



MAX PERFORMANCE

ANNUAL REPORT 2015

The background of the image is a blurred industrial scene, likely a factory or laboratory. On the right side, there is a prominent blue cable or hose connected to some machinery. The overall lighting is bright, and the colors are somewhat muted due to the blur. A large, semi-transparent yellow shape, resembling a stylized arrow or a large 'V', points downwards from the top left towards the bottom right, serving as a backdrop for the text.

**INNOVATION
RESEARCH
KNOWLEDGE
SUSTAINABILITY
DIGITALIZATION**

KEY FIGURES IN OVERVIEW

	2015	2014	2013
Results of operations in EUR mill.			
New order intake	363.7	339.3	248.3
Book-to-bill ratio	1.0	1.0	0.9
Order book position as of the year-end*	135.2	143.1	154.7
Revenue	383.8	351.4	270.1
– of which from Germany	147.0	131.8	112.6
– of which from abroad	236.8	219.6	157.5
EBITDA	32.3	28.0	22.9
EBIT before PPA amortization	24.8	21.9	17.8
as % of total operating revenue	6.5 %	6.2 %	6.5 %
Net income	10.6	10.0	10.2
Earnings per share (in EUR)	0.40	0.37	0.38
Cash flow in EUR mill.			
Cash flow from operating activities	29.5	17.8	22.6
Cash flow from investing activities	–15.8	–2.3	–40.5
– of which investments	–11.5	–9.7	–6.2
Cash flow from financing activities	–45.1	10.3	21.4
Cash and cash equivalents at the year-end	21.4	52.4	26.3
Balance sheet in EUR mill.			
Total assets	283.2	295.4	295.6
Net debt	–39.7	–47.9	–64.1
Equity	106.2	99.8	94.0
Equity ratio in %	37.5 %	33.8 %	31.8 %
Employees (number)			
Average number of employees	1,705	1,681	1,321
– of whom trainees	144	144	103
Employees (headcount)	1,711	1,794	1,714
The share			
Number of shares (in millions)	26.8	26.8	26.8
Market capitalization	154.1	113.9	134.8
Dividend per share (in EUR)	0.15	0.15	0.15
Price on balance sheet date in EUR (XETRA closing price)	5.75	4.25	5.03

* adjusted for IFRS effects

CORE SEGMENTS

Industrial Automation – solutions for greater diversity and efficiency in industrial manufacturing

Industrial manufacturing is undergoing fundamental and far-reaching change. Processes are being increasingly digitalized and networked in line with the advancing industrial technologization – resulting in marked efficiency gains and greater flexibility, thereby enabling industry to meet rising consumer demand for individualized and especially high-performing products.

Together with its Group companies, M.A.X. Automation develops and delivers efficient and innovative solutions for the automation of production processes, as well as the respective service offerings – enabling efficient, high-quality and resource-conserving processes in key industrial sectors such as the automotive sector, medical technology, as well as the electronics and packaging industries. Drawing on their specialized capabilities in areas such as microassembly, dosing technology, robotics, and control software development, the Group's companies are excellently equipped to shape, structure and benefit from the trends to Industry 4.0.

	2015 EUR millions	2014 EUR millions	2013 EUR millions
New order intake	236.3	216.3	126.3
Segment revenue	252.0	236.9	148.0
Segment EBIT before PPA amortization	26.4	18.0	16.9
Average number of employees excluding trainees	1,046	1,001	684

Environmental technology – extensive resource conservation know-how

Sustainable economic activity is the response to world population growth and rising energy demands, the constant increase in waste volumes and greater pollution burdens impacting on the environment. Consequently, the global shift in public awareness and policymakers' increasingly stringent regulations are addressing and advancing sustainable solutions in the management of natural resources.

M.A.X. Automation is responding to these trends. The Group company Vecoplan is developing innovative components and systems for the shredding and processing of waste materials, enabling its international recycling sector customers to utilize primary and secondary raw materials on a sustainable basis for materials recycling before reusing them in various industrial scenarios.

	2015 EUR millions	2014 EUR millions	2013 EUR millions
New order intake	127.4	123.0	122.0
Segment revenue	132.1	114.9	122.5
Segment EBIT before PPA amortization	1.5	2.7	3.6
Average number of employees excluding trainees	510	532	529

High-tech engineering – standing for innovative capability, expertise, experience and, not least, the right view of future manufacturing. The M.A.X. Group possesses these important characteristics and – as a reliable partner to its customers – enables individual solutions with state-of-the-art technologies and comprehensive services.

M.A.X. Automation AG is an internationally operating high-tech engineering group that offers technologically leading systems solutions and components on a one-stop-shop basis. With its operating companies in its two Group segments of Industrial Automation and Environmental Technology, it possesses the highly specialized knowledge, proven solution expertise and, above all, high degree of innovative capability to benefit from industry's advancing technologization and digitalization. These include proprietary "Industry 4.0" networked manufacturing developments and highly flexible production processes that respond quickly and cost efficiently to rising consumer demand for individualized offerings. In this context, the Group commands extensive expertise in microassembly, dosing technology and robotics for the production of increasingly efficient products. The Group's Industrial Automation segment develops and produces solutions for the target sectors of the automotive industry, medical technology, packaging automation, and the electronics industry. Sustainable, future-oriented solutions and technologically highly complex systems for the recycling, energy and raw materials industries are designed and realized in the Group's Environmental Technology segment.

The company's stock is listed in the Prime Standard segment of the Frankfurt Stock Exchange. The aim is to position M.A.X. Automation AG on the capital market as a profitably growing technology stock, and to sustainably grow the company's value for its shareholders.

www.maxautomation.de

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■ INDUSTRIAL AUTOMATION

■ ENVIRONMENTAL TECHNOLOGY

REPORT OF THE MANAGEMENT BOARD

Dear shareholders,

M.A.X. Automation AG reported a successful 2015 financial year, which exceeded our original revenue and earnings expectations. We have significantly improved some key figures compared with the previous year's levels, due not least to a strong final quarter of the financial year in which we issued final invoices for numerous projects, and achieved our highest levels of new order intake and sales in our company's history.

M.A.X. Automation continued consistently in the reporting year with its strategic further development to become a high-tech engineering group, advanced not least by the acquisition of iNDAT Robotics GmbH and repositioning of MA micro automation GmbH. Having strengthened our range of products and services in a targeted manner, our Group companies today command special technological expertise in groundbreaking areas such as microassembly, dosing technology and robotics. To an ever greater extent we are successfully realizing synergies within the Group through intensified collaboration between our Group companies. Examples include purchasing benefits due to the enlarged corporate Group, and stronger know-how and technology transfer between our companies.

Our transformation into a high-tech engineering group also comprises disposing of activities that do not belong to the core business. In 2015, we successfully concluded this process of focusing our Group portfolio on our core activities in our two segments of Industrial Automation and Environment Technology: the disposal of former Group company Euroroll Dipl.-Ing. K.-H. Beckmann GmbH & Co. KG in the previous year was followed by the disposal of the operations of altmayerBTD GmbH & Co. KG at the end of 2015.

We made great progress on the financing side in 2015, re-establishing our Group financing. To this end, M.A.X. Automation secured a EUR 150 million syndicated loan with a renowned banking syndicate led by Commerzbank AG. The new financing facility forms a stable long-term basis for our Group's further growth. The loan also reduces administrative expense and makes planning easier, because the Group financing facility is to be bundled within the holding company in the future.

All of this shows you that M.A.X. Automation achieved a great deal last year both strategically and financially.

What does this mean now in figures? Group-wide, new order intake for M.A.X. Automation was up by 7.2 % to reach EUR 363.7 million in 2015. Consolidated sales revenue advanced by 9.2 % to EUR 383.8 million, slightly above our forecast range of between EUR 360 million and EUR 380 million.

Consolidated earnings before interest, tax, depreciation and amortization (EBITDA) reached EUR 32.3 million, up 15.4 % year-on-year. Operating profit (EBIT) before amortization of purchase price allocations grew by 13.0 % to EUR 24.8 million, thereby well above our target range of EUR 20 million to EUR 22 million. This reflected the strong fourth quarter when we were able to issue final invoices for projects earlier than we initially planned.

The EBIT margin amounted to 6.5 % of total operating revenue, compared with 6.2 % in the previous year, thereby trending towards our medium-term 8 % target. Consolidated earnings after tax amounted to EUR 10.6 million, compared with EUR 10.0 million in the previous year.



Management Board member Fabian Spilker

Balance sheet ratio trends show that growth and strategic further development are not occurring at the cost of our Group's financial solidity. Consolidated equity exceeded the EUR 100 million level for the first time in M.A.X. Automation's history, standing at EUR 106.2 million at year-end. Our Group equity ratio of 37.5 % reflects a marked out-performance of our 30 % targeted minimum level. It is also pleasing that we reduced Group net debt by a further EUR 8.2 million to EUR 39.7 million, despite our high level of investments.

The good business progress is also reflected in our operating segments' trends and growth. The Industrial Automation segment registered continuously high demand for comprehensive automation solutions and related services in 2015. Sales revenue grew by 6.4 % to EUR 252.0 million. Segment EBIT before PPA amortization reached EUR 26.4 million, an increase of 46.4 % year-on-year.

In this context, the Group companies' focus on corporate structures and processes that are as efficient as possible also exerted a positive impact. The segment EBIT margin in terms of total operating revenue amounted to 10.5 % – a commendable level on a sector comparison.

The Environmental Technology segment performed well overall in the reporting year, albeit with a little less dynamics during the second half of the year. Sales revenue increased by 15.0 % to EUR 132.1 million. Although EBIT before amortization of purchase price allocations fell by EUR 1.2 million to EUR 1.5 million – mainly due to charges connected with the disposal of the operations of altmayerBTD GmbH & Co. KG as well as their negative result from current operations – segment profitability was affected positively by effects from the Vecoplan Group's strategic further development.

The major strategic progress that M.A.X. Automation achieved would have been impossible without our committed employees at our Group companies and at the holding company. With their great professional expertise and, not least, their high motivation, they have helped to optimize processes, realize synergies, and successfully drive forward their companies' operating businesses. I would like to extend my very warm thanks to them for this performance.

REPORT OF THE MANAGEMENT BOARD

M.A.X. Automation AG has pursued a continuous and reliable dividend policy for years. For this reason, we wish for you to participate appropriately, as in previous years, in the good business progress achieved during the reporting year. Consequently, the Management and Supervisory Boards intend to propose to the Ordinary Annual General Meeting to be held on August 26, 2016 the approval of the payment of a 15 eurocent dividend per share, thereby entailing a total payout of EUR 4.0 million.

The M.A.X. Automation stock performed dynamically last year, achieving a marked value appreciation of 35.3% over the course of the year, despite an increasingly volatile stock market environment. We regard this good performance as an indication of the share's greater visibility and attractiveness for investors both in Germany and abroad, which was also advanced by the April 1, 2015 switch from the General Standard to the Prime Standard segment of the Frankfurt Stock Exchange. We have also intensified communication with the capital market as a consequence.

Today's M.A.X. Group commands an attractive technology that is able to serve a number of sector trends, including innovative applications for so-called Industry 4.0, miniaturization and microassembly solutions, high-performance robotics deployment, and proven know-how in developing important control software for machines and systems.

Here, we can build on several long-term growth drivers in our target markets. In the Industrial Automation's automotive area, for example, this concerns the growing diversity of vehicle model variants, the endeavors to cut carbon dioxide emissions, and the aim of electronically assisted and autonomous driving. In medical technology, rising demand continues to be forecast due to demographic trends in most industrialized nations and a general increase in health awareness. In the Environmental Technology segment, market growth is being driven mainly by the continuously rising demands that are being made worldwide of the disposal and processing of raw and waste materials.

We regard the M.A.X. Group as optimally positioned to strategically benefit from this market environment, and we consequently anticipate rising demand for our high-tech automation solutions. With regard to the current 2016 year, we are assuming consolidated sales revenue in a range between EUR 370 million and EUR 390 million, and consolidated EBIT before PPA amortization of at least EUR 24 million. In terms of earnings growth, it should be noted that some final invoicing of projects that we originally planned not to invoice until during the 2016 financial year already occurred in the previous year's fourth quarter. With these targets, we remain fully within our medium-term planning range.

We would like to thank you, esteemed shareholders, for the significant trust and confidence that you have placed in us over the past years. Your company today is stronger than ever before, both financially and strategically. We will continue to set ambitious targets for ourselves in the future, and we would be pleased if you would continue to accompany M.A.X. Automation on its path.

Düsseldorf, March 2016

The Management Board

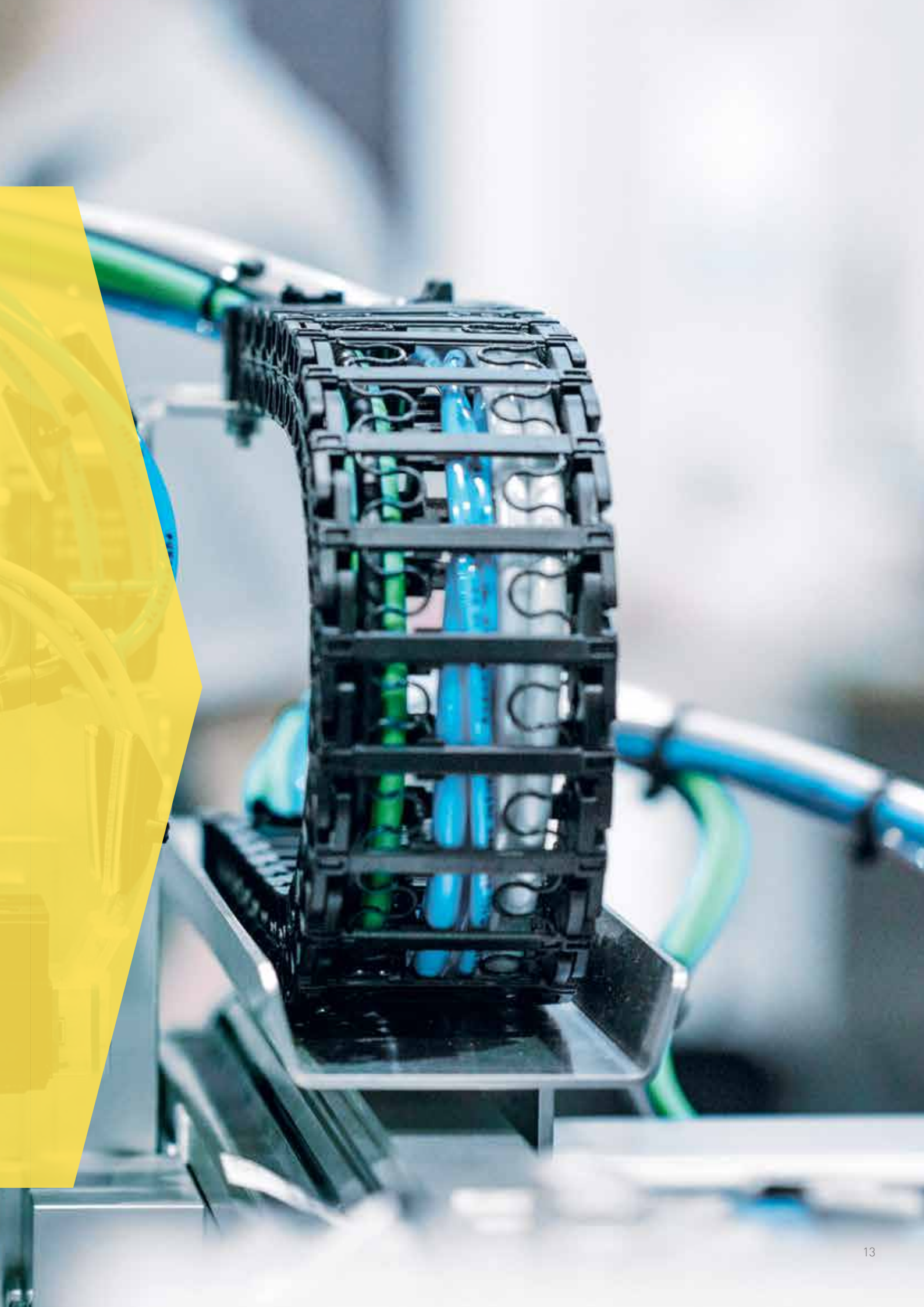
A handwritten signature in black ink, appearing to read 'fabian' followed by a stylized flourish.

Fabian Spilker

SUCCESSSES HAPPEN AUTOMAT- ICALLY.

High technology in mechanical and plant engineering serves a quite specific goal: to boost efficiency and flexibility in industrial production. Only consistent automation empowers companies to respond to current technological and social developments – to thereby be successful in their markets, in the final analysis.

M.A.X. Automation AG and its Group companies possess quite specific strengths that enable their customers to be successful – innovative strengths in designing new systems or in researching the latest technologies, as well as the deployment of advanced, leading-edge service solutions and targeted training and support for employees. In the following section, M.A.X. Automation presents five examples of the Group's special performance capabilities.



**"TODAY'S CAR BUYERS
WANT SOMETHING
DIFFERENT – OUR FLEXIBLE
PRESS ENSURES THEY GET
EXACTLY WHAT THEY WANT
WITHOUT DELAYS."**

Martin Benz, Technical Manager,
iNDAT Robotics GmbH

The range of vehicles and equipment has never been greater, as consumers want to have cars that correspond as individually to their design and functionality requirements as possible. Such model diversity makes especially high demands of manufacturing flexibility. This challenge has led iNDAT Robotics GmbH to develop an innovative pressing and bonding system for a design competition – a competition that iNDAT Robotics won, as the system enables production of an almost unlimited number of car bumper designs.



M.A.X. INNOVATION

The task?

A German vehicle manufacturer plans to consolidate its bumper production for various vehicle models and many related model variants at one location. Production also includes a pressing and bonding system that executes holes in the bumpers for sensor technology, wash nozzles and reflectors. The particular challenge in this context is that each vehicle model and each model variant is changed after just three years, whereas it has to be possible to continue to deliver, and consequently produce, each bumper version for a total of twenty years.

"This means that each car manufacturer has to invest in new plants and systems every three years, and then store them and keep them functional for twenty years," explains Martin Benz, Technical Manager at iNDAT Robotics GmbH. "This situation entails space demands that are hardly feasible any longer, and incurs high costs." The M.A.X. Automation Group company consequently received the order to develop a pressing and bonding system that can flexibly process several bumper generations, does not exceed the available space, and works with precision and at high speed.

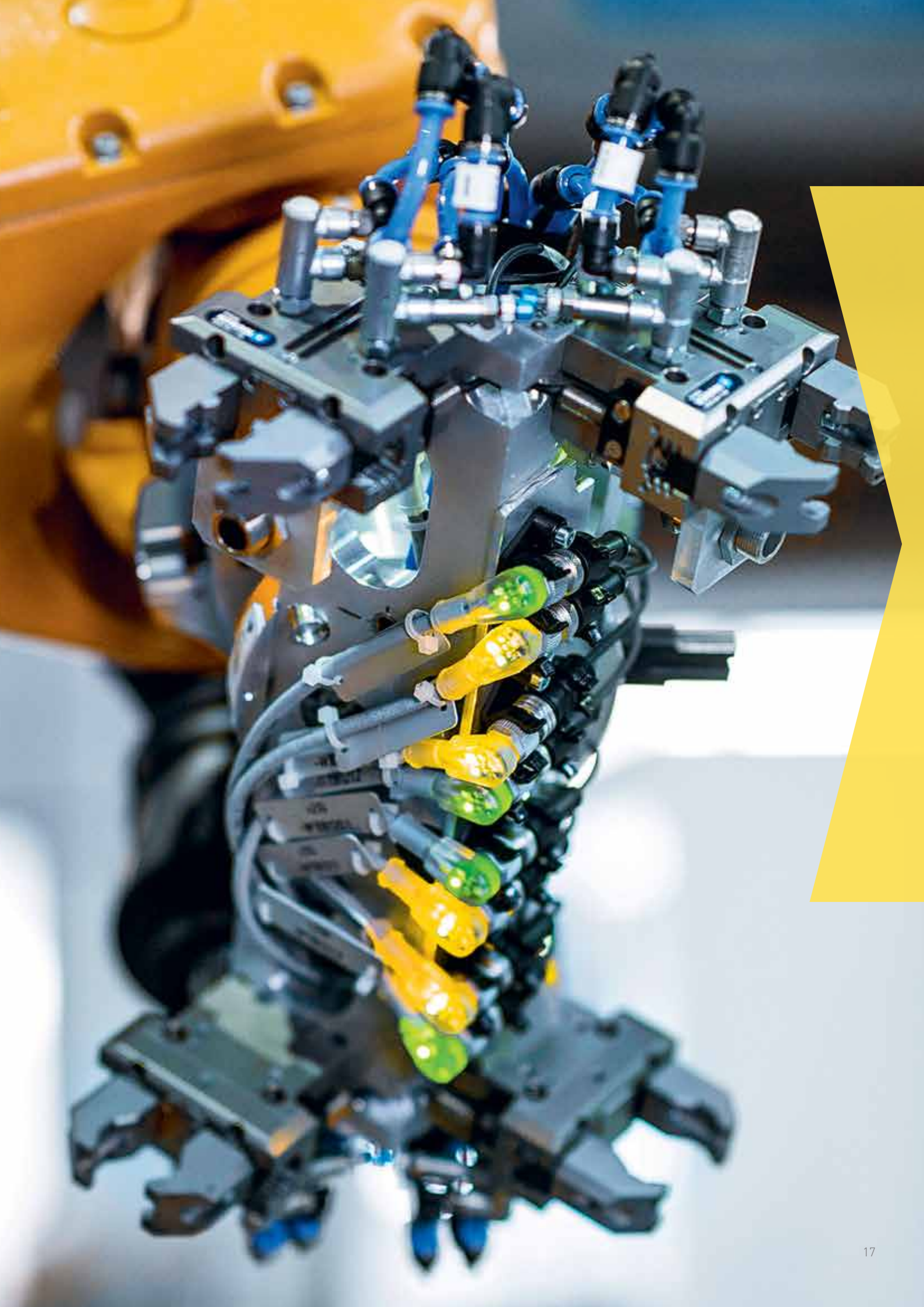
The solution?

iNDAT Robotics developed a system that enables fully automated retooling during the production process. As each bumper variant requires different working tools, they are exchanged directly in the plant. In practice this means that a bumper is led directly to the press, and processed on the front side of the so-called "pressing column." Also on the rear side, the tool is already inserted into the plant for the next working step.

The pressing column then turns and performs the next working step with the new tool – while on the rear side, the tool is exchanged again for the next process. Robot arms automatically perform both the transportation of the bumpers and the tool changing. "Development took just a few months," recounts Martin Benz. "We received the order in February, and delivered the prototype by August. We then delivered the first series plant in November 2015."

The benefits?

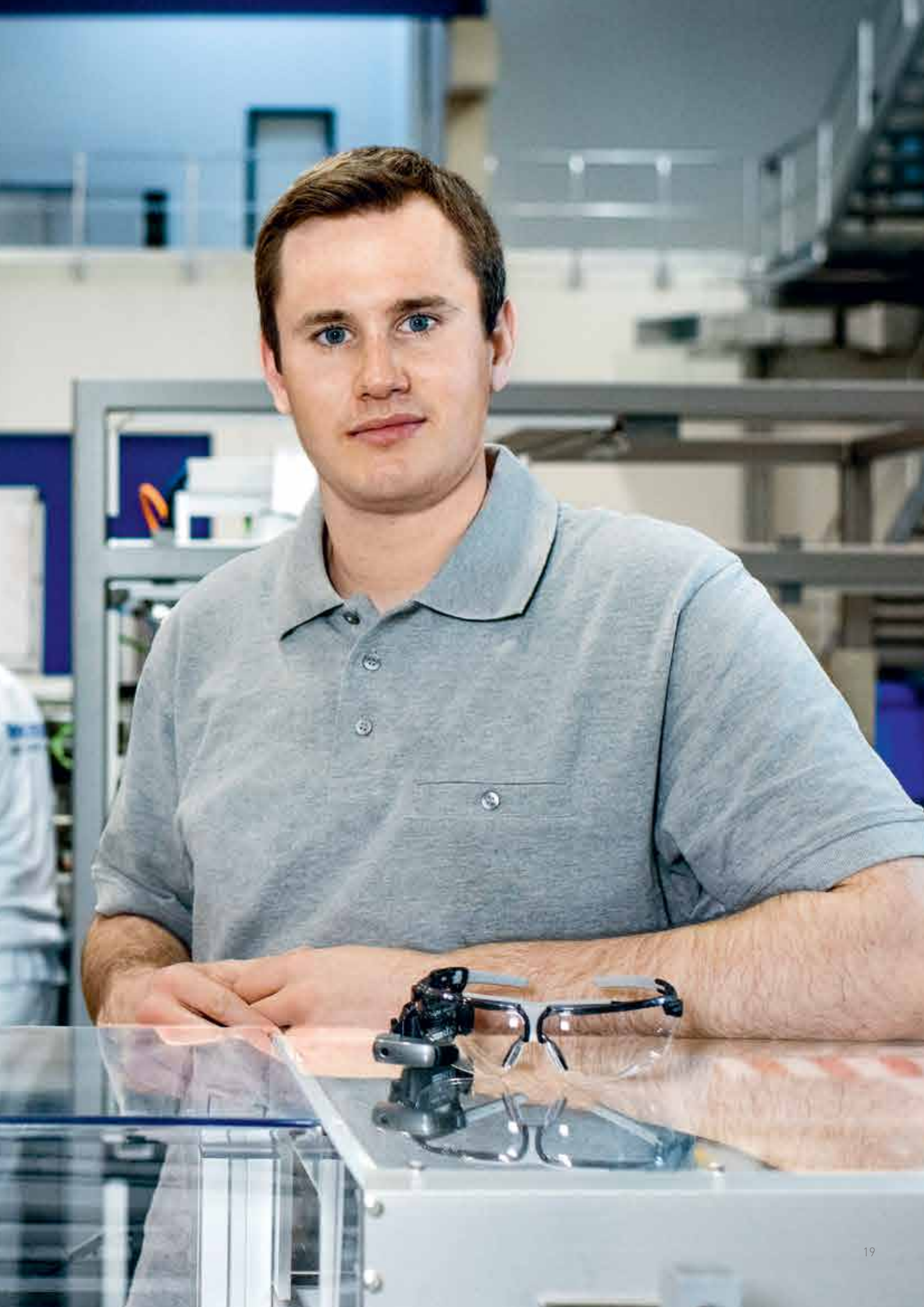
"Our plant offers maximum flexibility," states Martin Benz. "Today's supply industry is very focused on individual solutions, whereas our system is multifunctional and can manufacture an unlimited range of products." Add to this the modest space requirements for the warehousing of older bumper models and the plant's high capacity utilization. The vehicle manufacturer will also no longer need to recommission a 20-year-old plant to produce old bumper models for the spares market.



"PRODUCTION DOESN'T TOLERATE ANY DOWNTIMES – WHICH IS WHY WE ENSURE REAL-TIME TROUBLE- SHOOTING."

Stefan Halder, Sales Support,
MA micro automation GmbH

The future of automation directly in view – as a first-mover on the market, MA micro automation has launched so-called smart glasses, in other words, data glasses, to maintain and trouble-shoot its own machines. A system was created for this purpose that enables interaction between local technicians and experts at a distant workplace. The M.A.X. Automation Group company has created an important Industry 4.0 innovation as a result.



M.A.X. DIGITALIZATION

Augmented Automation

A production standstill – nothing's moving any longer. A machine that normally produces actuators at high speed for car seat adjustment is the cause. A service technician arrives in a hurry to fix the problem – but before starting to look for the defect, he puts on special smart glasses, which he uses to contact a specialist who can see on his computer exactly what the technician is also looking at through his data goggles, enabling him to guide his colleague through the troubleshooting.

"To date, this system is still unique on the market," says Stefan Halder, from Sales Support at MA micro automation GmbH. Augmented Reality + Automation is how the M.A.X. subsidiary refers to this communication via smart glasses. The result: since early 2016, MA micro automation's experts have been using this innovative system to help customers maintain and troubleshoot their machines.



Significant cost savings

The Group company's experts are available around the clock via these smart glasses. Maintenance and troubleshooting in real time are possible and can be recorded precisely, irrespective of where customers are manufacturing. "Our customers are also achieving major savings on travel expenses and benefit from greater availability," explains Halder. The application areas are highly varied: MA micro automation offers the system for machines and plants in the automotive industry and the medical technology sector, for example.

The company is also leveraging synergies in the M.A.X. Automation Group, because Group company ELWEMA Automotive GmbH will also utilize the smart glasses in the future to coordinate R&D at its Monschau location, and production at its Ellwangen site. "We assume this system will spread quickly on the market," says René Fath, Head of Sales and Service. "MA micro automation enjoys a technology lead of one to two years as a result."

Communication between technicians and experts functions in both directions – including in troubleshooting actuator production as mentioned previously: the expert sees on his computer that it is just a circuit breaker in the respective machine that has tripped. He makes a screenshot from the smart glasses' image, circles the related area, and transmits the image back to the smart glasses, letting the technician know immediately what needs to be done, and bringing production back up to full speed.



"OUR CAMERA INNOVATIONS BRING NEW PERSPECTIVES TO AUTONOMOUS DRIVING."

Sören Beckhaus, Engineer and Process Developer,
AIM Micro Systems GmbH

One lens, one image is how conventional cameras function, although the classic structure with mechanical optics for enlarging and focusing also prescribes certain construction sizes – making conventional cameras useless for many industrial areas. AIM Micro Systems is one step ahead here – using so-called multi-aperture optics with a large number of lenses based on an insect eye. The application areas are practically unlimited.



M.A.X. RESEARCH

Keeping an eye on everything – at all times

An accident is about to happen. The vehicle spots the hazard with split-second timing. It deploys the brakes immediately, activates seat belt tightening and checks whether the driver is sitting correctly to avoid being injured by the airbag. The vehicle "sees" all of this – with many small eyes that register what is happening outside and inside the driver and passenger space. Multi-aperture optics (MAO) – optics for minuscule digital camera systems, in other words – are what make this possible.

"Our goal is to miniaturize camera systems while retaining the image quality of a good lens," says engineer Sören Beckhaus, Process Developer at AIM Micro Systems GmbH. The M.A.X. Automation subsidiary commands high image sensor processing expertise, including for industrial sensors, for example – high-precision work at the micrometer level. But these sensors alone don't deliver an image yet – optics are required for that, and optics conventionally need a certain level of headroom, and also frequently installation space for the zoom movement.

An electronic insect eye

AIM Micro Systems worked together with the Fraunhofer Institute for Applied Optics and Precision Mechanics for this reason. It utilizes a lens based on an insect's compound eye: very small lenses break the image down into numerous image channels that are then recomposed electronically. The benefits? Camera systems with these types of multi-aperture lenses have large fields of view, and offer great motion sharpness and impressive depth of field. They're not humidity sensitive and are just a few millimeters in height. Tried and tested high-tech expertise within the M.A.X. Group is relied upon in the complex and demanding production of MAO cameras. Here, experienced microassembly specialists from the MA micro automation subsidiary are brought into the team, generating high synergy effects within the Group.



From projector to microscope

Multi-aperture lenses offer almost limitless possibilities.

"The automotive industry and autonomous driving are important application areas," notes Sören Beckhaus. In-car cameras not only recognize hazards but also assist the driver. They can secure vehicles against theft, using driver recognition instead of conventional car keys, and – with the right lens – image operating controls as a projector.

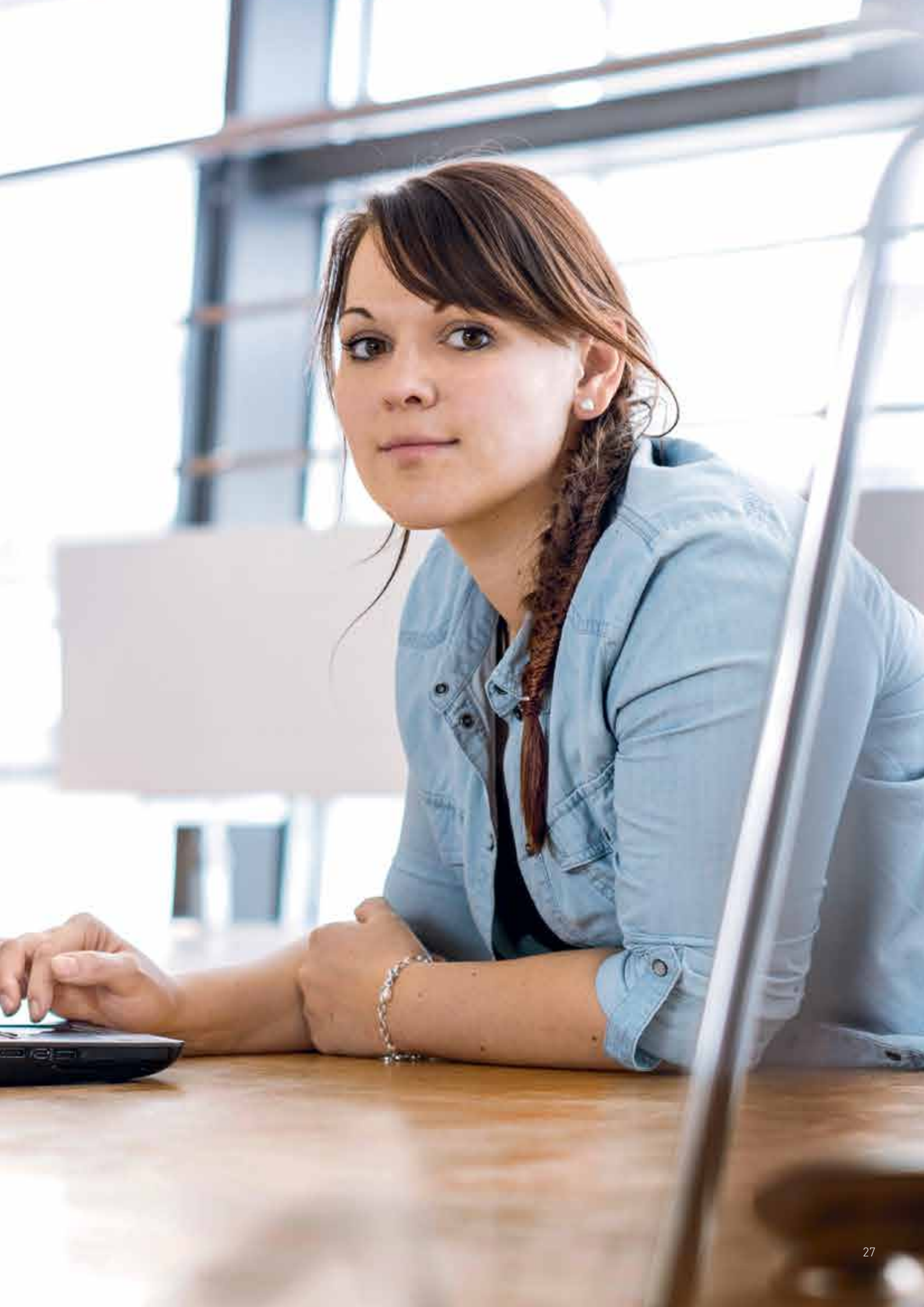
In microassembly, in turn, they can automatically deliver 3D images, enabling machine control down to the micrometer level. In medical technology, they can serve as microscopes – again with the right lens. Such microscopes are utilized in diagnostics, for example. "Previously, you had to carry a rucksack with a large microscope and analysis equipment," according to Beckhaus. "Whereas our microscope is less than ten millimeters high, and you can read the evaluation on your cell phone."



"MY APPRENTICESHIP HAS ALREADY TAKEN ME FAR AFIELD – AS FAR AS CHINA, IN FACT."

Ramona Huber, Mechatronics Engineer,
Rohwedder Macro Assembly GmbH

Out of school and into the wide world: After completing high school, Ramona Huber, born in 1994, decided on an apprenticeship as a mechatronics engineer at Rohwedder Macro Assembly GmbH – where she has demonstrated great talent for control technology. Her task scope? She now commissions the company's machines for customers. She was taken on in 2014, and now not only works in a promising profession, but is also gaining important international experience.



M.A.X. KNOWLEDGE

Ms. Huber, which machine did you recently "bring to life"?

It was a system to produce brake cylinders for an automotive supply company. Commissioning means that I know what the machine has to do in the individual working steps, and I teach it accordingly. We not only build the plants and systems for this, but also develop the control software for them.

How did you join the company?

The company is well known in the region. I was an intern at the company while I was still in high school, and in the end I applied to become a mechatronics engineer. I learned the basics during the apprenticeship, in other words, mechanical work as well as electronics topics. And then there was control technology – although it's just a small area of mechatronics, I really liked it. The training staff recognized this, and enabled me to specialize in it.

What special experience have you acquired?

International experience is an important area. Since I completed my apprenticeship, I've already made two trips to China to visit customers and commission machines. Both of these trips lasted several weeks. Seeing how people work there was an important experience for me. I've also visited and worked with our customers all across Germany.

What fascinates you about your work?

What fascinates me about control technology is that you can use simple commands to move large objects such as axles and cylinders, and then manufacture products as a result. Control technology is becoming an increasingly important mechanical engineering area. Plants previously included many more mechanical elements, whereas today we work a lot more with electronics and software.

What opportunities can you see for yourself based on your training?

Mechatronics engineers are always in high demand on the labor market because we cover a broad spectrum of tasks. I've also already had the chance to take several further training courses at various companies. I'm taking a remote study course at the moment so I can qualify at college entry level. I'd then like to train further to become a technician – which the company will also support. In the final analysis, I have been enabled to pursue a career in an exciting profession – because we're working in special machine construction, where new problems constantly have to be solved. Today, we are working a lot more with electronics and software.



"MORE AND MORE PLASTIC WASTE IS GENERATED EVERY DAY. WE'VE DEVELOPED A CLEAN SOLUTION TO MAKE IT FULLY REUSABLE AGAIN."

Cathrine Wilck, Head of Plastics Application Technology,
Vecoplan AG

No process has existed to date that enables used plastics to be completely cleaned for further processing in different sectors. Vecoplan AG, M.A.X. Automation's environmental technology subsidiary, has conducted a targeted search for new plastics processing methods. The answer is called VecoDyn.



M.A.X. SUSTAINABILITY

Ms. Wilck, how great is the actual burden on the environment from plastic waste?

This major challenge is to achieve genuine waste recycling. Although 90 % of plastics are recycled worldwide today, some 80 % of this volume ends up in energy recycling, which means that it's no longer available for materials recycling. And all combustion processes generate pollutants. Although a great deal of attention is paid to emission levels in Germany, the situation is very different in many other countries around the world. We don't think this is the right way forward, and our clear preference is for materials recycling.

What is the situation in emerging economies?

In many countries we see fast-growing cities and rising consumption – resulting in ever increasing waste volumes. In the meantime, landfill sites are reaching their limits. In Europe, a landfill prohibition already exists up to the year 2020, and emerging economies are now starting to follow this example. This generates considerable political and social pressure to do something to stem the tide of waste, and process it. And Vecoplan benefits from these trends.



The answer is called VecoDyn. Joining forces with a partner, this M.A.X. Automation company has developed a system for the shredding, washing and drying of highly varied plastic waste in several working steps. "The plastic cleaning unit forms the heart of this plant," says Wilck. This is where material is exposed to particularly high friction in a fast-circulating water flow, cleaning it completely of adhesives and pulp. "This system is unique worldwide." VecoDyn is already deployed at one Bulgarian customer, and a further system was constructed in Schwerin in Germany's Mecklenburg-Vorpommern region in early 2016.

The benefits are many: the innovative washing system dispenses with the need for cleaning chemicals. Energy consumption is significantly lower than with other systems, as the cleaning process automatically generates heat. The wastewater is processed automatically within a closed process. And assembly and subsequent maintenance of a VecoDyn system can be realized very quickly. In the final analysis, the system thereby achieves both economic and ecological targets. As Cathrine Wilck sums up: "We want waste in the yellow recycling bins to no longer be seen as waste, but as a valuable raw material instead."



WKN¹

658090

YEAR CLOSING PRICE

EURO 5.75

CHANGE

+35 %

¹ German Securities Identification Number



Positive European equity market trends in 2015

Eurozone equity markets recorded some marked price gains in 2015. Market sentiment was affected positively in this context by major bond purchases by the European Central Bank (ECB), the Fed's moderate policy approach, several interest-rate cuts by China's central bank, the euro's low, export-beneficial exchange rate, overall robust Eurozone economic data, and lively international M&A activities. Negative influencing factors included Greece's debt crisis, the plunge in oil prices to the lowest levels seen in eleven years, and moderate economic data in China. Numerous geopolitical crises and the November terror attacks in Paris also weighed down on equity markets. By the end of the reporting year, the Euro Stoxx 50 index had appreciated by 3.8 % (previous year: +1.2 %).

The DAX index of leading German shares recorded volatile performance in 2015. Starting the year at 9,765 points, it then embarked on a steep climb, breaching the 12,000-point level for the first time in the first quarter, and reaching a new all-time high of 12,375 points on April 10. This was followed, however, by a continuous downtrend to the low for the year of 9,428 points on September 24, a level 24 % below the index's high for the year. The DAX then recovered to close the year at 10,743 points, representing a 9.6 % appreciation on the previous year's closing level of 9,806 points (previous year: +2.7 %).

German mid-cap and small cap shares performed significantly better than the DAX index in 2015. The MDAX index was up by 22.7 % in value (previous year: +2.2 %). At year-end, the SDAX index quoted 26.6 % above the corresponding previous year's level (previous year: +5.9 %).

US equity markets reported a downtrend in the reporting year due to the strong US dollar, and negative effects from the marked fall in commodity prices. The Dow Jones index, for example, was down by 2.2 % in value (previous year: +7.5 %), its first annual loss since 2008. The S&P 500 reported a slight decline of 0.7 % (previous year: +11.4 %).

M.A.X. Automation shares report strong value appreciation

The performance of M.A.X. Automation AG shares was pleasing in 2015, benefiting from favorable capital market conditions and positive business trends in the M.A.X. Group.

The M.A.X. Automation stock already reported its low for the year of EUR 3.85 on January 14, and subsequently commenced a continuous uptrend, breaking through the EUR 5.00 level in March. It traded at a high level overall, reaching its high for the year of EUR 5.83 on July 14. Although the stock price fell again in mid-August, it staged a significant recovery in the fourth quarter, closing the year at EUR 5.75. Compared with EUR 4.25 on the previous year's reporting date, the stock thereby reported an appreciation of 35.3 % in value (all data based on Xetra closing prices).

Until mid-year, M.A.X. Automation AG stock performed approximately in line with the SDAX share index. During the second half of the year, M.A.X. Automation shares significantly outperformed the index for extended periods.

The M.A.X. Group's market capitalization increased to EUR 154.1 million as of December 31, 2015, compared with EUR 113.9 million on the previous year's reporting date.

Key data for M.A.X. shares as of December 31, 2015	
German Securities Identification Number (WKN)	658090
ISIN	DE0006580905
Ticker symbol	MXH
Share class	No par value ordinary shares
Number of shares	26.79 million
Arithmetic nominal value per share	1 euro
Free float	54.6 %
Segment	Prime Standard
Index	CDAX

Performance of M.A.X. shares in 2015¹	2015	2014
EBIT before PPA-related amortization per share (in EUR)	0.92	0.82
Earnings per share (in EUR)	0.40	0.37
Dividend per share (in EUR)	0.15	0.15
High for the year (in EUR)	5.83	5.50
Low for the year (in EUR)	3.85	3.78
Year closing price (in EUR)	5.75	4.25
Dividend yield (in %) ³	2.61 %	3.53
Market capitalization (in EUR million) ⁴	154.1	113.9

¹ All data based on Xetra closing prices

² Proposal by Managing and Supervisory boards

³ Based on year-end price

⁴ As of December 31

Günther Group exceeds 30 % threshold

On November 17, 2015, the Management Board of M.A.X. Automation AG was informed that Orpheus Capital II GmbH & Co. KG, a wholly-owned subsidiary of the Günther Group, Hamburg, having acquired further shares, had just exceeded the threshold of 30 % of the voting rights in the company, and held 30.0001 % of the voting rights. Pursuant to the German Securities Acquisition and Takeover Act (WpÜG), Orpheus Capital II GmbH & Co. KG had thereby acquired control over the company, and was obligated to submit an offer to all shareholders of M.A.X. Automation AG to acquire their shares.

The corresponding offer document was published on December 1 after approval by the German Federal Financial Supervisory Authority (BaFin). The offering amounted to a price of EUR 5.30 per share. Shareholders were able to accept this offer until December 29.

The Management and Supervisory Boards of M.A.X. Automation AG issued their opinion on the mandatory offer on December 14, pursuant to the provisions of the German Securities Acquisition and Takeover Act (WpÜG). In this opinion, the Management and Supervisory Boards stated that they found the price offered per share inappropriate, and recommended shareholders to decline the offer.

The Günther Group held a 31.4 % interest in the voting rights of M.A.X. Automation AG as of the 2015 year-end.

Baden-Württembergische Versorgungsanstalt remains shareholder

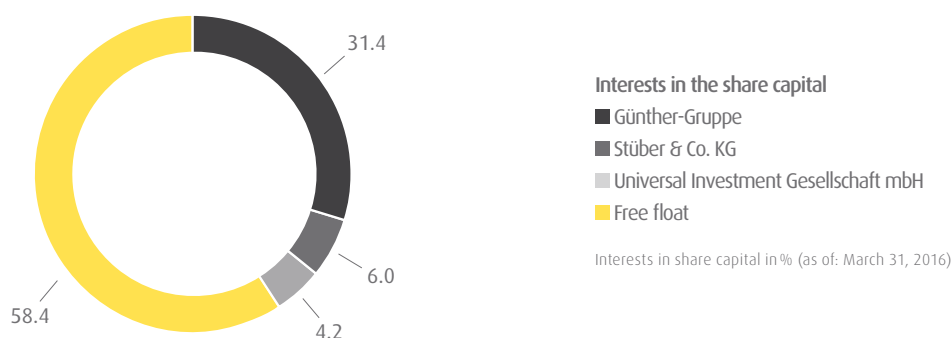
On January 18, 2016, M.A.X. Automation AG published a voting rights announcement by Baden-Württembergische Versorgungsanstalt für Ärzte, Zahnärzte und Tierärzte, Tübingen, pursuant to Sections 21 et seq. of the German Securities Trading Act (WpHG), whereby this entity reports a voting rights interest of nil. This related to a technical shareholding announcement that was published as a result of an amendment to the Securities Trading Act as a consequence of the Amendment Directive to the Transparency Directive to harmonize the transparency of shareholdings in Europe. The amendment came into force at the end of November 2015, and exempts investors in open special investment assets from reporting requirements pursuant to Sections 21 et seq. of the German Securities Trading Act (WpHG).

Baden-Württembergische Versorgungsanstalt held its interest in M.A.X. Automation AG via a "special alternative investment fund," and was consequently obligated to make a shareholding announcement by January 15, 2016, pursuant to Section 41 (4f) of the German Securities Trading Act (WpHG), stating that its voting rights interest had reduced to nil. In economic terms, however, it held a previously reported interest of 5.2 % in the voting rights of M.A.X. Automation as of the date when this annual report was prepared.

Shareholder structure

As of March 31, 2016, the Günther Group was the largest individual shareholder in M.A.X. Automation AG with a 31.4 % voting rights interest. Further large shareholders based on voting rights announcements submitted to the Management Board included Stüber & Co. KG with 6.0 % and Universal Investment Gesellschaft mbH with 4.2 %. A total of 58.4 % of the voting rights comprise the free float held by private and institutional investors as a consequence.

Voting rights notifications submitted to the company during the year under review can be viewed on the company's website at (<http://www.maxautomation.de/investor-relations/>).



Constant dividend for 2014

M.A.X. Automation pursues the principle of ensuring that its shareholders participate in the company's success and profitability through an appropriate dividend. The level of dividend is based on the company's earnings trends, although it also takes into account the objective of continuously growing the Group's equity base for its further growth. Distributions from the company's existing net assets base are to be avoided.

At the Ordinary Annual General Meeting on June 30, 2015, the shareholders concurred with the proposed appropriation of profits as submitted by the Management and Supervisory Boards and approved for the 2014 financial year a year-on-year unchanged dividend of 15 eurocents per share. This corresponded to an overall distribution of EUR 4.0 million. The payout rate (in relation to consolidated net income) amounted to 40 % as a consequence (previous year: 39 %). This resolution took into account the successful course of business during 2014.

Continuation of reliable dividend policy

The Management and Supervisory Boards of M.A.X. Automation AG intend to propose to the Ordinary Annual General Meeting to be held on August 26, 2016, in Düsseldorf that it approve the payment of a dividend of 15 eurocents per share. The dividend payout would amount to EUR 4.0 million as a consequence, corresponding to 38 % of consolidated net income.

This new proposal for the appropriation of profits represents a continuation of the reliable dividend policy that M.A.X. Automation AG has pursued over the past years. It aims to not only take into account shareholders' entitlement to a return on their investment, but also to provide the Group with sufficient scope for business and entrepreneurial maneuver.

More intensive communication with the capital market

M.A.X. Automation is committed to the principles of open, comprehensive and rapid communication with the capital market. The Management Board was in regular contact with analysts, investors from Germany and abroad, and relevant media in 2015 accordingly, providing them with an up-to-date and comprehensive overview of the business position and Group trends.

The Management Board pursued the objective of further intensifying communication with capital market participants during the reporting year. Existing coverage by ODDO Seydler Research and equinet Bank was expanded to include Warburg Research in February 2015.

Communication focused on M.A.X. Automation's successful transformation from a financial holding and private equity company into a decentrally organized high-tech engineering group with corresponding association effects within the corporate group. A special point of interest in this context was the concentration of the Group portfolio on the core business, entailing the acquisition of robotics company iNDAT Robotics and packaging specialist NSM Packtec, as well as the disposals of Group companies Euroroll and altmayerBTD. A further focus was the EUR 150 million new Group financing facility that was agreed with a syndicate of prominent banks, which facilitates synergies on the financing side. Renowned financial and investor media followed the company's development, presenting its strategic and financial prospects. Media contacts that were actively followed up on contributed greater depth to event-led communication via press releases and mandatory stock exchange announcements.

Switch to the Prime Standard

With effect as of April 1, 2015, M.A.X. Automation AG switched from the General Standard segment to the Prime Standard segment of Deutsche Börse, opening the company up to an expanded investor base. Prime Standard companies are subject to the highest transparency and publicity requirements that are of particular significance for institutional investors.

REPORT OF THE SUPERVISORY BOARD

Dear shareholders,

General comments

In the 2015 financial year, the Supervisory Board concerned itself intensively with the strategic, financial and personnel development of M.A.X. Automation AG and the Group. Based on up-to-date verbal and written reports from the Management Board about the business position of M.A.X. Automation AG and the Group, the Supervisory Board supervised the management of M.A.X. Automation AG in the 2015 financial year in accordance with stock corporation law regulations. The Supervisory Board was also available to provide advice to the Management Board during the financial year under review. The Management Board reports especially concerning fundamental matters relating to financial and investment policy, as well as the profitability and risk position of M.A.X. Automation AG and the Group. A special focus remained on the integration of iNDAT Robotics, the disposal of altmayerBTD, and the exploitation of synergies within the M.A.X. Group. The Supervisory Board fulfilled with great care the tasks incumbent upon it according to the law and the company's articles of incorporation, and concerned itself intensively with the business transactions of the company and the Group.

The Supervisory Board was presented with regular reports on the course of business with divergence analyses in relation to planning and the previous year, including documentation of liquidity and financial positions. All transactions requiring its approval were discussed intensively with the Supervisory Board, with approval being given where required.

The Supervisory Board members, especially its Chair, also remained in intensive dialog with the Management Board outside the scope of meetings, being informed about the situation and development of both individual companies and the Group by way of verbal and written reports, discussing these reports with the Management Board, and consulting intensively about questions relating to business policy, business progress and the further development of the company and the Group.

The Supervisory Board was persuaded of the proper and orderly nature of management on the basis of the Management Board's reports and information. Equally, the Supervisory Board assured itself through questioning the Management Board, the subsidiaries' managers, and the auditor, that all of the requirements of the risk management system were fulfilled both at the parent company and within the Group.

Focus areas of Supervisory Board meetings

A total of six Supervisory Board meetings were held in the year under review. The full Supervisory Board attended all meetings. Pursuant to the regulations of the company's articles of incorporation, the Supervisory Board consists of just three members, with no committees being formed.

The Supervisory Board consulted at meetings about the most important business events, corporate planning as well as the financial position of M.A.X. Automation AG and the M.A.X. Automation Group.

The Supervisory Board's supervisory and consultative activities related primarily to the following items at the Supervisory Board meetings:

At its January 9, 2015 meeting, the Supervisory Board concerned itself with personnel matters.

At its March 30, 2015 accounts meeting, the Supervisory Board focused on the audit of the separate and consolidated annual financial statements, the combined management report for the Group and the separate entity for the 2014 financial year, and on the proposal for the application of unappropriated profit. Besides its own review, the Supervisory Board concerned itself with the audit conducted by the external auditor and its audit results, discussing these in detail with the auditor who was present at the meeting. This meeting also focused on the subsidiaries' trends during the new 2015 financial year, progress made in the purchasing pool, the disposal of altmayerBTD and the integration of iNDAT Robotics. Moreover, the efficiency of Supervisory Board activities was assessed on the basis of a questionnaire (Section 5.6 of the German Corporate Governance Code). The conformity statement was also approved.

At the meeting on March 31, 2015, the separate 2014 financial statements of M.A.X. Automation AG, as well as the 2014 consolidated financial statements were approved, with the 2014 separate financial statements being adopted as a consequence. A resolution was also passed concerning the proposal for the application of unappropriated profit.

The meeting ahead of the Ordinary AGM on June 30, 2015 focused on business trends at the subsidiaries and in the Group.

At the meeting on September 24, 2015, the Management Board provided a further in-depth report on Group business trends in the Industrial Automation and Environmental Technology segments. Reports were also made about progress being made with the integration of iNDAT Robotics, the purchasing pool, the implementation of Group financing, and reducing the number of legal entities within the Group. A further focus was on the divestiture of altmayerBTD.

The mandating of the auditor was also approved.

The meeting of December 17, 2015 focused especially on the subsidiaries' trends in the 2015 financial year, and the corporate planning that had been submitted for the 2016 financial year. The Supervisory Board examined planning, especially in relation to its plausibility, consulted in detail with the Management Board about opportunities and risks inherent in it, and then approved the planning. In addition, the Supervisory Board approved the disposal of the operations of altmayerBTD GmbH & Co. KG. Reports were also made about personnel matters and concerning the risk management system.

Moreover, the Supervisory Board regularly examined the monthly reports submitted at Supervisory Board meetings. These contain information about the revenue and earnings trends of the companies and the Group by segment, both per month as well as cumulatively. These also include the liquidity and financial positions, as well as deviations from budget. In addition, the risk management system is presented on a regular basis.

The Supervisory Board also passed resolutions outside the scope of meetings. In particular, these concerned approving disposals, acquisitions and financing facilities, contracts with Supervisory Board members, the AGM agenda with related motions, restructuring measures, and the opinion about the takeover offer of Orpheus Capital II GmbH & Co. KG.

REPORT OF THE SUPERVISORY BOARD

Changes to the Management Board

At the end of March 2015, Mr. Bernd Priske stepped down from office as Management Board Spokesman of M.A.X. Automation AG. This step occurred on the best amicable terms with the Supervisory Board. The Supervisory Board would like to thank Mr. Priske for his more than twelve years of successful work on the Management Board of a company whose development he played a key role in shaping, including during many years as its sole Management Board member. The Supervisory Board has entrusted his responsibilities to Mr. Fabian Spilker, who will manage the company as sole Management Board member until further notice.

Risk management

All risks identifiable from the perspective of the Management and Supervisory boards were discussed. The Supervisory Board was convinced that the Management Board has installed a functioning risk management system. The auditor subjected the risk management system to an audit. This confirms that the Management Board has taken the measures required pursuant to Section 91 (2) of the German Stock Corporation Act (AktG), and installed a monitoring system that is appropriate for the early identification of going concern risks to the company and the Group. In this context, the auditor identified no transactions that are to be reported to the Supervisory Board during the course of this audit.

Separate and consolidated financial statements for 2015

The independent auditor, Ebner Stolz GmbH & Co. KG, Wirtschaftsprüfungsgesellschaft, Steuerberatungsgesellschaft, Hannover, audited in the light of the financial bookkeeping the separate annual financial statements for M.A.X. Automation AG and the consolidated financial statements as of December 31, 2015, as well as the combined management report for the company and for the Group, and issued them with unqualified audit certificates. The auditor thereby confirms that in its assessment, based on knowledge gained from the audit of the separate annual financial statements and consolidated financial statements, a true and fair view of the financial position and performance of M.A.X. Automation AG and the Group is conveyed, in compliance with applicable accounting regulations. The auditor also confirmed in this context that the combined Management report for the Group and the separate entity are in accordance with the separate and consolidated financial statements, convey overall a true and fair view of the situation of M.A.X. Automation AG, and appropriately present the opportunities and risk entailed in its future development.

The auditor was elected by the Ordinary AGM on June 30, 2015, and mandated with the audit by the Supervisory Board after the AGM. The Supervisory Board agreed with the auditor in this context that the auditor should inform the Supervisory Board and make a related note in the audit report if findings are made while implementing the audit that suggest any incorrectness in the statement relating to the German Corporate Governance Code as issued by the Management and Supervisory Boards. Before the Supervisory Board proposed Ebner Stolz GmbH & Co. KG, Wirtschaftsprüfungsgesellschaft, Steuerberatungsgesellschaft, Hannover, to the AGM as independent auditor for the separate and consolidated financial statements, the auditor confirmed to the Supervisory Board Chairman in writing that no circumstances exist that can negatively affect its independence as an auditor, or substantiate doubts concerning its independence. The auditor also stated in this context the extent to which services outside the audit were also rendered for the company during the past financial year, or were contractually agreed for the following year. It was also agreed with the auditor that the Supervisory Board Chairman should be informed concerning potential reasons for exclusion or bias occurring during the audit, to the extent that such circumstances had not been eliminated immediately.

It was also agreed that the auditor should report immediately on all findings and events arising while the audit is being conducted that are of significance for the Supervisory Board's responsibilities.

The drafts and copies of the accounting documents for the company and the Group, as well as the Management Board's proposal for the application of unappropriated profit, were submitted to the Supervisory Board with sufficient advanced time to allow thorough examination of all documents.

At the Supervisory Board accounts meeting on March 24, 2016, the Management Board explained the accounts for both the separate entity and the Group, as well as its proposal for the application of unappropriated profit. The Management Board also responded to queries from the Supervisory Board members. Following their explanation by the Management Board, and taking into account the auditor's reports, the Supervisory Board examined the financial statements documents. The auditor who was present at the Supervisory Board accounts meeting reported there in detail about the audit and the audit results, and explained the audit report. In this context, the auditor also informed us that its audit had not exposed any significant weaknesses in the internal controlling and risk management system in terms of the financial accounting process. The auditor also informed us that no circumstances existed that would give any reasons for concern about its bias, and about which services it had rendered outside the scope of the audit of the financial statements. The Supervisory Board came to the decision that the auditor possesses the requisite independence.

The Supervisory Board was convinced that the auditor conducted the audit properly. In particular, it arrived at the conviction that the audit reports, as well as the audit itself, comply with statutory requirements. The Supervisory Board then issued its approval of the audit result and, as no objections were raised following the conclusive result of its own review, approved the separate annual financial statements, consolidated financial statements, and combined management report for the company and the Group (including the Management Board's corporate governance statement pursuant to Section 289a of the German Commercial Code [HGB]). The annual financial statements have thereby been adopted. In its appraisal of the situation of the company and the Group, the Supervisory Board concurs with the assessment expressed by the Management Board in its combined report on the situation of the company and the Group. In particular, this is also applicable in relation to statements concerning the further development of the company and the disclosures pursuant to Section 315 (2) No. 5 and (4) of the German Commercial Code (HGB). The Supervisory Board reviewed the proposal submitted by the Management Board relating to the application of unappropriated profit, especially from the perspective of the company's development, effects on liquidity, and shareholder interests, and concurred with it. The Supervisory Board also included the corporate governance statement in its review, and approved it expressly.

Finally, the Supervisory Board at its accounts meeting approved this report to the Ordinary Annual General Meeting.

REPORT OF THE SUPERVISORY BOARD

Conformity statement

Pursuant to Section 161 of the German Stock Corporation Act (AktG), the Management and Supervisory Boards issued the annual conformity statement on March 24, 2015, and published it on the Internet. The Supervisory Board has conducted an efficiency audit pursuant to the requirements of the Corporate Governance Code.

The Supervisory Board would like to thank the Management Board, the subsidiaries' management board members and managing directors, and all employees of the M.A.X. Automation Group, for their committed and successful work during the financial year elapsed.

Düsseldorf, March 24, 2016

A handwritten signature in black ink, appearing to read 'Gerhard Lerch', with a horizontal line underneath.

Gerhard Lerch

CORPORATE GOVERNANCE REPORT

Corporate governance

Compliance with nationally and internationally recognized standards for responsible corporate governance and controlling forms an important criterion for investors' investment decisions. M.A.X. Automation AG regards the current German Corporate Governance Code as an appropriate means to secure and strengthen the capital market's trust and confidence in the company and the M.A.X. Automation Group. The following corporate governance report serves to summarize the significant corporate governance principles that are critical to corporate governance at M.A.X. Automation AG.

General information about the management structure

M.A.X. Automation AG is subject to the regulations of German stock corporation law, capital market regulations, the provisions of the company's articles of incorporation, and the rules of business procedure for the Management and Supervisory Boards. M.A.X. Automation AG operates a two-level executive and supervisory structure with its Management and Supervisory Boards. The Management and Supervisory Boards are firmly – and feel – committed to the interests of the shareholders and the company. The Ordinary Annual General Meeting comprises the company's third corporate body.

The Supervisory Board

The Supervisory Board consists of three members who are elected by the Ordinary Annual General Meeting. The Supervisory Board consults with, and supervises, the Management Board in its management of the company.

The rules of business procedure for the Supervisory Board include clear and transparent processes and structures as an element of the supervisory and controlling process, reflecting German Corporate Governance Code recommendations for supervisory boards.

The Management and Supervisory Boards work together closely and on the basis of trust in the interests of M.A.X. Automation AG. The "Report of the Supervisory Board" in this annual report presents details of focal topical points of cooperation between the Management and Supervisory Boards.

Along with statutory provisions, when making proposals relating to the election of Supervisory Board members, the Supervisory Board orientates itself exclusively to candidates' professional, specialist, technical and personal characteristics, as well as taking into account appropriate suitability aspects that support the Supervisory Board's function. This includes, for example, having Supervisory Board members with relevant business experience (please also refer to the remarks in the statement of conformity relating to Code Section 5.4.1). The Supervisory Board has refrained from setting specific targets for its composition, especially as simply specifying such targets is not necessarily accompanied by an improvement in the quality of Supervisory Board work.

The Management Board

The Management Board of M.A.X. Automation AG (currently consisting of one member) manages the company, and directs its business. It is bound to act in the company's interest. Its work is aimed at enhancing the company's sustained value. It develops the company's strategic orientation, coordinates it with the Supervisory Board, and ensures that it is implemented. It is also responsible for the company's annual and multi-year planning, as well as for preparing the reports that are required by law, such as separate and consolidated annual financial statements, and interim reports. It is also responsible for appropriate risk manage-

ment and risk controlling, as well as for regular, prompt and comprehensive reporting to the Supervisory Board on all questions of relevance to the Group relating to strategy, corporate planning, business development and trends, the risk position and risk management.

The Supervisory Board has set out the specifics of the Management Board's information and reporting duties. Significant transactions require Supervisory Board approval. Actions and transactions of fundamental importance are communicated in good time to shareholders and the capital market in order to also make decision-making processes transparent during the course of year, and to keep capital market participants sufficiently informed. The Management Board's rules of business procedure set out the transactions that require approval.

Ordinary Annual General Meeting

Shareholders exercise their rights and voting rights at the Ordinary Annual General Meeting. M.A.X. Automation AG only has shares that are fully entitled to voting rights. Each share grants one vote. The annual Ordinary Annual General Meeting is held during the first eight months of every financial year. The agenda for the Ordinary Annual General Meeting, including reports and documents required for the meeting, are published on the company's website at www.maxautomation.de/investor-relations/hauptversammlung/ and <http://www.maxautomation.de/investor-relations/berichte/finanzberichte/>.

M.A.X. Automation AG provides its shareholders with proxy voting arrangements for the Ordinary Annual General Meeting in order to make it easier for them to exercise their rights. The convening document for the Ordinary Annual General Meeting explains how proxy instructions can be issued ahead of the meeting. Shareholders are also free to select their own proxy. The registration and legitimization process corresponds to the statutory and internationally standard record date process. In this context, the 21st day before the shareholders' general meeting is regarded as the decisive cut-off date for legitimizing shareholders to participate at meetings.

Financial accounting, auditing and risk management

The consolidated financial statements of M.A.X. Automation AG are prepared according to the principles of International Financial Reporting Standards (IFRS), and the separate annual financial statements and the combined management report for the company and the Group are prepared according to the regulations of the German Commercial Code (HGB).

Before submitting its election proposal to the Ordinary Annual General Meeting, the Supervisory Board obtained a confirmation of the independence of its planned auditor. The Supervisory Board Chairman asked the auditor to report to it immediately about all matters arising during the audit activities in relation to significant findings or events that in the broadest sense concern the Supervisory Board's tasks, where they could not be addressed immediately.

The existing risk management system of M.A.X. Automation AG is set up to disclose, record, measure and steer business and financial risks to which the company is exposed in its operations. The individual elements of this supervisory system provide reliable information about the current risk position, and support documentation, risk investigation, and elimination of weak points. They consequently help to minimize negative effects that

CORPORATE GOVERNANCE REPORT

might arise from risks. The combined management report for the company and the Group provides detailed information about the risk management system of M.A.X. Automation AG.

Transparency

M.A.X. Automation AG utilizes the company's website "www.maxautomation.de" to provide up-to-date information for shareholders and investors. Along with the annual report and interim reports (half-year financial report and quarterly financial reports), shareholders and third parties are informed about current developments by unscheduled announcements and press releases.

Sufficiently in advance, M.A.X. Automation AG issues a financial calendar with all of the company's main dates and publications.

Reportable securities transactions and significant voting rights interests

Pursuant to the German Securities Trading Act (WpHG), M.A.X. Automation AG publishes directors' dealings pursuant to Section 15a of the German Securities Trading Act (WpHG) as soon as they have been received, in other words, notifications by members of the Management Board, the Supervisory Board and other individuals who exercise managerial functions at M.A.X. Automation AG in the meaning of Section 15a of the German Securities Trading Act (WpHG), as well as natural and legal persons closely related to such individuals, concerning securities transactions relating to the M.A.X. Automation stock. Such notifications are also published on the company's website under www.maxautomation.de/investor-relations/corporate-governance/director-dealings/.

Also as soon as they have been received, the company immediately publishes notifications concerning the purchase or sale of significant voting rights interests pursuant to Section 21 of the German Securities Trading Act (WpHG), or concerning the holding of financial instruments and other instruments pursuant to Section 25 of the German Securities Trading Act (WpHG), or concerning the holding of further financial instruments and other instruments pursuant to Section 25a of the German Securities Trading Act (WpHG), on the company's website at www.maxautomation.de/investor-relations/corporate-governance/download-dokumente/. The corresponding notifications for the financial year elapsed are also reproduced in the notes to the consolidated financial statements in this annual report.

Conformity statement – German Corporate Governance Code

On March 24, 2016, the Management and Supervisory boards issued the conformity statement pursuant to Section 161 of the German Stock Corporation Act (AktG). Divergences from the recommendations of the German Corporate Governance Code are disclosed and justified. The conformity statement, including the justification of divergences from it, can be found on the company's website under www.maxautomation.de/investor-relations/corporate-governance/download-dokumente/.

The current and previous versions of the conformity statement since 2008 are also permanently available for shareholders at the aforementioned Internet address.

Compensation report in the corporate governance report

Basic elements of the Management Board compensation scheme

The compensation of Management Board members in office during the 2015 financial year is published in the notes to the consolidated financial statements and in the management report.

Compensation of Supervisory Board members

The compensation of Supervisory Board members in the 2015 financial year is presented on an individualized basis in the notes to the consolidated financial statements and in the management report.

Stock option programs and similar securities-based incentive schemes

No stock option programs or similar securities-based incentive schemes exist at M.A.X. Automation AG.

Corporate governance statement

This corporate governance report is published in connection with the corporate governance statement. The corporate governance statement is published on the company's website under <http://www.maxautomation.de/investor-relations/corporate-governance/download-dokumente/>.

Düsseldorf, March 24, 2016

The Management Board



Fabian Spilker

For the Supervisory Board



Gerhard Lerch
(Chairman)

CONFORMITY STATEMENT

Statement by the Management and Supervisory Boards of M.A.X. Automation AG concerning the recommendations of the "German Corporate Governance Code Government Commission" pursuant to Section 161 of the German Stock Corporation Act (AktG)

The Management and Supervisory Boards of M.A.X. Automation AG state that, apart from the exceptions listed below, the recommendations of the "German Corporate Governance Code Government Commission" (DCGK) in the version dated May 24, 2014 and in the version dated May 5, 2015 have been complied with since the last statement was issued on March 30, 2015, and that the recommendations of the DCGK in the version dated May 5, 2015 will be complied with in the future. The following recommendations were not complied with:

Relating to 3.8, third paragraph

The directors & officers' insurance cover that M.A.X. Automation AG has taken out for the members of its Management and Supervisory Boards does not include a deductible, as a rule, as it comprises a group insurance policy that also includes a number of staff members in Germany. A deductible has nevertheless been agreed for the Management Board, in accordance with statutory regulations, although such a deductible has not been agreed for the Supervisory Board members. M.A.X. Automation AG is of the view that the motivation and sense of responsibility with which Supervisory Board members perform their duties is not improved by such a deductible. For this reason, the company will continue to refrain from a deductible for Supervisory Board members.

Relating to 4.2.1

Until March 27, 2015, the Management Board consisted of two individuals, one of whom was appointed the Management Board Spokesman (Chief Executive Officer). Due to the then Management Board Spokesman stepping down from the Management Board on March 27, 2015, the Supervisory Board decided that the Management Board should consist of just one individual until further notice, so that no Management Board Chair or Spokesperson was appointed at that time. From April 1, 2016, the Management Board will again consist of two individuals, one of whom as its Chairperson.

Relating to 4.2.3

Due to their having comprised a short appointment period and a correspondingly short contractual period of a maximum of around three years, Management Board contracts in the past included no regulations relating to either a settlement and its measurement basis in the case of early discontinuation of Management Board activity, or discontinuation of Management Board activity as the consequence of a change of control or discontinuation of activity for good cause. In the case of early discontinuation of Management Board activity, this should ensure the flexibility required to achieve appropriate negotiation results corresponding to respective specific situations. Since the 2016 financial year, Management Board contracts include regulations concerning a settlement and related calculation principles given early termination of Management Board activity, which corresponds to the related recommendation in the Code. As previously, no special regulations exist for a settlement given termination of Management Board activity as a consequence of a change of control.

Relating to 5.3

The company's Supervisory Board consists of three members. For this reason, it is not possible in terms of German stock corporation law to form committees that are capable of passing resolutions, especially an audit committee. Given the Supervisory Board's size, it also does not appear feasible to form committees that cannot pass resolutions, especially a nomination committee.

Relating to 5.4.1

No age limit was set for Supervisory Board members or a normal duration limit for Supervisory Board membership, as such limitations on Supervisory Board membership failed to take into account either the members' individuality or the value of many years of experience.

Along with statutory provisions, when making proposals relating to the election of Supervisory Board members, the Supervisory Board orientates itself exclusively to candidates' professional, specialist, technical and personal characteristics, as well as taking into account appropriate suitability aspects that support the Supervisory Board's function. This includes, for example, having members with relevant business experience. The Supervisory Board has refrained from setting specific targets for its composition, especially as simply specifying such targets is not necessarily accompanied by an improvement in the quality of Supervisory Board work.

Relating to 5.4.3

The company reserves the right to also submit applications for court-appointed Supervisory Board members on an indefinite basis. The company nevertheless plans to propose to shareholders the court-appointed Supervisory Board member for election at the next Ordinary Annual General Meeting that is convened following the court appointment. This serves to ensure that a Supervisory Board consisting of just three members can act at any time, and that shareholders can exercise their co-determination rights in electing Supervisory Board members.

Relating to 5.4.6

As no committees have been formed, neither the chair nor members in committees can be taken into consideration in Supervisory Board compensation.

Relating to 6.2

The shareholdings of Management and Supervisory Board members are not reported separately, in order to thereby protect their privacy. The company is of the view that the publication of directors' dealings already provides sufficient transparency.

Relating to 7.1.2

Before being published, the half-year and quarterly financial reports are discussed only with the Supervisory Board chairperson, but not with the entire Supervisory Board, as the Management Board sees this as the only way to retain the requisite flexibility.

Düsseldorf, March 24, 2016

The Management Board

For the Supervisory Board



Fabian Spilker



Gerhard Lerch
(Chairman)

Combined management report for M.A.X. Automation AG for the 2015 financial year

1. Basis of the parent company and the Group

1.1. Business model

M.A.X. Automation AG, which is based in Düsseldorf, Germany, and its subsidiaries operate as an international hightech mechanical engineering group and leading complete provider of integrated and complex system and component solutions. The Group has two operating segments: in its Industrial Automation segment, the Group's extensive technological expertise enables it to act as an innovation leader in the development and production of integrated and proprietary solutions for manufacturing and assembly in the key growth sectors of automotive, medical technology, packaging automation and electronics. In its Environmental Technology segment, M.A.X. Automation develops and installs technologically complex systems for the recycling, energy and raw materials industries.

The sustainable development of the medium-sized Group companies that form the Group's operating business comprise the company's primary goal. When realizing corporate acquisitions, M.A.X. Automation AG aims to acquire a majority of the share capital, if possible 100 % of the shares.

As the management company, M.A.X. Automation AG is responsible for the Group's strategic and financial steering. In this function, it also sets and supervises appropriate strategic and operational measures that enable the Group companies to meet their defined targets. In addition, M.A.X. Automation AG analyzes and defines significant synergy potentials between the Group companies. These include bundling activities in the areas of purchasing and financing, an increasingly important joint utilization of foreign sites as part of internationalization, know-how and technology transfer, and best practice approaches and methodologies. M.A.X. Automation has set itself the target of boosting value creation within the Group through targeted enhancement of relationships for the delivery of goods and rendering of services between the Group companies. In some situations, possibilities also exist to exploit sales synergies through project-based collaboration within the M.A.X. Group.

The business trends of the Group companies in the segments, and their corresponding profit transfers, significantly affect the financial position and performance of M.A.X. Automation AG, as the Group parent company. The operating subsidiaries' management teams report to the Management Board of M.A.X. Automation AG, which manages the company at its own responsibility. The Supervisory Board of M.A.X. Automation AG appoints, supervises and advises the Management Board. The Supervisory Board is included in all business transactions of key significance for the parent company or the Group. It is in close contact with the Management Board to this end.

As a public stock corporation, M.A.X. Automation AG is listed on the Frankfurt Securities Exchange. The M.A.X. Automation share has been listed in the Prime Standard segment of Deutsche Börse AG since April 2015.

All of the Group operating companies are allocated to one of the two segments of either Industrial Automation or Environmental Technology.

The following companies with their significant subsidiaries belonged to the Industrial Automation segment in the 2015 financial year:

- NSM Magnettechnik Group
 - NSM Packtec GmbH
 - iNDAT Robotics GmbH
- ELWEMA Automotive GmbH
- IWM Automation Group
- bdtronic Group
- MA micro automation GmbH (formerly: Rohwedder Micro Assembly GmbH, renamed in February 2015)
- Rohwedder Macro Assembly GmbH
- Mess- und Regeltechnik Jücker GmbH
- AIM Micro Systems GmbH

The Group companies ELWEMA Automotive GmbH, MA micro automation GmbH, Rohwedder Macro Assembly GmbH und AIM Micro Systems GmbH were initially still aggregated within AIM-Assembly in Motion GmbH in the year under review, a company that acts as the operative management company of the AIM Group. As part of instituting streamlined structures and more efficient processes, AIM-Assembly in Motion GmbH was renamed M.A.X. Management GmbH in October 2015, and the headquarters were relocated from Ellwangen to Düsseldorf. The aim of these measures is more direct management of the AIM companies by M.A.X. Automation AG.

The Environmental Technology segment comprised the following companies with their significant subsidiaries in the year under review:

- Vecoplan Group
 - Vecoplan LLC (USA)
- altmayerBTD GmbH & Co. KG (the BTD container technology operations and the altmayer bulk materials plant manufacturer operations were sold in December 2015 as part of focusing the portfolio on core businesses).

The Group companies of M.A.X. Automation AG are positioned as technologically leading suppliers in their respective markets, developing complex automation and process solutions for their customers worldwide, tailored individually to their requirements. Their range of products and services comprise individual technical components, complete automation systems, and complete specialty mechanical engineering plants. As systems integrators, they also render services for their customers such as consulting (including analyses, tests and feasibility studies), production assistance and maintenance/repair. As a consequence, the individual Group companies are able to provide integrated automation solutions with a high degree of technical complexity on a one-stop-shop basis.

The M.A.X. Group's target markets are located mainly in Europe, North and South America, and Asia. The Group companies develop and produce their hightech automation solutions mainly in Germany, as well as at selected sales and service sites abroad. The Group companies' international sales branches offer contacts for extensive customer care and service worldwide.

The most important customer groups in the Industrial Automation segment include the automotive industry and its suppliers, medical technology, the electronics industry, and packaging automation. In the Environmental

Technology segment, the customer base particularly includes private and public sector companies from the waste management and recycling technology sector, the timber and paper industry, the energy sector, as well as the cement and plastics sectors (for more information about the Groups operating segments, please refer to section 2.10 – Segment reporting).

1.2. Key management indicators and strategic positioning

1.2.1. Key financial management indicators

M.A.X. Automation AG makes recourse to financial management indicators to manage and assess its Group operating businesses. These are aimed at helping to secure and enhance long-term profitability.

The financial performance indicators include:

- New order intake and order book position
- Profitability indicators
- Capital and liquidity indicators
- Personnel data (especially headcounts)
- Covenants for the syndicated loan agreement

The covenants for the syndicated loan agreement include the M.A.X. Group's equity ratio, gearing, and interest coverage ratio. The Group is managed through setting target ranges.

1.2.2. Strategic positioning/non-financial performance indicators

M.A.X. Automation AG pursues a long-term business model based on the Group companies' respective expertise, and the strategic direction set by M.A.X. Automation AG as the management company. The Group's strategic positioning is characterized essentially by the following aspects:

- **Added value offering:** The Group companies in the Industrial Automation and Environmental Technology segment are distinguished by their special expertise in aggregating individual automation components, as well as extensive system and process know-how, to create individual solutions on a one-stop-shop basis. In doing so, they consistently pursue the objective of achieving optimizations to their customers' production processes, based on their individual requirements. The Group thereby creates important added value for its customers, and enjoys competitive advantages and USPs in a number of instances. This added value positioning is of key significance for the M.A.X. Group's long-term business success and profitability.
- **Hightech and services:** The subsidiaries can aggregate different services within a single management project. This includes deploying hightech in combination with special process expertise and extensive services. Along with business with individual components, these strengths also create the foundation to acquire and realize complex large-scale projects in international markets. This positioning generates high demand for specialized technical staff. Recruiting and fostering qualified and specialist staff consequently forms a central challenge for the subsidiaries.
- **Innovation culture:** The M.A.X. Group segments operate in an environment characterized by intense competition and constant technological advances. Salient examples include the trend toward networked

manufacturing under the heading of Industry 4.0, and the increasingly important micro-automation and robotics solutions. For this reason, innovative products and services that create sustainable optimizations and consequently measurable added values for customers are critical to the Group's long-term success. Continuous further development of technologies and development of innovative solutions on respective markets is consequently of great importance to securing and further expanding our individual subsidiaries' market positions.

- **Advancing internationalization:** The internationalization of business in both segments – Industrial Automation and Environmental Technology – forms an essential precondition for the Group's further growth. Especially given continued dynamic growth markets in the long-term emerging and up-and-coming economies of Asia and South America, and great investment demand in environmental management on the North American continent and in fast-growing cities worldwide, the Group companies are systematically expanding their international business. An international network of sales and service branches, and selected production locations abroad, ensure that the M.A.X. Automation Group serves local customer requirements.

1.3. Research and development

M.A.X. Group customers include major international groups that rank among leading providers in their sectors. In order to achieve this positioning, these customers require individual automation solutions that exploit the most advanced, leading-edge technologies and processes. The market environment is characterized by rapid technological change, highly intense competition, and a rising number of statutory regulations, especially in the environmental segment.

Proprietary research and development (R&D) represents an essential precondition for success on the M.A.X. Group's individual markets. Research and development at the M.A.X. Automation Group is organized on a decentralized basis: as the Group's strategic management company, M.A.X. Automation AG does not conduct its own research activities. The subsidiaries each have their own capacities, including in the form of specialized departments, or as a technology center in the case of the Vecoplan Group, which was established in 2014. They structure their research activities in the context of specific customer projects, aligning them depending on their customers' market situations and needs. Moreover, they also offer to prepare individual feasibility studies in advance. The subsidiaries are continuously expanding their technological expertise in order to tap promising new automation markets.

In our Industrial Automation segment, ELWEMA Automotive GmbH concluded the further development of a new generation of cleaning systems in 2015 that is already responsible for a tangible proportion of 2015 new order intake. This company commands a USP in the area of cleaning, testing and assembly technology, and in second generation cleaning systems.

The bdtronic GmbH has concluded the further development of screw pumps for the micro-dispensing area. The new "mini-dis" generation of screw pumps now enables single and double component casting compounds such as epoxy, polyurethane and silicon casting compound and heat conductive pastes in the milligram range to be dispensed with a very high degree of repeat accuracy. This opens up many new application areas in the production of electronic components for vehicle electronics and other industrial sectors of microelectronics.

With its “data goggles”, MA micro automation GmbH has created a significant USP against its competitors. Thanks to its clearly defined Industry 4.0 concept, the company is very well positioned on the market (Augmented Automation – the optimization and expansion of the man-machine interface). The company has also established a base cell for safe and flexible medical technology production on the most compact areas under clean room conditions, thereby creating opportunities to further develop the “ma meditec” business area (assembly systems for medical devices). The company also maintains development partnerships, such as with the Fraunhofer Institute for Production Technology IPT, working on projects in the “ma optronic” business area (testing systems for industrial image processing).

In the year under review, Rohwedder Macro Assembly GmbH developed a modular and flexible concept for assembly lines for various vehicle steering systems. This concept thereby serves the trend toward configuration diversity in vehicle manufacturing, enabling customers to achieve efficiency gains and variability in production.

In our Environmental Technology segment, Group company Vecoplan reached milestones in highly varied markets with several innovations.

With the development of its HydroDyn® cleaning technology process for the processing of extremely soiled plastics into highly pure output material, Vecoplan has addressed customers’ urgent challenges and problems in the plastics processing area with mature, high performing and robust recycling technologies. The first foil cleaning plant was planned, installed and commissioned successfully in 2015 in Bulgaria. A further plant is currently in the commissioning phase.

A mobile shredding solution developed in partnership with a globally operating construction machine manufacturer provides a further meaningful example of the Vecoplan Group’s R&D capabilities. This flexibly deployable machine is unique on the market, and can be used in the areas of shredding scrap wood, biomass, household and commercial waste, and manufacturing residues.

In connection with our R&D activities in the year under review Group companies filed for a number of patents.

Of the total EUR 5.1 million of development spend in the 2015 financial year, EUR 1.7 million was capitalized. Further information about research and development spending is presented in section 6.2 of the notes to the financial statements.

Sources:

- IMF International Monetary Fund, World Economic Outlook, October 2015
- IMF International Monetary Fund, World Economic Outlook, January 2016
- German Federal Statistical Office, press release January 14, 2016

2. Group economic and business report

2.1. Macroeconomic and sector-related conditions

2.1.1. Macroeconomic environment

Overall, the world economy was on a growth track in 2015, although economic growth lost momentum over the course of the year. The reasons for this slowdown cited by the International Monetary Fund (IMF) included the fifth consecutive annual weakening in emerging economies' economic dynamics, and disappointing economic recovery in industrialized nations. The sharp fall in the crude oil price, the depreciation of emerging economies' currencies, and a return to higher volatility on financial markets exerted a negative impact on global economic growth.

Due to these trends the IMF calculated 3.1 % global growth in 2015. In this context, Chinese economic output advanced by 6.9 %. According to the IMF, growth in the USA stood at 2.5 %.

The Eurozone economy reported a moderate 1.5 % expansion rate, according to the IMF's estimates. Especially higher consumer purchasing power and the continuation of the low interest-rate policy by the European Central Bank (ECB) represented the main engines of growth. Year-on-year better economic trends were registered especially in countries such as France, Italy and Spain.

The German economy also reported a moderate uptrend in 2015. Gross domestic product was up by 1.7 %, according to the German Federal Statistical Office, thereby lying above the past decade's 1.3 % average for the second consecutive year. Private consumption, lower energy prices and the good labor market situation were cited as significant influencing factors.

2.1.2. Trends in relevant sectors

The German Engineering Federation (VDMA) registered moderate overall sector growth in 2015. In December, it confirmed its forecast of stagnating production volume. The collapse of business in Russia, growing political uncertainties in the European Union, and the cooling economy in China were cited as reasons. By contrast, sector sales revenue grew by 2.8 % to EUR 218 billion, compared with EUR 212 billion in the previous year.

The exports of German plant construction and mechanical engineering companies grew by just under 2.6 % to around EUR 116 billion during the first nine months of 2015, according to the VDMA (previous year: EUR 113.1 billion). The association nevertheless noted a declining trend in business with several important emerging economies.

Sources:

- German Engineering Federation (VDMA), press release December 17, 2015
- German Engineering Federation (VDMA), press release October 8, 2015
- PricewaterhouseCoopers, Industry 4.0 – Opportunities and Challenges of the Industrial Internet, 2014
- German Engineering Federation (VDMA), Specialist Waste and Recycling Technology Association, January 2016 data
- German Engineering Federation (VDMA), Specialist Robotics and Automation Technology Association, press release June 11, 2015
- German Engineering Federation (VDMA), Specialist Robotics and Automation Technology Association, press release September 30, 2015
- German Automotive Industry Association (VDA), press release December 1, 2015
- Spectaris, Fachverband Medizintechnik, Zahlen und Fakten (German Hightech Industry Association), at: www.spectaris.de

Exports to China were forecast to fall by 5 % to around EUR 16.0 billion for the full year, for instance. With regard to business with Russia, the VDMA even anticipated a decline of as much as 27 % to EUR 3.6 billion.

Networked manufacturing (Industry 4.0) is regarded as the key future topic for the German mechanical engineering sector. According to a study entitled "Industry 4.0 Readiness" conducted for the VDMA's Impuls foundation in 2015, 90 % of the mechanical engineering companies that it surveyed identified good opportunities to differentiate themselves on the market by means of Industry 4.0. Around 60 % of the companies surveyed had already specifically concerned themselves with the possibilities of networked manufacturing, of which around one third had done so intensively. The Cologne-based IW Consult Institute for the German Economy and the FIR (Institute for Industrial Management) at RWTH Aachen University authored the study.

German industry also perceives significant growth opportunities with Industry 4.0 topics. According to a study by PricewaterhouseCoopers, the companies surveyed assume 2.5 % annual sales revenue growth up to 2020 as a result of Industry 4.0 and greater digitalization of their product portfolios.

The VDMA Specialist Waste and Recycling Technology Association noted that its member companies enjoyed satisfactory business trends in 2015. Sector revenue grew by 1.2 % to EUR 2.6 billion in the reporting year, according to its estimates. The export ratio amounted to more than 70 % in this context.

The VDMA Specialist Robotics and Automation Technology Association forecast that its sector experienced sales revenue growth of 5 % to around EUR 12 billion (previous year: EUR 11.4 billion), thereby comprising a record level. The International Federation of Robotics (IFR) was also optimistic about its sector companies' business progress. Competition in industrial manufacturing is regarded as the most important driver, especially due to the increasing automation of the automotive sector, and of the electrical engineering and electronics industries. China, Japan, the USA, South Korea and Germany are the sector's five key markets, according to association data.

Overall, the global automotive markets worldwide performed well in 2015. New registrations in the three major sales regions were up year-on-year, according to the German Automotive Industry Association (VDA): New registrations in Western Europe advanced by 7.0 % to around 13 million vehicles, thereby exceeding the association's expectations. The US market recorded an increase of 5.0 % to 17.2 million vehicles, reaching its highest level since 2000. China continued on the past years' growth track, albeit at a slightly slower pace, with its market expanding by 4.0 % to more than 19 million vehicles, according to VDA data.

In the German medical technology sector, expectations for 2015 were modest at the start of the year under review. According to sector association Spectaris, following the weakening in business trends, especially in the second half of 2014, its member companies anticipated no marked improvement in the reporting year.

2.2. Group business trends

The M.A.X. Group recorded a successful 2015 financial year, experiencing operating dynamics that gathered momentum over the course of the year. Some key indicators registered marked year-on-year improvements, exceeding the management's original expectations. Not least, a strong fourth quarter during which numerous projects were completed and invoiced contributed to this performance. Above and beyond this, the MAX

Group benefited from a mix of products and projects that proved beneficial from profitability aspects. In terms of both new order intake and sales revenue, the Group in the final quarter of 2015 reported the highest levels in its history in each case.

The M.A.X. Group's consolidated new order intake reached EUR 363.7 million in the year under review, reflecting 7.2 % year-on-year growth. The consolidated order book position as of December 31, 2015 stood at EUR 135.2 million, 5.6 % below its level on the previous year's equivalent reporting date. Consolidated sales revenue rose by 9.2 % to EUR 383.8 million in 2015, slightly above the forecast range of EUR 360 million to EUR 380 million. Consolidated earnings before interest and tax (EBIT), and before PPA-related amortization, increased by 13.0 % to EUR 24.8 million, significantly above the target range of EUR 20 million to EUR 22 million. The Group reports EUR 10.6 million of net income, compared with EUR 10.0 million in the previous year (+5.7 %).

Balance sheet ratios also performed well in the reporting year: Consolidated equity exceeded the EUR 100 million level for the first time in M.A.X. Automation's history, standing at EUR 106.2 million at year-end. The equity ratio of 37.5 % rose considerably compared with the previous year (December 31, 2014: 33.8 %), standing clearly ahead of the targeted 30 % minimum. Gross debt was paid down in an amount of EUR 39.2 million to EUR 61.1 million (December 31, 2014: EUR 100.3 million). Net debt, derived by offsetting gross debt with Group liquidity, was reduced by EUR 8.2 million to EUR 39.7 million (December 31, 2014: EUR 47.9 million). Group financing was also placed on a new, long-term stable basis as a result of agreeing a EUR 150 million syndicated loan in June 2015.

Moreover, the M.A.X. Group achieved significant progress in 2015 in its strategic further development to a hightech engineering group organized on a decentralized basis. In this context, the Group companies increasingly leveraged synergies through more intensive cooperation. The focusing of the Group portfolio on core activities in the Industrial Automation and Environmental Technology segments was concluded.

The Management and Supervisory boards intend to continue the previous years' continuous dividend policy, with shareholders participating appropriately in the positive business trend. They plan to propose to the Ordinary AGM on August 26, 2016 the approval of a dividend of 15 euro cents per share dividend for the financial year elapsed (previous year: 15 euro cents). The total payout would thereby amount to EUR 4.0 million (previous year: EUR 4.0 million).

2.3. Particular events during the financial year

2.3.1. Acquisition of minority interests in Vecoplan LLC

With an agreement dated January 2, 2015, Vecoplan Holding Corporation, Delaware, USA, which is owned by the Vecoplan Group, acquired an interest in a further 20 % of Vecoplan LLC, North Carolina, for a purchase price of USD 2.0 million. Its interest in Vecoplan LLC thereby rose to 100 %. The operating activities of Vecoplan LLC consist mainly of the production and sale of shredding and recycling technology for the North American region, as well as corresponding services. This complete takeover of all the shares enables the direct operational management of this company.

2.3.2. Rohwedder Micro Assembly becomes MA micro automation

Rohwedder Micro Assembly GmbH, which was acquired as part of acquiring the AIM Group, has operated since February 1, 2015 under the corporate name of MA micro automation GmbH. This corporate renaming was connected with a complete rebranding of this micro assembly automation solutions specialist.

Its range of products and services has been aligned consistently over the past years to micro automation, with technical core competences in actuators, sensors and optical systems. The company thereby meets the highest technological levels in terms of assembly speed and precision.

2.3.3. NSM Magnettechnik acquires iNDAT Robotics

In early February 2015, M.A.X. Automation AG acquired 100 % of the shares in iNDAT Robotics GmbH through its subsidiary NSM Magnettechnik GmbH. iNDAT Robotics is a robotics and manufacturing automation specialist whose solutions are deployed at renowned automotive manufacturers and automotive suppliers, in particular. The acquisition also represents a significant expansion of the range of products and services for the automotive industry. Synergies arise not only in relation to NSM Magnettechnik, but also with regard to other M.A.X. Automation AG subsidiaries.

2.3.4. Change to the Management Board

Mr. Bernd Priske, Management Board Spokesman (CEO) of M.A.X. Automation AG, made his role available as of the end of March 2015, leaving the company on the best amicable terms.

2.3.5. Switch to the Prime Standard

With effect as of April 1, 2015, M.A.X. Automation AG switched from the General Standard segment to the Prime Standard segment of Deutsche Börse. The company thereby opened itself up to a broader base of investors, and made itself subject to the highest transparency and publicity requirements, which are of particular significance for institutional investors.

2.3.6. Master agreements in the automotive area

In April 2015, the M.A.X. Group concluded two master agreements to build machines for a prominent automotive manufacturer, and for a renowned automotive supply company. The agreements comprise a total volume of around EUR 50 million, and will remain effective in terms of new order intake and sales revenues until 2018 and 2020 respectively. These agreements generated EUR 8.4 million of new order intake in the 2015 financial year.

2.3.7. Agreement on new Group financing

On June 25, 2015, M.A.X. Automation AG issued information concerning the realignment of its long-term Group financing, entailing the agreement of a syndicated loan for a total volume of EUR 150 million with five renowned banks led by Commerzbank. The loan carries a five-year term and includes two extension options. The loan's main benefits comprise better financing terms, more comfortable covenants and significantly reduced complexity, as the Group's financing is now bundled within the parent company. This financing package replaces the previous syndicated loan of M.A.X. Automation AG as well as the Group companies' significant bilateral lending agreements. The package released collateral of M.A.X. Automation and its subsidiaries. The syndicated loan also enables the financing of new orders and the exploitation of growth opportunities, including through acquisitions.

2.3.8. Reduced Group complexity

In order to reduce complexity within the M.A.X. Group and cut back on the number of legal entities, several corporate law changes were implemented in 2015: In the Industrial Automation segment, iNDAT Systems + Research GmbH, a subsidiary of iNDAT Robotics GmbH, was merged with its parent company on August 14, 2015, with retroactive effect as of January 1, 2015. On December 2, 2015, the sister company of iNDAT Robotics GmbH, iNDAT Engineering + Service GmbH, was merged with it, with effect as of July 1, 2015. Effective as of July 1, 2015, mabu-pressen GmbH was merged with parent company NSM Magnettechnik GmbH, with its operating business continuing under the mabu brand. In addition, shelf companies and former general partner firms were merged, such as Mess- und Regeltechnik Verwaltungs GmbH with Mess- und Regeltechnik Jücker GmbH, and BDS Führungskräfte GmbH with M.A.X. Management GmbH. In the Environmental Technology segment, on August 12, 2015, Vecoplan Maschinenfabrik Verwaltungs GmbH, and on August 19, 2015, Waste Tec GmbH, were merged with Vecoplan AG, with retroactive effect as of January 1, 2015.

2.3.9. Günther Group exceeds 30 % threshold

On November 17, 2015, the Management Board of M.A.X. Automation AG was informed that Orpheus Capital II GmbH & Co. KG, a wholly-owned subsidiary of the Günther Group, Hamburg, having acquired further shares, had just exceeded the threshold of 30 % of the voting rights in the company, and held 30.0001 % of the voting rights. Pursuant to the German Securities Acquisition and Takeover Act (WpÜG), Orpheus Capital II had thereby acquired control over the company, and was obligated to submit an offer to all shareholders of M.A.X. Automation AG to acquire their shares. The corresponding offer document was published on December 1, 2015. The offering amounted to a price of EUR 5.30 per share. Shareholders were able to accept this offer until December 29, 2015. The Management and Supervisory boards of M.A.X. Automation AG had to issue their opinion on the mandatory offer pursuant to the provisions of the German Securities Acquisition and Takeover Act (WpÜG) by December 14, 2015. The Management and Supervisory boards were of the opinion that the offer price per share was not appropriate, and recommended that shareholders should not accept the offer. After the end of the offer period, a total of 1.4 % had accepted the offer of Orpheus Capital II GmbH & Co. KG.

2.3.10. Disposal of altmayerBTD

On December 23, 2015, M.A.X. Automation AG informed that it had concluded agreements concerning the disposal of the operating businesses of Group company altmayerBTD GmbH & Co. KG. Both the BTD operations (container technology) and the altmayer operations (manufacturer of plants for bulk goods) were sold as part of asset deals by way of two management buyouts (MBOs) with economic effect as of December 31, 2015. With these transactions, M.A.X. Automation concluded its focusing on its core areas of Industrial Automation and Environmental Technology.

2.4. Group financial accounting and scope of consolidation

M.A.X. Automation AG prepared its consolidated financial statements for the 2015 financial year according to International Financial Reporting Standards (IFRS). As a result, the company has been released from the obligation to prepare consolidated financial statements according to the requirements of the German Commercial Code (HGB). Previous year figures were also calculated according to IFRS.

By way of divergence from the previous year, currency differences have been reported within the operating result since January 2015, thereby taking the M.A.X. Group's growing international orientation into account. The previous year was restated accordingly. Further information is presented in section 2.11 of the notes to the consolidated financial statements.

On February 6, 2015, iNDAT Robotics GmbH was acquired, and included within the Group for the first time as of February 1, 2015. With effect as of December 31, 2015, the BTD and altmayer operations of altmayerBTD GmbH & Co. KG were sold as part of two management buyouts, and are consequently included in the consolidated income statement, although no longer in the consolidated balance sheet as of December 31, 2015. The previous year's figure still include Euroroll Dipl.-Ing. K.-H. Beckmann GmbH & Co. KG, which was sold in December 2014, with its corresponding sales revenue and earnings contributions.

Further information about the consolidation scope is presented in section 3.2 of the notes to the consolidated financial statements.

2.5. Order book position

In 2015, the M.A.X. Group lifted its new order intake by EUR 24.4 million, or 7.2 % year on year, to EUR 363.7 million (2014: EUR 339.3 million).

Order trends were positive in both segments: in the Industrial Automation segment, orders increased by 9.3 % to EUR 236.3 million in the reporting year (previous year: EUR 216.3 million). In the Environmental Technology segment, new order intake was up by 3.5 % to EUR 127.4 million (previous year: EUR 123.0 million). It should be noted in this context that the new order intake of the operations of altmayerBTD GmbH & Co. KG that were sold had declined.

The order book position in 2015 was characterized again by major orders received from renowned international customers. In the Industrial Automation segment, two master agreements were concluded to construct machines for an automotive manufacturer and for an automotive supplier with a total volume of around EUR 50 million, running until 2018 and 2020 respectively. The first orders were already placed in the year under review.

In Environmental Technology, the Vecoplan Group received a major order, among others, to construct a plant for the generation of alternative energies in Reno, Nevada, USA. This order comprises a low double-digit amount in millions of euros.

The consolidated order book position decreased by EUR 7.9 million, or by 5.6 % year-on-year, to EUR 135.2 million as of December 31, 2015 (December 31, 2014: EUR 143.1 million). The book-to-bill ratio, the ratio between new order intake in revenue, stood at 0.95 (previous year: 0.97).

The order book position in the Industrial Automation segment amounted to EUR 103.1 million as of December 31, 2014, thereby slightly, or 0.7 %, above the level on the previous year's reporting date (December 31, 2014: EUR 103.9 million). In the Environmental Technology segment, the order book position declined to EUR 32.1 million as of December 31, 2015, due to progress in processing manufacturing orders, as well as the disposal of the operations of altmayerBTD GmbH & Co. KG (prior-year reporting date: EUR 39.3 million; -18.4 %).

2.6. Revenue and results of operations

In 2015, the consolidated revenue of the M.A.X. Group rose to EUR 383.8 million in 2015, thereby exceeding the forecast target range of EUR 360 million to EUR 380 million. This corresponds to growth of EUR 32.4 million, or 9.2 %, compared with the previous year's level of EUR 351.4 million.

The export share of consolidated revenue stood at the previous year's level, amounting to 61.7 % in 2015, compared with 62.5 % in the previous year.

In the reporting year the share of service revenues rose once again and amounts to 20.0 % of total revenue.

The total operating revenue of the M.A.X. Group grew by EUR 30.0 million, or 8.5 %, to EUR 382.4 million in 2015 (previous year: EUR 352.4 million). This includes a EUR 3.5 million increase in inventories (previous year: EUR 3.4 million) and EUR 2.0 million of work performed by the company and capitalized (previous year: EUR 4.3 million).

Other operating income rose to EUR 13.9 million, compared with EUR 10.7 million in the previous year. This mainly includes EUR 7.0 million of income generated in the first half of the year from currency differences (previous year: EUR 2.1 million), offset by EUR 6.1 million of corresponding expenses from currency differences (see also the "other operating expenses" item). This item also includes the EUR 0.2 million derecognition of an earnout liability from the acquisition of iNDAT Robotics GmbH. The previous year's figures include income from the deconsolidation of Euroroll Dipl.-Ing. K.-H. Beckmann GmbH & Co. KG (EUR 3.4 million).

In line with higher business volumes, the cost of materials rose from EUR 184.0 million to EUR 197.4 million (+7.3 %). These costs increased at a slightly slower rate than the total operating revenue growth rate. The cost of materials ratio – in relation to total operating revenue – reduced from 52.2 % to 51.6 %. This trend was affected positively by exploiting synergies between Group companies within the purchasing association, and resultant purchasing benefits.

Personnel expenses grew by 7.1 % to EUR 110.2 million (previous year: EUR 103.0 million). This increase reflects, among other factors, general wage and salary increases, targeted hiring in strategically important areas, the first-time consolidation of iNDAT Robotics GmbH, as well as severance payments arising from personnel measures required at the altmayer operations of altmayerBTD GmbH & Co. KG. The personnel expense ratio – in relation to total operating revenue – of 28.8 % was below the previous year's level (29.2 %).

Depreciation, amortization and impairment losses stood at EUR 7.5 million, compared with EUR 6.0 million in the previous year. This increase is due to higher investments in the previous 2014 financial year. Impairment losses were also required for the non-current assets of altmayerBTD GmbH & Co. KG.

Other operating expenses increased by 17.7 % from EUR 48.2 million to EUR 56.7 million. Expenses of EUR 6.1 million arising from currency differences incurred in the first half of the (previous year: EUR 0.7 million), due to the US dollar's appreciation against the euro, were the main influencing factor here. This reflects a slight expense ratio (in relation to total operating revenue) of 14.8 % (previous year: 13.7 %).

Reflecting the sales revenue growth and the lower cost ratios, consolidated earnings before interest, tax, depreciation and amortization (EBITDA) of EUR 32.3 million were EUR 4.3 million, or 15.4 %, significantly ahead of the previous year's EUR 28.0 million.

The M.A.X. Group reports consolidated operating earnings before interest and tax (EBIT), as well as before amortization relating to purchase price allocations (PPA-related amortization), of EUR 24.8 million for 2015, 13.0 % more than in the previous year (EUR 21.9 million). The company thereby considerably exceeded its EUR 20 million to EUR 22 million target range. This is chiefly attributable to a strong fourth quarter, when the company issued final invoices for numerous projects. M.A.X. Automation also benefited from a mix of products and projects that proved beneficial under profitability aspects in the year under review.

The EBIT ratio – in relation to total operating revenue – improved slightly year-on-year from 6.2 % to 6.5 %. EBIT per share before PPA-related amortization stood at EUR 0.92, compared with EUR 0.82 in 2014.

PPA-related amortization rose to EUR 4.8 million (previous year: EUR 3.9 million), chiefly including amortization of hidden reserves disclosed in the acquisitions of ELWEMA Automotive GmbH and MA micro automation GmbH at the end of 2013, and the acquisition of iNDAT Robotics GmbH in February 2015. This item also includes impairment losses applied to hidden reserves of WasteTec GmbH, which merged with Vecoplan AG as of January 1, 2015.

Consolidated (EBIT) earnings after PPA-related amortization amounted to EUR 19.9 million, thereby EUR 1.9 million, or 10.8 %, above the previous year's EUR 18.0 million.

The net interest result improved slightly from EUR –3.8 million to EUR –3.6 million (+4.0 %), including due to the partial reduction of financial debt. Initial effects from the realignment of the Group financing also exerted a positive impact during the second half of the year. Offsetting this positive effect, the net interest result was burdened by expenses due to the early repayment of the old syndicated loan, discounting for the purchase price components of iNDAT Robotics GmbH, and interest payments for tax arrears.

Consolidated earnings before tax (EBT) reached EUR 16.3 million, compared with EUR 14.2 million (+14.7 %).

The expense from income taxes rose significantly, from EUR 4.2 million in the previous year to EUR 5.7 million. Among other taxes, these include previous years' income tax expenses due to tax audits, as well as a higher tax expense due to the good US results.

The Group reports EUR 10.6 million of net income in 2015 (2014: EUR 10.0 million; +5.7 %). This is equivalent to EUR 0.40 of earnings per share, after EUR 0.37 in the previous year.

2.7. Net assets

As of the December 31, 2015 reporting date, the M.A.X. Group reports EUR 283.2 million of total assets, a EUR 12.2 million year-on-year reduction (December 31, 2014: EUR 295.4 million).

The Group's non-current assets increased by a total of EUR 6.4 million, or 5.7 %, to EUR 117.5 million as of December 31, 2014 (December 31, 2014: EUR 111.1 million). In this context, goodwill was up by 15.5 % to EUR 53.1 million (December 31, 2014: EUR 46.0 million) as a result of the acquisition of iNDAT Robotics GmbH. Deferred tax assets edged up slightly from EUR 6.3 million to EUR 6.6 million.

Current assets reduced by EUR 18.6 million, or 10.1 %, to EUR 165.7 million (December 31, 2014: EUR 184.3 million). Trade receivables rose by 21.7 % to EUR 99.8 million (December 31, 2014: EUR 82.0 million), with future receivables from construction contracts increasing by almost one half to EUR 156.1 million (December 31, 2014: EUR 107.2 million). This reflects the good order book positions of Group companies IWM Automation GmbH, ELWEMA Automotive GmbH, MA micro automation GmbH, as well as Vecoplan AG. The long-term prepayments received that are deducted from these order book positions grew correspondingly from EUR 72.0 million to EUR 105.8 million. Liquid assets reduced by 59.2 % to EUR 21.4 million (December 31, 2014: EUR 52.4 million), mainly due to the targeted reduction of bank borrowings after implementing the new syndicated financing facility, and as a result of the acquisition of iNDAT Robotics GmbH, and the takeover of the minority interests in Vecoplan LLC in the USA.

In line with business volume growth, working capital grew from EUR 78.2 million in the previous year to EUR 85.1 million (+ EUR 6.9 million, or +8.9 %).

2.8. Financial position

The equity of the M.A.X. Group exceeded the EUR 100 million level for the first time as of December 31, 2015, amounting to EUR 106.2 million. It was thereby EUR 6.4 million, or 6.5 %, above the level of EUR 99.8 million as of December 31, 2014. The equity ratio has risen significantly to 37.5 %, compared with 33.8 % as of the previous year's reporting date (+3.7 percentage points), and consequently well above the targeted minimum of 30.0 %.

Non-current liabilities stood at EUR 72.2 million, 6.9 % less than at the end of 2014 (EUR 77.6 million), with non-current bank borrowings being reduced by 13.0 % from EUR 56.0 million to EUR 48.7 million due to the new syndicated loan as part of the Group's refinancing. Deferred tax liabilities increased from EUR 15.6 million to EUR 17.3 million, and thereby reflect, as mentioned under trade receivables, the Group's good profitability (receivables arising from construction contracts).

Current liabilities totaling EUR 104.7 million as of December 31, 2015 were below their level on the previous year's reporting date (EUR 118.0 million). In this context, trade payables rose from EUR 45.8 million to EUR 54.3 million (+18.7 %), including as a result of prepayments received. Due to the new Group financing structure, current bank borrowings reported a marked reduction of EUR 32.0 million, or 72.2 %, from EUR 44.3 million to EUR 12.3 million. Current financial liabilities increased from EUR 10.9 million to EUR 21.4 million, partly as a result of outstanding purchase price liabilities for iNDAT Robotics GmbH. Tax provisions amounted to EUR 7.5 million, compared with EUR 5.6 million as of the previous year's reporting date, including to a minor extent tax arrears from tax audits.

Gross debt (current and non-current bank borrowings) reported a marked decline of EUR 39.2 million, or 39.1 %, to EUR 61.1 million as of December 31, 2015 as a result of the targeted reduction due to the newly implemented Group financing (December 31, 2014: EUR 100.3 million).

The Group's net debt also registered a pleasing trend, being reduced by EUR 8.2 million, or 17.2 %, from EUR 47.9 million to EUR 39.7 million, following on from the EUR 16.2 million reduction already achieved in 2014. Net debt includes the acquisition of iNDAT Robotics GmbH, the takeover of all shares in Vecoplan LLC, the dividend payout, and investments in the new building for bdtronic GmbH.

2.9. Liquidity trends

The M.A.X. Group reports strong, positive cash flow from operating activities of EUR 29.5 million for 2015, compared with EUR 17.8 million in the previous year.

Investing activities generated a EUR 15.8 million cash outflow (previous year: EUR 2.3 million), including EUR 11.5 million of capital expenditure. This was offset by EUR 3.3 million of inflows from disposals, mainly of property, plant and equipment. While the previous year included EUR 7.4 million of inflow from the disposal of Euroroll Dipl.-Ing. K.-H. Beckmann GmbH & Co. KG, 2015 reflects an outflow of EUR 7.5 million for the acquisition of iNDAT Robotics GmbH.

The cash outflow from financing activities amounted to EUR 45.0 million (previous year: cash inflow of EUR 10.3 million). This includes the approximately EUR 40.0 million reduction in bank borrowings following the restructuring of the Group financing, the EUR 4.0 million dividend payout for the 2014 financial year, and the USD 2.0 million spent on acquiring the minority interests in Vecoplan LLC.

The total cash flows generated the targeted reduction in cash and cash equivalents to a level of EUR 21.4 million as of the end of the 2015 reporting period, compared with EUR 52.4 million at the start of the reporting period.

2.10. Segment reporting

Through its specialized Group companies, M.A.X. Automation AG serves demand for components and systems solutions for efficient and flexible automation in various sectors.

In the Industrial Automation segment, the products of the M.A.X. Automation companies enable the realization of particularly efficient and precise production processes for its customers from key sectors such as the automotive industry, medical technology, electronics and packaging automation. As reliable and expert partners, they enable their customers to constantly adapt their products to changing market requirements. The subsidiaries render various services in this context, such as developing and producing comprehensive assembly systems, including integrated robotic solutions, as well as in increasingly important micro assembly of complex and high precision components.

In the Environmental Technology segment, the Group companies develop machines and systems with their special expertise that contribute to the sustainable utilization of finite raw materials. This entails the reprocessing of raw and residual materials to be returned into the material cycle, or as replacement fuels for energy utilization. In

this segment, the Vecoplan Group develops and produces products and services and for its customers enabling the adherence to more stringent emission protection requirements across the globe.

2.10.1. Industrial Automation segment

The Industrial Automation segment registered gratifying business progress overall in 2015. Growth reflected continued high demand for comprehensive automation solutions and related services, which enabled the Group companies to expand relationships with existing customers and acquire new customers, including from the automotive and medical technology sectors.

Along with further developing the operating businesses, the Group companies focused on optimizing corporate structures, and on structuring internal processes to make them as efficient and customer-oriented as possible.

NSM Magnettechnik GmbH acquired iNDAT Robotics GmbH in February 2015, a specialist in robotic and manufacturing automation whose solutions are deployed particularly at renowned automotive manufacturers and suppliers. The acquisition enables NSM Magnettechnik to offer its automotive industry customers software applications and comprehensive plant systems, including robotic solutions. Given growing demand for high performance robotic solutions, synergies also arose with other Industrial Automation segment companies.

Group company IWM Automation GmbH registered successful business progress over the course of the financial year, both at its main base in Porta Westfalica and at the Chorzów production site in Poland: IWM Automation Polska Sp. z o.o. almost doubled its sales revenue.

Following the closure of its Garbsen site near Hannover in 2014, Group company bdrtronic GmbH focused on its main location in Weikersheim, raising efficiency and saving costs in the year under review as a consequence. This was connected with an expansion of production space: work commenced in early 2015 on building a production hall and an administration building. The new building is to be completed in spring 2016.

Group company Rohwedder Micro Assembly GmbH has operated under the new corporate name of MA micro automation GmbH since February 2015, with this renaming completing its strategic realignment process. Its range of products and services had already been aligned increasingly to micro automation over the past years, with technical core competences in actuators, sensors and optical systems. The automation specialist concentrates on three business areas in this context: ma automotive (automation of manufacturing of driver assistance systems, precision plug connections, and sensor technology in the automotive industry), ma meditec (assembly systems for medical devices in the medical technology industry), and ma optronic (testing systems for industrial image processing, including for camera and optic systems).

MA micro automation GmbH created a clear Industry 4.0 concept with its data goggles in 2015 (Augmented Automation). The aim is to optimize processes in the service and maintenance area ("man-machine interface"). This product represents an important USP vis-à-vis the company's competitors. In addition, with the completion of a base cell for safe and flexible production in medical technology, the company has created a foundation for targeted further development in the ma meditec business area.

Industrial Automation segment key figures

The Industrial Automation segment grew its consolidated new order intake by EUR 20.0 million, or 9.3 %, to EUR 236.3 million in the 2015 financial year (previous year: EUR 216.3 million). Group company ELWEMA Automotive GmbH registered particularly dynamic new order intake growth.

The order book position in the Industrial Automation segment stood at EUR 103.1 million as of December 31, 2015, down marginally on the previous year's level (EUR 103.9 million; -0.7 %). The segment's book-to-bill ratio improved slightly to 0.94 as of December 31, 2015 (December 31, 2014: 0.91).

Segment revenue amounted to EUR 252.0 million, EUR 15.1 million, or 6.4 %, above the previous year's EUR 236.9 million. In this context, the segment succeeded in offsetting the declining sales revenue trend during the first of the year, which was due to temporarily low utilization, through starting up new projects in the second half of the year. IWM Automation GmbH, bdtronic GmbH and MA micro automation GmbH made a particular contribution to the sales revenue growth. Of the segment revenue, around 52.2 % was attributable to exports, compared with 55.9 % in the previous year (-3.7 percentage points).

EBITDA amounted to EUR 30.1 million, a considerable improvement on the previous year's EUR 21.1 million (+43.3 %).

Segment operating earnings before interest and tax (EBIT), as well as before PPA-related amortization also grew significantly faster than the topline growth rate, increasing by 46.4 % to EUR 26.4 million (previous year: EUR 18.0 million). The EBIT ratio – in relation to total operating revenue – improved by 2.9 percentage points year-on-year to 10.5 %.

Segment earnings after PPA-related amortization reached EUR 22.1 million, 52.5 % more than in the previous year (EUR 14.5 million).

The number of employees in the Industrial Automation segment stood at 1,046 individuals on a year-average basis in 2015 (excluding trainees). The segment employed an average of 1,001 staff in the previous year (+45 individuals).

Industrial Automation segment key figures

	2015 EUR mill.	2014 EUR mill.	change in %
New order intake	236.3	216.3	9.3
Order book position ¹	103.1	103.9	-0.7
Segment revenue	252.0	236.9	6.4
– of which from abroad	131.4	132.4	-0.8
EBITDA	30.1	21.1	43.3
Segment EBIT before PPA-related amortization	26.4	18.0	46.4
Segment EBIT after PPA-related amortization	22.1	14.5	52.5
Employees (number) ²	1,046	1,001	4.5

¹ As of December 31

² Annual average excluding trainees

2.10.2. Environmental Technology

The Environmental Technology segment, which comprised the Vecoplan Group and altmayerBTD GmbH & Co. KG in the 2015 financial year, registered gratifying business progress overall, albeit with somewhat abating dynamics during the second half of the year. This development reflected the marked progress that Vecoplan achieved. The takeover of the remaining 20 % minority interest in the US subsidiary Vecoplan LLC also contributed in this context, with the company's full integration enabling more direct operative management of the North America business.

Since targeting the further development of its range of products and services over the past years, Vecoplan has operated as an international system supplier, with corresponding opportunities to acquire complex major orders. The company nevertheless also focuses on business with individual plants and components, as the awarding of orders in the system business exhibits higher volatility and correspondingly lower planning security.

In its timber division, Vecoplan signed a major order in the USA with Europe's largest pellet manufacturer in 2015, subsequently focusing on executing the follow-up order. The customer has been in provisional insolvency proceedings since early 2016. No information is currently available concerning the customer's future. Receivables of EUR 6.9 million exist arising from a contract for works, whereby the products have not yet been delivered. These receivables are offset by EUR 4.9 million of prepayments received, as well as collateral in the form of a land charge. A major order was also realized in the USA in the waste materials processing area.

Operational parts of Group company altmayerBTD GmbH & Co. KG were sold in December 2015 as part of a structured disposal process, as announced. With these transactions, M.A.X. Automation concluded its focusing on its core areas of Industrial Automation and Environmental Technology. The disposal of the BTD operations (container technology) and altmayer operations (bulk materials plants) occurred as part of asset deals by way of two management buyouts with effect as of December 31, 2015. Taking necessary write-downs and provisions for personnel measures into account, these disposals resulted in a disposal loss amounting to around EUR 2.2 million in total. This is offset by a hidden reserve arising from the property at the site of the BTD operation in Dettenhausen, which continues to be held by the M.A.X. Group as an asset.

Environmental Technology segment key figures

The Environmental Technology segment recorded EUR 127.4 million of consolidated new order intake in the 2015 financial year, 3.5 % more than in the previous year (EUR 123.0 million). This growth is partly due to the fact that the Vecoplan Group received a major order to construct a plant for the generation of alternative energies in Reno, Nevada, USA.

The order book position amounted to EUR 32.1 million as of December 31, 2015, thereby EUR 7.2 million, or 18.4 %, below the level on the previous year's reporting date (December 31, 2014: EUR 39.3 million). The reduction reflects progress made in processing construction orders that have already been recognized as sales revenues, and the derecognition of the order book position of the divested operations of altmayerBTD GmbH & Co. KG. The book-to-bill ratio stood at 0.96 on December 31, 2015 (December 31, 2014: 1.07).

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Segment sales revenue reported significant growth of EUR 17.2 million, or 15.0 %, to a level of EUR 132.1 million (previous year: EUR 114.9 million). The export share stood at 79.8 % (previous year: 75.9 %). Sales revenue growth reflected not only a tangible increase in North American business, but also reticence to invest in Russia.

EBITDA fell by 12.1 %, from EUR 5.7 million to EUR 5.0 million.

Segment operating earnings before interest and tax (EBIT), and before PPA-related amortization, amounted to EUR 1.5 million, compared with EUR 2.7 million in 2014 (–45.2 %). The reasons for this reduction include the loss incurred on operating activities, as well as the loss on the disposal of altmayerBTD GmbH & Co. KG. The EBIT margin – in relation to total operating revenue – fell to 1.1 % (previous year: 2.4 %; –1.3 percentage points).

Segment EBIT after PPA-related amortization amounted to EUR 1.1 million (previous year: EUR 2.5 million).

In its Environmental Technology segment, the M.A.X. Group employed an average of 510 staff in 2015 (excluding trainees), 22 individuals fewer than in the previous year (532).

Environmental Technology segment key figures

	2015 EUR mill.	2014 EUR mill.	Change in %
New order intake	127.4	123.0	3.5
Order book position ¹	32.1	39.3	–18.4
Segment revenue	132.1	114.9	15.0
– of which from abroad	105.4	87.2	20.9
EBITDA	5.0	5.7	–12.1
Segment EBIT before PPA-related amortization	1.5	2.7	–45.2
Segment EBIT after PPA-related amortization	1.2	2.5	–55.0
Employees (number) ²	510	532	–4.1

¹ As of December 31

² Annual average excluding trainees

2.11. Change in financial performance indicators

In 2015, the M.A.X. Group reported the following changes to key indicators that are applied as financial performance indicators.

	2015 EUR mill.	2014 EUR mill.	Change in %
New order intake	363.7	339.3	7.2
Order book position ¹	135.2	143.1	-5.6
Working capital	85.1	78.2	8.9
Revenue	383.8	351.4	9.2
EBITDA	32.3	28.0	15.4
EBIT before PPA-related amortization	24.8	21.9	13.0
EBIT after PPA-related amortization	19.9	18.0	10.8
Return on sales (as % of total operating revenue, before PPA-related amortization)	6.5	6.2	0.3 (% points)
Equity ratio (in %)	37.5	33.8	3.7 (% points)
Workforce headcount	1,711	1,719	-0.5
– of which trainees	149	159	-6.3
Workforce headcount (weighted average)	1,705	1,681	1.4
– of which trainees	144	144	0

¹ As of December 31

Non-financial performance indicators are not utilized for internal Group steering. For the forecast horizon, primary recourse is made to relevant indicators from the statement of comprehensive income.

3. M.A.X. Automation AG

The annual financial statements of M.A.X. Automation AG are prepared according to the provisions of the German Commercial Code (HGB).

3.1. Results of operations and application of earnings

The results of operations of M.A.X. Automation AG depend to a high degree on the trend in its subsidiaries' earnings. Domination and profit transfer agreements were concluded in 2008 with four Industrial Automation subsidiaries. Dividend payments from the other participating interest to the parent company occur depending on their results, and take the subsidiaries' future investment requirements into account.

Section 2.10 (Segment reporting) describes the trends in the subsidiaries' results of operations.

In the 2015 financial year, M.A.X. Automation AG reports EUR 18.4 million of income from participating interests (previous year: EUR 15.3 million), arising from the subsidiaries' profit transfers.

Other operating income stood at EUR 0.8 million (previous year: EUR 0.6 million), comprising mainly Group charges to the subsidiaries.

The net financial result includes the EUR 3.0 million impairment loss applied to the carrying amount of the interest in altmayerBTD GmbH & Co. KG due to current losses and after disposing of the operations. The previous year includes EUR 4.5 million of income from the divestiture of Euroroll Dipl.- Ing. K.-H. Beckmann GmbH & Co. KG.

The net interest result improved year-on-year from EUR –1.0 million to EUR –0,7 million, and mainly includes expenses for the syndicated loan.

The company reports a result from ordinary activities of EUR 11.7 million, compared with EUR 16.4 million in the previous year. The tax expense amounts to EUR 2.9 million (previous year: EUR 3.6 million).

Net income for the year stands at EUR 8.8 million (previous year: EUR 12.8 million). An amount of EUR 4.0 million was paid out in dividends from the previous year's unappropriated retained earnings.

The Management and Supervisory boards propose distributing a dividend of 0.15 euro per share for the 2015 financial year from the unappropriated retained earnings.

3.2. Net assets and financial position

The total assets of M.A.X. Automation AG amounted to EUR 145.8 million on the December 31, 2015 balance sheet date. This represents a EUR 9.1 million increase compared with the previous year's reporting date (EUR 136.7 million).

Receivables and other assets rose from EUR 18.7 million to EUR 47.2 million, and include EUR 27.8 million of receivables due from subsidiaries arising from assuming Group financing as part of restructuring the syndicated loan. Liquid assets were reduced to EUR 3.8 million in this connection in order to realize future interest savings (previous year: EUR 20.8 million).

M.A.X. Automation AG reports EUR 87,5 million of equity as of December 31, 2015 (previous year: EUR 82,7 million). The equity ratio stood at 60.0 % (December 31, 2014: 60.5 %).

Bank borrowings were down from EUR 48.2 million in the previous year to EUR 43.0 million as of December 31, 2015.

The financial position and performance of M.A.X. Automation AG are in an orderly condition.

4. Investments

The M.A.X. Group invested EUR 21.3 million in non-current assets in the 2015 financial year, compared with EUR 11.4 million in 2014 (+86.4 %). Investments in the year under review mainly comprise the acquisition of iNDAT Robotics GmbH, as well as the new building for bdtronic GmbH.

The segment report in this annual report provides more detailed information about investments in the operating segments.

5. Personnel report

As in previous years, M.A.X. Automation Group companies operated in 2015 according to the principle of expanding the workforce in an appropriate manner – where demand necessitated – and only after exhausting other options.

Employees of the Group companies and of the holding company represent an essential resource for the success and profitability of the company's business. As a consequence, M.A.X. Automation pursues the strategy of offering its expert and committed employees comprehensive opportunities to further develop themselves personally, professionally and technically. This includes not only fostering individual development in a targeted manner, but also the acquisition of international experience. Group personnel work is also focused on high training standards and the long-term loyalization of committed employees.

The Group employed a total of 1,649 staff, including trainees, as of the December 31, 2015 reporting date (December 31, 2014: 1,640 staff; +9 individuals). The average number of employees, including trainees, increased by 24 individuals, or 1.4 %, from 1,681 to 1,705. The numbers cited for the financial year under review include the employees of INDAT Robotics GmbH, which was acquired in February 2015. The previous year's comparable figures still include the employees of Group company Euroroll Dipl.-Ing. K.-H. Beckmann GmbH & Co. KG, which was sold in December 2014.

By heads, in other words, excluding full-time and part-time employees, the M.A.X. Group employed 1,711 staff as of December 31, 2015 (previous year's reporting date: 1,719 staff; -8 individuals).

6. Environmental protection

The M.A.X. Group regards the protection of the environment and the associated sparing utilization of resources, as a significant element of its corporate culture. The company fully complies at all times with all statutory environmental protection regulations in its respective markets.

Compliance with, and further development of, in-house environmental protection standards is also of key importance for the Group companies. Examples of related areas include waste avoidance and disposal, emission protection, noise avoidance, and the sparing deployment of resources.

The M.A.X. Group continued to pay particular attention to the responsible and prudent utilization of resources in 2015. The operating activities of the M.A.X. Automation Group placed no extraordinary burdens on the environment in the year under review.

An energy audit was also conducted at selected M.A.X. Group sites in 2015. This entailed investigating the Group's energy approach and energy consumption, including of plants, buildings and systems, in order to create a basis for improving energy efficiency (energy audit as per DIN EN 1627-1). The audit showed that the Group complies with all statutory guidelines, and that the technical energy measures that it has implemented have resulted in reduced consumption. In future too, M.A.X. Automation will continue to pursue the objective of expanding energy efficiency based on appropriate measures.

7. Report on events after the balance sheet date

7.1. Daniel Fink becomes new CEO of M.A.X. Automation AG

On February 5, 2016, M.A.X. Automation AG announced that the company's Supervisory Board had appointed Mr. Daniel Fink as the company's Chief Executive Officer with effect as of April 1, 2016. Mr. Fink, who draws on many years of management experience in various industrial sectors as well as extensive international experience, manages the business of M.A.X. Automation together with Chief Financial Officer (CFO) Fabian Spilker. Daniel Fink, who has been appointed for three years, succeeds Management Board Spokesman Bernd Pricke, who stepped down from the Management Board in March 2015.

7.2. Europe's largest pellet manufacturer and M.A.X. Group customer files for insolvency

In early February 2016, M.A.X. Automation learned of the insolvency application by Europe's largest pellet manufacturer, a M.A.X. Group customer in its Environmental Technology segment. A contract for work exists with one of this customer's subsidiaries in the USA. This subsidiary had also filed for insolvency under US law. Receivables of EUR 6.9 million exist arising from the contract for works, where the products have not yet been delivered. These receivables are offset by EUR 4.9 million of prepayments received, as well as collateral in the form of a land charge. According to information provided by our lawyers, it is highly unlikely that we will be required to return the prepayments that we received. Due to the present status of the insolvency proceedings, it is currently impossible to gauge the extent to which the related collateral has retained its value. If the contract for works is not continued, the M.A.X. Group is contractually entitled to claim for compensation. Based on our knowledge at the current time, we assume that this process will have no significant negative effects on the Group.

8. Disclosures pursuant to Section 315 (4) and Section 289 (4) of the German Commercial Code (HGB) (including: Explanatory report by the Management Board Pursuant to Section 176 (1) Clause 1 of the German Stock Corporation Act [AktG])

Pursuant to Section 315 (4) of the German Commercial Code (HGB), parent companies that are stock exchange-listed are obligated to disclose in the Group management report information of relevance to corporate takeovers, such as the composition of capital, shareholder rights and shareholder right limitations, shareholder relationships, and corporate governing bodies. The disclosures relate to the implementation of Regulation 2004/25 EC of the European Parliament and Council of April 21, 2004, concerning takeover offers.

Companies whose voting-right-entitled equities are listed on an organized market in the meaning of Section 2 (7) of the German Securities Acquisition and Takeover Act (WpÜG) must make such disclosures irrespective of whether a takeover offer has been submitted, or is expected. These disclosures are designed to allow potential bidders to gain an extensive view of the company, and alert them to any potential obstacles to takeover.

Pursuant to Section 176 (1) Clause 1 of the German Stock Corporation Act (AktG), the Management Board is also obligated to present an explanatory report relating to the disclosures to the Ordinary Annual General Meeting. The disclosures pursuant to Section 315 (4) and Section 289 (4) of the German Commercial Code (HGB) are summarized below together with the related explanations pursuant to Section 176 (1) Clause 1 of the German Stock Corporation Act (AktG).

a) Composition of subscribed share capital

The subscribed share capital of M.A.X. Automation AG of EUR 26,794,415 is composed of 26,794,415 no par value ordinary bearer shares, each of which grants the same rights and, in particular, the same voting rights. No differing classes of equity exist. One ordinary share has a notional share in the issued share capital of EUR 1.00. The company currently holds no treasury shares. M.A.X. Automation AG is listed on the stock market. As of April 1, 2015, the share of M.A.X. Automation AG switched from the General Standard segment to the Prime Standard segment of Deutsche Börse AG.

b) Voting right and transfer restrictions

The Management Board is aware of no restrictions relating to voting rights or the transfer of shares.

c) Shareholdings exceeding 10 % of equity

According to the knowledge of the Management Board, and on the basis of disclosures submitted to the company in accordance with securities trading law and securities takeover law, one direct or indirect investment in the issued share capital of M.A.X. Automation AG exists that exceeds 10 % of the voting rights. This relates to Orpheus Capital II GmbH & Co. KG, which holds 31.44 % of the shares in M.A.X. Automation AG (status as of January 8, 2016). Pursuant to Section 22 (1) Clause 1 Number 1 of the German Securities Trading Act (WpHG), the voting rights are to be attributed to Mr. Oliver Jaster via Günther GmbH, Bamberg, Günther Holding GmbH, Hamburg, and Orpheus Capital II Management GmbH, Hamburg.

Further details relating to this matter can be found in the overview contained in the notes to the financial statements under the item "Shareholdings requiring mandatory reporting pursuant to Section 160 (1) No. 8 of the German Stock Corporation Act (AktG)".

d) Shares with special rights

No shares exist with special rights granting authorizations of control.

e) Voting right controls in the case of employee participation

The Management Board is not aware of employees who participate in the company's equity who do not directly exercise their rights of control.

f) Nomination and recall from office of Management Board members, and changes to the articles of incorporation

The Management Board of M.A.X. Automation AG consists of one or several persons, irrespective of the level of share capital. Pursuant to the articles of incorporation, the Supervisory Board determines the number of Management Board members. Management Board members are nominated and recalled pursuant to the statutory provisions of Sections 84 and 85 of the German Stock Corporation Act (AktG). With the exception of the court nomination of replacements, the Supervisory Board has sole responsibility for the nomination and recall of Management Board members.

It appoints Management Board members for a maximum period of five years. Repeated appointments or extensions of periods of office are permitted, in each case for a maximum of five years. The Supervisory Board is permitted to appoint a chairperson and a deputy chairperson of the Management Board.

In keeping with the regulations of the German Corporate Governance Code, the maximum possible period of appointment of five years is not the rule in the case of first-time appointments.

By way of divergence from Section 179 (2) of the German Stock Corporation Act (AktG) and pursuant to Section 17 (1) of the articles of incorporation, amendments to the articles of incorporation of M.A.X. Automation AG require a resolution of the Ordinary Annual General Meeting with solely a simple majority of votes, to the extent that neither statutory requirements nor the articles of incorporation prescribe otherwise. If the entire share capital is not represented at the AGM, it is conceivable that a shareholder with a voting rights interest below 50 % could implement amendments to the articles of incorporation with its own votes. Pursuant to Section 17 (2) of the articles of incorporation, the Supervisory Board is authorized to make amendments to the articles of incorporation that relate solely to wording. In all other matters, the statutory provisions of Sections 179 and 133 of the German Stock Corporation Act (AktG) apply.

g) Authorizations of the Management Board to issue shares and profit-sharing rights

Pursuant to Section 5 (6) of the company's articles of incorporation dated June 30, 2015, the Management Board is authorized, with Supervisory Board assent, to increase the company's share capital in the period until June 29, 2020, once or on several occasions, by a total of up to EUR 4,019,000.00 through issuing new voting-entitled ordinary bearer shares against cash capital contributions ("Approved Capital I"). The new shares are to be offered to shareholders for subscription, whereby indirect subscription rights in the meaning of Section 186 (5) Clause 1 of the German Stock Corporation Act (AktG) are satisfactory. The Management Board is nevertheless authorized, with Supervisory Board assent, to exclude fractional amounts from shareholders' subscription rights. The Management Board is also authorized, with Supervisory Board assent, to determine a commencement of dividend-entitlement that differs from the law, as well as further specifics of the implementation of capital increases from Approved Capital I. The Supervisory Board is authorized to adapt the wording of the articles of incorporation after the full or partial implementation of the increase of share capital from Approved Capital I, or after the expiry the authorization period, in accordance with the scope of the capital increase from Approved Capital I.

Pursuant to Section 5 (7) of the articles of incorporation in the version dated June 30, 2015, the Management Board is authorized, with Supervisory Board assent, to increase the company's share capital once or on several occasions during the period until June 29, 2020, by up to a total of EUR 2,665,000.00 against cash or non-cash capital contributions through issuing new ordinary bearer shares (with voting rights) (Approved Capital II). Shareholders' statutory subscription rights can be satisfied by indirect subscription rights in the meaning of Section 186 (5) Clause 1 of the German Stock Corporation Act (AktG). The Management Board is additionally authorized, with the approval of the Supervisory Board, to exclude statutory shareholder subscription rights in the following instances:

- for fractional amounts;
- if the capital increase occurs against cash capital contributions, and the total proportional amount of the share capital attributable to the new shares for which subscription rights are excluded does not exceed either 10 % of the share capital existing as of June 30, 2015, nor 10 % of the share capital on the date of the registration of the authorization, nor 10 % of the share capital existing on the date when the company's

new shares are issued, and the issue amount of the new shares is not significantly less in the meaning of Sections 203 (1) and (2), 186 (3) Clause 4 of the German Stock Corporation Act (AktG) than the stock market price of the already listed shares; in calculating the 10 % limit, the proportional amount of the share capital is to be deducted that is attributable to the new or repurchased shares that are issued or sold since June 30, 2015 under simplified exclusion of subscription rights pursuant, or corresponding, to Section 186 (3) Clause 4 of the German Stock Corporation Act (AktG), as well as the proportional amount of the share capital to which conversion or option rights or obligations arising from bonds relate, which have been issued since June 30, 2015 in analogous application of Section 186 (3) Clause 4 of the German Stock Corporation Act (AktG);

- in the case of capital increases against non-cash capital contributions, in order to grant shares as part of mergers with other companies or the acquisition of companies, parts of companies, or interests in companies, or other assets that can comprise capital contributions.

The Management Board is also authorized, with Supervisory Board assent, to determine a commencement of dividend-entitlement that differs from the law, as well as further specifics of the implementation of capital increases from Approved Capital II. The Supervisory Board is authorized to adapt the wording of the articles of incorporation after the full or partial implementation of the increase of share capital from Approved Capital II, or after the expiry the authorization period, in accordance with the scope of the capital increase from Approved Capital II.

The company has not utilized these authorizations to date.

h) Key company agreements with change-of-control clauses

M.A.X. Automation AG is currently involved as a borrower in a syndicated loan facility where a change of control would require the owed amounts to be repaid. A change of control presupposes that an individual or group of individuals acting jointly directly or indirectly acquires 50 % of the shares of voting rights in M.A.X. Automation AG; please refer to the information in section 4.2 (17) of the notes to the consolidated financial statements concerning the utilization of this loan. The company has entered into no other significant agreements that are subject to a change of control condition arising from a takeover offer.

i) Compensation agreements for a change of control

The company has entered into no agreements with either Management Board members or employees entailing the payment of compensation in the instance of a takeover offer.

9. Corporate governance statement (Section 289a of the German Commercial Code (HGB))

In March 2016, the Management Board issued the corporate governance statement required pursuant to Section 289a of the German Commercial Code (HGB) and made it available on the Internet at the link www.maxautomation.de/investor-relations/corporate-governance/download-dokumente/. The company has also published a corporate governance report in connection with the corporate governance statement. The corporate governance report is included within the 2015 Annual Report.

10. Report on board members' compensation

10.1. Remuneration of the Supervisory Board

Along with reimbursement of its outlays, the Supervisory Board Chairman receives EUR 120,000, the Deputy Supervisory Board Chairman receives EUR 60,000, and the remaining Supervisory Board members receive EUR 40,000, after the end of the financial year.

TEUR	Basic compensation	Consultancy services	Total
Gerhard Lerch	144 (15)	0 (140)	144 (155)
Dr. Jens Kruse	60 (4)	0 (4)	60 (8)
Oliver Jaster	40 (12)	0 (0)	40 (12)
Hans W. Bönninghausen	0 (17)	0 (38)	0 (55)

Mr. Bönninghausen stepped down from the Supervisory Board in September 2014.

Dr. Kruse was granted an advance of TEUR 30 at 1.4 % p.a. interest.

The list above includes fixed compensation for the Supervisory Board mandates of Vecoplan AG for Mr. Lerch in an amount of TEUR 24.

10.2. Remuneration of the Management Board

The Management Board in the 2015 financial year initially consisted of two individuals until March 27, 2015, and subsequently of one individual.

The compensation scheme of M.A.X. Automation AG is based on the principle of orientation to performance and earnings, reflecting a corporate culture of performance and reward. The Management Board's total compensation comprises fixed and performance-related components.

Criteria for the appropriateness of compensation include, in particular, the tasks and responsibilities incumbent upon the Management Board member, his or her personal performance, the economic and business situation, the company's success, profitability and future prospects taking into account the market environment and the standard nature of the level of compensation and the compensation structure measured against the wage and salary structure within the company, as well as other companies of comparable dimension and sector. The compensation structure is based on sustainable corporate development. The variable compensation components included in the Management Board employment contracts have also comprised a multi-year measurement basis since 2012, and contain regulations whereby an appropriate reduction of compensation is permissible if the company situation deteriorates to the extent that continued granting of compensation would be inappropriate. Management Board compensation includes a cap. No stock options were granted.

The fixed compensation components consist of a fixed salary and benefits in kind. The performance-based variable compensation is based on the consolidated net income for the year, in other words, consolidated earnings after tax.

The Management Board members' employment contracts include for the 2015 financial year no commitments for the instance of the early termination of Management Board activity, and for the instance of the termination of Management Board activity due to a change of control.

The following amounts were granted to the Management Board of M.A.X. Automation AG in the 2015 financial year:

in TEUR	Bernd Priske Management Board Spokesman stepped down as of March 27, 2015			
	2014	2015	2015 (min)	2015 (max)
Fixed compensation	220	55	55	55
Ancillary benefits	29	7	7	7
Total	249	62	62	62
One-year variable compensation	251	69	69	69
Multi-year variable compensation	0	0	n.a.	n.a.
Total	500	131	131	131
Pension expense	20	0	0	0
Total compensation	520	131	131	131

in TEUR	Fabian Spilker Management Board member Sole Management Board member from March 28, 2015			
	2014	2015	2015 (min)	2015 (max)
Fixed compensation	170	170	170	170
Ancillary benefits	16	24	24	24
Total	186	194	194	194
One-year variable compensation	150	199	0	230
Multi-year variable compensation				
Tranche 2014-2016	0	0	0	300
Total	336	393	194	724
Pension expense	0	0	0	0
Total compensation	336	393	194	918

GROUP MANAGEMENT REPORT

The following amounts were granted to the Management Board of M.A.X. Automation AG in the 2015 financial year:

in TEUR	Bernd Priske, Management Board Spokesman, stepped down as of March 27, 2015		Fabian Spilker, Management Board member from March 28, 2015 Sole Management Board member	
	2014	2015	2014	2015
Fixed compensation	220	55	170	170
Ancillary benefits	29	7	16	24
Total	249	62	186	194
One-year variable compensation	259	319	25	200
Multi-year variable compensation				
Tranche 2014-2016	0	0	0	0
Total	508	381	211	394
Pension expense	0	0	0	0
Total compensation	508	381	211	394

Other Management Board compensation includes incidental benefits in the form of benefits in kind, primarily company car use. Company car use is taxable as a compensation component for the individual Management Board member. Compensation arising from directors and officers insurance for the Management Board is not measurable as this relates to group insurance comprising a number of staff members.

11. Risk report

11.1. Risk management and internal controlling system

Along with the timely identification and management of risk, the management of opportunities and risks within the M.A.X. Group also serves the targeted appraisal and realization of existing and future earnings potentials. Risk management forms an integral element of value-oriented corporate management for the Group.

The Management Board in 2000 introduced a risk management system within the Group that complies with the German Act concerning Corporate Control and Transparency (KonTraG). This allows potential risks to be identified promptly, and countermeasures to be introduced at M.A.X. Automation AG as the parent company as well as at its subsidiaries. The risk management system was revised fundamentally in 2009, and its processes are being optimized further continuously.

The risk management system is based on a systematic process of risk identification, evaluation, and management that comprises the entire Group. The risk management system is based on the principle of securing medium and long-term corporate objectives, particularly the preservation and expansion of the company's market position within the sector. The primary goal is to identify value and risk drivers through comprehensive and appropriate management of opportunities and risks, and to handle them appropriately.

The risk management system consists of different components: A set of tools to record and manage risks that jeopardize the company's position as a going concern consists of various IT-supported matrices that are built

up in steps. The aim is to manage risk on the basis of risk-identification and risk-evaluation. Risks are identified, their significance for the company is determined, a quantitative risk factor is calculated, and a schedule of fixed measures to control the risk is formulated. The system is completed by a list of risk examples, as well as a set of guidelines for using the electronic file. The reporting interval for subsidiaries to the parent company is set to the quarter-end, and the reports are relayed by data transfer.

The reporting system represents a key component of the internal controlling system, which M.A.X. Automation AG constantly further develops as part of value-oriented reporting.

The accounting handbook of M.A.X. Automation AG has been made accessible to all companies in order to ensure that accounting relating topics are treated and measured on a uniform basis. The accounting handbook is updated regularly.

The M.A.X. Group has worked on a standard basis with LucaNet consolidation software since mid-2008, which is also utilized to prepare medium-term planning across the Group.

The subsidiaries report monthly to the parent company on business progress for the last relevant month and current financial year. This process is supplemented at least every quarter by rolling quarterly planning.

All reports undergo a critical target/actual analysis. An additional management report comments on divergences from budget, provides information about measures designed to meet the budget, progress during the current reporting month, and other significant key topics such as market and competitive conditions, investments, financing, and legal matters. The report is supplemented by verbal explanations.

Risk management was extended in 2007 to include information about risks pertaining to financial instruments pursuant to IFRS 7. This reporting occurs in a half-yearly cycle.

The Management Board also conducts regular conversations with the subsidiaries' board members and managing directors, in order to compare business progress with budgets, and, if required, to introduce measures aimed at fulfilling budgets.

The strategic corporate planning represents a key component of the risk management system. As part of this, the managing directors and board members of the subsidiaries present the current progress of business at the end of each financial year, and explain ongoing corporate strategy. The corporate strategy, and the three-year plans for business trends, investments and liquidity trends that are based on it, form the basis of the discussions. The strategic corporate planning helps to identify and appraise potential opportunities and risks long before significant business decisions.

The creation of a new controlling concept was launched in 2011, which supports the subsidiaries' management teams in implementing Group objectives. The new controlling concept was implemented across the Group in the following year. The primary aim of M.A.X. Automation AG is the profitable further development of its individual subsidiaries, while employing its capital efficiently.

The Group's processes are improved continuously, and standardized if possible. This has been reflected in a standard contract manual since 2012, and a standard financing concept since 2015, for example. Telephone discussions about business trends, strategy and synergy utilization, and meetings between operational managing directors and the Management and Supervisory boards are also held regularly in order to discuss Group-relevant topics such as the utilization of synergies, and operational business management measures.

The rules of internal procedure of the subsidiaries, or relevant management employment contracts, set out the rules of business. These require the approval of the Management Board of M.A.X. Automation AG.

Managers supervise the individual functional areas in the subsidiaries. Our auditors also regularly audit the internal controlling system within our companies.

By way of conclusion, it should be noted that neither the risk management system nor the internal controlling system can provide absolute security: also when utilized with the requisite care, the installation of appropriate systems can be prone to error as a matter of principle.

11.2. Risks

The following individual key risk areas arise for the M.A.X. Group:

- **Economic Risks:** The prospects for the global economy in 2016 are generally positive. The International Monetary Fund (IMF) nevertheless makes reference to numerous negative factors, including slower economic growth in emerging economies and only slight recovery in industrialized nations. Negative effects can also arise from the so-called refugee crisis in Europe – in other words, migration especially as a consequence of the civil war in Syria – the United Kingdom's referendum on its possible exit from the European Union in June 2016, and other uncertainties about Eurozone stability. Prospects for the mechanical engineering sector are subdued: The VDMA sector association forecasts stagnating production for its member companies. By contrast, the VDMA's Specialist Waste and Recycling Technology Association reports on optimistic sentiment for 2016 among its membership.

Given an expected positive trend on world markets, securing materials availability as well as the materials prices for the M.A.X. Group companies can gain significance. Higher input prices could result in lower margins. Bottlenecks at suppliers could feed through to missed deadlines and contractual penalties.

If the economy were to weaken, however, it could have negative effects on Group companies' order book positions. This applies particularly to a longer-term downtrend on global markets. In this context, waning demand for the companies' products and services would exert a negative impact on the profitability of M.A.X. Automation AG and the Group. The automotive business and its cycles are of particular significance for Group companies' trends in the Industrial Automation segment. For this reason, these companies have expanded their operating activities to several business areas in order to counteract dependency on the automotive industry.

- **Currency and interest rate risks:** Exchange-rate risks require attention with respect to business operations in the US, and the tapping of new markets outside the Eurozone. Forward foreign-exchange sales, cur-

rency options, and interest-rate caps are utilized to a minor extent to hedge currency and interest-rate risks. Market-price risks may result from forward foreign-exchange sales if the related agreements require that currencies be sold on the settlement date at a rate below the spot market rate. The market price risk in the instance of options is limited to the option premium paid. Counterparty default risk is limited by the fact that transactions are concluded exclusively with renowned banks. Market liquidity risks are limited to the extent that transactions are agreed exclusively on normal market terms.

- **Personnel risks** M.A.X. Automation AG and its subsidiaries require qualified technical and managerial staff in order to realize their strategic and operating objectives. Qualified industrial education and further training are provided in order to secure employees' specialist expertise. Variable remuneration components that are measured against our profitability are intended to promote entrepreneurial thinking and activity on the part of our staff.

The recruitment of qualified personnel was hampered by the very low unemployment rate in Germany. For this reason, the M.A.X. Group companies focus particularly on training and developing their own staff, and on exchanging know-how within the Group.

- **Damage and liability risks:** Warranty, product liability and supply delays occur in the case of complex and extensive projects, which the Group companies are required to limit contractually. By concluding insurance cover, the company endeavors to exclude especially going concern effects for the M.A.X. Group. Security standards in the M.A.X. Group's payment transactions were intensified due to a general increase in fraud cases. A security system comprising state-of-the-art technology ensures the central IT landscape's security and availability.
- **Market risks:** The risk exists at all M.A.X. Automation AG subsidiaries that key customers are lost from the client base, that technology is no longer required by the market, erroneous technical estimates are utilized for major projects, delays occur, or competitors adopt an aggressive approach to the market with corresponding consequences for achievable prices. The risk also exists that customers refuse to accept products, or that competitors challenge existing patents or industrial property rights. These risks may have negative effects on the future success of the subsidiaries. The Group minimizes market risks through intensive observation of the market, credit checks, comprehensive project controlling, and close communication with customers. To these are added risks relating to deadlines and technical risks on the purchasing market. M.A.X. Automation counters such risks with long-term supply agreements and end-to-end quality controlling of services procured from third parties, as well as through utilizing synergies within the Group association.
- **Financing and liquidity risks:** A failure to abide by covenants restrictions may lead to banks canceling credit facilities or raising interest rates.

As the result of the new syndicated loan agreement, the Group financing was converted in 2015 from the individual Group companies' bilateral banking arrangements to unified Group financing. More comfortable covenants were negotiated in this context. Some of the covenants agreed with the Groups' lending banks directly affect the interest margin, entitling the banks to a special termination right given non-compliance.

Frequent dialog occurs with the lending banks, and they are informed about business trends at least quarterly. In 2015, the M.A.X. Group complied with all covenants agreed with its lending banks. These covenants refer to key balance sheet and earnings figures derived from the IFRS consolidated financial statements.

Counterparty default risk is limited by the fact that banking transactions are concluded exclusively with renowned banks.

- **Tax risks:** Pursuant to Section 8c of the German Corporation Tax Act (KStG), direct or indirect acquisitions of more than 25 % of the shares or voting rights in a corporation by an acquirer result, as a matter of principle, in the proportionate transfer of unutilized loss carry forwards (so-called detrimental acquisition investment).

The legislator weakened this regulation's broad application scope through introducing the "hidden reserves clause" with the Growth Acceleration Act (dated December 22, 2009, BGBl. I 2009, page 3950). According to this clause, the corporation can deduct unutilized losses to the level of existing hidden reserves of domestic foreign assets as of the date of the detrimental acquisition investment.

The tax authorities responded to queries on April 15, 2014 in a draft of a German Federal Ministry of Finance (BMF) circular relating to Application of Section 8c of the German Corporation Tax Act taking into account the group clause in the version of the Growth Acceleration Act, and the "hidden reserves clause" in the version of the 2010 Annual Tax Act. This draft has encountered great criticism, especially of the group clause and the hidden reserves clause. Due to the tax authorities' somewhat pro-fiscal opinion, the risk exists at M.A.X. Automation AG of a proportionate transfer of trade tax loss carryforwards.

In coordination with our advisers, we are assuming that the draft will not be retained as far as these aspects are concerned.

Besides the risks mentioned in the risk report, no further identifiable risks exist, either individually or in combination, that might jeopardize the Group and M.A.X. Automation AG as going concerns.

As part of auditing the 2015 annual financial statements, the auditor examined the risk management system of the parent company and the Group. It arrived at the conclusion that the system is appropriate to comply with statutory risk management requirements.

11.3. Risk report on the deployment of financial instruments

Section 6.3 of the notes of the consolidated financial statements includes a report on financial risks.

11.4. Explanatory report of the M.A.X. Automation AG Management Board concerning disclosures pursuant to Section 315 (2) No. 5 and Section 289 (5) of the German Commercial Code (HGB)

Legal background

The German Accounting Law Modernization Act (BilMoG), which came into force on May 29, 2009, amended i.a. Sections 289, 315 of the German Commercial Code (HGB), as well as Sections 120, 175 of the German Stock

Corporation Act (AktG). Accordingly, the Management Board must present to the Ordinary Annual General Meeting a written report concerning, among other matters, the newly introduced mandatory disclosures in the management report pursuant to Section 289 (5) of the German Commercial Code (HGB), respectively in the Group management report pursuant to Section 315 (2) No. 5 of the German Commercial Code (HGB), regarding the internal controlling and risk management system with respect to the financial accounting process, respectively Group financial accounting process.

As the result of the subsequent German Shareholder Rights Guidelines Implementation Act (ARUG), the legislator bundled requirements relating to the issuing of explanatory reports in Section 176 (1) of the German Stock Corporation Act (AktG), and removed the previous regulations in Section 120 (3) Clause 2, 175 (2) Clause 1 of the German Stock Corporation Act (AktG).

In this context, however, the reference to Section 289 (5) of the German Commercial Code (HGB), which was added by the German Accounting Law Modernization Act (BilMoG), and which concerns disclosures in the management report relating to the internal controlling and risk management system with respect to the financial accounting process, was not adopted.

Subject of the report

According to the explanatory memorandum for the German Accounting Law Modernization Act (BilMoG), the internal controlling system comprises the principles, procedures and measures to safeguard financial accounting efficacy, proper financial accounting, and compliance with relevant legal regulations. This also includes the internal controlling system to the extent that it relates to accounting.

As part of the internal controlling system, the risk management system with respect to the financial accounting process, as above, relates to accounting controlling and supervisory processes, particularly in the case of balance sheet items reporting the company's risk cover.

Key characteristics of the internal controlling system and risk management system with respect to the financial accounting process

The key characteristics of the internal controlling system and risk management system at M.A.X. Automation AG with regard to the (Group) financial accounting process can be described as follows:

- The M.A.X. Group is distinguished by clear organizational, corporate, and controlling and supervisory structures.
- Groupwide coordinated planning, reporting, controlling, as well as early warning systems and processes exist in order to analyze and manage earnings-relevant risk factors and going-concern risks on a uniform basis.
- Functions in all accounting process areas (e.g. financial accounting bookkeeping and controlling) are clearly allocated.
- The IT systems deployed for accounting purposes are protected against unauthorized access.
- Recourse is primarily made to standard software in the financial systems utilized.
- An adequate set of internal guidelines has been established (including a set of Groupwide risk management guidelines and an accounting handbook), which are adapted as required.
- Departments involved in the financial accounting process comply with quantitative and qualitative requirements.

- Key accounting-related processes are subject to regular analytical audits. The existing Groupwide risk management system is constantly adapted to current developments and checked with respect to functionality. The auditor, Ebner Stolz GmbH & Co. KG, Wirtschaftsprüfungsgesellschaft, Steuerberatungsgesellschaft, Hannover, examined the system as part of the audit of the consolidated financial statements.
- The Supervisory Board regularly concerns itself with risk management questions.

Explanatory report relating to key characteristics of the internal controlling system and risk management system with respect to the financial accounting process

The internal controlling and risk management system relating to the financial accounting process, whose key characteristics have been described above, ensures that corporate matters are reported, prepared and appraised correctly in accounting terms, and are transferred on such a basis to the external accounting function.

The clear organizational, corporate, and controlling and supervisory structures, as well as the qualified personnel and material structure of the accounting system, create the basis for efficient accounting work in the areas involved. Clear legal and internal regulations and guidelines ensure that the financial accounting process is standardized and proper. The clearly defined monitoring mechanisms within the areas engaged in accounting, and early risk identification by the risk management function, ensure coherent accounting.

The internal controlling and risk management system of M.A.X. Automation AG ensures that accounting at M.A.X. Automation AG and at all companies included in the consolidated financial statements is standardized, and complies with legal and statutory regulations, as well as internal guidelines. In particular, the Group-standard risk management system, which complies entirely with statutory requirements, has the task of identifying risks at an early juncture, of measuring them, and of communicating them appropriately. This allows appropriate, relevant and reliable information to be provided promptly to the relevant addressees.

12. Opportunities

The M.A.X. Group's strategic positioning opens up numerous opportunities in 2016 and subsequent years that can affect business progress positively.

In the Industrial Automation segment, the M.A.X. Group primarily identifies important business opportunities in the following areas:

- **Efficiency in industrial manufacturing:** The demands made of industrial production are rising constantly. This trend not only reflects consumers' desire for high-quality and high-performance goods, but also a growing demand for technologically complex products in the context of emerging economies' growth. Key sectors such as the automotive industry, medical technology and the electronics sector consequently need to make increasing recourse to hightech automation solutions to ensure ever more efficient and accurate manufacturing. The Industrial Automation segment's Group companies operate as specialists in ensuring

Sources:

- IMF International Monetary Fund, World Economic Outlook, October 2015
- IMF International Monetary Fund, World Economic Outlook, January 2016
- IKiel Institute for the World Economy (IfW), Winter Forecast, press release December 14, 2015
- Ifo Institute, ifo Economic Forecast, press release December 9, 2015

and optimizing industrial manufacturing processes. As reliable partners to their customers, they develop and produce such solutions in order to structure faster, more precise and efficient processes. The Group companies are thereby ideally positioned to benefit from the rising demands made on industrial production.

- **Configuration variety, fuel consumption and CO₂ emissions in vehicle construction:** The automotive industry serves the trend toward individualization: consumers increasingly wish to enjoy a wide selection of vehicle models with individually configurable equipment and innovations in terms of handling and driving characteristics, comfort and vehicle safety. Given more stringent legislation and consumers' growing environmental awareness, the automotive industry is also endeavoring to sustainably reduce modern engines' fuel consumption and CO₂ emissions. Consequently, industrial production has to respond flexibly to new product variants, and be able to take innovations in vehicles into account. The M.A.X. Group and its Group companies develop and produce components and systems solutions for all core automotive areas, including engines, gearboxes and steering systems. The Group also supplies high performing handling and conveying systems, as well as robotics solutions, thereby generating the opportunity to participate to a significant extent in vehicle construction trends.
- **Innovations in industrial production:** Complex components and compact construction methods are becoming increasingly important in industrial manufacturing, being applied both in products and in the production process itself. In the automotive industry, for example, the trend toward supported and autonomous driving is becoming an ever more prominent topic: vehicles are being increasingly equipped with sensors, distance controls and front cameras to identify obstacles, thereby assisting driver and making a significant contribution to safety and driving comfort. At the same time, manufacturing is being converted into networked production under the Industry 4.0 keyword, with additional demands being made of components and plants, as well as additional functionalities, including in maintenance, for example. Particularly precise automation solutions represent a key precondition for these developments. The M.A.X. Automation Group companies command important competences in dispensing technology and micro assembly, in other words, the assembly of micro components, as well as in testing systems for industrial image processing, thereby being able to benefit from further innovations in industrial manufacturing.
- **Growing demands made on medical technology:** Several global trends characterize the medical technology sector, including medical progress, society's growing health awareness, individual treatment forms, increasing demand for efficient and intelligent products, and patients' wishes for greater latitudes in therapy, such as self-medication. These trends are identifiable in industrialized nations, as well as in emerging economy countries. In this context, the medical technology market possesses high barriers to entry in terms of technological and qualitative requirements, as well as demanding and long-term collaboration with customers. The M.A.X. Group commands specialized expertise, established customer relationships and an outstanding reputation that enable it to participate in the rising demands made of medical technology and the sector's resultant long-term growth, tap new customer relationships, and overcome barriers to market entry.

Sources:

- German Engineering Federation (VDMA), press release, December 17, 2015
- German Engineering Federation (VDMA), press release, October 8, 2015
- German Engineering Federation (VDMA), Specialist Waste and Recycling Technology Association, January 2016 data
- German Automotive Industry Association (VDA), press release December 1, 2015

In the Environmental Technology segment, the M.A.X. Group primarily sees important business opportunities in the following areas:

- **Increasing climate and environmental protection awareness** Environmental awareness is on the rise worldwide, boosting the significance of climate protection, natural resource conservation, and the recycling of waste materials for re-utilization in the materials cycle and for energy generation. Global economic and social changes are driving this trend. Efficient and up-to-date waste recycling solutions are required particularly due to rising consumption in emerging economies such as China, Brazil and India, and significantly larger waste volumes in large cities and metropolitan areas. In Germany, too, there is widespread debate on the so-called energy policy transition (“Energiewende”). With its Environmental Technology segment, the M.A.X. Group has operated in this area for years, possessing extensive expertise in the development and production of components and systems solutions. The technology center of Group company Vecoplan represents a significant strength in this context, having been created in 2014, and comprising the most modern facility of its type in the international environmental technology and recycling sector. Thanks to this extensive expertise, the Group enjoys good long-term opportunities to benefit from the aforementioned trend, and contribute important innovations to the sector.
- **More stringent environmental protection legislation:** Regulations at regional, national and international level increasingly impact the protection of the environment and the recycling of waste. In the European Union, for example, binding regulations pursue the objective of limiting climate-damaging greenhouse effects through cutting carbon dioxide emissions significantly. Such regulations also apply to the recycling industry. Germany’s Waste Management and Product Recycling Act requires the processing of 65 % of all residential waste by 2020, for example. The German government is also pursuing a sustainability strategy according to which the share of renewable energies is to rise to as high as 30 % by 2020, considerably boosting energy and raw materials productivity, in other words, the decoupling of energy consumption from economic output. In North America too, there are environmental initiatives in place, including in the form of so-called zero waste programs for local authorities. In its Environmental Technology segment, the M.A.X. Group identifies long-term demand growth for high performing environmental technologies, and consequently good business prospects.

The M.A.X. Group continues to place a key focus on further internationalizing its business, particularly identifying opportunities on the Asian market, as well as in North America. The company plans to further establish and expand international sales and service companies in this context.

It analyzes and defines important synergy potentials between its Group companies. These include bundling activities in the areas of purchasing and financing, an increasingly important joint utilization of foreign sites as part of internationalization, know-how and technology transfer, and best practice approaches and methodologies. M.A.X. Automation has set itself the target of boosting value creation within the Group through targeted enhancement of relationships for the delivery of goods and rendering of services between the Group companies. In some situations, possibilities also exist to exploit sales synergies through project-based collaboration within the M.A.X. Group.

13. Outlook

13.1. Macroeconomic environment

Global economic trends in 2016 are seen positively overall, despite the fact that the International Monetary Fund (IMF) downgraded its forecasts in January, anticipating lower economic growth than it did as recently as October 2015. Slower economic growth in emerging economies and only minor recovery in industrial nations constitute the main reasons for this downgrade. Overall, the IMF perceives global economic growth at 3.4% for this year, instead of its initially forecast 3.6 %.

In particular, the Chinese economy is expected to experience a further slowdown in 2016 to a level of 6.3 % growth (2015: 6.9 %). By contrast, 2.6 % economic growth in the USA is forecast to be slightly stronger than in the previous year (2015: +2.5 %).

With regard to the Eurozone, the IMF anticipates 1.7 % growth, in other words, a slight improvement compared with the previous year (2015: +1.5 %). Positive influence factors cited by the IMF include the low oil price, as well as the weaker euro compared with the US dollar, which favors exports. The Kiel Institute for the World Economy (IfW) also expects a 1.7 % increase in economic output.

Economic growth in Germany in 2016 is set to continue the previous year's moderate trend, with the IMF anticipating 1.7 % economic output growth (previous year: +1.7 %). Germany's economic research institutions are more optimistic: the ifo Institute assumes 1.9 % gross domestic product growth, while the Kiel Institute for the World Economy (IfW) even expects gains of 2.2 % growth. The IfW identifies key drivers in further private consumption growth due to higher income gains, and stronger investment activity in the economy. In addition, higher state investments to provide for and integrate refugees may comprise a type of "economic stimulus program".

13.2. Trends in relevant sectors

The German mechanical and plant engineering sector started 2016 with subdued expectations: the VDMA sector association forecasts that its member companies' production will stagnate, referring in this context to numerous geopolitical crises. The VDMA combined its forecasts with several policy demands, including for the expansion of digital infrastructure in Germany, a more flexible labor market, tax support for research, and the integration of refugees within the vocational environment.

The VDMA Specialist Waste and Recycling Technology Association reflected more optimistic sentiment among its member companies at the start of 2016. It noted that export activity had stabilized at a high level, with the expectation that EU states in 2016 will again account for the largest share of the sector's export activities.

The German automotive industry takes a cautiously optimistic view of 2016. The German Automotive Industry Association (VDA) anticipates 2.0 % year-on-year growth in global new registrations to a level of 78.1 million vehicles.

This forecast reflects the US market growing by 1.0 % to 17.4 million vehicles, the Chinese market expanding by 2.0 % to 19.5 million vehicles, and the Western European market edging up by 1.0 % to 13.1 million

vehicles. The VDA nevertheless prepared its forecasts under the assumption that general economic conditions do not worsen, in view of political tensions in the Near and Middle East, and the war on terror.

13.3. Prospective trends in the 2016 financial year

The Management Board of M.A.X. Automation AG is generally optimistic with regard to the Group's development and growth in the 2016 financial year and beyond. Based on the existing macroeconomic and sectoral-specific prospects, it anticipates further growth in demand for hightech automation solutions in the M.A.X. Group's markets.

With its high-quality automation solutions, the Industrial Automation Segment will focus on a number of sector trends in 2016. These include new applications as part of networked manufacturing under the Industry 4.0 banner, miniaturization and micro assembly, the deployment of high-performance robotics, and the development of software solutions required to control and manage plants, and which are becoming increasingly important in industrial automation.

Growth drivers particularly include technological progress in society and related changes in consumer demand. In the automotive area, for example, this concerns the rising variety of vehicle models, the necessity for CO₂ emission savings, and the trend toward so-called autonomous driving. In medical technology, the segment is endeavoring to serve additional demand deriving from demographic trends in many industrialized nations, and from society's greater health awareness. The Management Board consequently anticipates that the Industrial Automation segment will continue its further development on a high level.

The Environmental Technology segment, which comprises the Vecoplan Group following the disposal of the operations of altmayerBTD GmbH & Co. KG. in December 2015, will continue to focus on developing and producing high quality individual components, as well as complex systems solutions for the recycling and processing industry. In this context, Vecoplan aims to serve specific customer requirements even more in line with demand. Particular significance is attributable to business on the North American continent following the takeover of the minority interests in the Vecoplan LLC subsidiary in the USA. Here, the Vecoplan Group can make recourse to an expanded expertise base as a result of the technology center that it opened in 2014.

In the 2015 financial year, M.A.X. Automation made great progress in transforming itself from a former equity investment company to becoming a decentralized hightech engineering group. The Management Board will continue to vigorously pursue this development, and endeavor to exploit further synergies between the Group companies.

As a result of the new Group financing that was agreed in June 2015 and its solid equity base, the M.A.X. Group has sufficient financial scope for maneuver to exploit further growth opportunities. Along with organic growth, these also include potential acquisitions that augment the Group's portfolio suitably. To this end, the Management Board continuously monitors the markets of relevance for M.A.X. Automation.

The medium-term goal remains to raise consolidated sales revenue to around EUR 500 million, combined with an EBIT return on sales revenue, before PPA-related amortization, of at least 8 %.

13.4. Financial forecast

Generating consolidated sales revenue of EUR 383.8 million in the 2015 financial year, M.A.X. Automation AG slightly exceeded its target range of EUR 360 million to EUR 380 million. Consolidated earnings before interest and tax (EBIT) and before PPA-related amortization of EUR 24.8 million was significantly above the target range of between EUR 20 million and EUR 22 million. A high profitability level was thereby already achieved, not least due to a very strong fourth quarter, and a product and project mix in 2015 that proved very advantageous from profitability aspects.

With regard to the 2016 financial year and based on a focused portfolio following the disposal of the operations of Group company altmayerBTD GmbH & Co. KG., the Management Board expects

- consolidated sales revenue in a range between EUR 370 million and EUR 390 million (previous year: EUR 360 million to EUR 380 million).
- consolidated EBIT before PPA-related amortization of at least EUR 24 million.

With this forecast, the Group remains fully within the scope of its medium-term planning.

13.5. Prospective business trends for the parent company

The results of operations of M.A.X. Automation AG depend to a high degree on the Group earnings trend. Based on the expected trends for the operating companies, the Management Board assumes an unchanged level of income from its participating interests in the 2016 financial year.

13.6. Forward-looking statements

This report includes forward-looking statements that are based on the present assumptions and forecasts of the management of M.A.X. Automation AG. Such statements are subject to risks and uncertainties. These and other factors can mean that actual results, the financial position, developments or the company's performance differ significantly from the estimates provided here. The company assumes no obligation of any kind to continue to formulate such forward-looking statements, and adapt them to future events or developments.

Düsseldorf, March 24, 2016

Fabian Spilker



Management Board

REVENUE

383.8 MIO

EARNINGS

10.6 MIO

EARNINGS PER SHARE

0.40 EUR

CONSOLIDATED BALANCE SHEET

of M.A.X. Automation AG, Düsseldorf,
as of December 31, 2015

ASSETS	Notes	31.12.2015 TEUR	31.12.2014 TEUR
Non-current assets			
Intangible assets	(1)	18,847	18,427
Goodwill	(2)	53,126	45,991
Property, plant and equipment	(3)	32,534	39,263
Investment property	(4)	3,966	0
Equity accounted investments	(5)	0	0
Other investments	(6)	1,992	273
Deferred tax	(7)	6,592	6,251
Other non-current assets	(8)	409	895
Non-current assets, total		117,466	111,100
Current assets			
Inventories	(9)	39,652	41,993
Trade receivables	(10)	99,770	81,959
Receivables due from related companies	(11)	86	15
Prepayments and accrued income, and other current assets	(12)	4,855	7,906
Cash and cash equivalents	(13)	21,358	52,377
Current assets, total		165,721	184,250
Total assets		283,187	295,350

EQUITY AND LIABILITIES	Notes	31.12.2015	31.12.2014
		TEUR	TEUR
Equity			
Subscribed share capital	(14)	26,794	26,794
Capital reserves	(15)	3,055	3,055
Revenue reserve	(15)	20,746	21,166
Equity difference resulting from currency translation		688	393
Unappropriated retained earnings	(16)	54,958	48,389
Total equity		106,241	99,797
Non-current liabilities			
Non-current loans less current portion	(17)	48,736	56,006
Pension provisions	(18)	1,082	988
Other provisions	(24)	1,439	2,196
Deferred tax	(7)	17,346	15,585
Other non-current liabilities	(17)	3,619	2,798
Non-current liabilities, total		72,222	77,573
Current liabilities			
Trade payables	(19)	54,336	45,784
Current loans and current portion of non-current loans	(20)	12,338	44,309
Liabilities to related companies	(21)	0	74
Current liabilities arising from minority shareholder settlement claims	(22)	618	2,029
Other current liabilities	(23)	21,433	10,850
Income tax provisions and liabilities	(24)	7,468	5,636
Other provisions	(25)	6,929	6,407
Other current liabilities	(26)	1,602	2,891
Current liabilities, total		104,724	117,980
Equity and liabilities, total		283,187	295,350

The attached notes form an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

of M.A.X. Automation AG, Düsseldorf,
for the period from January 1 to Thursday, December 31, 2015

	Notes	2015 TEUR	2014 TEUR
Revenue	(27)	383,816	351,437
Change in finished goods and work-in-progress		-3,483	-3,393
Work performed by the company and capitalized		2,038	4,342
Total operating revenue		382,371	352,386
Other operating revenue	(28)	13,922	10,731
Income from equity accounted investments		331	0
Cost of materials	(29)	-197,401	-183,981
Personnel expenses	(30)	-110,211	-102,957
Depreciation, amortization and impairment losses	(31)	-7,502	-6,047
Other operating expenses	(32)	-56,747	-48,211
Operating profit		24,763	21,921
PPA-related amortization	(31)	-4,849	-3,944
Operating profit after PPA depreciation, amortization and impairment losses		19,914	17,977
Miscellaneous investment income		0	8
Net interest result	(33)	-3,649	-3,802
Earnings before tax		16,265	14,183
Income tax	(34)	-5,677	-4,162
Net income		10,588	10,021
Other comprehensive income that is never recycled to the income statement			
Actuarial gains and losses on employee benefits	(18)	-81	-213
Income taxes on actuarial gains and losses		24	63
Change in settlement obligations to minority shareholders	(22)	-363	-739
Other comprehensive income that can be recycled to the income statement		-420	-889
Change arising from currency translation		295	655
Total comprehensive income		10,463	9,787
Earnings per share (diluted and basic) in EUR	(35)	0.40	0.37

The attached notes form an integral part of the consolidated financial statements.

Adjustments to the previous year's figures are explained in section 2.11 to the notes to the consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

of M.A.X. Automation AG, Düsseldorf,
as of December 31, 2015

	Subscribed share capital TEUR	Capital reserves TEUR	Revenue reserves TEUR	Currency translation difference TEUR	Net retained profit TEUR	Total TEUR
As of 01.01.2014	26,794	3,055	15,755	-262	48,687	94,029
Dividend payments	0	0	0	0	-4,019	-4,019
Transfer to retained earnings	0	0	6,300	0	-6,300	0
Total comprehensive income	0	0	-889	655	10,021	9,787
As of 31.12.2014	26,794	3,055	21,166	393	48,389	99,797
As of 01.01.2015	26,794	3,055	21,166	393	48,389	99,797
Dividend payments	0	0	0	0	-4,019	-4,019
Transfer to retained earnings	0	0	0	0	0	0
Total comprehensive income	0	0	-420	295	10,588	10,463
As of 31.12.2015	26,794	3,055	20,746	688	54,958	106,241

The attached notes form an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

of M.A.X. Automation AG, Düsseldorf,
for the period from January 1 to Thursday, December 31, 2015

	01.01.-31.12.2015 TEUR	01.01.-31.12.2014 TEUR
1. Cash flow from operating activities		
Net income	10,588	10,021
Adjustments relating to the reconciliation of consolidated net income for the year to cash flow from operating activities		
Amortization/impairment of intangible assets	7,136	5,082
Depreciation/impairment of property, plant and equipment	5,215	4,909
Gain (-)/loss (+) from disposal of subsidiaries	0	-3,374
Profit (-)/loss (+) arising from the disposal of property, plant and equipment and intangible assets	14	-15
Gain (-)/loss (+) from disposal of investments	162	-24
Deferred tax changes recognized in profit or loss	143	-547
Other non-cash expenses and income	2,726	1,482
Changes in assets and liabilities		
Increase (-)/decrease (+) in other non-current assets	-124	42
Increase (-)/decrease (+) in inventories	2,303	199
Increase (-)/decrease (+) in trade receivables	-14,332	14,342
Increase (-)/decrease (+) in receivables due from related companies	-71	890
Increase (-)/decrease (+) in prepayments, accrued income and other assets	4,273	-2,481
Increase (+)/decrease (-) in pension provisions	94	174
Increase (+)/decrease (-) in other provisions and liabilities	5,685	-2,711
Increase (+)/decrease (-) in trade payables	4,077	-12,715
Increase (+)/decrease (-) in liabilities to related companies	-74	17
Increase (+)/decrease (-) in liabilities and provisions arising from income taxes	1,644	2,522
= Cash flow from operating activities	29,459	17,813
2. Cash flow from investing activities		
Outgoing payments for investments in intangible assets	-3,418	-4,564
Outgoing payments for investments in property, plant and equipment	-6,347	-5,109
Outgoing payments for investments in financial assets	-1,720	-57
Payments received from disposals of intangible assets	38	98
Payments received from disposals of property, plant and equipment	3,256	393
Payments received from disposals of financial assets	0	467
Outgoing payments for acquisition of subsidiaries, less cash	-7,574	-923
Payments received from disposal of subsidiaries, less cash	0	7,375
= Cash flow from investing activities	-15,765	-2,320
3. Cash flow from financing activities		
Outgoing payments for dividends	-4,019	-4,019
Change in non-current financial loans	-3,992	2,127
Change in current borrowings	-35,522	7,124
Increase (-)/decrease (+) in restricted cash and cash equivalents	541	5,324
Payments arising from settlement claims for third parties	-2,007	-214
= Cash flow from financing activities	-44,999	10,342

	01.01.-31.12.2015 TEUR	01.01.-31.12.2014 TEUR
4. Cash and cash equivalents		
Increase/decrease in cash and cash equivalents	-31,305	25,835
Effect of changes in exchange rates	286	232
Cash and cash equivalents at start of financial year	52,377	26,310
Cash and cash equivalents at end of financial year	21,358	52,377
5. Composition of cash and cash equivalents		
= Cash and cash equivalents	21,358	52,377
Additional disclosures regarding cash flow		
Income tax paid	3,290	1,710
Income tax reimbursed	373	215
Interest paid	2,659	2,954
Interest received	25	91

The attached notes form an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

of M.A.X. Automation AG, Düsseldorf,
for the period from January 1 to Thursday, December 31, 2015

Additional information	01.01.-31.12.2015 TEUR	01.01.-31.12.2014 TEUR
Acquisition of subsidiaries		
Goodwill	7,663	0
Intangible assets	3,760	1,630
Property, plant and equipment	97	118
Deferred tax	0	23
Other non-current assets	24	0
Inventories	1,520	0
Trade receivables	4,180	0
Prepayments and accrued income, and other current assets	192	0
Cash and cash equivalents	1,456	0
Deferred tax	-1,277	-493
Trade payables	-4,097	0
Other current liabilities	-234	-122
Provisions and liabilities from taxes	-88	0
Other provisions	-240	-350
Other current liabilities	-432	0
Purchase price	12,524	806
Lucky Buy	0	-613
Purchase price payment outstanding	-3,524	0
Cash and cash equivalents acquired	-1,456	0
Purchase price paid, less cash and cash equivalents acquired	7,544	193

Additional information	01.01.-31.12.2015 TEUR	01.01.-31.12.2014 TEUR
Disposal of subsidiaries		
Intangible assets	0	48
Property, plant and equipment	0	2,870
Other non-current assets	0	15
Inventories	0	1,945
Trade receivables	0	1,683
Prepayments and accrued income, and other current assets	0	34
Non-current liabilities	0	-1,563
Deferred tax	0	-52
Trade payables	0	-432
Current loans	0	-178
Other current liabilities	0	-191
Provisions and liabilities from taxes	0	-464
Other provisions	0	351
Other current liabilities	0	-65
Assets disposed of	0	4,001
Income from disposal of subsidiaries	0	3,374
Purchase price received, less cash and cash equivalents	0	7,375

The attached notes form an integral part of the consolidated financial statements.

SEGMENT REPORTING

as of Thursday, December 31, 2015
of M.A.X. Automation AG, Düsseldorf

Segment	Industrial Automation		Environmental Technology	
Reporting period	2015 TEUR	2014 TEUR	2015 TEUR	2014 TEUR
New order intake	236,333	216,284	127,399	123,061
Order book position	103,121	103,855	32,051	39,288
Segment revenue	251,981	236,855	132,119	114,858
with external customers	251,697	236,579	132,119	114,858
– of which Germany	120,323	104,109	26,701	27,682
– of which other EU countries	49,718	62,564	31,625	38,657
– of which North America	36,998	18,292	59,079	39,845
– of which China	31,188	23,217	0	0
– of which Rest of the World	13,470	28,397	14,714	8,674
Inter-segment revenue	284	276	0	0
EBITDA	30,148	21,046	5,041	5,734
Segment operating profit (EBIT before PPA-related amortization)	26,393	18,034	1,496	2,729
Including:				
– Depreciation/amortization	–3,755	–3,012	–3,545	–3,005
– Additions to other provisions and pension provisions	–3,052	–3,427	–2,380	–1,394
– Income from equity accounted investments	0	0	331	0
Segment operating profit after PPA depreciation, amortization and impairment losses	22,104	14,495	1,138	2,527
Including:				
– PPA-related amortization	–4,289	–3,539	–358	–202
Segment result from ordinary activities (EBT)	19,975	12,531	370	1,688
Including:				
– Interest and similar income	20	40	129	110
– Interest and similar expenses	–2,150	–2,003	–896	–931
Income tax	–296	760	–1,032	–94
– Additions to income tax provisions	–186	–58	–421	–148
Net income	19,679	13,291	–662	1,594
Non-current segment assets (excluding deferred tax)	49,115	38,520	22,233	26,294
– of which Germany	48,741	38,112	19,031	23,248
– of which other EU countries	94	115	160	215
– of which North America	140	130	3,042	2,831
– of which Rest of the World	140	163	0	0
Investments in non-current segment assets	18,854	8,101	2,327	3,309
Working capital	66,463	55,646	19,235	22,864
Average number of personnel excluding trainees	1,046	1,001	510	532

Segment reporting forms part of the notes to the financial statements.
Adjustments to the previous year's figures are explained in section 2.11 to the notes to the consolidated financial statements.

Reconciliation				Total
	2015 TEUR	2014 TEUR	2015 TEUR	2014 TEUR
	0	0	363,732	339,345
	0	0	135,172	143,143
	-284	-276	383,816	351,437
	0	0	383,816	351,437
	0	0	147,024	131,791
	0	0	81,343	101,221
	0	0	96,077	58,137
	0	0	31,188	23,217
	0	0	28,184	37,071
	-284	-276	0	0
	-2,924	1,188	32,265	27,968
	-3,126	1,158	24,763	21,921
	-202	-30	-7,502	-6,047
	-440	-792	-5,872	-5,613
	0	0	331	0
	-3,328	956	19,914	17,978
	-202	-202	-4,849	-3,943
	-4,080	-36	16,265	14,183
	17	8	166	158
	-769	-1,026	-3,815	-3,960
	-4,349	-4,828	-5,677	-4,162
	-1,805	-2,361	-2,412	-2,567
	-8,429	-4,864	10,588	10,021
	39,526	40,035	110,874	104,849
	39,526	40,035	107,298	101,395
	0	0	254	330
	0	0	3,182	2,961
	0	0	140	163
	108	11	21,289	11,421
	-612	-342	85,086	78,168
	5	4	1,561	1,537

GROUP
27 COMPANIES

EMPLOYEES
1,711

EQUITY RATIO
37.5 %

NOTES TO THE 2015 CONSOLIDATED FINANCIAL STATEMENTS

of M.A.X. Automation AG

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1. General information

The company

M.A.X. Automation AG (hereinafter referred to as “the company” or “the M.A.X. Group”) is a public stock corporation domiciled in Germany. Düsseldorf is the location of the company’s registered office and Group headquarters.

The company’s main activities lie in the activities of a management holding company: in other words, the aggregation of companies under joint management, the advising of such companies, and the assumption of other business management tasks. The Group companies operate as internationally active high-tech engineering companies, and as leading full-range suppliers of integrated and complex system and component solutions. The operative business is divided into the two operating segments of Industrial Automation and Environmental Technology. M.A.X. Automation AG functions accordingly as the Group’s ultimate parent company.

Consolidated financial statements

The company has prepared its consolidated financial statements applying Section 315a (1) of the German Commercial Code (HGB) in accordance with International Financial Reporting Standards (IFRS), as applicable in the EU, and according to the interpretations of the International Financial Reporting Interpretations Committee (IFRIC), formerly referred to as the Standing Interpretations Committee (SIC). All mandatory applicable IFRS for the financial year elapsed were taken into account.

The financial year of M.A.X. Automation AG and of all its subsidiaries is identical with the calendar year. A joint venture with ThyssenKrupp Industrial Solutions AG that is equity accounted in the consolidated financial statements forms the only exception in this context.

The consolidated financial statements have been prepared in euros (EUR). Unless stated otherwise, all amounts are presented in thousands of euros (TEUR).

The statement of comprehensive income is structured according to the nature of expense method.

The audited consolidated financial statements for the financial year ending December 31, 2015 that were furnished with an unqualified audit certificate were approved formally by the Supervisory Board on March 24, 2016, and are to be presented for adoption to the Ordinary AGM on August 26, 2016.

NOTES TO THE 2015 CONSOLIDATED FINANCIAL STATEMENTS

of M.A.X. Automation AG

2. Accounting policies

The financial statements of the German and foreign subsidiaries included in the consolidated financial statements have been prepared uniformly in accordance with IFRS accounting policies.

In certain cases, the application of IFRS requires the making of estimates and assumptions with corresponding effect on the company's financial position and performance. During the same reporting period, different assumptions and estimates could have been made for equally comprehensible reasons. The assumptions and estimates made are subject to routine adjustments. The company notes that actual future results can differ from the estimates and assumptions made.

The International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) have approved a number of amendments to existing International Financial Reporting Standards (IFRS) and some new IFRS and interpretations that the M.A.X. Group must apply from the 2015 financial year:

IFRIC 21 Levies

IFRIC 21 Levies includes guidelines as to when government-imposed levies are to be recognized (e.g. bank levy). The activity that triggers the payment pursuant to the relevant legislation is identified as the obligating event for the recognition of a liability in this context. Only when the obligating event arises are levies to be recognized on the balance sheet. The obligating event can also occur successively over a period, requiring the liability to be recognized pro rata temporis. The application of this interpretation had no significant effects on the presentation of the company's financial statements.

Annual Improvements to IFRS (2011 – 2013 Cycle)

IFRS 1 First-time Adoption of International Financial Reporting Standards

The amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards clarifies that in its first set of IFRS financial statements a company has an option between applying existing and currently valid IFRS, and early application of new or revised IFRS that do not yet require mandatory application, to the extent that early, voluntary application is permitted. A company is required to apply the same version of the standard during all reporting periods covered by the first set of IFRS financial statements.

IFRS 3 Business Combinations

The amendments to IFRS 3 Business Combinations clarify that the recognition of the founding of all types of joint arrangements in the financial statements of the joint arrangement itself is excluded from the IFRS 3 application scope.

IFRS 13 Fair Value Measurement

The amendment to IFRS 13 Fair Value Measurement clarifies that the exception for portfolios in IFRS 13 paragraph 52 comprises all contracts recognized pursuant to IAS 39 Financial Instruments: Recognition and Measurement or IFRS 9 Financial Instruments; this applies irrespective of whether they meet the definition of a financial asset or financial liability pursuant to IAS 32 Financial Instruments: Presentation.

IAS 40 Investment Property

The amendments to IAS 40 Investment Property clarify that determining whether a particular transaction meets the definition of a business combination pursuant to IFRS 3 Business Combinations as well as the definition of an investment property pursuant to IAS 40, requires the application of both standards independently of each other.

Applying the amendments of the 2011–2013 Cycle had no effects on the company's financial statements.

The setters of the standards approved further standards and interpretations, as well as amendments to existing standards, that do not yet require mandatory application in the EU. These relate to the following amendments, as well as standards and interpretations:

IAS 1 Disclosure Initiative

The amendments as part of the Disclosure Initiative to IAS 1 Presentation of Financial Statements aim to clarify IAS 1 in order to eliminate hurdles that preparers of financial statements perceive in the exercising of discretion in the presentation of financial statements. The amendments clarify that information should not be veiled through aggregation or the presentation of insignificant information, that materiality considerations are to be applied to all elements of financial statements, and that materiality is to be taken into account even if a particular disclosure is prescribed in a standard.

Presentation of the assets position, and presentations in the statement of comprehensive income and other comprehensive income: these amendments clarify that the listing of line items in the parts of financial statements can be divided or aggregated for reasons of relevance, and provide additional guidelines relating to subtotals in such parts of financial statements; they clarify that a company's share in the other comprehensive income of associates or joint ventures that are equity accounted should be reported as aggregated individual line items on the basis of whether they are recycled later to the statement of comprehensive income. The amendments add additional examples of possible sequences of disclosures in order to clarify that comprehensibility and comparability are to be taken into account when the sequence of disclosures is determined, and in order to show that the disclosures do not have to occur in the sequence as currently listed in IAS 1.114. The setter of the standard has also deleted regulations and examples relating to mentioning significant accounting policies, which were perceived as potentially of little help. The amendments require mandatory application for financial years commencing on or after January 1, 2016. The company assumes that the amendments will have no significant effects on the presentation of the financial statements.

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IAS 16 Property, Plant and Equipment/IAS 38 Intangible Assets

The amendments to IAS 16 Property, Plant and Equipment/IAS 38 Intangible Assets provide further guidelines to determine acceptable methods of depreciation and amortization. Accordingly, revenue-based depreciation methods are not suitable for property, plant and equipment, and revenue-based amortization methods for intangible assets are appropriate only in certain exceptional cases. The amendments are to be applied to financial years commencing on or after January 1, 2016, with early, voluntary application permitted. The amendments have no effect on the presentation of the company's financial statements.

IAS 16 Property, Plant and Equipment/IAS 41 Agriculture

The amendments to IAS 16 Property, Plant and Equipment and IAS 41 Agriculture change the accounting treatment of bearer plants such as vines, rubber trees and oil palms. The amendments require mandatory application for financial years commencing on or after January 1, 2016. The amendments have no effect on the presentation of the company's financial statements.

IAS 19 Employee Benefits

The amendments to IAS 19 Employee Benefits are to be applied to the recognition of contributions to defined benefit pension schemes by employees or third parties. This permits the recognition of employee or third-party contributions as a reduction to the current service cost in the period in which the related work service was rendered, if the amounts do not depend on the number of years served. As part of the endorsement process, the first-time mandatory application for financial years commencing on or after July 1, 2014 was postponed to financial years beginning after February 1, 2015. The company currently assumes that these amendments will not affect the presentation of the financial statements.

IAS 27 Separate Financial Statements

The amendments to IAS 27 Separate Financial Statements reinstate the accounting option for an investor to apply the equity method in its separate financial statements for its interests in subsidiaries, joint ventures and associates. First-time mandatory application is for financial years commencing on or after January 1, 2016. Early, voluntary application is permitted. The amendments have no effect on the presentation of the company's financial statements.

IFRS 9 Financial Instruments

The IASB published IFRS 9 Financial Instruments in July 2014. IFRS 9 introduces a standard approach to the classification and measurement of financial assets. As the basis for this, the standard makes recourse to cash flow characteristics and the business model by which they are managed. It also comprises a new impairment model based on expected credit defaults. Moreover, IFRS 9 includes regulations concerning the application of hedge accounting in order to present a company's risk management activities better, especially relating to managing non-financial risks. The new standard is to be applied to financial years commencing on or after January 1, 2018; early, voluntary application is permitted. The company is currently examining what effects application of IFRS 9 will have on the company's financial statements.

**IFRS 10 Consolidated Financial Statements/IFRS 12 Disclosure of Interests in Other Entities/
IAS 28 Interests in Associates and Joint Ventures**

The amendments to the aforementioned standards clarify that the consolidation exception can also be applied if a parent entity recognizes its subsidiaries at fair value pursuant to IFRS 10 Consolidated Financial Statements. Moreover, the consolidation exception can be applied if a subsidiary renders services that relate to the parent company's investment activities, if the subsidiary is an investment entity itself.

In applying the equity method to an associate or joint venture that is not an investment entity, an investor that is not an investment entity can retain the fair value measurement that the investment entity applies to its investments in subsidiaries.

An investment entity that measures all of its subsidiaries at fair value must provide the disclosures relating to investment entities as required by IFRS 12 Disclosure of Interests in Other Entities. First-time mandatory application of the amendments is planned for financial years beginning on or after January 1, 2016. Early, voluntary application is permitted. The company currently assumes that these amendments will not affect the consolidated financial statements.

IFRS 10 Consolidated Financial Statements/IAS 28 Interests in Associates and Joint Ventures

The amendments to IFRS 10 Consolidated Financial Statements/IAS 28 Interests in Associates and Joint Ventures address a well-known inconsistency between the regulations of IFRS 10 and IAS 28 in the case of the disposal of assets, or contribution of assets, to an associate or joint venture. The new regulations require an investor to fully recognize future gains or losses on the loss of control over a subsidiary contributed to an associate or joint venture, if the transaction relates to an operation in the meaning of IFRS 3 Business Combinations. If the transaction relates to assets that do not comprise an operation, however, only the proportional profit or loss equivalent to the other investors' share is recognized. The related operational date was postponed for an unlimited period as the result of amendments in December 2015. The company currently assumes that these amendments will not affect the consolidated financial statements.

IFRS 11 Joint Arrangements

The amendments to IFRS 11 Joint Arrangements clarify that both the initial acquisition and subsequent add-on acquisitions of interests in a joint operation that comprises an operation are to be recognized applying the accounting regulations for business combinations as presented in IFRS 3 Business Combinations, unless these contradict the regulations of IFRS 11. The mandatory disclosures of IFRS 3 Business Combinations are also to be satisfied. First-time mandatory application is for financial years commencing on or after January 1, 2016. Early, voluntary application is permitted. The company assumes that these amendments will not affect the consolidated financial statements.

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IFRS 15 Revenue from Contracts with Customers

The IASB published IFRS 15 Revenue from Contracts with Customers in May 2014. IFRS 15 replaces IAS 11 Construction Contracts and IAS 18 Revenue, and related interpretations. According to the new standard, the recognition of revenue should recognize the transfer of the pledged goods or services to the customer at the amount that corresponds to the consideration that the company will receive prospectively in exchange for these goods or services. Revenues are realized when the customer gains control over the goods or services. IFRS 15 also includes rules concerning the reporting of performance surpluses or obligations at contract level. These comprise assets and liabilities generated from contracts with customers that arise depending on the relationship between the service rendered by the company and the customer's payment. The new standard also requires the disclosure of a number of quantitative and qualitative items of information in order to enable users of consolidated financial statements to understand the type, level, timing and uncertainty relating to revenues and cash flows from contracts with customers. In July 2015, the IASB decided to postpone the standard's first-time application date to financial years commencing on or after January 1, 2018; early application is permitted.

The company is currently examining the effects that application of IFRS 15 will have on the company's financial statements, and will determine the date of first-time application and the transition method. A Groupwide project to implement IFRS 15 will be established for this purpose in the coming financial year.

IFRS 16 Leases

The IASB published IFRS 16 Leases in January 2016. IFRS 16 replaces IAS 17 Leases. The main change, especially for lessees, lies in relinquishing the "all or nothing" principle of IAS 17 in favor of the "right of use" model of IFRS 16. The classification of leases as either finance leases or operating leases is discontinued for lessees accordingly. For all leases, lessees in the future recognize on their balance sheet a lease liability for the obligation to render future payments to the respective lessors. At the same time, lessees capitalize a right of use to the underlying asset, which corresponds to the present value of the payments to the lessor, plus directly attributable costs, as a matter of principle. The lease liability is subsequently measured applying finance-mathematical regulations similar to those for finance leases under currently valid IAS 17, while the right of use is amortized over the lease duration.

The regulations for lessor accounting correspond essentially to the regulations currently valid in IAS 17. The lease classification criteria for lessor accounting have been adopted from IAS 17. IFRS 16 also includes a number of other new regulations relating to the definition of a lease, reporting, and disclosures to be made in the notes the financial statements, as well as concerning sale-and-lease-back transactions.

Application of IFRS 16 will affect the company's financial statements. The company will examine the precise scope of the effects, and determine the first-time application date and transition method.

Annual Improvements to IFRS (2010 – 2012 Cycle)

IFRS 2 Share-based Payment

The amendments to IFRS 2 Share-based Payment clarify the definitions of “vesting conditions” and “market conditions”, and adds definitions for “performance conditions” and “service conditions”.

IFRS 3 Business Combinations

Amendments to IFRS 3 Business Combinations clarify that contingent considerations that are classified as assets or liabilities are to be measured at fair value on each reporting date.

IFRS 8 Operating Segments

The amendments to IFRS 8 Operating Segments require a company to disclose discretionary decisions made by a company’s management in applying aggregation criteria to operating segments. The amendments also clarify that a company is only required to provide reconciliations of the sum of reportable assets to the company’s assets if the segment’s assets are reported on a regular basis.

IFRS 13 Fair Value Measurement

The amendments to IFRS 13 Fair Value Measurement clarify that the publication of IFRS 13 and amendments to IFRS 9 Financial Instruments and IAS 39 Financial Instruments: Recognition and Measurement have not abolished the option to measure current receivables and liabilities without fixed interest rates undiscounted at their invoicing amount, as long as the effects of not applying discounting are immaterial.

IAS 16 Property, Plant and Equipment/IAS 38 Intangible Assets

The amendments to IAS 16 Property, Plant and Equipment/IAS 38 Intangible Assets clarify that when remeasuring an item of property, plant and equipment, the gross carrying amount is to be adjusted in a manner that harmonizes with remeasuring the carrying amount.

IAS 24 Related Party Disclosures

The amendments to IAS 24 Related Party Disclosures expand the definition of “related parties” to include companies that either themselves or through one of their group companies render key management personnel services for the reporting entity, without a related party relationship in the meaning of IAS 24 existing otherwise between the two companies (so-called “management entities”). Separate disclosures pursuant to a newly added paragraph 18A are required for expenses recognized at the reporting entity for services rendered by a management entity. By contrast, the reporting entity is not required to make disclosures pursuant to IAS 24.17 for payments rendered by the management entity to employees who perform management tasks at the reporting entity.

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The amendments to the 2010 – 2012 Cycle require mandatory first-time application for financial years commencing on or after February 1, 2015. The company is still examining the extent to which the changes will affect the presentation of the company's financial statements.

Annual Improvements to IFRS (2012 – 2014 Cycle)

IFRS 5 Non-Current Assets Held for Sale and Discontinued Operations

The amendments to IFRS 5 Non-Current Assets Held for Sale and Discontinued Operations establish separate guidelines in IFRS 5 for cases where a company reclassifies an asset from the "held for sale" category to the "held for distribution to owners" category, or vice versa. Reclassification between categories is no longer to result in a discontinuation of related IFRS 5 categorization, presentation and measurement regulations. Only in cases where the criteria for classification to one of the two categories are no longer met, without a direct switch between the two categories occurring, are the measurement regulations of IFRS 5.27-29 to be applied, which are now also explicitly valid for assets previously categorized as "held for distribution to owners".

IFRS 7 Financial Instruments: Disclosures

The IASB implemented two clarifications relating to IFRS 7 Financial Instruments: Disclosures. The first addition concerns mandatory disclosures connected with the transfer of financial assets. This relates specifically to applying IFRS 7.42C to servicing agreements, and the question as to whether these represent a continuing involvement for the purposes of the disclosure regulations of paragraphs 42E–42H. The IASB clarifies in this context that the transferring entity's obligation arising from the servicing agreement to remit the payments collected from the transferred financial assets to the recipient do not represent a continuing involvement in the meaning of the disclosure regulations. By contrast, the retention of a servicing obligation in return for receipt of a service fee comprises a continuing involvement, as a matter of principle.

A further clarification relates to the first-time application of the amendments to IFRS 7 Financial Instruments: Disclosures relating to the offsetting of financial assets and financial liabilities, which were published in December 2011. Pursuant to IFRS 7.44R, these amendments are to be applied to financial years commencing on or after January 1, 2013, as well as to all interim reporting periods within these financial years. The reference to applicability to all interim reporting periods is now to be deleted in order to clarify that the amendments to IFRS 7 do not result in explicit disclosure requirements for interim reports. The additional disclosures are nevertheless to be provided in condensed interim reports pursuant to IAS 34, if IAS 34 so requires. For example, IAS 34.15 et seq. requires an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance since the end of the last financial year.

IAS 19 Employee Benefits

The amendments to IAS 19 Employee Benefits are intended to clarify that high quality corporate bonds that are applied to calculate the discount rate for post-employment benefits are to be denominated in the same currency as the payments to be rendered. The interest rate utilized pursuant to IAS 19R.83 to discount defined benefit pension obligations is to be determined on the basis of yields achieved on the market for high quality corporate bonds on the reporting date. In countries where no deep market exists in such corporate bonds, the market yields at the end of the reporting period on government bonds are to be used.

IAS 34 Interim Financial Reporting

The amendments to IAS 34 Interim Financial Reporting are intended to clarify the meaning of “elsewhere” in the interim report. A regulation is also to be included that a reference is to be provided if this other location is not situated within the main part of the report. Accordingly, this can relate to information that is located either directly within another section of the interim report, or within other documents to which reference is made in the interim report. The precondition for the latter, however, is that the other documents be available to the addressees of the interim report at the same time and on the same terms as the interim report itself. If this is not the case, an interim report does not satisfy the regulations of IAS 34, and correspondingly fails to comply with IFRS.

The amendments to the 2012 – 2014 Cycle require mandatory first-time application for financial years commencing on or after Friday, January 1, 2016. Earlier, voluntary application is provided for. The company is still examining the extent to which the changes will affect the presentation of the company’s financial statements.

2.1. Assets

Purchased intangible assets

Purchased intangible assets (patents rights and licenses, as well as IT software, know-how, technology and brand rights, industrial property rights, websites, order book positions and customer relationships, as well as development projects) are recognized at cost less amortization. Amortization is applied straight-line over economic useful lives of between 1 and 15 years.

Internally generated intangible assets

Internally generated intangible assets (development costs) are also recognized. The useful economic life amounts to between 4 and 5 years. Development costs for newly developed products for which technical feasibility and marketability surveys are available are capitalized at their directly or indirectly attributable production costs to the extent that expenses can be clearly allocated, and insofar as the technical feasibility and marketability of the newly developed products are ensured. Development activity must result with sufficient probability in future cash inflows; borrowing costs are not capitalized. Amortization is applied in line with products’ planned economic useful lives. Development costs that are capitalized on the reporting date for development projects that have not yet been fully completed are impairment-tested applying the license analogy method.

Goodwill

Where the acquisition costs for a business combination exceed the sum of the fully remeasured assets and liabilities, including contingent liabilities, such positive differences are capitalized as goodwill. Following reassessment, a negative difference is expensed.

Goodwill is allocated to its respective cash-generating unit, recognized as an asset, and impairment-tested on each reporting date pursuant to IAS 36. In this context, only the operating subsidiaries are allocated to the cash-generating units within the M.A.X. Group. In cases where close supply and service connections exist between Group companies, they are aggregated into operating units, with goodwill being tested for impairment on this basis. Impairment losses are expensed immediately in the statement of comprehensive income, and are not reversed in subsequent periods.

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Goodwill deriving from corporate acquisitions preceding the IFRS transition date on January 1, 2004, was transferred from the previous financial statements that were prepared according to the German Commercial Code (HGB), and impairment-tested on that date. Goodwill write-downs applied in previous periods were not reversed.

Goodwill is generally impairment-tested at the level of cash-generating unit. The impairment test is based on measuring the recoverable amount. This is derived from the higher of fair value less costs of disposal, and value-in-use. Within the M.A.X. Group, impairment tests are generally conducted by comparing value-in-use and carrying amount.

If the carrying amount of the cash generating unit to which the goodwill was allocated exceeds its recoverable amount, the goodwill allocated to this cash generating unit is written down in the amount of the difference.

If the value impairment of the cash generating unit exceeds the carrying amount of the goodwill allocated to it, the surplus impairment is distributed proportionally among the assets allocated to the cash generating unit (IAS 36.104 et seq.). The individual assets' fair values and values in use (where determinable) are taken into account as a minimum value in this context.

The carrying amount of the cash-generating unit comprises the net assets, and is derived from operating assets, less disclosed hidden reserves (especially goodwill), and less operating liabilities.

Primarily market price-based methods are applied to measure fair value less costs of disposal. Recourse is made to discounted cash flow (DCF) methods to measure value-in-use.

The weighted average cost of capital (WACC) approach is applied in this context (Institute of Public Auditors in Germany [IDW], Standard IDW RS HFA 16 [30]). The level of market risk premium is selected in compliance with the promulgations of the Institute of Public Auditors in Germany (IDW). The risk-free rate is measured applying a calculation recommended by the IDW (Svensson method). The beta factor, the cost of capital interest rate and the gearing are calculated by making recourse to capital market data for comparable companies from the same sector (peer group).

The following requirements are to be taken into consideration in this context:

- Pursuant to IAS 36.50, cash flows from financing activities as well as for income taxes are not be included in the calculation of value-in-use.
- The costs of equity are calculated on the basis of the capital asset pricing model, and amount to 8.01 % (previous year: 7.09 %). The cost of capital is calculated taking into account a risk-free rate of 1.57 % (previous year: 1.75 %), a risk premium of 6.5 % (previous year: 6.0 %), and a beta of 0.99 (previous year: 0.89). The peer group's borrowing rate amounts to 2.14%. Taking the 11.11% gearing into account, the weighted average cost of capital amounts to 10.51%.
- The cost of capital is the pretax interest rate that reflects current market estimates of the time value of money and the specific risks of the measurement object. As the returns of risky equity instruments that are observable on the capital market frequently include tax effects, the calculated weighted cost of capital has been adjusted to reflect such tax effects.

Value-in-use is calculated by applying the present value of cash flows for two growth phases. The first phase is based on three-year planning that is prepared by the management of the respective cash-generating unit and approved by the Supervisory Board. Any new information that arises subsequently is taken into account. The second phase is based on a perpetual return on the sustainably recoverable amount based on the final year of the detailed forecast phase, and taking a 1% growth rate into account. Based on the order book position and the time taken to process it, the selected planning horizon primarily reflects the following assumptions for short-term and medium-term market trends: sales revenue trend, market shares and growth rates, raw materials costs, cost to acquire and retain customers, personnel trends and investments. The M.A.X. Group plans slight increases to sales revenue and EBIT for the 2016 to 2018 periods. These assumptions are mainly calculated in-house, and predominantly reflect past experience, or are compared with external market values.

As part of a sensitivity analysis for the groups of cash generating units to which significant goodwill is allocated, a one percentage point increase in the discounting rate (after tax) or a 10% reduction in cash flows was assumed. On this basis, M.A.X. Automation AG arrives at the result that no impairment losses are required for any of the groups of cash generating units.

Equity accounted investments

Companies over which M.A.X. Automation AG has significant influence, but not control, are recognized applying the equity method. Such companies are recognized at cost when first included in the financial statements. Such interests are carried forward in subsequent periods. Proportionate annual profits or annual losses increase or reduce the value of the interest, although such an interest cannot be written down to lower than EUR 0. Dividends received from the company are deducted from its value.

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Property, plant and equipment

Property, plant and equipment are recognized at cost less depreciation, and any requisite impairment losses. In this context, costs of production include not only directly attributable specific costs but also an appropriate portion of production overheads.

Property, plant and equipment are depreciated straight-line over the following useful lives:

Prospective useful lives	
Buildings	8 to 50 years
Exterior facilities	8 to 33 years
Technical plant and machinery	2 to 15 years
Other plant, operating and office equipment	1 to 17 years

Economic useful lives are determined taking into account prospective physical wear and tear, technical obsolescence, and legal and contractual restrictions.

Assets under construction are recognized at cost. Borrowing costs for qualifying assets are capitalized. Depreciation for such assets commences when they have been completed, or when they are ready for operation.

Given indications of impairment, the recoverable amount of the asset is determined on the basis of its value-in-use in order to establish the level of impairment loss. The impairment loss is expensed.

If the reason for past impairment no longer applies, the impairment loss is reversed accordingly.

The impairment loss reversal in this context is restricted to the level that would have arisen if no impairment losses had been applied in previous years. Reversals of impairment losses are also recognized in profit or loss.

Investment property

Investment property comprises real estate that is held to generate rental income and/or for value appreciation purposes. An investment property is measured initially at its cost, including transaction costs. Investment properties are subsequently measured at amortized cost on the basis of the cost model. Depreciation is applied straight-line over a period of 18 to 40 years.

An investment property is derecognized on disposal, or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. The gain or loss on disposal is calculated as the difference between the net disposal proceeds and the asset's carrying amount, and is recognized in the statement of comprehensive income in the period when the disposal occurs.

Non-current financial liabilities

Financial assets are measured at cost on the acquisition date.

Interests in subsidiaries and participating interests that are not consolidated are measured at cost, as their fair value cannot be measured reliably.

Loans extended are measured at amortized cost.

Investments that are not recognized at fair value are tested regularly for impairment. Investments that are impaired are written down to their recoverable amount, with related impairment losses being expensed. If the reason for an impairment loss applied in previous periods no longer exists, the impairment loss is reversed through profit or loss.

Inventories

Inventories are recognized at the lower of cost or net realizable value. Besides production materials and production wages, production costs also include materials and production overheads that require capitalization. Discount are applied to inventories that lack marketability. Costs are allocated to different types of inventory by means of specific allocation, the average method, or the FIFO (first-in, first-out) method.

Impairment losses are applied where specific assets' net realizable values fall below their carrying amounts.

Construction contracts

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs associated with a construction contract are recognized by reference to the stage of completion of the contract activity at the end of the reporting period. The degree of completion is calculated on the basis of the contract costs that have been incurred for the work rendered in ratio to the expected contract costs (cost-to-cost method). Changes to the contractual work, claims and performance premiums are included to the extent that their level can be determined reliably, and receipt of them is regarded as probable.

If the result of a construction contract cannot be measured reliably, contract revenue is recognized only to the level of the incurred contract costs that can probably be collected. Contract costs are expensed in the period in which they are incurred.

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

Amounts received before the rendering of contract services are deducted from receivables on the consolidated balance sheet. Invoiced amounts for services already rendered that customers have not yet paid are included under trade receivables on the consolidated balance sheet.

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Current financial liabilities

Pursuant to IAS 32, financial assets include i.a. trade receivables, receivables due from banks, cash on hand, derivative financial instruments, and marketable other miscellaneous financial assets.

Categorization is applied on the basis of IAS 39:

- a) Besides derivative financial assets, financial assets that are measured at fair value through profit or loss include held-for-trading financial assets. Such assets are purchased with the intention of short-term resale (e.g. equities, fixed income securities). Measurement is at fair value; valuation adjustments are recognized in profit or loss.
- b) Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not listed on an active market. These include mainly trade receivables. Following initial recognition, receivables are measured at cost less valuation allowances to cover identifiable risks. General valuation allowances to reflect past default rates are recognized only if they can also be evidenced quantitatively. Gains and losses, as well as interest effects arising from applying the effective interest method, are recognized in profit or loss.

The company assumes that the recognized values of its financial instruments generally correspond to their fair values.

Cash and cash equivalents

Cash and cash equivalents comprise cash and cash equivalents that are measured at cost. They include cash positions, call deposits at banks, and other short-term, high liquid financial assets with a maximum three-month term as of the acquisition date. The cash and cash equivalents on which the cash flow statement is based corresponds to the cash and cash equivalents as defined here.

2.2. Equity and liabilities

Equity issue costs

Equity issue costs are deducted from the capital reserves after taking into account tax incurred on them.

Revenue reserve

The fair value of non-controlling interests deriving from the company agreement is deducted from the revenue reserves.

Liabilities arising from minority shareholder settlement claims

The liabilities due to the non-controlling shareholders of Vecoplan Midwest LLC are recognized at fair value, whereby this fair value corresponds to the respective attributable share of earnings.

Pension obligations

The provisions for pensions and similar obligations are measured applying the projected unit credit method for retirement benefit commitments. The calculation is based on the '2005 G' mortality tables published by K. Heubeck. Not only pensions and entitlements to future pensions that are known on the reporting date are taken into account, but also future expected changes to salaries and pensions. The service cost is included under personnel expenses in the statement of comprehensive income. On origination, actuarial gains and

losses, as well as gains and losses from the revaluation of plan assets, are reported in other comprehensive income, deducted from the revenue reserve. The interest cost is reported in the net interest result.

Tax provisions and other provisions

Tax provisions and other provisions are formed to an appropriate level for all identifiable risks and contingent liabilities. The precondition for recognition is that utilization is probable, and that the level of the obligation can be measured reliably. Non-current provisions are discounted.

Liabilities

Liabilities are measured at cost on initial recognition, and at amortized cost in subsequent years. Discounts and transaction costs are taken into account applying the effective interest method. Non-current, non-interest-bearing liabilities are recognized at present value.

2.3. Statement of comprehensive income

Revenue and other operating income are recognized when a service is rendered, or when a claim is originated. Interest income and interest expenses are recognized in the period in which they are received or incurred.

Customer-specific construction contracts are measured applying the percentage of completion (PoC) method. Here, the costs incurred during the financial year, and the revenues attributable to the financial year, are recognized in profit or loss according to the percentage of completion. The percentage of completion is measured according to the costs incurred (cost-to-cost method).

Expenditures connected with the development of new products and processes, including significant improvements and refinements to already existing products, are expensed as incurred, to the extent that the criteria for capitalization are not met.

2.4. Earnings per share

Undiluted (basic) earnings per share are calculated by dividing the share of the net profit that is attributable to the parent company shareholders by the weighted average number of shares in issue during the financial year under review. Diluted earnings per share are calculated by assuming that all potentially dilutive securities are converted or exercised.

2.5. Currency translation

Transactions denominated in foreign currencies are translated into the respective company's functional currency applying the mid spot exchange rate on the transaction date. At the end of the reporting period, the company translates monetary assets and liabilities denominated in foreign currencies into the functional currency applying the mid spot exchange rate valid on that date. Gains and losses from currency translation are recognized in profit or loss.

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The separate annual financial statements of the foreign subsidiaries included in the consolidated financial statements whose functional currency is not the euro are translated into the Group's currency, the euro, on the basis of their functional currency, which corresponds in each case to the national currency.

Applying the reporting date method, their balance sheets are translated from their functional currency into the reporting currency applying the mid spot exchange rate on the reporting date.

There income statements are translated applying the average rate for the reporting period.

Equity is translated at historical exchange rates.

Gains and losses from currency translation are carried directly to equity.

		Balance sheet: reporting date rate		Income statement: average rate	
	EUR 1 =	31.12.2015	31.12.2014	2015	2014
China	CNY	7.06080	7.53580	6.97300	8.18826
United Kingdom	GBP	0.73395	0.77890	0.72600	0.80642
Poland	PLN	4.26390	4.27320	4.18279	4.18447
USA	USD	1.08870	1.21410	1.10963	1.32885

2.6. Leasing

Leases are classified as finance leases if the lease agreement essentially transfers all opportunities and risks connected with ownership to the lessee. All other leases are classified as operating leases.

Assets held as part of a finance lease are recognized by the lessee at the start of the lease as an asset measured at fair value or, if it is lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is reported among other liabilities on the consolidated balance sheet.

The lease payments are divided into financing costs and the capital repayment of the lease liability, so that constant periodic interest is applied to the remaining liability. The financing costs are recognized as interest expenses directly in the statement of comprehensive income. If a finance lease results in a depreciable asset, a depreciation or amortization charge is incurred in each period. Depreciation and amortization charges are calculated applying the regulations of IAS 16 Property, Plant and Equipment or IAS 38 Intangible Assets that are relevant for the asset.

Lease payments arising from operating leases are expensed straight-line by the lessee over the lease duration, unless another systematic basis corresponds better to the temporal progression of utilization for the M.A.X. Group. Contingent lease payments as part of an operating lease are expensed in the period in which they are incurred.

2.7. Derivative financial instruments and hedges

Derivative financial instruments are deployed exclusively to hedge against currency or interest rate risks. The company does not enter into pure trading transactions without corresponding underlying transactions. In order to limit default risk, derivative financial instruments are concluded exclusively with banks with first-class credit ratings.

Derivative financial instruments are measured at fair value both on first-time recognition and on subsequent measurement. The fair value of a financial instrument is the price for which an independent third party would assume rights or obligations arising from the financial instrument from another independent party. As far as possible, fair values are recognized with the values that are actually to be realized on the market. In the case of listed derivatives, these correspond to the positive or negative market value.

Where a stock market value does not exist for a derivative financial instrument, fair value is derived as a theoretical value applying recognized finance-mathematical methods. Initial recognition occurs on the trade date. Value changes to derivative financial instruments are recognized immediately in profit or loss. IAS 39 hedge accounting is not applied.

The section on risk management includes more details.

2.8. Income tax

The income tax expense represents the sum of current tax expense and deferred tax.

Current and deferred taxes are recognized in the consolidated income statement unless they are connected with items that are recognized either in other comprehensive income or directly in equity. In this case, current and deferred taxes are also recognized in other comprehensive income or directly in equity. If current or deferred taxes arise from the first-time recognition of a business combination, the tax effects are included in the recognition of the business combination.

2.9. Current tax

The current tax expense is calculated on the basis of taxable earnings for the year. Taxable income differs from the net profit reported in the consolidated income statement due to expenses and income that are taxable in subsequent years, never taxable, or tax-deductible. The Group's liability for current taxes calculated on the basis of tax rates that are valid, or will soon be valid.

2.10. Deferred tax

Deferred taxes are recognized for differences between the carrying amounts of assets and liabilities in the consolidated financial statements, and the corresponding tax valuations as part of calculating taxable income. Deferred tax liabilities are generally recognized for all taxable temporary differences; deferred tax assets are generally reported only to the extent that it is probable that taxable earnings will be available for which the deductible temporary differences can be utilized. Such deferred tax assets and deferred tax liabilities are not recognized if the temporary differences arise from goodwill, or from the first-time recognition of other assets and liabilities (except in the case of business combinations), which arise from events that affect neither taxable income nor net profit for the year.

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Deferred tax liabilities are formed for taxable temporary differences that arise from interests in subsidiaries, unless the Group can control the reversal of the temporary differences, and it is probable that the temporary difference will also not reverse within the foreseeable future.

Deferred tax assets that arise from temporary differences connected with interests in subsidiaries are recognized only to the extent that it is probable that sufficient taxable income will be available with which the assets from the temporary differences can be utilized. It must also be assumed that these temporary differences will reverse within the foreseeable future.

The carrying amount of deferred tax assets is reviewed every year on the reporting date, with an impairment loss being applied if it is no longer probable that sufficient taxable income will be available to fully or partly realize the asset.

Deferred tax liabilities and tax assets are measured on the basis of the expected tax rates and tax laws that will be valid prospectively on the day when the liability is satisfied, or the asset is realized. The measurement of deferred tax assets and tax liabilities reflects the tax consequence that arises from the manner in which the Group anticipates on the reporting date that it will satisfy the liability or realize the asset.

2.11. Restatement of previous years' figures

By way of divergence from the previous year, currency differences have been reported within the operating result since January 1, 2015, as is also the practice at other listed companies, and thereby taking the M.A.X. Group's growing international orientation into account. The previous year was restated accordingly.

The following items in the statement of comprehensive income have changed due to the restatements:

in TEUR	2014 restated	2014 as reported
Other operating revenue	10,731	8,587
Other operating expenses	-48,211	-47,470
Other financial profit/loss	0	1,403

3. Consolidation

3.1. Consolidation principles

In the consolidation (elimination) of the investment account, the costs of acquiring the subsidiaries are offset with the fair values of proportionate equity as of the acquisition date (revaluation model). Remaining differences are recognized as goodwill, and tested annually for impairment (DCF method with WACC approach).

As part of consolidating liabilities and income, receivables and liabilities between Group companies, as well as expenses and income incurred or accrued within the Group, are consolidated. Intragroup profits and losses are eliminated.

3.2. Scope of consolidation

All of the Group's active subsidiaries are included in its scope of consolidation. These comprise majority interests. Subsidiaries that are immaterial to convey a true and fair view – even when aggregated – are not included.

Besides M.A.X. Automation AG the scope of consolidation on the balance sheet date comprised a total of 27 subsidiaries that are listed in the schedule of shareholdings, as well as the equity accounted joint venture Vecoplan FuelTrack GmbH i.L.

In line with the clear strategic orientation, existing companies are classified into the segments of Industrial Automation and Environmental Technology. The scope of consolidation is composed as follows:

Number of companies included	2015	2014
Industrial Automation	18	18
Environmental Technology	9	11
Group	27	29

3.3. Changes to the scope of consolidation

In the Industrial Automation segment, NSM Magnettechnik GmbH acquired 100% of the shares of iNDAT Robotics GmbH, Ginsheim-Gustavsburg, and of iNDAT Engineering + Service GmbH, Braunschweig on February 6, 2015. The iNDAT Group owns the wholly-owned subsidiary of iNDAT Robotics GmbH, iNDAT Systems + Research GmbH, Ginsheim-Gustavsburg. The iNDAT Group was consolidated for the first time as of February 1, 2015, and allocated to the NSM Magnettechnik subgroup.

With an entry in the commercial register dated August 14, 2015, iNDAT Systems + Research GmbH was merged with iNDAT Robotics GmbH with retroactive effect as of January 1, 2015.

With an entry in the commercial register dated December 2, 2015, iNDAT Engineering + Service GmbH was merged with iNDAT Robotics GmbH with retroactive effect as of July 1, 2015.

With an entry in the commercial register dated December 7, 2015, mabu-pressen GmbH was merged with NSM Magnettechnik GmbH with retroactive effect as of July 1, 2015.

In the Environmental Technology segment, Vecoplan Maschinenfabrik Verwaltungs GmbH, with a commercial registry entry dated August 12, 2015, and WasteTec GmbH with a commercial registry entry dated August 19, 2015, were merged with Vecoplan AG, Bad Marienberg, with retroactive effect as of January 1, 2015.

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3.4. iNDAT Robotics GmbH

The iNDAT Group is a robotics and manufacturing automation specialist whose solutions are deployed at renowned automotive manufacturers and automotive suppliers, in particular. iNDAT Robotics develops its own products such as a standardized flexible robot cells for the fully automated deburring of metallic parts or the punching of plastic components. It is also a system supplier of complete assembly units in production lines, and of fully automated plants, including in automotive pressing plants.

This acquisition enables the M.A.X. Group to now offer complex software applications and comprehensive plant systems that include integrated robotics solutions. Such robotic solutions hold great promise for the future. This transaction significantly expands the range of products and services for the automotive industry. iNDAT Robotics employs around 80 individuals and is debt-free.

The maximum acquisition price amounts to TEUR 12,800, and includes earnout regulations that depend on the trend in EBIT, as well as the order book position on the reporting date of the 2015 financial year, and on key personnel data up to 2016.

A part of the fixed purchase price, amounting to TEUR 9,000, was paid in February 2015. Most of the earnout components for the 2015 financial year were achieved. The 2015 consolidated earnings include a small amount from the derecognition of an earnout of TEUR 213. The turnouts for the 2015 financial year are due to be paid out in early 2016.

A further payment of the fixed purchase price of TEUR 1,500 (guarantee retention) is due to be paid out in August 2016. The last earnout component is due to be paid out in early 2017.

On the basis of the planning figures submitted, the variable purchase price components totaling TEUR 2,300 were recognized in full in the purchase price allocation. The long-term purchase price components were discounted.

Hidden reserves totaling TEUR 3,692 relating to technology, the customer base and the order book position were ascertained as part of the purchase price allocation. The assets' useful lives amount to between two and four years. Deferred tax liabilities of TEUR 1,127 are incurred on these.

The iNDAT Group's are remeasured equity amounts to TEUR 4,860. Goodwill of TEUR 7,663 remains as a consequence.

TEUR	
Consideration rendered	12,524
Less assets acquired	11,229
Plus liabilities acquired	6,368
Goodwill	7,663

The goodwill includes components that cannot be recognized individually. These include mainly know-how concerning automation components, process automation and the company's handling automation, the expansion of the range of products and services for the automotive industry, and with it access to new customers and markets.

No deferred tax relating to the goodwill arose as part of the purchase price allocation, and will also not arise in the future.

The M.A.X. Group added the following assets as part of the first-time consolidation of the iNDAT Group as of February 2015:

TEUR	
Non-current assets	11,544
Goodwill	7,663
Intangible assets	3,760
Property, plant and equipment	97
Other non-current assets	24
Current assets	7,348
Inventories	1,520
Trade receivables	4,180
Prepayments and accrued income, and other current assets	192
Cash and cash equivalents	1,456
Non-current borrowings	1,277
Deferred tax	1,277
Current borrowings	5,091
Trade payables	4,097
Other current liabilities	234
Provisions and liabilities from taxes	88
Other provisions	240
Other current liabilities	432

If the iNDAT Group had already formed part of the M.A.X. Group at the start of the financial year under review, the earnings as of December 31, 2015 would change as follows:

TEUR	
Pro forma sales revenues	384,900
Pro forma EBIT before PPA-related amortization	24,823
Pro forma net profit for the year	10,567

The following amounts from the iNDAT Group are included in consolidated earnings as of December 31, 2015:

TEUR	
Revenue	18,824
EBIT before PPA-related amortization	1,800
Net income	435

4. Notes to the consolidated balance sheet

4.1. Assets

The composition of non-current assets and their changes in 2015 are presented in the consolidated statement of changes in non-current assets. The consolidated statement of changes in non-current assets is attached as an annex to the notes to the consolidated financial statements.

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Non-current assets

(1) Intangible assets

Intangible assets comprise licenses, IT software, technology, development projects, websites, order book positions, brands and customer relationships.

Development costs of TEUR 1,683 were capitalized (previous year: TEUR 3,552). The carrying amount of intangible assets created by the company stands at TEUR 5,092 as of December 31, 2015 (previous year: TEUR 4,588).

(2) Goodwill

TEUR	31.12.2015	31.12.2014
Goodwill	53,126	45,991
Derivative goodwill	4,024	4,223
– of which Industrial Automation	3,638	3,637
– of which Environmental Technology	386	586
Goodwill from consolidation of the investment account	49,102	41,768
– of which Industrial Automation	43,076	35,413
– of which Environmental Technology	6,026	6,355

The reported goodwill from capital consolidation (elimination of the investment account) is comprises follows in detail:

TEUR	31.12.2015	31.12.2014
Goodwill from consolidation of the investment account	49,102	41,768
Industrial Automation	43,076	35,413
– of which NSM Magnettechnik Group	19,787	12,124
– of which MA micro automation GmbH	11,661	11,661
– of which ELWEMA Automotive GmbH	4,165	4,165
– of which bdtronic Group	2,747	2,747
– of which IWM Automation Group	2,676	2,676
– of which Mess- und Regeltechnik Jücker GmbH	1,180	1,180
– of which AIM Micro Systems GmbH	860	860
Environmental Technology	6,026	6,355
– of which Vecoplan Group	6,026	6,026
– of which altmayerBTD GmbH & Co. KG	0	329

Goodwill from capital consolidation rose to TEUR 49,102 in the financial year under review (previous year: TEUR 41,768). This increase arises mainly from the initial consolidation of iNDAT Robotics GmbH as a new Group company within the NSM Magnettechnik Group in an amount of TEUR 7,663, and a countervailing effect of TEUR 329 arising from the impairment loss applied to the goodwill of altmayerBTD GmbH & Co. KG attributable to the altmayer operation, as part of the management buyout of both of the company's operations. Further remarks concerning the management buyout of altmayerBTD GmbH & Co. KG. are presented in section 2.3.10 of the Group management report.

(3) Property, plant and equipment

TEUR	31.12.2015	31.12.2014
Property, plant and equipment	32,534	39,263
Land and buildings	20,106	25,380
Technical plant and machinery	5,022	8,267
Other plant, operating and office equipment	4,228	5,359
Plant under construction	668	208
Prepayments rendered	2,510	49

The TEUR 6,729 reduction in property, plant and equipment to TEUR 32,534 (previous year: TEUR 39,263) arises mainly from the changes presented in the statement of changes in non-current assets. The management buyout of altmayerBTD GmbH & Co. KG. entailed, inter alia, reclassifying the land and buildings of the BTd operations to investment property (TEUR 3,966), and the disposal of the land of the altmayer operations (TEUR 1,448). Information about existing land charges and collateral assignments can be found in section 4.2 (17).

(4) Investment property

TEUR	31.12.2015	31.12.2014
Investment property	3,966	0
Land	479	0
Buildings	3,487	0

The investment property item includes the land/buildings of the former BTd operations of altmayerBTD GmbH & Co. KG, whose fair value amounted to TEUR 6,500 on the reporting date. The value is derived on the basis of the pre-emptive right for the purchaser of the real estate of the BTd operations, and the company's own calculations. Recourse was made to land registry office valuations in this context. No operating costs were incurred for the maintenance of the utilized investment property as it was not reclassified to investment properties until the reporting date. The acquirer of the BTd operations holds a pre-emptive right for the property that expires at the end of 2018. The property's remaining land is also to be sold soon.

The M.A.X. Group anticipates the following payments from the non-cancelable rental contracts over the coming years:

TEUR	up to 1 year	1 to 5 years	longer than 5 years	Total
Rental payments	210	420	0	630

The rental contract runs until December 31, 2021, with the tenants being able to extend once until December 31, 2025. The table above assumes that the tenant exercises the purchase option in 2018.

(5) Equity accounted investments

The "Vecoplan FuelTrack GmbH i.L." joint venture, which was founded on April 7, 2011, and which is 49% held by Vecoplan AG, was recognized at its acquisition cost of TEUR 25, and fully written off in 2011 due to start-up losses. The winding down of the company was approved by way of shareholder resolution on March 4, 2014.

The proportional accrued retained earnings of the M.A.X. Group amount to TEUR 60 (previous year: TEUR 60).

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The company's total assets (of which assets: TEUR 391 (previous year: TEUR 3,870) amount to TEUR 391 (previous year: TEUR 3.698) and its level of liabilities amounts to TEUR 220 (previous year: TEUR 3,698). The company generated TEUR 3,451 of sales revenue in the 2015 financial year (previous year: TEUR 7,238). The net income for the year according to the financial statements prepared according to the German Commercial Code (HGB) as of September 30, 2015 (reporting date for majority shareholders) amounted to TEUR 715 (previous year: TEUR 595).

The company's unaudited annual financial statements as of September 30, 2015 prepared in accordance with German Commercial Code (HGB) accounting principles provide the basis for the figures presented here.

(6) Other investments

Other investments of TEUR 1,992 (previous year: TEUR 273) include, among other items, a vendor loan of TEUR 850 and a dormant equity investment of TEUR 800. Both the vendor loan and the dormant equity investment were substantiated in the financial year elapsed in connection with the management buyout at altmayerBTD GmbH & Co. KG. Other investments also include TEUR 30 of interests in affiliated companies (previous year: TEUR 83). These relate to interests in a general partnership limited liability companies that are of minor significance for the consolidated financial statements. The year-on-year change arises from the merger of BDS Führungskräfte GmbH with M.A.X. Management GmbH (formerly: AIM-Assembly in Motion GmbH), and the merger of Mess- und Regeltechnik Verwaltungs GmbH with Mess- und Regeltechnik Jücker GmbH. Other non-current financial assets exist in an amount of TEUR 312 (previous year: TEUR 190), and include a tenant loan of TEUR 196 (previous year: TEUR 131).

Other investments are no longer listed in the statement of changes in non-current assets due to their minor significance for the M.A.X. Group.

(7) Deferred tax

Deferred taxes are to be allocated to the following balance sheet items in line with their origination:

in TEUR	31.12.2015		31.12.2014	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Non-current balance sheet items				
A. Non-current assets	6,476	12,100	6,507	12,092
I. Intangible assets	290	10,994	186	11,055
II. Property, plant and equipment	652	1,017	606	988
III. Non-current assets	14	89	61	49
IV. Deferred tax assets for tax loss carryforwards	5,520	0	5,654	0
B. Non-current borrowings	138	36	148	78
Current balance sheet items				
C. Current assets	1,250	5,210	849	3,415
I. Inventories and trade receivables	1,250	5,190	849	3,415
II. Current assets	0	20	0	0
D. Current borrowings	565	0	264	0
Sub-total	8,429	17,346	7,768	15,585
Valuation adjustments applied to loss carryforwards	-51	0	-192	0
Offsetting	-1,786	0	-1,325	0
Total	6,592	17,346	6,251	15,585

Deferred tax assets and deferred tax liabilities arising from long-term construction contracts were offset, as were deferred tax assets and deferred tax liabilities within the Group's fiscal units for corporation tax purposes.

Within the Group, domestic tax loss carryforwards in the trade tax area exist in an amount of TEUR 1,577 at the parent company (previous year: TEUR 12,041). The resultant trade tax benefits amount to TEUR 218 (previous year: TEUR 1,660).

In addition, domestic trade tax loss carryforwards exist in an amount of TEUR 21,319 (previous year: TEUR 14,859), and corporation tax loss carryforwards in an amount of TEUR 12,180 (previous year: TEUR 9,003), with deferred tax assets totaling TEUR 4,542 (previous year: TEUR 3,262), which were value-adjusted in an amount of TEUR 0 (previous year: TEUR 117). The domestic loss carryforwards amount to TEUR 3,373 (previous year: TEUR 3,122), with the related deferred tax assets of TEUR 760 (previous year: TEUR 732) being value-adjusted in an amount of TEUR 51 (previous year: TEUR 75).

When measuring the value retention of the loss carryforwards, so-called minimum taxation has had to be taken into account in Germany since 2004. Loss carryforwards can be offset against subsequent years' profits up to TEUR 1,000 on an unlimited basis, and beyond by up to 60%.

The value retention of the deferred tax assets relating to loss carryforwards was reviewed. The realization of these loss carryforwards is sufficiently ensured.

Of the deferred tax assets relating to loss carryforwards after valuation adjustments, an amount of TEUR 4,091 (previous year: TEUR 3,723) is covered through deferred tax liabilities. Deferred tax assets of TEUR 1,377 (previous year: TEUR 891) comprise loss carryforwards that are not covered by deferred tax liabilities, and where losses occurred in previous periods. Measures to utilize the losses in the near term are being implemented.

The following amounts are reported in the consolidated balance sheet:

TEUR	31.12.2015	31.12.2014
Deferred tax assets:		
– from deductible differences	2,909	2,114
– from tax loss carryforwards	5,469	5,462
– offsetting with deferred tax liabilities	-1,786	-1,325
Total deferred tax assets	6,592	6,251
Deferred tax liabilities:		
– from taxable temporary differences	17,346	15,585

(8) Other non-current assets

Other non-current assets of TEUR 409 (previous year: TEUR 895) exist mainly from available liquid assets (cash deposits) of TEUR 20 (previous year: TEUR 561), non-current trade receivables of TEUR 350 (previous year: TEUR 257), and from capitalized corporation tax credits of M.A.X. Automation AG and mabu-presen GmbH (which was merged with NSM Magnettechnik GmbH) of TEUR 37 (previous year: TEUR 74). The tax authority is disbursing the credit in installments over a 10-year period that started in 2008. Discounting of 4% is applied.

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The aforementioned cash deposits have mainly been discontinued as part of the new syndicated financing facility for the M.A.X. Group.

Current assets

(9) Inventories

TEUR	31.12.2015	31.12.2014
Raw materials and supplies	15,462	14,812
Unfinished goods and work-in-progress	105,565	93,989
Unfinished goods and work-in-progress (construction contracts)	-92,090	-80,000
Finished goods and services	49,814	31,975
Finished goods and services (construction contracts)	-43,593	-23,412
Prepayments rendered	4,494	4,629
Inventories	39,652	41,993

A year-on-year inventory change of TEUR -3,483 occurred in the case of finished goods and services (previous year: TEUR -3,393), which is reported in the statement of comprehensive income. Differences to the corresponding balance sheet items arise from exchange rate-related value changes to inventories of foreign Group companies, the first time consolidation of the INDAT Group, and the management buyout of the two operations of altmayerBTD GmbH & Co. KG.

Impairment losses of TEUR 1,262 are included in inventories (previous year: TEUR 1,104). Information about collateral assignments is included in section 4.2 (17).

(10) Trade receivables

Trade receivables include receivables arising from applying the PoC method to construction contracts:

TEUR	31.12.2015	31.12.2014
Receivables from construction contracts	156,130	107,184
Proportionately recognized cost	-135,683	-103,412
Reported unappropriated retained earnings	20,447	3,772
Prepayments received for construction contracts	-105,755	-72,004
Current receivables from construction contracts	50,375	35,180

Revenues of TEUR 209,506 were recognized from long-term construction contracts during the period under review (previous year: TEUR 179,828).

The following table provides an overview of the trade receivables' term structure:

in TEUR	31.12.2015	31.12.2014
Trade receivables		
Neither overdue nor individually value-adjusted receivables	37,180	31,078
Individual value allowances	-1,085	-750
Collective value allowances	-420	-499
Overdue receivables that are not individually value-adjusted		
< 30 days	7,356	4,632
> 30 days	1,390	3,282
> 60 days	1,450	3,999
> 90 days	2,409	4,018
Total	12,605	15,931
Individually value-adjusted receivables	1,116	1,019
Carrying amount	49,396	46,779
Receivables from construction contracts	156,130	107,184
Prepayments received from construction contracts	-105,756	-72,004
Trade receivables	99,770	81,959

Information about receivables assignments is included in section 4.2 (17).

The increased receivables position arises mainly from the higher volume of construction contracts.

(11) Receivables due from related companies

The TEUR 86 item relates mainly to trade receivables due from Vecoplan FuelTrack GmbH i.L.

(12) Prepayments and accrued income, and other current assets

TEUR	31.12.2015	31.12.2014
Prepayments and accrued income	1,340	1,323
Receivables from purchase price payments	1,131	0
Claims due from the tax authorities	823	2,513
Receivables arising from compensation claims	538	2,765
Supplier accounts in debit	250	319
Receivables due from employees	213	209
Other receivables	560	777
Prepayments and accrued income, and other current assets	4,885	7,906

(13) Cash and cash equivalents

Cash and cash equivalents of TEUR 21,358 (previous year: TEUR 52,377) comprise cash positions, checks and bank deposits.

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4.2. Equity and liabilities

Equity

Changes to equity during the financial year are presented separately in the consolidated statement of changes in equity.

(14) Subscribed share capital

The company's fully paid in share capital amounts to EUR 26,794,415.00. It is divided into 26,794,415 no par value ordinary shares, each of which grants the same rights, especially the same voting rights. No differing classes of equity exist. The company is aware of no restrictions relating to voting rights or the transfer of shares. As a consequence, one share corresponds to the notional investment value of EUR 1.00. The shares are bearer shares.

The Management Board, with Supervisory Board ascent, determines the form of the share documents, and of the dividend coupons and renewal sheets. The same applies for bonds.

The company can aggregate individual shares within share documents that securitize multiple shares (multiple share certificate). Shareholders' entitlement to any securitization of their interests above and beyond this is excluded.

Pursuant to Section 5 (6) of the company's articles of incorporation in the version dated June 30, 2015, the Management Board is authorized, with Supervisory Board assent, to increase the company's share capital in the period until June 29, 2020, once or on several occasions, by a total of up to EUR 4,019,000.00 through issuing new voting-entitled ordinary bearer shares against cash capital contributions ("Approved Capital I"). The new shares are to be offered to shareholders for subscription, whereby indirect subscription rights in the meaning of Section 186 (5) Clause 1 of the German Stock Corporation Act (AktG) are satisfactory. The Management Board is nevertheless authorized, with Supervisory Board assent, to exclude fractional amounts from shareholders' subscription rights. The Management Board is also authorized, with Supervisory Board assent, to determine a commencement of dividend-entitlement that differs from the law, as well as further specifics of the implementation of capital increases from Approved Capital I. The Supervisory Board is authorized to adapt the wording of the articles of incorporation after the full or partial implementation of the increase of share capital from Approved Capital I, or after the expiry of the authorization period, in accordance with the scope of the capital increase from Approved Capital I.

Pursuant to Section 5 (7) of the articles of incorporation in the version dated June 30, 2015, the Management Board is authorized, with Supervisory Board assent, to increase the company's share capital once or on several occasions during the period until June 29, 2020, by up to a total of EUR 2,665,000.00 against cash or non-cash capital contributions through issuing new ordinary bearer shares (with voting rights) (Approved Capital II). Shareholders' statutory subscription rights can be satisfied by indirect subscription rights in the meaning of Section 186 (5) Clause 1 of the German Stock Corporation Act (AktG). The Management Board is additionally authorized, with Supervisory Board approval, to exclude statutory shareholder subscription rights in the following instances:

- for fractional amounts;
- if the capital increase occurs against cash capital contributions, and the total proportional amount of the

share capital attributable to the new shares for which subscription rights are excluded does not exceed either 10 % of the share capital existing as of June 30, 2015, nor 10 % of the share capital on the date of the registration of the authorization, nor 10 % of the share capital existing on the date when the company's new shares are issued, and the issue amount of the new shares is not significantly less in the meaning of Sections 203 (1) and (2), 186 (3) Clause 4 of the German Stock Corporation Act (AktG) than the stock market price of the already listed shares; in calculating the 10 % limit, the proportional amount of the share capital is to be deducted that is attributable to the new or repurchased shares that are issued or sold since June 30, 2015 under simplified exclusion of subscription rights pursuant, or corresponding, to Section 186 (3) Clause 4 of the German Stock Corporation Act (AktG), as well as the proportional amount of the share capital to which conversion or option rights or obligations arising from bonds relate, which have been issued since June 30, 2015 in analogous application of Section 186 (3) Clause 4 of the German Stock Corporation Act (AktG);

- in the case of capital increases against non-cash capital contributions, in order to grant shares as part of mergers with other companies or the acquisition of companies, parts of companies, or interests in companies, or other assets that can comprise capital contributions.

The Management Board is also authorized, with Supervisory Board assent, to determine a commencement of dividend-entitlement that differs from the law, as well as further specifics of the implementation of capital increases from Approved Capital II. The Supervisory Board is authorized to adapt the wording of the articles of incorporation after the full or partial implementation of the increase of share capital from Approved Capital I, or after the expiry of the authorization period, in accordance with the scope of the capital increase from Approved Capital II.

The company has not utilized these authorizations to date.

(15) Capital reserves and revenue reserve

The consolidated statement of changes in equity presents the composition and changes in the capital reserves and the revenue reserve.

Profits attributable to minority shareholders are deducted from the revenue reserve. Their share amounted to TEUR 363 in 2015 (previous year: TEUR 739). Along with income tax, this also reflects actuarial gains and losses on pension provisions. These amounted to TEUR 57 in 2015 (previous year: TEUR 150).

(16) Unappropriated retained earnings

Due to the provisions of the German Stock Corporation Act (AktG), the amount that is available for distributions of dividends to the shareholders is based on the unappropriated retained earnings and other revenue reserves as reported in the separate annual financial statements of M.A.X. Automation AG, which are prepared in accordance with the provisions of the German Commercial Code (HGB). The separate financial statements of M.A.X. Automation AG report unappropriated retained earnings of TEUR 14,087 on the basis of accounting pursuant to the German Commercial Code (HGB).

The Management and Supervisory boards propose the distribution of a dividend of 0.15 euro per share from the unappropriated retained earnings. This corresponds to a total dividend payout amount of TEUR 4,019. The dividend payout results generally in a deduction of 25% capital gains tax and 5.5% Solidarity

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Surcharge on the capital gains tax (the total deduction consequently amounts to 26.375%), as well as any church tax.

Capital management

The overall framework for optimal capital management is set by the strategic orientation of the M.A.X. Group. The focus is on long-term value growth in the interests of investors, employees and customers. This is to be taken into account through continuous earnings improvement as the result of growth and efficiency enhancement.

Management of the capital structure aims to always ensure maximum flexibility and scope for capital market activity. This enables optimal pricing when raising equity and debt financing.

Non-current liabilities

(17) Non-current financial liabilities

TEUR	31.12.2015	31.12.2014
Non-current loans less current portion	48,736	56,006
Remaining term 1–5 years	47,501	54,583
Remaining term > 5 years	1,235	1,423
Other non-current liabilities	3,619	2,798
Remaining term 1–5 years	2,442	1,387
Remaining term > 5 years	1,177	1,411
Total	52,355	58,804

The non-current loans relate to bank borrowings and include the parent company syndicated loan in an amount of TEUR 42,223 (previous year: TEUR 48,200).

Other non-current liabilities include liabilities to related companies in an amount of TEUR 0 (previous year: TEUR 22), and lease liabilities (see following table Finance leases).

Finance leases

Finance leases for a property, and for various items of operating and office equipment, as well as a technical plant, have been concluded within the M.A.X. Group. The basic rental period for the property amounts to 15 years, and the basic rental period for the technical equipment amounts to 5 years. The lease contracts for the items of operating an office equipment have a basic rental period of between 3 and 5 years.

After the end of the basic rental period, the property carries both an option for a further rental period, as well as a purchase option. Both the lessee and the lessor can unilaterally exercise the purchase option. Only an extension option exists in relation to the technical equipment. The lease contracts connected with the operating and office equipment relate to a hire purchase contract, as well as to two further leases that include contractual clauses concerning the automatic transfer of legal ownership at the end of the basic rental period. The payment of all lease installments incurred during the basic rental period represents a precondition for the transfer of ownership.

The lease contracts do not include any types of restrictions on business activities relating to dividends, additional liabilities or further leases.

The historical acquisition costs for the lease assets amounted to TEUR 4,661 (previous year: TEUR 3,970). The net carrying amount stands at TEUR 3,927 on the reporting date (previous year: TEUR 3,366). Depreciation of TEUR 376 was applied in the year under review (previous year: TEUR 99).

TEUR	up to 1 year	1 to 5 years	longer than 5 years	Total
Minimum lease payments	710	1,906	1,248	3,864
Future financial expenses	149	392	122	663
Present values	561	1,514	1,126	3,201

Non-current loans less current portion

Land charges for liabilities of TEUR 18,758 (previous year: TEUR 8,566), collateral assignment of property, plant and equipment, and of stocks, as well as the assignment of receivables for liabilities in an amount of TEUR 2,599 (previous year: TEUR 34,905) mainly serve as collateral for the non-current liabilities, as well as for the current liabilities reported in section 4.2 (20).

The syndicated loan of M.A.X. Automation AG that was newly implemented in the 2015 financial year includes the financial covenants relating to the consolidated financial statements prepared according to IFRS. These relate to both balance sheet and earnings figures. Section 11.2 of the Group management report provides further related information. In 2015, the M.A.X. Group complied with all covenants agreed with its lending banks.

The companies included in the syndicated loan are jointly and severally liable for the obligations arising from this agreement. Utilization is deemed unlikely as the debtors' creditworthiness is secured through their membership of the M.A.X. Group. The level of the interest rate on the syndicated loan depends in part on key balance sheet figures in the consolidated financial statements. Interest is based on Euribor plus a margin derived from the key figures.

The Group's loans carry interest at both fixed and variable rates. Depending on the term of the agreements, interest rates (including finance leases) ranged between 1.24% and 5.70 % in 2015.

(18) Pension provisions

The pension provisions that are recognized on the balance sheet arise from commitments made by a subsidiary to its employees. The defined benefit obligations within the M.A.X. Group are not financed through funds.

The following key assumptions were included in the actuarial calculations:

	31.12.2015	31.12.2014
Interest rate	2.29 %	2.2 % and 3.5 %
Salary trend	0 %	0.0 % and 1.5 %
Pension trend	2.0 %	2.0 %
Notional staff turnover rate	none	none
Notional pensionable age	65 years	65/66 years

Cost trends in the medical care area have not been taken into consideration in the actuarial assumptions.

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The projected pension benefit obligations report the following changes:

TEUR	31.12.2015	31.12.2014
Balance as of January 1	988	814
Service cost	16	32
Interest cost	23	27
Actuarial gains and losses	81	212
Pensions paid	-26	-26
Offsetting with reinsurance	0	-71
Pension provision	1,082	988

The projected pension benefit obligation of the plan assets (asset value) reports the following changes:

TEUR	31.12.2015	31.12.2014
Balance as of January 1	226	156
Addition	-226	70
Plan assets December 31	0	226

When Mr. Bernd Priske stepped down from his position as Management Board Spokesman in early 2015, the pension provision and the reinsurance cover were wound down.

Actuarial gains and losses were recognized directly in equity.

The pension obligations report the following changes over the last five years:

TEUR	2015	2014	2013	2012	2011
Pension obligation as recognized on the balance sheet	1,082	988	814	715	646
Plan assets offset	0	226	156	140	124

No significant adjustments to the pension obligations are expected on the basis of experience.

Besides pension payments (TEUR 56), pension costs (interest and current service costs) of prospectively TEUR 25 will be incurred in 2016.

Due to the minor significance for the financial position and performance of the M.A.X. Group, the company has refrained from conducting a sensitivity analysis of the pension obligations.

Current borrowings

(19) Trade payables

To the extent that they do not relate to construction contracts, prepayments received of TEUR 22,783 (previous year: TEUR 18,252) are reported under trade payables. Moreover, trade payables include liabilities arising from construction contracts of TEUR 9,217 (previous year: TEUR 8,191), TEUR 1,487 of obligations to subcontractors (previous year: TEUR 1,419), and TEUR 3,763 (previous year: TEUR 4,079) of liabilities arising from deliveries that have not yet been invoice, and assembly services that are still outstanding.

(20) Current loans and current portion of non-current loans

Short-term bank borrowings of TEUR 12,338 (previous year: TEUR 44,309) were drawn down, for which interest is charged on standard market terms. This includes TEUR 10,000 utilized by the US Group companies from an allocation line of the syndicated loan from Commerzbank in New York. A review is currently being conducted as to whether this line will be utilized to this level in the long term.

The level and composition of collateral is presented in section 4.2 (17).

(21) Liabilities to related companies

Liabilities to related companies consisted in the previous year of TEUR 74 of trade payables due to Vecoplan FuelTrack GmbH i.L.

(22) Liabilities arising from minority shareholder settlement claims

This item includes TEUR 618 (previous year: TEUR 2.029) minority interests' share of the fully consolidated companies' equity. The year-on-year change arises mainly from the Vecoplan LLC by Vecoplan Holding Corporation with an agreement dated January 2, 2015.

(23) Other current financial liabilities

TEUR	31.12.2015	31.12.2014
Wages and salaries	6,003	4,481
Liabilities arising from monies held in trust	4,621	772
Vacation wages/salaries and overtime	3,386	3,070
Acquisition price obligation for INDAT Robotics GmbH	2,560	0
Lease liabilities	1,019	379
Liabilities from acceptance of drawn bills	1,000	0
As part of social security	547	525
Debtor accounts in credit	485	273
Negative market values of derivative financial instruments	102	138
Miscellaneous current liabilities	1,710	1,212
Other current financial liabilities	21,433	10,850

Wages and salaries include TEUR 5,320 of bonuses (previous year: TEUR 4,039).

(24) Income tax provisions and liabilities

Taxes and levies which have arisen economically as of the balance sheet date but whose level has not yet been determined are covered by tax provisions. In Germany, the M.A.X. Group is generally subject to two types of taxes on its income: trade tax and corporation tax.

As far as corporation tax is concerned, the standard tax rate of 15% applies, to which a 5.5% Solidarity Surcharge is added. Trade tax amounts to an average of around 14%. As a consequence, an average tax rate arises in Germany of 29.83%. The M.A.X. Group abroad mainly generates taxable earnings in the USA. The tax rate is 36.46 %.

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Tax provisions report the following changes:

TEUR	31.12.2014	Changes to the consolidation scope	Consumption	Release	Additions	31.12.2015
Corporation tax with Solidarity Surcharge	3,864	42	466	3	1,473	4,910
Trade tax	1,415	46	39	36	806	2,192
Other taxes	270	0	66	0	133	337
Total provisions	5,549	88	571	39	2,412	7,439
Tax liabilities	87	0	87	0	29	29
Income tax provisions and liabilities	5,636	88	658	39	2,441	7,468

The changes arising from currency translation are not reported separately due to their being immaterial, and are included among additions to provisions.

(25) Other provisions

Other provisions comprise the following main items:

TEUR	31.12.2014	Changes to the consolidation scope	Consumption	Release	Reclassification	Additions	31.12.2015
Non-current warranty provisions	2,123	0	342	205	-446	238	1,368
Non-current personnel cost provisions	63	0	0	2	0	0	61
Non-current miscellaneous other provisions	10	0	0	0	0	0	10
Other non-current provisions, total	2,196	0	342	207	-446	238	1,439
Warranty provisions	2,303	145	630	1,458	446	2,379	3,185
Personnel costs provisions	319	39	166	140	0	760	812
Miscellaneous other provisions	3,785	55	2,397	833	0	2,322	2,932
Other current provisions, total	6,407	239	3,193	2,431	446	5,461	6,929

Miscellaneous other provisions include all of the Group's obligations and risks for which an outflow of funds is probable, and which can be estimated reliably. Among other items, these include TEUR 857 of obligations for auditing and consulting costs (previous year: TEUR 739), TEUR 528 for subsequent invoices (previous year: TEUR 266), TEUR 269 for litigation costs/loss compensation (previous year: TEUR 475), TEUR 215 for commissions (previous year: TEUR 45), and TEUR 1,063 for other items (previous year: TEUR 2,260).

The changes arising from currency translation are not reported separately due to their being immaterial, and are included among additions to provisions.

(26) Other current liabilities

This item, amounting to TEUR 1,602 (previous year: TEUR 2,891), chiefly comprises TEUR 1,342 of wage and church taxes (previous year: TEUR 1,359), and TEUR 260 of value added tax (previous year: TEUR 1,532).

5. Notes to the statement of comprehensive income

(27) Revenue

in TEUR	2015	2014
Germany	147,024	131,791
European Union	81,343	101,221
North America	96,077	58,137
China	31,188	23,217
Rest of the World	28,184	37,071
Total	383,816	351,437

The M.A.X. Group generally generates revenue from the sale of goods. The effects of accounting for construction contracts are presented in section 4.1 (10).

(28) Other operating revenue

TEUR	2015	2014
Income from currency effects	7,042	2,144
Income from release of provisions	2,638	1,181
Income from derecognition of liabilities	968	900
Income from elimination of valuation adjustments	333	200
Income from loss compensation	326	391
Income from derecognition of earnout	213	0
Income from deconsolidations	0	3,391
Income from Lucky Buy	0	613
Other	2,402	1,911
Total	13,922	10,731

The Other item mainly comprises non-cash benefits of TEUR 682 (previous year: TEUR 636), bonuses of TEUR 298 that have not yet been disbursed (previous year: TEUR 504), and TEUR 348 from the disposal of property, plant and equipment (previous year: TEUR 198). In the previous year, income from deconsolidations included income TEUR 3,374 from the disposal of Euroroll Dipl.-Ing. K.-H. Beckmann GmbH & Co. KG, and TEUR 17 from the disposal of Vecoplan Integrated Solutions LLC.

(29) Cost of materials

TEUR	2015	2014
Expenses for purchased goods	149,514	133,010
Expenses for purchased services	47,887	50,971
Total	197,401	183,981

(30) Personnel expenses

TEUR	2015	2014
Wages and salaries	93,340	86,943
Social security contributions	16,871	16,014
– of which expenses for pensions and benefits	619	541
Total	110,211	102,957

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Benefits in relation to the termination of employment relationships incurred TEUR 924 of expenses in the year under review (previous year: TEUR 1,003).

Employees

Average number of employees excluding trainees	2015	2014
Wage earners	545	605
Salary earners	1,016	932
Total	1,561	1,537

(31) Depreciation, amortization and impairment losses

TEUR	2015	2014
For intangible assets	6,730	5,082
For goodwill	406	0
For buildings, leasehold improvements and external facilities	1,315	1,349
For property, plant and equipment	3,900	3,560
– PPA-related amortization included in the items above	4,849	3,944
Total	12,351	9,991

Depreciation and impairment charges applied to property, plant and equipment include TEUR 451 of impairment losses applied to the property, plant and equipment of the divested operations of altmayerBTD GmbH & Co. KG.

(32) Other operating expenses

TEUR	2015	2014
Travel expenses	6,684	6,170
Expense from currency effects	6,094	741
Expense for outgoing freight	4,564	5,827
Legal and advisory costs	4,073	3,247
Vehicle expenses	3,991	3,903
Rent/lease expenses	3,590	3,446
Maintenance costs	3,177	3,504
Sales commissions	2,734	2,641
Warranty expenses	2,520	801
Expense for postage, telephone and IT	1,991	1,876
Expense for electricity, gas and water	1,930	2,073
Personnel expense (including training and further development)	1,699	1,371
Expense for insurance	1,505	1,440
Trade fair costs	1,395	1,445
Advertising costs	1,167	930
Miscellaneous other operating expenses	9,633	8,796
Total	56,747	48,211

Travel expenses of TEUR 6,684 (previous year: TEUR 6,170) were incurred mainly for employees engaged in assembly, as well as for sale staff.

The increase in expenses arising from currency effects to TEUR 6,094 (previous year: TEUR 741) arises predominantly from the higher level of sales revenue in North America accompanied by a worsening of the euro to US dollar exchange rate.

Personnel expenses of TEUR 1,669 (previous year: TEUR 1,371) include chiefly expenses for training and further development of staff, as well as expenses for staff recruitment, and for voluntary social benefits.

(33) Net interest result

TEUR	2015	2014
Interest income	166	158
– of which with affiliated companies	0	0
Interest expenses	–3,815	–3,960
– of which with affiliated companies	0	1
Net interest result	–3,649	–3,802

The net interest result includes expenses of TEUR 266 (previous year: TEUR 59) arising from reversing discounts applied to non-current provisions, and TEUR 4 (previous year: TEUR 11) of income arising from the discounting of non-current provisions.

The net interest result presented above arises exclusively from financial assets and financial liabilities that were not measured at fair value through profit or loss.

Net gains or losses

The following table presents the net gains or net losses on financial instruments as recognized in the statement of comprehensive income:

TEUR	2015	2014
Financial assets and financial liabilities measured at fair value through profit or loss	4	–275
Loans and receivables	103	1,206

Net gains or net losses on financial instruments were not recognized directly in equity.

Along with results from market changes, the net gains and losses on financial assets and financial liabilities measured at fair value through profit or loss also include current expenses and income for these financial instruments.

Along with current income/expenses, the net gains and net losses deriving from loans and receivables include both reversals to impairment losses and impairment losses deriving from trade receivables and trade payables.

(34) Income tax

Earnings before income taxes amount to TEUR 16,265 (previous year: TEUR 14,183).

TEUR	2015	2014
Current taxes on income	–4,789	–4,930
Taxes on income relating to other periods	–633	272
Deferred tax	–255	496
– of which loss carryforwards	7	169
Total	–5,677	–4,162

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Current and deferred taxes are measured applying the respective country-specific income tax rates.

The main accounting entries for deferred taxes are explained in section 4.1 (7).

The expected notional income tax expense is derived by multiplying the pretax earnings for the year by the Group income tax rate. This is derived from the tax rates of the companies that are included in the financial statements. The tax rate has risen compared with the previous year as income generated in countries with higher tax rates has grown, and due to the fact that previous year's tax arrears are included, especially relating to tax audits.

The reconciliation between the notional income tax expense and the income tax reported in the statement of comprehensive income is presented in the following table:

TEUR	2015	2014
Earnings for the year before income taxes	16,265	14,183
Group income tax rate	31.17 %	32.10 %
Notional income tax expense in the financial year under review	5,071	4,552
Differences deriving from tax rate	95	155
Differing tax burdens (country-specific particularities)	97	68
Correction relating to a value adjustment to deferred tax assets relating to loss carryforwards	-141	168
Non-tax-deductible expenses	294	74
Income taxes relating to other periods/adjustment to previous years' deferred taxes	172	-246
Taxes borne by minority shareholders	-138	-307
Tax-neutral income (Lucky Buy)	0	-185
Current-year tax calculation differences	98	-71
Other	129	-46
Taxes on income	5,677	4,162
Effective tax rate	34.90 %	29.34 %

(35) Earnings per share (EPS)

Earnings per share amount to EUR 0.40. Further information on earnings per share, please see section 6.4 below.

6. Other disclosures relating to the consolidated financial statements

6.1. Consolidated statement of cash flows

The consolidated statement of cash flows is presented applying the indirect method.

6.2. Research and development

Section 1.3 in the notes to the consolidated financial statements includes information about M.A.X. Group research and development activities.

Developments occur mainly as part of customer orders. Development costs totaling TEUR 5,087 were incurred in 2015 (previous year: TEUR 5,070). Of this amount, TEUR 1,683 was capitalized (previous year: TEUR 3,552). This corresponds to a 33 % capitalization rate (previous year: 70 %). Amortization and impairment losses of TEUR 1,120 were applied to development costs (previous year: TEUR 524).

Of the capitalized development costs, TEUR 1,525 (previous year: TEUR 3,121) is attributable to the Industrial Automation segment, and TEUR 158 (previous year: TEUR 431) to the Environmental Technology segment.

6.3. Risk management

General information about financial risks

The Group is exposed to various risks deriving from financial instruments.

- Credit risk
- Liquidity risk
- Market price risk

Credit risks arise mainly from trade receivables. Guaging risks deriving from the project business definitely comprises a particularity in this context.

Liquidity risks may arise from an inability to satisfy payment obligations in due time. As a rule, such risks are normally associated with negative developments in the operating business.

Market price risks derived from changes to currency exchange rates and interest rates. Currency risks exist on the sales side chiefly in the case of invoicing on a US dollar basis.

The risks that are presented can negatively affect the Group's financial position and performance.

The Group monitors the deployment of financial instruments as part of its risk management. This entails functional separation between the companies' operative processing of the transactions, and the financial controlling function that is directed by the parent company. The Group's guidelines are oriented to identify potential risks at an early stage, thereby allowing countermeasures to be launched. These guidelines are constantly adapted to market requirements.

The focal aspect of risk management is steered via the operating business and financing activities. Derivative financial instruments are deployed only to reduce or avoid risks arising from the operating business. Section 6.3.3, which covers market price risks, provides additional information about the derivative financial instruments.

Risk categories

6.3.1. Credit risk

Credit risk describes the risk of financial loss if a counterparty fails to fulfill its contractual obligations or payment obligations. Such risk mainly comprises default risk, and the risk of a deterioration in credit standing.

Trade receivables arise from the worldwide sales activities of the individual companies' operating businesses. No debtor exists that accounts for more than 10% of the Group's receivables position. The Group manages credit risk on the basis of internal financial controlling.

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Deriving from the differing credit ratings of the customers, the following credit insurance is taken out, as a rule:

- Export insurance
- Letters of credit
- Prepayments
- Guarantees and letters of comfort
- Internal credit lines
- Collateral assignments

The Group's default risks are limited to normal business risk that is reflected through the formation of valuation adjustments. Counterparty risk on derivative financial instruments is taken into account by concluding derivative transactions exclusively with renowned banks.

The maximum default risk (credit risk) comprises the complete default of the positive carrying amounts of the financial instruments. From today's perspective, the default risk on the financial instruments whose values have not been adjusted is generally appraised as low, as default probability is kept low as a result of tight risk management.

6.3.2. Liquidity risk

Operative liquidity management entails aggregating the companies' short- and medium-term cash flows at Group level. Along with the maturities of financial assets and liabilities, these cash flows also comprise the expectations for the Group companies' operating cash flows.

The following cash flows from interest and redemption payments arise for the Group's liabilities as of December 31, 2015:

TEUR	Carrying amount 31.12.2015	Cash flow up to 1 year	Cash flow 1 to 5 years	Cash flow longer than 5 years
Non-derivative financial liabilities				
Financing liabilities	61,074	13,253	8,696	44,576
Trade payables (excluding prepayments received)	55,336	55,336	0	0
Other interest-bearing and non-interest-bearing liabilities	25,654	22,385	2,675	1,248
Cash inflows from derivative financial instruments				
– Currency derivatives	–89	1,431	0	0
– Interest rate derivatives	–13	0	0	0
Cash inflows from derivative financial instruments				
– Currency derivatives	–89	1,338	0	0
– Interest rate derivatives	–13	0	0	0

The overview includes the following contents:

- Undiscounted outgoing repayment and interest rate obligations deriving from financing liabilities
- Undiscounted outgoing payments deriving from trade payables
- Undiscounted outgoing payments for other interest-bearing and non-interest-bearing financial liabilities
- Undiscounted cash outflows and cash inflows (not offset for the respective year) for derivative financial instruments

The following assumptions are imputed for the and discounted outgoing payments:

- If payment is possible on different dates, the earliest date is imputed as the due date.
- Derivative financial instruments include derivatives with both negative and positive fair values.
- The interest payments from financial instruments with variable interest rates are extrapolated based on estimated interest rates that are calculated on the basis of interest rates as of the date of the preparation of the financial statements.

Future cash outflows are basically covered by operating inflows. Demand financing peaks in terms of timing and amount are sufficiently covered by the liquidity that the company holds available, as well as by the interplay of short-term and long-term credit lines.

6.3.3. Market price risk

Due to its international orientation, the Group is exposed to market price risks in the form of currency exchange rate risks and interest rate risks. Such risks can negatively affect the Group's financial position and performance. Constant monitoring of key economic factors and relevant market information is applied in order to assess and appraise such risks.

The Group deploys hedges targeted against currency and interest rate risks.

The Group has established a centrally oriented risk management system for systematic risk recording and measurement. Continuous reporting occurs to the Management Board.

Currency risks

The Group's international orientation means that both its operating business and its reported financing and cash flows are exposed to risks emanating from fluctuations in foreign currency exchange rates. The Group's exchange rate risk is sales-driven, and consists mainly of the exchange rate between the US dollar and the euro. In particular, transaction risk, which consists of the fact that revenues are denominated in foreign currencies and the related costs are incurred euros, can exert a considerably negative effect on the Group's earnings and liquidity.

Exchange rate fluctuations are partly hedged through deploying corresponding currency exchange rate hedging instruments.

Forward currency transactions and currency option transactions are entered into to hedge currency transactions. The company does not enter into pure trading transactions without corresponding underlying transactions.

Forward currency sales can generate market price risks in the form of an obligation to sell currencies at a rate below the standard cash market rate on the settlement date. The market price risk in the case of options is limited to the option premium.

The terms and level of currency hedges correspond to the hedged underlying transactions. As of the reporting date, the Group holds in its positions hedging instruments for a remaining term of up to twelve months in order to be able to hedge the future transactions.

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Financial instruments for currency hedging

	Nominal volume in TUSD		Fair value TEUR	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
Forward currency transactions (sale)	1,313	1,500	-66	-95
Currency options (USD puts)	500	4,500	0	0

	Nominal volume in TCHF		Fair value TEUR	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
Forward currency transactions (sale)	249	1,619	-23	-10

Pursuant to IFRS 7, the company prepares sensitivity analyses relating to market price risks that allow the effects on earnings and equity of hypothetical changes to relevant risk variables to be calculated.

The periodic effects are measured by relating the hypothetical changes in the risk variables to the financial instruments position as of the reporting date. This entails imputing that the position on the reporting date is representative for the full year.

The currency sensitivity analyses are based on the following assumptions:

- Non-derivative financial instruments that are denominated in a foreign currency are subject to a currency risk, and are consequently included in the sensitivity analysis.
- Currency rate related changes to the market values of currency derivatives that are neither included in a hedge pursuant to IAS 39 nor included in a natural hedge affect the currency result, and are consequently included in the sensitivity analysis.

If the euro were to have appreciated by 10% against the US dollar on the balance sheet date, consolidated equity would have been TEUR 700 lower due to direct changes (previous year: TEUR 257 lower). If the euro were to have depreciated by 10% against the US dollar on the balance sheet date, consolidated equity would have been TEUR 855 higher due to direct changes (previous year: TEUR 315 higher).

If the euro were to have appreciated by 10% against the US dollar on the balance sheet date, consolidated net income would have been TEUR 145 lower (previous year: TEUR 377 lower). If the euro were to have depreciated by 10% against the US dollar on the balance sheet date, consolidated net income would have been TEUR 178 higher (previous year: TEUR 461 higher).

The risks deriving from the GBP, CNY, CHF and PLN have been subjected to a sensitivity analysis. These generate no significant effects, however.

Interest rate risks

Assets and liabilities that are sensitive to interest rates are held to a normal extent within the Group.

The operating business is financed on a matched term basis as a result of the syndicated loan that was arranged in 2015. Variable interest refinancing possibilities are nevertheless utilized to a minor extent, however, in order to maintain flexibility on the market. Derivative financial instruments such as interest rate swaps and caps are deployed to limit the resultant risks.

An interest rate cap transaction exists where the variable interest rate to be paid is limited to 4.35%. The term of the transaction is June 7, 2024. An interest rate cap transaction also exists where the variable interest rate to be paid is limited to 4.15%. The term of the transaction is Monday, December 31, 2018. An interest rate swap also exists which has a term until June 30, 2017.

TEUR	Nominal volume		Fair value	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
Interest-rate cap	240	714	2	5
Interest-rate swap	705	1,175	-13	-31

Pursuant IFRS 7, interest rate risks are presented by way of sensitivity analyses. These present the effects of changes to market interest rates on interest income and interest expenses, other earnings components, as well as equity, where relevant. The interest rate sensitivity analyses are based on the following assumptions:

- Market interest rate changes to non-derivative fixed interest financial instruments only affect earnings if they are measured at fair value. Accordingly, all fixed interest financial instruments measured at amortized cost are subject to no interest rate risks in the meaning of IFRS 7.
- Market interest rate changes affect the result from non-derivative variable interest financial instruments whose interest payments are not designated as underlying transactions as part of cash flow hedges against interest rate changes, and are consequently taken into account in the sensitivity calculations.
- Market interest rate changes to interest rate derivatives that are not included in the hedge pursuant to IAS 39 affect the net interest result, and are consequently included in the sensitivity calculations.

If the market interest rate level had been 100 basis points higher in the year under review, consolidated net income would have been TEUR 728 lower (previous year: TEUR 529 lower).

If the market interest rate level had been 100 basis points lower in the year under review, consolidated net income would have been TEUR 728 higher (previous year: TEUR 915 higher).

If the market interest rate level had been 100 basis points higher in the year under review, consolidated net income would have been TEUR 728 lower (previous year: TEUR 529 lower).

If the market interest rate level had been 100 basis points lower in the year under review, consolidated net income would have been TEUR 728 higher (previous year: TEUR 915 higher).

Other price risks

As part of presenting market risks, IFRS 7 also requires information about how hypothetical changes to other price risk variables affect the prices of financial instruments. Risk variables particularly include stock market prices and indices in this context.

NOTES TO THE 2015 CONSOLIDATED FINANCIAL STATEMENTS

of M.A.X. Automation AG

The company had no holdings of such financial instruments either in the year under review, or in the previous year.

6.4. Earnings per share

The calculation of earnings per share is based on the following data:

TEUR	2015	2014
Basis for earnings per share (earnings for the year)	10,588	10,021
in thousands of shares	2015	2014
Number of shares as of December 31	26,794	26,794
Weighted average number of ordinary shares for earnings per share	26,794	26,794

No dilution of shares pursuant to IAS 33 occurred during the 2014 and 2015 financial years.

Earnings per share report the following changes:

EUR	2015	2014	2013	2012	2011
Earnings per share	0.40	0.37	0.38	0.31	0.45

6.5. Segment reporting

Segment reporting is included as an annex to these notes.

Segment classification into the areas of Industrial Automation and Environmental Technology corresponds to the current internal reporting status. Allocation to the respective segments is based on each case on the products and services that are offered.

In its Industrial Automation segment, the M.A.X. Group operates with ELWEMA Automotive GmbH, MA micro automation GmbH, Rohwedder Macro GmbH, AIM Micro Systems GmbH, the NSM Magnettechnik Group, the bdtronic Group, the IWM Automation Group, and Mess- und Regeltechnik Jücker GmbH.

In its Environmental Technology segment, the M.A.X. Group operates with its companies comprising the Vecoplan Group and altmayerBTD GmbH & Co. KG.

Section 2.10 the Group management report provides further information about the individual companies' operating activities.

Pursuant to IFRS 8, key segment data are published which are also reported regularly to the Group Management Board, and which are of central importance for the management of the company. A particular focus is placed in this context on revenue and EBIT as key performance indicators. Working capital is also regularly subjected to more precise analysis. Internal reporting is in line with external financial accounting applying IFRS.

This segment report presents the main income and expense items, as well as relevant earnings metrics. Segment assets are also analyzed, with the location of the company's headquarters being the determinant factor.

Average headcount, investment, new order intake and order book positions also form part of the segment report as further steering metrics.

Intragroup transactions are generally conducted on terms that are standard among third parties.

Revenue is segmented by sales markets. By way of divergence from the provisions of IFRS 8.33 (a), the company does not show revenues in the North American market separately by countries, as this market is monitored as a unity in terms of its economic trends.

Of the sales revenues, TEUR 307,167 were attributable to projects, while TEUR 76,649 were attributable to business with service and spare parts.

No customer generated more than 10% of consolidated revenue in 2015.

6.6. Events after the reporting period

On February 2, 2016, M.A.X. Automation AG informed that it had expanded the Management Board to include Mr. Daniel Fink with effect as of April 1, 2016. Mr. Fink assumes the role of Chief Executive Officer, and manages the business together with Chief Financial Officer Mr. Fabian Spilker.

In early February 2016, M.A.X. Automation learned of the insolvency application by Europe's largest pellet manufacturer, a M.A.X. Group customer in its Environmental Technology segment. A contract for work exists with one of this customer's subsidiaries in the USA. This subsidiary had also filed for insolvency under US law. Receivables of EUR 6.9 million exist arising from the contract for works, where the products have not yet been delivered. These receivables are offset by EUR 4.9 million of prepayments received, as well as collateral in the form of a land charge. According to information provided by our lawyers, it is highly unlikely that we will be required to return the prepayments that we received. Due to the present status of the insolvency proceedings, it is currently impossible to gage the extent to which the related collateral has retained its value. If the contract for works is not continued, the M.A.X. Group is contractually entitled to claim for compensation. Based on our knowledge at the current time, we assume that this process will have no significant negative effects on the Group.

6.7. Other financial obligations

Other financial obligations amount to a total of TEUR 18,758 as of the reporting date (previous year: TEUR 16,173).

This relates mainly to TEUR 6,381 of obligations arising from rental and lease contracts (previous year: TEUR 4,659), and from leases in an amount of TEUR 11,396 (previous year: TEUR 10,671).

NOTES TO THE 2015 CONSOLIDATED FINANCIAL STATEMENTS

of M.A.X. Automation AG

Operating leases

Operating leases exist within the M.A.X. Group. The leased assets mainly comprise real estate, cars, IT systems and office fittings and furniture. The lease durations amount to between 2 and 28 years. No extension and/or purchase options exist.

A tenant loan is also granted along with the lease payments. Interest is applied to the tenant loan so that as the tenant loan increases, the lease installments fall. The tenant loan is secured through land charges on the corresponding real estate, and through guarantees provided by external parties.

The financial obligations arising from these agreements amount to:

TEUR	up to 1 year	1 to 5 years	longer than 5 years	Total (previous year)
Obligations from rental and lease agreements	1,857 (1,411)	4,243 (2,966)	281 (282)	6,381 (4,659)
Lease obligations	2,411 (2,234)	4,154 (4,145)	4,831 (4,292)	11,396 (10,671)
Obligations from other agreements	461 (782)	447 (61)	73 (0)	981 (843)

6.8. Related party transactions

Individuals and companies (including affiliated companies) which can be influenced by the company, or which can influence the company, are regarded as related parties in the meaning of IAS 24. The M.A.X. Group companies render and procure various services for, or from, related companies as part of their normal operating activities.

Such supply and service relationships are conducted on standard market terms. Services are rendered on the basis of existing contracts.

Related companies

Liabilities of TEUR 0 (previous year: TEUR 22) due to non-consolidated management companies and shell companies are reported under non-current financial liabilities.

Revenue of TEUR 1,049, other operating income of TEUR 29 and interest income of TEUR 10 were generated with related companies. No business transactions occurred with related companies in the current year due to the liquidation of Vecoplan Fueltrack GmbH.

A non-pecuniary consulting agreement with Günther Holding GmbH was concluded with effect as of September 1, 2014.

Related individuals

Business transactions with related natural persons amounts to a total of TEUR 20 (previous year: TEUR 202).

In the previous year, TEUR 202 of these related to consultancy services (management consulting), and to travel expenses for Supervisory Board members extending above and beyond basic compensation of TEUR 48.

The regulations concerning Supervisory Board compensation were reformulated at the company's Ordinary AGM on June 30, 2015. From the 2015 financial year, the Supervisory Board receives only fixed compensation. Only travel costs were incurred for 2015 as a consequence. Section 6.10 explains relationships with the Management and Supervisory boards.

6.9. Auditor

Auditors' fees of TEUR 396 were incurred in the year under review (previous year: TEUR 377).

TEUR	2015	2014
1. Auditing services for financial statements	289	262
a) Services for the current year	249	203
b) Services for the previous year	40	59
2. Other certification services	37	79
3. Tax advisory services	25	6
4. Other services	45	30
Total	396	377

Other certification services comprise activities connected with corporate acquisitions (e.g. due diligence), and the review of the half-year report.

6.10. Management and Supervisory boards

Management Board members

**Bernd Priske, Willich (Management Board member until March 27, 2015) Dipl.-Betriebswirt
Management Board Spokesman (Chief Executive Officer)**

Member of the following controlling bodies:

- Deputy Supervisory Board Chairman of Vecoplan AG, Bad Marienberg (until January 31, 2015)

**Fabian Spilker, Düsseldorf, Dipl.-Kaufmann
Management Board member**

Member of the following controlling bodies:

- Supervisory Board member of Vecoplan AG, Bad Marienberg (until February 2, 2015)

Total Management Board compensation

Expenses for Management Board remuneration totaled TEUR 524 (previous year: TEUR 856).

NOTES TO THE 2015 CONSOLIDATED FINANCIAL STATEMENTS

of M.A.X. Automation AG

The following amounts were granted to the Management Board of M.A.X. Automation AG in the 2015 financial year:

TEUR	Bernd Priske Management Board Spokesman stepped down from office as of March 27, 2015			
	2014	2015	2015 (min)	2015 (max)
Fixed compensation	220	55	55	55
Ancillary benefits	29	7	7	7
Total	249	62	62	62
One-year variable compensation	251	69	69	69
Multi-year variable compensation	0	0	n.a.	n.a.
Total	500	131	131	131
Pension expense	20	0	0	0
Total compensation	520	131	131	131

TEUR	Fabian Spilker Management Board member Sole Management Board member from March 28, 2015			
	2014	2015	2015 (min)	2015 (max)
Fixed compensation	170	170	170	170
Ancillary benefits	16	24	24	24
Total	186	194	194	194
One-year variable compensation	150	199	0	230
Multi-year variable compensation				
Tranche 2014-2016	0	0	0	300
Total	336	393	194	724
Pension expense	0	0	0	0
Total compensation	336	393	194	918

Other Management Board compensation includes incidental benefits in the form of benefits in kind, primarily company car use. Company car use is taxable as a compensation component for the individual Management Board member. Compensation arising from directors and officers' insurance for the Management Board is not measurable as this relates to group insurance comprising a number of staff members.

Further information is presented in section 10.2 of the Group management report: Remuneration of the Management Board.

Supervisory Board members

Gerhard Lerch, Hannover
Dipl.-Betriebswirt,
consultant Supervisory Board
Chairman

Member of the following controlling bodies:

- Supervisory Board Chairman of Vecoplan AG, Bad Marienberg

Dr. Jens Kruse, Hamburg
General Manager of M.M. Warburg & CO (AG & Co.), Hamburg,
Deputy Supervisory
Board Chairman

Member of the following controlling bodies:

- Deputy Supervisory Board Chairman of MeVis Medical Solutions AG, Bremen
- Supervisory Board member of Biesterfeld AG, Hamburg

Oliver Jaster, Hamburg
Managing Director of Günther Holding GmbH, Hamburg
Supervisory Board member

Member of the following controlling bodies:

- Supervisory Board Chairman of ALPHA Business Solutions AG, Kaiserslautern
(Supervisory Board Chairman until May 13, 2015)
- Supervisory Board member of ZEAL Network SE, London

Total Supervisory Board compensation

Supervisory Board compensation for 2015 amounted to TEUR 244 (TEUR 48), and to TEUR 0 (TEUR 182) for consultancy services.

TEUR	Basic compensation	Consultancy services	Total
Gerhard Lerch	144 (15)	0 (140)	144 (155)
Dr. Jens Kruse	60 (4)	0 (4)	60 (8)
Oliver Jaster	40 (12)	0 (0)	40 (12)
Hans W. Bönninghausen	0 (17)	0 (38)	0 (55)

Mr. Bönninghausen stepped down from the Supervisory Board in September 2014.

Dr. Kruse was granted an advance of TEUR 30 at 1.4 % p.a. interest.

The list above includes fixed compensation for the Supervisory Board mandates of Vecoplan AG for Mr. Lerch in an amount of TEUR 24.

Section 10.1 (compensation report) of the Group management report provides further related information.

NOTES TO THE 2015 CONSOLIDATED FINANCIAL STATEMENTS

of M.A.X. Automation AG

7. Reportable interests pursuant to Section 160 (1) No. 8 of the German Stock Corporation Act (AktG)

On July 3, 2013, Stüber & Co. Kommanditgesellschaft, Balzers, Liechtenstein, notified us pursuant to Section 21 (1) WpHG that its percentage of voting rights in our company exceeded the threshold of 5% on June 13, 2013, and amounts to 5.001 % (1,340,000 voting rights).

Stüber & Co. Kommanditgesellschaft, Balzers, Liechtenstein, informed us on January 8, 2014, that it now holds 1,500,000 voting rights in our company.

On February 20, 2015, Deutsche Asset & Wealth Management Investment GmbH, Frankfurt am Main, Germany, informed us pursuant to Section 21 (1) WpHG that its percentage of the voting rights in M.A.X. Automation AG, Düsseldorf, Germany, fell below the threshold of 3 % on February 16, 2015, and amounts to 2.98 % as per this date (corresponds to 797,703 voting rights). Of these voting rights, 0.65 % (corresponds to 173,000 voting rights) are to be attributed to this company pursuant to Section 22 (1) Clause 1 No. 6 of the German Securities Trading Act (AktG).

On October 14, 2015, Universal-Investment-Gesellschaft mbH, with headquarters in Frankfurt am Main, Germany, informed us that its percentage of voting rights pursuant to Section 21 (1), 22 (1) Clause 1 No. 6 WpHG fell below the threshold of 3% on October 9, 2015, and amounts to 4.16 % as per this date (corresponds to 1,115,182 voting rights). Of these voting rights, 4.14 % (corresponds to 1,109,486 voting rights) are to be attributed to this company pursuant to Section 22 (1) Clause 1 No. 6 WpHG.

On November 17, 2015, Mr. Oliver Jaster, Germany, informed us pursuant to Section 21 (1) WpHG that his percentage of voting rights in our company exceeded the thresholds of 30 % on November 17, 2015, and now amounts to 30.0001 %. This corresponds to 8,038,356 voting rights. Of these voting rights, 30.0001 % (corresponding to 8,038,356 voting rights) are to be attributed to Mr. Jaster through Orpheus Capital II GmbH & Co. KG, Hamburg in Germany, Orpheus Capital II Management GmbH, Hamburg in Germany, Günther Holding GmbH, Hamburg in Germany, and Günther GmbH, Bamberg in Germany pursuant to Section 22 (1) Clause 1 No. 1 WpHG.

On January 14, 2016, Baden-Württembergische Versorgungsanstalt für Ärzte, Zahnärzte und Tierärzte, Tübingen, Germany, informed us pursuant to Section 41 (4f) WpHG that its interest in the voting rights of M.A.X. Automation AG, Düsseldorf, Germany, amounted to 0% on November 26, 2015. This technical notification of the shareholding occurred due to an amendment to the German Securities Trading Act (WpHG) as a consequence of the Amending Act to the Financial Transparency Directive to harmonize the transparency of shareholdings in Europe.

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

As a company listed on the stock market in Germany, M.A.X. Automation AG, Düsseldorf, issued as of March 30, 2015 the statement required by Section 161 of the German Stock Corporation Act (AktG), making it permanently available to shareholders by publishing it on the company's website at www.maxautomation.de.

9. Exemption from disclosure for subsidiaries

The following subsidiaries utilize the provisions pursuant to Section 264 (3) of the German Commercial Code (HGB) relating to the exemption from publishing separate annual financial statements and management reports for the 2015 financial year:

MAX Management GmbH, Düsseldorf
ELWEMA Automotive GmbH, Ellwangen
MA micro automation GmbH, St. Leon-Rot
Rohwedder Macro Assembly GmbH, Bermatingen
AIM Micro Systems GmbH, Triptis
bdtronic GmbH, Weikersheim
IWM Automation GmbH, Porta Westfalica
NSM Magnettechnik GmbH, Olfen-Vinum
Mess- und Regeltechnik Jücker GmbH, Dillingen

The following subsidiaries utilize the provisions pursuant to Section 264b of the German Commercial Code (HGB) relating to the exemption from publishing separate annual financial statements and management reports for the 2015 financial year:

altmayerBTD GmbH & Co. KG, Dettenhausen

In the case of these companies, M.A.X. Automation AG publishes by way of exemption its consolidated annual financial statements and Group management report in the German Federal Gazette (Bundesanzeiger).

Düsseldorf, March 24, 2016



Fabian Spilker

CONSOLIDATED STATEMENT OF CHANGES IN NON-CURRENT ASSETS FOR 2015

of M.A.X. Automation AG

Consolidated statement of changes in non-current assets of M.A.X. Automation AG, Düsseldorf,
for the 2015 financial year

Cost							
	1.1.2015	Changes to consolidation scope	Currency differences	Additions	Disposals	Re- classification	31.12.2015
	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR
I. Intangible assets							
1. Concessions, industrial property rights, and similar rights and assets, as well as licenses to such rights and assets	28,078	3,748	123	1,119	1,067	96	32,097
2. Internally generated intangible assets	5,709	144	0	1,683	9	-96	7,431
3. Prepayments rendered	441	0	0	616	0	0	1,057
	34,228	3,892	123	3,418	1,076	0	40,585
II. Goodwill							
1. Goodwill	5,439	0	59	0	357	0	5,141
2. Goodwill from consolidation of the investment account	50,520	7,663	-10	0	210	0	57,963
	55,959	7,663	49	0	567	0	63,104
III. Property, plant and equipment							
1. Land and buildings	57,749	0	256	681	2,278	-19,883	36,525
2. Technical plant and machinery	23,719	32	28	1,287	9,938	-87	15,041
3. Other plant, operating and office equipment	22,119	302	167	1,346	6,306	4	17,632
4. Plant under construction	208	0	0	523	5	-58	668
5. Prepayments rendered	49	0	0	2,510	0	-49	2,510
	103,844	334	451	6,347	18,527	-20,073	72,376
IV. Investment property							
1. Land	0	0	0	0	0	479	479
2. Buildings	0	0	0	0	0	19,594	19,594
	0	0	0	0	0	20,073	20,073
	194,031	11,889	623	9,765	20,170	0	196,138

The attached notes form an integral part of the consolidated financial statements.

Cumulative depreciation/amortization/impairment losses						Carrying amounts		
1.1.2015	Changes to consolidation scope	Currency differences	Additions	Disposals	Re-classification	31.12.2015	31.12.2015	31.12.2014
TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR
14,633	34	113	5,610	1,038	0	19,352	12,745	13,445
1,121	98	0	1,120	0	0	2,339	5,092	4,588
47	0	0	0	0	0	47	1,010	394
15,801	132	113	6,730	1,038	0	21,738	18,847	18,427
1,216	0	19	239	357	0	1,117	4,024	4,223
8,752	0	-10	167	48	0	8,861	49,102	41,768
9,968	0	9	406	405	0	9,978	53,126	45,991
32,369	0	51	1,315	1,256	-16,060	16,419	20,106	25,380
15,452	30	-6	2,139	7,560	-36	10,019	5,022	8,267
16,760	207	97	1,761	5,410	-11	13,404	4,228	5,359
0	0	0	0	0	0	0	668	208
0	0	0	0	0	0	0	2,510	49
64,581	237	142	5,215	14,226	-16,107	39,842	32,534	39,263
0	0	0	0	0	0	0	479	0
0	0	0	0	0	16,107	16,107	3,487	0
0	0	0	0	0	16,107	16,107	3,966	0
90,350	369	264	12,351	15,669	0	87,665	108,473	103,681

CONSOLIDATED STATEMENT OF CHANGES IN NON-CURRENT ASSETS FOR 2014

of M.A.X. Automation AG

Consolidated statement of changes in non-current assets of M.A.X. Automation AG, Düsseldorf,
for the 2014 financial year

		Cost					
	1.1.2014	Changes to consolidation scope	Currency difference	Additions	Disposals	Re- classification	31.12.2014
	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR
I. Intangible assets							
1. Concessions, industrial property rights, and similar rights and assets, as well as licenses to such rights and assets	25,905	1,496	117	736	223	47	28,078
2. Internally generated intangible assets	2,157	0	0	3,552	0	0	5,709
3. Prepayments rendered	212	0	0	276	0	-47	441
	28,274	1,496	117	4,564	223	0	34,228
II. Goodwill							
1. Goodwill	5,377	0	62	0	0	0	5,439
2. Goodwill from consolidation of the investment account	50,530	0	-10	0	0	0	50,520
	55,907	0	52	0	0	0	55,959
III. Property, plant and equipment							
1. Land and buildings	59,568	-2,866	267	683	5	102	57,749
2. Technical plant and machinery	22,515	65	65	2,626	1,559	7	23,719
3. Other plant, operating and office equipment	23,017	-2,275	219	1,554	514	118	22,119
4. Plant under construction	139	0	0	197	0	-128	208
5. Prepayments rendered	99	0	0	49	0	-99	49
	105,338	-5,076	551	5,109	2,078	0	103,844
	189,519	-3,580	720	9,673	2,301	0	194,031

The attached notes form an integral part of the consolidated financial statements.

Cumulative depreciation/amortization/impairment losses					Carrying amounts		
1.1.2014	Changes to consolidation scope	Currency difference	Additions	Disposals	31.12.2014	31.12.2014	31.12.2013
TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR
10,178	-88	110	4,558	125	14,633	13,445	15,727
597	0	0	524	0	1,121	4,588	1,560
47	0	0	0	0	47	394	165
10,822	-88	110	5,082	125	15,801	18,427	17,452
1,197	0	19	0	0	1,216	4,223	4,180
8,760	0	-8	0	0	8,752	41,768	41,770
9,957	0	11	0	0	9,968	45,991	45,950
31,830	-856	51	1,349	5	32,369	25,380	27,738
15,011	0	40	1,675	1,274	15,452	8,267	7,504
16,622	-1,468	142	1,885	421	16,760	5,359	6,395
0	0	0	0	0	0	208	139
0	0	0	0	0	0	49	99
63,463	-2,324	233	4,909	1,700	64,581	39,263	41,875
84,242	-2,412	354	9,991	1,825	90,350	103,681	105,277

GROUP AUDIT CERTIFICATE

and responsibility statement

Copy of the audit certificate

Concerning the compliance of the consolidated financial statements as of December 31, 2015, which are attached as annexes 1 to 8, with International Financial Reporting Standards (IFRS), and of the management report for the company and the Group for the 2015 financial year (annex 9), we have issued the following audit certificate that is reproduced here:

"We have audited the consolidated financial statements prepared by M.A.X. Automation Aktiengesellschaft, Düsseldorf – consisting of balance sheet, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes to the consolidated statements – as well as the management report for the company and the Group for the financial year from January 1 until December 31, 2015. The company's legal representatives are responsible for the preparation of the consolidated financial statements and management report for the company and the Group according to IFRS as applicable in the EU, and German commercial law regulations that are to be applied additionally pursuant to Section 315 a (1) of the German Commercial Code (HGB). Our task is to issue an assessment of the consolidated financial statements and the management report for the company and the Group on the basis of the audit that we conduct.

We conducted our audit pursuant to Section 317 of the German Commercial Code (HGB) in compliance with proper German auditing principles as promulgated by the Institute of Public Auditors in Germany (Institut der Wirtschaftsprüfer [IDW]). Accordingly, the audit is to be planned and conducted so as to allow incorrect information and infringements that significantly affect the presentation of the view of the financial position and performance conveyed by the consolidated financial statements in compliance with applicable accounting regulations, and by the management report for the company and the Group, to be identified with sufficient certainty. When determining audit actions, knowledge about the Group's operating activities, and economic and legal environment, as well as expectations in relation to potential errors, are taken into account. As part of the audit, the efficacy of the accounting-related internal controlling system, and evidence for the disclosures in the consolidated financial statements and the report on the company and the Group, are appraised primarily on the basis of random sampling. The audit comprises an assessment of the annual financial statements of the companies included in the consolidated financial statements, the demarcation of the scope of consolidation, the accounting and consolidation principles applied, and the significant estimates made by the legal representatives, as well as an appraisal of the overall presentation of the consolidated financial statements and the management report on the company and the Group. We are of the opinion that our audit forms a sufficiently secure basis for our assessment.

Our audit has resulted in no qualifications.

On the basis of our assessment based on the knowledge gained from the audit, the consolidated financial statements correspond to IFRS as applicable in the EU and the German commercial law regulations that are also to be applied pursuant to Section 315 a (1) of the German Commercial Code (HGB), and convey in compliance with such regulations a true and fair view of the Group's financial position and performance. The management report on the company and the Group is in harmony with the consolidated financial statements, conveys overall an appropriate view of the Group's position, and suitably presents the opportunities and risks pertaining to future development.

Hannover, March 24, 2016

Ebner Stolz GmbH & Co. KG
Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft

Wilfried Steinke
Certified Public Auditor

Steffen Fleitmann
Certified Public Auditor

Responsibility Statement

To the best of my knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the Group management report, which is combined with the management report of M.A.X. Automation AG, includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Düsseldorf, March 24, 2016

M.A.X. Automation AG
Board of Management

A handwritten signature in black ink, appearing to read 'fabian', followed by a long horizontal stroke.

Fabian Spilker

SUBSIDIARIES

M.A.X. Automation Aktiengesellschaft, Düsseldorf, List of shareholders as of December 31, 2015

a) Companies included in the consolidated financial statements

Name and headquarters of company	Interest in capital (%)
Subsidiaries of M.A.X. Automation AG:	
MAX Management GmbH (formerly: AIM-Assembly in Motion GmbH)	Düsseldorf 100
altmayerBTD GmbH & Co. KG	Dettenhausen 100
bdtronic GmbH	Weikersheim 100
BTD Behältertechnik Dettenhausen Verwaltungs GmbH	Dettenhausen 100
IWM Automation GmbH	Porta Westfalica 100
Mess- und Regeltechnik Jücker GmbH	Dillingen 100
NSM Magnettechnik GmbH	Olfen-Vinnum 100
Vecoplan AG	Bad Marienberg 100
Subsidiaries of MAX Management GmbH (formerly: AIM-Assembly in Motion GmbH):	
AIM Micro Systems GmbH	Triptis 100
ELWEMA Automotive GmbH	Ellwangen 100
Rohwedder Macro Assembly GmbH	Bermatingen 100
MA micro automation GmbH (formerly: Rohwedder Micro Assembly GmbH)	St. Leon-Rot 100
Subsidiaries of bdtronic GmbH:	
bdtronic BVBA	Diepenbeek/Belgiun 100
BARTEC Dispensing Technology Inc.	Tulsa, Oklahoma, USA 100
bdtronic Ltd.	Ashton under Lyne, UK 100
bdtronic S.r.l.	Monza, Italy 100
bdtronic Suzhou Co. Ltd.	Suzhou, China 100
Second-tier subsidiaries and subsidiaries of IWM Automation GmbH:	
IWM-Automation Verwaltungs GmbH	Porta Westfalica 100
IWM Automation Polska Sp.z o.o. (20% IWM Automation GmbH and 80% IWM-Automation Verwaltungs GmbH)	Chorzow, Poland 100
Second-tier subsidiaries and subsidiaries of NSM Magnettechnik GmbH:	
NSM Packtec GmbH	Ahaus 100
iNDAT Robotics GmbH	Ginsheim-Gustavsburg 100
Second-tier subsidiaries and subsidiaries of Vecoplan AG:	
Vecoplan Holding Corporation	Wilmington, Delaware, USA 100
Vecoplan LLC (subsidiary of Vecoplan Holding Corporation)	Archdale, North Carolina, USA 100
Vecoplan Midwest LLC (subsidiary of Vecoplan LLC)	Floyds Knobs, Indiana, USA 61
Vecoplan Ltd.	Birmingham, UK 100
Vecoplan Austria GmbH	Wels, Austria 100
Vecoplan Iberica S.L.	Mungia-Biskaia, Spain 100

b) Companies included in the consolidated financial statements applying the equity method

Name and headquarters of company	Interest in capital (%)
Participating interests of Vecoplan AG:	
Vecoplan FuelTrack GmbH i.L.	Bad Marienberg 49

c) Companies not included in the consolidated financial statements

Name and headquarters of company	Interest in capital (%)	Equity (TEUR)	Net profit/loss (TEUR)
Subsidiaries of altmayerBTD GmbH & Co. KG:			
Altmayer Verwaltungs GmbH, Rehlingen	100	30	0 (p/y)

INDUSTRIAL AUTOMATION CORE SEGMENT

NSM Magnettechnik Group

NSM Magnettechnik GmbH, which is based in Olfen (North Rhine-Westphalia), is a technologically leading system provider of highly automated high-speed handling plants. The Group operates in five business areas: press automation, packaging automation, and conveying and press systems, as well as forming, filling and sealing machines. Through combining individual business areas' applications, the company develops systems solutions for its customers on a "one-stop-shop" basis with many added values.

In the press automation area, the company produces systems for the transporting, stacking and separating of steel and aluminum sheet bars, primarily in automotive construction (pressing plant). In the packaging automation area, the company focuses on high-speed handling systems for cans, lids and caps in the manufacturing and filling industry. The conveying systems area designs and builds solutions for the transportation of parts and waste removal from working processes, as well as to filter separate materials. The press automation systems area builds high-frequency automated precision stamping machines for the non-cutting forming of mass stamped parts.

The area for machines for forming, filling and enclosures develops and builds comprehensive plant systems for the dairy, yogurt and fruit juice industries. Special significance is attributable in this context to subsidiary NSM Packtec GmbH, which has its headquarters in Ahaus (North Rhine Westphalia): the company possesses extensive expertise in plants for the filling and packaging of foodstuffs in the dairy industry and alcohol-free beverages industry.

Following the 2015 acquisition of subsidiary iNDAT Robotics GmbH, which is based in Ginsheim-Gustavsburg (Hesse), NSM Magnettechnik is also able to offer high-performance solutions in robotics and production automation. These include complex software applications, as well as comprehensive plant systems that integrate robotics applications.

NSM Magnettechnik specializes in supplying and commissioning turnkey systems. Extensive service offerings round out this spectrum. The Group supplies to customers worldwide from various sectors including the automotive industry, press manufacturers, food and drink manufacturers, chemical companies, machine tool manufacturers, electrical and electronic goods producers, as well as the consumer goods industry.

Managing Directors	Michael Freischmidt Jens Ohnholz
Interest held	100 %
Employees (year average)	346
Year of foundation	1959
Member of M.A.X. Group since	1990
www.nsm-magnettechnik.de	

Elwema Automotive GmbH

Elwema Automotive GmbH, a company based in Ellwangen/Jagst (Baden-Württemberg), develops and produces innovative and highly flexible solutions in cleaning, testing and assembly technology, especially for engines and steering systems. Elwema Automotive commands a strong market position and operates for renowned vehicle manufacturers worldwide.

Elwema's cleaning systems are distinguished by highly efficient and resource-conserving process technologies that fit ideally into automated production lines. Inspection and leak testing systems offer high efficiency with sustainable effects on quality standards and product performance. Key applications include the testing of cylinder heads, cylinder crankcases and steering systems. The product offering especially comprises complex, robot-supported production lines for fully automatic component assembly.

Elwema Automotive has developed a unique production technology with its so-called RPM Suite – ("Reinigen, Prüfen und Montieren" – "cleaning, testing and assembly"). Interlinking three different technology concepts enables customers to achieve a measurable efficiency advantage within the value chain of the component production of engines and steering systems.

Managing Director	Antonio Alvarez Vega
Interest held	100 %
Employees (year average)	154
Year of foundation	2006
Membership of the M.A.X. Group since	2013
www.elwema.de	

INDUSTRIAL AUTOMATION CORE SEGMENT

IWM Automation-Gruppe

Headquartered in Porta Westfalica (North Rhine-Westphalia), IWM Automation GmbH is an established specialist engineering company. The company is well known in the industrial automation sector for custom-built and innovative production systems provided on a one-stop-shop basis. This applies to both standard systems and high-tech system solutions.

IWM Automation commands extensive expertise in engineering, as well as in assembly, welding, forming, dosing/metering and testing technology. This allows the company to develop comprehensive solution approaches to complex tasks.

The automotive industry represents the company's most important sales sector. IWM Automation is a partner to renowned international vehicle manufacturers and their suppliers, enjoying an excellent reputation in the sector. The Group's automation solutions ensure fast, precise and high-quality production.

Managing Director	Jakob Dirksen
Interest held	100 %
Employees (year average)	139
Year of foundation	1978
Membership of the M.A.X. Group since	1998
www.iwm-automation.de	

bdtronic Group

The company bdtronic GmbH, which is based in Weikersheim (Baden-Württemberg), ranks as one of the world's leading providers of dosing and metering technology systems. It develops technologically complex solutions to process reaction molding resins, and acts as a complete system-provider for the automation of assembly and production processes, particularly for electronic components. In this context, bdtronic possesses not only excellent technology expertise but also comprehensive know-how in resins and their process characteristics.

bdtronic has constantly expanded its technological competences and product portfolio. For example, the company now also produces impregnating plants for electro-motors, stators and rotors. It also operates in plasma treatment to improve the adhesive properties of material surfaces. Heat staking as an alternative joining technique represents a further service. This enables thermoplastic and any other materials to be formed under the impact of localized heating.

bdtronic particularly serves international customers from the automotive industry, electronics and electrical goods producers, sensor technology companies, and medical technology companies. In order to ensure international marketing and distribution, the company operates sales companies in Belgium, the UK, Italy, China and the USA.

Managing Director	Patrick Vandenrijn
Interest held	100 %
Employees (year average)	180
Year of foundation	2001
Membership of the M.A.X. Group since	2004
www.bdtronic.de	

INDUSTRIAL AUTOMATION CORE SEGMENT

MA micro automation GmbH

MA micro automation GmbH, based in St. Leon-Rot (Baden-Württemberg), is a microassembly automation solutions specialist. The company focuses on core technological competences in actuators, sensors and optical systems, meeting the highest technological standards in terms of assembly speed and precision. The company operates for renowned customers from the automotive and medical technology sectors and other industries.

MA micro automation has three different market profiles to reflect different target groups: ma automotive develops and produces for the automotive supply sector customer-specific systems to automate manufacturing of driver assistance systems, precision plug connectors and sensor technology. ma meditec supplies the medical technology industry with assembly systems for medical devices (e.g. contact lenses, stents, inhalers, insulin pens and autoinjectors), and also offers services to comply with quality guidelines and validate medical and pharmaceutical production (so-called GMP documentation). ma optronic develops, programs and produces inspection systems for industrial image processing, e.g. for camera and optical systems, as well as for automatic inspection systems and process monitoring.

Managing Director	Joachim Hardt
Interest held	100 %
Employees (year average)	105
Year of foundation	2010
Membership of the M.A.X. Group since	2013
www.micro-automation.de	

Rohwedder Macro Assembly GmbH

Rohwedder Macro Assembly GmbH, based in Bermatingen (Baden-Württemberg), is a leading supplier of system solutions, especially in automation. A key area of activity in this context is the development and production of partially and fully automatic assembly lines for gearboxes, clutches and steering systems, Rohwedder plants are deployed mainly in the automotive industry.

Rohwedder's fully automated solutions concern complex assembly lines to manufacture highly varied products while ensuring maximum quality. The company's range of solutions includes robot systems, rotary indexing machines, assembly workcells and assembly lines for application areas such as joining, screwing, laser welding, dosing or metering, testing or marking. Drawing-based assembly systems and subassemblies are implemented in precise accordance with customer wishes and instructions. Here, Rohwedder assumes all important production steps such as costing, manufacturing and procurement, installation and commissioning, project management, process and cycle time optimization, and developing alternative solutions.

Managing Director	Edgar Mörtl
Interest held	100 %
Employees (year average)	133
Year of foundation	2010
Membership of the M.A.X. Group since	2013
www.rohwedder.de	

INDUSTRIAL AUTOMATION CORE SEGMENT

Mess- und Regeltechnik Jücker GmbH

Mess- und Regeltechnik Jücker GmbH, headquartered in Dillingen (Saarland), plans, develops, supplies and manages measuring and control technology systems, as well as drive and automation technology systems. Jücker is a specialist provider of software and control technology, and has earned an excellent reputation as a systems integrator and controls supplier for complex automation processes.

By optimizing the controlling of production processes, the company has oriented its range of services to strengthen manufacturing companies' competitiveness. Its precise controlling solutions enable flexible manufacturing that meets high product quality standards. When selecting installed control elements, Jücker acts independently of manufacturers, thereby offering customers individually tailored and economic solutions.

Mess- und Regeltechnik Jücker serves customers from the automotive industry, the chemicals and steel industries, as well as companies from the power generation, steel and iron, cement and transportation industries.

Managing Director	Jens Ohnholz Michael Freischmidt
Interest held	100 %
Employees (year average)	85
Year of foundation	1986
Membership of the M.A.X. Group since	1998
www.juecker-germany.de	

AIM Micro Systems GmbH

AIM Micro Systems GmbH, which is based in Triptis, Thuringia, develops and produces technologies for the manufacturing of opto-electronic modules and micro-optical components for the automotive and medical technology industries, as well as for the sensor and laser sectors. The company covers the entire production process in this context – from development through to validation and series production for customer-specific, miniaturized and complex modules and components.

In optical systems technology, AIM Micro Systems covers the areas of conventional optics (up to 30 millimeter), micro-optics, MEMS (microelectromechanical systems – systems such as sensors and actuators in the micrometer range), product development, prototype construction and series manufacturing. Production occurs under stringent cleanroom conditions (Class 5). The packaging solutions product area comprises the processing of semiconductor elements as well as optical components for sensors and subassemblies.

Managing Director	Dr. Andreas Fischer
Interest held	100 %
Employees (year average)	10
Year of foundation	2012
Membership of the M.A.X. Group since	2013
www.aim-micro-systems.de	

ENVIRONMENTAL TECHNOLOGY CORE SEGMENT

Vecoplan-Gruppe

The Vecoplan Group, which is based in Bad Marienberg, Rhineland-Palatinate, is a globally leading provider of systems and components for the processing of wood and waste in the manufacturing and recycling industries. The company is a specialist in the shredding and processing of primary and secondary raw materials. As a system-provider, Vecoplan develops, designs and produces complex machines and plants.

Vecoplan agiert in drei Geschäftsbereichen:

- forestry (timber, biomass and pellets),
- waste (household and commercial waste, substitute fuels and the cement industry)
- and recycling (paper, plastics and special applications).

Vecoplan operates subsidiaries in Germany, the USA, the UK, Spain and Austria, as well as numerous sales and service locations worldwide. In 2015, Vecoplan took over a minority interest in subsidiary Vecoplan LLC and thereby increased its interest to 100 percent. This has enabled direct operational management of the company as part of integrating it into the Group.

The company operates its own development department in Bad Marienberg (Rhineland-Palatinate), and opened the world's largest and most state-of-the-art technology center for the environmental and recycling sector at its headquarters in 2014. Vecoplan also operates research and training facilities (pilot plants) in North Carolina (USA).

Management Board	Werner Berens
Interest held	100 %
Employees (year average)	442
Year of foundation	1969
Member of M.A.X. Group since	1995
www.vecoplan.de	

2016 financial calendar

Quarterly financial report for Q1: May 13, 2016

2015 AGM: August 26, 2016

Half-year financial report 2016: August 12, 2016

Quarterly financial report for Q3: November 14, 2016

Imprint

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GLOSSARY

A AG

Aktiengesellschaft (public stock corporation under German law)

AktG

Aktiengesetz (German Stock Corporation Act)

Augmented Automation

Augmented Automation refers to the audiovisually-supported remote plant maintenance of plant and interactive employee training.

B BaFin

Bundesanstalt für Finanzdienstleistungsaufsicht
(German Federal Financial Supervisory Authority)

Beta factor

A beta factor reflects the relationship between the performance of a share price and the performance of an index, and shows the sensitivity of the share price to a change in the index level. A beta factor of greater than one means that the share fluctuates to a greater extent than the overall market.

Book-to-Bill ratio

The book-to-bill ratio is the ratio between new order intake and sales during a certain period.

C CAPM

Capital Asset Pricing Model. Theoretical capital market model according to which the expected return from a security is a linear function of the market portfolio's risk premium. Corporate governance

Corporate governance

Description of corporate management and corporate controlling oriented to responsible and long-term value creation.

Cost-to-cost method

The cost-to-cost method is a method to determine the degree of completion of a construction contract.

Covenants

Key financial figures to be complied with for a syndicated financing arrangement.

D DAX

The DAX (Deutscher Aktienindex) is an index of Germany's most important equities. It shows the trend in the 30 largest companies (in terms of free float, market capitalization and orderbook turnover) that are listed in the Prime Standard of the Frankfurt Stock Exchange.

DCF

Discounted cash flow

DCF method

The discounted cash method is a method used to determine the value of a company.

DCKG

German Corporate Governance Code

D&O insurance

Directors & officers' insurance Liability insurance for managers.

Dow Jones Index

The Dow Jones Industrial Average is the most well-known stockmarket barometer for the USA. It was introduced in May 1896, includes the 30 most important, market leading companies on the American stockmarket, and reflects their stock price performance.

Due Dilligence

Due diligence refers to a risk audit conducted with "due diligence" – generally carried out by an acquirer when acquiring a company.

E EBIT

Earnings before interest and tax

EBITDA

Earnings before interest, tax, depreciation and amortization

EBIT margin

The EBIT margin is the ratio between EBIT (earnings before interest and tax) and sales revenue.

EBIT after PPA-related amortization

Earnings before interest and tax, and after applying amortization charges deriving from purchase price allocations.

Equity ratio

The equity ratio is the ratio between equity and total equity and liabilities

EPS

Earnings per share

Equity method

The equity method consolidates in a parent company's Group financial statements its interests in companies over which it can exercise significant influence.

ECB

European Central Bank

F FIFO

First-in, first-out; inventory valuation method.

G GmbH

Gesellschaft mit beschränkter Haftung ("Limited Liability Company")

GmbH & Co. KG

Limited commercial partnership (KG) formed with a limited liability company (GmbH) as general partner

H HGB

Handelsgesetzbuch (German Commercial Code)

HydroDyn®

Washing technology method to convert highly contaminated or soiled plastics into high purity output material.

I IAS

International Accounting Standard

IASB

International Accounting Standards Board

IDW

Institut der Wirtschaftsprüfer

(Institute of Public Auditors in Germany)

IFR

International Federation of Robotics

IFRIC

International Financial Reporting Committee or interpretations published by the IFRIC.

IFRS

International Financial Reporting Standard

IMF

International Monetary Fund

Interest-rate cap

An interest-rate cap is a contractual obligation where the seller of the cap is obligated during the contract term to render a settlement payment to the purchaser if the reference interest rate exceeds the agreed upper interest-rate limit at the start of the reference periods.

Interest cover

Interest cover is the ratio between EBIT and interest expense.

Interest-rate swap

An interest-rate swap is a contractual agreement between two parties to exchange interest cash flows during an agreed period

K KGaA

Kommanditgesellschaft auf Aktien
(commercial partnership limited by shares)

L LLC

Limited Liability Company is a legal form of companies in the USA

M M&A

Collective term for corporate transactions such as mergers and acquisitions etc

ma meditec

Assembly systems for medical devices in medical technology.

ma optronic

Testing systems for industrial image processing.

Materials expense ratio

The materials expense ratio compares the cost of materials with the company's total operating revenue.+#

MDAX

The MDAX midcap DAX index was launched in January 1996, and included 50 companies from conventional sectors that rank after DAX-listed companies in terms of market capitalization and stockmarket turnover. The index thereby reflects the change in the value of so-called mid caps, in other words, companies with medium-sized market capitalizations.

N Net debt

Net debt is the difference between the sum of a company's short-term, medium-term and long-term liabilities (e.g. bank loans) and the sum of its liquid assets and short-term investments.

GLOSSARY

P **Personnel expense ratio**

The personal expense ratio compares a company's personnel expenses with its total operating revenue.

PoC

Percentage-of-completion method (for construction contracts, as per IAS 11)

PPA

Purchase price allocation

Prime Standard

The highest transparency level from listed companies, extending above and beyond the Regulated Market's statutory minimum requirements. The Prime Standard is oriented to Regulated Market companies that also wish to address international investors

Projected Unit Credit Method

The projected unit credit method is an actuarial method to value pension obligations.

R **R&D**

Research and development

RPM

Reinigen-Prüfen-Montieren ("cleaning-testing-assembling")

S **SDAX**

The SDAX index of small cap shares emerged from the SMAX stockmarket barometer as part of the restructuring of stockmarket indices in 2003. The SDAX comprises the 50 companies of classic sectors that follow the stocks listed in the MDAX in terms of market capitalization and stockmarket turnover. The index thereby reflects the change in the value of so-called small caps, in other words, companies with small market capitalizations.

SE

Societas Europaea is a legal form for stock corporations in the European Union

SIC

Standing Interpretations Committee; the SIC is the predecessor to the IFRIC, which prepares interpretations and promulgations relating to IAS/IFRS.

Svensson-Methode

The Svensson method is an estimation method to derive yield curves from observable yields on coupon bonds

V **VDMA**

Verband Deutscher Maschinen- und Anlagenbauer (German Engineering Federation)

Vecoplan FuelTrack GmbH i. L.

Vecoplan FuelTrack GmbH i.L.; the company is in liquidation (i.L.)

Gearing

Gearing is the ratio between debt and equity.

W **WACC**

Weighted Average Cost of Capital; lenders' prescribed minimum interest claim.

Working Capital

Working capital within the M.A.X. Group is calculated as inventories plus trade receivables less trade payables.

WpHG

Wertpapierhandelsgesetz (German Securities Trading Act)

WpÜG

Wertpapiererwerbs- und Übernahmegesetz (German Securities Acquisition and Takeover Act)



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