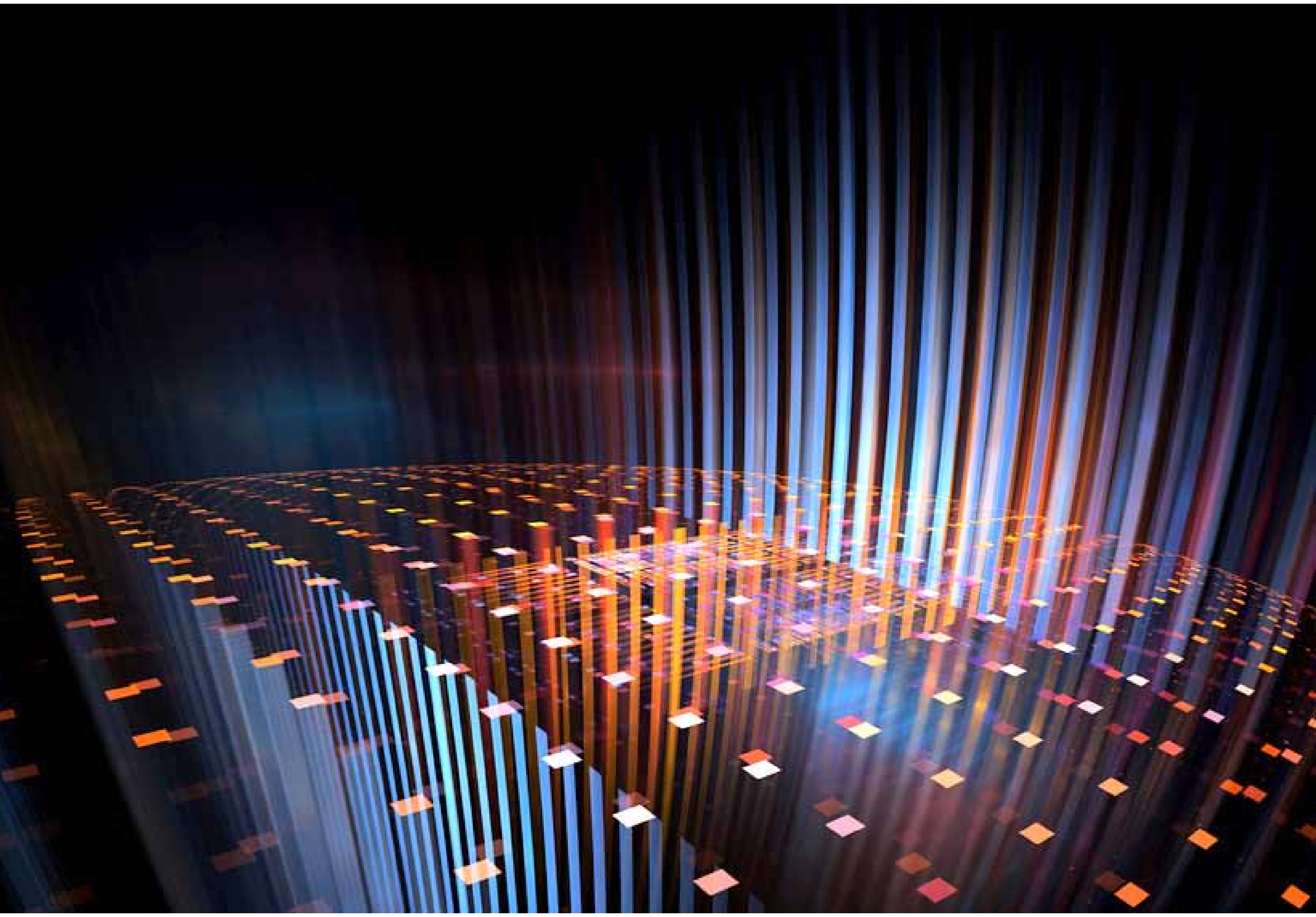
A QUESTION OF PERSPECTIVE.
VISION TECHNOLOGY.



ANNUAL REPORT 2015

CONTENT

OPERATING FIGURES

Profit and loss

		2015	2014
Revenues	K€	69,389	62,254
EBIT	K€	10,157	9,378
Annual profit	K€	3,529	6,685

Balance sheet and cashflow statement figures

		2015	2014
Total assets	K€	63,130	64,458
Equity ratio	%	77.1	83.1
CF from current business	K€	5,955	4,755
CF from investment	K€	-2,359	-2,233
CF from financing	K€	-8,943	-15,126
End of period capital	K€	11,868	16,933

Share

		2015	2014
Result per share	€	0.40	0.75
Dividend per share*	€	0.40	1.00

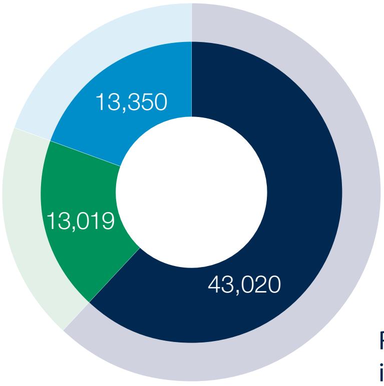
Employees

	2015	2014
Employees at year-end	362	325
Employees in annual average	355	314

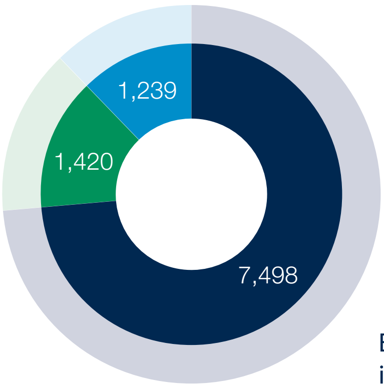
*Dividend proposal € 0.40 per dividend-bearing share for the financial year 2015

SEGMENT INFORMATION

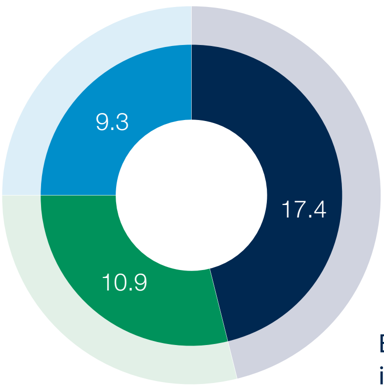
FIGURES 2015



Revenue
in K€



EBIT*
in K€



EBIT-Margin
in %

■ Europe ■ Americas ■ Asia

* in consideration of consolidation differences

67,173
Incoming orders
in K€

69,389
Revenue
in K€

10,157
EBIT
in K€

14.6
EBIT-Margin
in %

77.1
Equity Ratio
in %

VISION TECHNOLOGY. COMPANY PROFILE WITH A VISION.

"If the future is a perspective we should start designing it now."
(Sir Francis Bacon)

High-performance, complex electronics are the foundation of technological progress and are included in numerous products. Inferior materials, weaknesses in production process – all this can have negative implications for the consumer and entail substantial economic losses for the manufacturer. This is especially true of safety-related components. Viscom develops sophisticated inspection solutions to ensure the quality of complex assemblies. Inspection systems which communicate with each other provide optimum quality and process control in the age of Industry 4.0.

Viscom has been specialising in powerful inspection technologies for more than 30 years. Its core competency, component inspection, makes Viscom a vital partner and leading provider for numerous renowned companies in electronics production. Research and development activities are accordingly given a high priority. As a result, the product portfolio is constantly being optimised and expanded. Close cooperation is the basis for customising Viscom products exactly to the needs of all its customers.

Innovation remains a vital strategic success factor – for the Group and its organisation. This is the only way that Viscom can accommodate the constantly changing environmental and market conditions. Viscom is working on highly innovation-driven technologies while developing new markets and using its potential to master the challenges of globalisation and the fast pace of technological change. The automotive and industrial electronics sectors are essential markets for Viscom. At the same time, the company is enhancing its presence in future-oriented segments. Viscom's objective here is primarily to expand its market position in the high-volume production of globally active contract manufactures and to develop new areas of application in order to diversify.

Viscom is well prepared for the challenges of the future. The Group has commanded an excellent reputation on the national and international market for many years.

CHALLENGE: INDUSTRY 4.0

Our core expertise – component inspection – makes us the perfect partner for an innovative future in the era of Industry 4.0. Inspection systems that communicate ensure faultless process quality – something that our customers from the automotive and industrial electronics industries truly appreciate.

FOREWORD FROM THE EXECUTIVE BOARD

Dear Ladies and Gentlemen,

We are starting another year on a positive note: the 2015 financial year was an extremely successful one for Viscom. Both our revenue and operating results reflect this. With a revenue increase of 11.5 % compared to the previous year, we have exceeded our forecast for 2015 and achieved an excellent EBIT-Margin of 14.6 %. The highly positive development in the regions America and Asia plus the ongoing strong demand from the automotive supplier industry in Europe and the US contributed substantially to growth – despite the events relating to the manipulation of emissions at Volkswagen Group from September 2015. Besides, drive technology is not the core element of our business with the automotive supplier industry. The volume of components produced is of primary importance for our inspection system sales. This includes all types of electronic vehicle control units and electronics for driver assistance systems and multi-media applications.

The excellent results for the 2015 financial year are also attributable to the high level of commitment and dedication of our employees at all Group companies. We also responded quickly to the latest trends with product innovations and variations in a strategically effective manner. In 3D X-ray inspection we are able to report significant market success in the past financial year. We also scored well with a high level of performance in all price segments. In addition, we were able to provide price-sensitive customers with more cost-efficient high-end systems. The potential for cost optimisation offered by our inspection systems in terms of preventing errors and the flexible adaptation of our software to new requirements combined with their increasing compatibility with emerging Industry 4.0 standards should also be pointed out.

In 2015, Europe was once again the clear leader among Viscom Group's markets thanks to securing market shares in strong market segments and acquiring a large number of new customers from other industries. The continued robust investment activity of customers in the German domestic market is also worth mentioning as a plus point.

The Group's positive development was also driven by the excellent performance of our subsidiaries on international markets. In Asia, the generally optimistic business environment in the first quarter of 2015 subsided considerably during the rest of the year. Despite this market trend, we were able to increase revenue by 11.7 % in 2015 compared to the previous year. We also gained larger orders in the Computers, Communication and Consumer (3C) sector in spite of tough competition. In Asia, Viscom was able to report robust order intake in the fourth quarter thanks to sales successes in extensive projects. A key success factor was our ability to deliver products quickly. This is one reason why we were able to generate revenue and earnings contributions in the last quarter. The development of the support structure made another significant contribution in terms of production-supporting services. In the first quarter of 2016, our focus will remain on large projects, which are subject to intense international competition. In addition to the competitive situation, targeted orders will continue to depend on the economic development and the persisting unwillingness to invest, especially in China.

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

Market conditions in America continued to be characterised by strong demand in automobile electronics production. New, innovative production lines and the upgrading of existing equipment were responsible for the positive revenue. A number of additional sales successes were also achieved in the area of industrial and medicinal electronics with small and medium-sized service providers in the US. Focused activities in the Computers, Communication and Consumer (3C) sector carried out by globally operating EMS customers continue to suggest future growth. To sum up, the solid business performance in 2015 ended on an excellent note thanks to the strong fourth quarter in the American market. In the annual course we were able to reduce the high order backlog of the previous year. This fact – supported by the strong US dollar in 2015 – was responsible for the solid revenue and excellent results. A strong US dollar could also drive business in America in 2016 and somewhat soften the impact of existing price pressure in the international EMS business. In the first quarter of 2016, we forecast more subdued demand in the region which could pick up again considerably from the second quarter thanks to new product innovations and variations and achievements of the Global Business Development Team.

There is one negative aspect to the 2015 financial year, however: Viscom AG – like many other companies – used securities lending as an investment instrument in 2006 and will therefore probably be affected by the decision of the Federal Fiscal Court of 13 January 2016. According to this decision, dividend income for tax years which have not yet come to a close and which the borrower generated as part of the securities lending business, may potentially no longer be deemed tax exempt under certain circumstances. In the past, the financial authorities regularly treated such income as tax exempt. The provisions we set aside are based on the claims asserted by the financial administration and contain potential subsequent tax payments of approximately € 1.7 million and related interest of around € 0.8 million. These provisions reduced the Group's net profit for the period by around € 2.5 million in financial year 2015.

As in previous years, we would like you, dear shareholders, to benefit from the generally positive performance of Viscom AG, which is why we, the Executive Board, and the Supervisory Board will propose a dividend of € 0.40 per share at the Annual General Meeting for the 2015 financial year. With the planned distribution of at least 50 % of the earnings, management is fulfilling the dividend policy of Viscom AG as communicated for several years. This dividend proposal is based on the company's expected economic development taking into account the financial resources required for the operations.

We will stay on a clear path focused on growth in future. We want to continue to impress our existing customers, acquire new customers and, above all, expand and strengthen our presence in future-oriented segments. In particular, we also want to enhance our market position in globally active contract manufacturers with high-volume production and develop new areas of application in order to diversify. We are ideally equipped for this with suitable structures and strategies. For 2016, we forecast revenue of between € 70 million and € 75 million, with an EBIT-Margin of 13 % to 15 % despite indications of an emerging economic slowdown.

We are proud of the company's excellent development overall in 2015. This success would not have been possible without the high level of personal commitment and excellent performance of each individual employee. For this reason, we would like to thank all Group employees. We also thank you, dear shareholders, for your trust and loyalty to Viscom.

The Executive Board

Dr. Martin Heuser   Volker Pape   Dirk Schwingel

REPORT OF THE SUPERVISORY BOARD

The section that follows comprises the Supervisory Board's report on its activities in the past 2015 financial year – the focal points of its monitoring and consultation functions, compliance with the Corporate Governance Code, and the audit of Viscom AG and the consolidated financial statements.

Dear Ladies and Gentlemen,

In financial year 2015 Viscom AG was able to continue its growth path. The strong month of December in particular led to a significant increase in revenue. The operating result (EBIT) was also lifted to a highly satisfactory € 10,157 thousand, an increase of roughly 8 % compared to the previous year. The corresponding EBIT-Margin is therefore within the corridor of the annual forecast for 2015 at 14.6 %.

Advising the Executive Board and Monitoring Management

In the 2015 financial year, the Supervisory Board carried out the duties and obligations required of it by law and the Articles of Association, monitoring the Executive Board's management of the company and regularly acting in an advisory capacity on corporate management issues making sure the Executive Board acted in accordance with rules and legal regulations. It also obtained regular, prompt, comprehensive information on the development of business operations over the course of the year, the company strategy and its implementation, planning, the risk situation, risk management measures and compliance. The Supervisory Board constantly monitored management on the basis of written and verbal Executive Board reports and joint meetings, expecting explanations from the Executive Board of any deviations from plans and objectives for business developments, and the reasons for these. The Supervisory Board carefully examined transactions that were important for the business and that required its approval, and discussed each of them with the Executive Board. The Supervisory Board also ascertained that the Executive Board implemented and developed an effective and efficient corporate compliance system, and an internal risk management and control system for the Viscom Group.

Supervisory Board

In compliance with section 11, Paragraph 1 of the Articles of Association in conjunction with section 95 Sentences 1 to 4, section 96 (1), section 101 (1) of the German Stock Corporation Act (AktG), the Supervisory Board of the company consists of three members who are elected by the Annual General Meeting without it being bound by any proposals for suitable candidates. In the 2015 financial year, the three members of the Supervisory Board of Viscom AG were Mr Bernd Hackmann (Chairman of the Supervisory Board), Mr Klaus Friedland (Deputy Chairman of the Supervisory Board) and Professor Dr. Ludger Overmeyer. The terms of office of the three appointed Supervisory Board members are identical and end at the close of the Annual General Meeting that approves the actions of the members of the Supervisory Board for the 2018 financial year.

Meetings of the Supervisory Board

In the 2015 financial year, the Supervisory Board held seven regular meetings, including a meeting for the purposes of an efficiency assessment that excluded the Executive Board. These meetings took place on 30 January, 17 March, 5 May, 3 June, 10 August, 3 November and 2 December 2015. At these meetings, the Supervisory Board was given prompt and comprehensive information on current business policies, relevant aspects of company planning including financial, investment and personnel planning, the course of business, the company's current revenue, earnings and liquidity position, budget planning, the economic situation of the company and Group including risk factors and risk management as well as corporate compliance

Bernd Hackmann, Klaus Friedland, Prof. Dr. Ludger Overmeyer (l. t. r.)
Supervisory Board

within the Group, strategic objectives and all major organisational and personnel changes. All meetings were held in person. Resolutions on urgent matters were also passed outside of meetings, both in conference calls and in writing. The Supervisory Board regularly consults at the beginning of the sessions on matters relating to the Supervisory Board without the presence of the Executive Board. The Supervisory Board was involved in all decisions of fundamental importance to the company at an appropriately early stage. The annual and consolidated financial statements and the management and group management report as well as the Interim Reports were discussed in detail with the Executive Board prior to their publication. In addition, the Supervisory Board was presented with transactions requiring its approval. These were approved following detailed examination and discussion with the Executive Board. The Executive Board provided the Supervisory Board with the key figures required to assess business developments, in each case including comparisons to the current budget and to figures for the previous year, as part of monthly reporting. Reporting by the Executive Board took place on request respectively in response to specific enquiries by the Supervisory Board, and periodically according to the standing rules for the Executive Board established by the Supervisory Board.

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

Focus of Supervisory Board Advice and Supervision Activities

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

Key topics discussed in meetings of the Supervisory Board during the 2015 financial year included the strategic direction of the company and its further development, the business operations of the Group and the individual business areas.

The meeting to review the accounts on 17 March 2015 focused on the annual and consolidated financial statements for 2014, including the management reports, the Corporate Governance Statement and Corporate Governance Report as well as the Executive Board report on the relationships of Viscom AG to affiliated companies. During the meeting, which was also attended by the auditors, the Executive Board issued a comprehensive report to the Supervisory Board on the basis of detailed documents. In addition, the agenda and the proposed resolutions for the Annual General Meeting 2015 were approved.

At the meeting on 5 May 2015, the Supervisory Board chiefly addressed the development of business operations during the first three months of the year in the Interim Report as of 31 March 2015. Potential individual risks were discussed in more detail using the early detection of risks management.

A detailed review of the Annual General Meeting took place at the meeting on 3 June 2015.

The focus of the meeting on 10 August 2015 was the development of business in the first six months of the year within the scope of the Interim Report, which the Executive Board and Supervisory Board discussed and reviewed in detail. During this meeting, the percentage of women in the Supervisory Board and the Executive board was decided on. More details on these resolutions are provided in this Annual Report under the 2015 group management report in the Corporate Governance Statement and Corporate Governance Report.

The main points of discussion at the meeting on 3 November 2015 were the Interim Report as of 30 September 2015, as well as the internal control system. The Executive Board reported to the Supervisory Board on the progress and current status of the proceedings before the niedersächsischen Finanzgericht (Lower Saxony Finance Court) relating to the securities lending transactions in 2006 and the possibility of additional tax demands. According to the latest information and circumstances, this is regarded as fairly unlikely. Potential individual risks were discussed in more detail using the early detection of risks management.

During their meeting on 2 December 2015, the Executive and Supervisory Boards, on the basis of the extensive documentation, discussed in detail and adopted the annual planning, including financial, investment and personnel planning, for the 2016 financial year. Other subjects of discussion during the meeting were the annual review of the corporate compliance system and the current status and developments in capital market law relating to the entry into effect of the Law for the Implementation of the Transparency Guideline-Amendment Guideline.

Each Supervisory Board member attended all Supervisory Board meetings.

Corporate Governance

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

During the 2015 financial year, the Supervisory Board – without the presence of the Executive Board – assessed the efficiency of its activities in line with the requirements of the German

Corporate Governance Code. This took place on 30 January 2015. The meeting was conducted largely on the basis of checklists. In addition to the long-term assessment of past resolutions, the focus was on efficient cooperation within the Supervisory Board, between the Chairman of the Supervisory Board and the other Supervisory Board members, and between the Supervisory Board and the Executive Board. No essential points were identified that required improvement.

Moreover, the Executive and Supervisory Boards submitted the annual Compliance Statement confirming compliance with the German Corporate Governance Code on 26 February 2016. It has been made permanently available to the public on the Viscom AG website. The Executive Board, also on behalf of the Supervisory Board, reports on the Company's Corporate Governance in the Corporate Governance Statement published by Viscom AG, in accordance with section 289a of the German Commercial Code (HGB).

Accounting

PricewaterhouseCoopers AG Wirtschaftsprüfungsgesellschaft, Hanover office, was elected by the Annual General Meeting of the company on 3 June 2015 as auditor for the annual and consolidated financial statements of Viscom AG as of 31 December 2015. The Supervisory Board then negotiated and awarded the audit assignment. It was agreed that the auditors should promptly report all findings and occurrences significant to the tasks of the Supervisory Board as they appear during the audit. Furthermore, it was agreed that the auditors are to inform the Supervisory Board and/or include a comment in the audit report if, in conducting the audit, the auditors become aware of any information indicating an inaccuracy in the Declaration of Compliance on the German Corporate Governance Code issued by the Executive Board and Supervisory Board.

The 2015 annual financial statements of Viscom AG prepared by the Executive Board in accordance with the German Commercial Code (HGB) and the consolidated financial statements prepared according to International Financial Reporting Standards (IFRS), as adopted by the EU, as of 31 December 2015, as well as the management and group management reports together with the accounting records, were audited by the auditor who issued an unqualified audit opinion.

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

The auditor issued the following audit opinion:

"Following our mandatory audit and examination, we confirm that

1. the factual information contained in the report is accurate,
2. payments made by the Company were not unreasonable for the transactions listed in the report."

The Supervisory Board meeting to review the accounts took place on 11 March 2016. The annual financial statements, consolidated financial statements and audit reports, Executive Board report on the relationships of Viscom AG to affiliated companies, the Executive Board's proposal for the use of retained earnings, the long-form audit report on the financial statements and all other documents and meeting reports were provided to the members of the Supervisory Board in a timely manner prior to this meeting. This documentation was discussed in detail during the Supervisory Board meeting to review the accounts. The auditor was present at the meeting, reported on the audit and audit results and was available to answer questions, provide additional information and discuss the documents.

Following a detailed discussion of the audit and audit results with the auditor, a thorough examination of the audit reports provided by the auditor, its own examination and discussion of the annual financial statements, consolidated financial statements, management report, group management report and the Executive Board's proposal for the use of retained earnings, the Supervisory Board consented to the results of the audit. The Supervisory Board determined that no objections were to be raised following the final results of its examination. In its accounts review meeting on 11 March 2016, the Supervisory Board approved the annual financial statements, consolidated financial statements as well as the management report and group management report for the 2015 financial year (section 172 (1) of the German Stock Corporation Act (AktG)).

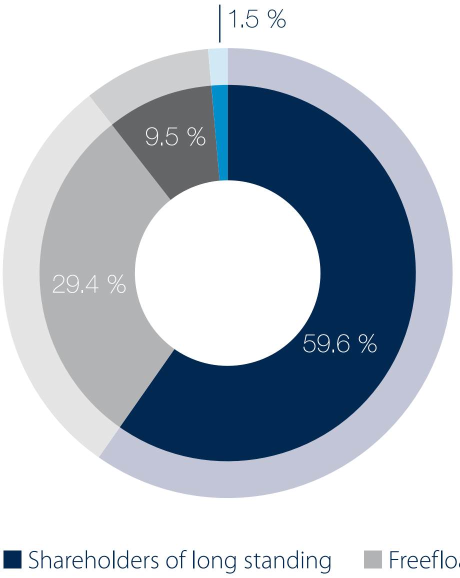
The Supervisory Board approved the proposal by the Executive Board on the appropriation of net retained profits. The Supervisory Board also examined the report of the Executive Board on Viscom AG's relations with affiliated companies and, based on its own examination and discussion of the report, agreed with the audit results of the auditor. In its meeting on 11 March 2016, it determined that after the final result of its review, there are no objections to be raised against the declarations of the Executive Board at the end of the report on relationships with affiliated companies.

The Supervisory Board would like to thank the members of the Executive Board, the management of the subsidiaries, the heads of the divisions, the works council as well as all employees of the Viscom Group for their high level of personal commitment and hard work in the 2015 financial year which contributed to these excellent results.

Hanover, 11 March 2016
For the Supervisory Board

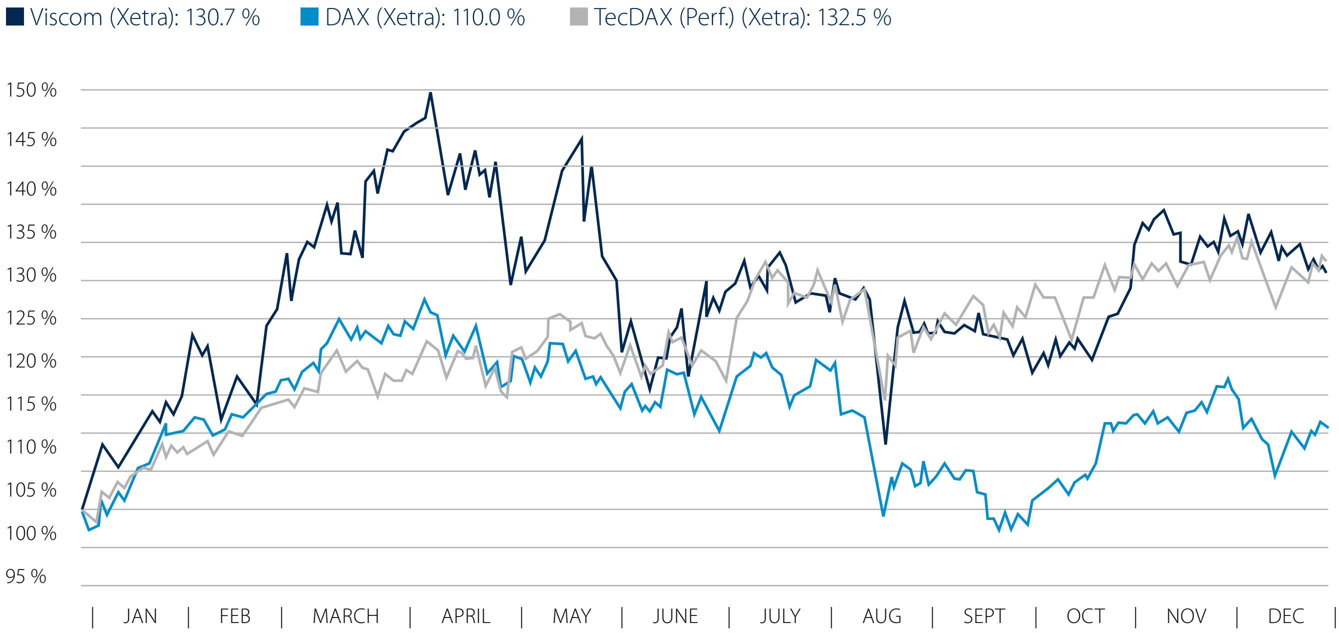
Bernd Hackmann
Chairman of the Supervisory Board

SHAREHOLDER STRUCTURE



VISCOM SHARE PRICE

in comparison to the DAX and the TecDAX in 2015



THE VISCOM SHARE

Basic information on Viscom share

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

		2015	2014	2013
Year-end share price *	€	14.70	11.20	12.30
Highest share price during the year *	€	17.35	18.00	12.60
Lowest share price during the year *	€	11.25	8.95	7.66
Market capitalisation (end of year)	million €	132.59	101.02	110.95
Earnings per share	€	0.40	0.75	0.53
Dividend per share**	€	0.40	1.00	1.70

* All share price information is based on XETRA daily closing prices
** Dividend proposal € 0.40 per dividend-bearing share for the financial year 2015

Market conditions

The stock exchanges were extremely volatile in financial year 2015, but indices gained strongly for the year as a whole. A series of highs and lows dominated international stock markets. Multiple peaks were recorded, only to be followed by sharp falls. The concern over Greece's future in the euro zone and the result of the envisioned referendum created the initial obstacles on the stock markets. Following a brief recovery phase, which was ushered in by the Greek parliament's approval of the new reform package, dark clouds soon began to form once again on the horizon. The concern over China's economic situation, the rapid depreciation of the Renminbi and the sharp corrections on the Chinese stock exchange resulted in investor anxiety. From the middle of September, the emissions scandal involving the Volkswagen Group also took its toll on the stock exchanges. In December, international markets were held in sway by the interest and monetary decisions of the ECB and the FED.

January started with weakness on the stock market, before the leading German index, the DAX, staged a strong rally and achieved multiple record highs during the first half of 2015. On 10 April 2015, the index reached a high of 12,375 points and then declined to an annual low of 9,428 points as of 24 September 2015. At the end of the year the DAX closed at 10,743 points.

Viscom Share Price

Viscom securities also moved into turbulent waters as a result of the general market environment in 2015 and its impact on the stock markets. After opening at € 11.50, the performance of the Viscom shares improved over the following weeks and subsequently experienced more volatility. On 24 March 2015, the positive financial results for 2014, the outlook for 2015 and the proposed dividend payment of € 1.00 per dividend-bearing share lead to solid price performance. The shares reached their highest value of € 17.35 on 14 April 2015, only to once again experience higher volatility. The pleasing quarterly figures published on 10 November 2015 coupled with the company's solid operational performance and confirmation of the annual forecast by management had a positive impact on the share price. The year's lowest price for Viscom shares of € 11.25 was recorded on 2 January 2015 and averaged a good € 14.42 at mid-year. The Viscom share closed at € 14.70 at the balance sheet date 31 December 2015.

Research Coverage

Three financial analysts monitored Viscom AG in the year under review and regularly published commentaries and analyses. Two of the three analysts recommended buying Viscom shares. One analyst rated the stock Neutral.

Switch to the Prime Standard segment

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

Shareholder structure

On 7 May 2015, the company founders and Members of the Viscom AG Executive Board, Dr. Martin Heuser and Volker Pape, placed a total of 1,300,000 shares taken from their shares held via HPC Vermögensverwaltung GmbH within the context of an accelerated book building through equinet Bank AG. According to equinet Bank AG, investors are principally institutional investors in Germany and other European countries. The off-market placement was performed in line with company strategy, which aims to create a broader base of free floating shares in order to attract additional and even larger institutional investors and to make the shares more attractive for the capital market in general. The majority stake held in Viscom AG by the company founders, either directly or indirectly, amounts to 59.6 %; Viscom AG owns 1.5 % of its own shares, which the company bought back in 2008 / 2009 as part of a share buy-back programme. 9.5 % are held by Allianz. The Viscom shares that are free floating total 29.4 % and are spread principally among investors in Germany and other European countries.

Annual General Meeting 2015

The Annual General Meeting of Viscom AG took place on 3 June 2015 in the Old Town Hall in Hanover. All agenda items were adopted by the shareholders and shareholder representatives with the necessary majority. Among other things, it was decided at the Annual General Meeting to pay a dividend of € 1.00

per share. In addition to the dividend from the retained earnings of Viscom AG for the 2014 financial year of € 0.72 per share, a special dividend of € 0.28 per share from retained earnings, which was increased through withdrawals from free capital reserves of approximately € 2,500 thousand, was also paid. Part of the dividend, approximately € 0.67 per share, was paid out of the tax reserve account in accordance with section 27 of the Corporate Tax Act (KStG), meaning that withholding tax and solidarity surcharge were not deduced from this amount.

The next Annual General Meeting of Viscom AG is scheduled to take place on 1 June 2016 in the Old Town Hall in Hanover.

Dividend proposal for the financial year 2015

The Executive Board and Supervisory Board will propose to the Annual General Meeting on 01 June 2016 that a dividend of € 0.40 per dividend-bearing share be paid. With the planned distribution of at least 50 % of the earnings, management is fulfilling the dividend policy of Viscom AG as communicated for several years. This dividend proposal is based on the company's expected economic development taking into account the financial resources required for the operations.

Investor Relations

The objective of our investor relations work is to allow all participants in the capital market the opportunity to evaluate Viscom AG fairly. We do this by means of continuous, open communication. The company held numerous one-on-one meetings with analysts and investors in 2015 and appeared at the Equity Forum of Deutsche Börse in Frankfurt.

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

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

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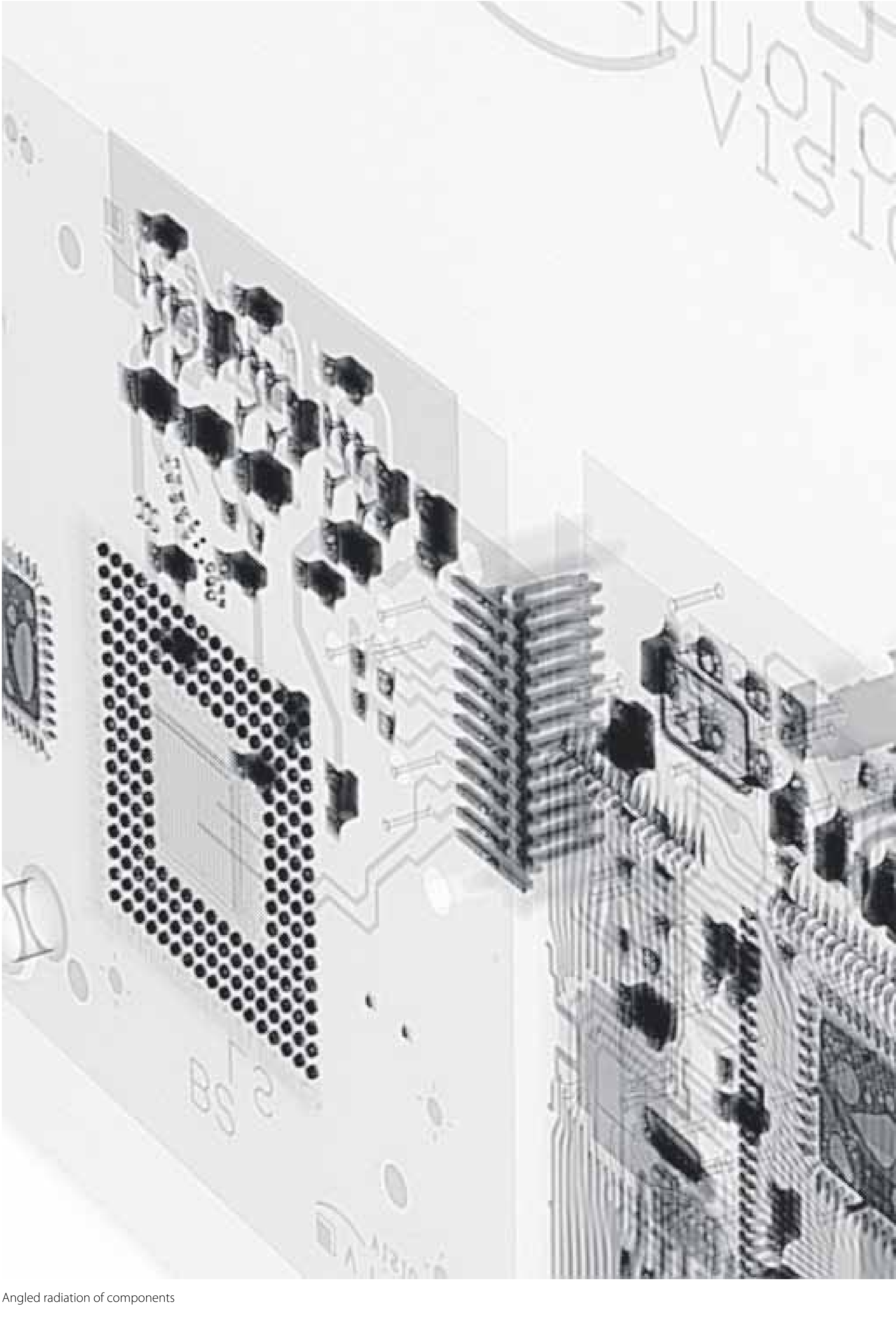
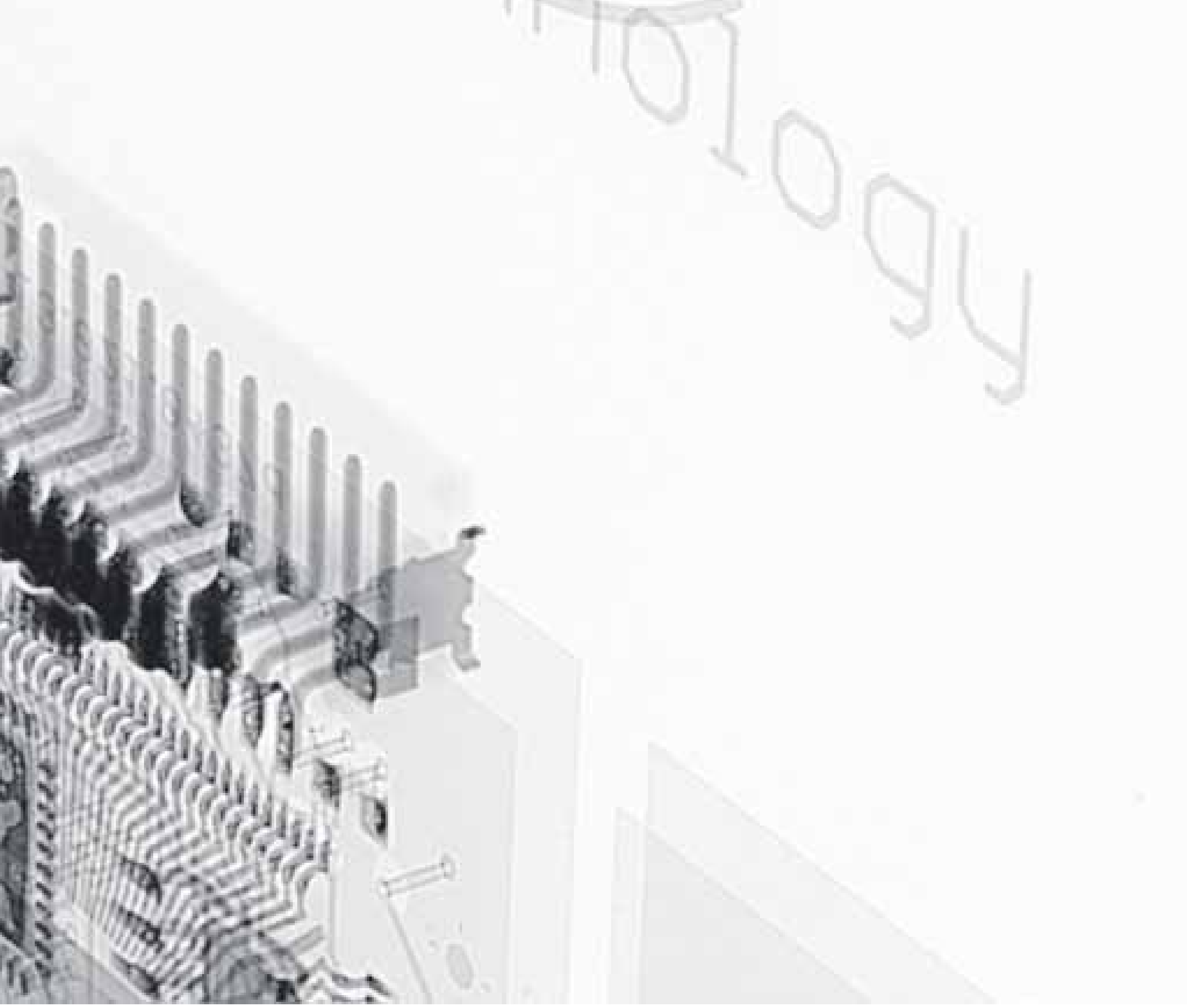
Anna Borkowski
Carl-Buderus-Straße 9-15
30455 Hanover, Germany
E-mail: investor.relations@viscom.de
Tel.: +49 511 94996-861
Fax: +49 511 94996-555

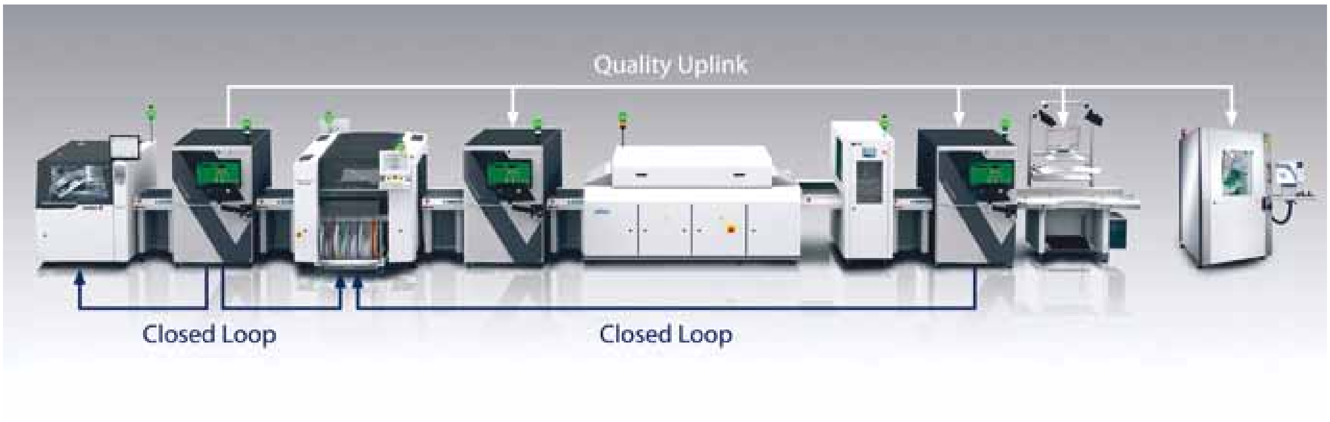


Angled radiation of components

TECHNOLOGIES WITH A PERSPECTIVE.

"To see more clearly, it is often sufficient to change one's perspective." (Antoine de Saint-Exupéry)





Inspection-line in SMT production

Automotive electronics. Aerospace engineering. Industrial electronics. There is hardly an area of highly specialised electronics production which does not rely on Viscom's intelligent inspection systems. The focus of the product portfolio is on automated optical inspection (AOI) systems, systems for solder paste inspection (SPI), assembly and solder joint inspection, and X-ray inspection (AXI). Viscom is far ahead in the global competition and is the market leader in Europe.

HIGH-TECH INSPECTION SYSTEMS FROM VISCOM MISS NOTHING.

They find the smallest of errors in complex production processes. Intelligent inspection systems for connected electronics manufacturing make inspection data available right where it is needed – in brilliant image quality.

Automotive industry suppliers are the Group's largest group of customers and it is precisely this segment which demands top quality. Viscom also focuses on globally active contract manufacturers and on developing new areas of application in order to diversify.

With the help of developed inspection technologies – optical sensors, X-ray technology or combined technologies – Viscom's high-precision high-tech inspection systems detect the smallest errors which can occur during the production process. In addition to component inspection, Viscom realises customised special solutions for final optical inspection. The applications range from robot-assisted final inspection to industrial computer tomography.

Modern electronics production intelligently links production, inspection, evaluation and optimisation, which increases output and ultimately improves quality. But high-performance line networks with own and third party manufacturing execution systems as well as the best possible error recognition only work in electronics production in practice if the relevant approaches interlock seamlessly. Viscom inspection systems, particularly in X-ray analysis, stand out in this regard thanks to their flexible adjustment to new requirements, long lifespan and excellent image quality – and they are increasingly compatible with Industry 4.0.

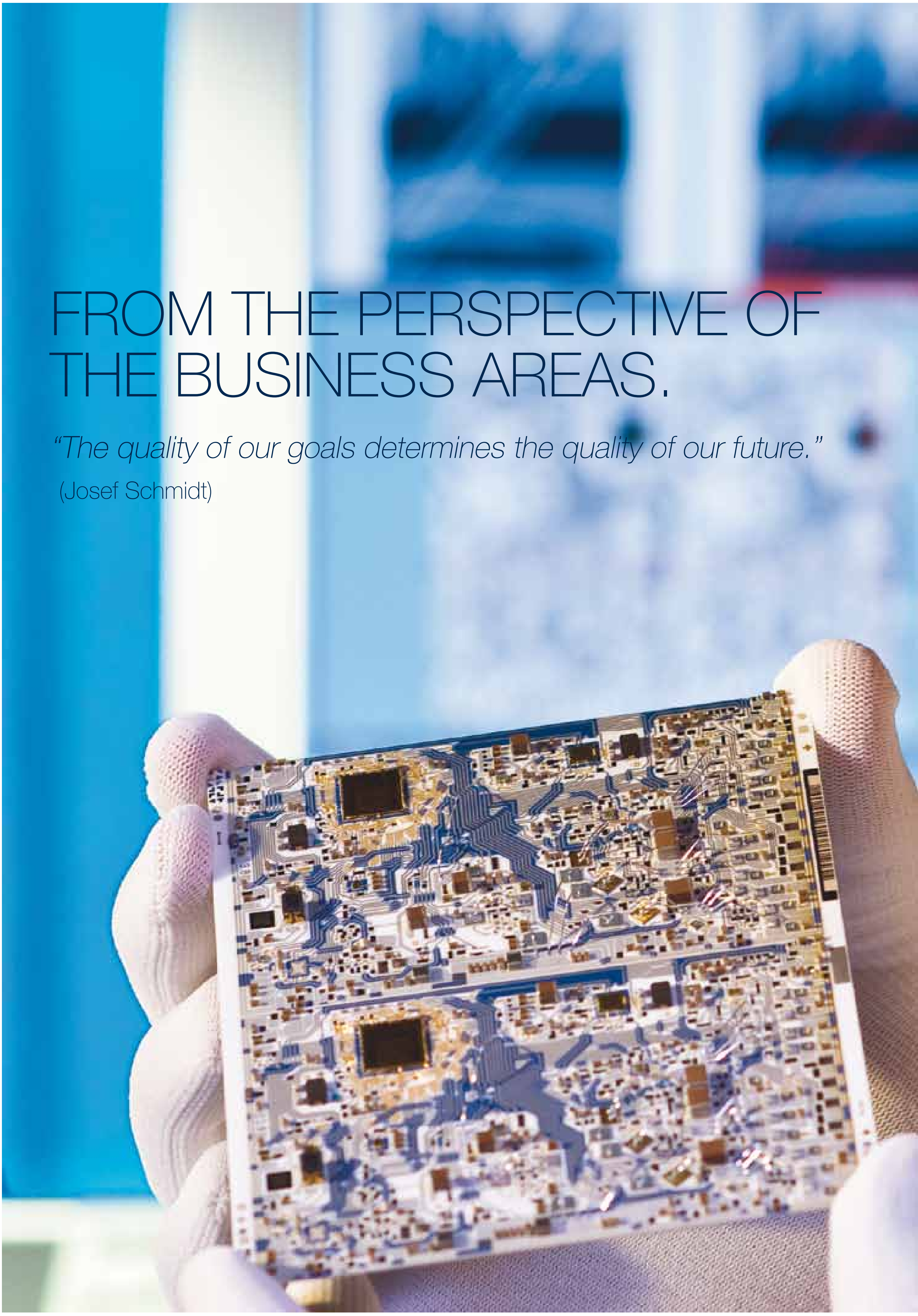
Display inspection data anywhere – wherever it is needed. Viscom Quality Uplink combines 3D-SPI, AOI, AXI and MXI. This software feature can realise the closed-loop connection to the paste print and mounting machine. The information gathered through this system gives an indication of weaknesses in the process and allows for quick automatic optimisation for example adjusting cleaning cycles or correcting print offset or shifting mounting. Viscom Quality Uplink also smooths the way for communication with other inspection systems along the line. A clear advantage is that inspection data connectivity gives the user an overview of all information on solder paste inspection and downstream inspections. This simplifies error evaluation and prevents incorrect classifications by the user – in order to achieve less rejects and a higher ratio of error-free mounting throughput. In addition, it also ensures that the documentation of all measurement data and inspection results are complete. High-tech Viscom software allows for easy optimisation of costs, seamless process safety and a sustainable increase in the customer's product quality.

More than 30 years of global experience in production and inspection processes make Viscom the ideal partner for achieving optimum product quality. The product portfolio offers the potential for one hundred percent error detection thanks to the combination of the highest inspection quality, precision and speed, flexibility and the future-oriented integration of Viscom high-tech solutions. It also ensures optimal results in quality and process control – now and in the future.

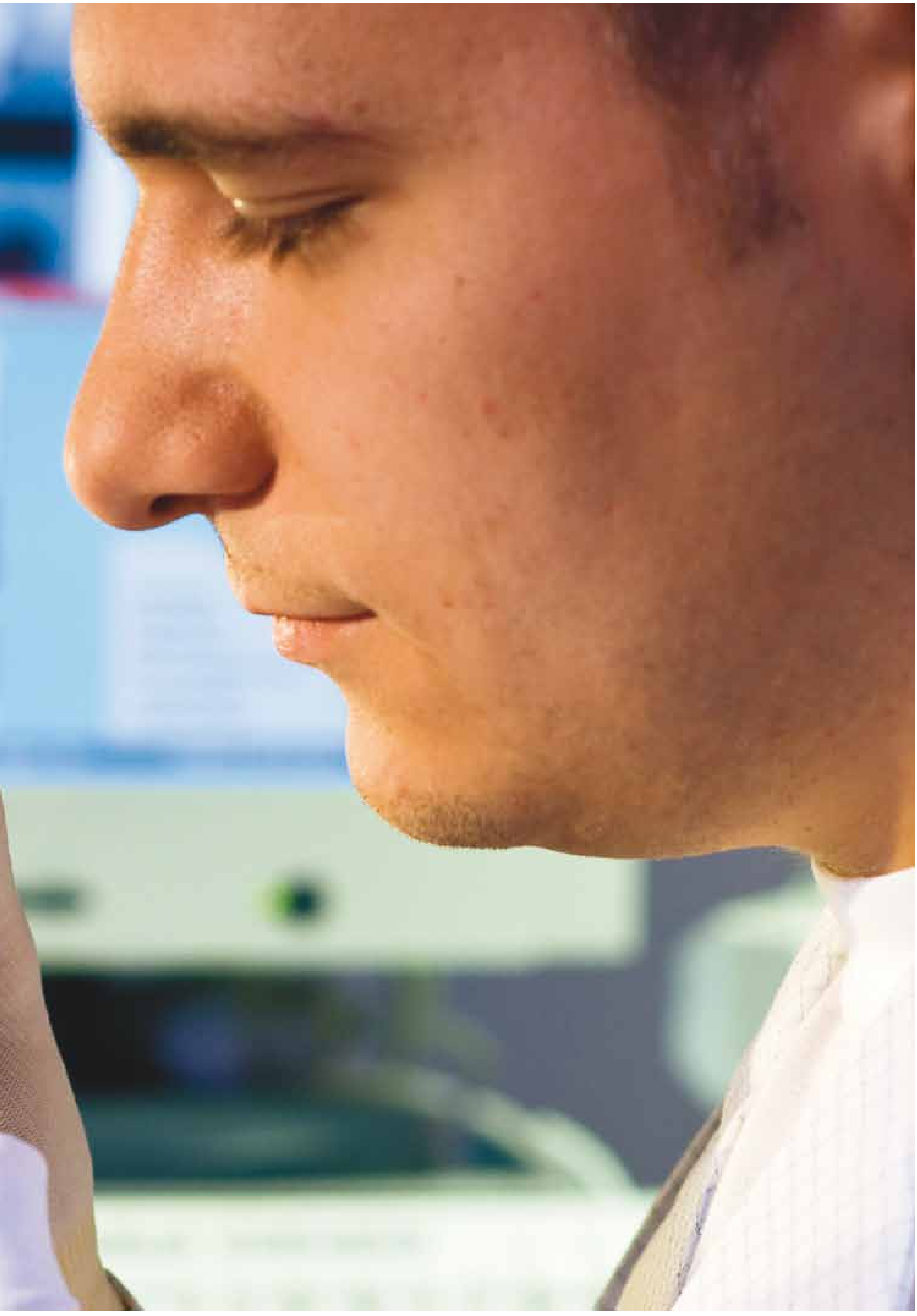
Viscom-Employee (Ulrich Weber) during assembly

FROM THE PERSPECTIVE OF THE BUSINESS AREAS.

"The quality of our goals determines the quality of our future."
(Josef Schmidt)



Viscom-Employee (Milan Arsic) with ceramic substrate



Viscom-Service-Team

Customer satisfaction is the measure of success, it is purpose and drive of all activities at the Viscom Group. The customer's needs and expectations are reflected in product manufacturing. The excellent development and production expertise in Hanover guarantees that the company's goals are met on a sustainable basis. In-house construction and production facilities allow Viscom to offer maximum speed and flexibility, even on extensive projects.

The business areas serial products, new products and service represent Viscom's three main pillars. These three business areas combine specialist knowledge, product expertise and a focus on the customer.

The serial products business area operates with an emphasis on further development and production of optical and X-ray series inspection systems. The automated optical 3D-series inspection systems cover all the inspection gates of the paste print, mounting and solder joints in electronics production. Precision sensor technology, angled inspection and colour evaluation – to guarantee maximum inspection depth and the secure recognition of critical errors – is what gives Viscom its performance-based advantage. State-of-the-art components with invisible solder joints can be reliably inspected using Viscom's X-ray batch inspection or combination systems which combine optical and X-ray inspection.

The new products business area focuses on technologies for special customised solutions or complex adaptations. These are generally individual, tailored solutions or small batches.

WE GROW IN STEP WITH THE DEMANDS WE FACE.

3D series inspection systems safeguard processes in electronics manufacturing – and our competitive edge in this segment. Tailored solutions and small batches comprise one source of innovation for success in production. Our service spans the globe, ranging from remote access to inspection systems to on-site support.

These projects also serve as a basis for coming up with series solutions as the markets develop. These solutions are also implemented using optical or X-ray concepts. There are small batch-series solutions for wire bond inspection or semi-automated X-ray inspection.

Viscom provides comprehensive service – from maintenance to application. In the service business area, more than 70 international employees provide replacement parts all around the world, quickly and reliably. Expert contact persons are there to support Viscom customers by phone, e-mail or via remote access to the inspection systems. The service business area covers machine-specific system analyses in terms of wear and tear, software status, sensors and general maintenance conditions as well as renovation and modernisation, particularly in the form of computer and sensor updates. Viscom stands out from the international competition in another respect: customers have access to the extensive range of services comprising individual support packages and specific on-site assistance up to seven days a week, 24 hours a day, all around the world.

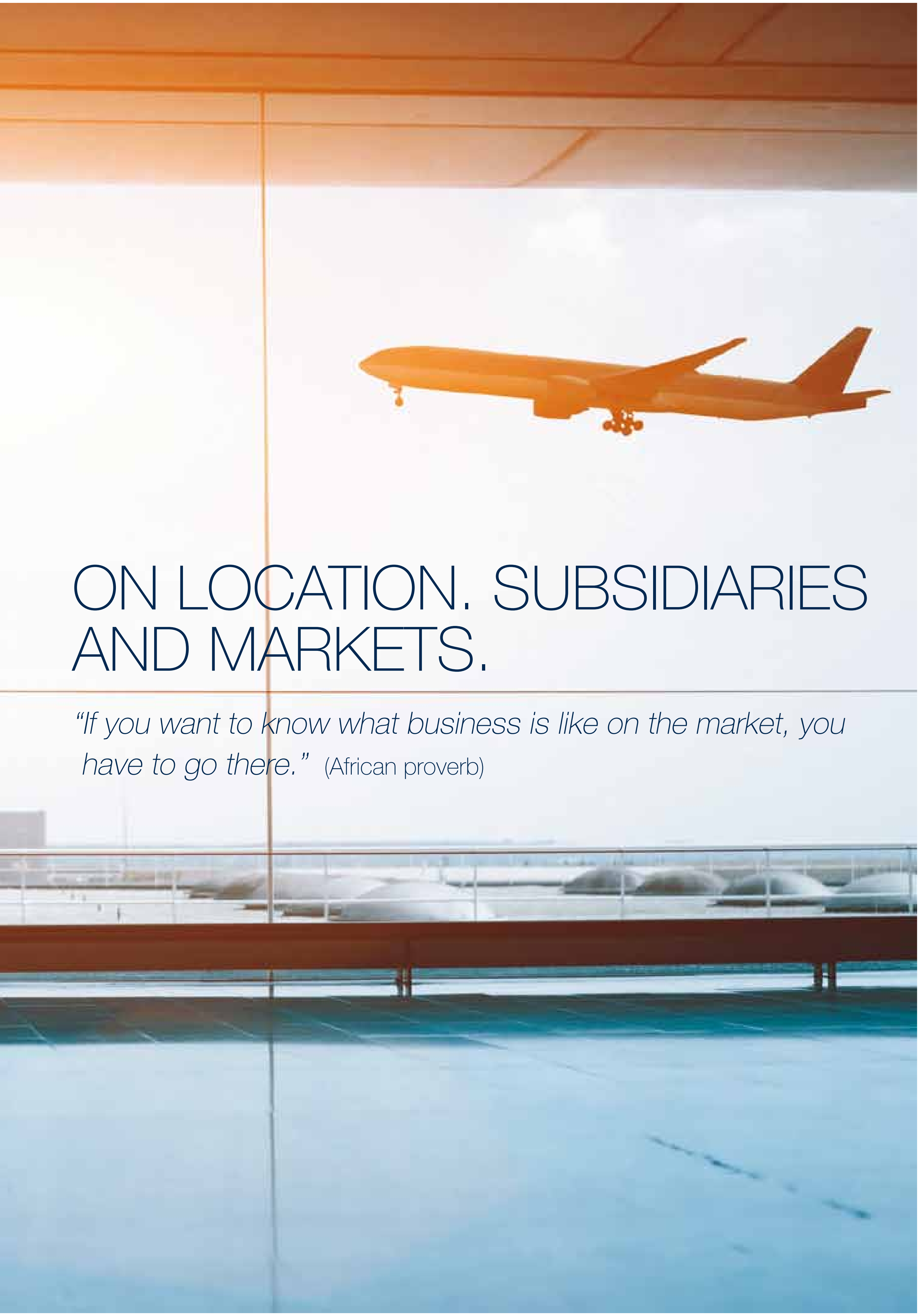
Thanks to its future-oriented technologies, Viscom is living up to the rising demands of constantly changing market conditions. The company stands for first-rate quality in all areas. Ongoing innovations and "Made in Germany" expertise are making the Viscom Group ready for the technological challenges of the future.

Peter Krippner
Vice President BU Serial Products (SP)

Henning Obloch
Vice President BU Service

Rolf Demitz
Vice President BU New Products (NP)

„Waiting in the airport" © anyaberkut – fotolia.com



ON LOCATION. SUBSIDIARIES AND MARKETS.

"If you want to know what business is like on the market, you have to go there." (African proverb)

Viscom headquarter and subsidiaries and their branch offices

Viscom is on location. There are Viscom subsidiaries and local representatives on all the world's major markets – in Europe, the US and Asia. Through a global network, engineers and technicians communicate directly with customers, guaranteeing them seamless system integration, a customised application focus and optimised work flows with quick response times. For this purpose, Viscom implemented a transnational structure some years ago which it is constantly expanding. Two components which match perfectly: on the one hand, the Global Application Team offers customised applications and evaluations on site while the Global Business Development Team operates as a globally connected sales team on the other, driving customer acquisition in the non-automotive sector and acting as a point of contact for multinational companies in the electronics industry. The close cooperation between these teams allows for a synchronised and effective support service for potential and existing customers. Both teams communicate effectively within the Viscom Group in terms of the requirements of specific customers and sectors. This allows the company to act flexibly and optimise strategies.

WE SPEAK THE LANGUAGE OF OUR CUSTOMERS.

We are almost everywhere. The Global Application team works directly with our customers – worldwide. The Global Business Development team is the contact for multinational companies. Keeping pace with the technological trends of the future, we show users how to get the best out of our systems.

Viscom at the NEPCON China

Actively shaping current market conditions and adapting quickly to technological trends: each year Viscom is present at the most important leading international electronics industry trade fairs such as IPC APEX EXPO, NEPCON China, SMT and productronica and electronica. Viscom also organises an annual international technology forum and user meeting for customers at the headquarters in Hanover. The technology forum offers its guests exciting presentations on developments in electronics production and numerous system demonstrations. An important part of the event is the user meeting. Viscom invites system users to a free workshop where they can exchange information with other participants. At the meeting users are informed of the latest system features and specific types of use of the inspection systems and their software.

Within the group, Viscom organises international meetings for service and sales. The objective of these meetings is to provide a standard level of knowledge for all Viscom Group employees and to simplify reconciliation processes.

Today, the automotive and industrial electronics sectors are the strongest markets for Viscom in terms of sales. In addition, Viscom wants to enhance its presence in the market of globally operating contract manufacturers and is dynamically increasing its market position. Developing new areas of application in terms of diversification could be an additional pillar. Current developments in the electronics industry open more doors to international markets – including self-driving cars, connected cars and electric mobility as well as the emerging megatrends such as the growing use of electronics in society and the miniaturisation of electrical components. Viscom identifies huge potential for the future in this context.

Viscom systems are state-of-the-art technological products, which are used successfully in various sectors around the world. Experience plus innovation: renowned companies, Viscom's customers, rely on.

SHAPING THE FUTURE TOGETHER.

"Coming together is a beginning; keeping together is progress; working together is success." (Henry Ford)

Children of the Viscom day care facility „Vikis"


Viscom dragon boat team


Viscom motorcycle-group

Viscom's corporate culture is characterised by a contemporary, future-oriented HR management where the focus is on the individual and the team. Dedicated and qualified employees who identify closely with Viscom embody the company's success.

Viscom employees appreciate the pleasant working environment and the positive energy within the company – the low fluctuation rate proves it.

POSITIVE ENERGY.

At our company, creating a work/life balance means taking steps to find a common denominator for employees' professional and personal lives. Core elements of our corporate culture include team activities and the licence to give input. This approach works – and pays off with success for everyone in the end.

There are membership cards for free workout sessions at selected gyms, and also medical services which are exclusive to the company. Viscom also expands career prospects thanks to its sound work-life balance: children are well looked after at the company's "Vikis" day care facilities.

Personal development opportunities and common activities instil the term corporate culture with life and make the feeling of togetherness tangible – whether it's a motorbike tour to the Niddatalsperre, the annual company run in Hanover or participating in the traditional Hanover dragon boat race on the city's central lake for the first time.

Sophisticated concepts and innovative ideas as a reaction to the challenges at Viscom open up new prospects for its employees – as an individual or as a group, at the headquarters in Hanover and the international subsidiaries and their branch offices.

This creates highly efficient teams with everyone pulling in the same direction for a convincing and results-oriented performance. Each employee makes a significant contribution to the success of the Viscom Group.

Viscom-Employees: Julia Stemme, Qin Wang, Christian Wolff, Daniel Laue, Martina Wünsche, Tayef Alnasary (l.t.r.)

GROUP MANAGEMENT REPORT AND IFRS CONSOLIDATED FINANCIAL STATEMENTS 2015

GROUP MANAGEMENT REPORT 2015
DESCRIPTION OF THE GROUP

Group Business Model

Structure of the company and its investees

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

In 2001, Viscom GmbH changed its legal form to that of a German stock corporation (Aktiengesellschaft) and became Viscom AG. The company's share capital is divided into 9,020,000 shares, of which 59.64 % are held directly or indirectly through HPC Vermögensverwaltung GmbH by the company's founders and Executive Board members Dr. Martin Heuser and Volker Pape.

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

As of 31 December 2015, Viscom AG possessed committed capital reserves in accordance with section 272 (2) No. 1 of the German Commercial Code (HGB) amounting to € 14,557,160.08.

On 29 July 2008, the Executive Board, with the approval of the Annual General Meeting on 12 June 2008 and after consultation with the Supervisory Board, decided to acquire up to 902,000 of the company's own shares by 31 March 2009. By the reporting date of 31 March 2009, the company had bought back 134,940 shares. As of 31 December 2015, Viscom AG held approximately 1.5 % of its own shares.

The Executive Board of Viscom AG consisted of three members as of 31 December 2015:

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

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

Bernd Hackmann (Chairman)
Klaus Friedland (Deputy Chairman)
Prof. Dr. Ludger Overmeyer

Segments and key locations

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

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

Viscom AG maintained a branch office in Munich (Germany) for the support of its sales activities in southern Germany, Austria, Hungary and Switzerland until 31 March 2015.

Business processes

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

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

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

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

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

Legal and economic factors

There have been no fundamental changes in the legal and economic framework which had a material effect on the company in the 2015 financial year. For details regarding the development of economic framework conditions in the 2015 financial year, please refer to the economic report below.

Management system

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

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

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

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

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

Quarterly financial statements in accordance with IFRS have been published through interim reports and the half-year financial report since the company's initial listing and with the change from the Prime Standard to the General Standard in September of 2009. Viscom AG switched back to the Prime Standard as of 22 January 2015 and was therefore listed in the Prime Standard of the regulated market on the Frankfurt Stock Exchange on 31 December 2015. Since then the company has been publishing consolidated interim reports and half-year financial reports according to IFRS.

Research and development

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

Viscom works continuously on developing new and improving existing products. Special highlights in 2015 were the X7058 high-speed 3D-AXI system for X-ray solder joint inspection, the expansion of the X7056RS inspection system with the "Flat Panel Detector" (FPD) option, the X8068 universal X-ray inspection system for the manual, semiautomated or fully automated X-ray inspection of electronic components and the expansion of the S3088 CCI inspection system of special plasma protective coatings.

In November 2015, the pre-series of the X7058 was successfully presented to the market at productronica in Munich. Special features of this system are its compact design in combination with the ability to inspect large PCBs, and the elimination of non-productive time for PCB changeovers. A sensor developed in-house is used for 3D X-ray inspection. It features a high-speed data interface similar to that of the Viscom XM camera technology. The XM sensor technology for 3D inspection was optimised in the past financial year, from five to twelve megapixels for up to eight tilted cameras. This nearly doubles the total number of pixels from 65 to 121 megapixels and offers an even more precise resolution with double of the 3D inspection speed.

The X7056RS inspection system that combines optical and X-ray inspection technologies was also expanded with the "Flat Panel Detector" (FPD) option in the first half of 2015. The FPD improves image quality, resulting in better test results and throughput of the system. Initial systems with this option have been delivered to customers and were very well received.

Combining two inspection concepts in one inspection system along with the ability to inspect large specimens are the key strengths of the X8068, which was presented to the market at the beginning of 2015. Open X-ray tubes ensure the highest resolution and identification of details in premium image quality. The new setup concepts developed for the X8068 have been transferred to the revised X8011-II system in the meantime so that this system, which has been used successfully for years, has been optimised in regards to higher accuracy and improved image quality. To complete the X-ray portfolio, both system types in automatic as well as manual mode have been equipped with the "Planar CT" option – simplified computer tomography that runs faster, especially for flat assemblies.

The S3088 CCI inspection system was added to the Viscom product range back in 2014, complementing the proven S3088 system platform. CCI stands for "Conformal Coating Inspection" and encompasses the inspection of surface coatings. This system was expanded in the first half of 2015 to include the inspection of specific plasma protective coatings, primarily to win customers in the Computers, Communication and Consumer (3C) market for electronics production.

Camera modules with extended imaging possibilities for wire bond inspection applications were developed in the past financial year, improving the inspection capabilities to meet special criteria. The constantly changing styles of wire bond products have been combined into several design classes, and can now be offered with shorter delivery times thanks to the modular structure of the available bond systems. Going forward, special requirements can also be met in the field of assembly inspection for electromechanical assemblies through a standard concept under machine designation S2012.

In the software segment, vVision has been used successfully as the software platform for optical solder joint inspection for several years. vVision significantly simplifies operation and engineering of inspection programs for the PCBs being inspected. Now Viscom has also made these benefits available for other inspection applications and system types in 2015. Thanks to corresponding further development of the software, vVision is now also available for solder paste inspection (SPI) and conformal coating inspection (CCI). The enhanced vVision software platform can be used for both inspection applications on systems delivered in the future. Customers reap the benefits of simplified operation and easier programming.

Industry 4.0 and big data are increasingly gaining practical relevance in software development as well. Viscom is consistently solidifying its favourable market position here. This is being accomplished on the one hand through the consistent further development of the existing MES software ("Manufacturing Execution System"), which transfers process data from the Viscom inspection system to higher-level control systems for subsequent use in other process steps. On the other hand, additional functions are being implemented in the "Viscom Quality Uplink", which makes process data from solder paste inspection available to solder joint inspection that takes place later in the production process, thereby improving the results. Projects with key customers are currently being planned and the resulting insights will be incorporated in software development.

Viscom XM camera technology has been successfully established in the market for optical inspection systems (AOI) for several years. XM camera technology enables the inspection of electronic components with a view from above, view from the side and in a 3D reconstruction with the use of a fringe projection technique. The XM sensor module supports the combined, time-saving use of all methods for the current image field without moving the module. XM cameras with a larger image field are being developed and integrated in 2016 to further increase the throughput of the AOI. Then an image field will cover a larger section of the PCB with the electronic components so that the PCB can be inspected much faster. This development is to be incorporated in series systems during the second half of 2016.

3D reconstruction for inspection simplifies the evaluation of electronic components through the high information content of the three-dimensional result. In 2016, the three-dimensional evaluation of components is to be expanded to the corresponding solder joints for the component connections. In order to accomplish this, corresponding analysis processes in the software are being developed and tested for the different characteristics of the solder joints in 2016. These are to be incorporated in the series systems in the course of the year and, through new software versions, can be used on existing customer inspection systems that have the hardware for 3D reconstruction.

Another building block of research and development in the last several years has been the successful transfer of scientific findings into practical uses at Viscom. Together with Leibniz University Hanover, Viscom is promoting such a transfer process within the scope of research and development projects. Scientific knowledge is applied to work on solutions to specific issues relevant to the market in these projects.

Expenditures for research and development, excluding customer-specific development, amount to 6.3 % of sales revenues (previous year: 7.4 %). Developments costs totalling € 1,552 thousand (previous year: € 1,818 thousand) were capitalised in the 2015 financial year, which corresponds to a capitalisation ratio of approximately 50 % for 2015 (previous year: approximately 55 %). Capitalised development costs of € 1,212 thousand (previous year: € 893 thousand) were written off as scheduled.

Basic principles of the remuneration system

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

ECONOMIC REPORT

Macroeconomic and Sector Development

Macroeconomic development

According to the Deutsche Bank, the gross domestic product (GDP) in the Eurozone at 1.5 % increased about as much as in Germany during 2015 and therefore more than expected. Developments in the first quarter were particularly favourable, boosted by the falling oil price and declining value of the euro.

The positive trend in Germany over the last few years continued in 2015. With an increase of 1.7 %, the GDP rose to a four-year high. This was due to high private consumption and government spending. Private consumption increased thanks to the positive employment market situation, low interest rates and falling energy costs. Government spending was mainly driven by efforts to accommodate refugees. Exports also contributed to results once again. The export of goods and services grew by 5.4 % year on year, notwithstanding the ongoing sanctions against Russia. Germany's share of the EU's gross domestic product was 21 %.

The growth of the US economy was equal to the previous year at 2.4 %. Once again, private consumption was the driving force. This is a crucial factor in the US economy since it accounts for 70 % of the gross domestic product. Around 2.7 million new jobs were created and the unemployment rate was 5.0 % towards the end of the year, a value at which the US Federal Reserve speaks of almost full employment.

In contrast, the economic boom in China appears to be over. With a comparatively low GDP growth rate of only 6.5 %, the lowest value in 25 years, the growth of the Chinese economy was slower than in previous years. Nevertheless, this represents above-average economic growth compared to Europe and the Americas.

Sector developments

Inspection of electronic assemblies is Viscom's main revenue contributor. Consequently, Viscom is primarily represented in the automotive supplier segment within the electronics industry, one of the largest branches of industry in the world.

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

Viscom intensified its efforts to gain a foothold in other industries such as telecommunication, industrial electronics and semiconductor production over the last few years. The company has already established itself with a broader base among SMEs in Europe. The company also continues to focus on Asian Electronic Manufacturing Services (EMS) in the Computers, Communication and Consumer (3C) sector.

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

Target sectors, target markets and target customers

The inspection systems Viscom manufactures are employed primarily within the electronics industry. Producers of electronic assemblies are the main customer segment at 87 % of revenue (previous year: 81 %). Some of these companies are involved in production for end consumers. However, the majority of Viscom's customers are suppliers for other companies that manufacture products like electronic assemblies which are integrated into end products as parts from suppliers – for example, motor controllers in vehicles.

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

With the increasing use of electronics in today's automobiles and the high reliability requirements for vehicle systems, the automotive industry has developed into one of the most significant customer groups for the inspection of electronic assemblies.

As a rule these assemblies, which often represent safety-related components such as ABS, ESP or airbags, are inspected by systems such as those offered by Viscom.

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

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

Customer structure

Viscom generated around 55 % of revenue with its five largest customers (previous year: around 56 %). A further 30 % of revenue was generated with 31, and the rest with 321 different customers.

Markets

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

Accordingly, the main customers are companies who make product safety top priority. The automotive electronics sector takes up a particularly high volume in this respect. Viscom has been a world-leading provider of inspection systems for quality assurance and process control in this and other industries for years.

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

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

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

Actual Development of Key Performance Indicators in 2015 compared to the Forecast

Performance indicator		Forecast for 2015	Actual figure 2015
Revenue	million €	62.0 – 67.0	**69.4**
Incoming orders	million €	62.0 – 67.0	67.2
EBIT	million €	8.1 – 10.1	10.2
EBIT-Margin	%	13.0 – 15.0	14.6

Results of Operations

Incoming orders/order backlog

Incoming orders at € 67,173 thousand in the 2015 financial year were close to the prior-year level (previous year: € 66,844 thousand). The slight increase was mainly due to the expanded customer base. The order backlog at year-end was € 11,816 thousand and therefore around 16 % lower year on year (previous year: € 14,032 thousand).

Development of revenue

Revenue in the year under review was € 69,389 thousand (previous year: € 62,254 thousand), equating to an increase of approximately 11 % year on year. The revenue increase is largely thanks to drawing down the high order backlog from the previous year.

Revenue in the first quarter of 2015 increased by about 57 % over the same quarter in the previous year to € 17,195 thousand (previous year: € 10,931 thousand). In the second quarter of 2015, Viscom generated around 16 % lower revenue at € 12,866 thousand (previous year: € 15,382 thousand). Revenue reached € 17,415 thousand in the third quarter, a year-on-year increase of around 13 % (previous year: € 15,454 thousand). In the final quarter of 2015, revenue was € 21,913 thousand (previous year: € 20,487 thousand), up by around 7 % over the same quarter in the previous year.

Operating profit

Operating profit increased by about 8 % year on year to € 10,157 thousand (previous year: € 9,378 thousand). This was mainly driven by higher revenue. Due to a change in the product mix, the cost of materials ratio as a proportion of revenue dropped slightly from 39.6 % in 2014 to 38.0 % in 2015.

Other operating expenses did not increase as much as sales revenues thanks to economies of scale. The proportion of other operating expenses at 19.4 % was slightly below the prior-year level (previous year: 20.6 %). Personnel costs increased because of staff additions in Sales and Service. The personnel cost ratio, also as a proportion of revenue, increased from 34.4 % in 2014 to 35.1 % in 2015 as a result. Amortisation of capitalised development costs also increased over the previous year.

EBIT-Margin

The effects on results of operations discussed above led to a decrease in the EBIT-Margin for the 2015 financial year. The EBIT-Margin was 14.6 % (previous year: 15.1 %).

Net profit for the period

Net profit for the period declined by 47.2 % from € 6,685 thousand in the previous year to € 3,529 thousand. The decrease in net profit for the period – notwithstanding higher results of operations compared to the previous year – was caused by back taxes from the audit for the years of 2006 – 2009 at € 560 thousand as well as provisions for possible back taxes on a securities lending transaction from 2006 in the amount of € 1,720 thousand and a related interest payment of € 765 thousand.

The ratio of net profit before taxes was 13.5 % (previous year: 15.2 %).

Earnings per share

Viscom acquired 134,940 own shares for € 587 thousand on the stock exchange in the period from 29 July 2008 to 31 March 2009. The share buy-back programme reduced the number of dividend-bearing shares from 9,020,000 shares to 8,885,060 shares. The company did not exercise the option of buying back shares in 2015.

Earnings per share for the 2015 financial year amounted to € 0.40 (diluted and undiluted) based on 8,885,060 shares. In the previous year earnings per share amounted to € 0.75.

The proposal put forward to the Annual General Meeting on 1 June 2016 is to distribute a dividend of € 0.40 per dividend-bearing share. With the intended distribution of at least 50 % of the achieved results, management is following Viscom AG's dividend policy, which has been communicated for several years already. This proposed dividend is based on the company's expected economic development under consideration of funds required for business operations.

Financial result

The financial result fell compared to the previous year due to provisions for the expected interest expense on taxes of € 765 thousand. The financial assets were either invested in term deposits or held in direct access savings accounts. The financial result for 2015 therefore amounted to € -805 thousand (previous year: € 84 thousand).

Exchange rate results

As it operates internationally, Viscom is exposed to exchange rate risks. Due to the company's business volume and the development of the euro/US dollar exchange rate, the current level of exchange rate risk was deemed acceptable without the need for hedging. Approximately 11 % of total revenue was subject to a direct exchange rate influence (previous year: 9 %).

Employees

The following table shows the number of Viscom employees at 31 December 2015. The total number of employees increased to 362 over the course of the year (previous year: 325). Personnel was mainly added in Service and Sales due to the expanded installation base and the development of the distribution structure for further strategic alignment.

Twelve employees were in training as of the turn of the year.

An average of 355 employees (excluding trainees) worked for the Group in the 2015 financial year. Out of this number, 147 employees are classified as commercial in Sales, Development and Administration (previous year: 120), while 208 are classified as industrial in Production, Logistics, Projects and Service (previous year: 194).

Employees

As of 31.12.2015	Europe	Americas	Asia	**Total**
Total	**293**	**17**	**52**	**362**
of which full-time	267	16	52	**335**
of which part-time	26	1	0	**27**
Plus: Trainees	**12**	**0**	**0**	**12**

Regional developments

Europe

The investment readiness of Viscom customers in the home market of Germany can be described as remaining high. Germany therefore continued to be an important sales market for Viscom in 2015. In Germany, the Viscom Group is the market leader for the production of inspection systems for electronic assemblies (AOI and AXI). New customers were acquired in Germany thanks to the success of the proven, flexible S3088 system platform, the modular S6056 system platform and the trendsetting X7056 technology.

Revenue of € 20,176 thousand in Germany was at the prior-year level (previous year: € 20,686 thousand).

In the rest of Europe, revenue was up approximately 12 % year on year at € 22,844 thousand (previous year: € 20,370 thousand). Viscom is offering both low-cost and high-end products for various customer groups and requirements in these markets.

These developments in Germany and the rest of Europe were reflected by an increase in segment revenue from € 41,056 thousand in 2014 to € 43,020 thousand in 2015. Segment results therefore increased by around 9 % to € 7,881 thousand (previous year: € 7,245 thousand).

Americas

Continued strong demand in automobile electronics production defined the market in the Americas region. New, innovative production lines and the upgrading of existing systems were responsible for the positive sales revenues. Additional sales success in medical and industrial electronics was achieved among small to midsize service providers in the US. Focused activities in the Computer, Communication and Consumer sector among globally active EMS customers also lead to expectations for future growth. In the American market, high revenue in the fourth quarter brought the favourable Viscom business activities for the year to a very positive conclusion. The high order backlog from the previous year was drawn down in the course of the year. This along with the consistently strong US dollar in 2015 drove the high sales revenues and outstanding result.

At € 13,019 thousand, revenue was up by approximately 41 % year on year (previous year: € 9,242 thousand). Segment results at € 1,420 thousand were around 70 % higher year on year (previous year: € 834 thousand).

Asia

The general economic climate in the Asia region became much more restrained in the course of the year after an optimistic first quarter in 2015. Viscom managed to continue increasing its sales revenue in 2015 notwithstanding this market trend. Larger orders were also obtained in the Computer, Communication and Consumer sector, albeit in the face of stiff competitive pressure. Robust incoming orders for Viscom in the Asia region were reported in the fourth quarter thanks to sales success with large projects. The ability to deliver quickly was a key factor that led to success. This contributed significantly to the realisation of revenues and contributions to operating income in the last quarter. The support structure that has been established also made an important contribution in terms of production support services.

Revenue at € 13,350 thousand in 2015 was about 12 % up on the corresponding prior-year value (previous year: € 11,956 thousand). The segment result of € 1,239 thousand was at the prior-year level (previous year: € 1,301 thousand).

Products/Inspection Systems

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

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

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

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

The inspection systems manufactured by the company in 2015 were primarily optical inspection systems of the S3088, S6056 and X7056 series. Viscom has comparatively extensive product expertise due to continuous product development. Many variants of the individual machine types can be manufactured due to their modular structure. This represents a distinct advantage for the customers.

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

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

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

Revenue in the "Optical and X-ray series inspection systems" product group increased by about 5 % from € 44,677 thousand in 2014 to € 47,121 thousand in the 2015 financial year. In the "Special optical and X-ray inspection systems" product group, revenue rose by about 33 % from € 7,217 thousand in 2014 to € 9,602 thousand in 2015. A significant increase in revenue of around 22 % was achieved in the "Service" product group, leading to sales revenues of € 12,666 thousand (previous year: € 10,360 thousand).

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

Financial Position

Capital structure

There were no liabilities to banks as of 31 December 2015.

Investments

Investments in property, plant, and equipment and intangible assets totalled € 2,368 thousand in 2015 (previous year: € 2,406 thousand).

Most of the investments totalling € 1,552 thousand (previous year: € 1,818 thousand) were accounted for by capitalised development costs. The remainder included operating and office equipment at € 598 thousand (previous year: € 360 thousand), leasehold improvements at € 160 thousand (previous year: € 5 thousand), software at € 38 thousand (previous year: € 107 thousand), technical equipment and machinery at € 13 thousand (previous year: € 5 thousand) and vehicles at € 7 thousand (previous year: € 82 thousand).

The segment Europe accounted for € 2,131 thousand of the investments (previous year: € 2,289 thousand) and the Americas for € 80 thousand (previous year: € 117 thousand). € 157 thousand was invested in the segment Asia (previous year: € 0 thousand).

Most of the investments in the year under review were for the product-specific segment "Optical and X-ray series inspection systems" at € 1,608 thousand (previous year: € 1,727 thousand).

Liquidity

Viscom was able to continue providing the required liquidity entirely from its own funds in the 2015 financial year. The subsidiaries did not require any additional loans either. Group equity at 77.1 % was below the corresponding prior-year value (previous year: 83.1 %).

Cash and cash equivalents/cash flow

As of 31 December 2015, cash and cash equivalents amounted to € 11,868 thousand, which is approximately 30 % less than in the previous year (previous year: € 16,933 thousand).

The cash flow from:

- Operating activities came to € 5,955 thousand (previous year: € 4,755 thousand). This is mainly due to the positive net profit for the period, the correction of net profit for the period for income tax and interest expense and the opposing effect of the inventory build-up and the increase in receivables.
- Investment activities totalled € -2,359 thousand (previous year: € -2,233 thousand) and was mainly impacted by the recognition of company-produced assets.
- Financing activities totalled € -8,943 thousand (previous year: € -15,126 thousand), mainly because of the distribution of dividends for the 2014 financial year.

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

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

Net Assets

Positive net income for the year was generated in the 2015 financial year. Notwithstanding the build-up of finished goods and the increase in receivables, this reduced total assets from € 64,458 thousand to € 63,130 thousand due to the dividend payment for the 2014 financial year. Current liabilities increased, mainly because of higher income tax liabilities. Non-current liabilities went up compared to the previous year, primarily due to the increase in deferred tax liabilities. Liabilities were generally settled with an early settlement discount within the agreed payment period.

Assets and here in particular cash and cash equivalents fell in the 2015 financial year, mainly because of the dividend payment for the 2014 financial year. Primarily because of the increase in finished goods, inventories at year-end exceeded the corresponding prior-year value. Trade receivables increased because of higher revenue. Intangible assets also went up, mainly driven by the capitalisation of development costs, whereas there was a decrease in other financial receivables.

Fixed assets

In the category of fixed assets, intangible assets include mainly company-produced assets. Intangible assets increased from € 7,330 thousand in the previous year to € 7,628 thousand.

Receivables

Trade receivables at € 18,126 thousand exceed the prior-year value because of higher revenue, especially in the fourth quarter (previous year: € 15,759 thousand). Write-offs of trade receivables totalled € 812 thousand (previous year: € 948 thousand).

Overall, the overdue receivables at € 5,770 thousand increased by 19.9 % year on year (previous year: € 4,814 thousand). Most of the overdue receivables are short-term in nature. Less than 1 % of total receivables were more than six months overdue.

The risk of bad debts was addressed by value adjustments on specific items at the end of the year. In reference to the receivables portfolio, percentage value adjustments decreased compared to the previous year, from 6.0 % to 4.5 %.

Inventories

The book value of inventories stood at € 22,352 thousand at the end of the financial year (previous year: € 20,743 thousand). This net inventory figure included impairment losses for extended inventory coverage in the amount of € 6,123 thousand (previous year: € 6,051 thousand) and individual value adjustments on rental and demo machines of € 5,617 thousand (previous year: € 5,266 thousand). This means net inventories increased by € 1,609 thousand compared to the previous year while gross inventories rose by € 2,032 thousand. The inventory increase was due to the expanded product portfolio among other factors.

Liabilities

Trade payables totalled € 1,558 thousand (previous year: € 2,115 thousand) at the end of the year.

Shareholders' equity

Total equity plus reserves fell from € 53,584 thousand in the previous year to € 48,657 thousand. This change is because of the positive overall result for the past financial year, the accumulated result in the prior period and the dividend distribution for the 2014 financial year. Notwithstanding the balance sheet contraction, the equity ratio therefore fell to 77.1 % (previous year: 83.1 %).

Key figures on the Group's net assets, financial position and results of operations	2015 K€	2014 K€
Tier 1 liquidity (cash and cash equivalents less current liabilities and provisions)	**-671**	**7,669**
Tier 2 liquidity (tier 1 liquidity plus receivables and other assets less non-current liabilities)	**17,789**	**24,698**
Tier 3 liquidity (tier 2 liquidity plus inventories)	**40,141**	**45,441**
Current assets:		
Cash and cash equivalents	11,868	16,933
Receivables and other assets	18,983	17,689
Inventories	22,352	20,743
	53,203	**55,365**
Liabilities and provisions:		
Current liabilities and provisions	12,539	9,264
Non-current provisions	523	660
	13,062	**9,924**
Cash flow:		
Net profit for the period after taxes	3,529	6,685
+ Depreciation and amortisation expense	1,776	1,428
	5,305	**8,113**
Return on equity		
Net profit for the period/shareholders' equity	7.3 %	12.5 %
Return on Investment (ROI)		
Net profit for the period/total assets	5.6 %	10.4 %
Return on revenue		
EBT/revenue	13.5 %	15.2 %
Return on Capital Employed (ROCE)		
EBIT/(total assets – cash and cash equivalents – current liabilities and provisions)	26.2 %	24.5 %
Net debt		
Liabilities and provisions (-)	-13,062	-9,924
+ Cash and cash equivalents	11,868	16,933
+ Receivables and other assets	18,983	17,689
= Net debt	17,789	24,698
Working capital		
Current assets – liabilities and provisions	40,141	45,441
Equity ratio		
Shareholders' equity/total assets	77.1 %	83.1 %

REPORT ON POST-BALANCE SHEET DATE EVENTS

Viscom AG like many other companies made use of the securities lending instrument in 2006, which means it is likely to be affected by the Federal Tax Court decision of 13 January 2016 as disclosed in its Ad hoc notice on 22 January 2016. According to this decision, dividend income for taxation years that have not been concluded yet and generated by the borrower in the course of a securities lending transaction may not be considered tax exempt. In the past, this income was always treated as tax exempt by the financial authorities. The provisions recognised for this on 31 December 2015 are based on the claims asserted by the financial administration and include possible back tax payments of € 1,720 thousand and related interest payments of € 765 thousand. This reduced the Group's 2015 net profit for the period by € 2,485 thousand.

There were no other significant events after the end of the 2015 financial year.

OPPORTUNITIES AND RISKS REPORT

Expected Opportunities

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

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

The following opportunities are described in more detail owing to their probability of occurrence and are not yet reflected in the business plan and outlook for 2016.

Opportunities from economic development

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

Opportunities through research and development

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

Risk management strategy, process and organisation

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

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

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

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

The guiding principle of risk management is that the relevant decision-makers should be made aware of the development of significant risks as promptly and comprehensibly as possible in order to facilitate a timely and appropriate response or pre-emptive action. To this end, regular meetings with the Executive Board and the heads of the business areas, the heads of individual branches and department heads are held, during which the current status of and approach to the recognised significant risk positions are clarified on the basis of corresponding evaluations and reports. Additional information regarding the current status may be required; this is obtained from employees in the respective departments. Risk identification in the individual departments is based on a defined risk catalogue. Risks that arose outside the risk catalogue also have to be included in the reports presented in the regular meetings of managerial employees.

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

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

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

Viscom AG's Executive Board considers the following elements of the internal control and risk management system at Viscom essential in regards to the accounting process and (consolidated) financial reporting:

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

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

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

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

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

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

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

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

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

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

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

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

Customer risk
Viscom generated approximately 55 % of its revenue with its five largest customers. This proportion of revenue therefore fell by one percentage point compared to the previous year.

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

The development of the US dollar is an important factor for Viscom. Sales in US dollars were affected in tranches during periods of positive development to ensure that potential exchange rate losses were minimised. Foreign currency hedges, e. g. using forward exchange transactions, were not established in 2015 but have been set up as needed in the past.

Due to the company's business volume and the development of the euro/US dollar exchange rate, the current level of exchange rate risk was deemed acceptable without the need for hedging. Approximately 11 % of total revenue was subject to a direct influence on exchange rates (previous year: approximately 9 %).

Procurement risk

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

Bottlenecks occurred in the procurement times of some parts and components with certain suppliers in the period under review because of the overall positive order situation, resulting in longer delivery times. The company prevents bottlenecks by changing its procurement strategy and expanding its supplier base.

Liquidity risk

The initial public offering in 2006 resulted in a substantial improvement in the liquidity situation. No borrowing will be required to finance the expenditures that have been made and are planned for 2016.

Default risk

Default risk related to specific customers generally cannot be ruled out. However, Viscom employs appropriate control processes to ensure that sales are only entered into with customers that have a proven credit standing at the time of sale.

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

The maximum default risk can be derived from the carrying amount of the respective financial assets as reported on the balance sheet.

Trademark and patent risk

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

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

Technological competitive risk/technological competitive advantage

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

Taxation risks

Viscom AG is increasingly exposed to taxation risks due to stricter interpretations and determinations by the financial authorities. In light of current events (see the Report on post-balance sheet date events), provisions are being recognised based on the estimated claims of the financial authorities.

Assessment of the overall risk situation

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

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

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

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

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

Viscom is exposed to risks. In view of their probability of occurrence and their effects, however, Viscom's management does not believe the previously described risks endanger the survival of the Group either by way of occurance of any individual risk or the risks as whole.

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

In view of the company's good market position, technological innovative capacity and clearly structured early risk identification, Viscom's management also expects the company to be able to successfully master the aforementioned challenges and potential risks in the 2016 financial year.

The company was not involved in any significant legal proceedings as of 31 December 2015.

Evaluation of individual risks:

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

FORECAST REPORT 2016

Economic Conditions

The world economy will grow by around 0.2 % only according to Deutsche Bank.

The Bundesverband der Deutschen Industrie e.V. (BDI) expects Germany's gross domestic product (GDP) to continue growing in 2016. Growth of around 2 % is expected but depends on exceptional factors such as the low oil price, low interest rates and the weak euro. Significant geopolitical risks in the Middle East and the Ukraine as well as the conflict between Saudi Arabia and Iran may affect the projected economic development as well. How the flood of refugees will affect Europe and Germany also remains to be seen. The effects of the Volkswagen exhaust gas scandal are not fully known yet either. An entire industry could be in distress if the situation worsens.

Slower growth is predicted for the world's most powerful economy as well. The USA is expected to grow by a mere 2.1 %. The strong US dollar in particular could become a challenge here.

Once again, no improvement is expected in 2016 for the growth projections of China's GDP, which have been dropping annually since 2010. The International Monetary Fund (IMF) estimates growth of only 6.3 % for the second-largest economy of the world, which would be China's poorest value in over 25 years. And the other emerging markets do not qualify as substitute players to drive the growth of the world economy any more.

The 2016 financial year will largely be defined by the low oil price, the US dollar exchange rate and the development of the refugee situation in and around Europe. How these issues will affect the development of the world economy remains to be seen.

According to Dr. Reinhold Festge, President of the VDMA industry association (Verband Deutscher Maschinen- und Anlagenbau), the mechanical engineering sector is once again going to stagnate in 2016. Mechanical engineering firms have been suffering for some time due to China's weak economy and the sanctions against Russia.

The ZVEI industry association (Zentralverband Elektrotechnik- und Elektronikindustrie e.V.) on the other hand is more positive about 2016 and feels ready for the upcoming challenges of "Industry 4.0".

Notwithstanding the overall economic outlook, Viscom is optimistic about developments in the new 2016 financial year in view of increased sales activities.

Business policy

The core focal points of the Viscom strategy are:

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

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

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

Markets

As an important market for Viscom and a strong technology trend setter, automotive and industrial electronics will continue to be very important to Viscom. The company expects revenue within the European market – including Southern and Eastern Europe – to once again increase in 2016.

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

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

Company segments

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

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

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

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

Products/Services

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

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

Production/production processes

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

Procurement

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

Results of operations

The development of incoming orders and revenue will largely depend on the overall economic situation in the 2016 financial year, especially in the automotive industry. With budgeted revenue and incoming orders of € 70 to 75 million, Viscom once again expects significantly positive results of operations in 2016.

The EBIT-Margin is likely to be between 13 % and 15 % in the 2016 financial year, which corresponds to EBIT of € 9.1 to 11.3 million.

Financial position

However, there are no plans for borrowing in 2016 thanks to the ongoing good liquidity position. Capital continues to be available for investing activities. Most of the funds, invested in direct access savings accounts and term deposits, are available at short notice.

Investments and financing

The company plans to make additional Investments in its core business in the future. These relate to further developing products, expanding its regional presence and strengthening the organisational structure. These investments will be financed primarily from own funds. Other financing models are used where third-party funding is more economically viable. This currently applies in particular to the operating premises and buildings. Viscom made no major investments in 2015.

Other cash flows and refinancing

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

CORPORATE GOVERNANCE STATEMENT AND CORPORATE GOVERNANCE REPORT

Part of Group Management Report

The Executive Board and Supervisory Board of Viscom AG are committed to the principles of sound Corporate Governance. They constitute a vital element of the modern capital market. This is intended to promote the trust of investors and the public in the management and supervision of publicly owned German companies. The principles of responsible and effective company management and controlling aimed at transparency and value creation determine the actions of Viscom AG's management and supervisory bodies.

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

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

The Executive Board and Supervisory Board of Viscom AG submitted the annual Compliance Statement pursuant to section 161 of the German Stock Corporation Act (AktG) on 26 February 2016. It has been published and is permanently accessible on the Viscom AG website under www.viscom.com/europe in the section Investor Relations/Corporate Governance.

Wording of the 2016 Compliance Statement

The following declaration refers to the recommendations by the Government Commission on the German Corporate Governance Code pursuant to the version dated 24 June 2014 for the period up to 11 June 2015. With regard to the period starting on 12 June 2015, the declaration refers to the recommendations by the Government Commission on the German Corporate Governance Code in the version dated 5 May 2015 as published by the Federal Ministry of Justice in the official section of the Bundesanzeiger (Federal Gazette) on 12 June 2015.

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

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

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

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

Taking into account the number of Executive Board members, the Executive Board and the Supervisory Board are consequently of the opinion that, on a board with only three members, a Chairperson or a Speaker is not required. In addition, the law for stock corporations is based on a principle of consensus, i. e.

on a collegial rather than a hierarchal Executive Board. A strong principle of consensus has prevailed within the Executive Board (and previously within the management) since the company was founded. All significant decisions are made together by the entire Executive Board at all times.

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

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

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

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

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

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

6. The Supervisory Board has not formed any committees, and in particular has not formed an audit committee (Code sections 5.3.1, 5.3.2, 5.3.3).

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

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

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

Working methods of the Executive Board and the Supervisory Board

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

Executive Board

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

The Executive Board of Viscom AG currently consists of three members: Dr. Martin Heuser (Technology), Volker Pape (Sales) and Dirk Schwingel (Finances). The Executive Board is solely responsible for managing the company in compliance with the law, Articles of Association, rules of procedure, resolutions of the Supervisory Board and employment contracts. The primary tasks of the Executive Board are determining strategic alignment, managing the company, and planning, establishing and monitoring a risk management and a compliance system. Furthermore, the Executive Board is required to consider diversity and in particular the fair inclusion of women in the process of filling management positions in the company. According to Code section 4.1.5 and section 76 (4) of the German Stock Corporation Act (AktG) in conjunction with section 25 (1) of the Introductory Act to the German Stock Corporation Act (EGAktG), Viscom AG's Executive Board is obligated to determine targets for the proportion of women in the two management levels below the Executive Board. The top two national management levels below Viscom AG's Executive Board have a total of 6 and 28 employees respectively. Currently 0 and 5 of these respectively are women. The proportion of women in the top two management levels below the Executive Board is therefore 0 % and 17.86 % respectively at this time. On 10 September 2015, the Executive Board of Viscom AG after detailed discussion set a target of 0 % for the proportion of women in the top national management level and a target of 17.86 % for the management level below that. These targets are to be reached or maintained until 30 June 2017 and were actually reached or maintained in the company's 2015 financial year. Employees are to be hired and promoted without regard to gender within these targets in the future, which has also been the case in the past.

All members of the Executive Board are involved in the day-to-day management of the company and bear responsibility for operations.

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

The Executive Board passes its resolutions either at meetings or, in the absence of objections from Board members, outside of meetings using modern means of communication. Two members of the Executive Board constitute a quorum. All resolutions of the Executive Board require a simple majority.

Meetings of the Executive Board are to be scheduled on a regular basis, if possible, a weekly basis. They must take place when required to ensure the well-being of the company. The Executive Board member designated accordingly by the Supervisory Board is responsible for determining meeting dates, convening meetings, setting the agenda, chairing the meetings and ensuring the minutes are taken.

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

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

Members of the Executive Board are subject to comprehensive restraint on competition during their Board membership. They are bound to the interests of the company. No member of the Executive Board may allow personal interests to affect his decisions or make use of business opportunities to which the company is entitled for his own benefit. Any possible conflicts of interest are to be disclosed promptly to the Supervisory Board, and the other members of the Executive Board are to be informed. Transactions between the company and the Executive Board members or closely related persons or companies have to be in accordance with standards of the trade. Significant transactions with an Executive Board member or related parties require the consent of the Supervisory Board.

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

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

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

Mandates of the Executive Board Members

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

Supervisory Board

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

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

The proposals for suitable candidates consider the skills, expertise and experience necessary for the duties of the Supervisory Board. The company's international activities, potential conflicts of interest, the number of independent Supervisory Board members considered adequate by the Supervisory Board, the age limit for Supervisory Board members and the time limit for Supervisory Board membership as well as diversity in the composition of the Supervisory Board are all considered. According to Code section 5.4.1 and section 111 (5) of the German Stock Corporation Act (AktG) in conjunction with section 25 of the Introductory Act to the German Stock Corporation Act (EGAktG), Viscom AG's Supervisory Board is obligated to set targets for the proportion of women on the Supervisory Board. The current members of the Supervisory Board were appointed by the Annual General Meeting on 27 May 2014 with a term in office until the end of the Annual General Meeting voting on the resolution to discharge the Supervisory Board members for the 2018 financial year. Therefore Viscom AG's Supervisory Board decided on 10 August 2015 after detailed discussion to leave the target for the proportion of women on the Supervisory Board at the current proportion of zero percent until 30 June 2017. This target was reached and/or maintained in the company's 2015 financial year. Should a member of the Supervisory Board resign early, the Supervisory Board shall give preference to a female candidate with equal qualifications in nominations to fill the vacant position.

Former members of the Viscom AG Executive Board are not members of the Supervisory Board. The Supervisory Board only has independent members who maintain no business or personal relations with the company or its Executive Board.

The Supervisory Board monitors and advises the Executive Board on company management. It is involved in strategy and planning as well as all matters fundamental to the company. The Supervisory Board has resolved standing rules for the Executive Board, in accordance with the company's Articles of Association. The Articles of Association include the provision that specifies the types of major transactions of the Executive Board that require the Supervisory Board's approval. The Supervisory Board's further responsibilities include appointing Executive Board members, determining the remuneration system for the Executive Board and its individual members, and examining the company's annual financial statements. The Supervisory Board also has to consider diversity in the composition of the Executive Board. According to Code section 5.1.2 and section 111 (5) of the German Stock Corporation Act (AktG) in conjunction with section 25 of the Introductory Act to the German Stock Corporation Act (EGAktG), Viscom AG's Supervisory Board is obligated to set targets for the proportion of women on the Executive Board. In the opinion of the Supervisory Board, Viscom

AG's current Executive Board is highly successful in its work. For this reason, the Supervisory Board does not intend to change the composition of the Executive Board before the end of 30 June 2017. Therefore Viscom AG's Supervisory Board decided on 10 August 2015 after detailed discussion to leave the target for the proportion of women on the Executive Board at the current proportion of zero percent until 30 June 2017. This target was reached or maintained in the company's 2015 financial year. Should a member of the Executive Board resign early, the Supervisory Board shall give preference to a female candidate with equal qualifications to fill the vacant position.

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

The Supervisory Board held seven regular meetings in the 2015 financial year, including one meeting for an efficiency audit under exclusion of the Executive Board. The Chairman of the Supervisory Board or, in case of his absence, the Deputy Chairman, convenes meetings in written form with a 14 day notification period. In urgent cases, the Chairman of the Supervisory Board can shorten the notification period appropriately and convene the meeting via verbal notification or via telephone, in writing, by fax or e-mail. The agenda and proposals for resolutions must be included with the invitations.

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

All resolutions of the Supervisory Board require a simple majority unless stated otherwise by law or the Articles of Association. The Chairman of the Supervisory Board or, in case of his impairment, the Deputy Chairman, casts the deciding vote in the case of a tie.

Barring different arrangements made by the Supervisory Board for individual cases, all members of the Executive Board attend the quarterly meetings of the Supervisory Board. The Executive Board's written reports for the Supervisory Board are handed out to the Supervisory Board members, unless the Supervisory Board has decided on a different approach in a given case.

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

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

Detailed information on Supervisory Board activity during the 2015 financial year is included in the "Report of the Supervisory Board" to the Annual General Meeting.

Mandates of the Supervisory Board members

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

Structure and working methods of Executive Board and Supervisory Board Committees

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

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

Shareholdings of Board members

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

- Dr. Martin Heuser:
  255,000 shares held directly; Dr. Heuser also holds 50 % of HPC Vermögensverwaltung GmbH, which in turn holds 4,869,085 Viscom AG shares.

- Volker Pape:
  255,000 shares held directly; Mr. Pape also holds 50 % of HPC Vermögensverwaltung GmbH, which in turn holds 4,869,085 Viscom AG shares.

- Dirk Schwingel:
  5,000 shares held directly.

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

- Bernd Hackmann: 5,000 shares.
- Klaus Friedland: 3,000 shares.
- Prof. Dr. Ludger Overmeyer: 1,500 shares.

Shareholders and Annual General Meeting

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

The Annual General Meeting elects the Supervisory Board members and decides on approving the actions of the Executive Board and Supervisory Board. It regularly decides on the appropriation of net profit, the selection of the auditor, capital and structural measures, the approval of company contracts and any changes to the company's Articles of Association. At the Annual General Meeting, the Executive Board and Supervisory Board render account of the past financial year. The German Stock Corporation Act provides for convening an extraordinary General Meeting in special cases.

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

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

Remuneration Report

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

Remuneration of Executive Board Members

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

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

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

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

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

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

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

Grants awarded	Dr. Martin Heuser Technology				Volker Pape Sales				Dirk Schwingel Finances			
in K€	2014	**2015**	2015 Min.	2015 Max.	2014	**2015**	2015 Min.	2015 Max.	2014	**2015**	2015 Min.	2015 Max.
Fixed remuneration	182	182	182	182	182	182	182	182	169	182	182	182
Additional benefits*	17	17	17	17	19	19	19	19	11	11	11	11
Total	**199**	**199**	**199**	**199**	**201**	**201**	**201**	**201**	**180**	**193**	**193**	**193**
Annual variable remuneration	136	146	0	146	136	146	0	146	61	66	0	66
Multi-year variable remuneration (Bonus II: Average EBIT of last three financial years)	124	128	0	128	124	128	0	128	55	57	0	57
Total**	**182**	**182**	**0**	**182**	**182**	**182**	**0**	**182**	**85**	**91**	**0**	**91**
Benefit expense***	5	5	5	5	5	5	5	5	5	6	6	6
Total remuneration	**386**	**386**	**204**	**386**	**388**	**388**	**206**	**388**	**270**	**290**	**199**	**290**

* Additional benefits include use of a company vehicle for business and private purposes, capital-formation benefits and a telephone allowance
** The comprehensive bonus is limited to 100 % of annual fixed remuneration for Dr Heuser and Volker Pape and to 50 % of the annual fixed remuneration for Dirk Schwingel
*** Contributions to private health insurance, direct insurance and accident insurance

The following table shows the inflows for the financial year:

Inflows	Dr. Martin Heuser Technology		Volker Pape Sales		Dirk Schwingel Finances	
in K€	2014	2015	2014	2015	2014	2015
Fixed remuneration	182	182	182	182	169	182
Additional benefits*	17	17	19	19	11	11
Total	**199**	**199**	**201**	**201**	**180**	**193**
Annual variable remuneration	136	146	136	146	61	66
Multi-year variable remuneration (Average EBIT of last three financial years)	124	128	124	128	55	57
Other**	0	0	0	0	0	0
Total* **	**182**	**182**	**182**	**182**	**85**	**91**
Benefit expense****	5	5	5	5	5	6
Total remuneration	**386**	**386**	**388**	**388**	**270**	**290**

* Additional benefits include use of a company vehicle for business and private purposes, capital-formation benefits and a telephone allowance
** e.g. claw backs, which carry a negative amount based on previous payments
*** The comprehensive bonus is limited to 100 % of annual fixed remuneration for Dr Heuser and Volker Pape and to 50 % of the annual fixed remuneration for Dirk Schwingel
**** Contributions to private health insurance, direct insurance and accident insurance

Remuneration of Supervisory Board Members

Since the beginning of the company's 2015 financial year, each member of the Supervisory Board receives fixed remuneration for each full financial year of membership. Supervisory Board members who are only members of the Supervisory Board for part of the financial year receive the fixed remuneration on a pro-rata basis. The fixed remuneration is € 18,000.00 per financial year and Supervisory Board member. The Chairman of the Supervisory Board receives double and his Deputy one and a half times the fixed remuneration.

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

	Start and end date	**Fixed remuneration 2014**	**Variable remuneration 2014*)**	**Total remuneration 2014**
Supervisory Board		K€	K€	K€
Bernd Hackmann		20.0	14.0	34.0
Klaus Friedland		15.0	10.5	25.5
Prof. Dr. Claus-Eberhard Liedtke	until 27 May 2014	4.0	2.8	6.8
Prof. Dr. Ludger Overmeyer	since 27 May 2014	6.0	4.2	10.2
Total		45.0	31.5	76.5

*) max.

Remuneration of the members of the Supervisory Board in the 2015 financial year was as follows:

Supervisory Board	Fixed remuneration 2015 K€	Total remuneration 2015 K€
Bernd Hackmann	36.0	36.0
Klaus Friedland	27.0	27.0
Prof. Dr. Ludger Overmeyer	18.0	18.0
Total	81.0	81.0

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

Risk Management

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

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

Transparency

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

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

An overview of all significant information released throughout the financial year is published on Viscom AG's website under www.viscom.com/europe:

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

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

Allianz SE, Munich, Germany, informed the company on 13 May 2015 in accordance with section 21 (1) of the Securities Trade Act (WpHG) that its voting rights in Viscom AG, Hanover, Germany, had exceed the 3 % and 5 % thresholds on 11 May 2015 and stood at 6.06 % (this corresponds to 546,230 of the total 9,020,000 votes). The voting rights were attributable to it pursuant to section 22 (1) sentence 1 no. 1 of the Securities Trading Act (WpHG) and section 22 (1) sentence 1 no. 6 in conjunction with sentence 2 of the Securities Trading Act (WpHG).

The voting rights attributable to it according to section 22 (1) sentence 1 no. 1 of the Securities Trading Act (WpHG) were attributed via the following companies controlled by it, whose share of voting rights in Viscom AG amounted to 3 % or more, respectively:

- Allianz Deutschland AG

- Allianz Lebensversicherungs-AG

Simultaneously these voting rights were attributed to it by a shareholder whose share of voting rights in Viscom AG amounted to 3 % or more according to section 22 (1) sentence 1 no. 6 in conjunction with sentence 2 of the Securities Trade Act (WpHG):

- Allianz Lebensversicherungs-AG

At the same time, in accordance with section 21 (1) of the Securities Trading Act (WpHG) in conjunction with section 24 of the Securities Trading Act (WpHG), Allianz SE informed us:

1. The share of voting rights of Allianz Deutschland AG, Munich, Germany, in Viscom AG, Carl-Buderus-Straße 9-15, 30455 Hanover, Germany, exceeded the 3 % and 5 % thresholds on 11 May 2015 and was 6.06 % (546,230 out of a total of 9,020,000 voting rights). These voting rights were attributable to Allianz Deutschland AG pursuant to section 22 (1) sentence 1 no. 1 of the Securities Trading Act (WpHG). The voting rights attributable to Allianz Deutschland AG were held via the following companies controlled by it, whose share of voting rights in Viscom AG amounted to 3 % or more, respectively:

- Allianz Lebensversicherungs-AG

2. The share of voting rights of Allianz Lebensversicherungs-AG, Stuttgart, Germany, in Viscom AG, Carl-Buderus-Straße 9-15, 30455 Hanover, Germany, exceeded the 3 % and 5 % thresholds on 11 May 2015 and was 6.06 % (546,230 out of a total of 9,020,000 voting rights).

3. The share of voting rights of Allianz Asset Management AG, Munich, Germany, in Viscom AG, Carl-Buderus-Straße 9-15, 30455 Hanover, Germany, exceeded the 3 % and 5 % thresholds on 11 May 2015 and was 6.06 % (546,230 out of a total of 9,020,000 voting rights). These voting rights are attributable pursuant to section 22 (1) sentence 1 no. 6 in conjunction with sentence 2 of the Securities Trading Act (WpHG). The voting rights were attributable based on a shareholder, whose share of voting rights amounted to 3 % or more pursuant to section 22 (1) sentence 1 no. 6 in conjunction with sentence 2 of the Securities Trading Act (WpHG):

- Allianz Lebensversicherungs-AG

4. The share of voting rights of Allianz Global Investors GmbH, Frankfurt, Germany, in Viscom AG, Carl-Buderus-Straße 9-15, 30455 Hanover, Germany, exceeded the 3 % and 5 % thresholds on 11 May 2015 and was 9.24 % (833,000 out of a total of 9,020,000 voting rights). These voting rights were attributable pursuant to section 22 (1) sentence 1 no. 6 of the Securities Trading Act (WpHG).

Of this amount, 546,230 voting rights of a shareholder, whose share of voting rights amounted to 3 % or more, were attributable pursuant to section 22 (1) sentence 1 no. 6 of the Securities Trading Act (WpHG):

- Allianz Lebensversicherungs-AG

Allianz SE, Munich, Germany, informed the company on 16 November 2015 in accordance with section 21 (1) in conjunction with section 24 of the Securities Trade Act (WpHG) as follows:

1. The share of voting rights of Allianz Deutschland AG, Munich, Germany, in Viscom AG, Carl-Buderus-Straße 9-15, 30455 Hanover, Germany, fell below the 3 % and 5 % thresholds on 13 November 2015 and was 0 % (0 out of a total of 9,020,000 voting rights).

2. The share of voting rights of Allianz Lebensversicherungs-AG, Stuttgart, Germany, in Viscom AG, Carl-Buderus-Straße 9-15, 30455 Hanover, Germany, fell below the 3 % and 5 % thresholds on 13 November 2015 and was 0 % (0 out of a total of 9,020,000 voting rights).

3. The share of voting rights of Allianz Asset Management AG, Munich, Germany, in Viscom AG, Carl-Buderus-Straße 9-15, 30455 Hanover, Germany, fell below the 3 % and 5 % thresholds on 13 November 2015 and was 0 % (0 out of a total of 9,020,000 voting rights).

4. The share of voting rights of Allianz Global Investors GmbH, Frankfurt, Germany, in Viscom AG, Carl-Buderus-Straße 9-15, 30455 Hanover, Germany, fell below the 3 % and 5 % thresholds on 13 November 2015 and was 2.06 % (186,128 out of a total of 9,020,000 voting rights). These voting rights were attributable pursuant to section 22 (1) sentence 1 no. 6 of the Securities Trading Act (WpHG).

5. The share of voting rights of Allianz Europe B.V., Amsterdam, the Netherlands, in Viscom AG, Carl-Buderus-Straße 9-15, 30455 Hanover, Germany, exceeded the 3 % and 5 % thresholds on 13 November 2015 and was 7.45 % (671,809 out of a total of 9,020,000 voting rights). These voting rights were attributable to Allianz Europe B.V. according to section 22 (1) sentence 1 no. 1 of the Securities Trade Act (WpHG).

The voting rights attributed to Allianz Europe B.V. were held by the following controlled companies whose voting rights in Viscom AG respectively amounted to 3 % or more:

- Allianz Holding France SAS

- Allianz France S.A.

- Allianz I.A.R.D. S.A.

6. The share of voting rights of Allianz Holding France SAS, Paris, France, in Viscom AG, Carl-Buderus-Straße 9-15, 30455 Hanover, Germany, exceeded the 3 % and 5 % thresholds on 13 November 2015 and was 7.45 % (671,809 out of a total of 9,020,000 voting rights). These voting rights were attributable to Allianz Holding France SAS according to section 22 (1) sentence 1 no. 1 of the Securities Trade Act (WpHG).

The voting rights attributed to Allianz Holding France SAS were held by the following controlled companies whose voting rights in Viscom AG respectively amounted to 3 % or more:

- Allianz France S.A.

- Allianz I.A.R.D. S.A.

7. The share of voting rights of Allianz France S.A., Paris, France, in Viscom AG, Carl-Buderus-Straße 9-15, 30455 Hanover, Germany, exceeded the 3 % and 5 % thresholds on 13 November 2015 and was 7.45 % (671,809 out of a total of 9,020,000 voting rights). These voting rights were attributable to Allianz France S.A. according to section 22 (1) sentence 1 no. 1 of the Securities Trade Act (WpHG).

The voting rights attributed to Allianz France S.A. were held by the following controlled companies whose voting rights in Viscom AG respectively amounted to 3 % or more:

- Allianz I.A.R.D. S.A.

8. The share of voting rights of Allianz I.A.R.D. S.A., Paris, France, in Viscom AG, Carl-Buderus-Straße 9-15, 30455 Hanover, Germany, exceeded the 3 % and 5 % thresholds on 13 November 2015 and was 7.45 % (671,809 out of a total of 9,020,000 voting rights).

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

Acquisition or sales transactions for shares of Viscom AG or for financial instruments based on these by members of governing bodies (directors' dealings) that are subject to mandatory reporting were reported to the company in the 2015 financial year by HPC Vermögensverwaltung GmbH and Ms. Petra Gertrud Pape:

- **Financial calendar.** With the financial calendar published in the financial reports and permanently available on Viscom AG's website, the company informs its shareholders and the capital market in a timely manner of the dates of significant publications such as the annual financial report, half-year financial report and quarterly financial reports as well as the Annual General Meeting, financial press conference and analyst conferences. Viscom AG's financial calendar is available to shareholders on the Viscom AG website under www.viscom.com/europe in the section Investor Relations/Financial Calendar.

Accounting and annual audit

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

PricewaterhouseCoopers AG Wirtschaftsprüfungsgesellschaft, Hanover, was elected by the 2015 Annual General Meeting as auditor and audited the consolidated financial statements and the annual financial statement of Viscom AG. The audit took place in accordance with German auditing regulations and the standards for the audit of financial statements put forward by

	Date	Transaction type	No.	Rate/Price	Total volume
				€	€
HPC Vermögensverwaltung GmbH	7 May 2015	Sale	1,300,000	14.25	18,525,000
Petra Gertrud Pape	15 July 2015	Purchase	1,500	14.4992533 *)	21,748.88

*) weighted average price

the Institute of Public Auditors in Germany (Institut der Wirtschaftsprüfer: IDW). Risk management and reporting obligations in compliance with Corporate Governance as stated in section 161 of the German Stock Corporation Act (AktG) were also taken into account. Helmuth Schäfer has been the assigned auditor since 2010.

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

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

Information on relevant company management practices

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

In order to actively meet local and international responsibilities, the Executive Board has developed, approved and introduced a compliance policy and corresponding annex for the employees that goes beyond the statutory rules of conduct applicable to all members of governing bodies and employees of the Viscom Group. This "Corporate Compliance Policy" stipulates how to deal with business partners and government institutions, how to maintain secrecy, independence and objectivity and how to act in cases of conflict of interest. These principles include the avoidance of corruption and cartel agreements, compliance with data security guidelines, equal opportunity and adherence to product safety and occupational health regulations.

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

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

Compliance is an integral part of Viscom's business processes and has formed the basis for a comprehensive and long-term management process, which is an ongoing and central task for the company. The topic of compliance must evolve constantly in order to react to the opportunities for improvement and the changing demands of global business.

It is the basis for ongoing change and improvement, making it a living process within the company that will never be completed. More information about the compliance policy is available on the company's website under www.viscom.com/europe in the section Company/Corporate Compliance.

REPORT ON ADDITIONAL DISCLOSURE REQUIREMENTS FOR LISTED COMPANIES

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

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

HPC Vermögensverwaltung GmbH, Hanover, held an interest of 53.98 % in Viscom AG as of 31 December 2015.

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

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

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

(i) For capital increases against cash contributions up to a mathematical nominal amount totalling € 902,000.00 or, should this amount be lower, totalling 10 % of the existing capital stock at the time this authorisation to exclude subscription rights is exercised for the first time (respectively taking into account other authorisations to exclude subscription rights that may have been exercised, according to or with corresponding application of section 186 (3) sentence 4 of the German Stock Corporation Act (AktG)), provided the issue price of the new shares is not significantly lower than the stock market price of the company's existing listed shares of the same type at the time the issue price is finalised.

(ii) If the new shares are issued against contributions in kind up to a mathematical nominal amount totalling € 1,804,000.00, in particular related to the acquisition of companies, company divisions and participations in companies.

(iii) To the extent required to exclude possible fractional amounts from the subscription rights.

For details, see agenda point 7 in the notice to convene Viscom AG's Annual General Meeting of 16 June 2011 published in the German Federal Gazette on 3 May 2011.

Viscom AG, represented by the Executive Board, is authorised in the period until 1 June 2020 to acquire own shares of up to 10 % of the current share capital. The shares acquired based on this authorisation, together with shares held by Viscom AG or to be assigned in accordance with sections 71a ff. of the German Stock Corporation Act (AktG), may at no point exceed 10 % of the company's current share capital. The acquired own shares may be used for all legally allowable purposes, excluding the trade in own shares. The own shares may also be sold again subject to the exclusion of shareholder subscription rights and retracted in whole or in part with no further resolution of the Annual General Meeting.

For details, see agenda point 7 in the notice to convene Viscom AG's Annual General Meeting of 3 June 2015 published in the German Federal Gazette on 23 April 2015.

CONFIRMATION OF THE DEPENDENCY REPORT

Viscom AG was dependent on HPC Vermögensverwaltung GmbH In the 2015 financial year. Since there was no control agreement between said Company and Viscom AG in this period, the Executive Board of Viscom AG prepared a report of the Executive Board regarding the relationships to affiliated companies pursuant to section 312 (1) of the German Stock Corporation Act (AktG), which includes the following confirmation:

"Our company received fair compensation for each of the legal transactions listed in the report on relationships with affiliated companies. In the period from 1 January to 31 December 2015, no actions were taken or omitted at the instigation or in the interest of the controlling company or a company affiliated with it."

Hanover, 8 March 2016

Dr. Martin Heuser	Volker Pape	Dirk Schwingel

IFRS CONSOLIDATED FINANCIAL STATEMENTS 2015
CONSOLIDATED INCOME STATEMENT

Consolidated income statement Item		01.01.-31.12.2015 K€	01.01.-31.12.2014 K€
G1	Revenue	69,389	62,254
G2	Other operating income	2,537	2,677
		71,926	**64,931**
G3	Changes in finished goods and work in progress	2,642	3,025
G4	Other capitalised company-produced assets	1,552	1,818
G5	Cost of materials	-26,396	-24,675
G6	Staff costs	-24,342	-21,442
G7	Depreciation and amortisation expense	-1,776	-1,428
G8	Other operating expenses	-13,449	-12,851
		-61,769	**-55,553**
	Operating profit	**10,157**	**9,378**
G9	Financial income	18	239
G9	Financial expenses	-823	-155
	Financial result	**-805**	**84**
G10	Income taxes	-5,823	-2,777
	Net profit for the period	**3,529**	**6,685**
G11	**Earnings per share (diluted and undiluted) in €**	**0.40**	**0.75**
	Other earnings		
	Currency translation differences	429	437
	Items that can be reclassified to the income statement	**429**	**437**
	Other earnings after taxes	**429**	**437**
	Total earnings	**3,958**	**7,122**

CONSOLIDATED BALANCE SHEET ASSETS

Assets Item		31.12.2015 K€	31.12.2014 K€
	Current assets		
A1	Cash and cash equivalents	11,868	16,933
A2	Trade receivables	18,126	15,759
A3	Current income tax assets	40	255
A4	Inventories	22,352	20,743
A5	Other financial receivables	142	787
A5	Other assets	675	888
	Total current assets	**53,203**	**55,365**
	Non-current assets		
A6	Property, plant and equipment	1,541	1,255
A7	Intangible assets	7,628	7,330
A8	Financial assets	7	7
A8	Loans originated by the company	15	14
A9	Deferred tax assets	736	487
	Total non-current assets	**9,927**	**9,093**
	Total assets	**63,130**	**64,458**

CONSOLIDATED BALANCE SHEET SHAREHOLDERS' EQUITY AND LIABILITIES

Liabilities Item		31.12.2015 K€	31.12.2014 K€
	Current liabilities		
P1	Trade payables	1,558	2,115
P2	Advance payments received	65	0
P3	Provisions	1,531	1,483
P4	Current income tax liabilities	3,249	527
P5	Other financial liabilities	3,365	2,939
P5	Other current liabilities	2,771	2,200
	Total current liabilities	**12,539**	**9,264**
	Non-current liabilities		
P3	Non-current provisions	523	660
P6	Deferred tax liabilities	1,411	950
	Total non-current liabilities	**1,934**	**1,610**
	Shareholders' equity		
P7	Subscribed capital	9,020	9,020
P8	Capital reserve	21,321	21,321
P9	Retained earnings	17,355	22,711
P10	Exchange rate differences	961	532
	Total shareholders' equity	**48,657**	**53,584**
	Total shareholders' equity and liabilities	**63,130**	**64,458**

CONSOLIDATED CASH FLOW STATEMENT

Consolidated Cash Flow Statement Item		31.12.2015 K€	31.12.2014 K€
	Cash flow from operating activities		
	Net profit for the period after interest and taxes	3,529	6,685
G10	Adjustment of net profit for income tax expense (+)	5,823	2,777
G9	Adjustment of net profit for interest expense (+)	823	155
G9	Adjustment of net profit for interest income (-)	-18	-239
G7	Adjustment of net profit for depreciation and amortisation expense (+)	1,776	1,428
P3	Increase (+) / decrease (-) in provisions	-103	210
A6 to A8	Gains (-) / losses (+) on the disposal of non-current assets	6	10
A2 to A5, A9	Increase (-) / decrease (+) in inventories, receivables and other assets	-7,400	-5,374
P1 to P5	Increase (+) / decrease (-) in liabilities	3,964	1,206
G10	Income taxes repaid (+) / paid (-)	-2,445	-2,103
	Net cash from operating activities	**5,955**	**4,755**
	Cash flow from investing activities		
A6 to A8	Proceeds (+) from the disposal of non-current assets	2	19
A6 to A8	Acquisition (-) of property, plant and equipment and non-current intangible assets	-816	-587
A7	Capitalisation of development costs (-)	-1,552	-1,818
G9	Interest received (+)	7	153
	Net cash used in/from investing activities	**-2,359**	**-2,233**
	Cash flow from financing activities		
P8, P9	Dividend payment (-)	-8,885	-15,104
G9	Interest paid (-)	-58	-22
	Net cash and cash equivalents from financing activities	**-8,943**	**-15,126**
	Changes in cash and cash equivalents due to changes in interest rates	282	252
	Cash and cash equivalents		
	Changes in cash and cash equivalents	-5,347	-12,604
A1	Cash and cash equivalents as of 1 January	16,933	29,285
A1	**Total cash and cash equivalents**	**11,868**	**16,933**

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Shareholders' equity	Subscribed capital K€	Capital reserve K€	Exchange rate differences K€	Retained earnings K€	Total K€
Shareholders' equity as of 1 Jan. 2014	**9,020**	**23,821**	**95**	**28,630**	**61,566**
Net profit for the period	0	0	0	6,685	6,685
Other earnings	0	0	437	0	437
Total earnings	**0**	**0**	**437**	**6,685**	**7,122**
Dividends	0	0	0	-15,104	-15,104
Withdrawal	0	-2,500	0	2,500	0
Shareholders' equity as of 31 Dec. 2014	**9,020**	**21,321**	**532**	**22,711**	**53,584**
Shareholders' equity as of 1 Jan. 2015	**9,020**	**21,321**	**532**	**22,711**	**53,584**
Net profit for the period	0	0	0	3,529	3,529
Other earnings	0	0	429	0	429
Total earnings	**0**	**0**	**429**	**3,529**	**3,958**
Dividends	0	0	0	-8,885	-8,885
Withdrawal	0	0	0	0	0
Shareholders' equity as of 31 Dec. 2015	**9,020**	**21,321**	**961**	**17,355**	**48,657**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

General Disclosures on the Company, the Consolidated Financial Statements

Fundamental accounting principles

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

These consolidated financial statements were approved on 8 March 2016 by the Executive Board for presentation to the Supervisory Board.

The consolidated financial statements and the 2014 group management report were submitted to and published in the German Federal Gazette.

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

Declaration of compliance

The present financial statements for the 2015 financial year were prepared on the basis of uniform application and compliance with all of the applicable International Financial Reporting Standards (IFRS) as adopted by the European Union as of the reporting date of 31 December 2015.

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

Compared to the consolidated financial statements dated 31 December 2014, the following standards and interpretations have changed or became mandatory following their adoption under EU law or the effective date of the provisions:

Annual improvements to IFRS 2011-2013

The provisions published on 12 December 2013 arising from the annual improvement project are adopted under EU law with the announcement in the EU official gazette on 19 December 2014; application is mandatory for financial years beginning on or after 1 January 2015. The provisions arising from the annual improvement project encompass changes to IFRS 1, IFRS 3, IFRS 13 and IAS 40. In addition to minor changes to the content, the regulations mainly involve clarifications regarding recognition, disclosure and measurement. The changes have no effect on the Viscom Group's financial statements.

IASB standards and interpretations not applied prematurely

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

IFRS 15 – Revenue from Contracts with Customers

The standard "IFRS 15 – Revenue from Contracts with Customers" published by the IASB on 28 May 2014 replaces the previous revenue-related standards "IAS 18" and "IAS 11". This standard prescribes at what time and in what amount revenues have to be recognised. The fundamental principle is that revenues have to be recognised in the amount of the expected consideration (payment) when goods or services are transferred. Expanded disclosures are required in the notes, providing the users of the financial statements with more in-depth and relevant information. Application of the standard is mandatory for financial years beginning on or after 1 January 2018. It has not been endorsed by the EU to date. The Viscom Group analysed the effects of the standard based on available data in the 2014 financial year and reached the conclusion that the application of IFRS 15 is not expected to have any material effects on the amount of revenues; however, expanded disclosure in the notes is expected.

IFRS 16 – Leases

"IFRS 16 – Leases" was published in January of 2016. According to the new regulations coming into force on 1 January 2019, the lessee has to record all leases on the balance sheet in the form of a usage right and liability. The values are based on the present value of the lease payments over the lease term. The effects on the Viscom Group are currently being examined.

Furthermore, the following standards and interpretations do not have to be applied yet:

Standard / Interpretation			Mandatory Application for Financial Years from	Adoption by the EU Commission
Standards				
IAS 16, IAS 24, IAS 38, IFRS 2, IFRS 3, IFRS 8, IFRS 13	Annual Improvements of IFRS 2010-2012	The amendments adjusted the wording to clarify the existing rules. Other amendments impacted the recognition, measurement and notes.	1 February 2015	Yes
IAS 19, IAS 34, IFRS 5, IFRS 7	Annual Improvements of IFRS 2012-2014	The amendments adjusted the wording to clarify the existing rules. Other amendments impacted the recognition, measurement and notes.	1 January 2016	Yes
Changes to IFRS 10, IFRS 12 and IAS 28	Investment Companies: "Applying the Consolidation Exception"	Clarification regarding the obligation to prepare consolidated financial statements for an investment company's subsidiaries and clarification of the treatment of participations in investment companies in the consolidated financial statements.	1 January 2016	No
Changes to IFRS 10 and IAS 28	"Sales or Contributions of Assets between an Investor and its Associate or Joint Venture"	Clarification regarding the sale or contribution of assets between an investor and its associate or joint venture.	Pending (originally: 1 January 2016)	No
IFRS 9	"Financial Instruments"	The standard replaces IAS 39 going forward and governs the classification and measurement of financial assets, recognition of impairments on financial instruments and hedge accounting.	1 January 2018	No
Changes to IFRS 11	"Acquisition of an Interest in a Joint Operation"	The amendments relate to clarifications on the treatment of acquisition of interests in joint operations.	1 January 2016	Yes

Standard / Interpretation			Mandatory Application for Financial Years from	Adoption by the EU Commission
Standards				
IFRS 14	"Regulatory Deferral Accounts"	The standard establishes principles subject to price regulation for entities applying IFRS for the first time.	1 January 2016	No
Changes to IAS 1	"Disclosure Initiative"	Clarifications regarding the materiality of items on the balance sheet, statement of comprehensive income, cash flow statement and statement of changes in equity.	1 January 2016	Yes
Changes to IAS 7	"Disclosure Initiative"	The changes relate to additional note disclosures to evaluate changes in liabilities due to the company's financing activities.	1 January 2017	No
Changes to IAS 12	"Recognition of Deferred Tax Assets for Unrealised Losses"	The changes relate to clarifications regarding the recognition of deferred tax assets for unrealised losses arising from the fair value changes of debt instruments and recorded in other results.	1 January 2017	No
Changes to IAS 16 and IAS 38	"Clarification of Acceptable Methods of Depreciation and Amortisation"	The amendment clarifies which depreciation and amortisation methods are appropriate to be used for property, plant and equipment and intangible assets.	1 January 2016	Yes
Changes to IAS 16 and IAS 41	"Agriculture: Bearer Plants"	Clarification of the accounting of bearer plants.	1 January 2016	Yes
Changes to IAS 19	"Employee Contributions to Defined Benefit Plans"	The amendment introduces an option as to the accounting of defined pension plans in which employees or third parties participate in the form of compulsory contributions.	1 February 2015	Yes
Changes to IAS 27	"Equity Method in Separate Financial Statements"	The amendment introduces the option of using the equity method to account for investments in subsidiaries, joint ventures and associates in separate financial statements.	1 January 2016	Yes

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

Principles underlying the preparation of the consolidated financial statements

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

The consolidated statement of income and accumulated earnings was prepared in accordance with the total expenditure format.

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

Consolidation principles

The IFRS consolidated financial statements are based on the single entity financial statements of Viscom AG and the single entity financial statements of the subsidiaries as of 31 December 2015. The financial statements of the companies included in the consolidated financial statements are prepared on the basis of uniform accounting principles. Adjustments were made for differences in accounting standards as necessary.

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

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

Basis of consolidation

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

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

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

Changes to accounting and measurement principles

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

Significant arbitrary decisions, estimates and assumptions

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

Trade receivables

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

Inventories

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

Provisions

In case of provisions, in particular provisions for warranties and rework, deviations in the actual warranty and rework costs that are later incurred are possible since the provisions are established on the basis of empirical values. In this case, the warranty or repair expense is quantified for each system installed and used as a measurement standard for systems that are still under warranty or repair at the turn of the year.

Impairment of non-financial assets

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

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

Summary of significant accounting and measurement principles

Intangible assets

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

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

Goodwill from business combinations is initially recognised at cost. It is determined as the excess of the acquisition costs, the value of the non-controlling shares in the acquired company and the fair value of the previously held equity on the acquisition date over the Group's share of the net assets measured at fair value. If the acquisition costs are lower than the net assets measured at fair value of the acquired subsidiary, the difference is recognised directly in income.

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

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

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

Viscom has five submitted patents. With the exception of registering two patents in Taiwan and the USA, no further patents were issued as of 31 December 2015.

Property, plant and equipment

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

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

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

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

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

Gains and losses on the disposal of property, plant, and equipment are determined as the difference between the proceeds of disposal and the carrying amount of the property, plant, and equipment, and recorded under the item "Other operating income" or "Other operating expenses" in the consolidated statement of income and accumulated earnings.

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

Depreciation and amortisation on tangible and intangible assets

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

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

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

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

Financial investments and other financial assets and liabilities

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

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

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

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

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

As the Group operates internationally, it is subject to market risks arising from changes in exchange rates. Viscom did not employ any derivative financial instruments for reducing these risks in the 2015 financial year.

Interest-bearing loans from Viscom to third parties are initially carried at the cost of acquisition less issuing costs. After initial recognition, interest-bearing loans are measured at amortised cost in accordance with the effective interest method. The same applies to the subsequent measurement of financial instruments held to maturity. There were no interest-bearing loans as of 31 December 2015.

Inventories

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

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

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

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

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

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

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

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

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

Taxes
In accordance with IAS 12, deferred taxes are determined using the balance sheet liability method for temporary differences between the tax base of an asset or liability and its carrying amount in the IFRS and tax balance sheet of the individual companies, temporary differences resulting from consolidation processes and utilisable loss carry forwards. This is based on the tax rates that are expected to apply in the respective countries at the realisation date. These are based on the statutory regulations valid or adopted at the reporting date. A tax rate of 32.6 % (previous year: 32.0 %) was used for the calculation of deferred taxes in Germany. The income tax rates of the foreign subsidiaries vary between 17 % (previous year: 17 %) and 35 % (previous year: 35 %).

Deferred taxes are recorded through profit or loss unless they apply to items recorded directly in equity or other comprehensive income. In this case, deferred taxes are also recognised in equity or other result in the income statement.

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

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

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

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

Leases

In the case of finance leases, under which substantially all the risks and rewards incident to ownership of an asset are transferred to the company, the leased asset is recognised at fair value or, if lower, the present value of the minimum lease payments. No finance leases were recognised in Viscom's consolidated financial statements as of 31 December 2015.

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

Revenue

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

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

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

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

Borrowing costs

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

Interest

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

Dividends

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

Currency translation

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

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

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

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

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

Translation exchange rates 2015

	1 EUR = x CNY	1 EUR = x TND	1 EUR = x USD
Closing rate	7.0608	2.2094	1.0887
Average rate	6.9730	2.1704	1.1096

Translation exchange rates 2014

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

Notes to the consolidated income statement

(G1) Revenue

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

Revenue	2015 K€	2014 K€
Construction and delivery of machines	50,993	46,543
Services/replacement parts	17,774	15,192
Rentals	622	519
Total	**69,389**	**62,254**

(G2) Other operating income

Other operating income was composed of the following items:

Other operating income	2015 K€	2014 K€
Income from exchange rate differences	684	666
Non-monetary remuneration	607	537
Income from the release of other provisions for warranties and repairs	490	283
Miscellaneous other operating income	276	176
Income from the release of other provisions	227	697
Income from the release of value adjustments on receivables	178	125
Insurance recoveries	40	12
Income from sales of assets	27	46
Income from receivables previously written off	8	135
Total	**2,537**	**2,677**

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

(G3) Changes in finished goods and work in progress

Changes in finished goods and work in progress included the inventory-based manufacturing costs for finished and partially completed machines. The net value of these machines and assemblies was € 15,600 thousand (previous year: € 13,128 thousand) with acquisition and production costs of € 23,567 thousand (previous year: € 20,723 thousand) and a corresponding value adjustment of € 7,967 thousand (previous year: € 7,595 thousand).

(G4) Other capitalised company-produced assets

Company-produced assets for new developments were capitalised in the 2015 financial year at the amount of € 1,552 thousand (previous year: € 1,818 thousand). The developments mainly related to software and new systems.

(G5) Cost of materials

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

Cost of materials	2015 K€	2014 K€
Materials including incidental costs of acquisition	25,368	23,895
Purchased services	1,028	780
Total	**26,396**	**24,675**

The increase in the cost of materials was due to higher revenue.

(G6) Staff costs

Staff costs comprise salaries and employer social security contributions.

Staff costs	2015 K€	2014 K€
Wages and salaries, incl. bonuses and management bonuses	20,985	18,515
Social security contributions	3,357	2,927
Total	**24,342**	**21,442**
Number of employees (average for the year)	355	314
Number of trainees (average for the year)	11	10
Total	**366**	**324**

Staff costs rose, primarily on account of the higher total pay resulted from the increase in the number of Group employees, the pay rise in 2015, as well as greater provisions for residual holidays, overtime and bonus payments.

In the period under review, payments were made to defined contribution pension plans in the amount of € 1,293 thousand (previous year: € 1,154 thousand).

(G7) Depreciation and amortisation expense

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

(G8) Other operating expenses

Other operating expenses can be broken down as follows:

Other operating expenses	2015 K€	2014 K€
General and administrative costs	5,994	5,303
Travel expenses	2,137	1,768
Rents / leases / building costs	1,964	1,774
Selling expenses	1,926	2,304
Outgoing shipments	909	750
Expenses due to exchange rate differences	293	256
Warranty / repair expenses	191	596
Value adjustment on receivables and losses on receivables	35	100
Total	**13,449**	**12,851**

The increase in other operating expenses was mainly due to higher administrative costs and overheads as well as higher expenditures under the item "Travel expenses".

(G9) Financial result

DFinancial income was down year on year. The financial expenses mainly consist of provisions for interest expenses on possible back taxes in the amount of € 765 thousand and therefore exceed the prior-year value. The financial result was € -805 thousand (previous year: € 84 thousand).

(G10) Income taxes

Taxes on income for the financial years ending 31 December 2015 and 2014 contained the following income and expense items:

Income taxes	2015 K€	2014 K€
Actual taxes on income for the past financial year	3,069	2,599
Actual taxes on income for previous years	2,492	165
Deferred taxes on income from the accrual and reversal of temporary differences and tax loss carry-forwards	262	13
Income tax expense reported in the consolidated income statement	**5,823**	**2,777**

Actual taxes on income for the past financial year related to Viscom AG as well as the foreign subsidiaries in France, America and Singapore. Actual income taxes for previous years in the amount of € 2,492 thousand applied to Viscom AG (€ 2,437 thousand) and the American subsidiary (€ 55 thousand). They resulted from expected and adjusted assessments and new Federal Tax Court jurisprudence for previous years. The tax expenses related to other periods are mainly because Viscom AG like many other companies made use of the securities lending instrument in 2006, which means it is likely to be affected by the Federal Tax Court decision of 13 January 2016 as disclosed in its Ad hoc report on 22 January 2016. According to this decision, dividend income for taxation years that have not been concluded yet and generated by the borrower in the course of a securities lending transaction may not be considered tax exempt. In the past this income was always treated as tax exempt by the financial authorities. The provisions recognised for this are based on the claims asserted by the financial administration and include possible back tax payments of € 1,720 thousand that reduced the Group's net profit for the period in the 2015 financial year.

The deferred tax expense primarily resulted from changes in the temporary differences between the IFRS and tax balance sheets at the level of the German, American, and Asian companies. Furthermore, a deferred tax liability was the result of development costs which were only capitalised in the IFRS financial statements. The distribution of dividends to shareholders did not affect income taxes at the level of Viscom AG.

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

Reconciliation of income tax expense	**2015** K€	2014 K€
Consolidated net profit before taxes	9,352	9,462
Anticipated tax income (-) / expense (+) based on 32.0 % (previous year: 32.0 %)	2,994	3,028
Taxes for other accounting periods	2,453	-165
Non-deductible operating expenses	358	123
Effect of tax rate change	18	0
Use of previously unrecognised tax loss carry-forwards	0	-21
Difference compared to the corporate tax rate	-30	-69
Tax-free income	0	-102
Other	30	-17
Actual tax expense	**5,823**	**2,777**

Deferred tax assets	Consolidated balance sheet 2015 K€	2014 K€
Inventories	1,015	1,241
Tax loss carry-forwards	243	238
Deferred taxes from elimination of intercompany profits	154	40
Other liabilities	136	139
Other financial liabilities	70	56
Measurement of trade receivables	50	48
Unrealised revenue	44	3
Measurement of provisions	37	31
Measurement of property, plant and equipment	20	24
Gross amount	**1,769**	**1,820**
Offsetting	-1,033	-1,333
Net amount	**736**	**487**

Of the deferred tax assets, € 512 thousand (previous year: € 370 thousand) will be realised in more than twelve months.

Deferred tax liabilities	Consolidated balance sheet 2015 K€	2014 K€
Intangible assets	2,432	2,277
Measurement of trade receivables	6	5
Measurement of property, plant and equipment	6	1
Gross amount	**2,444**	**2,283**
Offsetting	-1,033	-1,333
Net amount	**1,411**	**950**

Of the deferred tax liabilities, € 1,405 thousand (previous year: € 945 thousand) will be realised in more than twelve months.

Deferred tax assets and liabilities were offset on a company by company basis. For the backlog of deferred tax assets over deferred tax liabilities on a level of the individually affected company, the recoverability of the backlog of deferred tax assets was estimated as sufficiently safe based on the company budget. All changes to deferred taxes in 2015 were, similar to the previous year, recorded in income. Viscom AG, Hanover did not have any assessed corporate and trade tax loss carry-forwards as of 31 December 2015. The external tax audit did not recognise expenses relating to the write-downs of loans for 2002 and 2003. A suit has since been brought before the Niedersächsisches Finanzgericht (Lower Saxony Finance Court) against the corresponding assessments. The corporate and trade tax loss is likely to increase by € 743 thousand if our suit is successful. € 242 thousand in deferred taxes were capitalised in light of our chances of success.

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

Viscom AG generated income from distributions from its foreign subsidiaries of € 2,000 thousand in the 2015 financial year. In addition, retained earnings amount to € 4,322 thousand (previous year: € 4,397 thousand). No deferred tax liabilities are recognised on these retained earnings, as there are currently no plans to distribute these profits to the parent company or sell the subsidiaries. If deferred taxes were recognised for these timing differences, their measurement would have to take just 5 % of potential dividends plus possible foreign withholding tax into account due to the statutory regulation in section 8b of the Corporate Tax Act (KStG).

(G11) Earnings per share

On the basis of 8,885,060 shares as an average for the year, earnings per share for the 2015 financial year amounted to € 0.40 (diluted and undiluted). In the previous year, earnings per share amounted to € 0.75 (diluted and undiluted), calculated on the basis of 8,885,060 shares. Earnings on which the calculation is based (diluted and undiluted) totalled € 3,529 thousand (previous year: € 6,685 thousand).

Notes to the balance sheet (assets)

(A1) Cash and cash equivalents

Cash and cash equivalents consisted of cash in hand and bank balances totalling € 11,868 thousand (previous year: € 16,933 thousand). This related to items with a maturity of less than three months at the end of the year, which were freely disposable.

(A2) Trade receivables

Trade receivables are generally due within 30 to 90 days.

The trade receivables were not exposed to interest rate risk since they are all short-term in nature. The carrying amounts of other receivables and assets constituted a reasonable approximation of their fair value.

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

Doubtful receivables, which were written off in full, amounted to € 650 thousand (previous year: € 615 thousand). Cumulative value adjustments on receivables totalled € 812 thousand (previous year: € 948 thousand).

Some customers were late in meeting their payment obligations in 2015.

Value adjustments on receivables developed as follows:

	2015 K€	2014 K€
As of 1 January	**948**	**1.072**
Receivables written off as unrecoverable during the financial year	42	1
Reversal of unneeded value adjustments	-178	-125
As of 31 December	**812**	**948**

(A3) Current income tax assets

Current income tax assets as of 31 December 2015 consisted of Viscom AG tax refund claims of € 40 thousand mainly due to excessive prepayments for the 2015 assessment period.

(A4) Inventories

Inventories	2015 K€	2014 K€
Completed systems	7,959	5,747
Assemblies and partially completed systems	7,641	7,381
Raw materials and supplies	6,752	7,615
Total	**22,352**	**20,743**

The completed systems reported in inventories related to rental and demonstration machines as well as inspection systems ready for sale. All systems are subject to an impairment test every year and value adjusted if required. Assemblies and partially completed systems include pre-produced modules as well as systems currently under construction (work in progress). In 2015, all inventories, especially those of completed and partially completed systems, were recognised at the same carrying values as in 2014.

As of the 2015 year-end, the cumulative value adjustments were € 3,773 thousand for raw materials and supplies (previous year: € 3,722 thousand), € 2,350 thousand for assemblies and partially completed systems (previous year: 2,329 thousand) and € 5,617 thousand for completed systems (previous year: € 5,266 thousand).

(A5) Other financial receivables and other assets

Other financial receivables and other assets	2015 K€	2014 K€
Security deposits for leases/duties	97	230
Creditors with debit balances	42	35
Receivable from public authorities	3	2
Bonds	0	501
Interest receivable on corporate bonds	0	19
Subtotal of other financial receivables	**142**	**787**
Other receivables	291	283
Advance payments	223	477
Miscellaneous assets	161	128
Subtotal of other assets	**675**	**888**
Total	**817**	**1,675**

Please see note A8 for information on the bonds.

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

	Intangible assets					
in K€	Patents and similar rights and assets	Software	Goodwill	Advance payments for intangible assets	Development costs	Total intangible assets
Gross carrying amounts						
Cost as of 01.01.2015	**2,288**	**1,523**	**15**	**0**	**8,910**	**12,736**
Exchange rate differences	0	0	0	0	0	0
Additions	0	38	0	0	1,552	1,590
Reclassifications	0	0	0	0	0	0
Disposals	0	0	0	0	0	0
Cost as of 31.12.2015	**2,288**	**1,561**	**15**	**0**	**10,462**	**14,326**
Value adjustments						
Accumulated depreciation / amortisation as of 01.01.2015	2,288	1,307	15	0	1,796	5,406
Exchange rate differences	0	0	0	0	0	0
Depreciation/amortisation for the current year	0	80	0	0	1,212	1,292
Depreciation/amortisation of disposals	0		0	0	0	0
Accumulated depreciation / amortisation as of 31.12.2015	**2,288**	**1,387**	**15**	**0**	**3,008**	**6,698**
Carrying amounts						
31.12.2015	**0**	**174**	**0**	**0**	**7,454**	**7,628**

	Property, plant and equipment					
in K€	Leasehold Improve-ments	Technical equipment and machinery	Operating and office equipment	Vehicles	Total property, plant and equipment	Total property, plant and equipment and intangible assets
Gross carrying amounts						
Cost as of 01.01.2015	**1,435**	**946**	**2,390**	**366**	**5,137**	**17,873**
Exchange rate differences	52	0	30	26	108	108
Additions	160	13	598	7	778	2,368
Reclassifications	0	0	0	0	0	0
Disposals	0	0	55	54	109	109
Cost as of 31.12.2015	**1,647**	**959**	**2,963**	**345**	**5,914**	**20,240**
Value adjustments						
Accumulated depreciation / amortisation as of 01.01.2015	1,103	825	1,796	158	3,882	9,288
Exchange rate differences	51	0	22	10	83	83
Depreciation/amortisation for the current year	93	31	296	64	484	1,776
Reclassifications	0	0	0	0	0	0
Depreciation/amortisation of disposals	0	0	53	23	76	76
Accumulated depreciation / amortisation as of 31.12.2015	**1,247**	**856**	**2,061**	**209**	**4,373**	**11,071**
Carrying amounts						
31.12.2015	**400**	**103**	**902**	**136**	**1,541**	**9,169**

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

in K€	Property, plant and equipment: Leasehold Improve-ments	Technical equipment and machinery	Operating and office equipment	Vehicles	Total property, plant and equipment	Total property, plant and equipment and intangible assets
Gross carrying amounts						
Cost as of 01.01.2014	**1,375**	**1,002**	**2,896**	**327**	**5,600**	**16,712**
Exchange rate differences	55	1	27	25	108	116
Additions	5	5	360	82	452	2,406
Reclassifications	13	0	-13	0	0	0
Disposals	13	62	880	68	1,023	1,361
Cost as of 31.12.2014	**1,435**	**946**	**2,390**	**366**	**5,137**	**17,873**
Value adjustments						
Accumulated depreciation / amortisation as of 01.01.2014	996	835	2,373	127	4,331	9,075
Exchange rate differences	53	0	24	11	88	90
Depreciation/amortisation for the current year	66	69	258	62	455	1,428
Reclassifications	0	0	0	0	0	0
Depreciation/amortisation of disposals	12	79	859	42	992	1,305
Accumulated depreciation / amortisation as of 31.12.2014	**1,103**	**825**	**1,796**	**158**	**3,882**	**9,288**
Carrying amounts						
31.12.2014	**332**	**121**	**594**	**208**	**1,255**	**8,585**

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

	Years
Leasehold Improvements	2 - 14
Technical equipment and machinery	2 - 13
Operating and office equipment	8 - 20
Vehicles	5 - 8
Software	1 - 6
Patents	12
Expertise / customer base	3 - 5
Development projects	3 - 15

Intangible assets and property, plant and equipment include assets already written off in full which are still in use and carried at historical cost totalling € 3,820 thousand (previous year: € 3,539 thousand).

€ 1,552 thousand in development costs was recognised in the period under review (previous year: € 1,818 thousand).

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

Securities for rent in the amount of € 7 thousand for the subsidiaries were disclosed under financial investments. This item also contained loans issued to employees for no specific purpose and security for rented properties.

The loans were recognised at amortised cost, totalling € 15 thousand. The interest rate for employee loans in excess of € 2.5 thousand was between 5 % and 5.5 %. The fixed interest rate means that a certain degree of interest rate risk does exist. However, this risk is classified as immaterial and is not hedged.

(A9) Deferred tax assets

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

Notes to the shareholders' equity and liabilities

(P1) Trade payables

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

(P2) Advance payments received

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

(P3) Provisions

Breakdown of other provisions in K€	01.01.2015	Utilisation	Dissolutions	Addition	31.12.2015
Current provisions					
Warranty and repair expenses	1,472	-999	-473	1,531	1,531
Reimbursement payments	11	-11	0	0	0
Total current provisions	**1,483**	**-1,010**	**-473**	**1,531**	**1,531**
Non-current provisions					
Warranties	484	-458	0	315	341
Anniversaries	176	-21	-2	29	182
Total non-current provisions	**660**	**-479**	**-2**	**344**	**523**
Total	**2,143**	**-1,489**	**-475**	**1,875**	**2,054**

Current provisions related primarily to provisions for expected warranty and repair expenses. Warranty provisions were recognised based on a calculation of the remaining months in the warranty term for the projects and the average service cost per month in the warranty term. This item also contains provisions for the delivery of replacement parts within the warranty period.

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

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

The non-current provisions include anniversary provisions of € 182 thousand (previous year: € 176 thousand) and the non-current portion of the warranty provisions at € 341 thousand (previous year: € 484 thousand). A claim is anticipated for the warranty provisions within 12 to 36 months and for the anniversary provision within 1 to 25 years.

(P4) Current income tax liabilities

The current income tax liabilities break down into Viscom AG's trade tax liabilities (€ 256 thousand) and corporate tax liabilities (€ 2,893 thousand) as well as tax provisions of the companies in the USA (€ 59 thousand), Shanghai (€ 14 thousand) and France (€ 27 thousand).

(P5) Other current and financial liabilities

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

Other current and financial liabilities	2015 K€	2014 K€
Management bonuses, incentives, one-time payments	2,143	2,056
Outstanding purchase invoices	505	184
Commission payments to agents	428	415
Social security	187	195
Supervisory Board	81	77
Debtors with a credit balance	21	12
Subtotal of other financial liabilities	**3,365**	**2,939**
Holiday, overtime	1,156	1,074
Other	1,001	755
Taxes	614	371
Subtotal of other current liabilities	**2,771**	**2,200**
Total	**6,136**	**5,139**

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

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

(P6) Deferred tax liabilities

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

(P7 bis P10) Shareholders' equity and reserves

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

As communicated in the corresponding ad hoc release from 29 July 2008, Viscom AG initiated a buy-back of its own shares over the stock exchange on that date. During the period from 29 July 2008 to 31 March 2009, Viscom AG bought back 134,940 of its own shares. This corresponds to around 1.5 % of share capital. The purchase of own shares is recognised directly in equity and reduces equity. The amount was deducted in a lump sum from capital reserves. The shares were acquired at an average price of € 4.33 per share. The buy-back provides currency for potential acquisitions. Pursuant to section 71b of the German

Stock Corporation Act (AktG), shares held directly or indirectly by Viscom AG have no dividends.

No additional shares were acquired in this context in the 2015 financial year. The number of dividend-bearing shares remained the same at 8,885,060 on 31 December 2015.

In the 2015 financial year, a dividend of € 1.00 per share was distributed for the 2014 financial year.

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

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

SEGMENT INFORMATION

Disclosure's on the Group's geographic segments by sales market

in K€	Europe 2015	Europe 2014	Americas 2015	Americas 2014	Asia 2015	Asia 2014	Consolidation 2015	Consolidation 2014	Total 2015	Total 2014
External sales	43,020	41,056	13,019	9,242	13,350	11,956	0	0	69,389	62,254
Segment result	7,881	7,245	1,420	834	1,239	1,301	-383	-2	10,157	9,378
plus financial result	0	0	0	0	0	0	0	0	-805	84
less income taxes	0	0	0	0	0	0	0	0	-5,823	-2,777
Consolidated net profit									**3,529**	**6,685**
Segment assets	48,704	50,256	5,843	5,008	8,239	8,637	-439	-192	62,347	63,709
plus financial assets	1,754	1,754	0	0	0	0	-1,747	-1,747	7	7
plus deferred taxes and tax provisions	0	0	0	0	0	0	0	0	776	742
Total assets									**63,130**	**64,458**
Segment liabilities	9,692	9,789	3,084	2,823	3,988	3,836	-7,474	-7,711	9,290	8,737
plus financial liabilities	523	660	0	0	0	0	0	0	523	660
plus deferred taxes and tax provisions	4,660	1,477	0	0	0	0	0	0	4,660	1,477
Total liabilities									**14,473**	**10,874**
Investments	2,131	2,289	80	117	157	0	0	0	2,368	2,406
Depreciation and amortisation expense	1,639	1,287	74	57	71	74	-8	10	1,776	1,428

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

The operating segments provide supplementary internal information for management. The geographic segments are determined on the basis of the domicile of the respective customer. The reportable segments generate the majority of their revenue by producing and selling the product groups stated in the table below. Viscom generated around 55 % (previous year: around 56 %) of revenue with the five largest customers. External sales amounted to € 20,176 thousand (previous year: € 20,686 thousand) in Germany and to € 49,213 thousand (previous year: € 41,568 thousand) in all other countries.

Total non-current assets with the exception of financial instruments and deferred taxes receivable (there were no assets related to pensions or claims under insurance contracts) in Germany were € 8,783 thousand (previous year: € 8,289 thousand). In the remaining countries, these assets totalled € 401 thousand (previous year: € 310 thousand).

In 2015, the 10 % revenue limit stated in IFRS 8.34 was exceeded with two customers. Revenue from one customer was € 15,603 thousand (previous year: € 11,464 thousand) and from anther € 15.536 thousand (previous year: € 15,452 thousand). Neither customer can be directly allocated to a segment, as different product groups are delivered to them around the world.

The "Series optical and X-ray inspection systems" business area includes all standard AOI and AXI machines which are identical up to a certain stage of completion irrespective of the content of the respective customer order. "Special optical and X-ray inspection systems" on the other hand are usually developed specifically for one customer or customer group, or constitute special inspection systems that can be used within the production line but also as standalone systems, as well as X-ray tubes sold to OEMs. The "Service" business area offers a comprehensive and global range of services with individual support packages.

Information about the product groups	Optical and X-ray inspection systems series		Special optical and X-ray Service inspection systems		Service		Total	
in K€	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014
External sales	47,121	44,677	9,602	7,217	12,666	10,360	69,389	62,254
Assets	42,338	45,721	8,628	7,386	11,381	10,602	62,347	63,709
Investments	1,608	1,727	328	279	432	400	2,368	2,406

Cash flow statement	Europe	Americas	Asia	Conso-lidation	Total
in K€	2015	2015	2015	2015	**2015**
Cash flow from operating activities					
Net profit for the period after interest and taxes	3,816	932	1,050	-2,269	3,529
Adjustment of net profit for income tax expense (+)	5,259	488	190	-114	5,823
Adjustment of net profit for interest expense (+)	823	0	0	0	823
Adjustment of net profit for interest income (-)	-2,016	0	-2	2,000	-18
Adjustment of net profit for depreciation and amortisation expense (+)	1,639	74	71	-8	1,776
Increase (+) / decrease (-) in provisions	-63	7	-47	0	-103
Gains (-) / losses (+) on the disposal of non-current assets	0	6	0	0	6
Increase (-) / decrease (+) in inventories, receivables and other assets	-1,052	-2,192	-650	-3,506	-7,400
Increase (+) / decrease (-) in liabilities	-565	337	381	3,811	3,964
Income taxes repaid (+) / paid (-)	-2,353	0	-92	0	-2,445
Net cash used in/from operating activities	**5,488**	**-348**	**901**	**-86**	**5,955**
Cash flow from investing activities					
Proceeds (+) from the disposal of non-current assets	5	0	-3	0	2
Acquisition (-) of property, plant and equipment and noncurrent intangible assets	-580	-80	-156	0	-816
Dividends received (+)	4,241	0	0	-4,241	0
Capitalisation of development costs (-)	-1,552	0	0	0	-1,552
Interest received (+)	7	0	0	0	7
Net cash used in/from investing activities	**2,121**	**-80**	**-159**	**-4,241**	**-2,359**
Cash flow from financing activities					
Dividend payment (-)	-10,635	-827	-1,750	4,327	-8,885
Interest paid (-)	-58	0	0	0	-58
Net cash and cash equivalents from financing activities	**-10,693**	**-827**	**-1,750**	**4,327**	**-8,943**
Changes in cash and cash equivalents due to changes in interest rates	0	279	3	0	282
Cash and cash equivalents					
Changes in cash and cash equivalents	-3,084	-1,255	-1,008	0	-5,347
Cash and cash equivalents as of 1 January	10,837	1,984	4,112	0	16,933
Total cash and cash equivalents	**7,753**	**1,008**	**3,107**	**0**	**11,868**

OTHER DISCLOSURES

Disclosures regarding financial instruments and financial risk management

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

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

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

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

For liquid assets and other current original financial instruments, including trade receivables and payables, financial assets as well as other receivables and liabilities, the fair values correspond to the carrying amounts recognised at particular reporting dates. The fair values of the category "Financial instruments held to maturity" corresponded to the market values as of 31 December 2015.

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

Assets

	Measurement category	Total		Nominal value		Amortised cost	
				Liquid assets/ cash reserve		Loans and receivables (LaR) as well as financial instruments held to maturity (HTM)	
31.12.2015 Amounts in K€		Carrying amount	Fair Value	Carrying amount	Fair Value	Carrying amount	Fair Value
Bonds	HTM	0	0	0	0	0	0
Financial assets and other receivables	LaR	283	283	0	0	283	283
Trade receivables	LaR	18,126	18,126	0	0	18,126	18,126
Liquid assets	LaR	11,868	11,868	11,868	11,868	0	0
Total		**30,277**	**30,277**	**11,868**	**11,868**	**18,409**	**18,409**

Liabilities

	Measurement category	Total		Amortised cost	
				Financial liabilities (FL)	
31.12.2015 Amounts in K€		Carrying amount	Fair Value	Carrying amount	Fair Value
Trade payables	FL	1,558	1,558	1,558	1,558
Other financial liabilities	FL	3,263	3,263	3,263	3,263
Total		4,821	4,821	4,821	4,821

Assets

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

Liabilities

	Measurement category	Total		Amortised cost	
				Financial liabilities (FL)	
31.12.2014 Amounts in K€		Carrying amount	Fair Value	Carrying amount	Fair Value
Trade payables	FL	2,115	2,115	2,115	2,115
Other financial liabilities	FL	2,744	2,744	2,744	2,744
Total		4,859	4,859	4,859	4,859

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

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

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

31.12.2015 Amounts in K€	**Gross amount**	**From interest**	**From remeasurement**		**Net amount 2015**
			Currency translation	**Value adjustment**	
Bonds	0	0	0	0	0
Financial assets and other receivables	283	0	0	0	283
Trade receivables	18,938	0	0	-812	18,126
Liquid assets	11,868	0	0	0	11,868
Total	**31,089**	**0**	**0**	**-812**	**30,277**

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

Interest income of € 18 thousand resulted from cash and cash equivalents in the 2015 financial year (previous year: € 239 thousand). The value adjustment of trade receivables at € 35 thousand (previous year: € 100 thousand) was recognised in income in the 2015 financial year.

Financial risk management objectives and processes (IAS 32/IAS 39)
The significant risks for Viscom's financial instruments are the default risk, the interest rate risk and the exchange rate risk.

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

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

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

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

Age structure of financial assets

31.12.2015 Amounts in K€	Gross amount	Not overdue	Overdue in the following time frames				
			< 31 days	31 <> 60 days	61 <> 90 days	91 <> 180 days	> 181 days
Bonds	0	0	0	0	0	0	0
Financial assets and other receivables	283	283	0	0	0	0	0
Trade receivables	18,938	13,168	2,920	1,424	63	458	905
of which impaired	812	44	7	13	1	26	721
Total	**19,221**	**13,451**	**2,920**	**1,424**	**63**	**458**	**905**

Age structure of financial assets

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

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

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

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

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

Interest rate risk

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

Liquidity risk

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

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

The remaining contractual terms are presented in the following tables:

Remaining contractual terms		Remaining term		
31.12.2015 Amounts in K€	Carrying amount	< 1 year	1 to 5 years	> 5 years
Trade payables	1,558	1,558	0	0
Other financial liabilities	3,263	3,263	0	0
Total	**4,821**	**4,821**	**0**	**0**

There were no gross outflows.

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

Exchange rate risk

As Viscom operates internationally, the Group is also exposed to exchange rate risks. Approximately 11 % of the consolidated revenue is exposed to an exchange rate risk in the parent company. Around 4 % of the parent company's expense was denominated in a currency other than the reporting currency. These risks were not hedged on the balance sheet date or during the year. As of 31 December 2015, net receivables relevant to the exchange rate totalled € 2,575 thousand. It included both the receivables portfolio of Viscom AG and its subsidiary in Singapore in US dollars and the receivables portfolio of the subsidiaries in euros. With a change of 5 %, the exchange rate risk recognised in income amounted to around 1 % of total receivables. Due to the company's business volumes and the development of the euro / US dollar exchange rate, the current level of exchange rate risk was deemed acceptable without the need for hedging.

Capital management

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

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

Use of derivative financial instruments

Viscom did not use derivative financial instruments to hedge exchange rate and interest risks in the 2015 financial year.

Related party disclosures

In the year under review, the members of the Executive Board received total remuneration in the form of payments due in the short term at € 787 thousand (previous year: € 768 thousand) and other payments due in the longer term at € 214 thousand (previous year: € 214 thousand). The remuneration for members of the Supervisory Board consists solely of payments due in the short term at € 81 thousand (previous year: € 77 thousand).

Related parties and affiliated companies

HPC Vermögensverwaltung GmbH held an interest of 53.98 % in Viscom AG as of 31 December 2015. HPC Vermögensverwaltung GmbH is therefore both an affiliated company and the parent company of Viscom AG.

Payments from related parties and affiliated companies

in K€	**2015**	2014
From lease contracts:		
HPC Vermögensverwaltung GmbH	65	76
From services:		
HPC Vermögensverwaltung GmbH	408	384
From rentals:		
HPC Vermögensverwaltung GmbH	379	360
Marina Hettwer / Petra Pape GbR	165	165
Dr. Martin Heuser / Petra Pape GbR	482	482
Sum of payments received by the Group	**1,499**	**1,467**

Viscom AG has also concluded lease contracts for company vehicles with HPC Vermögensverwaltung GmbH. In 2015, HPC Vermögensverwaltung GmbH provided further services such as company childcare, cleaning services and other miscellaneous services.

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

Lease obligations for company cars in K€	2015	2014
Total	**964**	**704**
of which to HPC Vermögensverwaltung GmbH (affiliated company)	82	96
within 1 year of the reporting date	**416**	**380**
of which to HPC Vermögensverwaltung GmbH (affiliated company)	45	57
more than 1 but less than 5 years after the reporting date	**548**	**324**
of which to HPC Vermögensverwaltung GmbH (affiliated company)	37	39
within more than 5 years of the reporting date	**0**	**0**

The future services for the following periods are:

Services in K€	2015	2014
Total	**408**	**384**
of which to HPC Vermögensverwaltung GmbH (as an affiliated company)	408	384
within 1 year of the reporting date	**408**	**384**
of which to HPC Vermögensverwaltung GmbH (as an affiliated company)	408	384
more than 1 but less than 5 years after the reporting date	**0**	**0**
within more than 5 years of the reporting date	**0**	**0**

Other related parties

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

Agreements with related parties

Agreements with remaining terms of	Rental property	Start of lease	Basic lease term	Net rent, monthly (€)	Net rent, annual (€)
One year or less	CBS 8 *	1 Jan 2013	3 months	4,000	48,000
one to five years	CBS 13 *	1 Nov 2007	10 years	6,500	78,000
	CBS 15 **	15 Nov 2007	10 years	13,750	165,000
	FS 28 *	1 Nov 2008	5 years	2,200	26,400
	CBS 9 *	1 Jan 2001	10 years	5,000	60,000
More than five years	CBS 11 *	1 Aug 2001	10 years	22,500	270,000
	CBS 10 ***	1 Mar 2002	10 years	15,000	180,000
	CBS 10a ***	15 Nov 2005	10 years	15,000	180,000
	CBS 6 ***	1 Dec 2015	10 years	18,900	226,800
Total rental obligations with a remaining lease term of 1 year or less					**1,026,300** (previous year: 1,007,400)
Total rental obligations with a remaining term of 1 to 5 years					**5,116,300** (previous year: 4,251,700)
Total rental obligations with a remaining lease term of more than 5 years					**2,352,600** (previous year: 1,927,500)

The right to terminate the leases of buildings CBS 9 and CBS 11 was not used in 2010. Both lease agreements were therefore extended for another 10 years. In addition, the right to terminate the lease of building CBS 10 was not used in 2011. The lease agreement was therefore extended for another ten years. The right to terminate the lease of FS 28 was not used in 2012. The lease agreement was therefore extended for another five years. In addition, the right to terminate the lease of building CBS 10a was not used in 2014. The lease agreement was therefore extended for another ten years. The right to terminate the lease of building CBS 8 was not used. Furthermore, a rental agreement for 10 years was concluded on 1 December 2015 for facilities in building CBS 6.

Loan agreements

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

Obligations arising from operating leases for the lessee

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

The office in Munich, which is responsible for sales in southern Germany, Austria, Hungary and Switzerland, was leased from a third party until 31 March 2015. The rented properties in the USA, France, Tunisia, Singapore and China are also leased from third parties.

Agreements with third parties

Agreements with remaining terms of	Rental property	Start of lease	Basic lease term	Net rent, monthly (€)	Net rent, annual (€)
One year or less	Munich, Germany	1 Oct 2013	3 months	495	5,940
Between one and five years	Atlanta, USA	1 Oct 2006	5 years	6,732	80,784
	Singapore, Singapore	15 May 2014	2 years	3,397	40,765
	Singapore, Singapore	21 Aug 2014	2 years	5,531	66,375
	San José, USA	1 Oct 2011	1 year	732	8,786
	Tunis, Tunisia	15 Sep 2011	1 year	450	5,405
	Zhengzhou, China	20 May 2014	15 months	691	8,290
	Shanghai, China	1 Jan 2015	2 years	7,467	89,603
	Shanghai, China	1 Jan 2014	1 year	2,538	30,455
	Paris, France	1 Aug 2004	9 years	2,206	26,475
Total rental obligations with a remaining lease term of 1 year or less					**358,424** (previous year: 313,239)
Total rental obligations with a remaining term of 1 to 5 years					**340,341** (previous year: 587,814)

The rental agreement for the office in Munich was properly terminated at the stipulated end of the rental term on 31 March 2015. The rental agreement for the office in Tunis was extended automatically for another year in 2015. Furthermore, the rental agreement for the office in San José was extended for another year. On 20 July 2015 a storage room was rented in Zhengzhou with a term of another 15 months. The rental agreements for the office and apartment in Singapore were extended for another 24 months, respectively on 21 August 2014 and 15 May 2014. The rental agreement for the office in Shanghai was concluded for another two years on 1 January 2015 and the one for the apartment was extended by one year until 3 January 2017. In addition, the lease agreement for the office in Atlanta was extended for a further five years on 20 February 2011. The rental agreement for the office in Paris was tacitly extended in 2013.

Operating lease expenses of € 1,964 thousand (previous year: € 1,774 thousand) were recorded in the 2015 financial year.

Purchase commitments

Purchase commitments from delivery contracts amounted to around € 4,014 thousand (previous year: € 4,236 thousand) as of 31 December 2015.

Events after the balance sheet date

Viscom AG like many other companies made use of the securities lending instrument in 2006, which means it is likely to be affected by the Federal Tax Court decision of 13 January 2016 as disclosed in its Ad hoc report on 22 January 2016. According to this decision, dividend income for taxation years that have not been concluded yet and generated by the borrower in the course of a securities lending transaction may not be considered tax exempt. In the past this income was always treated as tax exempt by the financial authorities. The provisions recognised for this are based on the claims asserted by the financial administration and include possible back tax payments of € 1,720 thousand and related interest payments of € 765 thousand. This reduced the Group's 2015 net profit for the period by € 2,485 thousand.

There were no other significant events after the end of the 2015 financial year.

German Corporate Governance Code

The Executive Board and Supervisory Board of Viscom AG submitted the annual Compliance Statement, according to section 161 of the German Stock Corporation Act (AktG), in February 2016. It has been published and is permanently accessible on the Viscom AG website.

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

The fee charged for the work of the Group auditor PricewaterhouseCoopers AG Wirtschaftsprüfungsgesellschaft for the financial year breaks down as follows:

Total auditors' fees

in K€	**2015**	2014
Year-end audit services	89	81
Other confirmation services	9	0
Other services	20	16
Total	**118**	**97**

RESPONSIBILITY STATEMENT

"To the best of our knowledge and in accordance with the applicable accounting principles, the consolidated financial statements give a true and fair view of the Group's net assets, financial position and results of operations, and the group management report 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."

Hanover, 8 March 2016

Dr. Martin Heuser	Volker Pape	Dirk Schwingel

AUDITOR'S REPORT

We have audited the consolidated financial statements prepared by the Viscom AG, Hanover, comprising the statement of comprehensive income, the statement of financial position, statement of changes in equity, cash flow statement and the notes to the consolidated financial statements, together with the group management report for the business year from January 1 to December 31, 2015. The preparation of the consolidated financial statements and the group management report in accordance with the IFRSs, as adopted by the EU, and the additional requirements of German commercial law pursuant to § (Article) 315a Abs. (paragraph) 1 HGB („Handelsgesetzbuch": German Commercial Code) are the responsibility of the parent Company's Board of Managing Directors. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

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

Our audit has not led to any reservations.

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

Hanover, March 8, 2016

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

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

GLOSSARY OF TECHNICAL TERMS

Term	Definition
AOI	Automated optical inspection
AXI	Automated x-ray inspection
CCI (Conformal Coating Inspection)	Conformal coating inspection
Closed Loop	Closed Loop over sites respectively process steps
EMS (Electronic Manufacturing Services)	Contract manufacturer/subcontractor - especially for Consumer, Communication and Computer products
Flat Panel Detector (FPD)	Flat Panel Detector (FPD) for x-rays with high image quality
High-speed data interface	Data interface between sensor and analysis computer
MES Software (Manufacturing Execution System)	Transfer of process data of Viscom inspection to superior control systems for further use in other process steps
MXI	Manual X-ray inspection
MX products	Inrared-light-machines for tests with electronic semiconductors
NP	New products
OEM (Original Equipment Manufacturer)	Manufacturer of a brand product
planar CT	Simplified and quick elapsing computed tomography especially for large-scale electronic assemblies
proALPHA	Enterprise resource planning (ERP) system
Quality Uplink	Facilitates combination of the results of different inspection gates
SI	Software platform for SP-products (AOI/AXI)
SMT	Surface-mounted-technology
SP	Serial products
SPI	Solder Paste Inspection
vVision	Machine operating interface
XM technology	New Viscom-camera / lighting technology with three times more throughput than 8M technology and additional options, such as 3D sensors

FINANCIAL CALENDAR 2016

23.03.2016	**Annual Report 2015, Press Conference**	Hanover
24.03.2016	**DVFA-Analyst Conference**	Frankfurt am Main
12.05.2016	**Interim Report 3M/2016, Analyst Telephone Conference**	Hanover
01.06.2016	**Annual General Meeting**	Hanover
12.08.2016	**Interim Report as of 30 June 2016, Analyst Telephone Conference**	Hanover
14.11.2016	**Interim Report 9M/2016, Analyst Telephone Conference**	Hanover

FIVE-YEAR REPORT

Profit and loss

		2015	2014	2013	2012	2011
Revenue	K€	69,389	62,254	49,820	50,037	53,499
EBIT	K€	10,157	9,378	6,772	9,248	12,014
EBT	K€	9,352	9,462	7,046	9,666	12,624
Income taxes	K€	-5,823	-2,777	-2,323	-3,028	-4,128
Annual profit	K€	3,529	6,685	4,723	6,638	8,496

Balance sheet

Assets						
Non-current assets	K€	53,203	55,365	62,785	61,423	58,578
Current assets	K€	9,927	9,093	8,573	11,082	13,902
Total assets	K€	63,130	64,458	71,358	72,505	72,480
Liabilities						
Current liabilities	K€	12,539	9,264	8,319	9,280	9,687
Non-current liabilities	K€	1,934	1,610	1,473	949	452
Share capital	K€	48,657	53,584	61,566	62,276	62,341
Total capital	K€	63,130	64,458	71,358	72,505	72,480

Cashflow statement

CF from current business	K€	5,955	4,755	7,174	9,520	11,535
CF from investment	K€	-2,359	-2,233	-2,478	-1,594	-8,814
CF from financing	K€	-8,943	-15,126	-5,331	-6,665	86
End of period capital	K€	11,868	16,933	29,285	30,014	28,810

Personnel

Employees at year-end		362	325	300	286	273

Investments

Tangible an intangible assets (paid)	K€	816	587	699	540	610

Share

Number of shares		9,020,000	9,020,000	9,020,000	9,020,000	9,020,000
Dividend payment	K€	3,554	8,885	15,104	5,331	6,664
Dividend per share*	€	0.40	1.00	1.70	0.60	0.75
Shareholder capital per share	€	5.39	5.94	6.83	6.90	6.91

Key figures

EBIT-Margin	%	14.6	15.1	13.6	18.5	22.5
Return on equity	%	7.3	12.5	7.7	10.7	13.6
Equity ratio	%	77.1	83.1	86.3	85.9	86.0

*Dividend proposal € 0.40 per dividend-bearing share for the financial year 2015

IMPRINT

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