelzer
Vice President Sales

30 YEARS OF GROWTH – A LOCAL PRESENCE AROUND THE GLOBE

"He who has no aim in life goes astray."

Abraham Lincoln

In geographic terms, Viscom's main business incorporates the European, American and Asian markets. "All global business is also local" – Viscom Group's qualified engineers and technicians are on hand to assist the company's customers around the globe. Direct communication guarantees trouble-free system integration, a customised application focus, and optimised workflows.

1998 – ASIEN: 你们好 (Hello)

Despite the Asian financial crisis, the Asian Viscom subsidiary in Singapore was founded in August 1998 to generate further growth. The investment – and the optimistic look into the technological future – have paid off! As early as 2003, this branch, which is responsible for Sales, Service and Application, received the "Seagate SeaERP Silver Award" for excellence in product and service quality – a sign of recognition of the equally high level of products and customer service. In 2007, Viscom set up a subsidiary of the Singapore branch in Shanghai for the purpose of developing business in the urban areas within China's vast regions as well as catering to the interests of Chinese Viscom customers faster and more effectively.

The Asian market remains an important segment until this day. This particular market is one that continually presents new challenges that Viscom shall remain willing to meet in future.

1998 – USA: Here we are and here we go!

In 1998, the now world famous search engine Google first went online – in August of that year, a Viscom branch was established in Atlanta, USA, to better address the specific requirements of the American market. Together with the branch in San José and the application and training centre in Mexico, Viscom laid the foundations for its entrepreneurial success on the American continent.

2001 – FRANCE: Salut et voilà!

The Eiffel Tower and Leonardo da Vinci's famous Mona Lisa are not the only highlights in Paris. Since 2001, the French Viscom subsidiary has been operating in the technology markets close to the French metropolis. And in 2010, Viscom founded a subsidiary of the French branch in Tunisia to access the North African market.

global presence

direct contact

first-class service

individual support

30 YEARS ON SITE

We speak the language of our customers – both literally and figuratively. Understanding the culture of a country, familiarity with local customs and knowledge of the specific requirements of local markets have all proven to be indispensable time and time again.

30 YEARS OF TOGETHERNESS

"People working together combine their potential. People working for each other multiply their potential!"

Steffen Kirchner

At the end of the day, it's people that make a company successful.

Viscom AG's success is founded on the qualifications, expertise and personal commitment of each employee, and grows thanks to their responsible and sustainable behaviour. Open dialogue between all employees both within and beyond national boundaries enables teams to improve the way they work together and allows knowledge to be passed on, something without which our technological leadership would not be possible. Low employee turnover, high morale and a feeling of togetherness illustrate that employees identify strongly with their company.

Performance reviews are held regularly in the business areas to align the individual goals of employees with the corporate goals that have been set. These also serve to ascertain and nurture employee potential and arrange possible training measures.

For many years, Viscom AG has also had a works council, which represents the interests of employees and thus contributes to the stability and sustainability of business decisions and processes. The works council is currently composed of nine employees, including two women, from all areas of the company. Meetings with senior management are held on a monthly basis to ensure that the employee representatives are always kept up to date on the current status of operational challenges within the company. Communicating information early on and giving employees the ability to actively shape business processes ensures a high level of awareness and acceptance within the workforce.

Viscom is an employer that offers numerous incentives and constantly seeks highly qualified employees – skilled workers, technicians and university graduates – particularly in the fields of electrical engineering, electronics, engineering, physics and mathematics. Of course, Viscom offers apprenticeships, both in technical occupations, such as IT or mechatronics, as well as for industrial managers, network administrators and logistics specialists.

A corporate culture that is based on teamwork and a modern working environment – and not least the successful work-life balance – creates the perfect setting for a balanced professional life and the ability for our employees to act on their own initiative.

FACING THE FUTURE TOGETHER

We take our responsibility for our employees very seriously, as motivated and creative employees are crucial to the success of our Group. Flat hierarchies, open communication, a collaborative management style and the ability to achieve a work-life balance are key factors for employee satisfaction, constructive teams, and sound results.

Arne Schwerdtfeger, Birgitta Hessmann (l. t. r.)
Controlling und Front Desk

30 YEARS FACE-TO-FACE

- √ quality of life
- √ sustainable initiatives
- √ successful projects
- √ donation and sponsoring
- √ satisfaction
- √ flexible working hours
- √ job perspective
- √ powerful employees

=

SUCCESSFUL CORPORATE CULTURE

Our customers sense our strong team spirit, and the vibe behind the scenes is just as good. Active involvement in research & development and production – the perfect strategy for our employees. And the first-rate results prove it.

30 YEARS OF SOCIAL RESPONSABILITY BY CONVICTION

Anna Borkowski, Sandra Liedtke, Martina Wünsche, Martina Engelhardt (l. t. r.)

Viscom AG is 30 years young. To mark the occasion, an open day was held at the company's headquarter in Hanover-Badenstedt in late summer 2014. It was not only a day to get acquainted with the company, but also a successful day for the families of Viscom employees, their friends, and interested guests. The technical demonstrations Viscom employees had prepared for the guests, to grant them a glimpse behind the scenes of development and production of the high-tech inspection systems, were met with a great deal of interest. The company's own day nursery "Vikis" entertained the younger visitors with numerous attractions such as face painting, Bobby car races, a bouncy castle and much more. Refreshments were also served, and live music rounded off the successful event. The Zinnober Museum for Children in Hanover was especially pleased. The association received the entire proceeds from the sale of foods, beverages and raffle tickets as a donation.

In addition, Viscom was involved in and funded various projects in 2014, such as the KiWiZ e.V. association, which aims to inspire young people's interest in science and technology. Another initiative that was supported by Viscom was Stiftung Lesen (German Reading Foundation), which is committed to promote reading and literacy.

GROUP MANAGEMENT REPORT AND IFRS CONSOLIDATED FINANCIAL STATEMENTS 2014

GROUP MANAGEMENT REPORT 2014
DESCRIPTION OF THE GROUP

Group Business Model

Structure of the company and its investees

Viscom AG, Hanover (hereafter: Viscom AG), is the parent company of the Viscom Group (hereinafter referred to as Viscom). With subsidiaries in Asia, America, Europe and Africa that are directly or indirectly majority or wholly owned by Viscom AG, the Group has an efficient, market-oriented organisational structure. All of the companies are focused on their respective customer groups and their requirements. This enables them to act and respond quickly and in a flexible manner. They also benefit from the advantages of belonging to a larger group, thus allowing mutual exchange and utilisation of knowledge and experience. Production takes place exclusively in the Group's home base Hanover. This means that Viscom enjoys the production advantages of one of the most highly-developed industrial locations, allowing it to guarantee a very high level of quality for its products.

In 2001, Viscom GmbH changed its legal form to that of a German stock corporation (Aktiengesellschaft) and became Viscom AG. The company's share capital is divided into 9,020,000 shares, of which 74.05 % are held directly or indirectly by the company's founders and Executive Board members Dr Martin Heuser and Volker Pape.

Axxion S.A., Grevenmacher, Luxemburg, informed the company on 28 April 2014 that its voting rights in Viscom AG had fallen below the 3 % threshold on 28 April 2014 in accordance with section 1 of the Securities Trade Act (WpHG) and now stands at 2.90 % (this corresponds to 261,564 votes).

The extraordinary General Meeting held on 20 August 2013 agreed to convert a part of the committed capital reserves (approximately € 22,550 thousand) into free capital reserves (section 272 (2) No. 4 of the German Commercial Code (HGB)) by way of increasing share capital from corporate funds without issuing new shares and a subsequent reduction in capital. This is in accordance with the proposals by the Executive Board and Supervisory Board published on 10 July 2013 in the German Federal Gazette. The capital reduction amount is available for potential dividend payments and / or share buy-back programmes. As of 31 December 2014, Viscom AG possessed committed capital reserves in accordance with section 272 (2) No. 1 of the German Commercial Code (HGB) amounting to € 14,557,160.08.

On 29 July 2008, the Executive Board, with the approval of the Annual General Meeting on 12 June 2008 and after consultation with the Supervisory Board, decided to acquire up to 902,000 of the company's own shares by 31 March 2009. By the reporting date of 31 March 2009, the company had bought back 134,940 shares. As of 31 December 2014, Viscom AG held approximately 1.5 % of its own shares.

The Executive Board of Viscom AG consisted of three members as of 31 December 2014:

Dr Martin Heuser: Technology
Volker Pape: Sales
Dirk Schwingel: Finance

The Executive Board is monitored by the three members of the Supervisory Board:

Bernd Hackmann (Chairman)
Klaus Friedland (Deputy Chairman)
Prof. Dr Claus-Eberhard Liedtke (until 27 May 2014)
Prof. Dr Ludger Overmeyer (effective 27 May 2014)

Segments and key locations

Viscom develops, manufactures and sells high quality automated inspection systems for use in industrial production. The company's business activities are broken down on the basis of work required for the project-specific adaptation of standard components and systems as well as the technology used to identify potential production errors using the inspection systems.

In geographic terms, the company's business incorporates the European market with its headquarters in Hanover and a subsidiary in Paris, France, the American market with its subsidiary in Atlanta, USA, and the Asian market with its subsidiary in Singapore, which in turn has its own subsidiary in Shanghai, China. The sales company in Tunis, Tunisia, a subsidiary of the French subsidiary, is allocated to the geographical segment Europe. The company is developing the North African sales market.

Viscom AG has a branch office in Munich for supporting its sales activities in southern Germany, Austria, Hungary and Switzerland. This branch office operates as a legally dependent sales office for the sale of Viscom's inspection systems.

Business processes

The inspection systems are developed and produced at Viscom AG's headquarters in Hanover. This is where all the centralised functions such as business administration, development, production, marketing and sales management are based.

The company's product development activities are focused on fundamental development work for future generations of inspection systems as well as project-specific development for the adaptation of basic machine types to meet customer-specific requirements.

A large part of production is order-based. This draws on in-house pre-production of various assemblies.

Sales activities are performed by sales employees of Viscom AG and its Group companies, as well as by agents acting on the market as industry representatives for mechanical engineering firms.

Major business processes are managed and supported with the help of the business software proALPHA. The order processing module included in this system is used by all Viscom locations around the world.

Legal and economic factors

There have been no fundamental changes in the legal and economic framework which had a material effect on the company in the 2014 financial year.

Global economic performance was rather subdued in the first half of 2014. In the second half of the year, however, growth picked up and growth remained on the whole robust. The employment situation improved and wages increased in industrialised nations, leading to a rise in private consumption. In Germany, 2014 was marked by a strong start. Despite a period of weakness during the summer, this led to stable economic conditions at the end of the year. Investments made by companies also increased. The focus in 2014 was geared towards longer-term investments such as machines, vehicles and buildings.

Management system

The key performance indicators according to which the Viscom Group is managed are incoming orders, revenue, EBIT (operating profit or segment results) and the EBIT-Margin (EBIT/revenue).

The management of the Group is based on a reporting system that takes the form of monthly reports submitted to management and the heads of the business areas. These monthly reports include the consolidated income statement and individual breakdowns for the various Group companies.

The reports also include a detailed presentation of the cost structure at Viscom AG and its Group companies. They provide information on revenue in its machine installation regions, incoming orders, order backlog, the number of employees, cash and cash equivalents, total receivables and receivables from subsidiaries, orders placed for the purchase of goods and the inventories of goods as well as partially completed and completed systems.

In addition, they provide an overview of fluctuations, sick leave and per capita revenue as well as key indicators for project management, product development, production and logistics.

The statements contained in the monthly reports are analysed in regular meetings between the company's management and the heads of the business areas. Any action that may be necessary results in decisions which are usually implemented in the short term.

Since the company was listed on the stock exchange and changed from the Prime Standard to the General Standard in September 2009, IFRS quarterly financial statements were published in the form of interim and half-yearly reports up until 31 December 2014. Until 31 December 2014, Viscom AG shares were listed in the regulated General Standard segment of the Frankfurt Stock Exchange. The company changed back to the Prime Standard of the regulated market on the Frankfurt Stock Exchange as of 22 January 2015.

Research and development

The main focus of development activities is on the further development of existing system solutions as well as the implementation of new market requirements in the field of optical and X-ray inspection processes. This area also focuses on the definition of new products and machines.

Viscom works continuously on developing new and improving existing products. In 2014, especially, the new S3088 Ultra high-speed 3D-AOI system for solder joint inspection and the X8068 universal X-ray inspection system for manual, semi-automatic or fully automatic X-ray inspection of electronic components is to be highlighted.

The S3088 Ultra combines the flexibility of the Viscom S3088 AOI family with the strengths of the high-performance XM-3D camera module. Viscom's XM sensor technology allows for extremely fast inspection, both for high-resolution views as well as for 3D analyses. The powerful 3D measurement technology works with integrated structured light projectors and Octa-View. In this unique sensor technology concept, up to eight cameras can be used, which guarantees shadow-free 3D inspection. This is the only way to uniformly inspect the same component types on an electronics assembly. A further highlight is the Viscom FastFlow Handling. The high-speed transport mode facilitates interference-free and extremely high throughput, thanks to the synchronous input and output of assemblies, with a transfer time of as little as two seconds. Together with the high-speed XM 3D sensor technology, even extreme cycle time requirements are met.

The particular strength of the X8068, however, is that it unites two inspection concepts in one inspection system. The Viscom XMC software is available for specialised inspection or non-standard components. Thanks to intuitive operation and comprehensive automatic analysis functions, any inspection objects can be quickly and precisely checked. The proven SI software is employed for fully automatic X-ray analysis. With the X8068, the entire spectrum of inspection objects up to a diameter of 722 mm can be reliably inspected. The open X-ray tube ensures the highest resolution and detail recognition in first-class image quality, making it possible to detect even the smallest defective structures. The system excels with a mature technology that demonstrates its full strength in the interaction of all the hardware and software components.

Another building block of research and development in the last several years has been the successful transfer of scientific findings into practical uses at Viscom. Together with the Gottfried Wilhelm Leibniz University Hanover, we promote such a transfer process as part of research and development projects that work on solutions to specific corporate issues using scientific expertise.

The development phase as well as the design and construction of the prototype of the X7058 high-speed 3D X-ray system were completed in 2014. The inspection system will be officially presented in May 2015. The particularity of this system is its compact structure in combination with the ability to inspect large printed circuit boards and eliminate auxiliary inspection times when exchanging printed circuit boards. The 3D inspection uses an in-house developed sensor, which, like the latest Viscom camera technology, has a high-speed data interface.

Increasingly more electronic assemblies have a protective coating against external factors such as humidity or chemicals. Viscom has developed an inspection system for these specific market needs, which can detect whether the protective coating has been applied incompletely or has nonconformities such as bubbles. The S3088 CCI (Conformal Coating Inspection) inspection system will expand Viscom's product portfolio and complement the tried and tested S3088 system platform. The plan is to extend this system in 2015 to include inspection of specific plasma protective coatings, primarily to sway customers in the Computers, Communication and Consumer (3C) market for electronics production in Asia.

In addition, the X7056RS inspection system, which combines automatic optical and X-ray inspection and has been redesigned to now feature a flat panel detector (FPD), will be presented during the first half of 2015. The FPD improves image quality, resulting in better test results and throughput of the system.

Expenditures for research and development, excluding customer-specific development, amounted to 7.4 % of revenue (previous year: 8.5 %). Development costs totalling € 1,818 thousand (previous year: € 2,275 thousand) were capitalised in 2014, which corresponds to a capitalisation ratio of approximately 55 % (previous year: approximately 54 %). Capitalised development costs were amortised at € 893 thousand (previous year: € 477 thousand).

Basic principles of the remuneration system

The remuneration report for Viscom AG Executive Board and Supervisory Board members is included in the corporate governance report as part of the management report.

ECONOMIC REPORT

Macroeconomic and Sector Development

Macroeconomic development

Based on information from the German Institute for Economic Research (DIW), the economies in the euro zone stagnated in 2014. Geopolitical risks were the main reason for the relatively weak growth, particularly the crisis surrounding Russia and the Ukraine conflict.

In Germany, 2014 was marked by a strong start. Despite a period of weakness during the summer, this led to stable economic performance at the end of the year. Real gross domestic product (GDP) grew by 1.5 % to a three-year high. This was due to the increase in private consumption, which was supported by higher employment figures, wage growth and low interest rates. Exports continued to contribute to the positive trend in this year. Exports of goods and services increased by 3.7 % year on year despite negative developments in Russia. This also led to a positive investment climate in industry.

While there is still somewhat of a crisis in the euro zone, the US economy grew more than expected, having experienced strong momentum since the spring of 2014. In particular, higher exports and strong investment activity in the industrial sector as well as on the consumer front continued to drive this positive trend. The world's largest economy therefore remained the locomotive of global economic growth in 2014.

China's economic boom, however, appears to be over. The annual GDP growth rate has been slowing down for several years now to just over 7 %. GDP grew 7.4% in 2014, which is the lowest level that the country's economy has seen in 24 years.

Sector developments

Inspection of electronic assemblies is Viscom's main revenue contributor. Viscom largely operates in the electronics industry, one of the world's largest industries.

Technical developments in the electronics industry have been an innovation driver for Viscom over the last few years. Both the volumes and quality requirements of increasingly complex and miniature electronic assemblies are seeing constant growth and can therefore only be reliably tested by automated inspection systems. The automotive electronics sector is the main market for Viscom products.

In recent years, Viscom has intensified its efforts to gain a foothold in other industries such as telecommunication, industrial electronics and semiconductor production, thereby reducing its dependence on the automotive sector. Viscom is already very well positioned among European SMEs. The company also continues to focus on Asian Electronic Manufacturing Services (EMS) in the Computers, Communication and Consumer (3C) sector.

A milestone in 2014 was Viscom AG receiving a large order for the delivery of X-ray inspection systems from a customer in the Computers, Communication and Consumer (3C) sector for the electronics production at an EMS in China. Viscom's strategy of developing new markets outside the automotive business is therefore being successfully implemented. The order volume totals approximately € 4 million and was reported as revenue and income in the 2014 financial year.

The German mechanical engineering sector continues to be dependent on international markets. Customers in this sector are investing more in capacities abroad.

Target sectors, target markets and target customers

The inspection systems produced by Viscom are employed primarily within the electronics industry. Producers of electronic assemblies are the main customer segment at 81 % of revenue (previous year: 85 %). Some of these companies are involved in production for end consumers. However, the majority of Viscom's customers are suppliers for other companies that manufacture products like electronic assemblies which are integrated into end products as parts from suppliers – for example, motor controllers in vehicles.

In addition, an increasing proportion of customers are from the EMS sector. These are companies that do not have their own brand products but instead serve exclusively as an extended workbench for product suppliers.

With the increasing use of electronics in today's automobiles and the high reliability requirements of vehicle systems, the automotive industry is a significant customer group for the inspection of electronic assemblies. As a rule, these assemblies, which often represent safety-related components such as ABS, ESP or airbags, are inspected by systems such as those offered by Viscom.

Due to rising technological demands, quality pressure in the consumer goods industry is also far higher at present than in previous years. Here, the emphasis is on process quality since a stable process improves the delivery quality but especially also results in less rejects and therefore higher levels of production efficiency. At the same time, Asian electronics manufacturers in particular are trying to position themselves as premium suppliers although they were still seen as low-price suppliers just a few years ago.

Close, long-term customer contacts form the basis for comprehensive, individual service. The results of cooperation are incorporated into the development of new system solutions and the refinement of proven systems. This allows Viscom to develop new solutions and thereby open up future markets with a high degree of innovation and customer proximity.

Customer structure

Viscom generated approximately 56 % of its revenue with its five largest customers (previous year: around 54 %). A further 30 % of revenue was generated with 33, and the rest with 290 different customers.

Market position

With its optical, X-ray and combined inspection systems, Viscom is particularly well represented in production processes with the very highest quality standards.

Accordingly, the main customers are companies who make product safety top priority. The automotive electronics sector takes up a particularly high volume in this respect. Viscom has been one of the world's leading providers of inspection systems for quality assurance in the sector for many years.

Technological developments and subsequent technical and economic progress combined with its international sales and service presence helped Viscom to strengthen its market position and achieve greater customer retention in the long term.

By continuously developing its products, improving its business processes and adapting its sales organisation to the changing general conditions, Viscom is able to face the challenges of the future and thereby continue to assert its successful market position.

BRIEF ANALYSIS OF THE NET ASSETS, FINANCIAL POSITION AND RESULTS OF OPERATIONS AND BUSINESS DEVELOPMENTS

Actual Key Performance Indicators in 2014 compared to Forecast

Performance indicator		Forecast for 2014	Actual figure 2014
Revenue	million €	55.0 – 60.0	62.3
Incoming orders	million €	55.0 – 60.0	66.8
EBIT	million €	7.1 – 9.0	9.4
EBIT-Margin	%	13.0 – 15.0	15.1

Results of Operations

Incoming orders / order backlog

At € 66,844 thousand, incoming orders for the 2014 financial year were up around 31 % year on year (previous year: € 50,960 thousand). At the end of the year, order backlog amounted to € 14,032 thousand, which represents a year-on-year increase of around 49 % (previous year: € 9,442 thousand).

Development of revenue

Revenue amounted to € 62,254 thousand in the reporting year (previous year: € 49,820 thousand), equating to an increase of approximately 25 % year on year.

Revenue for the first quarter of 2014 was € 10,931 thousand (previous year: € 10,560 thousand), up around 4 % year on year. In the second quarter of 2014, Viscom's revenue was up some 13 % at € 15,382 thousand (previous year: € 13,617 thousand). Revenue amounted to € 15,454 thousand in the third quarter, which was around 33 % higher than in the previous year (previous year: € 11,641 thousand). In the closing quarter of 2014, revenue came to € 20,487 thousand (previous year: € 14,002 thousand), which was a significant leap of 46 % year on year.

Operating profit

Operating profit increased by 38.5 % year on year to € 9,378 thousand (previous year: € 6,772 thousand), attributable to the strong rise in revenue and the build up of inventories of finished goods and work in progress. Cost of materials amounted to 39.6 % of revenue in 2014, compared to 32.6 % in 2013.

The ratio between staff employed and revenue fell from 39.1 % in 2013 to 34.4 % in 2014 due to high capacity utilisation and employment in the Group. The ratio of other operating expenses decreased from 23.0 % in the previous year to 20.6 % in 2014. The capitalisation of company-produced assets in the amount of € 1,818 thousand (previous year: € 2,275 thousand) and other operating income of € 2,677 thousand (previous year: € 2,964 thousand) had a positive effect on operating profit.

EBIT-Margin

Due to the changes already described in the "Operating profit" section, the EBIT-Margin increased to 15.1 % in the 2014 financial year (previous year: 13.6 %).

Net profit for the period

Net profit for the period rose from € 4,723 thousand in the previous year to € 6,685 thousand, which equates to an increase of 41.5 %. The effects already mentioned under operating profit also had a significant impact on net profit for the period.

The ratio of net profit before taxes was 15.2 % (previous year: 14.1 %).

Earnings per share

Viscom acquired 134,940 own shares for € 587 thousand on the stock exchange in the period from 29 July 2008 to 31 March 2009. The share buy-back programme reduced the number of dividend-bearing shares from 9,020,000 shares to 8,885,060 shares. The company did not exercise the option of buying back shares in 2014.

On the basis of 8,885,060 shares as an average for the year, earnings per share for the 2014 financial year amounted to € 0.75 (diluted and undiluted) compared to € 0.53 in the previous year.

The Executive Board and Supervisory Board will propose to the Annual General Meeting on 3 June 2015 that a dividend of € 1.00 per dividend-bearing share be paid. In addition to the dividend from the retained earnings of Viscom AG for the 2014 financial year of € 0.72 per share, a special dividend of € 0.28 per share from retained earnings, which was increased through withdrawals from free capital reserves of approximately € 2,500 thousand, will also be paid. After paying out the special dividend, approximately € 8,650 thousand or € 0.97 per dividend-bearing share will remain in free capital reserves. This amount remains available for potential future dividend payments and / or share buy-back programmes.

Financial result

There was a decrease in the financial result compared to the previous year. No additional corporate bonds were acquired over the course of the year. The remaining financial assets were either invested in term deposits or held in direct access savings accounts. The financial result in 2014 amounted to € 84 thousand (previous year: € 274 thousand).

Exchange rate result

As it operates internationally, Viscom is exposed to exchange rate risks. Due to the company's business volume and the development of the euro / US dollar exchange rate, the current level of exchange rate risk was deemed acceptable without the need for hedging. Approximately 9 % of total revenue was subject to a direct influence on exchange rates (previous year: 9 %).

Employees

The following table shows the number of Viscom employees as of 31 December 2014. The number of employees rose to 325 over the course of the year (previous year: 300).

Employees

As of 31 December 2014	Europe	Americas	Asia	Total
Total	**263**	**18**	**44**	**325**
of which full time	240	18	44	**302**
of which part time	23	0	0	**23**
Plus: Trainees	10	0	0	10

Ten employees were in training as of the turn of the year. An average of 314 employees (excluding trainees) worked for the Group in the 2014 financial year. Out of this number, 120 employees are classified as commercial employees (sales, development and administration) while 194 are classified as industrial employees (production, logistics, projects and service).

Regional Developments

Europe

At € 20,686 thousand, revenue in Germany increased by approximately 44 % compared to the previous year (previous year: € 14,390 thousand).

This was due to positive investment activity by Viscom customers in Germany. Despite this, Viscom's domestic market once again remained the main revenue driver in 2014.

In Germany, the Viscom Group is the market leader for the production of inspection systems for electronic assemblies (AOI and AXI). With the success of the proven system platform S3088, the modified system platform S6056, and the future-oriented technology of the X7056, Viscom succeeded in gaining new customers amongst SMEs in Germany.

Elsewhere in Europe, revenue was up approximately 35 % year on year at € 20,370 thousand (previous year: € 15,142 thousand). Viscom is offering both low-cost and high-end products for various customer groups and requirements in these markets.

Developments in Germany and the rest of Europe resulted in a rise in revenue from € 29,532 thousand in 2013 to € 41,056 thousand in 2014. Segment results increased accordingly by approximately 48 % to € 7,245 thousand (previous year: € 4,907 thousand).

Americas

The positive trend in the Americas region in 2013 continued in 2014, boosted by the popularity of the new XM sensor module and the 3D AOI technology. Continued high demand for automotive electronics in Mexico and for industrial electronics in the United States have also ensured that the business environment has remained stable in this segment. At € 9,242 thousand, revenue was up by approximately 12 % year on year (previous year: € 8,257 thousand).

Segment results were marginally lower than the previous year at € 834 thousand (previous year: € 894 thousand).

Asia

In the first half of the financial year, business was initially quite slow, particularly in Asia. During the second half of the year, however, customers from all market segments began to show heightened interest in our new 3D inspection technologies. The launch of our XM technology, which is also 3D ready, in combination with the improved S3088 platform for optical inspection of electronic components was able to accommodate this customer demand in the third quarter; the S3088 platform now offers enhanced performance at a lower price. Our ability to deliver products fast ensured that the final quarter was particularly good. At the same time, measures initiated during the year to improve the sales and support structure were effective. This led to an extraordinary increase in the number of evaluations, which were mainly awarded to Viscom. In addition, the broader installation base led to an increase in the service business. At € 11,956 thousand, revenue in 2014 was more or less on par with the previous year (previous year: € 12,031 thousand).

The segment result increased significantly by approximately 46 %, from € 889 thousand in 2013 to € 1,301 thousand in 2014.

Products / Inspection Systems

The inspection systems manufactured by the Viscom Group are based on digital image processing technology, known as Machine Vision within the sector. Digitalised images are interpreted using special software tools and algorithms in order to measure, check and verify the objects being inspected.

Entire production processes can be monitored and controlled using this measurement and inspection technology.

The recorded data may be one, two or three-dimensional data structures gained using optical area scan cameras, X-ray detectors, laser scanners or similar optical systems.

While an extremely large selection of sensors is available as standard products in the area of optical technology, Viscom is also active as a manufacturer of X-ray tubes and related control electronics.

The inspection systems manufactured by the company in 2014 were primarily optical inspection systems of the S3088, S6056 and X7056 series. Viscom has comparatively extensive product expertise due to continuous product development. Many variants of the individual machine types can be manufactured due to their modular structure. This represents a distinct advantage for our customers.

Cost-effective model variants such as the S3088 product family can frequently be offered as entry-level systems with the possibility for subsequent upgrading or retrofitting. This initial business is extremely important to Viscom since customer decisions in favour of a given system are generally long term in nature, thereby ensuring follow-up sales.

The high degree of diversity is achieved by using standardised modules. The model variants come about through design revisions and adaptations to the respective area of application.

In the X-ray field, Viscom is focusing on technically sophisticated customer projects in addition to optical inspection.

In the “Optical and X-ray series inspection systems” product group, revenue was up approximately 32 %, from € 33,972 thousand in 2013 to € 44,677 thousand in 2014. Revenue in the “Special optical and X-ray inspection systems” product group fell from € 7,491 thousand in 2013 to € 7,217 thousand in 2014.

At € 10,360 thousand in 2014, revenue in the “Service” product group recorded a significant increase, rising by approximately 24 % from € 8,357 thousand in the previous year.

Continued development of the quality management system achieved steady quality improvements. Since January 2005, Viscom has been certified under DIN EN ISO 9001:2008 by the German Society for the Certification of Management Systems.

Financial Position

Capital structure

There were no liabilities to banks as of 31 December 2014.

Investments

Investments in property, plant, and equipment and intangible assets totalled € 2,406 thousand in 2014 (previous year: € 2,974 thousand).

At € 1,818 thousand (previous year: € 2,275 thousand), the bulk of the investments applied to the capitalisation of company-produced assets while the remainder mainly pertained to, among other things, operating and office equipment of € 360 thousand (previous year: € 265 thousand), software of € 107 thousand (previous year: € 86 thousand), vehicles of € 82 thousand (previous year: € 41 thousand), leasehold improvements of € 5 thousand (previous year: € 226 thousand), and technical equipment and machinery of € 5 thousand (previous year: € 70 thousand).

Corporate bonds with a remaining term of more than one year were reported under financial investments (€ 0 thousand; previous year: € 518 thousand). Short-term corporate bonds with a remaining term of less than one year were reported under current assets in other financial receivables (€ 501 thousand; previous year: € 4,022 thousand).

The segment Europe accounted for € 2,289 thousand (previous year: € 2,932 thousand) of investments, and the Americas for € 117 thousand (previous year: € 42 thousand). As in the 2013 financial year, no investments were made in the segment Asia.

In 2014, investments were primarily conducted in the "Optical and X-ray series inspection systems" segment, totalling € 1,727 thousand (previous year: € 2,028 thousand).

Investment grants

Viscom did not receive any investment grants in 2014 (previous year: € 51 thousand).

Liquidity

Viscom was able to continue providing the required liquidity entirely from its own funds in the 2014 financial year. The subsidiaries did not require any additional loans either. At 83.1 %, the Group's equity ratio was lower than the previous year's level (previous year: 86.3 %).

Cash and cash equivalents / cash flow

As of 31 December 2014, cash and cash equivalents amounted to € 16,933 thousand, which is approximately 42 % less than the previous year (previous year: € 29,285 thousand).

The cash flow from:

- Operating activities came to € 4,755 thousand (previous year: € 7,174 thousand). This is largely due to positive net profit for the year as well as a negative effect due to the rise in inventories and receivables.
- Investment activities totalled € -2,233 thousand (previous year: € -2,478 thousand) and were mainly impacted by the capitalisation of company-produced assets.
- Financing activities totalled € -15,126 thousand (previous year: € -5,331 thousand), mainly due to the dividend payment for the 2013 financial year.

Overdue trade receivables increased compared to the previous year. There were no major defaults.

As of the consolidated balance sheet date, all bank accounts had a positive balance. There were no loan liabilities to third parties outstanding as of the consolidated balance sheet date.

Net Assets

In the 2014 financial year, net profit was clearly positive. Coupled with the high dividend payment in 2013, this led to a reduction in total assets from € 71,358 thousand to € 64,458 thousand. There was no significant change in either current or non-current liabilities compared to the previous year. Liabilities were generally settled with an early settlement discount within the agreed payment period.

Net assets, and in particular, cash and cash equivalents, were reduced in the 2014 financial year. Inventories at the end of the year were significantly higher than the corresponding figure in the previous year. Trade receivables and intangible assets also increased, whereas there was a decrease in other financial receivables.

Fixed assets

In the category of fixed assets, intangible assets include mainly company-produced assets. Intangible assets increased from € 6,368 thousand in the previous year to € 7,330 thousand.

Receivables

At € 15,759 thousand, trade receivables were up year on year (previous year: € 11,484 thousand), which was mainly due to the rise in revenue. Value adjustments on trade receivables totalled € 948 thousand (previous year: € 1,072 thousand).

Overdue receivables increased by 14 % to € 4,814 thousand overall, compared to € 4,222 thousand in the previous year. Most of the overdue receivables are short-term in nature. Less than 1 % of the total receivables are more than six months overdue.

The risk of bad debts was addressed by value adjustments on specific items. In reference to the receivables portfolio, percentage value adjustments decreased compared to the previous year, from 9.3 % to 6.0 %.

Inventories

The book value of inventories stood at € 20,743 thousand at the end of the financial year (previous year: € 15,693 thousand). This net inventory figure includes impairment losses for extended inventory coverage in the amount of € 6,051 thousand (previous year: € 5,475 thousand) and individual value adjustments on rental and demo machines of € 5,266 thousand (previous year: € 4,757 thousand). This means net inventories increased by € 5,050 thousand compared to the previous year while gross inventories rose by € 6,135 thousand. The increase in inventories was attributable to, among other things, the higher order backlog.

Liabilities

Trade payables totalled € 2,115 thousand (previous year: € 1,859 thousand) at the end of the year.

Shareholders' equity

Total shareholders' equity plus reserves declined from € 61,566 thousand at the end of 2013 to € 53,584 thousand. This was due to the positive profit for the past financial year as well as retained earnings in the previous period and the dividend distribution. As a result, the equity ratio fell to 83.1 % (previous year: 86.3 %) despite lower total assets.

Key figures on the group's net assets, financial position and results of operations	2014 K€	2013 K€
Tier 1 liquidity (cash and cash equivalents less current liabilities and provisions)	**7,669**	**20,966**
Tier 2 liquidity (tier 1 liquidity plus receivables and other assets less non-current liabilities)	**24,698**	**38,200**
Tier 3 liquidity (tier 2 liquidity plus inventories)	**45,441**	**53,893**
Current assets:		
Cash and cash equivalents	16,933	29,285
Receivables and other assets	17,689	17,807
Inventories	20,743	15,693
	55,365	**62,785**
Liabilities and provisions:		
Current liabilities and provisions	9,264	8,319
Non-current provisions	660	573
	9,924	**8,892**
Cash flow:		
Net profit for the period after taxes	6,685	4,723
+ Depreciation and amortisation expense	1,428	1,068
	8,113	**5,791**
Return on equity		
Net profit for the period / shareholders' equity	12.5 %	7.7 %
Return on Investment (ROI)		
Net profit for the period / total assets	10.4 %	6.6 %
Return on revenue		
EBT / revenue	15.2 %	14.1 %
Return on Capital Employed (ROCE)		
EBIT / (total assets – cash and cash equivalents – current liabilities and provisions)	24.5 %	20.1 %
Net debt		
Liabilities and provisions (-)	-9,924	-8,892
+ Cash and cash equivalents	16,933	29,285
Receivables and other assets	17,689	17,807
= Net debt	24,698	38,200
Working capital		
Current assets – liabilities and provisions	45,441	53,893
Equity ratio		
Shareholders' equity / total assets	83.1 %	86.3 %

REPORT ON POST-BALANCE SHEET DATE EVENTS

On 21 January 2015, Viscom AG was admitted to the Prime Standard of the regulated market on the Frankfurt Stock Exchange effective as of 22 January 2015. By switching from the General Standard to the Prime Standard and adhering to the highest standards of transparency and publicity, the company aims to make Viscom shares more attractive and command greater interest from investors and analysts.

There were no other significant events after the end of the 2014 financial year.

OPPORTUNITIES AND RISKS REPORT

Expected Opportunities

Electronics are increasingly penetrating every area of life. Electronic assemblies are growing smaller and smaller, yet at the same time are expected to take on an increasing number of functions. This technological diversification requires top-class inspection solutions: solutions that ensure product quality on the one hand, while on the other hand, ensuring the sustainable stability of increasingly complex processes. Customer requirements of Viscom inspection systems are therefore growing increasingly specific. In view of this dynamic market environment, new opportunities are constantly arising for the Viscom Group. Recognising and exploiting these opportunities are a key factor for Viscom's sustainable growth.

Viscom regularly evaluates market and competition analyses and accordingly aligns its product portfolio focus and cost drivers. From this, concrete market opportunities are derived which the Executive Board incorporates into its annual business plan.

The following opportunities are described in more detail owing to their probability of occurrence and are reflected in the business plan and outlook for 2015.

Opportunities from economic development

The general economic conditions influence the company's business operations, its financial position and results of operations and its cash flow. Should the global economy see a more sustainable recovery than expected, Viscom's revenue and results could exceed the current outlook and mid-term targets.

Opportunities through research and development

Viscom's growth depends primarily on its ability to develop innovative solutions and constantly create added value for its customers. Viscom is also working on enhancing the effectiveness of its research and development, shortening the innovation cycles through streamlined development processes and cooperating more closely with its customers. If greater progress is achieved through these research and development activities than can currently be expected, this could entail the launch of more and improved products or that products become available sooner than planned. This could have a positive impact on revenue and earnings and help Viscom to exceed its mid-term targets.

Risk management strategy, process and organisation

Since the parent company Viscom AG is a capital market-oriented corporation in terms of section 264d of the German Commercial Code (HGB), key features of the internal control and risk management system including the early identification of risks pursuant to section 91 (2) of the German Stock Corporation Act (AktG) have to be described pursuant to section 315 (2) No. 5 of the German Commercial Code (HGB), both in regard to the accounting processes of the consolidated companies and in regard to consolidated financial reporting.

The internal control and risk management system in terms of the accounting process and consolidated financial reporting is not defined by law. Viscom views the internal control and risk management system as a comprehensive system and as a basis uses the definition by the Institut der Wirtschaftsprüfer in Deutschland e. V., Düsseldorf (German institute of auditors) of an accounting-related internal control system (IDW PS 261 para. 19 f.) and risk management system (IDW PS 340 para. 4). An internal control system therefore means the principles, processes and measures introduced by company management to support the organisational realisation of management decisions.

Other risks such as damage from fire are covered by relevant insurance policies and are not further dealt with by risk management.

As a globally operating group, Viscom is exposed to various risks. For this reason, a comprehensive risk management system has been devised, which allows potential risks to the Group to be detected at an early stage and analysed and appropriate measures to be taken. The risk management system comprises a number of control mechanisms and is an integral part of the company's decision-making process.

The guiding principle of risk management is that the relevant decision-makers should be made aware of the development of significant risks as promptly and comprehensibly as possible in order to facilitate a timely and appropriate response or pre-emptive action. To this end, regular meetings with the Executive Board and the heads of the business areas, the heads of individual branches and department heads are held, during which the current status of and approach to the recognised significant risk positions are clarified on the basis of corresponding evaluations and reports. Additional information regarding the current status may be required; this is obtained from employees in the respective departments. Risk identification in the individual departments is based on a defined risk catalogue. Reports submitted to senior employees during regular meetings should also include risks which are not mentioned in the risk catalogue.

Where possible, potential risks are to be evaluated according to their probability of occurrence and the extent of potential damage. The evaluation of the identified risks is conducted on a net basis, i.e. the assessment of a risk reflects the measures already taken to minimise the likelihood or the potential damage of a risk. In the event of a persisting risk, measures to counteract it will be decided on during regular meetings.

In terms of the accounting process, Viscom regards those features of the internal control and risk management system as important which it believes could significantly influence the financial reporting process and the overall view presented by the annual financial statements and management report.

The Executive Board bears the overall responsibility for the internal control and risk management system in regard to the accounting process and consolidated financial reporting. All companies included in the consolidated financial statements are tied in by a defined management and reporting structure.

The Executive Board of Viscom AG considers the following elements of the internal control and risk management system at Viscom essential in regard to the accounting process and consolidated financial reporting:

- Procedures to identify, evaluate and document all essential company processes and sources of risk relevant to the accounting process. These include finance and accounting processes as well as administrative and operational company processes that generate essential information required to prepare the annual and consolidated financial statements including the management report and group management report.

- Checks integrated into processes (e.g. IT-supported checks and access restrictions, the separation of functions, analytical checks).

- Monthly internal consolidated reporting with the analysis of significant developments. At Group level, specific control measures to ensure the proper and reliable preparation of the consolidated financial statements include the analysis and, if necessary, correction of the single entity financial statements presented by the Group companies, including the discussions on the financial statements with the auditors and the documents presented by the auditors. Incorrectly filled out financial statements are corrected prior to being consolidated with the help of previously determined control mechanisms and plausibility checks.

- Measures to assure the proper IT-supported processing of facts and data related to consolidated financial reporting.

- The completeness and correctness of the consolidated data is checked using manual process controls and a system of checks and balances.

- The individual elements of the risk management system will be checked for appropriateness by an independent, external auditor on a risk-oriented basis as part of the audit of the annual financial statements.

In accordance with section 91 (2) of the German Stock Corporation Act (AktG), the risks described below are regularly evaluated at management meetings, with decisions being taken as required.

The Executive Board and the Supervisory Board meet on a regular basis in this regard.

Unless stated otherwise, the following risks are relevant for the Group and for the individual segments.

Country risk
Revenue is generated almost exclusively from customers in industrialised nations with a functioning legal system. Based on past experience, the enactment of trade restrictions on the goods sold by Viscom is not a matter of concern. There are currently no import restrictions on the inspection systems produced by Viscom.

Sector risk
More than three-quarters of the Viscom customer base comes directly or indirectly from the automotive sector. Due to the specialisation on printed circuit board inspection for automotive suppliers, there is a heightened risk in the event of a long term decline in this market which has become apparent in the recent past. Regardless of economic conditions in the automotive industry, the proportion of electronics in vehicles is increasing.

The Viscom business strategy is to reduce this sector risk through various development and sales activities with areas of application in other industries.

Customer risk
Viscom generated approximately 56 % of its revenue with its five largest customers. This means the proportion of revenue rose by two percentage points compared to the previous year.

Foreign currency risk
Exchange rates with the euro were exposed to substantial fluctuations in some cases.

The development of the US dollar as a key currency is an important factor for Viscom.

Sales in US dollars were effected in tranches during periods of positive development to ensure that potential exchange rate losses were minimised. Foreign currency hedges, e.g.

using forward exchange transactions, were not established in 2014 but have been set up as needed in the past.

Due to the company's business volume and the development of the euro / US dollar exchange rate, the current level of exchange rate risk was deemed acceptable without the need for hedging. Approximately 9 % of total revenue was subject to a direct influence on exchange rates (previous year: approximately 9 %).

Procurement risk

The procurement of components and services from third-party suppliers is generally subject to the risk of changes in prices and delivery schedules. Corresponding purchasing negotiations have succeeded in ensuring that acquisition prices have largely remained stable. The company is only directly dependent on specific suppliers to a very limited extent.

There were bottlenecks relating to the procurement times for specific assemblies and components during the period under review due to the generally positive order situation, resulting in longer delivery times. The company prevents bottlenecks by changing its procurement strategy and expanding its supplier base.

Liquidity risk

The initial public offering in 2006 resulted in a substantial improvement in the liquidity situation. No borrowing will be required to finance the expenditures that have been made and are planned for 2015.

Default risk

Default risk related to specific customers generally cannot be ruled out. However, Viscom employs appropriate control processes to ensure that sales are only entered into with customers that have a proven credit standing at the time of sale. Viscom does not act as a guarantor for the obligations of other parties. The maximum default risk can be derived from the carrying amount of the respective financial assets as reported on the balance sheet.

Trademark and patent risk

The Viscom brand is registered as a trademark in the key global industrial nations. Overlap with other brands only occurred very rarely.

To prevent having to reveal its expertise to third parties, only a few process patents have been registered to date – e.g. the patents for the MX products which have been applied for and partially registered. There are currently no legal disputes in regards to trademarks or patents.

Technological competitive risk / technological competitive advantage

Some of Viscom's competitors are subsidiaries of multinational conglomerates with high investment potential. As a result of ongoing product innovations combined with a degree of flexibility that is significantly higher compared to its competitors – for example in adapting machines to meet customer requirements – Viscom has been able to increase or at least maintain its market share in the past. Viscom will continue doing everything required in order to keep developing its competitive advantage.

Assessment of the overall risk situation

The risks described for the individual Group companies are collated and discussed in the regular management meetings. This is where decisions are made regarding the appropriate measures to be taken where necessary to counteract the risks.

The probability of occurrence of a risk is evaluated based on the following criteria:

Valuation	Probability of occurrence
likely	> 50 %
possible	25 – 50 %
unlikely	< 25 %

The risk level is defined based on the potential financial implications:

Risk level	Potential financial implications
low	< € 0.5 million
medium	€ 0.5 – € 2.5 million
high	> € 2.5 million

Viscom is not subject to any major risks. In view of the probability of occurrence and potential implications of the described risks, Viscom's management does not see any material threat to the Group either by way of the occurrence of any individual risk or the risks as whole.

Risks from business relationships, especially receivables default risks related to high revenue customers, are not apparent at present. However, risks continue to be evident relating to the development of revenue since this is highly dependent on subsequent developments in the automotive supplier industry.

In view of the company's good market position, technological innovative capacity and clearly structured early risk identification, Viscom's management also expects the company to be able to successfully master the aforementioned challenges and potential risks in the 2015 financial year.

The company was not involved in any significant legal proceedings as of 31 December 2014.

Evaluation of individual risks:

Risk type	Potential financial implications	Probability of occurrence
Country risk	low	unlikely
Sector risk	high	possible
Customer risk	medium	unlikely
Foreign currency risk	medium	possible
Procurement risk	low	possible
Liquidity risk	low	unlikely
Default risk	low	unlikely
Trademark and patent risk	low	unlikely
Technological competitive risk / technological competitive advantage	low	unlikely

FORECAST REPORT 2015

Economic Conditions

Deutsche Bank AG is predicting that the global economy is likely to grow at a slow pace in 2015 and anticipates an increase of roughly 0.5 percentage points. The USA will be the major growth driver and shall continue to build on its lead over the euro zone.

According to the DIW, the German economy is likely to perform better in 2015. It is predicting a stronger level of investments in fixed assets such as machinery and buildings and higher exports. The slump in oil prices, but also the favourable situation on the employment market should boost the economy. However, the DIW has indicated that there is still a great amount of uncertainty as to whether and to what extent introduction of a universal minimum wage could lead to job losses, which in turn would contribute to a decline in domestic purchasing power. That said, the initial estimates suggest that the losses will not be as high as initially assumed.

The forecasts for the Chinese economy for 2015 are to some extent considerably more cautious than for 2014. If the picture turns out to be correct, the Chinese economy is expected to see the lowest growth for 25 years in 2015. Experts are projecting a growth forecast of just 7 %, which would put a further damper on China's booming economy.

The rescue of the euro will continue to be a dominant issue in 2015. Low inflation, such as due to the low price of oil, brings dangers of deflation to the euro zone. It is therefore possible that the euro's exchange rate with the US dollar could weaken further. Low inflation also causes interest rates and long-term yields to be kept at a low level.

The predictions for the mechanical engineering industry are optimistic. Production is expected to increase slightly compared to 2014. In the electronics industry, however, production is more likely to stagnate. Low energy costs in all industries are reducing cost pressures across the board.

Viscom is optimistic with regard to its business development in the 2015 financial year.

Business policy

The core focal points of the Viscom strategy are:

- extensive innovative strength
- technological leadership
- technology partnerships with key customers
- global presence
- sustainable and transparent business policy

These strategies allow Viscom to develop innovative products and offer them on a customer-specific basis. Extensive innovative capacity provides the framework for the company's rapid and comprehensive adjustment to reflect new challenges in the market. The position of technology leadership, based on customer requirements is used to transport the Company's image to the market, "If anybody can do it, it's Viscom". In turn, technology partnerships mean that technology expertise is available promptly and in depth, therefore allowing the other objectives to be achieved.

Based on these strategic focal points, Viscom will continue to expand its presence in regions with the highest sales in order to optimise direct customer support.

Markets

As an important market for Viscom and a strong technology trend setter, automotive and industrial electronics will continue to be very important to Viscom. The company expects revenue within the European market – including Southern and Eastern Europe – to once again increase in 2015.

Viscom would like to participate in investment opportunities in the international market. Viscom Group's strong position in America and Asia is to be strategically expanded with the aid of a tailor-made product portfolio and on-site support. Viscom's presence in growth market China as well as certain individual Asian regions is to be increased further.

The company's goal in Asia remains to raise the profile of the Viscom brand even more in this region and to make optimal use of opportunities in the Asian market.

Company segments

In addition to the primary structuring into geographic segments (markets), Viscom also performs segment reporting based on its business areas.

The SP (serial products) business area is responsible for enhancing, producing and distributing series systems which are the company's major revenue drivers.

The NP (new products) business area mainly executes projects that require a high degree of engineering expertise to provide tailored solutions or carry out complex adaptations. These are usually one-off solutions or small batches. These projects serve as a basis for coming up with series solutions as the markets develop.

The Service business area offers Viscom customers an improved and wider service portfolio. Since starting the activities, the share of total revenue has steadily increased. Further growth of this business area is expected.

Products / services

Viscom develops, manufactures and sells automated optical and X-ray inspection systems for use in industrial electronics production.

Viscom will continue to focus on the development of new standard inspection systems. Here, Viscom is inspired by the market's needs. Due to the steadily increasing installation base, follow-up business which includes training, maintenance, replacement part sales and upgrade projects will continue to increase in terms of both volume and differentiation and will help expand the Service business area.

Production / production processes

As part of the continuous improvement of the company's workflows, processes are being further standardised and rationalised. The objective is to assure efficient production while maintaining the same high level of product quality and assuring short delivery times.

Procurement

The established procurement structure has proven to be successful. Viscom will continue counting on reliable partners and optimising the procurement structures.

Results of operations

The development of incoming orders and revenue will once again largely depend on the overall economic situation in 2015, especially in the automotive industry. At a target revenue and order intake of € 62 million to € 67 million, Viscom expects to generate significantly positive earnings once again.

The EBIT-Margin is likely to be between 13 % and 15 % in the 2015 financial year, corresponding to EBIT of € 8.1 million to € 10.1 million.

Financial position

There are no plans for borrowing in 2015 thanks to the ongoing good liquidity position. Capital continues to be available for investing activities. Most of the funds, invested in direct access savings accounts and term deposits, are available at short notice.

Investments and financing

The company plans to make additional investments in its core business in the future. These relate to further developing products, expanding its regional presence and strengthening the organisational structure. These investments will be financed primarily from own funds. Other financing models are used where third-party funding is more economically viable. This currently applies in particular to the operating premises and buildings. Viscom made no major investments in 2014.

Other cash flows and refinancing

Additional cash flows are only likely in the form of dividend distributions to shareholders. This generally depends on the earnings strength in the respective period.

CORPORATE GOVERNANCE STATEMENT AND CORPORATE GOVERNANCE REPORT

Part of Group Management Report

The Executive Board and Supervisory Board of Viscom AG are committed to the principles of sound Corporate Governance. The actions of the governing and supervisory bodies at Viscom AG are based on the principles of responsible management and control, focused on transparency and value creation.

In this chapter the Executive Board of Viscom AG, also on behalf of the Supervisory Board, reports on the company's Corporate Governance, published in accordance with section 3.10 of the German Corporate Governance Code as well as Section 289a of the German Commercial Code (HGB) on Corporate Governance.

Declaration pursuant to section 161 of the German Stock Corporation Act (AktG)

The Executive Board and Supervisory Board of Viscom AG submitted the annual Compliance Statement pursuant to section 161 of the German Stock Corporation Act (AktG) on 27 February 2015. It has been published and is permanently accessible on the Viscom AG website under www.viscom.com/europe in the section "Investor Relations/Corporate Governance".

Wording of the 2015 Compliance Statement

In conformity with section 161 of the German Stock Corporation Act (AktG), the Executive Board and Supervisory Board of Viscom AG declare that the recommendations by the Government Commission on the German Corporate Governance Code have been and are being complied with. The declaration has been made permanently available to the public on the company's website. The following recommendations have not been and will not be followed:

1. The Company has decided to exclude deductibles from its liability insurance (D&O insurance) for the Supervisory Board (Code section 3.8).

The company has complied with the legal requirement to implement a deductible for Executive Board members pursuant to Section 93 paragraph 2 sentence 3 of the German Stock Corporation Act (AktG) in conjunction with Section 23 paragraph 1 sentence 1 of the Introductory Act to the German Stock Corporation Act (EGAktG) effective 1 July 2010, but continues to refrain from implementing a corresponding deductible for the Supervisory Board as well. In the Company's view, the nature of the Supervisory Board mandate, which is also emphasised by differences in remuneration, makes it seem reasonable to differentiate between the Executive Board and Supervisory Board. Extending the D&O insurance deductible to members of the Viscom AG Supervisory Board therefore did not appear appropriate. Furthermore, a deductible for intentional infringement of obligations does not come into question and a deductible in cases of negligence in other countries is rather uncommon to date. There was and is, therefore, the concern that the agreement of a deductible may present an obstacle in the future with regard to the search for appropriate Supervisory Board candidates that also have international experience.

2. The company has no Chairman or Speaker of the Executive Board (Code section 4.2.1).

Taking into account the number of Executive Board members, the Executive Board and the Supervisory Board are consequently of the opinion that, on a board with only three members, a Chairman or a Speaker is not required. In addition, the law for stock corporations is based on a principle of consensus, i.e. on a collegial rather than a hierarchal Executive Board. A strong principle of consensus has prevailed within the Executive Board (and previously within the executive) since the company was founded. All significant decisions are made together by the entire Executive Board.

3. The service contracts with the members of the Executive Board of Viscom AG provide for no payment caps on severance compensation in the case of early termination of the Executive Board mandate (Code section 4.2.3).

The Executive Board contracts do not contain any provisions for a payment cap on severance compensation in the case of early termination of the Executive Board mandate of a maximum of two years' remuneration, including in the form of (modified) tying clauses. Legal enforcement of a cap on severance pay for the member of the Executive Board would often not be possible in the relevant cases. If there is neither a significant ground for dismissal in accordance with Section 84 paragraph 3 sentence 1 of the German Stock Corporation Act (AktG) nor significant ground for the extraordinary termination of the employment contract in accordance with Section 626 of the German Civil Code (BGB), the contract with the Executive Board member can only be terminated subject to mutual agreement. In such cases, Executive Board members have no legal obligation to agree to caps on severance pay within the meaning of the recommendations of the Code. These (modified) tying clauses that link the termination of the Executive Board contract to dismissal on significant grounds and anticipate a cap on severance pay in such cases cannot be implemented unilaterally by the Supervisory Board against the will of the Executive Board member in question (deviation from Code section 4.2.3 paragraph 4).

4. The Executive Board and Supervisory Board have not prepared any detailed long-term succession planning up to now (Code section 5.1.2).

The Executive Board members Dr Martin Heuser and Volker Pape are also the founders of the company. It is not possible to anticipate at this time if or when the Executive Board members will leave the company. As a result, the Executive Board and Supervisory Board have not prepared any detailed long-term succession planning for the Executive Board up to now. The Executive Board and Supervisory Board also believe that this recommendation in the Code pertains solely to internal succession planning, as external appointments cannot be planned for the long term.

5. The Supervisory Board has not formed any committees, especially an audit committee (Code sections 5.3.1, 5.3.2).

The Supervisory Board consists of only three members. In the view of the Supervisory Board, the formation of an audit committee is not expedient under the specific circumstances of the company and – unlike in larger governing bodies – does not increase efficiency. All matters are addressed by all members of the Supervisory Board, so that the formation of additional committees is not considered necessary.

6. The Articles of Association and the standing rules for the Executive Board do not call for a maximum age limit for Executive Board members (Code section 5.1.2).

Given the age structure of the current occupants of the Executive Board, this status quo needs not be questioned. The company is also committed to ensuring access to the expertise of experienced members of the Executive Board. Any exclusion based solely on age does not appear expedient to the Executive Board and Supervisory Board, since the optimum composition of the Executive Board could thereby be prevented for merely formal reasons. An age limitation in the Articles of Association or the standing rules has been and is therefore deemed unnecessary.

7. The fixed and variable remuneration for the Supervisory Board stipulated in the Articles of Association does not take account of the Chairman or committee members (Code section 5.4.6)..

The lack of committees due to the small size of the Supervisory Board renders any further plan for the distribution of remuneration for chairpersons and committee members unnecessary.

As of 29 September 2014, Viscom AG had complied with the recommendations by the Government Commission on the German Corporate Governance Code (in the version dated 13 May 2013). Since 30 September 2014, the recommendations by the Government Commission on the German Corporate Governance Code in the version dated 24 June 2014 as published in the official section of the German Federal Gazette have been and continue to be complied with.

Working Methods of the Executive Board and the Supervisory Board

The Executive Board and the Supervisory Board of Viscom AG work together consistently and closely, in keeping with sound and responsible Corporate Governance. They coordinate regularly and on a timely basis in the areas recommended by the Corporate Governance Code, but also on issues beyond those in the Corporate Governance Code.

Executive Board

Viscom AG is a company incorporated under German law which is also the basis of the German Corporate Governance Code. The two-tier system of management comprising the Executive Board and the Supervisory Board as corporate bodies which hold separate powers is a basic tenet of German stock corporation law. The Executive Board and the Supervisory Board of Viscom AG cooperate in all matters relating to control and supervision of the company in a close and trusting fashion.

The Executive Board of Viscom AG currently consists of three members: Dr Martin Heuser (Technology), Volker Pape (Sales) and Dirk Schwingel (Finances). The Executive Board is solely responsible for the management of the company taking into consideration the law, the Articles of Association, standing rules and service contract. The primary tasks of the Executive Board are determining the strategic alignment, managing the company, and planning, establishing and monitoring a risk management and a compliance system. All members of the Executive Board are involved in the day-to-day management of the company and bear responsibility for operations.

The Supervisory Board has resolved standing rules for the Executive Board regulating its work and mode of cooperation with the Supervisory Board. According to these, members of the Executive Board wield executive powers in the areas of responsibility assigned to them in the allocation of duties. Insofar as measures or transactions of one area of responsibility overlap with those of one or more other areas, the involved members of the Executive Board must reach an agreement. Should there be any continuing conflict, the entire Executive Board must reach a joint decision. These assignments notwithstanding, each member of the Executive Board remains responsible for all management issues (principle of overall responsibility). Only the entire Executive Board together can decide on matters or transactions which are of exceptional importance or carry an extraordinary economic risk.

The Executive Board passes its resolutions either at meetings or, in the absence of objections from Board members, outside of meetings using modern means of communication. Two members of the Executive Board constitute a quorum. All resolutions of the Executive Board require a simple majority. Meetings of the Executive Board are to be scheduled on a regular basis, if possible, a weekly basis. They must take place when required to ensure the well-being of the company. The Executive Board member designated accordingly by the Supervisory Board is responsible for determining meeting dates, convening meetings, setting the agenda, chairing the meetings and ensuring the minutes are taken.

The Executive Board is also obligated to regularly inform the Supervisory Board of the company of all matters of interest to it concerning the company and companies affiliated with the company, especially of all matters covered by section 90 of the German Stock Corporation Act (AktG). These reporting duties apply to the full Executive Board. As a rule, Executive Board reports must be presented in written form except when urgency allows or necessitates a verbal report. Furthermore, the Executive Board members must regularly report jointly to the Chairman of the Supervisory Board on strategy, business planning and progress, the situation of the company, including its affiliated companies, the risk situation and risk management as well as compliance, in written or verbal form. The management of the Group is based on a reporting system that takes the form of monthly reports submitted to members of the Supervisory Board. These monthly reports include the consolidated income statement and individual breakdowns for the various Group companies. The reports also include a detailed presentation of the cost structure at Viscom AG and its Group companies, revenue in its machine installation regions, incoming orders, order backlog, the number of employees, cash and cash equivalents, total receivables and receivables from subsidiaries, orders placed for the purchase of goods and the inventories of goods as well as partially completed and completed systems.

The Executive Board also reports on significant issues pertaining to the current situation of the company and directly and indirectly associated companies and events that exceed normal business operations of the company and affiliated companies and are of special importance for the company as occasion requires. Any information relevant for decision making will be made available to the members of the Supervisory Board in a timely manner prior to the meeting.

Members of the Executive Board are subject to comprehensive restraint of competition during their Board membership. They are bound to the interests of the company. No member of the Executive Board may allow personal interests to affect his decisions or make use of business opportunities to which the company is entitled for his own benefit. Any possible conflicts of interest are to be disclosed promptly to the Supervisory Board, and the other members of the Executive Board are to be informed. All transactions between the company and the Executive Board members, as well as related parties, must be in line with the standards that are customary within the branch of industry.

In addition, Executive Board members require the consent of the Supervisory Board to assume other professional roles, particularly the assumption of mandates in other companies.

Both the Executive Board and the Supervisory Board are bound to the interests of Viscom AG. There were no conflicts of interest to be reported to the Supervisory Board in the past financial year. No Executive Board member is a member of any Supervisory Boards at listed stock corporations outside the Group.

Viscom AG has obtained liability insurance (D&O insurance) with a commensurate deductible for all members of the Executive Board.

Mandates of the Board Members

The members of the Executive Board hold no other mandates in other Supervisory Boards required by law or comparable domestic and foreign governing bodies.

Supervisory Board

The Supervisory Board of Viscom AG consists of three members who are elected at the Annual General Meeting, without being bound by any proposals for suitable candidates and with identical terms of office, in compliance with section 11 paragraph 1 of the Articles of Association in conjunction with sections 95, 96 paragraph 1 and section 101 paragraph 1 of the German Stock Corporation Act (AktG). The company has no co-determination.

Prof. Dr Claus-Eberhard Liedtke left his position on the Supervisory Board with effect from 27 May 2014.

The current members of the Viscom AG Supervisory Board are Bernd Hackmann (Chairman), Klaus Friedland (Deputy Chairman) and Prof. Dr Ludger Overmeyer. They were individually elected at the Annual General Meeting on 27 May 2014 pursuant to the recommendations of the German Corporate Governance Code. None of the Supervisory Board members were over 70 years of age at the time of the election. The term of office for the Supervisory Board is five years. The current term ends with the regular Annual General Meeting, which will approve the actions of the members of the Supervisory Board for the 2018 financial year of the company.

The proposals for suitable candidates not only consider the skills, expertise and experience necessary for the duties of the Supervisory Board but also aim to ensure diversity of Board members. Former members of the Viscom AG Executive Board are not members of the Supervisory Board. There are a sufficient number of independent members of the Supervisory Board who maintain no business or personal relations to the company or to its Executive Board.

The Supervisory Board monitors and advises the Executive Board on company management. It is involved in strategy and planning as well as all matters fundamental to the company. The Supervisory Board has resolved standing rules for the Executive Board, in accordance with the company's Articles of Association. The Articles of Association include the provision that specifies the types of major transactions of the Executive Board that require the Supervisory Board's approval. The Supervisory Board's further responsibilities include appointing Executive Board members, determining the remuneration system for the Executive Board and its individual members, and examining the company's annual financial statements.

Work within the Supervisory Board is coordinated by the Chairman of the Supervisory Board or, in case of his absence, by the Deputy Chairman. The Chairman of the Supervisory Board chairs the Supervisory Board meetings and upholds the Board's interests when representing it. Furthermore, he is authorised to make the declarations of intention on behalf of the Supervisory Board that are necessary to implement Supervisory Board resolutions. In urgent cases, this also includes the provisional approval of company transactions that, in accordance with the standing rules for the Executive Board, require the Supervisory Board's approval. Tasks and rules of procedure are stipulated in the standing rules governing the Supervisory Board that have been resolved by the Supervisory Board in accordance with the Articles of Association. This includes rules regarding the authority of the Chairman of the Supervisory Board and his deputy, as well as rules pertaining to conflicts of interest and efficiency reviews. According to these, the Chairman of the Supervisory Board is required to remain in regular contact with the Executive Board and discuss strategy, business development and the company's risk management with it. Should he become aware of significant events of material importance for the assessment of the company's situation and development and for its management, he is obligated to inform the Supervisory Board and to convene an extraordinary Supervisory Board meeting if necessary.

In the 2014 financial year, the Supervisory Board held seven regular meetings including a meeting for the purposes of an efficiency assessment that excluded the Executive Board. The Chairman of the Supervisory Board or, in case of his absence, the Deputy Chairman, convenes meetings in written form with a 14 day notification period. In urgent cases, the Chairman of the Supervisory Board can shorten the notification period appropriately and convene the meeting via verbal notification or via telephone, in writing, fax or e-mail. The agenda and proposals for resolutions must be included with the invitations.

Pursuant to the standing rules of the Supervisory Board, all meetings should be held in person. But meetings can also be held as video conferences or conference calls, or individual Supervisory Board members can take part in the meeting via phone or video. It is also possible to pass resolutions using votes in written form or by using modern (including electronic) forms of communication as long as this follows the Chairman's directive and there are no objections raised by other members of the Supervisory Board during a reasonable period of time set by the Chairman of the Supervisory

Board. The Chairman of the Supervisory Board must keep a record of and sign all resolutions made in a written or other form.

All resolutions of the Supervisory Board require a simple majority unless stated otherwise by law or the Articles of Association. The Chairman of the Supervisory Board or, in case of his absence, the Deputy Chairman, casts the deciding vote in the case of a tie. Barring different arrangements made by the Supervisory Board for individual cases, all members of the Executive Board attend the quarterly meetings of the Supervisory Board. The Executive Board's written reports for the Supervisory Board are handed out to the Supervisory Board members, unless the Supervisory Board has decided on a different approach in a given case.

The members of the Supervisory Board are independent from the management and maintain no business relationships with the company that could influence the independence of their opinion. Consultancy, service or work contracts between Supervisory Board members and the company have not existed and do not exist. Supervisory Board approval has to be sought in exceptional cases involving Supervisory Board members who intend to become active for the company beyond the functions of the Supervisory Board. In its report at the Annual General Meeting, the Supervisory Board provides information about any conflicts of interest that may have arisen during that financial year. There were no conflicts of interest to be reported to the Supervisory Board in the past financial year.

The company has obtained D&O insurance with no deductible for its Supervisory Board members.

Detailed information on Supervisory Board activities during the 2014 financial year is included in the "Report of the Supervisory Board".

Mandates of the Supervisory Board Members

Bernd Hackmann, Chairman of the Supervisory Board of Viscom AG, has been Deputy Chairman of the Supervisory Board of LPKF Laser & Electronics AG since May 2012 and a member of the Supervisory Board of SLM Solutions Group AG since April 2014. Klaus Friedland and Prof. Dr Ludger Overmeyer, members of the Supervisory Board of Viscom AG, hold no other mandates in other Supervisory Boards required by law or comparable domestic and foreign governing bodies.

Structure and Working Methods of Executive Board and Supervisory Board Committees

The company's Articles of Association allow the Supervisory Board to form committees from among its members. The Supervisory Board does not see committee formation as advisable under the circumstances of the company. The purpose of forming a committee, i.e. increasing the efficiency of the decision-making process, would not be achieved with a committee of only three members. All matters are addressed by all members of the Supervisory Board, so that the formation of additional committees is not considered necessary.

No Executive Board committees with the purpose of increasing efficiency were formed because of the small size of the Executive Board.

Shareholdings of Board Members

The following members of the Executive Board presently hold shares in the company:

- Dr Martin Heuser:
  255,000 shares held directly; Dr Heuser also holds 50 % of HPC Vermögensverwaltung GmbH, which in turn holds 6,169,085 Viscom AG shares

- Volker Pape:
  255,000 shares held directly; Mr Pape also holds 50 % of HPC Vermögensverwaltung GmbH, which in turn holds 6,169,085 Viscom AG shares

- Dirk Schwingel:
  5,000 shares held directly.

The following members of the Supervisory Board presently hold shares in the company:

- Bernd Hackmann: 5,000 shares.

- Klaus Friedland: 3,000 shares.

- Prof. Dr Ludger Overmeyer: 1,500 shares.

Shareholders and Annual General Meeting

Shareholders of Viscom AG exercise their participation and control rights at the Annual General Meeting. The Annual General Meeting, which takes place at least once a year, decides on all legally regulated issues with a binding effect for all shareholders and for the company. Each share grants one vote (one share, one vote) in the decision-making process.

The Annual General Meeting elects the Supervisory Board members and decides on approving the actions of the Executive Board and Supervisory Board. It resolves on the use of retained earnings, on capital market measures and on the approval of company contracts. Further responsibilities include the determination of Supervisory Board remuneration, as well as changes to the company's Articles of Association. At the Annual General Meeting, the Executive Board and Supervisory Board render account of the past financial year. The German Stock Corporation Act provides for convening an extraordinary General Meeting in special cases.

Shareholders are entitled to take part in the Annual General Meeting if they register in advance and provide proof of their right to attend the Annual General Meeting and exercise their voting right. Shareholders who cannot attend in person can exercise their voting right via a bank, shareholder association or any other authorised representative. The company offers shareholders who do not wish to or are unable to exercise their voting right themselves the right to vote at the Annual General Meeting via a proxy determined by Viscom AG and bound by the shareholders' instructions. This facilitates the exercising of shareholders' rights in compliance with the provisions of the Code.

The invitation to the Annual General Meeting and all information and reports necessary for passing resolutions are made accessible to the public on the website of Viscom AG in German, as stipulated by the laws governing stock companies.

Remuneration Report

Viscom AG complies with the recommendations of the German Corporate Governance Code by disclosing the individual remuneration of the Executive Board and Supervisory Board. The remuneration report forms part of the management report.

Remuneration of Executive Board Members

Remuneration of Executive Board members is determined by the Supervisory Board, and consists of a fixed annual salary and a profit-related bonus. The fixed component remains constant over a period of several years.

The variable component is determined in a bonus agreement concluded in advance with Executive Board members, taking the respective amount of the basic salary as a reference.

The Executive Board members receive a performance-related bonus, which comprises a bonus I relating to the recently expired financial year and a long-term bonus II. The total bonus is limited to 100 % of the annual fixed remuneration for Dr Martin Heuser and Volker Pape and to 50 % of the annual fixed remuneration for Dirk Schwingel.

Bonus I amounts to one monthly fixed remuneration payment plus 1.3 % of earnings before interest and taxes (EBIT) recorded in the consolidated financial statements for Dr Martin Heuser and Volker Pape. Bonus I for Dirk Schwingel amounts to 0.65 % of earnings before interest and taxes (EBIT) recorded in the consolidated financial statements. EBIT must total at least € 1 million, otherwise the entitlement to bonus I ceases.

Bonus II also amounts to one monthly fixed remuneration payment plus 1.3 % of average earnings before interest and taxes (EBIT) recorded in the consolidated financial statements for Dr Martin Heuser and Volker Pape. Bonus II for Dirk Schwingel also amounts to 0.65 % of earnings before interest and taxes (EBIT) recorded in the consolidated financial statements. The bonuses are calculated on the basis of EBIT generated in the three most recent financial years – e.g. the recently expired year plus the two before that (= average EBIT). Average EBIT must total at least € 1 million, otherwise the entitlement to bonus II ceases.

There is no stock option programme at Viscom AG for management and employees.

The following table shows the grants awarded for the financial year:

Grants awarded for the financial year

in K€		Dr Martin Heuser	Volker Pape	Dirk Schwingel	Gesamtsumme
Fixed remuneration (non-performance related fixed remuneration)	**2014**	**182**	**182**	**169**	**533**
	2013	182	182	169	533
Additional benefits *	**2014**	**22**	**24**	**16**	**62**
	2013	20	24	16	60
Annual variable remuneration (provision for performance-based remuneration)	**2014**	**182**	**182**	**85**	**449**
	(Min.)	54	54	26	134
	(Max.)	182	182	85	449
	2013	182	182	85	449
Total remuneration	**2014**	**386**	**388**	**270**	**1.044**
	2013	384	388	270	1.042

* Additional benefits include use of company vehicle for business and private purposes, capital-formation benefits and a telephone allowance and contributions to private health insurance, direct insurance and accident insurance.

The following table shows the inflows for the financial year:

Inflows for the financial year

in K€		Dr Martin Heuser	Volker Pape	Dirk Schwingel	Gesamtsumme
Fixed remuneration (non-performance related fixed remuneration)	**2014**	**182**	**182**	**169**	**533**
	2013	182	182	169	533
Additional benefits *	**2014**	**22**	**24**	**16**	**62**
	2013	20	24	16	60
Annual variable remuneration (performance-based remuneration)	**2014**	**182**	**182**	**85**	**449**
	2013	182	182	85	449
Total remuneration	**2014**	**386**	**388**	**270**	**1.044**
	2013	384	388	270	1.042

* Additional benefits include use of company vehicle for business and private purposes, capital-formation benefits and a telephone allowance and contributions to private health insurance, direct insurance and accident insurance

Remuneration of Supervisory Board Members

All Supervisory Board Members receive fixed and variable remuneration for every full business year of Supervisory Board membership. Supervisory Board members joining during the course of the financial year receive pro rata fixed and variable remuneration for their actual time served on the board. Fixed remuneration is € 10,000.00 per Supervisory Board member per year. The Chairman of the Supervisory Board receives double and his Deputy one and a half times the fixed remuneration. Variable remuneration is comprised of two components. Per Supervisory Board member and per year it amounts to:

- € 250.00 per full cent of the dividend distributed to shareholders for each of the company's no-par value shares in the corresponding financial year, and
- € 1,000.00 per € 1 million of average positive EBIT recorded. Average EBIT are calculated over a rolling three-year period on the basis of the company's audited and approved IFRS consolidated financial statements for the three most recent financial years.

The Chairman of the Supervisory Board receives double and his Deputy one and a half times the variable remuneration. Total variable remuneration is limited to seven tenths of annual fixed remuneration.

Remuneration of the members of the Supervisory Board in the 2013 financial year was as follows:

Supervisory Board	Fixed Remuneration 2013 K€	Variable Remuneration 2013[1] K€	Total Remuneration 2013 K€
Bernd Hackmann	20.0	14.0	34.0
Klaus Friedland	15.0	10.5	25.5
Prof. Dr Claus-Eberhard Liedtke	10.0	7.0	17.0
Total	**45.0**	**31.5**	**76.5**

[1] maximum

Remuneration of the members of the Supervisory Board in the 2014 financial year is as follows:

Supervisory Board	Start and leaving date 2014	Fixed Remuneration 2014 K€	Variable Remuneration 2014[1] K€	Total remuneration 2014 K€
Bernd Hackmann		20.0	14.0	34.0
Klaus Friedland		15.0	10.5	25.5
Prof. Dr Claus-Eberhard Liedtke	Until 27 May 2014	4.0	2.8	6.8
Prof. Dr Ludger Overmeyer	As of 27 May 2014	6.0	4.2	10.2
Total		**45.0**	**31.5**	**76.5**

[1] maximum

The amount of variable remuneration for financial year 2014 is in part dependent on the dividends paid to shareholders and is therefore subject to a corresponding resolution by the Annual Shareholders' Meeting on the appropriation of the net retained profits from the past financial year.

The Supervisory Board members received no remuneration or benefits from the company for personal services rendered, such as consulting or brokerage services.

Risk Management

Part of the company's principles of Corporate Governance is the responsible handling of corporate risks. The Executive Board of Viscom AG and the management of the Viscom Group can make use of comprehensive Group and company reporting and control systems which facilitate the detection, evaluation and controlling of risks. These systems are subject to continuous development in order to adapt them to changing conditions and are additionally monitored by auditors. The Executive Board regularly informs the Supervisory Board of existing risks and their development.

Details regarding risk management in the Viscom Group can be found in the risk report. The risk report contains the report on the accounting-related internal control and risk management system in compliance with the German Accounting Law Modernisation Act (BilMoG).

Transparency

Open and transparent handling of information for the relevant target groups of Viscom AG is a high priority within the company. The company has appointed a Corporate Governance Officer to monitor adherence to the German Corporate Governance Code.

Viscom AG regularly reports to shareholders, financial analysts, shareholder associations, the media and interested parties on the situation of the company, as well as significant corporate changes. All new information that is released to financial analysts and institutional investors by Viscom AG is simultaneously made available to all shareholders and interested members of the public. Viscom uses the Internet and other means of communication to ensure that information is provided in a timely manner.

An overview of all key information throughout the financial year is published on the Viscom AG website at www.viscom.com / europe:

- **Ad hoc publicity.** Ad hoc notices are issued when facts arise concerning Viscom AG outside regular reporting that may significantly influence the share price. Viscom AG ad hoc notices are available to shareholders on the Viscom AG website under www.viscom.com / europe in the section "Investor Relations / News / Publications / Ad hoc Notices".

- **Notices concerning voting rights.** In accordance with section 21 of the Securities Trading Act (WpHG), when Viscom AG becomes aware that an entity acquires, exceeds or falls under 3 %, 5 %, 10 %, 15 %, 20 %, 25 %, 30 %, 50 % or 75 % of the voting rights in the company as a result of a purchase, disposal or in any other fashion, this fact will also be promptly disclosed via a Europe-wide notification system.

  Pursuant to Section 21 paragraph 1 of the German Securities Trading Act (WpHG), Axxion S.A., Grevenmacher, Luxembourg, informed Viscom AG on 28 April 2014 that its voting rights in Viscom AG, Hanover, Germany, had fallen below the 3 % threshold on 28 April 2014 and amounted to 2.90 % (equivalent of 261564 voting rights) on that day.

- **Directors' Dealings.** Executive Board and Supervisory Board members of Viscom AG and certain executives who have regular access to insider information and are authorised to make significant company decisions (including related parties as defined by the Securities Trading Act) are required to disclose their securities transactions, in accordance with section 15a of the Securities Trading Act (WpHG). Such transactions will be published as soon as the company is informed via a Europe-wide notification system and on the company website at www.viscom.com / europe in the section "Investor Relations / News / Publications/Directors' Dealings".

  Acquisition or sales transactions of Viscom AG shares subject to mandatory reporting or of financial instruments based on these that were carried out by Board Members (Directors' Dealings) were reported to the company for the 2014 financial year by Mr Dirk Schwingel and Prof. Dr Ludger Overmeyer:

	Date	Transaction type	No.	Rate / Price €	Total volume €
Dirk Schwingel	16 June 2014	Purchase	1,000	12.28	12,280
Dirk Schwingel	17 September 2014	Purchase	1,000	11.105 *)	11,109
Prof. Dr Ludger Overmeyer	26 September 2014	Purchase	1,500	11.28	16,920
Dirk Schwingel	30 September 2014	Purchase	1,000	10.7525 *)	10,771

*) average value

- **Financial calendar.** The company informs the shareholders and the capital market in advance about the dates of key publications (e.g. Annual Report, Interim Report, Quarterly Financial Reports or Annual General Meeting) via the financial calendar, which is printed in the Financial Reports and constantly available on the Viscom AG website. The financial calendar is available to shareholders on the Viscom AG website at www.viscom.com / europe in the section "Investor Relations / Financial Calendar".

Accounting and Annual Audit

Viscom AG prepares its consolidated financial statements in line with International Financial Reporting Standards (IFRS), as adopted in the European Union. The annual financial statements of Viscom AG are prepared according to the German Commercial Code (HGB). The Executive Board prepares the consolidated financial statements which are audited by the auditor and the Supervisory Board. Shareholders and interested parties are informed of the general situation of the company via the Annual and Interim Reports and Quarterly Reports. At the same time the reports are made accessible on the Viscom AG website for all interested parties.

PricewaterhouseCoopers AG Wirtschaftsprüfungsgesellschaft, Hanover branch office, was elected by the 2014 Annual General Meeting as auditor and audited the consolidated financial statements and the annual financial statement of Viscom AG. The audit took place in accordance with German auditing regulations and the standards for the audit of financial statements put forward by the Institute of Public Auditors in Germany (Institut der Wirtschaftsprüfer: IDW). Risk management and reporting obligations in compliance with Corporate Governance as stated in section 161 of the German Stock Corporation Act (AktG) were also taken into account.

It was agreed with the auditors that they would promptly inform the Chairman of the Supervisory Board of any grounds for disqualification or conflicts of interest that arise during the audit, if these are not resolved immediately.

The auditors shall also promptly report all findings and occurrences significant to the tasks of the Supervisory Board as they occur during the audit. The auditors also have to inform the Supervisory Board and report in the audit report if facts arise in the course of the audit that do not conform with the Compliance Statement as submitted by the Executive Board and the Supervisory Board in accordance with section 161 of the German Stock Corporation Act (AktG).

Information on relevant company management practices

Compliance with the law is not just the duty of every business but is also in every company's own interest in order to reduce risks. Viscom sees it as its responsibility to adhere to all laws and internal regulations – voluntary obligations as well as ethical principles also form an integral part of its corporate culture.

In order to actively comply with local and international guidelines and regulations, the Executive Board prepared, approved and introduced compliance guidelines and a relevant annex for its employees that go beyond the statutory obligations applicable to all board members and employees of Viscom Group. This "Corporate Compliance Policy" stipulates how to deal with business partners and government institutions, how to maintain secrecy, independence and objectivity and how to act in cases of conflict of interest. These principles include the avoidance of corruption and cartel agreements, compliance with data security guidelines, equal opportunity and adherence to product safety and occupational health regulations.

They are available to Group employees on the Intranet, where they can be accessed at all times in German and English. A whistle-blower system allows employees to report certain serious legal infringements to Viscom AG. This allows the Compliance Officer and where applicable the Executive Board to work towards containing damage and preventing further damage.

The Compliance Officer is responsible for maintaining and updating this policy.

Compliance is an integral part of Viscom's business processes and has formed the basis for a comprehensive and long-term management process, which is an ongoing and central task for the company. The topic of compliance must evolve constantly in order to react to the opportunities for improvement and the changing demands of global business. It is the basis for ongoing change and improvement, making it a living process within the company that will never be completed. More information on the compliance guidelines is publicly available on the company website at www.viscom.com / europe under the "Company / Corporate Compliance" section.

REPORT ON ADDITIONAL DISCLOSURE REQUIREMENTS FOR LISTED COMPANIES

Viscom AG completed its initial public offering in May 2006 and was listed in the Prime Standard of the regulated market on the Frankfurt Stock Exchange until September 2009. Since September 2009, Viscom AG has been listed in the General Standard of the regulated market. Until 31 December 2014, Viscom AG shares were listed in the Prime Standard of the regulated market on the Frankfurt Stock Exchange. The company was admitted to the Prime Standard of the regulated market on the Frankfurt Stock Exchange as of 22 January 2015. Subscribed capital amounts to € 9,020 thousand and is divided into 9,020,000 no-par value bearer shares with a notional interest in share capital of € 1.00 per share.

Each share entitles the bearer to one vote at the Annual General Meeting. None of the issued shares are furnished with special rights.

HPC Vermögensverwaltung GmbH, Hanover, held an interest of 68.39 % in Viscom AG as of 31 December 2014.

The Supervisory Board is responsible for determining the number of Executive Board members, appointing and dismissing the ordinary or alternative members of the Executive Board and concluding the corresponding employment contracts. The Supervisory Board appoints the Executive Board members for a maximum of five years. Members may be reappointed or their term of office extended for a maximum of five years in each case. The Supervisory Board is authorised to transfer responsibility for the conclusion, amendment or termination of the corresponding employment contracts to a Supervisory Board committee.

The Supervisory Board is authorised to make amendments to the Articles of Association that relate solely to their wording. This also applies to amendments to the Articles of Association as a result of changes in the company's share capital.

The Executive Board is authorised, with the approval of the Supervisory Board, to increase the share capital of the company on one or more occasions in the period until 15 June 2016 by a total of up to € 4,500,000 through the issue of up to 4,500,000 new no-par value bearer common shares (no-par value shares) against cash or non-cash contributions (authorised capital 2011).

Viscom AG, represented by the Executive Board, is authorised in the period until 1 June 2015 to acquire own shares of up to 10 % of the current share capital. The shares acquired based on this authorisation, together with shares held by Viscom AG or to be assigned in accordance with sections 71a ff. of the German Stock Corporation Act (AktG), may at no point exceed 10 % of the company's current share capital. The acquired own shares may be used for all legally allowable purposes, excluding the trade in own shares.

CONFIRMATION OF THE DEPENDENCY REPORT

Viscom AG was dependent on HPC Vermögensverwaltung GmbH in the 2014 financial year. Since there was no control agreement between said company and Viscom AG in this period, the Executive Board of Viscom AG prepared a report of the Executive Board regarding the relationships to affiliated companies pursuant to section 312 (1) of the German Stock Corporation Act (AktG), which includes the following confirmation:

"Our company received commensurate compensation for each of the legal transactions listed in the report on relationships to affiliated companies and was not disadvantaged by the measures taken or omitted according to the report. This assessment is based on the circumstances known to us at the time of the transactions subject to mandatory reporting."

Hanover, 6 March 2015

Dr Martin Heuser Volker Pape Dirk Schwingel

IFRS CONSOLIDATED FINANCIAL STATEMENTS 2014

Consolidated income statement

Item		01.01. – 31.12.2014 K€	01.01. – 31.12.2013 K€
G1	Revenue	62,254	49,820
G2	Other operating income	2,677	2,964
		64,931	**52,784**
G3	Changes in finished goods and work in progress	3,025	-25
G4	Other capitalised company-produced assets	1,818	2,275
G5	Cost of materials	-24,675	-16,236
G6	Staff costs	-21,442	-19,483
G7	Depreciation / amortisation	-1,428	-1,068
G8	Other operating expenses	-12,851	-11,475
		-55,553	**-46,012**
	Operating profit	**9,378**	**6,772**
G9	Financial income	239	403
G9	Financial expenses	-155	-129
	Financial result	**84**	**274**
G10	Income taxes	-2,777	-2,323
	Net profit for the period	**6,685**	**4,723**
G11	**Earnings per share (diluted and undiluted) in €**	**0.75**	**0.53**
	Other earnings		
	Currency translation differences	437	-102
	Items that cannot be reclassified to the income statement	**437**	**-102**
	Other earnings after taxes	**437**	**-102**
	Total earnings	**7,122**	**4,621**

CONSOLIDATED BALANCE SHEET ASSETS

Assets

Item		31.12.2014 K€	31.12.2013 K€
	Current assets		
A1	Total cash and cash equivalents	16,933	29,285
A2	Trade receivables	15,759	11,484
A3	Current income tax assets	255	1,150
A4	Inventories	20,743	15,693
A5	Other financial receivables	787	4,269
A5	Other assets	888	904
	Total current assets	**55,365**	**62,785**
	Non-current assets		
A6	Property, plant and equipment	1,255	1,269
A7	Intangible assets	7,330	6,368
A8	Financial assets	7	524
A8	Loans originated by the company	14	13
A9	Deferred tax assets	487	399
	Total non-current assets	**9,093**	**8,573**
	Total assets	**64,458**	**71,358**

CONSOLIDATED BALANCE SHEET SHAREHOLDERS' EQUITY AND LIABILITIES

Liabilities

Item		31.12.2014 K€	31.12.2013 K€
	Current liabilities		
P1	Trade payables	2,115	1,859
P2	Advance payments received	0	22
P3	Provisions	1,483	1,351
P4	Current income tax liabilities	527	468
P5	Other financial liabilities	2,939	3,007
P5	Other current liabilities	2,200	1,612
	Total current liabilities	**9,264**	**8,319**
	Non-current liabilities		
P3	Non-current provisions	660	573
P6	Deferred tax liabilities	950	900
	Total non-current liabilities	**1,610**	**1,473**
	Shareholders' equity		
P7	Subscribed capital	9,020	9,020
P8	Capital reserve	21,321	23,821
P9	Retained earnings	22,711	28,630
P10	Exchange rate differences	532	95
	Total shareholders' equity	**53,584**	**61,566**
	Total shareholders' equity and liabilities	**64,458**	**71,358**

CONSOLIDATED CASH FLOW STATEMENT

Consolidated cash flow statement

Item		31.12.2014 K €	31.12.2013 K €
	Cash flow from operating activities		
	Net profit for the period after interest and taxes	6,685	4,723
G10	Adjustment of net profit for income tax expense (+)	2,777	2,323
G9	Adjustment of net profit for interest expense (+)	155	129
G9	Adjustment of net profit for interest income (-)	-239	-403
G7	Adjustment of net profit for depreciation and amortisation expense (+)	1,428	1,068
P3	Increase (+) / decrease (-) in provisions	210	-199
A6 to A8	Gains (-) / losses (+) on the disposal of non-current assets	10	33
A2 to A5, A9	Increase (-) / decrease (+) in inventories, receivables and other assets	-5,374	1,431
P1 to P5	Increase (+) / decrease (-) in liabilities	1,206	-788
G10	Income taxes repaid (+) / paid (-)	-2,103	-1,143
	Net cash from operating activities	**4,755**	**7,174**
	Cash flow from investing activities		
A6 to A8	Proceeds (+) from the disposal of non-current assets	19	22
A6 to A8	Acquisition (-) of property, plant and equipment and non-current intangible assets	-587	-699
A7	Capitalisation of development costs (-)	-1,818	-2,275
G9	Interest received (+)	153	474
	Net cash used in / from investing activities	**-2,233**	**-2,478**
	Cash flow from financing activities		
P8, P9	Dividend payment (-)	-15.104	-5.331
G9	Interest paid (-)	-22	0
	Net cash and cash equivalents from financing activities	**-15.126**	**-5.331**
	Changes in cash and cash equivalents due to changes in interest rates	252	-94
	Cash and cash equivalents		
	Changes in cash and cash equivalents	-12,604	-635
A1	Cash and cash equivalents as of 1 January	29,285	30,014
A1	**Total cash and cash equivalents**	**16,933**	**29,285**

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Shareholders' equity

	Subscribed capital K€	Capital reserve K€	Exchange rate differences K€	Retained earnings K€	Total K€
Shareholders' equity as of 1 Jan. 2013	**9,020**	**35,221**	**197**	**17,838**	**62,276**
Net profit for the period	0	0	0	4,723	4,723
Other earnings	0	0	-102	0	-102
Total earnings	**0**	**0**	**-102**	**4,723**	**4,621**
Dividends	0	0	0	-5,331	-5,331
Capital increase	22,550	-22,550	0	0	0
Capital decrease	-22,550	22,550	0	0	0
Withdrawal	0	-11,400	0	11,400	0
Shareholders' equity as of 31 Dec. 2013	**9,020**	**23,821**	**95**	**28,630**	**61,566**
Shareholders' equity as of 1 Jan. 2014	**9,020**	**23,821**	**95**	**28,630**	**61,566**
Net profit for the period	0	0	0	6,685	6,685
Other earnings	0	0	437	0	437
Total earnings	**0**	**0**	**437**	**6,685**	**7,122**
Dividends	0	0	0	-15,104	-15,104
Withdrawal	0	-2,500	0	2,500	0
Shareholders' equity as of 31 Dec. 2014	**9,020**	**21,321**	**532**	**22,711**	**53,584**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

General Disclosures on the Company, the Consolidated Financial Statements

Fundamental accounting principles

Viscom AG is domiciled in Hanover, Germany and is entered in the local commercial register under HRB 59616. The company's business address is Viscom AG, Carl-Buderus-Straße 9-15, 30455 Hanover, Germany.

These consolidated financial statements were approved on 6 March 2015 by the Executive Board for presentation to the Supervisory Board.

The consolidated financial statements and the 2013 group management report were submitted to and published in the German Federal Gazette.

The company's business activities consist of the development, manufacture and sale of automated inspection systems for industrial production. Inspection is performed by the computer-based optical and / or X-ray comparison of the inspected objects with the specifications defined in the inspection system.

Declaration of compliance

The present financial statements for the 2014 financial year were prepared on the basis of uniform application and compliance with all of the applicable International Financial Reporting Standards (IFRS) as adopted by the European Union as of the reporting date of 31 December 2014.

Changes or additions to IFRS and resulting reporting, recognition or measurement changes

Compared to the consolidated financial statements dated 31 December 2013, the following standards and interpretations have changed or became mandatory following their adoption under EU law or the effective date of the provisions:

Amendment to IAS 32 – "Offsetting of Financial Assets and Liabilities""

The amendment published on 16 December 2011 was adopted in EU law upon announcement in the Official Journal of the EU on 13 December 2012 and must be mandatorily applied to all financial years starting on or after 1 January 2014. The amendments clarify that the right of set-off must exist on the reporting date and must not be contingent on a future event. The amendments have not had any material effect on the consolidated financial statements of Viscom.

Amendments to IAS 39 – "Novation of Derivatives and Continuation of Hedge Accounting"

The amendment published on 27 June 2013 was adopted in EU law upon announcement in the Official Journal of the EU on 19 December 2013 and must be mandatorily applied to all financial years starting on or after 1 January 2014. As a result of this amendment, despite novation the derivative remains designated as a hedging instrument in an existing hedging relationship. The amendment to this standard has not had any effect on the consolidated financial statements of Viscom.

Amendments to IFRS 10, IFRS 12 and IAS 27 – "Investment Entities"

The amendments published on 31 October 2012 were adopted in EU law upon announcement in the Official Journal of the EU on 20 November 2013 and must be mandatorily applied to all financial years starting on or after 1 January 2014. The amendments release qualified investment entities from the obligation of having to consolidate the portfolio companies they control. The amendments to these standards have not had any effect on the consolidated financial statements of Viscom.

Amendments to IFRS 10, IFRS 11 and IFRS 12 – "Transition Guidance"
The amendments published on 28 June 2012 were adopted in EU law upon announcement in the Official Journal of the EU on 4 April 2013 and must be mandatorily applied to all financial years starting on or after 1 January 2014. The amendments relate to clarifications of when IFRS 10 must be applied for the first time as well as easements for comparable figures and information. The amendments to these standards have not had any effect on the consolidated financial statements of Viscom.

IFRS 10 – "Consolidated Financial Statements"
The standard published on 11 May 2011 was adopted in EU law upon announcement in the Official Journal of the EU on 11 December 2012 and must be mandatorily applied to all financial years starting on or after 1 January 2014. The standard contains a new, comprehensive definition of control. Control exists if the potential parent entity has the power over the potential subsidiary, exposure or rights to variable returns from involvement with the subsidiary, and the ability to use power over the subsidiary to affect the amount of its returns. The first-time application of this standard could have an effect on the scope of the entities to be included in consolidation. This standard has not had any effect on the consolidated financial statements of Viscom.

IFRS 11 – "Joint Arrangements"
The standard published on 11 May 2011 was adopted in EU law upon announcement in the Official Journal of the EU on 11 December 2012 and must be mandatorily applied to all financial years starting on or after 1 January 2014. The standard replaces IAS 31 and addresses the accounting of joint arrangements. IFRS 11 differentiates conceptionally between joint operations and joint ventures. In the event of joint operations, individual rights and obligations to the assets and liabilities of the joint operations are included proportionately in the consolidated financial statements. In the event of joint ventures, the joint venture is included in the consolidated financial statements using the equity method. This standard has not had any effect on the consolidated financial statements of Viscom.

IFRS 12 – "Disclosures of Interests in Other Entities"
The standard published on 11 May 2011 was adopted in EU law upon announcement in the Official Journal of the EU on 11 December 2012 and must be mandatorily applied to all financial years starting on or after 1 January 2014. The standard governs the disclosure obligations arising from the application of standards IFRS 10, IFRS 11 and IAS 28. The disclosures are designed to allow readers of the financial statements to assess the type, risks and financial effects from subsidiaries, joint arrangements and associates. The application of this standard has not had any material effect on the consolidated financial statements of Viscom.

Amendments to IAS 27 – "Separate Financial Statements"
The standard revised on 12 May 2011 was adopted in EU law upon announcement in the Official Journal of the EU on 11 December 2012 and must be mandatorily applied to all financial years starting on or after 1 January 2014. The publication of IFRS 10 changes IAS 27 insofar as that this standard only includes regulations for the accounting of subsidiaries, joint ventures and associated companies in IFRS separate financial statements. The amendments to these standards have not had any effect on the consolidated financial statements of Viscom.

Amendments to IAS 28 – "Investments in Associates and Joint Ventures"

The standard revised on 12 May 2011 was adopted in EU law upon announcement in the Official Journal of the EU on 11 December 2012 and must be mandatorily applied to all financial years starting on or after 1 January 2014. The publication of IFRS 11 changes IAS 28 insofar as that the equity method must also be applied for joint ventures pursuant to IFRS 11. The amendments to these standards have not had any effect on the consolidated financial statements of Viscom.

IFRIC 21 – "Levies"

The interpretation published on 20 May 2013 was adopted in EU law upon announcement in the Official Journal of the EU on 13 June 2014 and must be mandatorily applied to all financial years starting on or after 1 January 2014. The interpretation provides guidance as to the accounting of levy obligations that do not constitute income taxes. This interpretation has not had any effect on the consolidated financial statements of Viscom.

IASB standards and interpretations not applied prematurely

The following IFRS were published by the IASB / IFRIC on or before the reporting date, but only become mandatory in later reporting periods and / or have not been adopted under EU law. In regard to the standards and interpretations that only become mandatory in later reporting periods, the Viscom Group has chosen not to exercise the accounting policy choice of premature application.

Standard / Interpretation			Mandatory application for financial years from	Adopted by the EU Commission
Standards				
IAS 16, IAS 24, IAS 38, IFRS 2, IFRS 3, IFRS 8	Annual Improvements 2010 – 2012	The amendments adjusted the wording to clarify the existing rules. Other amendments impacted the recognition, measurement and notes.	01.02.2015	Yes
IAS 40, IFRS 3, IFRS 13	Annual Improvements 2011 – 2013	The amendments adjusted the wording to clarify the existing rules. Other amendments impacted the recognition, measurement and notes.	01.01.2015	Yes
IAS 19, IAS 34, IFRS 5, IFRS 7	Annual Improvements 2012 – 2014	The amendments adjusted the wording to clarify the existing rules. Other amendments impacted the recognition, measurement and notes.	01.01.2016	No
IFRS 10, IFRS 12, IAS 28	"Investment Entities: Applying the Consolidation Exception"	Clarification on the obligation of subsidiaries of an investment entity to prepare consolidated financial statements, as well as clarification on the treatment in the consolidated financial statements of participations in investment entities.	01.01.2016	No

Standard / Interpretation			Mandatory application for financial years from	Adopted by the EU Commission
Standards				
IFRS 10, IAS 28	"Sales or Contributions of Assets between an Investor and its Associate/Joint Venture"	Clarification on sales or contributions of assets between an investor and its associate/joint venture.	01.01.2016	No
IFRS 9	"Financial instruments"	The standard will in future replace IAS 39 and governs the classification and measurement of financial instruments, the accounting for impairment of financial assets and hedge accounting.	01.01.2018	No
IFRS 11	"Accounting for Acquisition of Interests in Joint Operations"	The amendments relate to clarifications on the treatment of acquisition of interests in joint operations.	01.01.2016	No
IFRS 14	"Regulatory Deferral Accounts"	The standard establishes principles subject to price regulation for entities applying IFRS for the first time.	01.01.2016	No
IFRS 15	"Revenue from Contracts with Customers"	The standard replaces the contents of IAS 18 and IAS 11 and harmonises the existing rules.	01.01.2017	No
IAS 1	"Disclosure Initiative"	Clarification on the materiality of the presentation in the balance sheet, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity items.	01.01.2016	No
IAS 16, IAS 38	"Acceptable Methods of Depreciation and Amortisation"	The amendment clarifies which depreciation and amortisation methods are appropriate to be used for property, plant and equipment and intangible assets.	01.01.2016	No
IAS 16, IAS 41	"Agriculture: Bearer Plants"	Clarification of the accounting of bearer plants.	01.01.2016	No
IAS 19	"Defined Benefit Plans: Employee Contributions"	The amendment introduces an option as to the accounting of defined pension plans in which employees or third parties participate in the form of compulsory contributions.	01.02.2015	Yes
IAS 27	"Application of the Equity Method in Separate Financial Statements"	The amendment introduces the option of using the equity method to account for investments in subsidiaries, joint ventures and associates in separate financial statements.	01.01.2016	No

The Viscom Group expects that the application of the standards and/or interpretations published on the reporting date but not yet in force will have no material impact on the net assets, the financial position and results of operations of the Group in the future.

Principles underlying the preparation of the consolidated financial statements

The financial year is the calendar year. The IFRS consolidated financial statements are prepared in euros. Figures are presented in thousands of euros (€ thousand). The consolidated financial statements are prepared on the basis of amortised historical cost.

The consolidated income statement was prepared in accordance with the total expenditure format.

Certain items in the consolidated income statement and the balance sheet have been combined for clarity of presentation; explanatory disclosures are contained in the notes to the consolidated financial statements. Pursuant to IAS 1, assets and liabilities carried on the balance sheet are classified as either current or non-current. Current assets or liabilities are those designated for disposal / redemption within a one year time horizon.

Consolidation principles

The IFRS consolidated financial statements are based on the single entity financial statements of Viscom AG and the single entity financial statements of the subsidiaries as of 31 December 2014. The financial statements of the companies included in the consolidated financial statements are prepared on the basis of uniform accounting principles. Adjustments were made for differences in accounting standards as necessary.

All intercompany profits and losses, income and expenses as well as receivables and liabilities between the companies are eliminated. Deferred taxes are recognised for consolidation measures affecting profit or loss.

Business combinations are recognised in accordance with the purchase method. Under this method, the identifiable assets (including intangible assets not previously recognised) and liabilities (including contingent liabilities but excluding future restructuring) of the acquired operations are recognised at fair value. The difference between the excess of acquisition costs, the amount of non-controlling interests in the acquired company and the fair value of all previously held shares at the time of acquisition and the share of the Group in the net assets measured at fair value is recognised as goodwill. If the acquisition costs are lower than the net assets measured at fair value of the acquired subsidiary, the difference is recognised directly in income just as acquisition costs are recognised immediately in expenses.

Basis of consolidation

In addition to the parent company Viscom AG, Hanover, the following subsidiaries were included in the IFRS consolidated financial statements:

Name	Headquarters	Equity interest	Date of initial control
Viscom France S.A.R.L.	Cergy Pontoise Cedex, France	100 %	2001
Viscom Machine Vision Pte Ltd.	Singapore, Singapore	100 %	2001
Viscom Inc.	Atlanta, USA	100 %	2001
Viscom Machine Vision Trading Co. Ltd.	Shanghai, China	100 %	2007
Viscom Tunisie S.A.R.L.	Tunis, Tunisia	100 %	2010

The consolidated financial statements include the subsidiaries in which Viscom AG directly or indirectly holds the majority of voting rights and over which it therefore exercises control. Subsidiaries are included in the consolidated financial statements when control is established and are deconsolidated when the conditions for control are no longer met.

Changes to accounting and measurement principles

The applied accounting and measurement principles correspond to those applied in the previous year.

Significant arbitrary decisions, estimates and assumptions

The preparation of the consolidated financial statements requires certain assumptions and estimates to be made which affect the amounts and classification of the assets, liabilities, income, expenses and contingent liabilities recognised.

Trade receivables

With trade receivables, the default risk is estimated using the respective level of knowledge, delinquency in particular.

Inventories

Inventories are subject to assumptions regarding the depreciation parameters, for example, the scope and measurement of the degree of completion.

Provisions

With provisions, especially provisions for warranty and repair expenses, variations from the actual expenses subsequently paid for warranty and repair expenses may occur as the provisions are based on reliable past information. In this case, the warranty or repair expense is quantified for each system installed and used as a measurement standard for systems that are still under warranty or repair at the turn of the year.

Impairment of non-financial assets

At every reporting date, the Group determines whether there are indications of an impairment of non-financial assets. Goodwill and other intangible assets with an indefinite useful life are reviewed at least once a year and also if there are indications of an impairment. Other non-financial assets are subject to an impairment test, if there are signs that the carrying amount exceeds the recoverable amount.

To calculate use value, management estimates the expected future cash flow from the cash-generating unit and selects a discount rate to determine the present value of this cash flow. In accordance with IAS 36, a cash generating unit is the perceived smallest group of assets that generates cash flows from continuous use, which is largely independent of those of other units.

Summary of significant accounting and measurement principles

Intangible assets

Intangible assets are carried at cost during first-time recognition. These are recognised if it is probable that the future economic benefits attributable to the asset will flow to the company and the acquisition or production costs of the asset can be measured reliably. The costs of intangible assets acquired as part of a business combination correspond to their fair value at the time of acquisition. After initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Intangible assets with a limited useful life are amortised on a straight-line basis over their estimated useful life. Amortisation periods and methods are reviewed on an annual basis at the end of each financial year. The amortisation of intangible assets is reported under depreciation and amortisation in the consolidated income statement. There are no intangible assets with an unlimited useful life.

Gains and losses from derecognising intangible assets are calculated as the difference between the proceeds from the sale of an asset at fair value less costs to sell and the carrying amount, and are recognised during the period in which the asset is written off.

Goodwill from business combinations is initially recognised at cost. This is calculated as the excess of the cost of the business combination over the fair value of the acquirer's share of the identifiable assets, liabilities and contingent liabilities of the acquired operations. If the acquisition costs are lower than the net assets measured at fair value of the acquired subsidiary, the difference is recognised directly in income.

After initial recognition, goodwill is subjected to an annual impairment test and carried at cost less any accumulated impairment losses. Goodwill may not be written up.

In accordance with IAS 38, research costs may not be capitalised, and development costs may only be capitalised when certain precisely defined conditions are met. Development costs must always be capitalised when it is sufficiently certain that the respective development activity will result in future economic benefits that will cover regular overheads and the corresponding development costs. In addition, various criteria relating to the development project and the product or process being developed must all be met. In particular, the company must intend to complete, use or sell the development project and also possess the required technical, financial and other resources. Furthermore, the company must be in a position to use or dispose of the intangible asset and derive an economic advantage from the same. Viscom capitalises development costs when these criteria are cumulatively met and the development costs can be measured reliably.

Other development costs that do not meet these criteria are recognised as expenses when they are incurred. Development costs that have been recognised as an expense in previous periods are not stated as assets in subsequent reporting periods. Capitalised development costs are recognised as intangible assets and amortised on a straight-line basis from the time they become usable over their useful life, but over a maximum of 15 years. An annual impairment test is carried out on any capitalised development costs that are not yet ready for use for the cash generating unit.

Viscom has five submitted patents. With the exception of registering two patents in Taiwan and the USA, none of these patents were issued as of 31 December 2014.

Property, plant and equipment

Property, plant and equipment is carried at cost less any accumulated depreciation and accumulated impairment losses. Gains and losses from derecognising property, plant, and equipment are calculated as the difference between the net proceeds from the sale of an asset and the carrying amount, and are recognised in the period in which the asset is written off.

The cost of acquisition of an item of property, plant and equipment is composed of the purchase price, including import duties and non-refundable purchase taxes, as well as any directly attributable costs of preparing the respective asset for use as intended by the company's management and transporting it to its intended location.

The cost of manufacture of an item of property, plant and equipment is composed of the cost of the goods and services used in manufacturing the respective asset. This includes direct costs as well as an appropriate proportion of the fixed and variable overheads.

Subsequent expenditure relating to an item of property, plant and equipment that has already been recognised should be added to the carrying amount of the respective asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the company and that costs can be reliably determined. All other subsequent expenditure should be recognised as an expense in the period in which it is incurred. Expenses for repairs and maintenance, which are not major replacement investments, are recognised in expenses on the consolidated income statement in the financial year they are incurred.

The useful lives, depreciation methods and net carrying amounts are reviewed in each period. This is necessary to ensure that the depreciation methods and periods correspond to the expected economic benefits from the respective items of property, plant and equipment.

Gains or losses from the disposal of property, plant and equipment is the difference between the sales income and carrying amount of the item of property, plant and equipment and recognised under "Other operating income" or "Other operating expenses".

Assets under development are allocated to property, plant and equipment and carried at cost. They are depreciated from the date on which they are brought to their working condition.

Impairment of assets

Property, plant and equipment and intangible assets with an indefinite useful life are tested for impairment whenever changes or events take place that indicate that the carrying amount of an asset may not be recoverable. An impairment loss is recognised when the carrying amount of an item of property, plant and equipment or an intangible asset that is carried at cost exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and its value in use.

An asset's fair value less costs to sell is the amount obtainable from the sale of the asset in an arm's length transaction, less the costs of disposal. Its value in use is the present value of the estimated future cash flow expected to arise from the continuing use of the asset and from its disposal at the end of its useful life. The recoverable amount is determined for each individual asset or, where this is not possible, for the cash-generating unit to which the respective asset belongs.

If there is an indication that an impairment loss no longer exists or has decreased, the respective impairment loss is tested and measured, and any amount reversed as a result is recognised in income.

An annual impairment test is carried out on intangible assets with an indefinite useful life and any intangible assets that are not yet ready for use for the cash generating unit.

Financial investments and other financial assets and liabilities

Financial instruments (financial assets and financial liabilities) according IAS 32 and IAS 39 are divided into the following categories:

Financial assets held up to the final maturity, available-for-sale financial assets, financial assets and liabilities recognised in income and at fair value (including assets classified for trading purposes), granted loans and receivables as well as other financial liabilities. The Management determined the classification of financial assets upon initial recognition.

On initial recognition, these financial assets and liabilities are carried at cost, which corresponds to the fair value of the consideration paid or received. Financial instruments are recognised at the trade date. After initial recognition, different measurement methods apply to the various categories of financial assets and liabilities. These are described as part of the accounting policies for the respective balance sheet items. Foreign currency items are translated at the middle rate prevailing at the reporting date. Gains and losses due to changes in the fair value of financial instruments are recognised in income.

One exception are gains and losses from changes in fair value of financial assets held for sale, excluding receivables. They are recognised separately in equity until the disposal of the financial instrument.

Financial assets are derecognised when the company loses control of the contractual rights underlying the respective asset. Financial liabilities are derecognised when the corresponding contractual obligations are met, cancelled or they expire.

As the Group operates internationally, it is subject to market risks arising from changes in exchange rates. In the 2014 financial year, Viscom did not employ any derivative financial instruments for reducing these risks since revenues in US dollars were very low.

Interest-bearing loans from Viscom to third parties are initially carried at the cost of acquisition less issuing costs. After initial recognition, interest-bearing loans are measured at amortised cost in accordance with the effective interest method. The same applies to the subsequent measurement of financial instruments held to maturity.

Inventories

In accordance with IAS 2, inventories are assets that are held for sale in the ordinary course of business (completed systems), that are in the process of production for such sale (assemblies and partially completed systems), or that are held for consumption in the production process or in the rendering of services (raw materials and supplies). Production costs of finished and unfinished products include costs for the product design, raw materials, auxiliary materials and supplies, direct staff costs, other direct costs and general costs directly attributable to their production (based on average production capacities).

Inventories are measured at the lower of acquisition or production cost as calculated using the weighted average method less discount for obsolescence, taking volume deductions into account, and their fair value less cost to sell.

An asset's fair value less costs to sell is the estimated recoverable proceeds in the ordinary course of business less the estimated costs up to completion and estimated selling expenses.

Raw materials, auxiliary materials and supplies intended for production are impaired in case of inventory coverage for more than one year (slow mover measurement). Inventory coverage is calculated based on historic sales in previous years. Completed and partially completed systems are subject to an impairment test after one year and are then also depreciated as and when required.

Trade receivables
Other receivables and assets
Trade receivables are initially recognised at cost, corresponding to the fair value of the consideration, and in subsequent periods at amortised cost using the effective interest method less any allowances for uncollectability. Estimates of uncollectible amounts are performed when it is no longer likely that the respective invoice will be settled in full. Uncollectible amounts therefore result in bad debts, which are then written down. These write-downs are recognised in a separate account. Foreign currency items are translated at the middle rate prevailing at the reporting date.

Construction contracts
Construction contracts are recognised in accordance with IAS 11 when the respective contract is a customer-specific contract, the total contract revenue and costs can be measured reliably, it is probable that the economic benefits associated with the contract will flow to the company, and the costs to complete the contract and the stage of contract completion can be measured reliably. If these conditions are met, the revenue and costs associated with the contract are recognised in the balance sheet by reference to the stage of completion at the reporting date.

The stage of completion is determined as the ratio of the contract costs incurred to date to the total contract costs. Payments for variations in the scope of the work to be performed under the contract, claims relating to price calculations and costs not included in the contract price are recognised to the extent agreed with the customer.

If the outcome of a manufacturing contract cannot be reliably estimated, revenue is only recognised to the extent of the contract costs incurred that are likely to be recoverable. Contract costs are recognised as an expense in the period in which they are incurred.

If it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Viscom recognises a liability under trade payables for all unfinished construction contracts with a negative balance payable to customers, where the total of all partial invoices exceeds the incurred costs plus recognised gains (or less recognised losses).

Shareholders' equity
Subscribed capital is carried at its nominal amount. Reserves are recognised in accordance with the provisions of law and the Articles of Association, and are carried at their nominal amount.

Provisions
Provisions are recognised when the company has a present obligation to a third party as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made for the amount of the obligation.

If a risk for which a provision has been recognised is expected to be covered by reimbursements (e.g. under insurance contracts), the reimbursement should be recognised as a separate asset to the extent that it is sufficiently probable that it will be received. The expense relating to the provision is recognised in the income statement net of the amount recognised for the reimbursement.

Significant provisions are recognised for warranty and repair expenses. In this case, the warranty or repair expense is quantified for each system installed and used as a measurement standard for systems that are still under warranty or repair at the turn of the year.

Taxes

In accordance with IAS 12, deferred taxes are determined using the balance sheet liability method for temporary differences between the tax base of an asset or liability and its carrying amount in the IFRS and tax balance sheet of the individual companies, temporary differences resulting from consolidation processes and utilisable loss carry forwards. This is based on the tax rates that are expected to apply in the respective countries at the realisation date. These are based on the statutory regulations valid or adopted at the reporting date. A tax rate of 32 %, as in the previous year, was used for the calculation of deferred taxes in Germany. The income tax rates of the foreign subsidiaries vary between 17 % (previous year: 17 %) and 35 % (previous year: 35 %).

Deferred taxes are recognised in income, unless they relate to items that have been recognised directly in equity or other result. In this case, deferred taxes are also recognised in equity or other result in the income statement.

The carrying value of deferred tax assets is verified at the respective reporting date. Deferred taxes are only recorded to the extent they are expected to be realised based on future positive results.

Deferred taxes attributable to items accounted for directly in equity are recognised in equity.

Deferred tax assets and deferred tax liabilities are offset if the Group has an enforceable right to offset current tax assets and current tax liabilities and if they relate to the income taxes of the same taxable entity, imposed by the same taxation authority. In these consolidated financial statements, corresponding setoffs were recorded at the individual company level.

Revenue, expenses and assets are reported net of value added tax unless the respective tax is non-deductible. Receivables and liabilities are reported including value added tax. The net value added tax payable or receivable is reported in the balance sheet as a receivable or a liability.

Leases

In the case of finance leases, under which substantially all the risks and rewards incident to ownership of an asset are transferred to the company, the leased asset is recognised at fair value or, if lower, the present value of the minimum lease payments. No finance leases were recognised in Viscom's consolidated financial statements as of 31 December 2014.

If the lessor bears the major risks and rewards from the leased asset, the respective lease is treated as an operating lease. Payments under operating leases are expensed. Viscom only made operating lease transactions.

Revenue

Revenue is recognised when it is probable that the corresponding economic benefit will flow to the company and the benefit can be measured reliably.

Revenue is recognised when significantly all the risks and rewards incident to ownership of the respective asset are transferred to the purchaser.

Revenue generated under construction contracts is recognised in accordance with the respective contractual agreement and the stage of contract completion. Further information can also be found in the explanatory notes on accounting for construction contracts.

In the case of services, revenue is recognised depending on the stage of completion of the respective transaction at the reporting date, providing that the outcome of the service can be measured reliably.

Borrowing costs

Borrowing costs are not capitalised, but instead are expensed in the period in which they are incurred – except in case of qualified assets pursuant to IAS 23.

Interest

Interest is recognised in interest income on the basis of the effective interest rate on the respective assets and liabilities.

Dividends

Dividends are recognised when the bearer has obtained the right to receive payment.

Rentals

Income from rentals of assets is recognised on a straight-line basis over the term of the rental agreement in accordance with the conditions of the agreement.

Currency translation

Transactions in foreign currencies and the annual financial statements of foreign Group companies are translated into euros in accordance with the functional currency concept (IAS 21).

The assets and liabilities of foreign Group companies are translated at the closing date exchange rate, while their income and expenses are translated at the average exchange rate. The shareholders' equity of the subsidiaries is translated at historic rates.

Differences between these exchange rates and the exchange rates at the closing date are reported in shareholders' equity as a separate item under "Currency translation differences". When a foreign Group company is sold, exchange differences previously recognised directly in equity are reclassified to income as part of the gain or loss from disposal.

Translation differences arising from business transactions in foreign currencies are generally recorded through profit or loss. Translation differences from foreign-currency transactions are recognised in profit or loss under "Other operating income" or "Other operating expenses" respectively.

Significant translation exchange rates in the financial year were as follows:

Translation exchange rates 2014

	1 EUR = x CNY	1 EUR = x TND	1 EUR = x USD
Closing rate	7.5358	2.2588	1.2141
Average rate	8.1883	2.2461	1.3288

Translation exchange rates 2013

	1 EUR = x CNY	1 EUR = x TND	1 EUR = x USD
Closing rate	8.3491	2.2556	1.3791
Average rate	8.1655	2.1521	1.3282

Notes to the consolidated income statement

(G1) Revenue

The Group's revenue can be broken down as follows:

Revenue

	2014 K€	2013 K€
Construction and delivery of machines	46,543	36,463
Services / replacement parts	15,192	13,141
Rentals	519	216
Total	**62,254**	**49,820**

(G2) Other operating income

Other operating income was composed of the following items:

Other operating income

	2014 K€	2013 K€
Income from the release of other provisions	697	568
Income from exchange rate differences	666	206
Non-monetary remuneration	537	505
Income from the release of other provisions for warranties and repairs	283	1,033
Miscellaneous other operating income	176	119
Income from receivables previously written off	135	0
Income from the release of value adjustments on receivables	125	474
Income from sales of assets	46	8
Insurance recoveries	12	0
Investment grants	0	51
Total	**2,677**	**2,964**

Non-monetary remuneration, which has a corresponding offsetting item under staff costs, results from the taxation of non-monetary benefits such as the private use of company cars.

(G3) Changes in finished goods and work in progress

Changes in finished goods and work in progress included the inventory-based manufacturing costs for finished and partially completed machines. The net value of these machines and assemblies was € 13,128 thousand (previous year: € 10,159 thousand) at a cost of € 20,723 thousand (previous year: € 16,900 thousand) and corresponding value adjustment of € 7,595 thousand (previous year: € 6,741 thousand

(G4) Other capitalised company-produced assets

Company-produced assets for new developments were capitalised in the 2014 financial year at the amount of € 1,818 thousand (previous year: € 2,275 thousand). The developments mainly related to software and new systems.

(G5) Cost of materials

The cost of materials can be broken down into the cost of purchased materials and purchased services:

Cost of materials

	2014 K€	2013 K€
Materials including incidental costs of acquisition	23,895	15,589
Purchased services	780	647
Total	**24,675**	**16,236**

The increase in cost of materials resulted from a rise in revenue and the higher volume of finished goods and work in progress.

(G6) Staff costs

Staff costs comprise salaries and employer social security contributions.

Staff costs

	2014 K€	2013 K€
Wages and salaries, including bonuses and management bonuses	18,515	16,786
Social security contributions	2,927	2,697
Total	**21,442**	**19,483**
Number of employees (average for the year)	314	296
Number of trainees (average for the year)	10	10
Total	**324**	**306**

Staff costs rose, primarily on account of the higher total pay resulted from the increase in the number of Group employees, the pay rise in 2014, as well as greater provisions for residual holidays, overtime and bonus payments.

In the period under review, payments were made to defined contribution pension plans in the amount of € 1,154 thousand (previous year: € 1,062 thousand).

(G7) Depreciation and amortisation expense

Information on depreciation and amortisation expense can be found in notes A6-A7 for the balance sheet assets.

(G8) Other operating expenses

Other operating expenses can be broken down as follows:

Other operating expenses

	2014 K€	2013 K€
General and administrative costs	5,303	4,366
Selling expenses	2,304	1,531
Rents / leases / building costs	1,774	1,851
Travel expenses	1,768	1,534
Outgoing shipments	750	486
Warranty / repair expenses	596	920
Expenses due to exchange rate differences	256	470
Value adjustment on receivables and losses on receivables	100	317
Total	**12,851**	**11,475**

The rise in other operating expenses was mainly due to higher general and administrative costs as well as greater expenses in the "Selling expenses" item.

(G9) Financial result

Financial income was down year on year. Financial income did not include any income from other accounting periods (previous year: € 163 thousand). Financial expenses were on par with the previous year. No new corporate bonds were acquired in 2014. The remaining financial assets were either invested in term deposits or held in direct access savings accounts. The financial result was € 84 thousand (previous year: € 274 thousand).

(G10) Income taxes

Taxes on income for the financial years ending 31 December 2014 and 2013 contained the following income and expense items:

Income taxes

	2014 K€	2013 K€
Actual taxes on income for the past financial year	2,599	1,598
Actual taxes on income for previous years	165	159
Deferred taxes on income from the accrual and reversal of temporary differences and tax loss carry-forwards	13	566
Income tax expense reported in the consolidated income statement	**2,777**	**2,323**

Actual taxes on income for the past financial year related to Viscom AG as well as the foreign subsidiaries in France, America and Singapore. Actual taxes on income for previous years of € 165 thousand originated from expected adjusted assessment for previous years due to the as yet incomplete tax audit of Viscom AG. The deferred tax expense primarily resulted from changes in the temporary differences between the IFRS and tax balance sheets at the level of the German, American, and Asian companies. Furthermore, a deferred tax liability was the result of development costs which were only capitalised in the IFRS financial statements. The distribution of dividends to shareholders did not affect income taxes at the level of Viscom AG.

The reconciliation from the expected to the reported income tax expense was based on the tax rate of the parent company as follows:

Reconciliation of income tax expense

	2014 K€	2013 K€
Consolidated net profit before taxes	9,462	7,046
Anticipated tax income / expense based on 32 % (previous year: 32 %)	3,028	2,254
Difference compared to the corporate tax rate	-69	-64
Non-deductible operating expenses	123	75
Use of previously unrecognised tax loss carry-forwards	-21	-61
Tax-free income	-102	-31
Capitalisation of tax loss carry-forwards previously assessed as not being useful	0	-13
Taxes for other accounting periods	-165	164
Other	-17	-1
Actual tax expense	**2,777**	**2,323**

Deferred tax liabilities

	Consolidated balance sheet	
	2014 K€	2013 K€
Intangible assets	2,277	1,981
Measurements of property, plant and equipment	1	8
Other receivables and assets	0	0
Measurement of financial investments	0	0
Measurement of trade receivables	5	3
Gross amount	**2,283**	**1,992**
Offsetting	-1,333	-1,092
Net amount	**950**	**900**

Deferred tax assets

	Consolidated balance sheet	
	2014 K€	2013 K€
Inventories	1,241	925
Tax loss carry-forwards	238	251
Other liabilities	139	93
Other financial liabilities	56	34
Measurement of trade receivables	48	88
Deferred taxes from elimination of intercompany profits	40	39
Measurement of provisions	31	26
Measurements of property, plant and equipment	24	28
unrealised revenue	3	7
Gross amount	**1,820**	**1,491**
Offsetting	-1,333	-1,092
Net amount	**487**	**399**

Deferred tax assets and liabilities were offset on a company by company basis. For the backlog of deferred tax assets over deferred tax liabilities on a level of the individually affected company, the recoverability of the backlog of deferred tax assets was estimated as sufficiently safe based on the company budget. All changes to deferred taxes in 2014 were, similar to the previous year, recorded in income. Viscom AG, Hanover had no corporate and trade tax loss carry-forwards as of 31 December 2014. The external tax audit did not recognise expenses relating to the write-downs of loans for 2002 and 2003. A suit has since been brought before the Niedersächsischen Finanzgericht (Lower Saxony Finance Court) against the corresponding assessments. The corporate and trade tax loss is likely to increase by € 743 thousand if our suit is successful. € 238 thousand in deferred taxes were capitalised in light of our chances of success.

Due to uncertainties about the outcome of an ongoing court appeal, around € 5,200 thousand in corporate tax loss carry-forwards were not taken into account in the reporting year. There is no legal time limit for using the domestic and foreign tax loss carry-forwards.

Viscom AG generated income from distributions from its foreign subsidiaries of € 2,241 thousand in the 2014 financial year. Also, retained profits amounted to € 4,397 thousand (previous year: 4,908 thousand). No deferred tax liabilities were recognised for these retained profits as there are currently no plans to distribute these profits to the parent company or sell the subsidiaries. If deferred taxes were recognised for these timing differences, their measurement would have to take just 5 % of potential dividends plus possible foreign withholding tax into account due to the statutory regulation in section 8b of the Corporate Tax Act (KStG).

(G11) Earnings per share

On the basis of 8,885,060 shares as an average for the year, earnings per share for the 2014 financial year amounted to € 0.75 (diluted and undiluted). In the previous year, earnings per share amounted to € 0.53 (diluted and undiluted), calculated on the basis of 8,885,060 shares. Earnings on which the calculation is based (diluted and undiluted) totalled € 6,685 thousand (previous year: € 4,723 thousand).

Notes to the balance sheet (assets)

(A1) Total cash and cash equivalents

Cash and cash equivalents consist of cash in hand and bank balances totalled € 16,933 thousand (previous year: € 29,285 thousand). This related to items with a maturity of less than three months at the end of the year, which were freely disposable.

(A2) Trade receivables

Trade receivables are generally due within 30 to 90 days.

All of the company's trade receivables were short-term in nature, meaning that they are not exposed to interest rate risk. The carrying amounts of other receivables and assets constituted a reasonable approximation of their fair value.

The amounts are only offset if Viscom can legally enforce the offsetting of the amounts at that point in time and intends to actually offset the amounts. Trade receivables were not offset against trade payables. No other legally enforceable offsetting agreements existed.

Doubtful receivables, which were written off in full, amounted to € 615 thousand (previous year: € 614 thousand). Cumulative value adjustments on receivables totalled € 948 thousand (previous year: € 1,072 thousand).

Some customers were late in meeting their payment obligations in 2014.

Value adjustments on receivables developed as follows:

	2014 K€	2013 K€
As of 1 January	1,072	1,189
Additions to value adjustments on receivables	0	99
Receivables written off as unrecoverable during the financial year	1	258
Reversal of unused impairment losses	-125	-474
As of 31 December	**948**	**1,072**

(A3) Current income tax assets

Current income tax assets as of 31 December 2014 consisted of Viscom AG tax refund claims of € 255 thousand mainly due to excessive prepayments for the 2014 assessment period.

(A4) Inventories

Inventories

	2014 K€	2013 K€
Raw materials and supplies	7,615	5,534
Assemblies and partially completed systems	7,381	5,804
Completed systems	5,747	4,355
Total	**20,743**	**15,693**

The completed systems reported in inventories related to rental and demonstration machines as well as inspection systems ready for sale. All systems are subject to an impairment test every year and value adjusted if required. Assemblies and partially completed systems include pre-produced modules as well as systems currently under construction (work in progress). All inventories, especially those of completed and partially completed systems, were recognised at the same carrying values as in 2013.

At the end of 2014, the cumulative impairment loss was € 3,722 thousand (previous year: € 3,491 thousand) on raw materials, auxiliary materials and supplies, € 2,329 thousand (previous year: € 1,984 thousand) on partly completed systems and assemblies and € 5,266 thousand (previous year: € 4,757 thousand) on completed systems.

(A5) Other financial receivables and other assets

Other financial receivables and other assets

	2014 K€	2013 K€
Bonds	501	4,022
Security deposits for leases / duties	230	122
Creditors with debit balances	35	25
Interest receivable on corporate bonds	19	100
Receivable from public authorities	2	0
Subtotal of other financial receivables	**787**	**4,269**
Advance payments	477	443
Other receivables	283	378
Miscellaneous assets	128	83
Subtotal of other assets	**888**	**904**
Total	**1,675**	**5,173**

Please see note A8 for information on the bonds.

(A6 - A7) Property, plant and equipment / intangible assets

Intangible assets in K€	Patents and similar rights and assets	Software	Goodwill	Advanced payments for intangible assets	Development costs	Total intangible assets
Gross carrying amounts						
Cost as of 01.01.2014	2,288	1,706	15	11	7,092	11,112
Exchange rate differences	0	8	0	0	0	8
Additions	0	107	0	29	1,818	1,954
Reclassifications	0	40	0	-40	0	0
Disposals	0	338	0	0	0	338
Cost as of 31.12.2014	2,288	1,523	15	0	8,910	12,736
Value adjustments						
Accumulated depreciation / amortisation as of 01.01.2014	2,288	1,538	15	0	903	4,744
Exchange rate differences	0	2	0	0	0	2
Depreciation / amortisation for the current year	0	80	0	0	893	973
Depreciation / amortisation of disposals	0	313	0	0	0	313
Accumulated depreciation / amortisation as of 31.12.2014	2,288	1,307	15	0	1,796	5,406
Carrying amounts as of 31.12.2014	0	216	0	0	7,114	7,330

Property, plant and equipment in K€	Leasehold improvements	Technical equipment and machinery	Operating and office equipment	Vehicles	Total property, plant and equipment	Total property, plant and equipment and intangible assets
Gross carrying amounts						
Cost as of 01.01.2014	1,375	1,002	2,896	327	5,600	16,712
Exchange rate differences	55	1	27	25	108	116
Additions	5	5	360	82	452	2,406
Reclassifications	13	0	-13	0	0	0
Disposals	13	62	880	68	1,023	1,361
Cost as of 31.12.2014	1,435	946	2,390	366	5,137	17,873
Value adjustments						
Accumulated depreciation / amortisation as of 01.01.2014	996	835	2,373	127	4,331	9,075
Exchange rate differences	53	0	24	11	88	90
Depreciation / amortisation for the current year	66	69	258	62	455	1,428
Reclassifications	0	0	0	0	0	0
Depreciation / amortisation of disposals	12	79	859	42	992	1,305
Accumulated depreciation / amortisation as of 31.12.2014	1,103	825	1,796	158	3,882	9,288
Carrying amounts as of 31.12.2014	332	121	594	208	1.255	8.585

Intangible assets in K€	Patents and similar rights and assets	Software	Goodwill	Advanced payments for intangible assets	Development costs	Total intangible assets
Gross carrying amounts						
Cost as of 01.01.2013	2,288	1,623	15	0	4,817	8,743
Exchange rate differences	0	-1	0	0	0	-1
Additions	0	86	0	11	2,275	2,372
Reclassifications	0	0	0	0	0	0
Disposals	0	2	0	0	0	2
Cost as of 31.12.2013	2,288	1,706	15	11	7,092	11,112
Value adjustments						
Accumulated depreciation / amortisation as of 01.01.2013	2,288	1,349	15	0	426	4,078
Exchange rate differences	0	-1	0	0	0	-1
Depreciation / amortisation for the current year	0	192	0	0	477	669
Depreciation / amortisation of disposals	0	2	0	0	0	2
Accumulated depreciation / amortisation as of 31.12.2013	2,288	1,538	15	0	903	4,744
Carrying amounts as of 31.12.2013	0	168	0	11	6,189	6,368

Property, plant and equipment in K€	Leasehold improve-ments	Technical equipment and machinery	Operating and office equipment	Vehicles	Total property, plant and equipment	Total property, plant and equipment and intangible assets
Gross carrying amounts						
Cost as of 01.01.2013	1,167	968	2,782	326	5,243	13,986
Exchange rate differences	-18	0	-15	-7	-40	-41
Additions	226	70	265	41	602	2,974
Reclassifications	0	5	-5	0	0	0
Disposals	0	41	131	33	205	207
Cost as of 31.12.2013	1,375	1,002	2,896	327	5,600	16,712
Value adjustments						
Accumulated depreciation / amortisation as of 01.01.2013	947	822	2,249	105	4,123	8,201
Exchange rate differences	-17	0	-5	-4	-26	-27
Depreciation / amortisation for the current year	66	8	270	55	399	1,068
Reclassifications	0	5	-5	0	0	0
Depreciation / amortisation of disposals	0	0	136	29	165	167
Accumulated depreciation / amortisation as of 31.12.2013	996	835	2,373	127	4,331	9,075
Carrying amounts as of 31.12.2013	379	167	523	200	1,269	7,637

Amortisation and depreciation is calculated on a straight-line basis over the following estimated useful lives:

	Years
Leasehold improvements	2 – 14
Technical equipment and machinery	2 – 13
Operating and office equipment	8 – 20
Vehicles	5 – 8
Software	1 – 6
Patents	12
Expertise / customer base	3 – 5
Development projects	3 – 5

Intangible assets and property, plant and equipment include written-off assets which were still in use and carried at historic cost totalling € 3,539 thousand (previous year: € 4,423 thousand).

€ 1,818 thousand in development costs was recognised in the period under review (previous year: € 2,275 thousand).

(A8) Financial investments / loans and securities for rent granted by the company

The short-term bonds were reported under other financial receivables at the amortised cost of € 501 thousand. An additional € 7 thousand in security deposits from subsidiaries were recognised in financial investments. This item also contained loans issued to employees for no specific purpose and security for rented properties.

The loans were recognised at amortised cost, totalling € 14 thousand. The interest rate for employee loans in excess of € 2.5 thousand was between 5 % and 5.5 %. The fixed interest rate means that a certain degree of interest rate risk does exist. However, this risk is classified as immaterial and is not hedged.

(A9) Deferred tax assets

A breakdown of this item is provided as part of the explanatory notes on the income statement tax items under G10.

Notes to the shareholders' equity and liabilities

(P1) Trade payables

Trade payables were initially recognised at cost, corresponding to fair value. Subsequent measurements were carried out at cost using the effective interest method. Invoices are generally settled on a twice-weekly basis and within the agreed payment period. Early settlement discounts were applied wherever possible. All of the company's trade payables were short-term in nature.

(P2) Advance payments received

This item related to advanced payments from customers, which are carried at amortised cost.

(P3) Provisions

Breakdown of other provisions

in K€	01.01.2014	Utilisation	Dissolutions	Addition	31.12.2014
Current provisions					
Warranty and repair expenses	1,351	-817	-270	1,208	1,472
Reimbursement payments	0	0	0	11	11
Total current provisions	**1,351**	**-817**	**-270**	**1,219**	**1,483**
Non-current provisions					
Warranties	396	-368	-3	459	484
Anniversaries	177	-22	-7	28	176
Total non-current provisions	**573**	**-390**	**-10**	**487**	**660**
Total	**1,924**	**-1,207**	**-280**	**1,706**	**2,143**

Current provisions related primarily to provisions for expected warranty and repair expenses. Warranty provisions were calculated on the basis of the number of warranty months remaining for the respective projects and the average service expense per warranty month. This item also contains provisions for the delivery of replacement parts within the warranty period.

The provisions for warranty and repair expenses had increased compared to the previous year due to the rise in the number of systems sold.

A claim is anticipated for current provisions within the next twelve months.

Anniversary provisions amounting to € 176 thousand (previous year: € 177 thousand) and the long-term component of warranty provisions in the amount of € 484 thousand (previous year: € 396 thousand) were included in non-current provisions. A claim is anticipated for warranty provisions within 12 to 36 months and for the anniversary provision within 12 to 300 months.

(P4) Current income tax liabilities

Current income tax liabilities comprised trade tax provisions (€ 120 thousand) and corporate tax provisions (€ 152 thousand) of Viscom AG as well as tax provisions of the subsidiaries in Singapore (€ 96 thousand), Shanghai (€ 144 thousand) and France (€ 15 thousand).

(P5) Other current and financial liabilities

Other current and financial liabilities were composed of the following items:

Other current and financial liabilities

	2014 K€	2013 K€
Management bonuses, incentives, one-time payments	2,056	1,783
Commission payments to agents	415	822
Social security	195	146
Outstanding purchase invoices	184	173
Supervisory Board	77	77
Debtors with a credit balance	12	6
Subtotal of other financial liabilities	**2,939**	**3,007**
Holiday, overtime	1,074	871
Other	755	519
Taxes	371	222
Subtotal of other current liabilities	**2,200**	**1,612**
Total	**5,139**	**4,619**

The item "Other financial liabilities" included current liabilities in the form of, for example, unpaid bonuses to employees and commission payments for which agents are already eligible but which are only due on receiving customer payment, or outstanding invoices, i.e. the goods were already delivered and recorded but the accompanying invoice was not presented by the turn of the year.

Liabilities for management bonuses, incentives and one-time payments increased year on year.

The item "Other current liabilities" included in particular taxes still to be paid as well as provisions to be recognised for potential holiday and overtime payments.

(P6) Deferred tax liabilities

A breakdown of this item is provided as part of the explanatory notes on the income statement tax items under G10.

(P7 bis P10) Shareholders' equity and reserves

The reported share capital of the parent company Viscom AG in the amount of € 9,020,000.00 (previous year: € 9,020,000.00), divided into 9,020,000 shares, is fully paid up. The 9,020,000 shares are no-par value bearer shares with a notional interest in the share capital of € 1.00 per share. In the course of 2006, the share capital, which was divided into 67,200 shares on 1 January 2006, was increased by 6,652,800 shares (€ 6,653 thousand) by way of a capital increase from retained earnings and by a further 2,300,000 shares (€ 2,300 thousand) through the issue of new shares in conjunction with the company's IPO. Capital reserves consist of the premium from BdW (Beteiligungsgesellschaft für die deutsche Wirtschaft), which held an interest in Viscom AG until 1 January 2005, and the Viscom employees holding an interest in the company, as well as the premium from the issue of new shares in the amount of € 38,591 thousand. The options for the utilisation of capital reserves are consistent with the provisions of the German Stock Corporation Act. A stock option plan for employees has not been established.

As communicated in the corresponding ad hoc release from 29 July 2008, Viscom AG initiated a buy-back of its own shares over the stock exchange on that date. During the period from 29 July 2008 to 31 March 2009, Viscom AG bought back 134,940 of its own shares. This corresponds to around 1.5 % of share capital. The purchase of own shares is recognised directly in equity and reduces equity. The amount was deducted in a lump sum from capital reserves. The shares were acquired at an average price of € 4.33 per share. The buy-back provides currency for potential acquisitions. Pursuant to section 71b of the German Stock Corporation Act (AktG), shares held directly or indirectly by Viscom AG have no dividends.

In the 2014 financial year, no further shares were acquired in this context. The number of dividend-bearing shares remained the same at 8,885,060 on 31 December 2014.

In the 2014 financial year, a dividend of € 1.70 per share was distributed for the 2013 financial year.

The diluted and basic earnings per share are determined by dividing the consolidated net profit for the period by the number of dividend-bearing shares.

The Executive Board is authorised, with the approval of the Supervisory Board, to increase the share capital of the company on one or more occasions in the period until 15 June 2016 by a total of up to € 4,500,000 through the issue of up to 4,500,000 new no-par value bearer common shares (no-par value shares) against cash or non-cash contributions (authorised capital 2011).

SEGMENT INFORMATION

Disclosures of the Group’s geographic segments by sales markets

	Europe		Americas		Asia		Consolidation		Total	
in K€	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013
External sales	41,056	29,532	9,242	8,257	11,956	12,031	0	0	62,254	49,820
Segment result	7,245	4,907	834	894	1,301	889	-2	82	9,378	6,772
plus financial result	0	0	0	0	0	0	0	0	84	274
less income tax	0	0	0	0	0	0	0	0	-2,777	-2,323
Consolidated net profit									**6,685**	**4,723**
Segment assets	50,256	58,256	5,008	3,615	8,637	7,546	-192	-132	63,709	69,285
plus financial assets	1,754	2,271	0	0	0	0	-1,747	-1,747	7	524
plus deferred taxes and tax rovisions	0	0	0	0	0	0	0	0	742	1,549
Total assets									**64,458**	**71,358**
Segment liabilities	9,789	8,337	2,823	2,028	3,836	4,130	-7,711	-6,644	8,737	7,851
plus financial liabilities	660	573	0	0	0	0	0	0	660	573
plus deferred taxes and tax provisions	1,477	1,368	0	0	0	0	0	0	1,477	1,368
Total liabilities									**10,874**	**9,792**
Investments	2,289	2,932	117	42	0	0	0	0	2,406	2,974
Depreciation / amortisation	1,287	985	57	57	74	56	10	-30	1,428	1,068

The geographic segments form the basis of internal reporting used by Group Management since the risks and rates of return of the Group are mainly influenced by differences between sales regions. The Management evaluates the segment results and manages these on the basis of EBIT as a central benchmark. Services are generally settled between the segment Europe and the other segments based on transfer prices.

The operating segments provide supplementary internal information for management. The geographic segments are determined on the basis of the domicile of the respective customer. The reportable segments generate the majority of their revenue by producing and selling the product groups stated in the table below. Viscom generated approximately 56 % (previous year: 54 %) of its revenue with its five largest customers. External sales amounted to € 20,686 thousand (previous year: € 14,390 thousand) in Germany and to € 41,568 thousand (previous year: € 35,430 thousand) in all other countries.

In Germany, total non-current assets, excluding financial instruments and deferred tax assets (the company has no assets in connection with pensions or rights arising from insurance policies), came to € 8,289 thousand (previous year: € 7,333 thousand); in all other countries, these totalled € 310 thousand (previous year: € 317 thousand).

In 2014, the 10 % revenue limit stated in IFRS 8.34 was exceeded with two customers. Revenue from one customer came to € 15,452 thousand (previous year: € 14,772 thousand) and to € 11,464 thousand (previous year: € 8,366 thousand) from the other. Neither customer can be directly allocated to a segment, as different product groups are delivered to them around the world.

The "Optical and X-ray series inspection systems" segment contains all standard AOI and AXI machines which are identical up to a certain stage of completion irrespective of the content of the respective customer order. On the other hand, "special optical and X-ray inspection systems" are generally developed separately and for a specific customer or group of customers, or are special inspection systems that can be used within a product line or independently as well as X-ray tubes that are sold on to original equipment manufacturers (OEM). The "Service" segment offers an extensive and global range of individual support packages.

Disclosures of the Group's segments

	Optical and X-ray series inspection systems		Special optical and X-ray series inspection systems		Service		Total	
in K€	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013
External sales	**44,677**	33,972	**7,217**	7,491	**10,360**	8,357	**62,254**	49,820
Segment assets	**45,721**	47,245	**7,386**	10,418	**10,602**	11,622	**63,709**	69,285
Investments	**1,727**	2,028	**279**	447	**400**	499	**2,406**	2,974

Cash flow statement

in K€	Europe 2014	Americas 2014	Asia 2014	Consolidation 2014	**Total 2014**
Cash flow from operating activities					
Net profit for the period after interest and taxes	7,294	511	1,122	-2,242	6,685
Adjustment of net profit for income tax expense (+)	2,270	323	184	0	2,777
Adjustment of net profit for interest expense (+)	155	0	0	0	155
Adjustment of net profit for interest income (-)	-2,475	0	-5	2,241	-239
Adjustment of net profit for depreciation and amortisation expense (+)	1,287	57	74	10	1,428
Increase (+) / decrease (-) in provisions	160	6	44	0	210
Gains (-) / losses (+) on the disposal of non-current assets	9	-10	11	0	10
Increase (-) / decrease (+) in inventories, receivables and other assets	-4,486	-937	-748	797	-5,374
Increase (+) / decrease (-) in liabilities	1,234	879	-101	-806	1,206
Income taxes repaid (+) / paid (-)	-1,983	0	-120	0	-2,103
Net cash used in/from operating activities	**3,465**	**829**	**461**	**0**	**4,755**
Cash flow from investing activities					
Proceeds (+) from the disposal of non-current assets	10	36	0	-27	19
Acquisition (-) of property, plant and equipment and non-current intangible assets	-431	-117	-39	0	-587
Capitalisation of development costs (-)	-1,818	0	0	0	-1,818
Interest received (+)	153	0	0	0	153
Cash flow from investing activities	**-2,086**	**-81**	**-39**	**-27**	**-2,233**
Cash flow from financing activities					
Dividend payment (-)	-15,104	0	0	0	-15,104
Interest paid (-)	-22	0	0	0	-22
Net cash and cash equivalents from financing activities	**-15,126**	**0**	**0**	**0**	**-15,126**
Changes in cash and cash equivalents due to changes in interest rates	0	225	0	27	252
Cash and cash equivalents					
Changes in cash and cash equivalents	-13,747	748	422	-27	-12,604
Cash and cash equivalents as of 1 January	24,584	1,011	3,690	0	29,285
Total cash and cash equivalents	**10,837**	**1,984**	**4,112**	**0**	**16,933**

OTHER DISCLOSURES

Disclosures regarding Financial Instruments and Financial Risk Management

Presentation of the categories of financial instruments and the corresponding net profit in accordance with IFRS 7

Agreements which mutually lead to the accrual of a financial asset for a company and the accrual of a financial liability or an equity instrument for a counterparty are classified as financial instruments.

In this context, financial assets include cash and cash equivalents, contractually committed rights for receiving cash or other financial assets such as trade receivables, derivative financial instruments and equity instruments held in other companies. Financial liabilities include contractual obligations, a liquid asset or other financial assets to be released to other companies. This encompasses obtained loans, current loans, trade payables and derivatives.

The following presentation provides information on the carrying amounts from individual measurement categories. The fair values for each class of financial instrument are also displayed. The presentation enables carrying amounts and fair values to be compared.

For liquid assets and other current original financial instruments, including trade receivables and payables, financial assets as well as other receivables and liabilities, the fair values correspond to the carrying amounts recognised at particular reporting dates. The fair values of the category "Financial instruments held to maturity" corresponded to the market values as of 31 December 2014.

The categories of financial assets and liabilities are included in the following tables:

Assets

31.12.2014 in K€	Measurement category	Total		Nominal value Liquid assets / cash reserve		Amortised cost Loans and receivables (LaR) as well as financial instruments held to maturity (HTM)	
		Carrying amount	Fair Value	Carrying amount	Fair Value	Carrying amount	Fair Value
Bonds	HTM	501	501	0	0	501	501
Financial assets and other receivables	LaR	239	239	0	0	239	239
Trade receivables	LaR	15,759	15,759	0	0	15,759	15,759
Liquid assets	LaR	16,933	16,933	16,933	16,933	0	0
Total		**33,432**	**33,432**	**16,933**	**16,933**	**16,499**	**16,499**

Liabilities

31.12.2014 in K€	Measu-rement category	Total		Amortised cost			
				Financial liabilities (FL)		Loans and Receivables (LaR)	
		Carrying amount	Fair Value	Carrying amount	Fair Value	Carrying amount	Fair Value
Trade payables	FL	2,115	2,115	2,115	2,115	0	0
Other financial liabilities	FL	2,744	2,744	2,744	2,744	0	0
Total		**4,859**	**4,859**	**4,859**	**4,859**	**0**	**0**

Assets

31.12.2013 in K€	Measurement category	Total		Nominal value		Amortised cost	
				Liquid assets / cash reserve		Loans and receivables (LaR) as well as financial instruments held to maturity (HTM)	
		Carrying amount	Fair Value	Carrying amount	Fair Value	Carrying amount	Fair Value
Bonds	HTM	4,540	4,611	0	0	4,540	4,611
Financial assets and other receivables	LaR	228	228	0	0	228	228
Trade receivables	LaR	11,484	11,484	0	0	11,484	11,484
Liquid assets	LaR	29,285	29,285	29,285	29,285	0	0
Total		**45,537**	**45,608**	**29,285**	**29,285**	**16,252**	**16,323**

Liabilities

31.12.2013 in K€	Measu-rement category	Total		Amortised cost			
				Financial liabilities (FL)		Loans and Receivables (LaR)	
		Carrying amount	Fair Value	Carrying amount	Fair Value	Carrying amount	Fair Value
Trade payables	FL	1,859	1,859	1,859	1,859	0	0
Other financial liabilities	FL	2,861	2,861	2,861	2,861	0	0
Total		**4,720**	**4,720**	**4,720**	**4,720**	**0**	**0**

Financial instruments measured at fair value or amortised cost must be classified within a 3-level classification hierarchy. Classification is contingent on the availability of observable market prices. Financial instruments are classified as having level-1 fair value, e.g. shares or securities, if their market prices are directly observable in an active market. Bonds are classified as level 1. The Group has no level-2 or level-3 financial instruments. Due to being short-term in nature, the carrying amounts of all other financial instruments constitute a reasonable approximation of the fair value.

The fair value option is not applied. At the reporting date, there were no financial instruments in the category "held for trading purposes".

Net gains from financial instruments resulted from changes to the fair value, from impairment losses, write-ups and from write-offs. This also includes interest income and expenses and other profit components from financial instruments, which are not recognised in income and at fair value.

31.12.2014 in K€	Gross amount	From interest	From remeasurement		Net amount 2014
			Currency translation	Value adjustment	
Bonds	501	0	0	0	501
Financial assets and other receivables	239	0	0	0	239
Trade receivables	16,707	0	0	-948	15,759
Trade receivables	16,933	0	0	0	16,933
Total	**34,380**	**0**	**0**	**-948**	**33,432**

31.12.2013 in K€	Gross amount	From interest	From remeasurement		Net amount 2013
			Currency translation	Value adjustment	
Bonds	4.540	0	0	0	4.540
Financial assets and other receivables	228	0	0	0	228
Trade receivables	12.557	0	0	-1.073	11.484
Trade receivables	29.285	0	0	0	29.285
Total	**46.610**	**0**	**0**	**-1.073**	**45.537**

Interest income of € 239 thousand resulted from liquid assets and bonds in the 2014 financial year (previous year: € 403 thousand). The short-term bonds are reported under other financial receivables at the amortised cost of € 501 thousand.

Viscom plans to hold the bonds to maturity based on the current high yield. The residual value of the corporate bonds was € 501 thousand as of 31 December 2014. The value adjustment of trade receivables at € 100 thousand (previous year: € 317 thousand) was recognised in income in the 2014 financial year.

Financial risk management objectives and processes (IAS 32 / IAS 39)

The significant risks for Viscom's financial instruments are the default risk, the interest rate risk and the exchange rate risk.

The Executive Board determined corresponding risk processes, which it reviews on a regular basis. These risk processes are summarised in the following section.

Default risk

Viscom employs appropriate control processes in order to ensure that sales are only entered into with customers with proven creditworthiness. This also means that the default risk associated with sales must be kept within acceptable limits.

Viscom does not act as a guarantor for the obligations of other parties.

The maximum default risk can be derived from the carrying amount of each financial asset as reported in the balance sheet.

Age structure of financial assets

			Overdue in the following time frames				
31.12.2014 in K€	Gross amount	Not overdue	< 31 days	31 <> 60 days	61 <> 90 days	91 <> 180 days	> 181 days
Bonds	501	501	0	0	0	0	0
Financial assets and other receivables	239	239	0	0	0	0	0
Trade receivables	16,707	11,279	2,831	711	302	604	980
of which impaired	948	41	6	1	1	92	807
Total	**17,447**	**12,019**	**2,831**	**711**	**302**	**604**	**980**

Age structure of financial assets

31.12.2013 in K€	Gross amount	Not overdue	Overdue in the following time frames				
			< 31 days	31 <> 60 days	61 <> 90 days	91 <> 180 days	> 181 days
Bonds	4,540	4,540	0	0	0	0	0
Financial assets and other receivables	228	228	0	0	0	0	0
Trade receivables	12,557	7,721	1,554	692	102	548	1,940
of which impaired	1,073	38	1	1	9	4	1,020
Total	**17,325**	**12,489**	**1,554**	**692**	**102**	**548**	**1,940**

No conditions of any financial asset that would otherwise be overdue or impaired were renegotiated in the financial year.

The credit ratings of financial assets that are neither overdue nor impaired are determined on the basis of external credit ratings (if available) or historical experiences about default rates of the corresponding business partner.

Based on empirical values from the past, the company recognised a value adjustment that accounted for both interest rate and default risk. Value adjustments on individual items were also recognised.

No interest income was generated from value adjusted financial assets in the period under review.

Interest rate risk

Certain financial Instruments held by Viscom are exposed to interest rate risk. The interest rate risk is classified as insignificant, as the significant funds were invested with a fixed interest rate. This risk is stated in the explanatory notes on the respective items. No derivative financial instruments are employed for the purposes of hedging against interest rate risk.

Liquidity risk

Viscom is committed to ensuring that it has sufficient cash and cash equivalents or irrevocable credit facilities at its disposal to meet its obligations for the next three years as set out in its strategic plan. Viscom had not utilised any of the credit facilities extended to it at the reporting date.

On that date, all of the company's cash and cash equivalents were held in current bank clearing accounts and as cash in hand.

The remaining contractual terms are presented in the following tables:

Remaining contractual terms

31.12.2014 in K€	Carrying amount	Remaining term		
		< 1 year	1 to 5 years	> 5 years
Trade payables	2,115	2,115	0	0
Other financial liabilities	2,744	2,744	0	0
Total	**4,859**	**4,859**	**0**	**0**

There were no gross outflows.

Remaining contractual terms

31.12.2013 in K€	Carrying amount	Remaining term		
		< 1 year	1 to 5 years	> 5 years
Trade payables	1,859	1,859	0	0
Other financial liabilities	2,861	2,861	0	0
Total	**4,720**	**4,720**	**0**	**0**

Exchange rate risk

As Viscom operates internationally, the Group is also exposed to exchange rate risks. Approximately 9 % of the consolidated revenue is exposed to an exchange rate risk in the parent company. Around 2 % of the parent company's expense was denominated in a currency other than the reporting currency. At the balance sheet date, this exchange rate risk was not hedged. As of 31 December 2014, net receivables relevant to the exchange rate totalled € 3,190 thousand. It included both the receivables portfolio of Viscom AG and its subsidiary in Singapore in US dollars and the receivables portfolio of the subsidiaries in euros. With a change of 5 %, the exchange rate risk recognised in income amounted to around 1 % of total receivables. Due to the company's business volumes and the development of the euro / US dollar exchange rate, the current level of exchange rate risk was deemed acceptable without the need for hedging.

Capital management

Viscom's capital management aims to ensure the continued existence of the company as a going concern to continue providing shareholders with income and services due to them.

The uninvested and therefore dedicated shareholders' equity components of the company are used for controlling liquidity and financing the company's operating activities. The company's objective is to finance operating activities primarily from own funds.

Use of derivative financial instruments

Viscom did not use derivative financial instruments for the purpose of hedging exchange rate and interest risks in the 2014 financial year due to fluctuations in the value of the US dollar and the low transaction volume in US dollars.

Related party disclosures

The remuneration report and the number of shares held by Viscom Executive Board and Supervisory Board members was included in the corporate governance report as part of the management report.

Related parties and affiliated companies

HPC Vermögensverwaltung GmbH held an interest of 68.39 % in Viscom AG as of 31 December 2014. HPC Vermögensverwaltung GmbH is therefore both an affiliated company and the parent company of Viscom AG.

Services of related parties and affiliated companies

	2014 K€	2013 K€
From lease contracts		
HPC Vermögensverwaltung GmbH	76	95
From services		
HPC Vermögensverwaltung GmbH	384	430
From rentals		
HPC Vermögensverwaltung GmbH	360	360
Marina Hettwer / Petra Pape GbR	165	165
Dr Martin Heuser / Petra Pape GbR	482	506

Viscom AG has also concluded lease contracts for company vehicles with HPC Vermögensverwaltung GmbH. In 2014, HPC Vermögensverwaltung GmbH provided further services such as company childcare, cleaning services and other miscellaneous services.

The future accumulated minimum lease payments for the following periods are:

Lease obligations for company cars

in K€	2014	2013
Total	704	798
of which to HPC Vermögensverwaltung GmbH (affiliated company)	96	169
within one year of the reporting date	380	392
of which to HPC Vermögensverwaltung GmbH (affiliated company)	57	73
within more than one year but less than five years of the reporting date	324	406
of which to HPC Vermögensverwaltung GmbH (affiliated company)	39	96
within more than five years of the reporting date	0	0

The future services for the following periods are:

Services

in K€	2014	2013
Total	384	430
of which to HPC Vermögensverwaltung GmbH (affiliated company)	384	430
within one year of the reporting date	384	430
of which to HPC Vermögensverwaltung GmbH (affiliated company)	384	430
within more than one year but less than five years of the reporting date	0	0
within more than five years of the reporting date	0	0

Other related parties

There are rental agreements for seven properties in Carl-Buderus-Straße (CBS) and one property in Fränkische Straße (FS) in Hanover between the company and Dr Martin Heuser/Petra Pape GbR*), Hanover, Marina Hettwer/Petra Pape GbR**), Hanover and HPC Vermögensverwaltung GmbH***), Hanover.

Agreements with related parties

Agreements with remaining terms of	Rental property	Start of lease	Basic lease term	Net rent, monthly (€)	Net rent, annual (€)
One year or less	CBS 8 *)	01.01.2013	3 months	4,000	48,000
Between one and five years	CBS 10a ***)	15.11.2005	10 years	15,000	180,000
	CBS 13 *)	01.11.2007	10 years	6,500	78,000
	CBS 15 **)	15.11.2007	10 years	13,750	165,000
	FS 28 *)	01.11.2008	5 years	2,200	26,400
More than five years	CBS 9 *)	01.01.2001	10 years	5,000	60,000
	CBS 11 *)	01.08.2001	10 years	22,500	270,000
	CBS 10 ***)	01.03.2002	10 years	15,000	180,000
Total rental obligations with a remaining lease term of one year or less					1,007,400 (previous year: 1,031,400)
Total rental obligations with a remaining lease term of between one and five years					4,251,700 (previous year: 3,951,100)
Total rental obligations with a remaining lease term of more than five years					1,927,500 (previous year: 1,387,500)

The right to terminate the leases of buildings CBS 9 and CBS 11 was not used in 2010. Both lease agreements were therefore extended for another 10 years. In addition, the right to terminate the lease of building CBS 10 was not used in 2011. The lease agreement was therefore extended for another ten years. The right to terminate the lease of FS 28 was not used in 2012. The lease agreement was therefore extended for another five years. In addition, the right to terminate the lease of building CBS 10a was not used in 2014. The lease agreement was therefore extended for another ten years. The right to terminate the lease of building CBS 8 was not used.

Loan agreements

At the balance sheet date, there were no receivables or liabilities resulting from loan agreements with related parties.

Obligations arising from operating leases for the lessee

Details on vehicle and building leases are disclosed in the section on related parties.

The office in Munich, which is responsible for sales in southern Germany, Austria, Hungary and Switzerland, is leased from a third party. The rented properties in the USA, France, Tunisia, Singapore and China are also leased from third parties.

Agreements with third parties

Agreements with remaining terms of	Rental property	Start of lease	Basic lease term	Net rent, monthly (€)	Net rent, annual (€)
One year or less	Munich, Germany	01.10.2013	3 months	495	5,940
Between one and five years	Tunis, Tunesia	15.09.2011	1 year	561	6,737
	San José, USA	01.10.2011	1 year	658	7,897
	Zhengzhou, China	20.05.2014	15 months	624	7,486
	Singapore, Singapore	15.05.2014	2 years	3,263	39,156
	Singapore, Singapore	21.08.2014	2 years	5,313	63,756
	Shanghai, China	01.01.2015	2 years	7,080	84,957
	Shanghai, China	01.01.2014	2 years	2,406	28,876
	Atlanta, USA	01.10.2006	5 years	6,051	72,614
	Paris, Frankreich	01.08.2004	9 years	2,206	26,475
Total rental obligations with a remaining lease term of one year or less					**313,239** (previous year: 282,204)
Total rental obligations with a remaining lease term of between one and five years					**587,814** (previous year: 455,982)

The office in Munich was terminated on schedule effective 31 March 2015 and will be replaced with home office workplaces. The lease agreement for the office in Tunis was tacitly extended for a further year on 15 September 2014. In addition, the lease agreement for the office in San José was extended for a further year. A warehouse in Zhengzhou was leased for 15 months on 20 May 2014. The office and the apartment in Singapore were both extended by 24 months on 21 August 2014 and 15 May 2014, respectively. The lease agreement for the office in Shanghai was concluded for a further two years on 1 January 2015; the lease agreement for the apartment was extended until 31 December 2015. In addition, the lease agreement for the office in Atlanta was extended for a further five years on 20 February 2011. The rental agreement for the office in Paris was tacitly extended in 2013.

Operating lease costs of € 1,774 thousand (previous year: € 1,851 thousand) were recognised in expenses in the 2014 financial year.

Purchase commitments

Purchase commitments from delivery contracts amounted to around € 4,236 thousand (previous year: € 3,240 thousand) as of 31 December 2014.

Events after the Balance Sheet Date

On 21 January 2015, Viscom AG was admitted to the Prime Standard of the regulated market on the Frankfurt Stock Exchange effective as of 22 January 2015. By switching from the General Standard to the Prime Standard and adhering to the highest standards of transparency and publicity, the company aims to make Viscom shares more attractive and command greater interest from investors and analysts.

There were no other significant events after the end of the 2014 financial year.

German Corporate Governance Code

The Executive Board and Supervisory Board of Viscom AG submitted the annual Compliance Statement, according to section 161 of the German Stock Corporation Act (AktG), in February 2015. It has been published and is permanently accessible on the Viscom AG website.

Total auditors' fees (section 314 (1) No. 9 of the German Commercial Code (HGB))

The total fees paid to the auditors of the consolidated financial statements and recognised as an expense can be broken down as follows:

Total auditors' fees

in K€	2014	2013
Year-end audit services	81	81
Other services	16	19
Total	**97**	**100**

RESPONSIBILITY STATEMENT

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

Hanover, 6 March 2015

Dr Martin Heuser   Volker Pape   Dirk Schwingel

AUDITOR’S REPORT

We have audited the consolidated financial statements prepared by the Viscom AG, Hanover, comprising the statement of financial position, the statement of comprehensive income, statement of changes in equity, cash flow statement and the notes to the consolidated financial statements, together with the group management report for the business year from January 1 to December 31, 2014. The preparation of the consolidated financial statements and the group management report in accordance with the IFRSs, as adopted by the EU, and the additional requirements of German commercial law pursuant to § (Article) 315a Abs. (paragraph) 1 HGB (“Handelsgesetzbuch”: German Commercial Code) are the responsibility of the parent Company’s Board of Managing Directors. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

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

Our audit has not led to any reservations.

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

Hanover, March 6, 2015

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Helmuth Schäfer	Prof. Dr Mathias Schellhorn
German Public Auditor	German Public Auditor

GLOSSARY OF TECHNICAL TERMS

Term	Definition
AOI	automated optical inspection
AXI	automated x-ray inspection
CCI (Conformal Coating Inspection)	conformal coating inspection
EMS (Electronic Manufacturing Services)	contract manufacturer/subcontractor – especially for Consumer, Communication and Computer products
Flat Panel Detector (FPD)	Flat Panel Detector (FPD) for X-rays with high image quality
High-speed data interface	Data interface between sensor and analysis computer
MX-Products	inrared-light-machines for tests with electronic semiconductors
NP	new products
OEM (Original Equipment Manufacturer)	Manufacturer of a brand product
proAlpha	enterprise resource planning (ERP) system
Quality Uplink	facilitates combination of the results of different inspection gates
SI	software platform for SP-products (AOI/AXI)
SP	serial products
vVision	new machine operating interface
XMC-Software	User interface for X-ray inspections systems
XM technology	new Viscom-camera / lighting technology with three times more throughput than 8M technology and additional options, such as 3D sensors

FINANCIAL CALENDAR 2015

24.03.2015	**Annual Report 2014, Press Conference**	Hanover
25.03.2015	**Analyst Conference**	Frankfurt am Main
13.05.2015	**Interim Report as of 31 March 2015, Telephone Conference**	Hanover
03.06.2015	**Annual General Meeting**	Hanover
13.08.2015	**Interim Report as of 30 June 2015, Telephone Conference**	Hanover
10.11.2015	**Interim Report as of 30 September 2015, Telephone Conference**	Hanover

FIVE-YEAR REPORT

Profit and loss		2014	2013	2012	2011	2010
Revenue	K€	**62,254**	49,820	50,037	53,499	40,024
EBIT	K€	**9,378**	6,772	9,248	12,014	7,132
EBT	K€	**9,462**	7,046	9,666	12,624	7,475
Income taxes	K€	**-2,777**	-2,323	-3,028	-4,128	3,048
Annual profit	K€	**6,685**	4,723	6,638	8,496	10,523
Balance sheet						
Assets						
Non-current assets	K€	**55,365**	62,785	61,423	58,578	51,120
Current assets	K€	**9,093**	8,573	11,082	13,902	11,073
Total assets	K€	**64,458**	71,358	72,505	72,480	62,193
Liabilities						
Non-current liabilities	K€	**9,264**	8,319	9,280	9,687	8,232
Current liabilities	K€	**1,610**	1,473	949	452	299
Share capital	K€	**53,584**	61,566	62,276	62,341	53,662
Total capital	K€	**64,458**	71,358	72,505	72,480	62,193
Cashflow statement						
CF from current business	K€	**4,755**	7,174	9,520	11,535	4,686
CF from investment	K€	**-2,233**	-2,478	-1,594	-8,814	-4,394
CF from financing	K€	**-15,126**	-5,331	-6,665	86	-6
End of period capital	K€	**16,933**	29,285	30,014	28,810	25,905
Personnel						
Employees at year-end		**325**	300	286	273	264
Investments						
Tangible an intangible assets (paid)	K€	**587**	699	540	610	449
Share						
Number of shares		**9,020,000**	9,020,000	9,020,000	9,020,000	9,020,000
Dividend payment	K€	**8,885**	15,104	5,331	6,664	0
Dividend per share	€	**1.00**	1.70	0.60	0.75	0.00
Shareholder capital per share	€	**5.94**	6.83	6.90	6.91	5.95
Key figures						
EBIT-Margin	%	**15.1**	13.6	18.5	22.5	17.8
Return on equity	%	**12.5**	7.7	10.7	13.6	19.6
Equity ratio	%	**83.1**	86.3	85.9	86.0	86.3

* Dividend proposal 1,00 € per share for the financial year 2014

Imprint

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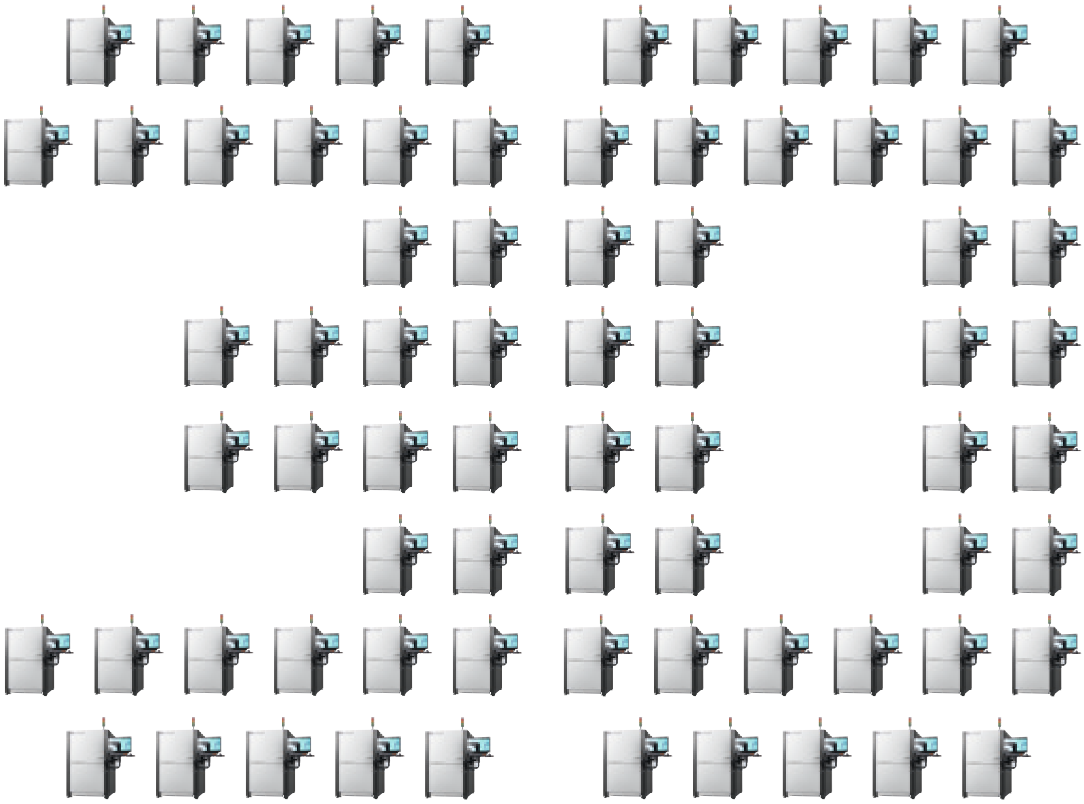

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30 YEARS