# 15 / 16

ANNUAL REPORT 2015 / 2016

CLERE AG

CONSOLIDATED PROFIT 2015 / 2016
IN EUR MILLION

# 32.8

The Clere Group wants to profit with their realignment on investments in renewable energy from the positive trend in renewable energy.

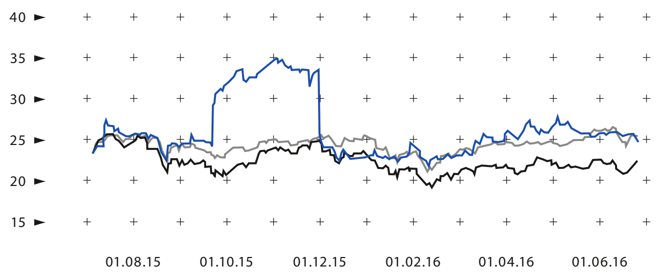
KEY FIGURES FOR THE GROUP AT A GLANCE (ACCORDING TO IFRS)
CONTINUING OPERATIONS

| IN EUR MILLION | 01.07.2015 – 30.06.2016 | 01.07.2014 – 30.06.2015 |
|---|---|---|
| Sales revenues | 0 | 0 |
| Total operating revenue | 0 | 0 |
| EBITDA after extraordinary items | –6.7 | –5.9 |
| EBIT after extraordinary items | –6.7 | –6,0 |
| Net fixed income | 0.0 | 2.8 |
| Earnings before taxes (EBT) | –6.7 | –3.2 |
| Consolidated profit or loss | 32.8 | –12.7 |
| Earnings per share in EUR | 5.56 | –2.16 |

CASH AND CASH EQUIVALENTS IN THE GROUP
IN EUR MILLION

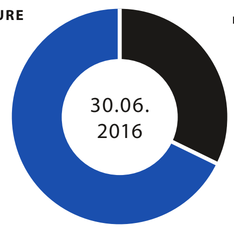
# ABOUT 212

PRICE PERFORMANCE
INDEXED SHARE PRICE PERFORMANCE 1 JULY 2014 TO 30 JUNE 2015




# Group operates as Clere AG since 8 April 2016.

SHAREHOLDER STRUCTURE
IN %




LOWER EQUITY RATIO THROUGH CAPITAL REDUCTION
IN THE AMOUNT OF 53.0 EUR MILLION

# 53.0

KEY FIGURE FINANCIAL POSITION 2015 / 2016
IN EUR MILLION

| | 30.06.2016 | 30.06.2015 |
|---|---|---|
| Equity | 143.8 | 234.1 |
| Equity ratio in % | 66.4 | 88.1 |
| Cash | 172.5 | 139.5 |
| TOTAL ASSETS | 216.7 | 265.8 |



# MISSION STATEMENT

With decisions taken at our general shareholder meetings on 1 December 2015 and 29 January 2016, the disposal of the operating business was approved with effect as of 1 July 2015. The rights to utilize the "Balda" name were also sold along with the disposal of the operating business. Balda AG was given the new company name of Clere AG for this reason. The change of corporate name was entered in the commercial register on 8 April 2016.

Since disposing of its operating business, the Clere Group has been involved in environmental and energy technology. Attractive investments are to be made here in environment and energy solutions, and / or a profitable portfolio is to be built up of equity investments in medium-size companies, where the focus can also lie in the environmental and energy technology area. This investment strategy will be supplemented by short-term financing situations, which frequently occur when infrastructure projects are being created, in particular.

Business activities will focus on Europe. Markets such as the USA or Japan are being monitored as additions.

# A

# THE COMPANY

A



# THE COMPANY





# REPORT OF THE SUPERVISORY BOARD

## DEAR SHAREHOLDERS,

we report as follows on our activity in the 2015/2016 financial year:

**Work of the Supervisory Board in the reporting period**

The Supervisory Board held a total of seven attended meetings and eight telephone meetings in the 2015/2016 financial year. Apart from two meetings, all Supervisory Board members were present at all meetings.

In addition, six resolutions were adopted by circular. Due to the fact that the Supervisory Board comprises only three members, it did not form any committees in the reporting period.

**Focus of activities in the reporting period: Disposal of the operating business**

Already from January 2015, and then intensively from July 2015, the Supervisory Board followed the Management Board negotiations with three interested parties concerning the sale of the entire operating business of the Balda Group at that time. On 23 September, these initially resulted in a notarized purchase agreement with purchasing companies managed by Paragon, a Munich-based investment company.

A bidding war subsequently broke out, initially between Paragon and Heitkamp & Thumann KG ("H&T"), Düsseldorf, and then between H&T and the Stevanato Group from Northern Italy ("Stevanato"). The Supervisory Board also followed this in all its steps.

The corresponding offers form the topic of the Ordinary AGM on 30 November/1 December 2015 as well as the EGM on 29 January 2016. Please refer to the corresponding Management Board reports and other documentation published on the company's website.

Following the disposal, and in harmony with the Management Board, the Supervisory Board decided to propose to the AGM to distribute a EUR 0.90 per share to shareholders before a share consolidation respectivily of EUR 9.00 per share after consolidating by way of a 10:1 capital reduction. This was to allow the purchase price that is not required for operational purposes to be distributed without deduction of capital gains tax to shareholders. The capital reduction was approved at the EGM on 29 January 2016; the payment of the dividend will occur prospectively in mid-October 2016.

**Other key topics in the reporting period**

The discussions and resolutions of the Supervisory Board focused on the following further issues:

- management of proceedings at the regional court against Mr. Dominik Müser, review of compensation claims against Mr. Dominik Müser and other directors;
- accompanying the arbitration case of the sellers of Balda C. Brewer against Balda Investments USA LLC and the counterclaim brought in the arbitration proceedings;
- completion and audit of the separate and consolidated financial statements as of 30 June 2016;

- simplification of the Group structure, including through launching liquidation of the Group company in Singapore and disposal of the property in Malaysia;
- and finally discussions about the realignment of the corporate strategy after the disposal of the operating business.

**Corporate governance**

In October 2014, the Management Board and Supervisory Board submitted a declaration of compliance with the German Corporate Governance Code in accordance with Section 161 of the German Stock Corporation Act (AktG), which it published on the company's website.

This was updated in September 2015 and September 2016.

**Personnel matters**

The following changes occurred to the composition of the Management Board of Clere AG in the 2015 / 2016 financial year.

On 15 June 2016, the Supervisory Board passed a resolution to extend the Management Board appointment of Mr. Oliver Oechsle by a further two months, in other words, until 31 December 2016. At the same time, Mr. Thomas Krupke was appointed as a further Management Board member from 16 June 2016.

No changes occurred to the Supervisory Board during the period under review.

**Separate and consolidated annual financial statements**

On 13 June 2016, the Supervisory Board engaged Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, which had been elected as the financial statement auditor by the company's Annual General Meeting on 30 November / 1 December 2015, to audit the separate annual financial statements of Balda AG and the consolidated financial statements for the 2015 / 2016 financial year. The separate annual financial statements were prepared in accordance with the principles of Sections 242 to 256 and Sections 264 et seq. of the German Commercial Code (HGB) as well as the German Stock Corporation Act (AktG), while the consolidated financial statements were prepared in accordance with the principles of the International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and the supplementary provisions of German commercial law pursuant to Section 315a (1) of the German Commercial Code (HGB). The auditor audited the separate annual financial statements for the 2015 / 2016 financial year and the consolidated financial statements for the 2015 / 2016 financial year, as well as the management report for Clere AG and the Group management report and issued these with an unqualified auditors' report dated 21 September 2016.

The Supervisory Board has examined the separate financial statements and management report, the consolidated financial statements and Group management report, as well as the proposal of the Management Board for the appropriation of net unappropriated profit.

The auditor participated in the Supervisory Board's discussions on 13 September 2016 of the documents submitted, reported on the principal results of its audit and responded to questions from the Supervisory Board. Above and beyond this, all Supervisory Board members concerned themselves intensively with the Management Board with the documents relating to the annual financial statements.

The Supervisory Board concerned itself with the following audit focus area:

- Valuation and completeness of provisions for assumed guarantee obligations arising from the purchase agreement concluded with Stevanato.

Following its own examination, the Supervisory Board came to the conclusion that the development of the company and the Group is presented and assessed correctly by the Management Board in the management report and the Group management report and that the disclosures made concur with the Supervisory Board's own assessment. The Supervisory Board considers that the separate annual financial statements and consolidated financial statements comply with the legal requirements and contain all of the required disclosures.

Following its own examination, the Supervisory Board concurs with the findings of the audit of the separate annual financial statements and consolidated financial statements. The final results of the Supervisory Board's examination did not give rise to any objections to the separate annual financial statements and consolidated statements as prepared by the Management Board.





The Supervisory Board has examined the Management Board's proposal concerning the application of unappropriated profit through carrying it forward to a new account, and concurs with it.

The Supervisory Board discussed the separate annual financial statements and the consolidated financial statements at its meeting on 23 September 2016 in the presence of the auditor and approved the annual financial statements of Clere AG on 23 September 2016. The company's separate annual financial statements have been adopted as a consequence. The Supervisory Board also approved the consolidated financial statements on 23 September 2016.

**Dependent company report**

The Management Board also prepared a dependent company report in the 2015 / 2016 fiscal year and submitted it in good time to the Supervisory Board.

The auditor audited the awarded it the following audit certificate on 21 September 2016:

"According to the audit and assessment incumbent upon us, we confirm thats
1. the actual disclosures contained in the report are correct,
2. in the case of the legal transactions listed in the report, the company's consideration was not inappropriately high,
3. in the case of the measures listed in the report, no circumstances would suggest a significantly different assessment than that made by the Management Board."

For its part, the Supervisory Board examined the Management Board's dependent company report and the auditor's audit report; the subsequent examination and discussion by the Supervisory Board occurred in the auditor's presence at the Supervisory Board meeting on 23 September 2016.

The Supervisory Board was persuaded of the proper nature of the dependent company report and the audit reported this context. In particular, it arrived at the conviction

- that the reports correspond to statutory requirements;
- that the group of affiliated entities was determined with the requisite care, and
- that the necessary precautions and measures to record the reportable legal transactions are measures were taken.

Following the conclusive result of the Supervisory Board's own examination of the dependent company report, the Supervisory Board—with Mr. Dr. Thomas van Aubel abstaining—passed a resolution that no objections are to be raised against the Management Board's statement in relation to the dependent company report.

**Thanks**

The Supervisory Board would like to thank the employees for their conscientious work in the 2015 / 2016 financial year. Moreover, the Supervisory Board would like to thank Mr. Oliver Oechsle for his work, especially in the case of the successful disposal of the operating business.

The Supervisory Board would also like to thank the shareholders for the interest that they show in the company, and especially for the trust and confidence they have placed in the Supervisory Board.

Bad Oeynhausen, 23 September 2016

The Supervisory Board

**DR. THOMAS VAN AUBEL** CHAIRMAN OF THE SUPERVISORY BOARD

# LETTER FROM THE MANAGEMENT BOARD

## LADIES AND GENTLEMEN,

in the 2015/2016 financial year elapsed, you voted by an almost 99% majority at the Extraordinary General Meeting on 29 January 2016 in Hannover in favor of the disposal of the entire operating business to family-owned Italian company Stevanato for a price of EUR 95 million. Ahead of this, and for the first time with our ad hoc announcement on 23 September 2015, we had informed you continuously about the disposal negotiations.

Even during the negotiations with the potential acquirers, we implemented the restructuring in the USA, with the closure of the site in Irvine and the relocation of two further sites to the Ontario base that was newly rented at the start of the 2015/2016 financial year.

In the third quarter of the year under review, we negotiated a lawsuit brought by the former sellers of the Balda C. Brewer Inc. against us before a US arbitration court. With the arbitration award (which was a little below the compensation sum offered to us previously) and the conclusion in the meantime of parallel civil lawsuits, this matter has also been brought to an end.

The renaming of the company from Balda AG into Clere AG and the enlargement of the Management Board now establish the strategic preparations to realign the core business for the future: renewable energy/environmental technology and medium-sized company financing. The future core business is to lie on the one hand in investments and equity interests in the environmental and energy technology area that offer attractive investment options with value enhancement potential, and on the other in the financing of medium-sized companies. The aim is to generate attractive returns and stable and predictable cash flows for the company.

We will create a portfolio consisting of investments, participating interests in companies and financing facilities to occur without haste and in a moderate manner.

Yours sincerely,

**THOMAS KRUPKE** MANAGEMENT BOARD MEMBER

**OLIVER OECHSLE** MANAGEMENT BOARD MEMBER



**Clere AG** Annual Report 2015/2016

# THE CLERE SHARE

**THE CLERE SHARE ON 30.06.2016**

| | |
|---|---|
| WKN / ISIN | A2AA40 / DE000A2AA402 |
| Stock exchange segment | Prime Standard / Regulated Market |
| Trading segment | Industry |
| Prime-sector | Industrial goods |
| Sub-sector | Industrial products + services |
| Index | CDAX, Prime all Share |
| Date of initial listing | 23.11.1999 |
| Designated sponsor | BHF Bank |
| Share capital | EUR 5,889,063 |
| Number of shares issued | 5,889,063 |
| Average daily trading volume | 10,332 |
| High / ow for the 2015 / 2016 financial year | EUR 35.5 on 04.11.2015 |
| Low for the 2015 / 2016 financial year | EUR 21.8 on 09.02.2016 |
| Closing price for the 2015 / 2016 financial year | EUR 25.2 |
| Market capitalization on 30.06.2016 | EUR 148.4 million |
| Earnings per share for the 2015 / 2016 financial year | EUR 5.56 |

## 1. EQUITY MARKET PERFORMANCE

Equity markets during the 1 July 2015 to 30 June 2016 reporting period were characterized by sharp volatility. Market volatility reflected global events such as the Volkswagen scandal, weakening economic growth in China, and Great Britain's decision to leave the European Union. Due to these developments, the German DAX index of leading shares fell by 12.4 % during the period under review. The low for the period was recorded at 8,699 points during intraday trading on 11 February 2016, while the high was reached at 11,802 points in intraday trading on 20 July 2015.

The SDAX index of second line stocks was also not untouched by this volatility: its high was reached at 9,484 points on 9 June 2016, and its low was touched at 7,504 on 9 February 2016. By contrast with the DAX index, however, the SDAX was up by 1.9 % in the reporting period.

## 2. PERFORMANCE OF THE CLERE SHARE

On 29 January 2016, the EGM of Clere AG (still called Balda AG at that time) approved a 10 : 1 capital reduction. The company's consolidated (so-called converted) shares have been listed on the Frankfurt Stock Exchange under WKN A2AA40 / ISIN DE000A2AA402 since 22 April 2016, and securitized in a global certificate deposited at Clearstream Banking AG, Frankfurt am Main. Only the converted figures are referred to in the rest of this report following below.

At the start of the reporting period, the Clere share performed in line with indices—but this ended on 23 September 2015 with the company's ad hoc announcement. The announcement informed stakeholders that all operating units were to be sold and that a corresponding agreement had already been signed with Munich-based Paragon Partners. The result was a marked increase in the share price.





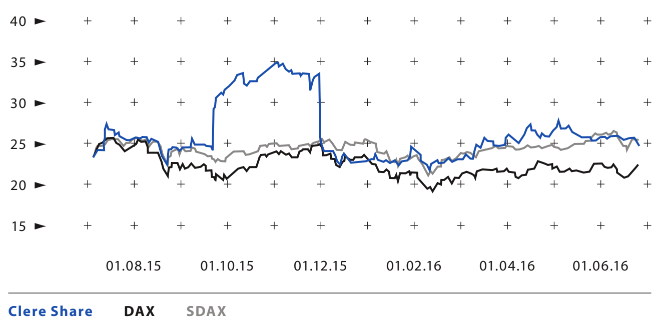
On 1 October 2015, the company then received a higher offer from Heitkamp & Thumann, with Paragon and Heitkamp & Thumann increasing their offers again, before Paragon withdrew. This bidding war, along with the company's dividend proposal, affected the share positively, which led it to reach its high of EUR 35.5 during intraday trading on 4 November 2015. By contrast, the low of EUR 21.8 was measured during intraday trading on 9 February 2016, with the Clere share thereby performing in line with markets ► Graphic 01.

The AGM on 30 November and 1 December 2015 approved the EUR 1.10 per old share dividend payment, which corresponds to a value of EUR 11.0 per newly converted share. The share then traded ex-dividend from 1 December 2015. As a non-binding offer had already been submitted by Italy's Stevanato Group as of this date, however, the ex-dividend price failed to fall by the dividend amount. The Stevanato Group then submitted a binding offer in December 2015 that the EGM in January 2016 approved; during the course of the EGM on 29 January 2016, both Heitkamp & Thumann and Stevanato improved their offers again, although Stevanato won EGM approval for their bid. The divested operating units then transferred to the Stevanato Group in March. The new name of Clere AG for the remaining holding company became legally effective on 8 April 2016.

The share appreciated by 4.2 % over the course of the year (the increase would have amounted to 49.7 % excluding the dividend payout). At the end of the reporting period, the Clere share traded at a price of EUR 25.20—corresponding to a market capitalization of EUR 148.4 million.

## 3. OVERVIEW OF THE SHARE PRICE PERFORMANCE COMPARED TO THE DAX AND SDAX

**01 SHARE PRICE PERFORMANCE**
INDEXED SHARE PRICE PERFORMANCE 1 JULY 2015 TO 30 JUNE 2016

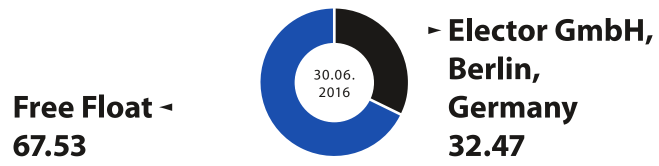



## 4. SHAREHOLDER STRUCTURE

Elector GmbH holds 32.47 % of the shares at the end of the financial year under review, and consequently 3.04 % more than in the previous reporting year. The free float thereby amounts to 67.53 % at the end of the reporting period ► Graphic 02.

Elector GmbH exceeded the 30 % threshold on 8 April 2016, holding 30.91 % as of this date. Elector submitted the resultant mandatory tender on 10 May 2016, with the related tender period ending on 7 June 2016 at 24:00 hours CET. This tender offered the shareholders of Clere AG EUR 25.5 per share, consequently exceeding the three-month average price. Clere AG informed shareholders about the offer through a separate opinion of the Management and Supervisory boards.

**02 SHAREHOLDER STRUCTURE** IN %




## 5. INVESTOR RELATIONS

Investor relations work at Clere AG pursues the objective of informing both stakeholders and the capital market quickly and transparently about all relevant developments. Accordingly, the bidding war was always communicated clearly during the reporting period, and all relevant information was disclosed—including at the AGM and EGM.

Due to these developments, Clere AG no longer participated at capital market conferences. As the operating business was neither relevant nor meaningful after the disposal, conference calls about quarterly figures were also suspended.

During the 2015/2016 financial year, Clere AG was covered by First Berlin Equity Research GmbH and M.M. Warburg & CO. These research houses prepare frequent detailed reports, and include their own valuations and recommendations.

Clere AG will concentrate in future on investing the Group's assets, with a focus on high-yielding long-term investments. Clere AG continuously informs its shareholders about current topics via its investor relations pages on the company's website at ► www.clere.de.

B

# GROUP MANAGEMENT REPORT

B



# GROUP MANAGEMENT REPORT





# THE GROUP

## 1. OVERVIEW OF THE GROUP STRUCTURE

Until the sale of its operating business on 10 March 2016, Clere (also referred to below as the "Group" or the "company") was an internationally operating supplier of technologically advanced plastic products. Its core competency lay in manufacturing high-quality injection molded plastics that could be utilized generally in highly varied markets.

Following the disposal of its operating business, the Clere Group aims to be active in the growth market for renewable energy and environmental technology. The Clere Group will finance medium-sized companies and invest in regenerative energy production projects that enjoy strategic long-term prospects. The focus is on investments in regions that promise long-term stable returns due to their political stability, legal frameworks and existing energy and environmental policy.

Clere AG (also referred to below as "Clere"), which has its headquarters in Bad Oeynhausen, Germany, performs not only the aforementioned financing and investment activities, but also acts as the strategy and financial holding company for the Clere Group. These tasks also include controlling and strategically developing the Group, securing and managing the Group's financing, as well as providing shared services such as Group accounting and controlling, investor relations and public relations, as well as holding equity investments in other Group companies. Mr. Oliver Oechsle was appointed as the sole Management Board member between 31 October 2014 and 16 June 2016. Since 16 June 2016, Mr. Thomas Krupke, together with Mr. Oliver Oechsle as members of the Management Board of Clere AG, have been managing the company.

The share of Clere AG is listed in the Prime Standard Segment of Deutsche Börse AG under WKN / ISIN A2AA40 / DE000A2AA402.

Clere AG holds a 100% interest in Clere Investments B.V. (formerly: Balda Investments Netherlands B.V.), Amsterdam, Netherlands, which acts as an intermediate holding company. Clere Investments B.V. holds a 100% interest in intermediate holding company BIMA International Pte. Ltd., Singapore (formerly: Balda Investments Malaysia Pte. Ltd.). Clere Investments Singapore was liquidated during the reporting period.

Clere Investments B.V. indirectly holds all of the shares of the company Widesphere Sdn. Bhd, Kuala Lumpur, Malaysia. A regular liquidation of the relation company was initiated in June 2016. The structural streamlining in Asia is advancing significantly as a consequence.

Clere Investments B.V. also holds a 100% direct interest in intermediate holding company BIUSA LLC, Wilmington, USA (formerly: Balda Investments USA LLC) ► see page U3 group structure.

US operating companies Balda C. Brewer, Inc., Anaheim, California and Balda Precision, Inc., Oceanside, California and the European subsidiaries Balda Medical GmbH & Co. KG, Bad Oeynhausen, Balda Medical Verwaltungsgesellschaft mbH, Bad Oeynhausen and Balda Medical Systems SRL., Temeswar, Romania, were sold in March 2016.

The operating business was divided into the geographic regions of America and Europe. The Management Board was responsible for the operating segments. The Other area comprised management functions in the Asia region. Management of future business depends on the growth and number of projects in the future business model of "financing" and "private equity" in the environmental and energy technology areas. All responsibilities currently rest with the Management Board due to the company's present size.

## 2. OVERVIEW OF BUSINESS ACTIVITIES

Following the disposal of the previous operating business focused on injection molded plastics, the company is in a strategic and operational reorientation phase. The future core business lies firstly in investments and equity interests in the environmental and energy technology area that offer attractive investment options with value enhancement potential, and secondly in the financing of medium-sized companies.

In the case of investments in the energy and environmental technology area, the focus is on buying and operating solar and wind parks by means of asset or share deals (also as proportionate purchases), depending on the particular situations. When acquiring new energy producing plants, the company will concentrate on turnkey projects. The purchase of already existing plants and operation companies will be based on guaranteed feed-in tariffs (FiTs) or power purchase agreements (PPAs).

In geographic terms, investments will be realized as a rule in regions that enjoy stable economic and legal environments and are distinguished by reliable investment and overall conditions. The aim is to generate attractive returns and stable and plannable cash flows.

With their internal and external technical and commercial knowledge, the Clere Group will in the future examine and evaluate the investment in new facilities as well as secure unobstructed operations though target-oriented own asset management.

The company pursues a growth-oriented acquisition strategy resulting in a low-risk investment strategy by collaborating with experienced and well-known partners from the solar and wind area.

When acquiring participating interests in energy and environmental technology companies, the company will concentrate on transparent, sustainable and value-enhancing business models. The focus here will not be on investing in start-ups.

When financing medium-sized companies, the concentration will be on growth financing and interim financing, subsequent to related checks on creditworthiness and the ability of debt retirement as well as intrinsic value of securities. Such financing facilities will not be subject to the directives of the German Banking Act (KWG) and Capital Investment Law Code (KAGB).

## 3. CORPORATE GOVERNANCE REPORT

Good corporate governance, defined as compliance with the principles of responsible corporate management and supervision, is an important prerequisite to fulfill, so that the company can gain, maintain and foster the trust of shareholders, lenders, employees, business partners and the general public.

The commitment to open and responsible management and supervision geared to sustainable value creation forms an integral part of corporate governance in the Clere Group. In addition to the fulfillment of legal requirements, corporate governance is characterized by a high degree of personal responsibility on the part of every employee. Complying with transparency criteria and avoiding conflicts of interest take top priority as the core elements of good corporate governance.

- The current full version of the declaration on the corporate management of Clere AG is available on Clere's website, under ► **www.clere.de/1/investors/corporate-governance/**.
- The management boards and supervisory boards of listed stock corporations are required by Section 161 (1) Clause 1 of the German Stock Corporation Act (AktG) to issue a declaration at least once a year stating whether the respective company has complied and will comply with the recommendations of the German Corporate Governance Code (GCGC) published by the German Federal Ministry of Justice. If a company opts not to implement a recommendation, management and supervisory boards must publish and justify their related decision in their annual compliance declaration. Most recently in September 2016, the Management and Supervisory boards of Clere AG issued a **declaration of compliance with the German Corporate Governance Code (GCGC) pursuant to Section 161 of the German Stock Corporation Act (AktG),** which is available on the Clere website under ► **www.clere.de/1/investors/corporate-governance/**.
- In accordance with the GCGC, the Management Board has set a 15 % target for the proportion of women at the second management level and a deadline of 30 June 2017 to reach this target. The Management Board will review this target regularly and adjust it where required. The Management Board currently regards a higher figure as unrealistic as specialist qualifications are critical within the company's small team and it has proved difficult to date to make new appointments to these positions. The company does not have a third management level due to its flat hierarchy.
- No other external codes or standards that exceed the statutory requirements are applied in the Clere Group.
- The **Management Board reports regularly to the Supervisory Board,** usually several times monthly both verbally and in writing, concerning the company's position and specific transactions, particularly its business performance and cash flows, the market situation and developments, and the company's strategy. Key transactions are explained in detail by the Management Board to the Supervisory Board by way of reports, templates and presentations. The Supervisory Board Chairman is also informed regularly by the Management Board in person and by telephone on all material issues. When invited by the Supervisory Board, the Management Board participates in regular Supervisory Board meetings.
- **Responsible handling of business risks** forms one of the statutory obligations and principles of good corporate governance. The Management Board of Clere AG and the management within the Clere Group have at their disposal comprehensive, cross-Group and company-specific reporting and controlling systems. These allow risks to be recorded, measured and managed. The systems are continuously refined and adapted to changing conditions. The Management Board informs the Supervisory Board on a regular basis about existing risks and how they develop. In particular, the Supervisory Board member responsible for accounting handles monitoring of the accounting process, including reporting, the effectiveness of the internal control system, risk management and the internal auditing system, and compliance as well as financial statement audits. Details concerning risk management in the Clere Group and the accounting-related internal control and risk management system are outlined in the Group report on opportunities and risks.





## 4. COMPENSATION REPORT

### 4.1 MANAGEMENT BOARD COMPENSATION

The company's Management Board structure changed shortly before the end of the reporting year. With effect as of 16 June 2016, the Supervisory Board appointed Mr. Thomas Krupke as an additional member of the Management Board. His appointment runs until 31 July 2018. The contract of the former sole Management Board member, Mr. Oliver Oechsle, which was previously to expire as of 31 October 2016, was extended for a further two months until 31 December 2016.

Compensation of the Management Board members was composed as follows during the period under review (German Corporate Governance Code section 4.2.5):

The compensation of Management Board members Mr. Oliver Oechsle and—from 16 June 2016—Mr. Thomas Krupke comprises monetary compensation components consisting, as a matter of principle, of both fixed and variable components (German Corporate Governance Code section 4.2.3) and ancillary benefits. Along with monthly salary payments to the Management Board members, fixed compensation in Mr. Oechsle's case also includes compensation for dispensing with use of a company car, as well as the costs of accommodation at the place of work along with related expenses such as parking charges. In Mr. Krupke's case, the monthly fixed compensation increases from the date when his family's home is moved abroad. This was not of the case during the 16 June 2016 to 30 June 2016 reporting period. Ancillary benefits include contributions and allowances for health insurance and the professional cooperative, as well as Group accident insurance cover, among other items. No other pension commitments were granted.

The Management Board members' variable compensation contains components that are generally oriented to the company's business and financial success and profitability (performance-based compensation). The company does not plan to include an additional compensation component with long-term incentive effect in the Management Board contracts due to the fact that these contracts are time-limited, and because of the strategic change in operating activities following the disposal of the Group's previous operating business units—entailing the company's realignment and predominantly short-term action targets.

As far as the company is aware, the Management Board members did not receive any payments from third parties that were pledged to them for their Management Board work, or were granted in the 2015/2016 financial year (item 4.2.3 of the Code). The company is engaged in an ongoing court case with former Management Board member Mr. Dominik Müser concerning compensation claims connected with the termination of his former Management Board contract as of 14 October 2013. The company had already brought a counterclaim against Mr. Dominik Müser in the 2014/2015 reporting year for payment of compensation for damages and losses due to violations of duty. The company has formed corresponding provisions for these disputes with the former Management Board member. Moreover, Mr. Dominik Müser was paid fixed compensation of EUR 0.2 million (gross salary including court interest payments) in the 2015/2016 financial year due to provisional rulings in summary proceedings.

#### Allowances granted for the 2015/2016 reporting year (pursuant to the GCGC)

The following table presents the allowances, including ancillary benefits, granted for the 2014/2015 and 2015/2016 financial years, as well as the minimum and maximum compensation achievable in the 2015/2016 financial year. In line with the Code's requirements, one-year, performance-based compensation is to be stated with the target value, in other words, the value that is granted to the Management Board member given 100 % target attainment. In presenting the amount in the table row "one-year variable compensation" in the 2015/2016 reporting year, in the case of Management Board member Mr. Oliver Oechsle the particularity is to be noted that this item includes a special payment of EUR 0.4 million that was granted in connection with the extensive and time-consuming activities relating to the successful disposal process for the operating units of the former corporate Group. The contractually defined amount for regular one-year variable compensation amounts to EUR 0.06million in the reporting period ► **Graphic 03**.

### Management Board compensation 2015 / 2016 (allowances presented pursuant to GCGC)

03 MANAGEMENT BOARD COMPENSATION (ALLOWANCES PRESENTED PURSUANT TO DCGK)

| IN EUR THOUSAND | DR. DIETER BRENKEN [1] MANAGEMENT BOARD | OLIVER OECHSLE MANAGEMENT BOARD | | | | THOMAS KRUPKE [2] MANAGEMENT BOARD | | | |
|---|---|---|---|---|---|---|---|---|---|
| | 2014/2015 | 2014/2015 | 2015/2016 | 2015/2016 (MIN.) | 2015/2016 (MAX.) | 2014/2015 | 2015/2016 | 2015/2016 (MIN.) | 2015/2016 (MAX.) |
| Fixed compensation | 112 | 332 | 368 | 368 | 368 | 0 | 8 | 8 | 8 |
| Ancillary benefits | 0 | 2 | 2 | 2 | 2 | 0 | 0 | 0 | 0 |
| **TOTAL** | **112** | **334** | **370** | **370** | **370** | **0** | **8** | **8** | **8** |
| One-year variable compensation | 0 | 60 | 460 | 0 | 460 | 0 | 0 | 0 | 0 |
| Multi-year variable compensation | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **TOTAL** | **0** | **60** | **460** | **0** | **460** | **0** | **0** | **0** | **0** |
| Post-retirement benefit expense | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **TOTAL COMPENSATION** | **112** | **394** | **830** | **370** | **830** | **0** | **8** | **8** | **8** |

1) Until 31 October 2014.

2) From 16 July 2016.

### Receipts for the 2015/2016 reporting year (pursuant to the GCGC)

Due to the fact that compensation granted to Management Board members for the financial year under review is partly unaccompanied by a payment during the respective financial year, a separate table (in line with the Code's recommendation) now presents the actual amounts that Management Board members have received for the 2015/2016 financial year. In line with the Code, both fixed and one-year, performance-based compensation are to be stated as receipts for the respective financial year. The following table shows the total compensation that the individual Management Board members have actually received for the 2015/2016 financial year—presented according to their respective components. In presenting the amount in the table row "one-year variable compensation" in the 2015/2016 reporting year, in the case of Management Board member Mr. Oliver Oechsle the particularity is to be noted that this item includes a special payment of EUR 0.4million. Along with the special payment, in the 2015/2016 reporting year the Management Board member received an amount of EUR 0.04 million that represents the earnings amount for the targets achieved in the 2014/2015 reporting year. The setting and payment of target premiums for a (previous) reporting year occur—depending on targets agreed—during the first months of the following reporting year, as a rule ► Graphic 04.

### Management Board compensation 2015 / 2016 (amounts presented according to GCGC)

04 MANAGEMENT BOARD COMPENSATION (RECEIPTS PRESENTED PURSUANT TO DCGK)

| IN EUR THOUSAND | DR. DIETER BRENKEN [1] MANAGEMENT BOARD | OLIVER OECHSLE MANAGEMENT BOARD | | THOMAS KRUPKE [2] MANAGEMENT BOARD | |
|---|---|---|---|---|---|
| | 2014/2015 | 2014/2015 | 2015/2016 | 2014/2015 | 2015/2016 |
| Fixed compensation | 112 | 332 | 368 | 0 | 8 |
| Ancillary benefits | 0 | 2 | 2 | 0 | 0 |
| **TOTAL** | **112** | **334** | **370** | **0** | **8** |
| One-year variable compensation | 20 | 30 | 440 | 0 | 0 |
| Multi-year variable compensation | 0 | 0 | 0 | 0 | 0 |
| **TOTAL** | **20** | **30** | **440** | **0** | **0** |
| Post-retirement benefit expense | 0 | 0 | 0 | 0 | 0 |
| **TOTAL COMPENSATION** | **132** | **364** | **810** | **0** | **8** |

1) Until 31 October 2014.

2) From 16 July 2016.





### 4.2 SUPERVISORY BOARD COMPOSITION AND COMPENSATION

As a German stock corporation ("Aktiengesellschaft" or "AG"), Clere is subject to German stock corporation law. For this reason, the company operates a dual management and supervisory structure consisting of the Management Board and a three-member Supervisory Board, as stipulated in its articles of association.

During the year under review, the company's Supervisory Board consisted of Mr. Dr. Thomas van Aubel, Berlin, Chairman, Mrs. Frauke Vogler, Berlin, Deputy Chairman, and Mr. Klaus Rueth, Darmstadt.

As a result of the resolution passed by the Shareholders' General Meeting on 27 May 2011, Supervisory Board compensation now consists of just fixed compensation. Each Supervisory Board member receives fixed compensation of EUR 25 thousand accordingly. The Chair receives double this fixed compensation, and the Deputy Chair one and a half times. The Supervisory Board members also receive fixed compensation of EUR 1.5 thousand of meeting fees per meeting. A total of 15 meetings were held in the reporting year ► Graphic 05.

The members of the Supervisory Board received the following compensation:

05 COMPENSATION

| 2015/2016 IN EUR THOUSAND | FIXED COMPENSATION | MEETING FEES | TOTAL COMPENSATION |
|---|---|---|---|
| Dr. Thomas van Aubel | 50 | 23 | 73 |
| Frauke Vogler | 37 | 23 | 60 |
| Klaus Rueth | 25 | 20 | 45 |
| **TOTAL COMPENSATION** | **112** | **66** | **178** |

06 COMPENSATION

| 2014/2015 IN EUR THOUSAND | FIXED COMPENSATION | MEETING FEES | TOTAL COMPENSATION |
|---|---|---|---|
| Dr. Thomas van Aubel | 50 | 27 | 77 |
| Frauke Vogler | 38 | 27 | 65 |
| Klaus Rueth | 25 | 27 | 52 |
| **TOTAL COMPENSATION** | **113** | **81** | **194** |

In the reporting year, the company did not commission the Supervisory Board members to provide any advisory or agency services. In addition, Clere did not pay any separate compensation (item 5.4.4 of the German Corporate Governance Code).

## 5. RESEARCH AND DEVELOPMENT

Until the disposal of the entirety of the operating business, the area of research and development played a central role for the Clere Group: firstly in expanding expertise in the application of finished products, and secondly in extending technological know-how.

In its future realignment, the Clere Group will realize financing and investments in environmental and energy technologies. Such investments will mainly be in operating companies with completed plants. In the future, the Clere Group will not operate as a manufacturing company with its own production capacity. For this reason, no research and development work will be required in the future.

## 6. GROUP MANAGEMENT

As its holding company, Clere AG performs the Group's main management functions. The Management Board of Clere AG is responsible for developing and defining the Group's basic strategy. Clere AG also ensures that the operating units comply with strategic guidelines. Further information on Group Management can be found under the section "Financial Reporting Process" ► see pages 40–41.

The Management Board is responsible for managing the Group. The Supervisory Board appoints, monitors and advises the Management Board, and is directly involved in decisions of fundamental importance for the company.

Until the disposal of the operating business, the Management Board managed the Group on the basis of regions. Responsibility for the operating segments' earnings lay with the Management Board. The managing directors of the operating companies were themselves responsible for attaining their targets. Until the transfer of the operating units, the managers at the subsidiaries were responsible for implementing the strategy for their regions and relevant markets as prescribed by the Management Board of Clere AG. The managing directors reported directly to the Management Board of Clere AG. An overview of the shareholdings included in the consolidated financial statements can be found under the section "List of Shareholdings" ► see pages 96–97.

The Clere Group is currently in a phase of re-establishing its business for the future ("transition phase"). During this transition phase, the Management Board manages business on a Group-wide basis. In the future new business, investment and financing will relate to individual projects involving significant financial volumes. The Management Board will monitor the Group's re-establishment very closely with the subsidiaries' managers. Future management of the company will be based on the Group's development and growth.

#### 6.1 FINANCIAL PERFORMANCE INDICATORS AND FINANCIAL TARGETS

Clere's objective is to measure and assess the Group's long-term commercial success on the basis of clearly defined financial indicators. Beside the workforce and segment assets, the control quantity for the former injection moulding business were mainly sales revenues, earnings before interest and taxes (EBIT) and investments.

The control quantity for new business is oriented on the development of the Group within the new business model. For the panned investments in photovoltaics and wind power stations the achievable return on investment either by contractual or legal means, is crucial. Regarding financing, we consider the return of investment on the capital employed, the term and the amount and quantity of the underlying as well as the credit-worthiness and profitability of the deptor as the crucial control quantity.

Ail of all investments and financing is the generation of long-term attractive dividends for the shareholders of Clere AG.

#### 6.2 NON-FINANCIAL PERFORMANCE INDICATORS

Along with the defined key financial performance indicators, non-financial performance indicators are also significant for a group's long-term corporate success and profitability. These indicators relate to particular strengths and skills whose relevance can be derived from the business models.

The Clere Group's new business model consists of financing and investment mainly in environmental and energy technologies. The company has no production facilities of its own that manufacture products. The new strategy results in completely different requirements in terms of non-financial performance indicators for the Clere Group. Human resources will play a major role in this context. The Clere Group can only acquire projects that promise success by developing and further training personnel in relation to innovations in the area of environmental and energy technologies. Only in this manner can the Group's success and intrinsic worth be enhanced and grown in order to uphold a sustainable dividend policy.

**Personnel**

The Clere Group regards the knowledge of its own employees and the continuing maintenance of contacts with multipliers and experts of the sector as a crucial element for the success of the Group. Especially for the sector renewable energy with their innovative market, the education and training of its personnel is a strategic component. Ensuring that staff remain at the cutting edge of technology is indispensable to the company's long-term and sustainable value growth.

The Clere Group will continue to foster soft factors such as employee loyalty and employee motivation the future.

**Environmental management and occupational health & safety**

The conservation of natural resources and the protection of employees form intertwined and integral elements of the Clere Group's corporate policy. The Group has put this into practice in the past and the Clere Group will continue to do so in the future. Clere is committed to its social and environmental responsibility and therefore aims to continually improve environmental protection and health and safety in all of the company's areas.

Especially the step to convert the business model to renewable energy confirms this intention and objective on the part of the Group.

## 7. INFORMATION RELATING TO TAKEOVERS PURSUANT TO SECTION 315 (4) OF THE GERMAN COMMERCIAL CODE (HGB)

#### 7.1 COMPOSITION OF SUBSCRIBED SHARE CAPITAL

As of 30 June 2016, the company's share capital amounted to EUR 5,889,063.00 as a result of the capital reductions during the reporting year, and was divided into 5,889,063 ordinary shares each with a nominal amount of EUR 1.00 in the share capital. Each share entitles the holder to one vote in the General Meeting.

#### 7.2 RESTRICTIONS AFFECTING VOTING RIGHTS OR THE TRANSFER OF SHARES

As stipulated in the articles of association, all of the company's shares are freely transferable. At the reporting date, the company's Management Board was not aware of any restrictions affecting voting rights or the transfer of shares.

#### 7.3 INTERESTS EXCEEDING 10 % OF THE SHARE CAPITAL

As far as we are aware, on 30 June 2016 the following shareholder held a direct or indirect interest in the company's share capital that grants more than 10 % of the voting rights:

- Mr. Dr. Thomas van Aubel via Elector GmbH, Berlin: 32.47 % of the share capital and the voting rights

#### 7.4 HOLDERS OF SHARES WITH SPECIAL RIGHTS

No shares exist with special rights that endow control authorizations.





#### 7.5 MANAGEMENT BOARD AUTHORIZATIONS WITH REGARD TO THE POSSIBILITY TO ISSUE OR REPURCHASE SHARES

**7.5.1 Acquisition of treasury shares**

Based on the resolution of the AGM of 30 November / 1 December 2015, the Management Board is authorized until 29 November 20, subject to Supervisory Board consent, to purchase treasury shares in the scope of up to a total of 10 % of the share capital existing on the resolution date, or—if this value is lower—the share capital existing on the date when this authorization is exercised. This authorization may not be used by the company for the purpose of trading in treasury shares.The authorization may be exercised in whole or in part, once or several times, by the Company; it may also be exercised by its subordinated Group companies, or for its or their account by third parties. The acquired shares along with the treasury shares held by the Company or attributable to it pursuant to Sections 71d and 71e of the German Stock Corporation Act (AktG) may not at any time represent more than 10 % of the Company's respective share capital.

The Management Board can elect to acquire the shares by way of the stock exchange or as part of a public purchase offer. If the shares are acquired on the stock exchange, the consideration that the Company pays for each share (not including incidental acquisition costs) may not exceed by more than 10 % or fall below by more than 20 % the market price of the Company's shares of the same class and features as determined in the opening auction in Xetra trading (or a functionally comparable successor system) on the Frankfurt Stock Exchange, Frankfurt / Main, ("Frankfurt Stock Exchange") on the date on which the obligation to purchase the shares is entered into.

If the shares are acquired in a public purchase offer to all of the Company's shareholders, the purchase price or threshold values of the purchase price range per share (not including incidental acquisition costs) may not exceed by more than 10 % or fall below by more than 20 % of the mean of the closing prices of the Company's shares of the same class and features in Xetra trading (or a functionally comparable successor system) on the Frankfurt Stock Exchange on the last three stock market trading days prior to publication of the offer. If a purchase price range is specified, the final price will be determined from the acceptance statements or offers for sale submitted. If the applicable market price determined using this method changes substantially after publication of the purchase offer, the offer can be amended. The date on which the final decision concerning the purchase price adjustment is published is then applicable in place of the date of publication of the offer. The offer volume can be limited. If the offer is oversubscribed beyond this volume, any right of a shareholder to tender shall be excluded insofar as the acquisition can be realized pro rata to the respective tendered or offered shares. A preferential purchase of small volumes up to 100 units of tendered shares per shareholder or custodian account, and exclusion of fractional amounts (e.g. in the case of commercial rounding), can be provided for under partial exclusion—as far as concerned—of any shareholders' right to tender shares.

The Management Board is authorized with the approval of the Supervisory Board to utilize the Company's treasury shares for all purposes permitted by law and, in addition to disposal via the stock exchange or by way of an offer directed to all shareholders, can utlize them as follows:

- They can be retired in whole or in part without an additional resolution by the Annual General Meeting. The Management Board can decide to reduce the Company's share capital in the event of retirement, or leave the share capital unchanged and instead increase the proportion of the share capital accounted for by the remaining shares by way of the retirement pursuant to Section 8 (3) of the German Stock Corporation Act (AktG). In this case, the Management Board is authorized to adjust the information concerning the number of shares in the Company's articles of association.
- Provided the subscription rights of shareholders are excluded, they can be offered and sold as part of a merger with companies or an acquisition of companies, parts of companies, or equity investments in companies, or other assets, including receivables.
- Provided the subscription rights of shareholders are excluded, they can be used to satisfy conversion or warrant rights or obligations arising from bonds that the Company, or a company in which the Company holds a direct or indirect majority interest, issues or has issued.
- Provided the subscription rights of shareholders are excluded, they can be sold for cash consideration if the selling price does not fall substantially below the market price of the Company's shares of the same class and features at the time at which the Company enters into the obligation to sell. This authorization shall be only valid with the proviso that the proportional amount of the Company's share capital accounted for by the shares sold while excluding subscription rights pursuant to Section 186 (3) Clause 4 of the German Stock Corporation Act (AktG) may not exceed a total of 10 % of the share capital either at the time of coming into force or at the time of exercise of this authorization; this maximum threshold shall be reduced by the proportional amount of the share capital accounted for by shares or relating to the conversion or warrant rights or obligations issued while excluding subscription rights during the term of this authorization based on other authorizations in direct or analogous application of Section 186 (3) Clause 4 of the German Stock Corporation Act (AktG).

If the Company's treasury shares are sold in an offer directed to all shareholders, the Management Board, with the approval of the Supervisory Board, can implement commercial rounding and exclude the subscription rights of shareholders for fractional amounts.

The aforementioned authorizations for the use of treasury shares can be exercised once or several times, individually or jointly and in whole or in part; they may also be exercised by its subordinated Group companies, or for its or their account by third parties.

The Management Board made a written report on the reasons for excluding subscription rights with the invitation to the Annual General Meeting on 30 November/1 December 2015 in accordance with Sections 71 (1) No. 8 Clause 5, 186 (4) Clause 2 of the German Stock Corporation Act (AktG). This report's contents are published after the agenda items in this invitation to the Ordinary AGM.

### 7.5.2 Authorized capital

The EGM on 29 January 2016 passed a resolution to reduce the Company's share capital existing at that time due to an authorization of the Management Board by the AGM of 11 May 2012 under agenda item 7 to increase the Company's share capital, subject to Supervisory Board consent, once or on several occasions until 10 May 2017 by a total of up to EUR 29,445,318.00 through issuing up to 29,445,318 new ordinary bearer shares against cash and/or non-cash capital contributions (Authorized Capital 2012), with effect from the registration of the capital reduction as approved at the EGM on 29 January 2016 under agenda item 5, to an amount of up to EUR 2,944,531.00 through issuing up to 2,944,531 new ordinary bearer shares against cash and/or non-cash capital contributions; the authorization extending above and beyond this was canceled. The capital reduction approved under agenda item 5 was entered in the Company's commercial register on 8 April 2016, and the modified Authorized Capital 2012 was registered as of 13 May 2016. The Management Board is authorized as a consequence, with the approval of the Supervisory Board, to increase the Company's share capital by a maximum of EUR 2,944,531.00 on one or several occasions up to 10 May 2017 by issuing up to 2,944,531 new no par value bearer shares against cash and/or non-cash contributions (Authorized Capital 2012).

As a rule, the new shares must be offered to the shareholders for subscription. However, the Management Board is authorized, with the approval of the Supervisory Board, to exclude the statutory subscription rights of shareholders in the following cases:

- to round fractional amounts,
- to acquire companies, parts of companies or equity investments in companies, or other assets, including receivables,
- to grant subscription rights to the holders of conversion or option rights or obligations that were issued by the company or a company in which the Company holds a direct or indirect majority interest to the extent that they would be entitled to these after exercise of their conversion or option rights, or after their respective obligations are fulfilled,
- As long as the proportion of the share capital attributable to the new shares for which subscription rights are being excluded does not exceed a total of 10% of the share capital either at the time of coming into force or at the time of exercise of this authorization, and the issuing price of the new shares does not substantially fall below the market price of the Company's shares of the same class and features within the meaning of Sections 203 (1) and (2), 186 (3) Clause 4 of the German Stock Corporation Act (AktG). The proportional amount of the share capital attributable to the shares sold during the term of this authorization while excluding subscription rights in accordance with Sections 71 (1) No. 8 Clause 5, 186 (3) Clause 4 of the German Stock Corporation Act (AktG) must be counted against the limit of 10% of the share capital. Moreover, the proportional amount of the share capital attributable to the shares or relating to the conversion or option rights or obligations issued during the term of this authorization while excluding subscription rights based on other authorizations in direct or analogous application of Section 186 (3) Clause 4 of the German Stock Corporation Act (AktG) must be counted against the limit of 10% of the share capital.

Including other authorizations to exclude subscription rights, the authorization to exclude subscription rights may not exceed a total of 20% of the share capital either at the time of entry into force or when the authorization is exercised.

Otherwise, the Management Board, with Supervisory Board approval, shall decide concerning the issuing of new shares, the content of the share rights, and the terms of the share issue.

The Management Board included a written report on, and made known, the reasons for excluding subscription rights with the invitation to the Annual General Meeting on 11 May 2012 in accordance with Sections 203 (2) Clause 2 and 186 (4) Clause 2 of the German Stock Corporation Act (AktG).

### 7.5.3 Contingent capital

The EGM on 29 January 2016 passed a resolution to limit the contingent share capital increase existing at that time due to a resolution by the AGM of 11 May 2012 under agenda item 6 to increase the Company's share capital by up to EUR 17,667,190.00 through issuing up to 17,667,190 new ordinary bearer shares to the holders of convertible bonds and/or bonds with warrants, profit participation rights and/or profit participation bonds (or combinations of such instruments), which the Company or a company in which the Company holds a direct or indirect majority interest issues by 10 May 2017 on the basis of an AGM resolution of 11 May 2012, if the issue occurs against cash (Contingent Capital 2012), to an amount of EUR 1,766,718.00 through issuing up to 1,766,718 new ordinary bearer shares to the holders of convertible bonds and/or bonds with warrants, profit participation rights and/or profit participation bonds (or combinations of such instruments) which the Company or a company in which the Company holds a direct or indirect majority interest issues by 10 May 2017 on the basis of an AGM authorization of 11 May 2012, whose amount was reduced by AGM resolution of 29 January 2016; the contingent share capital increase extending above and beyond this was canceled.

The Company's share capital shall be contingently increased by up to EUR 1,766,718.00 through the issue of up to 1,766,718 new no par value bearer shares carrying dividend entitlement from the start of the financial year in which they are issued (Contingent Capital 2012).

The contingent capital increase shall serve the purpose of granting shares to the holders of convertible bonds and/or bonds with warrants, profit participation rights and/or profit participation bonds (or combinations of such instruments) issued up to 10 May 2017 by the Company, or entities in which the Company has a direct or indirect majority interest, on the basis of the authorization by the Annual General Meeting on 11 May 2012, which was reduced in terms of amount due by resolution of the General Meeting of Shareholders on 29 January 2016, to the extent that such instruments are issued for cash.

The contingent capital increase shall only be exercised to the extent that the conversion or warrant rights from the aforementioned bonds are exercised, or conversion or warrant obligations from such bonds are fulfilled and not used to satisfy other forms of performance.

### 7.5.4 Debt instruments

The EGM on 29 January 2016 passed a resolution in relation to the existing Management Board authorization existing at that time by way of resolution of the EGM of 11 May 2012 under agenda item 6—to issue, with Supervisory Board approval, once or on several occasions until 10 May 2017 convertible bonds and/or bonds with warrants, participation rights and/or profit participation bonds (or combinations of such instruments) (together referred to as the "bonds") in a total nominal amount of up to EUR 100,000,000.00 with or without maturity date, and to grant to the holders of the bonds conversion or warrant rights to the Company's ordinary bearer shares with a proportional amount of the share capital totaling up to EUR 17,667,190.00 according to the more detailed terms and conditions of the bonds, and to substantiate corresponding conversion or warrant rights—to restrict the amount for the granting of ordinary shares to a proportional amount in the share capital totaling up to EUR 1,766,718.00 with effect from the registration of the capital reduction approved under agenda item 5. The capital reduction approved under agenda item 5 was entered in the Company's commercial register on 8 April 2016, and the modified Contingent Capital 2012 was registered as of 13 May 2016. The Management Board is thus authorized, with the approval of the Supervisory Board, to issue convertible bonds and/or bonds with warrants, profit participation rights and/or profit participation bonds or combinations of these instruments (together "bonds") with a total face value of up to EUR 100,000,000.00 with or without a maturity limit on one or several occasions up to 10 May 2017. The holders of the bonds may be granted conversion rights or warrants to the Company's no par value bearer shares with a total stated value of up to EUR 1,766,718.00 in accordance with the details of the terms of the bonds on which the corresponding conversion or warrant obligations are based.

The bonds can be issued in euros or the equivalent in another legally valid currency. They can also be issued by companies in which Clere AG holds a direct or indirect majority interest. In such a case, the Management Board shall be authorized, subject to Supervisory Board assent, to assume the guaranty for the bonds and to grant the holders conversion or warrant rights on no par value bearer shares of Clere AG, or create corresponding conversion or warrant obligations.

Bonds can also be issued against non-cash capital contributions.

The shareholders shall have the right to subscribe for the bonds. However, the Management Board is authorized to exclude such subscription rights with Supervisory Board approval.

- for fractional amounts,
- if it is necessary for granting holders of bonds with conversion or warrant rights or conversion or option obligations an exchange or subscription right to the extent to which they would be entitled after exercise of the conversion or warrant right or fulfillment of the conversion or warrant obligation,
- to the extent that bonds are issued against non-cash capital contributions and the value of the non-cash capital contributions is suitably proportional to the theoretical market value of the bonds according to generally accepted mathematical valuation models,
- to the extent that bonds with conversion or warrant rights or conversion or warrant obligations are expected to be issued against cash capital contributions and the issuing price in analogous application of Section 186 (3) Clause 4 of the German Stock Corporation Act (AktG) does not fall substantially below the theoretical market value of the bonds with conversion or warrant rights or conversion or warrant obligations determined according to generally accepted mathematical valuation models. However, this authorization to exclude subscription rights applies only to the extent that the shares issued or to be issued to satisfy conversion or warrant rights or fulfill conversion or

warrant obligations do not account for more than a total of 10% of the Company's share capital at the time of coming into force and at the time of exercise of the authorization. The proportional amount of the share capital attributable to the shares issued or sold while excluding subscription rights during the term of this authorization in direct, analogous or corresponding application of Section 186 (3) Clause 4 of the German Stock Corporation Act (AktG) must be applied to this maximum threshold,

- insofar as participation rights or income bonds without conversion or warrant rights or conversion or warrant obligations are issued, provided these participation rights or income bonds are structured like straight bonds, in other words, they do not create any membership rights in the company or grant any interest in the liquidation proceeds.

The authorization to exclude subscription rights shall be limited to the extent that the proportional amount of share capital attributable to the new shares issued to fulfill conversion or warrant rights and satisfy conversion or warrant obligations, including other authorizations to exclude subscription rights, may not exceed a total of 20% of the share capital either at the time of coming into force or when the authorization is exercised.

The Management Board included a written report on, and made known, the reasons for excluding subscription rights with the invitation to the Annual General Meeting on 11 May 2012 in accordance with Sections 221 (4) Clause 2 and 186 (4) Clause 2 of the German Stock Corporation Act (AktG).

Neither authorized nor contingent capital had been utilized as of the balance sheet date. Besides, no instruments of indebtedness have been issued.

### 7.6 AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Amendments to the articles of association are subject to resolution by the General Meeting. Article 18 (4) of the articles of association stipulates that, with the exception of a change in the Company's purpose or duration, a simple majority of the share capital represented at the adoption of the resolution shall be sufficient to pass a resolution to amend the articles of association. Pursuant to Section 23 of the articles of association, however, the Supervisory Board is authorized to pass resolutions on amendments to the articles of association that affect only the wording, as well as, in particular, changes to disclosures on the share capital concerning the amount of capital increases from contingent or authorized capital or capital reductions resulting from the redemption of shares.

Besides the aforementioned changes in relation to the Company's share capital (Section 3), Contingent Capital (Section 4) and Authorized Capital (Section 5), subsequent to the disposal of the operating business amendments were also made in the financial year under review to the company's articles of association in Section 1 (1) (Company) and in Section 2 (Company purpose), which were entered in the company's commercial register on 8 April 2016.

Pursuant to Section 1 (1), the company's name was changed from Balda AG to Clere AG, and the Company's purpose in Section 2 was also completely reformulated. The Company's purpose is now:

- to manage its own assets,
- to acquire, hold, manage and divest interests in companies and enterprises in Germany and abroad in its own name and for its own account,
- to acquire, hold, manage and dispose of land, and
- to invest capital in other assets of any type in its own name and for its own account.

The precise details of the wording are presented in the version of the text of the articles of association dated 21 March 2016, which is published, among other places, on the company's website under ► www.clere.de/1/investors/corporate-governance/.

### 7.7 COMPENSATION AGREEMENTS FOR THE INSTANCE OF A TAKEOVER OFFER

No compensation agreements exist with members of the Management Board and the employees for the instance of a takeover offer.

The other disclosures required pursuant to Section 315 (4) of the German Commercial Code (HGB) relate to matters that do not exist within the Clere Group.





# ECONOMIC, BUSINESS AND FINANCIAL REPORT

## 1. BUSINESS AND ECONOMIC ENVIRONMENT

### 1.1 MACROECONOMIC TRENDS

The global economy continued to experience hardly any recovery in 2015/2016. Numerous international trouble spots, streams of refugees from the Middle and Near East, an ongoing European banking and debt crisis, as well as Great Britain's vote in June 2016 in favor of BREXIT—with as yet unforeseeable effects for the European and German economy—are generating uncertainty about future economic trends.

The slowdown in China's economic growth and the forthcoming US presidential election are also not contributing to rising levels of confidence.

The European economy benefited from the euro's depreciation in relation to the US dollar as well as falling crude oil prices. In the second half 2015, however, the worsening of global economic and geopolitical conditions also placed a significantly greater burden again on the European economy.

In its World Economic Outlook (WTO) update dated July 2016, the International Monetary Fund (IMF) forecast 3.1% global growth—0.1% lower than it still assumed in April and at the same level as 2015. A similar picture emerges for the 2017 forecast: while in April growth of 3.5% was still expected for 2017, the IMF now assumes 3.4%. These readjustments are directly connected with Great Britain's planned exit from the EU.

The IMF has also adjusted its growth forecast for the Eurozone—including a slight upgrade from 1.5% to 1.6% for 2016, and a slight downgrade from 1.9% to 1.7% for 2017 ► Graphic 07.

According to the WEO Update, growth in Germany 2016 of 1.6% is 0.1 percentage points higher than assumed in April, whereas the IMF now forecasts growth of just 1.2% for 2017, 0.4% lower than expected in April 2016.

The US economy in 2015 achieved year-on-year comparable economic growth of 2.43% (2014: 2.43%) (Source: Statista 2016). The Eurozone recorded 1.6% economic output growth, although this was better than the 0.9% reported in 2014 (Source: Statista 2016). The German economy will maintain its growth pace at approximately the previous year's level.

#### Monetary policy

Given economic trends in USA, in December 2015 the Federal Reserve Bank raised its fed funds target rate for the first time since 2006, increasing it by 0.25 percentage points. While this set an initial signal for a trend turnaround in interest rates in the USA, the European Central Bank (ECB) continued to pursue its expansive monetary policy in 2015. The ECB expanded its multibillion program to buy sovereign bonds and other securities. The European Central bank will pump EUR 60 billion into the market every month until March 2017. At its last meeting in March 2016, the central bank reduced its key rate at which it supplies banks with central bank money to 0.0%.

### 1.2 SECTOR TRENDS

To date, statements concerning the sector trends for Clere AG have included exclusively the operating business areas. After the disposal of the operating units, Clere AG no longer operates in its previous sectors. For this reason, an observation of the sector trends of the discontinued operations of Clere AG is no longer of relevance for the reporting period elapsed.

The following section consequently addresses the development of the future sectors of the newly realigned Group.

07 GDP GROWTH IN %

| | WORLDWIDE | EURO ZONE | GERMANY |
|---|---|---|---|
| 2015 | 3.3 | 0.8 | 1.6 |
| 2016 e | 3.1 | 1.6 | 1.6 |
| 2017 e | 3.4 | 1.7 | 1.2 |

### Trend to renewable energy

Along with digitalization, renewable energy remain a megatrend of the global energy revolution. They form the natural and also preferred solution for sustainable, environmentally compatible energy supplies, and have become increasingly competitive over past years.

In June 2015, half a year before a UN climate summit in Paris, representatives of the G7 states announced their exit from coal. The fossil fuel sources of lignite, hard coal, crude oil and natural gas are to be abandoned—as means to generate energy—over the course of the 21st century.

Important investors have also sent initial signals: globally active insurers Allianz and AXA, the Government Pension Fund of Norway and the Rockefeller Foundation have announced that they will end, or are already ending, investments in the area of fossil fuel sources, and are redirecting funds into renewable energy.

The EU is becoming increasingly "greener"—which is also evident in the trend in renewable energy. Renewable energy accounted for an approximately 16% share of the EU's energy mix in 2014. European climate targets envisage 20% by 2020 and 27% by 2030.

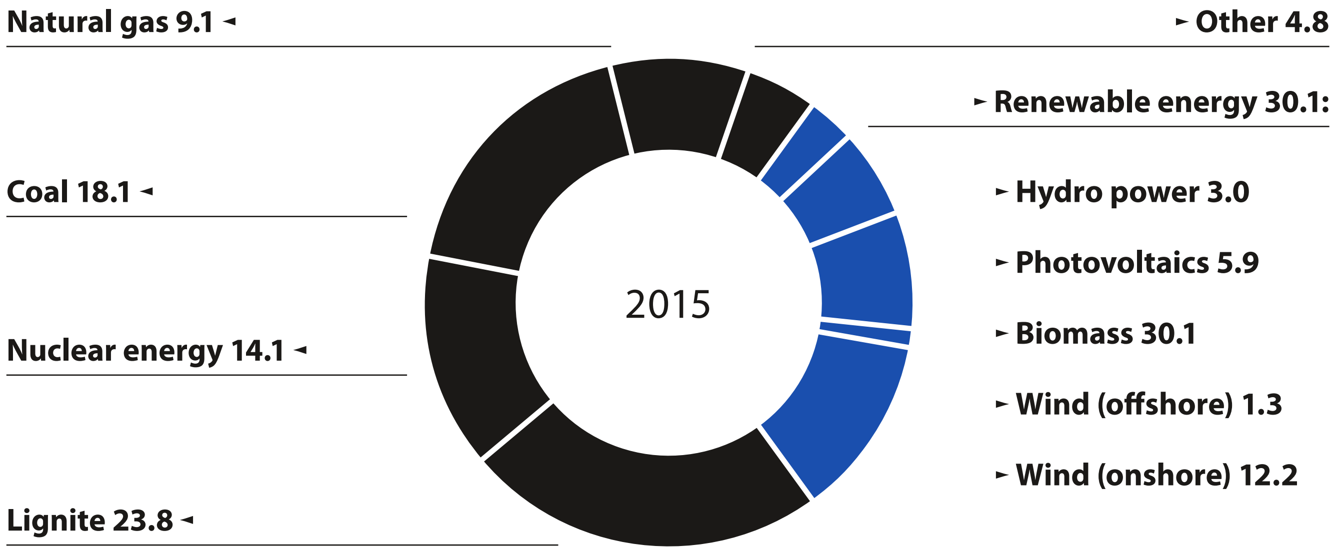
Renewable energy trends are also to be regarded as positive in Germany. Renewable energy accounted for a total of 32.6% of German gross energy consumption in 2015—5.2% more than in the previous year, and consequently more than energy produced from lignite. This figure might already stand at 47% by 2020, according to a study produced by the German Renewable Energy Federation (BEE). Policy measures should meanwhile ensure that at least the 45% level is reached by 2025. One of these measures is the Renewable Energy Act 2017 (EEG 2017), which no longer places compensation of renewable electricity in the state's hand, but also allows it to be valued through tenders. This act will come into force on 1 January 2017 ► Graphic 08.

Especially wind energy is currently playing a major role: 88 TWh have been produced through net additional construction of wind energy output—compared with 57.4 TWh in 2014, according to data from the German Federal Environmental Agency (UBA). Around 168 million tonnes of greenhouse gas emissions will be avoided in Germany alone in 2015, according to the German Federal Ministry for Economic Affairs and Energy (BMWI).

The market for regenerative energy is growing globally and will continue to gain ever greater significance. This sector is consequently an attractive target for investments, and offers major potential for Clere AG.

**08 ELECTRICITY MIX 2015 IN GERMANY** IN %

**With about 196 bn kWh, renewable energy provide 30.1 % of the German gross power generation and thus is the most important energy source for the generation of electricity. Its share in power consumption amounted to 32.6%.**




**SOURCE** AGEE-Stat, AG Energiebilanzen, as of: 2/2016, © Agentur für Erneuerbare Energien e.V.





### Renewable energy—costs, investments, installed output

Renewable energy continue to stand at the center of the incipient global energy revolution. The market for renewable energy will remain a growth market for the coming decades. Global expansion and with it investments in renewable energy continued in 2015. The 2015 year marked a record year for investments in renewable energy. More than USD 300 billion of investments into the renewable energy area in 2015 (excluding large-scale hydropower)—around EUR 10 billion (or around 4%) more than in the previous 2011 record year, according to Bloomberg New Energy Finance. China accounted for the lion's share of this at around one third. USA and Europe follow at level pegging with each around a one sixth share in worldwide investments. The record volume of 2011 was reached, although 2015 was dominated by extremely low oil, gas and coal prices. The fact that the total investment in new power plants based on renewable energy and solar mini systems is more than twice as much as is committed to power plants for traditional fuel sources also sends a positive signal.

**2015:**
**MORE THAN USD 300 BILLION INVESTED IN RENEWABLE ENERGY**

The trend, however, is not pointing upwards in all regions equally in Europe, investments were down by 21%. In the same way, developing countries' investments exceeded those of industrialized nations. China, India and Brazil invested a total of EUR 142 billion, while industrialized nations invested EUR 118 billion (–8%).

Falling investments in Europe reflect not only the past years' economic strains but also the end of subsidies for solar panels. In Germany, for example, especially investments in the segment of small "rooftop systems", which have been strong to date, have fallen. Offsetting this, however, greater investments have been made in the offshore and electricity storage area. The fact that investments in Germany have declined in general is partly attributable to a lack of political security for renewable energy, such as due to the switch away from feed-in tariffs to tendering processes (German Renewable Energy Act/EEG 2017). Enormous potential nevertheless lies in the renewable energy area—both in the EU as well as beyond.

Today, renewable energy (solar and wind) are almost competitive in relation to fossil and conventional electricity generation forms.

The cost of generating electricity from photovoltaic has dropped by more than 75% since 2005. This cost reduction consists of the lower costs for solar modules, and economies of scale in planning, building and managing systems. The first commercial electricity purchase contracts in sunny regions were concluded at under 0.05 USD/kWh; payment of around 0.08 EUR/kWh is required to achieve an appropriate return in Germany. As a consequence, electricity supplied from photovoltaic systems in the range of fossil and nuclear production costs.

Newly installed power plant capacities in the photovoltaic area amounted to around 57 GWp for 2015 (2014: 40 GWp). In the wind area, 64 GWp was newly installed worldwide (2014: 51 GWp).

**The Clere Group will benefit from the positive trend in renewable energy with its reorientation to investments in renewable energy and the financing of medium-sized companies.**

Medium-sized companies from renewable energy and other industrial areas frequently seek capital for interim, growth and project financing on a very short-term basis. Here, Clere AG will examine the extent to which it is interested in supporting such companies.

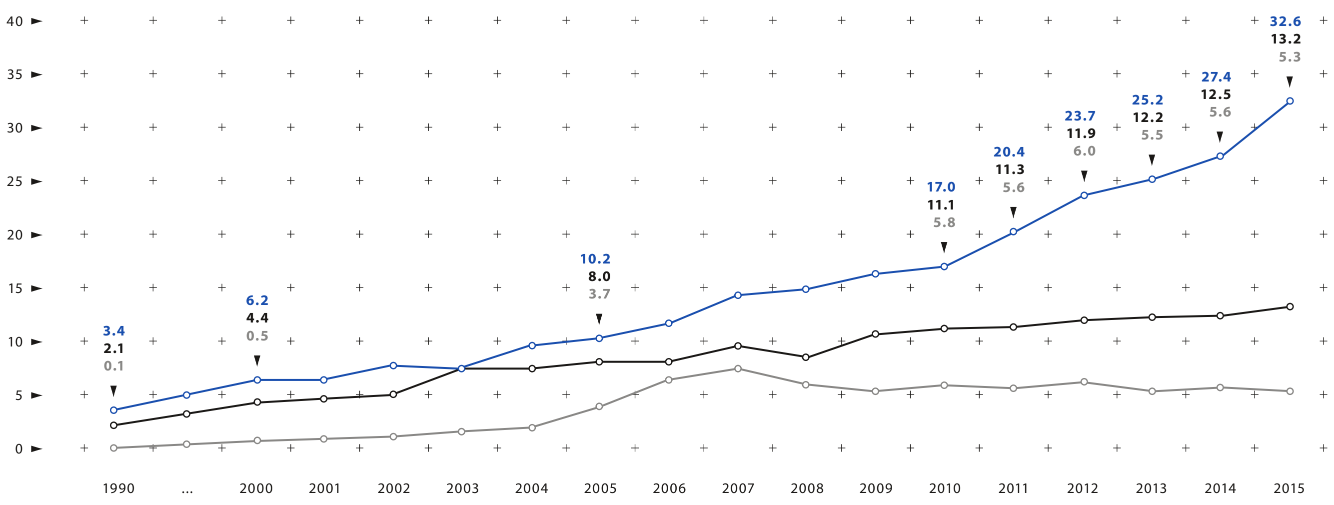
The company's business model in the renewable energy area is focused on buying and operating solar and wind parks. As a general rule, Clere will concentrate on turnkey projects when purchasing energy generation systems. When buying already existing plants that have state-guaranteed feed-in tariffs (FiTs) or power purchase agreements (PPAs), the company will focus on geographic regions that ensure a stable economic policy environment and reliable framework conditions. With Germany, these also include the European countries of Italy, France, Spain and the United Kingdom. Countries outside Europe under consideration include the USA and Japan.

### Support models in the regions

The expansion of renewable energy receives active support in many European countries. The model prevailing to date in Germany, France, Italy, Spain and the United Kingdom of fixed payment through feed-in tariffs is being increasingly replaced by tendering models, premium models and quota models.

The focus in the USA is on power purchase agreements (PPAs) combined with tax incentives, while in Japan only fixed feed-in tariffs currently apply.

**04 SHARE RENEWABLE ENERGY IN GROSS POWER CONSUMPTION, IN ENERGY CONSUMPTION AND IN CONSUMPTION OF END-USE ENERGY FOR TRANSPORT**
DEVELOPMENT 1990 – 2015 IN %




**Share renewable energy: power** **Share renewable energy: heat** Share renewable energy: transport
**SOURCE** Bundesministerium für Wirtschaft und Energie auf Basis AGEE-Stat, Zeitreihen zur Entwicklung der Erneuerbaren Energien in Deutschland, as of: February 2016.

## 2. SIGNIFICANT EVENTS IN THE FINANCIAL YEAR

The 2015/2016 financial year was characterized mainly by the process of disposing of the operating business. Negotiations were conducted with different potential acquirers until finally the Stevanato Group submitted the highest offer. For this reason, the following section covers this process in greater detail.

Clere AG operated under the company name of Balda AG until 8 April 2016. The following information consequently refers to the Balda name until 8 April 2016 inclusive.

### PLANNED DISPOSAL OF THE ENTIRE OPERATING BUSINESS TO PARAGON AND EUR 2.00 PER SHARE DIVIDEND

On 23 September 2015, Balda AG concluded a purchase agreement to divest its entire operating business for a purchase price of EUR 62.9 million. The purchasers were acquirer companies managed by Munich-based investment company Paragon. The purchase comprised all of the operating units of the Balda Group, namely Balda Medical GmbH & Co. KG and Balda Medical Verwaltungsgesellschaft mbH, both of Bad Oeynhausen, Balda C. Brewer, Inc., and Balda Precision, Inc., both located in California, USA, as well as Balda Medical Systems SRL, Romania, and other assets.

The buyer would take over all of the employees of the operating units as well as the employees and management of Balda AG. The Balda Group was to be continued and expanded further as an operating unit in line with its current strategic orientation. A total of gross amount of approximately EUR 66.8 million would accrue to the Group from the divestment (including the profit to be distributed for the financial year elapsed).

This agreement was subject to the suspensive condition that it be approved by the AGM of Balda AG and by anti-trust authorities. The Management and Supervisory boards also wished to propose to the AGM the distribution of a EUR 1.10 per share dividend. In addition, the Management and Supervisory boards wished to propose that, given approval of the purchase agreement, the share capital be reduced from EUR 58,890,636.00 to EUR 5,889,063.00, with the share capital released being repaid to shareholders. This corresponded to an amount of a further EUR 0.90 per former share. The AGM was also to decide in this connection concerning a modification of the company's purpose and company name.

### HEITKAMP & THUMANN SUBMITS SECOND OFFER RELATING TO DISPOSAL OF ENTIRE OPERATING BUSINESS

On 1 October 2015, Balda AG received a further offer: Düsseldorf-based Heitkamp & Thumann Group ("H&T") submitted a notarized offer dated 30 September 2015 with a purchase price of EUR 70.0 million.





This offer would also comprise the purchase of all of the operating units of the Balda Group and further assets. H&T was also offering to take over all of the employees of the operating units as well as the employees of Balda AG. No acquisition of the "Balda" brand was intended, on the other hand. Given acceptance of the offer, a total gross amount of approximately EUR 73.9 million would accrue to the company from the divestment (including the profit to be distributed for the financial year elapsed).

H&T had already conducted due diligence at Balda and negotiated with Balda concerning the purchase of the operating business, but its previous offer as of that date was inferior, as a consequence of which the company signed the agreement with Paragon. With the offer that H&T submitted on 1 October 2015, it presented a significant improvement on the purchase price that it had offered previously.

Along with the purchase agreement that was concluded with Paragon on 23 September 2015, the company was consequently then presented with a second offer. Both offers were subject to AGM approval. As a precondition for the conclusion of the notary purchase agreement dated 23 September 2015, Paragon had required that Elector GmbH (as the largest shareholder of Balda AG with around 29.43 % of the shares) be obligated to vote at the forthcoming AGM in favor of the disposal to Paragon. Elector GmbH agreed to this in the interests of concluding the agreement.

### IMPROVED OFFER FROM PARAGON

With a notarized offer dated 20 October 2015, Paragon offered to increase the purchase price from previously EUR 62.9 million to currently EUR 65.9 million. Under the previous purchase agreement, the option existed for Paragon to require that Balda AG (or an affiliated company) grant a vendor loan for an amount of up to EUR 25.0 million at an interest rate of 7.5 % above three-month EURIBOR with a term of up to three years. Paragon was entitled to make early repayment of the loan as of each quarter-end. In the offer dated 20 October 2015, Paragon offered to increase the loan amount by EUR 3.0 million to EUR 28.0 million, commit firmly to draw down the loan, and refrain from early repayment. This would have prospectively generated a further approximately EUR 6.2 million for Balda AG over the subsequent three years (assuming that EURIBOR were to have remained largely unchanged). A total amount (before indemnities, taxes and costs) of around EUR 75.9 million would have accrued to the company from the disposal to Paragon (including the profit to have been distributed for the financial year elapsed) and from the interest payments on the loan spread over three years.

Both the improved offer from Paragon and the purchase agreement that had already been concluded with Paragon would have elapsed entirely if H&T (or a third party) were to have increased the purchase price from its offer to at least EUR 74.0 million. If such an event were to have occurred, Balda AG would have been obligated to make an indemnity payment of EUR 1.4 million to Paragon.

This improved agreement was also subject to the suspensive condition that it be approved by the AGM of Balda AG and by anti-trust authorities.

### INVITATION TO TWO-DAY ORDINARY AGM

Due to the offers that were submitted, the Management Board arranged, by way of precaution, that the 2015 Ordinary AGM be scheduled for two days, 30 November and 1 December 2015. At this AGM, both the purchase agreement concluded with Paragon in the offer version dated 20 October 2015 and the offer from H&T dated 30 September 2015 were to be submitted to shareholders for voting. The commitment on the part of Elector GmbH, which at this time held an approximately 29.43 % interest in the shares of Balda AG, to vote in favor of the disposal to Paragon was also applicable for the purchase agreement with Paragon in the version of the improved offer.

Irrespective of the two offers, a dividend of EUR 1.10 per share was to be distributed, and additionally, subject to the disposal of the operating business, income from a planned capital reduction of EUR 0.90 per share was to be distributed to the shareholders, along with the modification of the company's purpose. Acceptance of the offer from H&T would have not required a modification of the business same prospectively.

### INCREASED OFFER FROM H&T OF EUR 74.0 MILLION TO PURCHASE ENTIRE OPERATING BUSINESS

On 30 October 2015, the Management Board of Balda AG received an improved offer from H&T with a purchase price of EUR 74.0 million, thereby satisfying the conditions relating to the expiry of Paragon's improved offer and original purchase agreement.

Balda AG was consequently obligated to make an indemnity payment of EUR 1.4 million to Paragon.

(The payment occurred on 2 November 2015.) A total of gross amount (before indemnities, taxes and costs, as well as after the severance payment paid to Paragon) of approximately EUR 76.5 million in total would accrue to the company from the divestment to H&T (including the profit to be distributed for the financial year elapsed).

The improved offer from H&T was valid until 31 March 2016. Apart from the higher purchase price and the extended period to accept the offer, the original offer of H&T was unchanged. With the lapsing of the purchase agreement with Paragon, the voting commitment of Elector GmbH, as the largest shareholder of Balda AG, also lapsed.

This improved offer from H&T was also subject to the suspensive condition that it be approved by the AGM of Balda AG.

#### STEVANATO GROUP OF ITALY SUBMITS NON-BINDING EUR 80.0 MILLION OFFER FOR OPERATING UNITS

On 26 November 2015, the Management Board of Balda AG received a non-binding offer from the Stevanato Group of Italy ("Stevanato"). The offer comprised a purchase price of EUR 80.0 million, and was based on the H&T offer in terms of structure and guarantees.

Subject to conclusive due diligence and preparation of final contractual documentation, Stevanato also held out the prospect of a binding, notarized offer by 14 December 2015, 24:00 hours.

As Stevanato's offer was not binding, the Management Board also announced that the offer would not form a subject for the 2015 Ordinary AGM.

#### ORDINARY AGM ON 30 NOVEMBER AND 1 DECEMBER 2015 IN HANNOVER —VOTING ON THE H&T OFFER

The Ordinary AGM for the 2014/2015 financial year was held on 30 November and 1 December 2015 in Hannover. The shareholders of Balda AG approved with a large majority the disposal of the operating units to H&T. A further subject of the general debate was the as yet non-binding offer submitted by Stevanato. Shareholders were again informed that, should the Stevanato Group submit a binding offer by the 14 December 2015 deadline, Balda AG would hold a vote on this offer at an EGM to be newly convened.

The dividend payout of EUR 1.10 per share and the 10:1 capital reduction were also approved. A further agenda item was the vote concerning the future corporate purpose: here, too, shareholders approved the planned alignment as a financier of medium-sized companies (acquisition, holding, management and disposal of interests in companies and entities both in Germany and abroad, as well as the investment of capital in other assets of any type).

#### STEVANATO PRESENTS BINDING OFFER

On 14 December 2015, Balda AG received a binding offer from Stevanato relating to the purchase of its entire operating business for an acquisition price of EUR 80.0 million. The binding offer from Stevanato was based on the offer from H&T, although in part it contained different guarantees and indemnities from the sellers. Stevanato was also offering to take over all of the employees of the operating units as well as the employees of Balda AG. By contrast with H&T, Stevanato also aimed to acquire the "Balda" brand, along with related (intangible) assets.

At this point the Management and Supervisory boards reviewed Stevanato's offer immediately, announcing on 15 December 2015 that they regarded it as preferable to the offer from H&T, taking all circumstances into account.

The AGM of Balda AG on 30 November 1 December 2015 had already voted in favor of the binding offer from the H&T Group relating to the disposal of its entire operating business at an acquisition price of EUR 74.0 million. Balda AG had not yet accepted this offer, however.

For this reason, the Management and Supervisory boards convened in EGM on 29 January 2016 in Hannover. The disposal to the Stevanato Group, entailing the cancellation of the resolution passed by the Ordinary AGM on 30 November and 1 December 2015, was to be submitted at this EGM to shareholders for approval.

#### EGM APPROVES STEVANATO OFFER WITH SIGNIFICANT MAJORITY, AS WELL AS THE NEW NAME "CLERE AG" FOR REMAINING COMPANY

The EGM had been convened in order to vote on the divestiture to the Stevanato Group. Stevanato had submitted a binding offer with an EUR 80.0 million purchase price on 14 December 2015.

As the words of welcome and introduction were being delivered by Supervisory Board Chairman Mr. Dr. Thomas van Aubel, a new binding offer from the Düsseldorf-based H&T Group reached Balda, comprising a bid of EUR 90.0 million with a reduced maximum liability limit for the Balda Group arising from EUR 5.4 million of contractual warranties (before attributing indemnities). After examination by the Management and Supervisory boards, this offer was evaluated as more attractive, as a consequence of which the Management and Supervisory boards recommended acceptance of this improved offer from the H&T Group.

In turn, the Stevanato Group in the afternoon submitted an improved binding offer of EUR 95.0 million, with a maximum liability limit for the Balda Group arising from contractual warranties of EUR 5.7 million (before attributing indemnities). After renewed examination, the Management and Supervisory boards now appraised the new improved offer from the Stevanato Group as preferable.

After an in-depth general debate, the shareholder meeting voted in favor of the disposal of the operating units of the Balda Group to the Stevanato Group at a purchase price of EUR 95.0 million. In addition, shareholders also approved with a large majority the modification of the company's purpose, the renaming of the remaining company as Clere AG, and the 10:1 capital reduction.

#### CLOSING OF PURCHASE AGREEMENT WITH STEVANATO

After Balda AG had accepted the purchase offer of Italy's Stevanato Group on 4 February 2016, the transfer of ownership occurred with the closing on 10 March 2016. As a consequence, all assets and liabilities attributable to the operating units, as well as the assets disposed of above and beyond this, transferred to the Stevanato Group on this date. The Stevanato Group paid the purchase price of EUR 95.0 million on the 10 March 2016 as well.





#### APPOINTMENT OF A NEW MANAGEMENT BOARD MEMBER AND EXTENSION OF THE APPOINTMENT OF OLIVER OECHSLE

At its meeting on 15 June 2016, the Supervisory Board of Clere AG passed a resolution to appoint Mr. Thomas Krupke as the new Management Board member. This appointment is to run until 31 July 2018. Mr. Krupke has been active in the renewable energy area since 2002 and will initially focus at Clere AG on developing a new business model.

At the same time, the Supervisory Board passed a resolution to extend Mr. Oliver Oechsle's Management Board appointment until 31 December 2016.

## 3. FINANCIAL POSITION AND PERFORMANCE

### 3.1 GENERAL INFORMATION ABOUT REPORTING

The reporting in the Management Report is based on IFRS standards. With the disposal of the operating business and related subsidiaries, the following report on the company's financial position and performance treats them as discontinued operations as follows.

The continuing operations have not yet started operations as of 30 June 2016 so that no operative sales revenues are disclosed. The former segments America and Europe were dropped.

The income statement shows separately only the revenues, expenses, and profits and losses of the continuing operations. The after-tax result for the discontinued operations is reported in a separate line.

The discontinued operations' results are included in the figures for the comparable period in the statement of financial position, cash flow statement, statement of comprehensive income and statement of changes in equity. The ability to make direct comparisons is limited due to the shortened period of Group membership in the reporting year. For further elaborations please refer to the consolidated notes ► see page 67.

Balda Investments Singapore Pte. Ltd. was liquidated in April 2016. The liquidation of Widesphere Sdn. Bhd, Kuala Lumpur (Malaysia) was also initiated in June 2016. The structural rationalization has thereby taken a significant step forward. Widesphere Sdn. Bhd. was still included in the consolidation scope on the reporting date.

### 3.2 RESULTS OF OPERATIONS

With the classification of the disposed operating business as discontinued operations, the income statement reflects reporting differentiated according to either continuing or discontinued operations. The previous year's figures were restated accordingly.

10

| IN EUR MILLION | 2015/2016 | 2014/2015 |
|---|---|---|
| EBITDA after extraordinary items | –6.7 | –5.9 |
| EBIT after extraordinary items | –6.7 | –6.0 |
| EBT after extraordinary items | –6.7 | –3.2 |
| EBIT discontinued operations | 4.8 | –5.6 |
| Result from deconsolidation | 40.5 | — |
| **CONSOLIDATED PROFIT OR LOSS** | **32.8** | **–12.7** |

**Other operating income** of EUR 0.5 million was slightly above the previous year's level of EUR 0.4 millionand concerns mainly income relating to other accounting periods, deriving from liabilities.

The EUR 0.3 million reduction in **staff costs** to EUR 1.3 million is attributable to the lower average number of individuals employed. Personnel expenses connected with the disposal of the operating business are included in the result from the discontinued operations (EUR 0.8 million).

**Other operating expenses** of EUR 5.9 million were EUR 1.1 million above the previous year's level. When adjusted for extraordinary items, expenses of EUR 2.7 million in the reporting year were slightly above the previous year's adjusted level of EUR 2.2 million. The extraordinary items of the continuing operations in the 2015/2016 financial year concern legal and advisory costs connected with litigation in the USA (EUR 2.1 million) and additional expenses for a total of two shareholders' general meetings (EUR 0.9 million). In the previous year, other operating expenses included a greater need for legal advice, mainly for deferred costs for litigation in the USA (EUR 1.5 million), for legal cases in Germany (EUR 0.6 million) as well as for acquisition expenses (EUR 0.4 million).

Due to a lack of sales revenues, the Balda Group reports a negative **earnings before interest, tax, depreciation and amortization (EBITDA)** in the 2015/2016 financial year. EBITDA after special items amounted to EUR –6.7 million (prior-year period: EUR –5.9 million). Excluding these one-off effects, the Group reports EUR –3.5 million of EBITDA (previous-year period: EUR –3.4 million).

The **earnings before interest and tax (EBIT)**, as well as before extraordinary items, amounted to EUR –3.5 million as in the previous year. After taking extraordinary items into account, the company reported EBIT of EUR –6.7 million, compared with EUR -6.0 million in the previous-year period.

The Clere Group reports a **financial result** in the amount of EUR 0.0 million in the period under review (previous-year period: EUR 2.8 million). Currency effects fed through to a negative other net financial result of EUR 0.2 million in the 2015/2016 financial year, while a positive result of EUR 2.0 million was reported under this item in the previous year's period. Within the net financial result, the net interest result diminished by EUR 0.6 million to EUR 0.2 million due to a further reduction in interest rates and the low volume of cash funds invested.

The **earnings before tax** (EBT) of EUR –6.7 million was below the previous year's EUR –3.2 million mainly due to the lower net financial result.

As in the previous year, the **result from discontinued operations** in the 2015/2016 financial year includes the after-tax result of EUR 4.1 million from operating activities. The previous year's comparable result amounted to EUR –5.6 million. The previous year nevertheless included extraordinary items (EUR 11.0 million), mainly impairment losses on goodwill and intangible assets. Moreover, the Clere Group reports a EUR 40.5 million result from deconsolidation on the sale of the entire operating business in the reporting year. This includes all expenses connected with the disposal.

The **consolidated profit** stood at EUR 32.8 million, compared with EUR –12.7 million in the prior-year period.

**2015 / 2016: CONSOLIDATED PROFIT 32.8 EUR MILLION**

Correspondingly, **earnings per share** were a positive EUR 5.56 on the new number of shares of 5,889,063 units (previous year: EUR –2.16), on both a diluted and undiluted basis.

### 3.3 FINANCIAL POSITION

#### 3.3.1 Principles and objectives of financial management

The primary objective of the financial management function is to ensure that the Clere Group remains able to repay its debts and that it retains a solid equity-debt structure. A system with appropriate parameters for managing short-, medium- and long-term financing and liquidity requirements is being adjusted to the new strategic orientation.

The goal remains to ensure a solid financial basis for the Group. Minimum cash reserves are also held for the purpose of continuing to avoid possible liquidity bottlenecks in the financing of the Group's business activities. The financing of companies should be only a short-term nature, and will only be realized if sufficient collateral is provided.

Given persistent uncertainty on financial markets, the specific aim of investing excess cash reserves is not to maximize profit, but to preserve assets on the basis of a risk-minimized investment strategy.

#### 3.3.2 Cash flow trends

The following disclosures analyze the cash flows in the 2015/2016 and 2014/2015 financial years. The statement of cash flows has been prepared in accordance with the provisions of the IFRS and is designed to aid an assessment of the Group's financial capabilities.

The individual sections of the statement of cash flows are as follows:

**Cash flow from operating activities**

The Clere Group incurred a cash outflow of EUR 5.6 million from operating activities in the 2015/2016 financial year (previous year: cash inflow of EUR 2.6 million). Negative effects were felt mainly from the lower level of business volume from the discontinued operations as well as higher outflow for legal and advisory costs connected with litigation and for the two shareholder general meetings. The cash outflow to finance working capital fell year-on-year. The reporting period includes a payment of EUR 3.0 million from the sale of real estate in Malaysia.

**Cash flow from investing activities**

The cash inflow from investing activities totaled EUR 104.0 million (previous year: EUR 24.2 million), whereas the biggest part in the amount of EUR 90.5 million derived from the disposal of the entire operating business. Sales of borrower's note loans generated a EUR 20.0 million cash inflow for the Clere Group, whereas EUR 25.0 million was invested in borrower's note loans in the previous year. The Group deposited EUR 4.7 million to secure a guarantee in the reporting year. In the previous year, cash deposited to secure bill guarantees (EUR 2.9 million) was released and reported as a cash inflow.

Capital expenditure on property, plant and equipment and intangible assets lead to EUR 1.8 million of cash outflows (previous year: EUR 2.1 million).

**Cash flow from financing activities**

The cash outflow from financing activities stood at EUR 65.0 million (previous year: EUR 0.2 million) and arose mainly from the dividends paid in December 2015 to the shareholders of Clere AG in the amount of EUR 64.8 million. Repayments of bank loans resulted in EUR 0.2 million of cash outflows in the reporting year (previous year: EUR 0.2 million).

**Cash and cash equivalents at the end of the financial year**

Cash and cash equivalents within the Group amounted to EUR 172.5 million on the 30 June 2016 reporting date (previous year: EUR 139.5 million), and corresponded to the liquid assets on the consolidated statement of financial position.

The Group continues to hold sufficient liquidity reserves for strategic investments as well as the upcoming capital repayment. Information is exchanged continuously with the company's banks so that financing requirements can be covered or extended at short notice.





Currently the Group possesses no noteworthy credit lines.

#### 3.3.3 Investments and depreciation, amortization and impairment losses

In the 2015/2016 financial year, the Group invested EUR 1.9 million in property, plant and equipment, and in intangible assets (previous year: EUR 5.6 million), although these related exclusively to the discontinued operations. Replacement investments and the optimization of production capacities predominated here until the disposal on 10 March 2016. For the continuing operations in the 2015/2016 financial year, no notable investments were made and no notable depreciation, amortization and impairment losses were incurred.

### 3.4 NET ASSET POSITION

#### 3.4.1 Changes in net assets

The Clere Group reported EUR 216.7 million of **total assets** as of 30 June 2015. This corresponds to a EUR 49.1 million decrease compared with the previous year's level. Overall, the change in the balance sheet structure is affected by the disposal of the operating business in the 2015/2016 financial year.

**Non-current assets** reduced from EUR 57.1 million to EUR 0.4 million. The disposal resulted in EUR 27.7 million of reductions in property, plant and equipment and intangible assets. The deconsolidation of the US operating companies also entailed the derecognition of goodwill. As of the reporting date, the EUR 15.0 million borrower's note loan that was still reported under financial assets in the previous year was reclassified to other current assets due to its now being short-term.

**Current assets** increased from EUR 208.7 million to EUR 216.3 million. The disposal of the entire operating business results in different effects. The inventories and trade receivables items reduced to EUR 0.0 million. As of the 30 June 2015 reference reporting date, the Group still reported a total of EUR 21.9 million for these items. For this reason, too, other current assets decreased by EUR 4.0 million. Fixed term deposits with a term of more than three months reduced by EUR 5.0 million. As part of litigation in the USA, a EUR 4.5 million cash guarantee had to be deposited for a litigation guarantee in the 2015/2016 financial year. This was repaid in full in August 2016.

**Cash and cash equivalents** increased by EUR 33.1 million to EUR 172.5 million. This rise reflects mainly disposal proceeds (less disposal of cash) received from the sale of the operating business (EUR 90.5 million) less the EUR 64.8 million dividend paid in December 2015.

#### 3.4.2 Changes in equity

Consolidated equity sank to EUR 143.8 million as of 30 June 2016 (30 June 2015: EUR 234.1 million)due to the aforementioned EUR 64.8 million dividend payment as well as the EUR 53.0 million capital reduction. This was offset by EUR 32.8 million of consolidated profit. The equity ratio fell from 88.1 % on the reference reporting date to 66.4 % as of 30 June 2016.

#### 3.4.3 Changes in liabilities

When comparing the respective reporting dates, **non-current liabilities** reduced by EUR 4.7 million to EUR 1.1 million. This reduction derives mainly from lower deferred tax liabilities and the lower level of non-current liabilities. Both arise from the disposal of the operating business and related disposal of liabilities.

In the previous year, the Clere Group acquired a patent to manufacture a dosing pipette system. For this a variable purchase price obligation in the amount of EUR 2.6 million, which was disposed in the context of the sale of the patent.

**Current liabilities** rose by total of EUR 45.9 million to EUR 71.8 million, chiefly due to the recognition as a liability of the EUR 53.0 million payment obligations for the capital reduction, which could not yet be disbursed to shareholders due to the existing legal blocking period. This was offset particularly by a EUR 4.9 million reduction in trade payables as well as EUR 3.6 million of prepayments received, with the latter being due to the disposal of the operating activities. For guarantees and indemnities from the sale, the Group has liabilities against the Stevanato Group in the amount of EUR 6.6 million.

#### 3.4.4 Capital structure

A significant objective of capital management is to continue to be able to secure the Group's congruent maturity capital structure. Such a capital structure existed on the balance sheet date. Current assets showed a surplus in relation to current liabilities of EUR 144.5 million.

## 4. SEGMENT TRENDS

The requirement to report on the Group's operating segments lapsed after the reclassification of the assets and liabilities, and income and expenses, of the divested operating business.

For more information on this topic, please refer to our remarks in section 3.1 ► see page 31 and in the notes to the consolidated financial statements ► see page 67.

## 5. PERSONNEL REPORT

As of the 30 June 2016 reporting date, the Clere Group employed a total of eight staff, including temporary help staff, in its continuing operations. This stands in relation to seven individuals on the comparable reporting date at the end of the previous financial year (30 June 2015). The previous year's figure does not include the total of 781 individuals who are the employees of the discontinued operations.

A total of 773 employees left the Group as of the date when the operating activities were sold. Of the individuals leaving the Group, 525 are attributable to the America segment (30 June 2015: 565 employees) and 248 to the former Europe segment (30 June 2015: 216 employees).

Staff costs of EUR 1.3 million for the Clere Group in the 2015 / 2016 financial year were below the previous year's level of EUR 1.5 million.

## 6. OVERALL ASSESSMENT OF THE FINANCIAL YEAR

Preparations connected with the disposal of the operating business and the Ordinary AGM comprised the main factors determining activities within the Group during the 2015/2016 financial year. The AGM decision in favor of the disposal required a specification of income and expenses, as well as assets and liabilities, according to continuing and discontinued operations.

The continuing operations were mainly affected by existing litigation and the Ordinary AGM. This resulted in a higher level of legal and a dvisory costs. Although the previous year's EBIT was burdened by a greater extent of costs for legal advice in the USA, an expense of EUR –6.7 million in the reporting year reflected a corresponding year-on-year worsening. The net interest result and other net financial income were at almost breakeven on a net basis. The higher tax expenses due to the reversal of deferred tax assets fed through to a EUR –11.9 million after-tax result from continuing operations.

Cash increased by around EUR 33 million, mainly due to the acquisition price payment less the dividend payout. Cash and cash equivalents of approximately EUR 212 million existed within the Group as of the balance sheet date. The Group thereby has sufficient resources to finance the capital reduction and develop its business in the future.

In the discontinued operations, business fell due to a major customer in America withdrawing production earlier than announced. By contrast, the translation of US dollar revenues into euros applying a lower US dollar to euro exchange rate fed through to sales revenue growth.

The results of the discontinued operations were affected by gains connected with the disposal of the operating business. These exerted an approximately EUR 39.6 million positive effect on EBIT after deducting indemnities, guarantees and disposal costs.

**30.06.2016:**
**CASH AND CASH EQUIVALENTS IN THE GROUP ABOUT EUR 212 MILLION**

Overall, the Clere Group achieved EUR 32.8 million of earnings after tax for the continuing and discontinued operations in the 2015 / 2016 financial year.

This result was unforeseeable for the reporting year due to the high disposal price for the operating business. The higher level of expenses for litigation and for the ordinary and extraordinary shareholders' general meetings were not included in planning.





# EVENTS AFTER THE REPORTING PERIOD

### TERMINATION OF ALL LEGAL DISPUTES IN THE USA

With the legally effective confirmation of the arbitration proceedings by a US civil court, the legal dispute with the former sellers of the US subsidiary Balda C. Brewer Inc. as well as the pending civil lawsuits in parallel to the arbitration proceedings, were concluded. The USD 5.0 million guarantee deposited to secure the claimant receivable was canceled. Additionally, the pending labor law class action, for which Clere AG had given a declaration of exemption to Stevanato, was ended. No litigation, or risk of litigation, exists in the USA as a consequence.

### NEW LOCATION IN BERLIN STARTS WITH NEW BUSINESS MODEL

Clere AG has opened a new location in Berlin in September 2016 and has decided to relocate its administration to Berlin. Currently five staff are employed in Berlin. Up until now, Clere AG was able to subscribe a coupon bond in the amount of EUR 16.5 million for the financing of a solar park.

No further events of key significance for the Group's financial position and performance occurred after the 30 June 2016 reporting date.

# REPORT ON OPPORTUNITIES AND RISKS

## 1. STRATEGIC FOCUSES AND OPPORTUNITIES

With the disposal of the operating units to the Stevanato Group, the Clere Group has turned to a new business model. As an active partner and investor in the growth market for renewable energy and environmental technology, we are investing in projects that enjoy long-term prospects. We will work together with project developers to realize attractive investments, and already be involved in the planning and construction phase. The focus is on regions that promise long-term stable returns due to their political stability, legal frameworks and existing energy and environmental policy.

The enlargement of the new Management Board on 16 June 2016 secured extensive knowledge and networks to establish this business model. Initial project proposals were still under discussion during the past financial year, and an examination of them has been started.

Current inquiries indicate opportunities for sustainable growth, and confirm the Group's strategic orientation.

## 2. THE MANAGEMENT OF OPPORTUNITIES AND RISKS AT THE CLERE GROUP

An effective and tried-and-tested opportunities and risk management system is installed within the Clere Group, which in its continued form requires ongoing adjustment to the new business processes, however. The following section describes how our opportunities and risk management system functions.

### 2.1 FUNCTIONALITY OF THE CLERE GROUP'S OPPORTUNITY AND RISK MANAGEMENT SYSTEM

**11 FUNCTIONALITY OF THE CLERE GROUP'S OPPORTUNITY AND RISK MANAGEMENT SYSTEM**

| | IDENTIFICATION | ASSESSMENT | AGGREGATION | ANALYSIS | REPORTING | CONTROLLING |
|---|---|---|---|---|---|---|
| Process Elements | Ongoing monitoring of company and its general business environment | Assessment of the peak influences of opportunities/risks on EBITDA | Aggregation of related opportunities/risks into categories of opportunities and risks | Analysis of opportunities and risks in order to implement (counter) measures | General, quarterly reporting | Local Entity, Project- and Assetmanagement |
| | Identification of all aspects of an opportunity/a risk | Assessment of (counter) measures | Consolidation of local opportunities and risks to regional portfolios | Identification of further (counter) measures on a regional and local basis | Quarterly reporting to Management Board and Supervisory Board | Implementation of (counter) measures |
| | Identification of entities included and of the business environment | Assessment based upon the guidelines and Groupwide specifications | Consolidation of regional portfolios and Group-wide opportunities and risks into one Group portfolio | | Ad hoc reports | |
| Top-down-Responsibility Lies with | Management Board Functional areas | Management Board Functional areas | Management Board Functional areas | Management Board Functional areas | Management Board Functional areas | Management Board Functional areas |
| Bottom-up-Responsibility Lies with | Functional areas Local Entity Local Management | Functional areas Local Entity Local Management Project- and Assetmanagement | | Functional areas Local Entity Local Management Project- and Assetmanagement | Functional areas Local Entity Local Management Project- and Assetmanagement | Functional areas Local Entity Local Management Project- and Assetmanagement |

„Local Entity", „Functional areas" and „Local Management": up until sale of operational business.

„Project- and Assetmanagement": under restructuring within new business model.





Risks are recorded quarterly, and reported to the Management and Supervisory boards on the basis of functional areas and individual companies.

In addition, risks that are identified during the course of the quarter and that exert an effect on the Clere Group's results are reported on an ad hoc basis to the Management Board. This occurs at periodic review meetings between the managing directors, the heads of the functional areas, and the Management Board. The Management Board then reports to the Supervisory Board at regular Supervisory Board meetings. Where required, appropriate measures are approved and initiated.

Operating opportunities are identified, documented and analyzed in frequent review meetings with employees, as well as within the Management Board. Measures to implement strategic and operating opportunities through current projects are also approved at these discussions. The recording and success of the implementation of potential opportunities are followed up and assessed as part of periodical reporting and quarterly budget monitoring. Strategic opportunities are included as strategy assumptions in the medium-term planning that is prepared annually. Identified opportunities and risks are assessed using systematic valuation processes, and quantified as to their financial effects.

In order to analyze the overall risk to the Clere Group and launch appropriate countermeasures, we aggregate individual risks at participation level as well as Group-wide risks into a risk portfolio. The consolidation scope of risk management corresponds to the consolidation scope utilized in the consolidated financial statements in this context.

We also split risks according to the type and functional area that they impact. This enables specific risks to be aggregated in a structured manner into risk groups. Along with individual risk steering, this aggregation also allows us to identify trends, and especially Clere-specific risk types, in order to thereby sustainably influence and reduce risk factors for particular risk types.

During the financial year elapsed, potential risks were also queried with the respective bidders as part of due diligence, and evaluated. These inquiries replaced the meetings held in rotation in the operating units. In the non-operating holding companies, risks were monitored in rotation due to the low number of transactions.

### 2.2 OPPORTUNITIES AND RISK PORTFOLIO OF THE CLERE GROUP

As part of compiling and monitoring our opportunities and risk profile, we measure the financial effects of opportunities and risks in absolute amounts:

I Low: up to EUR 1.0 million of EBITDA
II Moderate: more than EUR 1.0 million and up to EUR 2.5 million of EBITDA
III High: more than EUR 2.5 million of EBITDA

The effects presented always take into account the impact of measures and countermeasures that have been launched. This forms a net valuation of the opportunities and risks.

We measure the event probabilities of individual opportunities and risks on a scale of 1 to 5. These are then aggregated within categories.

Improbable = 1
Possible = 2–3
Probable = 4–5

## 3. OPPORTUNITIES AND RISKS

For the Group with its new strategic orientation, the significant opportunities and risks are described in the following sections.

### ECONOMIC OPPORTUNITIES AND RISKS

The success and profitability of the Clere Group depends to a not insignificant extent on changes in overall conditions for renewable energy and environmental technology in individual economies. We assume that renewable energy will experience growth worldwide over the coming years, however. When planning to invest in existing plants, opportunities and risks on the serviceable life of the plants are to a large extend contractually secured and insured respectively. The current phase of low interest rates makes it possible to obtain attractive financing terms as part of planned investments, and consequently expand the total volume of potential operating activities.

### SECTOR-SPECIFIC AND TECHNOLOGICAL OPPORTUNITIES AND RISKS

Continuous innovations in the renewable energy and environmental technology area continuously improve their competitiveness and possibilities for deployment. Key concepts such as "electromobility" and "energy efficiency" represent further drivers of accelerating change in the energy sector. Emergent battery storage technologies—both mobile and static – will make the expansion of renewable energy even more economically efficient through their own decreasing cost trends over the coming years, and will exert a "pull effect" on production types. In a few years, for example, the combination of decentralized supplies of electricity generated from photovoltaic or wind power, paired with battery storage technology, will push costs for a kilowatt-hour of electricity to significantly below 15 eurocents. Many opportunities will exist in this sector for new, attractive business models, which will also be offset, naturally, by risks emerging from accelerated realignment within the energy sector.

Moreover, extensive replacement investments must be made in energy generation in the USA, Europe and Japan over the coming years for nuclear and coal power plants that are being phased out, which in turn will trigger cost reductions through economies of scale in the renewable energy of "solar" and "wind".

### OPPORTUNITIES AND RISKS IN PERSONNEL MANAGEMENT

With the planned relocation of the administration to Berlin and realignment of the business model, the Clere Group is assembling a team of expert staff. Retaining such staff represents a typical risk at any enterprise. The Clere Group counters such risk through modern management methods and attractive working conditions.

### IT-RELATED RISKS

The ability to access and exchange information quickly, completely and appropriately, and to deploy performant IT systems, is of great importance to innovative and global companies such as the Clere Group. Staff access to sensitive information is secured with the help of authorization concepts tailored to corresponding centers and functions while taking into account the functional separation concept. We regard it as unlikely that IT-related risks will materialize. We gage potential financial effects as low.

### FINANCIAL OPPORTUNITIES AND RISKS

#### Currency

Apart from a few exceptions, the Clere Group's cash is invested in euros. These exceptions concern the local foreign companies' funds for their short-term liquidity requirements. For this reason, no notable risks or opportunities exist arising from currency differences.

As individual Group companies prepare their financial accounts in local currency, especially in the US dollar, additions to or disposals from currency reserves in line with exchange rate changes can result in effects on profit or loss.

#### Liquidity and default risks and their steering

As of the reporting date, the Clere Group's cash is invested mainly on accounts at European commercial banks. Money deposits are either covered by the Deposit Protection Fund, or the relevant banks or securities carry investment grade ratings. Negative interest rates on the deposited cash were avoided during the financial year elapsed, although for some invested moneys these cannot be unavoidable in the future. Such risk of negative interest rates can be avoided through establishing the new business model and investing funds in high-yielding assets. As with all investments, the Clere Group's deposits and investments entail sector-typical impairment and default risks. Here, the Clere Group takes care to avoid such risk through careful selection, extensive due diligence measures and sufficient collateral.

### LEGAL OPPORTUNITIES AND RISKS

Legal risks may result from the many regulations and laws which concern the company. In order to prevent possible risks, the Clere Group's decisions and transactions are based on extensive national and international legal advice.

The Supervisory Board of Clere AG has registered approvingly the assertion of the company's loss compensation claims against the former Supervisory Board members Mr. Dr. Michael Naschke, Mr. Yu-Sheng Kai and Mr. Chun-Chen Chen, and also approved the claim on the then sole Management Board member (CEO). It is alleged that the former directors violated their duty in relation to the planned disposal of shares in TPK Holding Co. in July 2011 due to which the TPK shares could only be sold at a subsequent date at a significantly lower price. Based on current estimations, the potential damages amount to a two-digit figure in the millions. The Management Board submitted the lawsuit against then Advisory Board members to the Bielefeld District Court on 14 July 2016. In the context of judicial enforcement, cost risks can arise that are to be categorized as moderate. A provision for such risk cannot be formed as Clere AG is claiming these receivables in active litigation.

An analysis of history has uncovered indications for misdemeanor of further former directors. At its meeting on 24 September 2014, the Supervisory Board of Balda AG passed a resolution to bring a lawsuit against a former director. Out of consideration for the director concerned, it is currently impossible for the Management Board to make any statements concerning these matters.

In the agreement relating to the disposal of the operating units to the Stevanato Group, assurances were made and guarantees and indemnities were issued in relation to individual matters. Where known, we have included these in our provisions and liabilities.

Provisions have been formed in the Group's financial statements for all other legal risks that are known to us.

No other material legal disputes or litigation risks existed as of the end of the financial year on 30 June 2016.

### TAX LAW RISKS

Tax risks may arise due to the international integration and structure of the Group with regard to loans or dividend payments, for example.

The Clere Group seeks the advice of renowned tax consulting firms in all relevant tax matters in order to minimize tax risks. Where possible,





important tax issues are discussed before implementation with the tax authorities. Nevertheless, the final tax assessment is the responsibility of the respective local tax authorities.

Tax authority inquiries exist in Germany as part of current tax audits and are being processed. These have been responded to in the main. These have not yet resulted in any further findings apart from the matters that have already been recognized in the financial statements.

The Dutch tax office submitted queries about the existing tax ruling four years from 2012. Its validity for the subsequent years is being reviewed. It is currently impossible to give an assessment as to whether this modifies the statement relating to tax risks.

### ASSESSMENT BY THE MANAGEMENT BOARD OF THE OVERALL OPPORTUNITIES AND RISK PORTFOLIO

The overall Group position is derived from aggregating all opportunities and individual risks of all of the categories of the business units and functions. While taking into account the event probabilities and potential financial effects, as well as the background to the current business prospects, the Management Board of the Clere Group anticipates no individual or aggregated risk that might jeopardize the Group as a going concern.

In summary, the opportunities and risk position of Clere is as follows:

**12 CHANCE AND RISK PORTFOLIO OF CLERE GROUP**

| | EVENT PROBABILITIES | | | FINANCIAL EFFECTS | | |
|---|---|---|---|---|---|---|
| | | | | LOW | MODERATE | HIGH |
| | IMPROBABLE (1) | IMPROBABLE (2–3) | PROBABLE (4–5) | UP TO EUR 1.0 MILLION OF EBITDA | MORE THAN EUR 1.0 MILLION AND UP TO 2.5 MIO. EURO OF EBITDA | MORE THAN EUR 2.5 MILLION OF EBITDA |
| **ECONOMIC RISKS** | | | | | | |
| Risks | • | | | | • | |
| Opportunities | | • | | | • | |
| **SECTOR-SPECIFIC AND TECHNOLOGICAL OPPORTUNITIES AND RISKS** | | | | | | |
| Risks | • | | | • | | |
| Opportunities | | • | | | • | |
| **OPPORTUNITIES AND RISKS IN PERSONNEL MANAGEMENT** | | | | | | |
| Risks | | • | | • | | |
| Opportunities | | | • | • | | |
| **IT-RELATED RISKS** | | | | | | |
| Risks | • | | | • | | |
| **FINANCIAL OPPORTUNITIES AND RISKS** | | | | | | |
| Currency | | | | | | |
| Risks | | | • | • | | |
| Opportunities | | • | | • | | |
| **LIQUIDITY AND DEFAULT RISKS** | | | | | | |
| Risks | • | | | • | | |
| **LEGAL OPPORTUNITIES AND RISKS** | | | | | | |
| Risks | | | • | | • | |
| Opportunities | | • | | | | • |
| **TAX LAW OPPORTUNITIES AND RISKS** | | | | | | |
| Risks [1] | | | | | | |

1) No assertion possible.

# 4. FINANCIAL REPORTING PROCESS

The Group's internal risk and control management systems are designed to ensure a proper financial reporting process. All business transactions are recorded in the accounts in full and in a timely manner in accordance with IFRS standards. The structures and processes are defined to ensure that the financial reporting complies with all of the relevant laws, regulations and standards.

### 4.1 INTERACTION OF SYSTEMS

The two systems complement each other. On the one hand, flaws in the control system can be detected by identifying new risks. Additional controls can eliminate these shortcomings. On the other hand, monitoring of the control system might result in the conclusion that certain risks require more effective control.

Clere has established a standard process for the Group to monitor the effectiveness of the control system. It defines necessary controls, uniform standards for documentation, and ensures regular tests are carried out.

The responsibility for setting up and effectively maintaining appropriate controls for financial reporting lies with the Management Board of Clere AG. The Supervisory Board assesses at the close of every financial year the appropriateness and effectiveness of the control system. For the 2015/2016 financial year, the Supervisory Board of Clere AG has conclusively assessed and verified the effectiveness of the internal controls for financial reporting. Every control system is limited though with regard to its effectiveness. No control system is able to eliminate or reveal all incorrect information.

### 4.2 STRUCTURES, PROCESSES AND CONTROL

The Group finance division of Clere AG manages processes relating to Group financial accounting. Standard guidelines on reporting and Group financial accounting exist as the basis for financial accounting, bookkeeping and controlling across the entire Group. They are set out in the Group accounting manual. The Group also has a standard set of accounts. The Group finance division continually analyses new laws—if necessary by means of utilization of external consultants—, applicable IFRS accounting standards and other announcements with regard to their relevance for and impact on the consolidated financial statements and the management report. Relevant requirements are included in the guidelines for Group accounting. Together with the Clere AG financial statements calendar that is applicable throughout the Group, they form the basis for the process of preparing the consolidated financial statements.

At the Clere Group, the process of uniform and proper accounting within the Group is supported by supplementary procedures, standardized reporting formats and IT-assisted reporting and consolidation processes. Received or forwarded bookkeeping data are checked constantly for completeness and correctness, for example through random samples or in the context of the "two sets of eyes" principle when they are prepared.

The consolidated financial statements are prepared based on the financial statement information reported by the Group companies. They are based on the transactions posted in the Group companies. Each month, the units deliver lists of totals and balances to the Group finance division. These are read into the consolidation system and aggregated to form the consolidated financial statements.

Besides inquiries with the persons responsible for accounting and bookkeeping in the Group companies, this involves, in particular, plausibility checks and analyses in the form of period and time series comparisons as well as analyses of individual items in the income statement. Differences are discussed with the staff responsible. Local accounting departments are responsible for the proper bookkeeping and accounting of the foreign Group companies. The causes of any validation message or warning are to be corrected by the supplying units before final approval of the financial statement information.

Until the disposal of the operating business units, the Group finance division aggregated figures by segment and prepared them for the Management Board as the main decision-maker. Along with the important steering metrics of sales revenue, EBIT and investments, this also specifically related to total operating revenue, EBITDA, EBT, segment assets and the number of employees.

For the new business model that is to be established, reporting figures are to be prepared initially a project level and then aggregated at the level of the respective participating interest. Appropriate key data will be defined as the new business is established. The Management Board is to continue to report monthly to the Supervisory Board.

Aggregated Group reporting is also conducted on a quarterly basis including the income statement, statement of financial position, and cash flow.

The employees who are involved in the accounting process of the Clere Group are suitable in terms of professional expertise and undergo regular training. The Group companies are responsible for compliance with the guidelines and procedures that are applicable across the entire Group and for the proper and timely processing of their accounting processes and systems. The local companies are supported by personnel from the holding company throughout the accounting process.

Internal controls that have been determined in terms of risk considerations are built into the accounting process of the Clere Group. Clere's control system includes both preventive and detection control elements. They comprise a systematic separation of functions and





IT-based and manual coordination. Furthermore, the Clere Group's ICS works in accordance with the principle of dual control and with general IT controls. The financial systems used are protected against unauthorized access by appropriate IT measures. An internal access authorization system and constant monitoring of this system ensure that no unauthorized access is possible.

The employees involved in the accounting process are suitably equipped in terms of both quantity and quality. In the event of any shortages, recourse is made to qualified external consultants. The principle of dual control is applied in all accounting processes.

The clear demarcation of responsibility ensures that business transactions are recorded, processed and documented in accordance with legal regulations, the articles of association and internal guidelines and posted in a timely manner and correctly in the accounts. At the same time it is ensured that assets and liabilities are recognized, reported and measured correctly and that reliable and relevant information is provided in full and in a timely manner.

### 4.3 DEVIATIONS FROM BUDGETS

Comparison against budget data forms a key controlling parameter. In the event of significant deviations from budget budgets, the Management Board of Clere AG immediately initiates control and steering measures based on trend analyses.

The internal control system for the financial reporting process, the key features of which have been explained above, ensures that business transactions are always recorded, processed and assessed correctly and included in the accounts.

### 4.4 INVOLVEMENT OF THE SUPERVISORY BOARD

The Supervisory Board is integrated into the control system. It monitors the accounting process, the effectiveness of the control system and the internal audit system as well as the audit of financial statements in advance. It is also responsible for the examination of documents for the consolidated financial statements. The entire Supervisory Board also discusses the consolidated financial statements and the management report with the Management Board and the auditor.

### 4.5 INTERNAL AUDITING SYSTEM

Until the transfer of the operating units, the Clere Group's internal audit function comprised a further implemented element of the controlling system, which was responsible for compliance with guidelines, independent examination of the effectiveness of the control system, and for assuring control system quality. Due to the sharp reduction in number of employees and low number of transactions, the previous internal audit system was to be relinquished following the disposal of the operating units. A new, adapted system is to be created with the establishment of the new business model.

# OUTLOOK

## MACROECONOMIC CONDITIONS

In its World Economic Outlook (WTO) update dated July 2016, the International Monetary Fund (IMF) forecast 3.1 % global growth –0.1 % lower than it still assumed in April and at the same level as 2015. Similar emerges for the 2017 forecast: while in April growth of 3.5 % was still expected for 2017, the IMF now assumes 3.4 %. These readjustments are directly connected with Great Britain's planned exit from the EU.

The IMF has also adjusted its growth forecast for the Eurozone—including a slight upgrade from 1.5 % to 1.6 % for 2016, and a slight downgrade from 1.9 % to 1.7 % for 2017.

According to the WEO Update, growth in Germany 2016 of 1.6 % is 0.1 percentage points higher than assumed in April, whereas the IMF now forecasts growth of just 1.2 % for 2017, 0.4 % lower than expected in April 2016.

For the Clere Group's new business model, climate protection represents a driver of development and growth. Climate protection has now become firmly established worldwide as an important topic with the Paris Agreement, which the USA and China have also now signed up to. Efforts to slow or limit global warming worldwide in accordance with agreed client protection targets will result in further investments flowing into this area over the coming decades, opening up new business areas.

This is coupled with an industrial revolution—Digitalization 4.0—that will result in a very major change to the global energy market. The Clere Group will operate in this environment.

## DEVELOPMENT AND GROWTH OF THE CLERE GROUP

The enlargement of the Management Board on 16 June 2016 secured extensive knowledge and networks to establish this business model. Initial project proposals were still under discussion during the current financial year, and an examination of them has started. Current inquiries indicate opportunities for sustainable organic growth, and confirm the Group's strategic orientation.

The Clere Group will benefit from the positive trend in renewable energy with its reorientation to investments in renewable energy and the financing of medium-sized companies. The company's business model is aligned to purchasing solar and wind parks, among other areas. As a rule, these are existing plants that receive state guaranteed feed-in tariffs. Investments are occurring in geographic regions that ensure a stable economic policy environment and reliable conditions. With Germany, these also include the European countries of Italy, France, Spain and the United Kingdom. Countries under consideration outside Europe include the USA and Japan.

On a medium and long-term view, this reorientation is to lead to stable business results and with them a sustainable dividend policy.

Up until today two projects in medium-sized company financing were concluded, which will result in its first earnings contribution in the 2016 / 2017 financial year. Further financing projects are in negotiations, and should also result in earnings contributions before the end of the 2016 / 2017 financial year. We are unable to reliably make more specific statements about the future development of this area, as demand from third parties for financing cannot be planned in advance. Financing projects, which are short-term as a rule, generate calculable returns in the form of interest income.





Investments in renewable energy mainly have calculable sales revenues in the form of feed-in tariffs, which differ by region and commissioning date. In Germany, Italy and Japan, for example, these include guaranteed payments from feed-in legislation, while purchase power agreements (PPAs) tend to predominate in the United Kingdom and USA.

**FIRST PROJECT OF NEW BUSINESS MODEL IN JULY 2016: FINANCING OF MEDIUM-SIZED COMPANIES BY MEANS OF COUPON BONDS THAT ARE SECURED BY OPERATIONAL SOLAR PARKS**

Investments are offset by incidental purchase costs, ongoing administrative expenses and depreciation. The expected cash flows are significantly higher than the expected results, and should make a key contribution to a sustainable dividend policy in the medium term.

The repositioning of the Clere Group entails an adjustment of personnel resources and cost structures. Along with several financings, the 2016 / 2017 financial year the Management Board also plans to acquire several renewable energy systems. An investment volume in the mid-double-digit range in millions of euros is aimed for. This transition phase involves higher staff costs and restructuring expenses. For this reason, sales and income from the new business alone will not yet lead to a breakeven pre-tax result in 2016 / 2017.

Bad Oeynhausen, 21 September 2016

THOMAS KRUPKE
MANAGEMENT BOARD MEMBER

OLIVER OECHSLE
MANAGEMENT BOARD MEMBER

# C

# CONSOLIDATED FINANCIAL STATEMENTS

C



# CONSOLIDATED FINANCIAL STATEMENTS

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

OF CLERE AG AS OF 30 JUNE 2016

| IN EUR THOUSAND | | CONSOLIDATED NOTES II | 30.06.2016 | 30.06.2015 |
|---|---|---|---|---|
| ASSETS | | | | |
| A | NON-CURRENT ASSETS | | | |
| I. | Property, plant and equipment | 6. a. | 10 | 19,568 |
| | 1. Land and buildings | | 0 | 9,395 |
| | 2. Machinery and equipment | | 0 | 8,967 |
| | 3. Fixtures, furniture and office equipment | | 10 | 613 |
| | 4. Advance payments and construction in progress | | 0 | 593 |
| II. | Goodwill | 6. b. | 0 | 9,696 |
| III. | Intangible assets | 6. c. | 28 | 8,188 |
| IV. | Financial assets | 6. d. | 0 | 15,000 |
| | 1. Financial investments | | **0** | 15,000 |
| V. | Deferred taxes | 6. e. | 351 | 4,685 |
| | NON-CURRENT ASSETS | | **389** | **57,137** |
| B | CURRENTS ASSETS | | | |
| I. | Inventories | 6. f. | 0 | 9,150 |
| | 1. Raw materials and supplies | | 0 | 4,065 |
| | 2. Work in progress and finished goods and merchandise | | 0 | 5,085 |
| II. | Trade receivables | 6. g. | 0 | 12,771 |
| III. | Other current assets | 6. h. | 43,163 | 47,119 |
| IV. | Current tax assets | 6. i. | 629 | 183 |
| V. | Cash and cash equivalents | 6. j. | 172,549 | 139,477 |
| | CURRENT ASSETS | | **216,341** | **208,700** |
| TOTAL ASSETS | | | **216,730** | **265,837** |

| IN EUR THOUSAND | | CONSOLIDATED NOTES II | 30.06.2016 | 30.06.2015 |
|---|---|---|---|---|
| EQUITY AND LIABILITIES | | | | |
| A | EQUITY | | | |
| I. | Subscribed capital | | 5,889 | 58,891 |
| II. | Reserves | | 30,765 | 36,037 |
| III. | Net retained profits | | 107,157 | 139,185 |
| | 1. Consolidated profit or loss | | 32,752 | –12,743 |
| | 2. Retained profits brought forward | | 74,405 | 151,928 |
| | EQUITY, GROUP | 6. k. | **143,811** | **234,113** |
| B | NON-CURRENT LIABILITIES | | | |
| I. | Bank loans | 6. l. | 0 | 205 |
| II. | Deferred taxes | 6. m. | 1,081 | 2,594 |
| III. | Non-current provisions | 6. n. | 2 | 181 |
| IV. | Non-current financial liabilities | 6. o. | 0 | 2,796 |
| | NON-CURRENT LIABILITIES | | **1,083** | **5,776** |
| C | CURRENT LIABILITIES | | | |
| I. | Trade payables | 6. p. | 1,009 | 5,854 |
| II. | Other current financial / nonfinancial liabilities | 6. q. | 8,814 | 5,097 |
| III. | Advance payments received | 6. r. | 0 | 3,614 |
| IV. | Short-term bank borrowings and short-term loans | 6. s. | 0 | 363 |
| V. | Liabilities against shareholders of Clere AG | 6. t. | 53,002 | 0 |
| VI. | Income tax liabilities | 6. u. | 7,998 | 7,445 |
| VII. | Current provisions | 6. v. | 1,013 | 3,575 |
| | CURRENT LIABILITIES | | **71,836** | **25,948** |
| TOTAL EQUITY AND LIABILITIES | | | **216,730** | **265,837** |

# CONSOLIDATED INCOME STATEMENT

## OF CLERE AG FOR THE PERIOD FROM 1 JULY 2015 – 30 JUNE 2016

| IN EUR THOUSAND | CONSOLIDATED NOTES II | 2015/2016 | 2014/2015 |
|---|---|---|---|
| Other operating income | 7.a. | 547 | 371 |
| Staff costs | 7.b. | 1,273 | 1,537 |
| a) Wages and salaries including social security costs | | 1,240 | 1,431 |
| b) Expenses for temporary employees | | 33 | 106 |
| Depreciation, amortization and impairment losses | 7.c. | 85 | 59 |
| Other operating expenses | 7.d. | 5,931 | 4,754 |
| **PROFIT / LOSS FROM OPERATIONS** | | **–6,742** | **–5,979** |
| Net interest income | 7.e. | 195 | 788 |
| Other finance income (net) | 7.f. | –181 | 2,007 |
| **EARNINGS BEFORE TAXES** | | **–6,728** | **–3,184** |
| Taxes on income | 7.g. | 5,122 | 4,008 |
| **EARNINGS FROM CONTINUING OPERATIONS** | | **–11,850** | **–7,192** |
| Earnings from discontinued operations | 7.h. | 44,602 | –5,551 |
| **CONSOLIDATED PROFIT OR LOSS** | 7.i. | **32,752** | **–12,743** |
| | | | |
| **EARNINGS PER SHARE:** | 7.j. | | |
| Number of shares, undiluted and diluted (in thousands) [1] | | **5,889** | **5,889** |
| Earnings per share (EUR)—undiluted and diluted | | **5,561** | **–2,164** |

1) Calculation based on number of shares after capital reducion in the ratio 10 : 1.

Regarding statements after IAS 33 please refer to the consolidated notes under section 7. j.





# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

## OF CLERE AG FOR THE PERIOD FROM 1 JULY 2015 – 30 JUNE 2016

| IN EUR THOUSAND | | CONSOLIDATED NOTES II | 2015/2016 | 2014/2015 |
|---|---|---|---|---|
| 1 | **CONSOLIDATED PROFIT OR LOSS** | | 32,752 | –12,743 |
| 2 | **OTHER COMPREHENSIVE INCOME** | 8. | –5,272 | 5,073 |
| 2.1 | Currency translation differences occured during the reporting period: | | | |
| 2.1.1 | Items that were reclassified to profit or loss | | –3,882 | 4,073 |
| 2.1.2 | Items that will be reclassified to profit or loss | | –1,390 | 1,000 |
| 3 | **COMPREHENSIVE INCOME FOR THE PERIOD** | | **27,480** | **–7,670** |

# CONSOLIDATED STATEMENT OF CASH FLOWS

OF CLERE AG FOR THE PERIOD FROM 1 JULY 2015 – 30 JUNE 2016

| | IN EUR THOUSAND | CONSOLIDATED NOTES II | 2015/2016 | 2014/2015 |
|---|---|---|---|---|
| | **CASH FLOW FROM OPERATING ACTIVITIES** | | | |
| | Net loss/income before income tax, net finance income and depreciation (EBITDA)—continuing operations | | –6,657 | –5,979 |
| + | Net loss/income before income tax, net finance income and depreciation (EBITDA)—discontinued operations | | 45,566 | 7,496 |
| – | Gain from disposal of operations (Deconsolidation result) | | –40,477 | 0 |
| – | Interest payed | | –41 | 1,448 |
| + | Interest received | | 227 | –50 |
| – | Income tax payed | | –236 | –158 |
| +/– | Non-cash expenses/income | | –1,539 | 3,351 |
| + | Cash receipts from finance lease receivables | | 0 | 1,375 |
| +/– | In-/decrease in tax assets and tax liabilities | | –435 | 266 |
| +/– | In-/decrease in provisions | | –1,405 | 950 |
| – | Decrease in inventories, trade receivables and other assets not attributable to investing or financing activities | | –1,901 | –5,711 |
| +/– | In-/decrease in liabilities and other liabilities not attributable to investing or financing activities | | 1,293 | –437 |
| = | **CASH FLOW FROM OPERATING ACTIVITIES** | 5.a. | **–5,605** | **2,550** |
| | of which discontinued operations | | –725 | 3,325 |
| | **CASH FLOW FROM INVESTING ACTIVITIES** | | | |
| – | Cash payments for property, plant and equipment and intangible assets | | –1,767 | –2,141 |
| + | Cash receipts from the sale of subsidiaries, property, plant and equipment and intangible assets | | 90,458 | 11 |
| – | Cash payments to secure bank guarantees | | –4,702 | 0 |
| + | Cash receipts from repayments to secure bank guarantees | | 0 | 2,878 |
| + | Cash receipts in connection with current and non-current financial planning | | 19,983 | 0 |
| – | Cash payments in connection with current and non-current financial planning | | 0 | –24,983 |
| = | **CASH FLOW FROM INVESTING ACTIVITIES** | 5.b. | **103,972** | **–24,235** |
| | of which discontinued operations | | 88,763 | –2,031 |





| | IN EUR THOUSAND | CONSOLIDATED NOTES II | 2015/2016 | 2014/2015 |
|---|---|---|---|---|
| | **CASH FLOW FROM FINANCING ACTIVITIES** | | | |
| – | Cash payments from bank borrowings | | –249 | –182 |
| – | Dividend payments | | –64,780 | 0 |
| = | **CASH FLOW ROM FINANCING ACTIVITIES** | 5.c. | **–65,029** | **–182** |
| | of which discontinued operations | | –249 | –182 |
| | Net change in cash and cash equivalents | | 33,338 | –21,867 |
| + | **CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR (INCLUDING DISCONTINUED OPERATIONS)** | | **139,477** | **160,518** |
| +/– | Effects of changes in foreign exchange rates on cash held in foreign currencies | | –266 | 826 |
| = | **CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR** | 5.d. | **172,549** | **139,477** |
| | **CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR—DISCONTINUED OPERATIONS** | | **0** | **4,678** |
| | **CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR—CONTINUING OPERATIONS** | | **172,549** | **134,799** |
| | **COMPOSITION OF CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR—CONTINUING OPERATIONS** | | | |
| | Cash and cash equivalents | | 172,549 | 134,799 |

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

OF CLERE AG FOR THE 2014 / 2015 AND 2015 / 2016 FINANCIAL YEARS

| | | RESERVES | | | | |
|---|---|---|---|---|---|---|
| IN EUR THOUSAND | SUBSCRIBED CAPITAL | CAPITAL RESERVES | RETAINED EARNINGS | CURRENCY TRANS-LATION RESERVE | NET RETAINED PROFITS | EQUITY OF SHARE-HOLDERS OF GROUP |
| **BALANCE ON 01.07.2014** | **58,891** | **34,555** | **1,881** | **−5,472** | **151,928** | **241,783** |
| Consolidated profit or loss | — | — | — | — | −12,743 | −12,743 |
| Other comprehensive income | — | — | — | 5,073 | — | 5,073 |
| Total comprehensive income | 0 | 0 | 0 | 5,073 | −12,743 | −7,670 |
| Distribution to shareholders | — | — | — | — | — | 0 |
| **BALANCE ON 30.06.2015** | **58,891** | **34,555** | **1,881** | **−399** | **139,185** | **234,113** |
| | | | | | | |
| **BALANCE ON 01.07.2015** | **58,891** | **34,555** | **1,881** | **−399** | **139,185** | **234,113** |
| Consolidated profit or loss | — | — | — | — | 32,752 | 32,752 |
| Other comprehensive income | — | — | — | −5,272 | — | −5,272 |
| Total comprehensive income | 0 | 0 | 0 | −5,272 | 32,752 | 27,480 |
| Distribution to shareholders | — | — | — | — | −64,780 | −64,780 |
| Ordinary capital reduction | −53,002 | — | — | — | — | −53,002 |
| **BALANCE ON 30.06.2016** | **5,889** | **34,555** | **1,881** | **−5,671** | **107,157** | **143,811** |

# NOTES

**TO THE CONSOLIDATED FINANCIAL STATEMENTS OF CLERE AG, BAD OEYNHAUSEN, FOR THE FINANCIAL YEAR FROM 1 JULY 2015 UNTIL 30 JUNE 2016**

## I. GENERAL INFORMATION

### 1. GENERAL INFORMATION ABOUT CLERE

The corporate name of Balda Aktiengesellschaft was changed to Clere AG. The change of corporate name was entered in the commercial register on 8 April 2016. Clere AG has its registered office in Bergkirchener Strasse 228, 32549 Bad Oeynhausen, Germany.

Until the disposal of the operating business on 10 March 2016, Clere AG with its subsidiaries (also referred to as the "Clere Group") was an internationally operating supplier of technologically high-end plastic products. The Clere Group is currently establishing a new business model. The new operating activities include investments in environmental and energy solutions, as well as the creation of a profitable portfolio of equity interests in medium-sized companies, whose focus can also lie within the area of environmental and energy technology. This investment strategy will be supplemented by short-term financing situations, which frequently occur when infrastructure projects are being created in the energy technology area, in particular. Business activities will focus on Europe.

These consolidated financial statements were approved for publication by the Management Board on 21 September 2016.

The consolidated financial statements prepared as of 30 June 2016 and the Group management report were submitted to the operator of the Federal Gazette (Bundesanzeiger) for publication pursuant to Section 325 of the German Commercial Code (HGB).

### 2. PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS OF CLERE AG

These consolidated financial statements of Clere AG as of 30 June 2016 were prepared in accordance with Section 315 a of the German Commercial Code (HGB) and in compliance with the provisions of the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), London, as applicable in the European Union and in force on the reporting date, as well as the interpretations issued by the International Financial Reporting Standards Interpretations Committee (IFRS IC).

The consolidated financial statements have been prepared in euros. Unless indicated otherwise, all of the figures shown are in thousands of euros (EUR thousand). This may give rise to rounding differences. The separate financial statements of the consolidated companies are prepared on the basis of the reporting date of the consolidated financial statements.

The consolidated financial statements were prepared on the basis of the 30 June reporting date.





In accordance with IAS 1, Clere prepared its consolidated statement of financial position applying a current / non-current classification. All assets and liabilities due in more than one year are classified as non-current.

The Group prepares a separate income statement applying the nature of expense method, as well as a statement of comprehensive income.

The financial statements of the companies included in the consolidated financial statements are based on uniform accounting policies that comply with IFRSs as adopted by the EU.

The significant accounting policies applied in the preparation of these consolidated financial statements are presented below. Unless otherwise specified, the accounting policies described were consistently applied to the reporting periods presented. Amortized cost comprises the most important measurement base for the financial statements.

### 3. INFORMATION ABOUT CONSOLIDATION

#### 3. A. SCOPE OF CONSOLIDATION

The consolidated financial statements include the financial statements of Clere AG and the companies it controls (its subsidiaries). Control exists if Clere AG can exercise power over the participating interest, is exposed to fluctuating returns from its investment, and can influence the level of return on the basis of its power.

In addition to Clere AG, two German (previous year: four) and four foreign (previous year: eight) subsidiaries were included in full in the consolidated financial statements.

**NUMBER OF COMPANIES**

| | 2016 | 2015 |
|---|---|---|
| Consolidation scope as of 30 June | 6 | 12 |
| German entities (excluding Clere AG) | 2 | 4 |
| Foreign entities | 4 | 8 |

In the 2015 / 2016 financial year, the scope of consolidation changed as follows:

The disposal of the operating business was subject to AGM approval. The AGM approved the disposal on 1 December 2015. As a consequence, the assets and liabilities earmarked for disposal were reported separately during the course of the year until the disposal date. The purchase agreement was closed on 10 March 2016. Along with certain individual assets, the disposal comprises the subsidiaries

- Balda Medical GmbH & Co. KG, Germany
- Balda Medical Verwaltungsgesellschaft mbH, Germany
- Balda C. Brewer, Inc., USA
- Balda Precision, Inc., USA
- Balda Medical Systems SRL, Romania.

With the transfer of power, all of these companies' assets and liabilities were derecognized from the consolidated balance sheet. The disposal proceeds were reduced to reflect expenses connected with the disposal as well as indemnity guarantees. The deconsolidation result is recognized together with the result from releasing the foreign currency translation reserve. The details of this are as follows:

| IN EUR THOUSAND | 2016 |
|---|---|
| Disposal proceeds | 95,000 |
| Expenses connected with selling of subsidiaries (–) | –2,653 |
| Release guarantees including taxes (–) | –6,613 |
| **NET DISPOSAL PROCEEDS** | **85,734** |
| Non-current assets | 36,674 |
| Current assets | 33,396 |
| Non-current liabilities (–) | –4,750 |
| Current liabilities (–) | –16,181 |
| Net assets | 49,139 |
| **CAPITAL GAIN** | **36,595** |
| Liquidation of reserves from foreign currency translation | 3,882 |
| **DECONSOLIDATION RESULT** | **40,477** |

The deconsolidation result is recognized in the income statement in the item "profit / loss from discontinued operations".

Along with external consulting costs and employee bonuses, expenses connected with selling subsidiaries (EUR 2,653 thousand) also include compensation of EUR 1,400 thousand paid to one of the bidders (Paragon).

The indemnification guarantees including taxes include mainly the compensation obligation for the trade tax of Clere AG in relation to disposal gains connected with Balda Medical GmbH & Co KG (EUR 4,256 thousand), which are to be borne by the partnership. The seller also has reimbursement claims mainly for an employee lawsuit, personnel obligations and rental payments due to the later termination of the rental contract.

Cash of EUR 4,542 thousand was disposed of along with the sale of the Group companies.

Balda Investments Singapore Pte. Ltd., Singapore, was liquidated with effect as of 11 April 2016.

### 3. B. CONSOLIDATION METHODS

The purchase method is applied for acquisition accounting. On the acquisition of a company, the assets and liabilities of the corresponding subsidiaries are measured at their fair values at the date of purchase. Where the acquisition costs exceed the fair value of the proportionate share of the assets and liabilities acquired, the Group recognizes the difference as goodwill.

The income and expenses of the subsidiaries sold in the course of a financial year are correspondingly included in the consolidated income statement up until the date of the loss of control.

Receivables and corresponding liabilities between the Group companies are set off against each other.

Sales revenues from intercompany deliveries and services and other intercompany income are set off against the corresponding expenses. Intercompany profits or losses from intercompany deliveries and services are eliminated.

The Clere Group held no shares in associated companies in either the 2015 / 2016 or the 2014 / 2015 financial year.





### 3. C. CURRENCY TRANSLATION

All foreign operations of the Clere Group run the financial, economic and organizational aspects of their business independently. The Group companies prepare the financial statements that are included in the consolidated accounts in their respective functional currency, which is the national currency, with the exception of the companies in Singapore (where the functional currency is US dollar).

The assets and liabilities of the Group's foreign operations are translated from their functional currencies (where they differ from the euro) into euros at the rate on the balance sheet date. Income and expense items are translated at the average rate for the period. Equity items of the foreign subsidiaries are translated at historical exchange rates. The Group recognizes the differences compared with the rate on the balance sheet date in other comprehensive income in the statement of comprehensive income or presents them as a separate component of equity in the currency translation reserve. The differences that are recognized in this reserve are reclassified to the income statement if the subsidiary leaves the scope of consolidation, or discontinues active operating activities.

The Group recognizes goodwill arising on the acquisition of foreign operations as assets of the economically independent subsidiary and translates them at the closing rate (IAS 21.47). The resulting exchange differences are recognized in the currency translation reserve.

Foreign currency transactions are translated using the exchange rate at the date of the transaction.

The exchange rates taken as basis for the currency translation related to EUR 1.00 report the following changes:

EXCHANGE RATE

| | | MID SPOT RATE ON BALANCE SHEET DATE | | ANNUAL AVERAGE RATE | |
|---|---|---|---|---|---|
| | | 30.06. | | FOR FINANCIAL YEAR | |
| CURRENCY | ISO CODE | 2016 | 2015 | 2015 / 2016 | 2014 / 2015 |
| US dollar | USD | 1.1105 | 1.1094 | 1.1098 | 1.1957 |
| Malaysian ringgit | MYR | 4.4522 | 4.1894 | 4.5874 | 4.1339 |
| Romanian leu | RON | — | 4.4705 | 4.4600 | 4.4316 |

# II. INFORMATION ABOUT THE CONSOLIDATED FINANCIAL STATEMENTS OF CLERE AG

## 1. GENERAL INFORMATION

The income statement shows only the revenues, expenses, and profits and losses of the continuing operations. The after-tax result for the discontinued operations is reported in a separate line. The related revenues, expenses, and profits on losses are listed in detail as a note in the notes to the financial statements.

The discontinued operations' results are still included in the figures for the cash flow statement, which limits a direct comparison. It nevertheless shows the discontinued operations' cash flows differentiated according to operating, investing and financing activities.

## 2. NEW AND AMENDED STANDARDS AND INTERPRETATIONS

The amended standards that must be applied for the first time in the 2015/2016 financial year are listed below. All standards and interpretations that were in force at the reporting date and were effective for the 2015/2016 financial year within the EU were applied in the consolidated statements provided these had been endorsed by the EU.

STANDARDS OR INTERPRETATIONS

| STANDARD OR INTERPRETATION | TITLE (DATE OF ENTRY INTO FORCE) |
|---|---|
| IAS 19 | Amendments to defined benefit schemes—employee contributions (1 February 2015) |
| Various | Annual Improvement Project (AIP), 2010 – 2012 cycle (1 February 2015) and 2011 – 2013 cycle (1 January 2015) |

The initial application of these new/revised IFRS/IAS/IFRIC do not have a material effect on the consolidated financial statements of Clere AG.

New and amended standards as well as recently published interpretations that are not yet effective, although earlier application is permitted (subject to EU endorsement), which are not yet applied by the company:





STANDARDS OR INTERPRETATIONS (APPLICATION FOR FINANCIAL YEARS THAT START ON THE DATE OF COMING INTO FORCE OR LATER )

| STANDARD OR INTERPRETATION | TITLE (DATE OF ENTRY INTO FORCE) |
|---|---|
| IAS 1 | Amendments relating to the exercising of judgment in the presentation of financial statements (1 January 2016) |
| IAS 7 | Disclosure Initiative (1 January 2017) |
| IAS 12 | Recognition of Deferred Tax Assets for Unrealized Losses (1 January 2017) |
| IAS 16 and IAS 38 | Amendments / Clarification of Acceptable Methods of Depreciation and Amortization (1 January 2016) |
| IAS 16 and IAS 41 | Amendments relating to the accounting treatment of bearer plants (1 January 2016) |
| IAS 27 | Amendments relating to the equity method in separate financial statements (1 January 2016) |
| IFRS 2 | Classification and Measurement of Share-based Payment Transactions (1 January 2018) |
| IFRS 9 | Financial Instruments (1 January 2018) |
| IFRS 10, 12 and IAS 28 | Consolidation exceptions (1 January 2016) |
| IFRS 11 | Acquisition of an Interest in a Joint Operation (1 January 2016) |
| IFRS 15 | Revenue from Contracts with Customers (amended to 1 January 2018) |
| IFRS 16 | Leases (1 January 2019) |
| Various | Annual Improvement Projects (AIPs) 2012 – 2014 cycle (1 January 2016) |

As of the end of the reporting period, the Group had not yet realized any financing or investment as part of its realignment. In relation to the first-time application of these amended standards and promulgations, we identify no significant effects on the consolidated financial statements of Clere AG based on the Group's position as of the reporting date. Once new operating activities are assumed, the new standards' effects on the future business model will be examined continuously.

The 1 January 2016 coming into force date was originally planned for the following standards. The IASB has postponed the date for IFRS 10 and IAS 28 for an indefinite period. For IFRS 14 the EU endorsement has been suspended

STANDARDS OR INTERPRETATIONS

| STANDARD OR INTERPRETATION | TITLE (DATE OF ENTRY INTO FORCE) |
|---|---|
| IFRS 10 and IAS 28 | Amendments relating to the recognition of gains or losses in transactions with associates or joint ventures |
| IFRS 14 | Regulatory Deferral Accounts |

## 3. ACCOUNTING PRINCIPLES

The accounting policies used in the preparation of these consolidated financial statements are described in the following sections.

### USE OF ESTIMATES AND DISCRETIONARY DECISIONS

All **estimates and discretionary decisions** are continuously reassessed and are based on historical experience and other factors, including expectations regarding future events that appear reasonable under given circumstances. The most important forward-looking statements, as well as the main sources of uncertainty regarding estimates that could create a significant risk requiring a material adjustment to the reported assets and liabilities within the next financial year are shown below in the relevant passages of the notes.

These related mainly to **goodwill,** until they were dispatched with the disposal of above mentioned subsidiaries. To determine impairment, it was necessary to calculate the value-in-use of the cash-generating unit to which the goodwill was allocated. The calculation of the value-in-use required an estimate of the future cash flows from the cash-generating unit and an appropriate discount rate for the present value calculation. All of the Group's goodwill was disposed of as part of disposing of the operating business. For the period before that, please refer to our remarks in section II. 6. b. "Goodwill".

The measurement of **items of property, plant and equipment and intangible assets** requires estimates of the expected useful lives of the assets. Clere reviews the estimated useful lives at the end of each financial year and adjusts them as necessary. We refer to our general explanations below and to the details on the calculation and the carrying amounts under II. 6. a. "Property, plant and equipment" and II. 6. c. "Intangible assets".

Up until the complete disposal, **inventories** are measured at the lower of cost and net realizable value, i.e. the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. All of the Group's inventories were disposed of as part of disposing of the operating business. For the prior period, please refer to our general explanations below and to the details on the calculation and the carrying amounts under II. 6. f. "Inventories".

Until the disposal of all trade receivables the maturity structure of the balance of receivables and customers' credit standing as well as changes in payment terms are taken into account for the **allowance for doubtful accounts.** The extent of the actual derecognitions may exceed the extent of the expected derecognitions if the customers' financial position deteriorates. We refer to our general explanations below and to the details on the calculation and the carrying amounts under II. 6. g. "Trade receivables".

Assessments must be made for the calculation of **current and deferred taxes.** Deferred tax assets are recognized to the extent that it is probable that they can be utilized. A variety of factors such as past financial performance and tax planning must be taken into account in assessing the probability that particularly deferred tax assets on loss carryforwards can be utilized in the future. If the actual results deviate from these estimates, this could have adverse effects on the financial position, cash flows or financial performance. We refer to our general explanations below and to the details on the calculation and the carrying amounts under II. 6. e. "Deferred taxes".

Areas in which discretionary decisions with significance for the consolidated financial statements are made are primarily the classification of financial assets and financial liabilities in accordance with IAS 39.

Unless stated otherwise, the **accounting policies** were uniformly applied in the Group and are the same as in the previous year.

### FINANCIAL INSTRUMENTS

The financial instruments reported in the statement of financial position (financial assets and financial liabilities) as defined in IAS 32 and IAS 39 include cash, trade receivables and trade payables, financial investments, loans, non-current and current borrowings, as well as other specific receivables and payables based on contractual arrangements.

**Fair value** is defined as the price that would be received for the sale of an asset or paid for the transfer of a liability in a regular business transaction between market participants on the measurement date.

The **amortized cost** of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction for impairment or uncollectibility.





Financial assets and financial liabilities are divided into the following categories:

- loans and receivables,
- financial liabilities at amortized cost.

The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets upon initial recognition and reviews the classification at each reporting date. An assessment is made at each reporting date as to whether there are objective indicators that a financial asset or a group of financial assets has been impaired.

At the end of the financial year under review, the Group held financial instruments in the categories of loans and receivables (LaR) and financial liabilities (FLAC).

Financial instruments are recognized in the statement of financial position if the company is party to a contract associated with the financial instrument. The instruments are always recognized at the settlement date. The Group only derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset as well as substantially all the risks and rewards incidental to ownership of the asset to a third party. The Group derecognizes financial liabilities when the obligations specified in the contract have been settled, canceled or have expired.

These financial assets or financial liabilities are initially recognized at fair value plus transaction costs. This does not include financial assets designated as at fair value through profit or loss, which are recognized at fair value minus transaction costs. In this category, recognition is at fair value excluding transaction costs. Subsequent measurement there is for the different categories of financial assets and liabilities, and is described in detail as part of the accounting methods for the respective balance sheet items.

Loans and receivables (LaR) and financial liabilities (excluding derivatives and liabilities designated as at fair value through profit or loss) are generally measured at amortized cost.

Primary and derivative financial instruments are measured according to the following levels:

Level 1: Fair value measurements are derived from listed prices (unadjusted) on identical markets for identical financial assets or liabilities.

Level 2: Valuation techniques based on observable inputs derived from quoted prices for assets and liabilities, either directly (in other words, as prices) or indirectly (in other words, derived from prices).

Level 3: Valuation techniques using inputs for the measurement of assets or liabilities that are not based on observable market data (unobservable inputs, assumptions).

Financial investments are recognized at amortized cost and allocated to the loans and receivables category. Insofar as the financial assets are not subject to market interest rates, they are discounted to the present value applying the market interest rate on the initial recognition date.

**Receivables and other assets (LaR)** are carried at amortized cost, less directly attributable transaction costs, which corresponds to the fair value of the contribution. Through the recognition of appropriate specific valuation allowances, adequate provisions were made for estimated irrecoverable amounts from all identifiable risks.

In accordance with IAS 39, **financial liabilities** are carried at the acquisition-date fair value. Costs that are directly attributable to the purchase (transaction costs) are taken into account if the liabilities are measured at fair value through profit or loss. At subsequent reporting dates, these liabilities are measured at amortized cost using the effective interest method. Monetary liabilities in foreign currencies are translated at the closing rate.

### FURTHER GENERAL ACCOUNTING POLICIES

**Property, plant and equipment and intangible assets** are carried at cost and reduced by straight-line depreciation or amortization plus any impairment losses. Depreciation and amortization are calculated using the following economic useful lives:

| | YEARS |
|---|---|
| Fixtures, furniture and office equipment | 3 – 10 |
| Software and other intangible assets | 3 – 10 |

**Leases** in which the Clere Group is the lessee are classified as finance leases if substantially all the risks and rewards incidental to ownership are transferred to the lessee under the lease agreement. All other leases are classified as operating leases.

If the beneficial ownership of leased assets lies with the lessor **(operating lease)**, the lessee recognizes the lease payments as an expense over the term of the lease. Where the Group is the lessor in an operating lease, the lease payments are recognized in profit or loss over the lease term.

In the case of **assets leased under a finance lease,** the amounts to be paid by the lessee were presented as receivables at an amount equal to the net investment in the Group's lease. The assets are reported among financial assets and other current assets separated according to their non-current and current portions. The recognition of finance income is based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the finance lease.

The useful lives of all intangible assets are limited.

To the extent required by IAS 36, items of property, plant and equipment and intangible assets were **impaired** to the lower recoverable amount.

The Group reviews the carrying amounts of its items of property, plant and equipment and intangible assets at the end of each reporting period to assess whether there is any indication that an **asset may be impaired.** If any such indication exists, the Group estimates the recoverable amount of the asset to determine the extent of any impairment losses. If the recoverable amount cannot be determined for an individual asset, the Group calculates the recoverable amount of the cash-generating unit to which the asset belongs. The amount is allocated suitably and consistently to the individual cash-generating unit or to the smallest group of cash-generating units.

The **recoverable amount** is the higher of an asset's fair value less costs of disposal and its value-in-use. In measuring the value-in-use, the Group discounts the future cash flow estimates to the present value using the plan values with the current market interest rate before taxes that reflects the risks specific to the asset for which the future cash flow estimates have not been adjusted.

If the calculated **recoverable amount** of an asset (or a cash-generating unit) is less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. The impairment loss is recognized immediately in profit or loss.

If the **impairment** loss is subsequently **reversed**, the carrying amount of the asset (or cash-generating unit) is increased to the recalculated recoverable amount. The increased carrying amount of an asset (or cash-generating unit) attributable to a reversal of an impairment loss must not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss for an asset is recognized immediately in profit or loss.





**Non-current assets** (or groups of assets and liabilities) are classified as **held for sale** and measured at the lower of carrying amount and fair value less costs to sell (IFRS 5 in combination with IAS 36) if their carrying amount will be realized principally through a sale transaction rather than through continuing use.

Where the carrying amounts exceed the fair value less costs of disposal, an impairment loss is to be recognized. Such an impairment loss is applied initially to any existing goodwill, and any surplus loss is then allocated proportionally to the property, plant and equipment, and to intangible assets. A subsequent increase in fair value less costs of disposal for an asset is to be recognized as a gain, albeit only to the level of the cumulative impairment loss.

**Deferred taxes** are recognized for the expected tax losses and tax reliefs arising from temporary differences between the carrying amount of an asset or liability in the statement of financial position and its tax base, as well as on consolidation measures with a temporary effect. The balance sheet liability method is applied. In addition, deferred tax assets are recognized on tax loss carryforwards. Deferred tax assets and liabilities are recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized. Deferred taxes on temporary differences arising from goodwill are not recognized.

Deferred taxes are measured at the tax rates that apply or are expected to apply in the relevant country as of the date when the asset is realized or liability is settled, based on tax laws that have been enacted or substantively enacted by the end of the reporting period.

The carrying amount of the deferred tax assets is reviewed at the end of each annual reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilized.

Deferred tax is recognized in profit or loss, except for items that are recognized either in other comprehensive income or directly in equity, in which case the deferred tax is also recognized either in other comprehensive income or directly in equity.

**Provisions** are recognized when an entity has a legal or constructive obligation to a third party as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Non-current provisions are carried at their present value where the effect of the time value of money is material.

**Interest income and expenses** are recognized in profit or loss using the effective interest method when the amortized cost of a financial asset or a financial liability is calculated.

**Contingent liabilities and assets** are possible obligations or assets that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of Clere AG. Contingent liabilities are also present obligations that arise from past events for which it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability. Neither contingent liabilities nor contingent assets are recognized.

Besides the aforementioned disclosures, the following disclosures about accounting principles provide additional information about the **discontinued operations:**

**Property, plant and equipment and intangible assets** are carried at cost and reduced by straight-line depreciation or amortization plus any impairment losses. Depreciation and amortization are calculated using the following economic useful lives:

| | YEARS |
|---|---|
| Buildings | 3 – 50 |
| Machinery and equipment | 5 – 10 |
| Fixtures, furniture and office equipment | 3 – 10 |
| Software and other intangible assets | 3 – 10 |

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item must be recognized and depreciated separately. Depreciation commences when the assets have been completed and are ready for their intended use.

**Goodwill** represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets and liabilities of the acquired company at the date of acquisition. The capitalized goodwill is reviewed for impairment annually and measured at the amount initially recognized less cumulative amortization. Impairment testing is also performed if there are indications that a cash-generating unit may be impaired. If the cash-generating unit's recoverable amount that has been determined does not exceed the carrying amounts allocated to it, the carrying amounts of the assets allocated to the cash-generating unit are written down proportionally. Goodwill impairment losses can be reversed. When an entity is sold, the share of goodwill attributable to this sub-unit is included in the calculation of the gain or loss on disposal. Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units expected to benefit from the business combination which generated the goodwill being tested. The cash-generating unit must not be larger than the operating segment whose operating results are regularly reviewed by the Group's chief operating decision maker as part of the internal reporting (IAS 36.80 in conjunction with IFRS 8.5).

**Inventories** are measured at the lower of cost and estimated net realizable value. Net realizable value is the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale. An average value or a value calculated using the first-in, first-out formula is carried. The cost of inventories includes all costs incurred in production.

**Provisions for warranty obligations** are recognized at the time when the product in question is sold. This amount is based on the best estimate by management of the expense needed to settle the obligation.

**Revenues** from the sale of goods are recognized when it is probable that future economic benefits will flow to the entity and these benefits can be measured reliably. The amount of sales revenues is measured net of value-added tax and any trade discounts and volume rebates when the significant risks and rewards of ownership of the goods have been transferred to the buyer pursuant to the agreed delivery terms. If the service was not rendered in full, the service is recognized at cost under inventories.

**Sales revenues from construction contracts** are generated to a limited extent. IAS 11 defines a construction contract as a contract specifically negotiated for the construction of an asset.

The Group applies the percentage of completion method to calculate the contract revenue to be recorded in each financial year. The percentage of completion of a contract is determined on the basis of the production progress realized with the respective project.

Orders are reported among receivables or liabilities, within the trade receivables or trade payables items. A construction order is reported as an asset if the cumulative output (contract costs incurred and reported profits) exceeds the advance payments. If a negative balance remains after deducting the advance payments, this negative amount is reported among current liabilities.





When the outcome of a construction contract cannot be estimated reliably, revenue is recognized only to the extent of contract costs incurred that it is probable will be recoverable.

**Research costs** are recognized as an expense in the period in which they are incurred.

An intangible asset arising from development of a product is recognized if, and only if, the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for internal use or sale as well as its intention to complete the intangible asset and use or sell it. The Group must also demonstrate how the intangible asset will generate probable future economic benefits, the availability of resources to complete the development and its ability to measure reliably the expenditure attributable to the intangible asset during its development.

## 4. SEGMENT REPORTING

Following the Annual General Meeting approval on 30 November / 1 December 2015 of the disposal of the operating ubsidiaries, the related income and expenses, are to be reported as discontinued operations separately from the continuing operations. Consequently, for the America and Europe regions that represented the Group's operating segments, the entire operating business with the assets and liabilities in these segments is no longer applicable from this date. IFRS provide no explicit rules on segment reporting for discontinued operations. Related literature consequently denies the mandatory need for this type of disclosure in the notes to financial statements.

The continuing operation with the holding companies in Europe, America and Asia, and two shell companies in Germany, are currently realigned. In the financial year 2015 / 2016 no sales revenues have been generated. All control quantities and decisions for the Group as a whole are currently executed by the Management Board. No noteworthy non-current assets are yet existing. No further mandatory indications on customers, products and regions have to be made yet.

## 5. STATEMENT OF CASH FLOWS

The statement of cash flows is prepared applying IAS 7. Cash flows are divided into cash flows from operating, investing and financing activities.

The statement of cash flows shows changes in and the composition of cash flows. It includes both continuing operations and discontinued operations. The cash flow from operating activities was calculated using the indirect method.

The individual sections of the statement of cash flows are as follows:

### 5. a. Cash flow from operating activities

The Clere Group generated a cash outflow of EUR 5,605 thousand in the 2015 / 2016 financial year (previous year: cash inflow in the amount of TEUR 2,550 thousand). Negative effects were felt mainly from the lower level of business volume from the discontinued operations as well as higher expenses for legal and advisory costs connected with litigation and for two shareholder general meetings. The cash outflow to finance working capital was lower in the reporting year than in the previous year due to payment receipt from the disposal of a property in Malaysia. Until May 2015, the Malaysian subsidiary continued as a lessor to receive cash inflows of EUR 1,375 thousand from lease payments, which were no longer generated in the 2015 / 2016 financial year.

### 5. b. Cash flow from investing activities

The cash inflow from investing activities totaled EUR 103,972 thousand (previous year: cash outflow of EUR 24,235 thousand).

The cash inflows from investing activities arise mainly from the net disposal earnings (purchase price less dispatched cash) of the entire operating business (EUR 90,458 thousand). The sale of borrower's note loans a generated EUR 19,983 thousand of cash inflows for the Clere Group, while in the previous year EUR 24,983 thousand was spent on purchasing borrower's note loans. In the reporting year, the Group deposited EUR 4,702 thousand of cash to secure securities. In the previous year, cash deposited to secure bill guarantees (EUR 2,878 thousand) was released and reported as a cash inflow.

Capital expenditure on property, plant and equipment and intangible assets led to cash outflows of EUR 1,767 thousand (previous year: EUR 2,141 thousand).

#### 5. c. Cash flow from financing activities

The cash outflow from financing activities amounted to EUR 65,029 thousand (previous year: EUR 182 thousand), and arose mainly from the dividends paid in December 2015 to the shareholders of Clere AG. Repayments of bank loans resulted in EUR 249 thousand a cash outflows in the reporting year (previous year: EUR 182 thousand).

#### 5. d. Cash at the end of the financial year

The Group's total cash at the 30 June 2016 reporting date amounted to EUR 172,549 thousand (previous year: EUR 139,477 thousand), corresponding to the cash reported in the consolidated statement of financial position. Cash includes cash in hand and money on account in banks.





## 6. NOTES TO INDIVIDUAL CONSOLIDATED BALANCE SHEET ITEMS

### NON-CURRENT ASSETS

#### 6. a. Property, plant and equipment

The figures reported in the consolidated statement of financial position reflect the fair value at the date of initial consolidation or the cost at the date of initial recognition reduced by depreciation and impairment losses.

The changes in property, plant and equipment were as follows:

| 2015/2016 IN EUR THOUSAND | LAND AND BUILDINGS | MACHINERY AND EQUIPMENT | FIXTURES, FURNITURE AND OFFICE EQUIPMENT | PRE-PAYMENTS AND CONSTRUCTION IN PROGRESS | PROPERTY, PLANT AND EQUIPMENT, TOTAL |
|---|---|---|---|---|---|
| **COST** | | | | | |
| Balance on 01.07.2015 | 37,528 | 27,178 | 5,526 | 593 | 70,825 |
| Currency differences | –25 | –297 | –14 | –12 | –348 |
| Additions | 393 | 438 | 152 | 946 | 1,929 |
| Disposals | 0 | 633 | 1,950 | 104 | 2,687 |
| Disposal from deconsolidation | 37,896 | 27,113 | 3,691 | 996 | 69,696 |
| Reclassifications | 0 | 427 | 0 | –427 | 0 |
| Balance on 30.06.2016 | 0 | 0 | 23 | 0 | 23 |
| **CUMULATIVE DEPRECIATION** | | | | | |
| Balance on 01.07.2015 | 28,133 | 18,211 | 4,914 | 0 | 51,258 |
| Currency differences | –22 | –184 | –11 | 0 | –216 |
| Additions | 342 | 1,333 | 223 | 0 | 1,898 |
| Disposals | 0 | 280 | 1,902 | 0 | 2,182 |
| Reversal of impairment losses | 40 | 520 | 20 | 0 | 581 |
| Disposal from deconsolidation | 28,413 | 18,560 | 3,191 | 0 | 50,164 |
| Balance on 30.06.2016 | 0 | 0 | 13 | 0 | 13 |
| **NET CARRYING AMOUNTS** | | | | | |
| Balance on 30.06.2015 | 9,395 | 8,967 | 613 | 593 | 19,568 |
| Balance on 30.06.2016 | 0 | 0 | 10 | 0 | 10 |

| 2015/2016 IN EUR THOUSAND | LAND AND BUILDINGS | MACHINERY AND EQUIPMENT | FIXTURES, FURNITURE AND OFFICE EQUIPMENT | PRE-PAYMENTS AND CONSTRUC-TION IN PROGRESS | PROPERTY, PLANT AND EQUIPMENT, TOTAL |
|---|---|---|---|---|---|
| **COST** | | | | | |
| Balance on 01.07.2014 | 37,181 | 31,791 | 5,284 | 438 | 74,694 |
| Currency differences | 217 | 2,161 | 141 | 67 | 2,586 |
| Additions | 105 | 1,468 | 98 | 1,252 | 2,923 |
| Disposals | 0 | 9,368 | 10 | 0 | 9,378 |
| Reclassifications | 25 | 1,126 | 13 | –1,164 | 0 |
| Balance on 30.06.2015 | 37,528 | 27,178 | 5,526 | 593 | 70,825 |
| **CUMULATIVE DEPRECIATION AND IMPAIRMENT LOSSES** | | | | | |
| Balance on 01.07.2014 | 27,179 | 23,805 | 4,334 | 0 | 55,318 |
| Currency differences | 111 | 977 | 53 | 0 | 1,141 |
| Additions | 843 | 2,408 | 535 | 0 | 3,786 |
| Impairment losses | 0 | 287 | 0 | 0 | 287 |
| Disposals | 0 | 9,266 | 8 | 0 | 9,274 |
| Reclassifications | 0 | 0 | 0 | 0 | 0 |
| Balance on 30.06.2015 | 28,133 | 18,211 | 4,914 | 0 | 51,258 |
| **NET CARRYING AMOUNTS** | | | | | |
| Balance on 30.06.2014 | 10,002 | 7,986 | 951 | 438 | 19,377 |
| Balance on 30.06.2015 | 9,395 | 8,967 | 613 | 593 | 19,568 |

Most of the residual carrying amounts of the property, plant and equipment were disposed of as part of the sale of the operating business. All of the Group's land and buildings, machinery and technical plant were sold.

With a resolution of the Shareholders' General Meeting of 1 December 2015 relating to the disposal of the operating business, the related assets and related liabilities qualified as held for sale. From this date, no further depreciation and amortization was applied to the tangible and intangible assets that were about to be sold. Due to an improved purchase offer from the Stevanato Group, and impairment loss recognized in previous years resulted in a EUR 581 thousand reversal of an impairment loss to property, plant and equipment (for more information, please refer to our remarks in section 6. b.).

As in the previous year, no loans, bill guarantee lines or lease agreements are secured through the assignment of property, plant and equipment.

### 6. b. Goodwill

The following overview presents the changes in goodwill allocated to cash generating units. With the transfer of the shares to the US companies, all goodwill was disposed of in a carrying amount of EUR 8,027 thousand. The Group still reported EUR 9,696 thousand as of the previous year's reporting date.





| 2015/2016 IN EUR THOUSAND | BALDA MEDICAL ADMINIS-TRATION | BALDA C. BREWER | BALDA PRECISION | GOODWILL, TOTAL |
|---|---|---|---|---|
| | SEGMENT EUROPA | SEGMENT AMERIKA | SEGMENT AMERIKA | |
| **COST** | | | | |
| Balance on 01.07.2015 | 2 | 26.219 | 751 | 26.973 |
| Currency differences | 0 | –608 | –17 | –625 |
| Disposal from deconsolidation | 2 | 25.611 | 734 | 26.347 |
| Balance on 30.06.2016 | 0 | 0 | 0 | 0 |
| **CUMULATIVE DEPRECIATION AND IMPAIRMENT LOSSES** | | | | |
| Balance on 01.07.2015 | 0 | 16.902 | 375 | 17.277 |
| Currency differences | 0 | –389 | –10 | –399 |
| Additions | 0 | 1.266 | 176 | 1.442 |
| Disposal from deconsolidation | 0 | 17.779 | 541 | 18.320 |
| Balance on 30.06.2016 | 0 | 0 | 0 | 0 |
| **NET CARRYING AMOUNTS** | | | | |
| Balance on 30.06.2015 | 2 | 9.317 | 376 | 9.696 |
| Balance on 30.06.2016 | 0 | 0 | 0 | 0 |

| 2014/2015 IN EUR THOUSAND | BALDA MEDICAL ADMINIS-TRATION | BALDA C. BREWER | BALDA PRECISION | GOODWILL, TOTAL |
|---|---|---|---|---|
| | SEGMENT EUROPE | SEGMENT AMERICA | SEGMENT AMERICA | |
| **COST** | | | | |
| Balance on 01.07.2014 | 2 | 21.319 | 611 | 21.932 |
| Currency differences | 0 | 4.900 | 140 | 5.041 |
| Balance on 30.06.2015 | 2 | 26.219 | 751 | 26.973 |
| **CUMULATIVE DEPRECIATION AND IMPAIRMENT LOSSES** | | | | |
| Balance on 01.07.2014 | 0 | 7.830 | 79 | 7.909 |
| Currency differences | 0 | 2.323 | 38 | 2.361 |
| Additions | 0 | 6.749 | 258 | 7.007 |
| Balance on 30.06.2015 | 0 | 16.902 | 375 | 17.277 |
| **NET CARRYING AMOUNTS** | | | | |
| Balance on 30.06.2014 | 2 | 13.489 | 532 | 14.023 |
| Balance on 30.06.2015 | 2 | 9.317 | 376 | 9.696 |

As of the date of the reclassification of the held-for-sale subsidiaries to discontinued operations, the related carrying amounts were measured at fair value. The EUR 1,442 thousand of impairment losses incurred were attributable to goodwill. Due to the final offer from the Stevanato Group, this impairment loss was reversed due to existing impairment losses in previous years. Da eine Wertaufholung auf Geschäfts- oder Firmenwerte nicht erlaubt ist, erfolgte diese auf in den Vorjahren wertgeminderte Sachanlagen und immateriellen Vermögenswerte.

In the previous year, goodwill was measured applying the criteria outlined below:

Balda C. Brewer, Inc. and Balda Precision, Inc. each comprised one cash generating unit. The recoverable amount of the cash-generating unit was calculated based on value-in-use. Measurement was performed by discounting the future cash flows of Balda C. Brewer, Inc. and Balda Precision, Inc. The detailed planning period comprised the years 2015/2016 to 2017/2018 and was based on assumptions about future sales prices or sales volumes and costs, taking the general economic conditions into account. For the years after 2017/2018, a perpetual return with a general growth rate of 1.0% was calculated.

When calculating both value-in-use and the fair value less costs of selling (using the DCF approach), estimation uncertainties exist for the underlying assumptions, especially in relation to:

1. future cash flows,
2. discounting factor and
3. growth rates on which the extrapolation of the cash flow forecasts beyond the budget period were based.

**Balda C. Brewer, Inc.:**

The goodwill of Balda C. Brewer, Inc. reduced from EUR 13,489 thousand to EUR 9,317 thousand in the previous year. Impairment losses were required after a major customer announced that it would discontinue its business relationship. This reduced sales revenues growth and future cash flows for the coming years.

The impairment test was based on a weighted average cost of capital before tax of 14.5%. The value-in-use of EUR 26,580 thousand calculated in this way was EUR 7,274 thousand lower than the underlying carrying amount of EUR 33,854 thousand. After applying the impairment loss to the goodwill, the recoverable amount corresponded to the carrying amount of the cash-generating unit.

The goodwill impairment loss could have been avoided if the future cash flows had been 27.4% higher, or if the discounting factor had amounted to 12.0%, and the growth rate had amounted to 3.1%.

**Balda Precision, Inc.:**

In the previous year, an impairment loss of EUR 156 thousand was applied to the goodwill relating to Balda Precision, Inc. to reduce it to EUR 376 thousand. A reduction in sales revenues expectations compared with the past and the resultant achievable cash flows were the reason for this impairment loss.

This was based on a weighted average cost of capital before tax of 14.2% (previous year: 13.5%). The value-in-use of EUR 2,242 thousand calculated in this way was EUR 279 thousand lower than the underlying carrying amount of the cash-generating unit of EUR 2,521 thousand. After applying the impairment loss to the goodwill, the recoverable amount corresponded to the carrying amount of the cash-generating unit.

The goodwill impairment loss could have been avoided if the future cash flows had been 12.5% higher, or if the discounting factor had amounted to 12.8%, and the growth rate had amounted to 2.2%.

## 6. c. Intangible assets

Intangible assets relate mainly to purchased software. The sale of the operating business entails the disposal of the existing IT structure (software) and purchased customer lists, patents, brand names and other intangible assets.





Intangible assets report the following changes:

| 2015/2016 EUR THOUSAND | SOFTWARE | BRANDS, PATENTS, LICENSES, RIGHTS | INTERNALLY GENERATED INTANGIBLE ASSETS | INTANGIBLE ASSETS, TOTAL |
|---|---|---|---|---|
| **COST** | | | | |
| Balance on 01.07.2015 | 4,306 | 14,544 | 201 | 19,051 |
| Currency differences | 0 | –276 | 0 | –276 |
| Additions | 8 | 0 | 0 | 8 |
| Disposals | 2,242 | 2,645 | 0 | 4,887 |
| Disposal from deconsolidation | 454 | 11,623 | 201 | 12,278 |
| Balance on 30.06.2016 | 1,618 | 0 | 0 | 1,618 |
| **CUMULATIVE DEPRECIATION AND IMPAIRMENT LOSSES** | | | | |
| Balance on 01.07.2015 | 3,813 | 7,000 | 50 | 10,863 |
| Currency differences | 0 | –177 | 0 | –177 |
| Additions | 61 | 380 | 23 | 464 |
| Disposals | 1,848 | 0 | 0 | 1,848 |
| Reversal of impairment losses | 0 | 685 | 0 | 685 |
| Disposal from deconsolidation | 436 | 6,518 | 73 | 0 |
| Balance on 30.06.2016 | 1,590 | 0 | 0 | 1,590 |
| **NET CARRYING AMOUNTS** | | | | |
| Balance on 30.06.2015 | 493 | 7,544 | 151 | 8,188 |
| Balance on 30.06.2016 | 28 | 0 | 0 | 28 |

| 2014/2015 IN TEUR | SOFTWARE | BRANDS, PATENTS, LICENSES, RIGHTS | INTERNALLY GENERATED INTANGIBLE ASSETS | INTANGIBLE ASSETS, TOTAL |
|---|---|---|---|---|
| **COST** | | | | |
| Balance on 01.07.2014 | 4,147 | 9,675 | 193 | 14,015 |
| Currency differences | 0 | 2,222 | 0 | 2,222 |
| Additions | 159 | 2,647 | 8 | 2,814 |
| Balance on 30.06.2015 | 4,306 | 14,544 | 201 | 19,051 |
| **CUMULATIVE DEPRECIATION AND IMPAIRMENT LOSSES** | | | | |
| Balance on 01.07.2014 | 3,635 | 3,690 | 10 | 7,335 |
| Currency differences | 0 | 1,026 | 0 | 1,026 |
| Additions | 178 | 957 | 40 | 1,175 |
| Impairment losses | 0 | 1,327 | 0 | 1,327 |
| Balance on 30.06.2015 | 3,813 | 7,000 | 50 | 10,863 |
| **NET CARRYING AMOUNTS** | | | | |
| Balance on 30.06.2014 | 512 | 5,985 | 183 | 6,680 |
| Balance on 30.06.2015 | 493 | 7,544 | 151 | 8,188 |

In the previous year, the Clere Group acquired a patent to manufacture a dosing pipette system that was sold together with the operating business to the Stevanato Group. The carrying amount stood at EUR 2,613 thousand as 30 June 2015. The useful life amounted to 11 years.

Brands, patents, licenses and rights include, inter alia, purchased customer lists (customer relationships) relationships and brand names arising from the acquisition of the US companies at the end of 2012. Due to an improved purchase offer from the Stevanato Group, an impairment loss recognized in previous years resulted in a EUR 685 thousand reversal of an impairment loss to intangible assets (for more information, please refer to our remarks in section 6. b.).

Internally generated intangible assets principally concerned costs for product design and prototype construction for a tablet dispenser in the medical sector. The asset was amortized straight-line over a residual useful life of four years. The disposals occurred at the residual carrying amounts as of the date of the disposal of the operating business.

Total research costs and development costs that cannot be capitalized amounted to EUR 635 thousand in the 2015/2016 financial year (2014/2015 financial year: EUR 989 thousand), and related only to the discontinued operations.

### 6. d. Financial assets

The previous year's financial assets (EUR 15,000 thousand) related to the first-time recognition of a financial investment (borrower's note loan) with a residual term until October 2016. This investment carried fixed income of 0.87% p.a. As a remaining term amounts to less than 12 months as of the reporting date, it is reported among other current assets as of the reporting date.

### 6. e. Deferred taxes

The following amounts for temporary differences and losses carried forward were recognized under deferred tax assets as of 30 June 2015 and 30 June 2016:





| IN TEUR | 30.06.2015 | RECLASSIFICATION | RECOGNIZED THROUGH PROFIT OR LOSS | EFFECTS FROM CURRENCY TRANSLATION | DISPOSAL FROM DECONSOLIDATION | 30.06.2016 |
|---|---|---|---|---|---|---|
| Tax losses (loss carryforwards) | 4,059 | −888 | −2,820 | 0 | 0 | 351 |
| Offsetting with deferred tax liabilities | −4,967 | 4,967 | 0 | 0 | 0 | 0 |
| Provisions | 377 | −377 | 0 | 0 | 0 | 0 |
| Liabilities | 1,864 | −1,864 | 0 | 0 | 0 | 0 |
| Inventories and intangible assets | 1,168 | −1,168 | 0 | 0 | 0 | 0 |
| Property, plant and equipment, and intangible assets | 1,599 | −1,599 | 0 | 0 | 0 | 0 |
| Other | 584 | −584 | 0 | 0 | 0 | 0 |
| | 4,685 | −1,514 | −2,820 | 0 | 0 | 351 |
| Discontinued operations | 0 | 1,514 | −618 | −8 | −888 | 0 |
| **DEFERRED TAXES ACCORDING TO BALANCE SHEET** | **4,685** | **0** | **−3,438** | **−8** | **−888** | **351** |

Deferred tax assets are recognized only if it appears probable as of the reporting date that taxable profits will be available against which the deductible temporary differences can be utilized. Due to business trends and tax planning calculations, the Clere Group assumes that sufficient positive taxable profits will arise to realize the tax claim.

As of 30 June 2016, deferred tax assets on losscarryforwards of EUR 1,134 thousand existed whose utilization depends on the availability of future taxable income that is higher than the effects on earnings from the reversal of existing taxable temporary differences. Based on the corresponding tax planning for a five-year period, it is probable that the tax assets will be realized.

As of the balance sheet date, tax losscarryforwards exist relating to German trade tax in an amount of EUR 76,959 thousand (previous year: EUR 75,920 thousand), and relating to both German and foreign corporation tax in an amount of EUR 70,767 thousand (previous year: EUR 81,831 thousand), for which no deferred taxes have been recognized. It is nevertheless assumed that it will be possible to offset these loss carryforwards against future profits. However, since these profits are expected in periods that are outside the planning horizon, they are not recognized.

Deferred taxes with respect to the German companies are calculated at the tax rate of 30.9% (previous year: 30.4%). The increase is attributable to a higher trade tax rate. Otherwise, tax rates were recognized for the foreign companies that were applicable according to the legal position as of the balance sheet date, or were expected.

## CURRENT ASSETS

### 6. f. Inventories

All inventories were disposed of with the sale of the operating business. The Clere Group still reported a level of EUR 9,150 thousand as of 30 June 2015. Impairment losses applied to inventories related exclusively to the discontinued operations and reported the following changes until the disposal of the entire operating business:

| IN EUR THOUSAND | 2015/2016 | 2014/2015 |
|---|---|---|
| BALANCE OF IMPAIRMENT LOSSES AT START OF FINANCIAL YEAR | 897 | 619 |
| Additions to impairments | +158 | +542 |
| Reversal of impairments | –184 | –26 |
| Utilization of impairment losses | –85 | –294 |
| Disposal due to changes in scope of consolidation | –778 | 0 |
| Currency differences | –8 | +56 |
| BALANCE OF IMPAIRMENT LOSSES AT END OF FINANCIAL YEAR | 0 | 897 |

In the 2015/2016 financial year, valuation allowances of EUR 320 thousand (previous year: EUR 1,083 thousand) were applied to inventories and expensed.

### 6. g. Trade receivables

All trade receivables were disposed of with the sale of the operating business (previous year: EUR 12,771 thousand).

All receivables were due in less than one year.

The specific valuation allowances on trade receivables changed as follows:

| IN EUR THOUSAND | 2015/2016 | 2014/2015 |
|---|---|---|
| BALANCE OF IMPAIRMENT LOSSES AT START OF FINANCIAL YEAR | 10 | 17 |
| Additions to impairments | +0 | +10 |
| Disposal due to changes in scope of consolidation | –10 | –0 |
| Reversal of unused valuation allowances | –0 | –21 |
| Currency differences | +0 | +4 |
| BALANCE OF IMPAIRMENT LOSSES AT END OF FINANCIAL YEAR | 0 | 10 |

Please also refer to our comments on credit risk in section II. 6. ac. "Management of risks arising from financial instruments and capital management".

The terms of the trade receivables that are not impaired are as follows:

| IN EUR THOUSAND | CARRYING AMOUNT | OF WHICH: NEITHER IMPAIRED NOR OVERDUE AS OF THE REPORTING DATE | OF WHICH: NOT IMPAIRED AS OF THE BALANCE SHEET DATE AND OVERDUE IN THE FOLLOWING TIME BANDS | | | | | IMPAIRED AS OF THE BALANCE SHEET DATE |
|---|---|---|---|---|---|---|---|---|
| | | | UP TO 30 DAYS | BETWEEN 31 AND 60 DAYS | BETWEEN 61 AND 90 DAYS | BETWEEN 91 AND 120 DAYS | MORE THAN 120 DAYS | |
| Trade receivables as of 30.06.2016 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Trade receivables as of 30.06.2015 | 12.771 | 10.663 | 1.586 | 363 | 90 | 46 | 23 | 10 |





The default risk for trade receivables for the previous financial year was limited to the carrying amount of the receivables.

### 6. h. Other current assets

Other current assets are comprised as follows:

| IN EUR THOUSAND | 30.06.2016 | 30.06.2015 |
|---|---|---|
| Financial assets | 42,542 | 44,759 |
| Non-financial assets | 621 | 2,360 |
| Other current assets, total | 43,163 | 47,119 |

Financial assets include:

| IN EUR THOUSAND | 30.06.2016 | 30.06.2015 |
|---|---|---|
| Corporate bonds with a term of more than 3 months | 35,000 | 39,983 |
| Bank deposits with restricted access | 4,702 | 0 |
| Refund claims against Stevanato Group | 2,300 | 0 |
| Current portion of lease receivables arising from rental of property in Malaysia | 0 | 3,508 |
| Other | 540 | 1,268 |
| TOTAL AMOUNT | **42,542** | **44,759** |

Term deposits include a cancellable term deposit of EUR 20,000 thousand with a maximum term of two years. Termination is possible with a three-month notice period. The interest rate is flexible and amounted to between 0.01 % and 0.05 % in the reporting period.

Term deposits also included a EUR 15,000 thousand term deposit (borrower's note loan) with a remaining term until October 2016. This investment carries fixed income of 0.87 %. In the previous year, the borrower's note loan was still reported under non-current financial assets.

The deposited amounts are subject to the Private Banks' Deposit Protection Fund, and carry a good rating (investment grade).

Restricted-availability bank deposits related mainly to a cash deposit for litigation in connection with a civil lawsuit in the USA. The respective judge rejected the lawsuit in August 2016. The deposit was released and repaid to the Clere Group at the end of August 2016.

In the previous year, Clere BSD GmbH (formerly: Balda Solutions GmbH) had acquired patents and technical equipment to produce a dosing pipette system. The entire remaining purchase price fell due to the original seller with the disposal of this business to the Stevanato Group. Only after this was Clere BSD GmbH able to transfer ownership of the assets to the Stevanato Group. This resulted in reimbursement claims of EUR 2,300 thousand due from the Stevanato Group. ► **For more information on this topic, please see remarks in section 6. n.**

The current portion of lease receivables from the renting of the property in Malaysia was repaid in full in the reporting year.

As of the 30 June 2015 and 30 June 2016 balance sheet dates, the financial assets that were extended were neither overdue nor impaired.

As of the balance sheet date, no indications existed that the debtors will fail to meet their payment obligations.

Other current non-financial assets are comprised as follows:

| IN EUR THOUSAND | 30.06.2016 TOTAL | 30.06.2016 OF WHICH CURRENT | 30.06.2015 TOTAL | 30.06.2015 OF WHICH CURRENT |
|---|---|---|---|---|
| VAT reimbursement claims | 621 | 621 | 260 | 260 |
| Prepayments relating to inventories | 0 | 0 | 2,100 | 2,100 |
| **TOTAL** | **621** | **621** | **2,360** | **2,360** |

### 6. i. Income tax claims

The income tax claims solely relate to refund claims for income taxes in accordance with IAS 12.

### 6. j. Cash and cash equivalents

Cash and cash equivalents amounting to EUR 172,549 thousand (previous year: EUR 139,477 thousand) comprise cash and bank balances. For more information on the development of cash, please refer to our comments on the statement of cash flows in section II. 5. "Statement of cash flows".

Cash and cash equivalents with restricted access existed in an amount of EUR 4,702 thousand (previous year: EUR 0 thousand). They were reported among other current assets.

### 6. k. Consolidated equity

The changes in consolidated equity are presented in the statement of changes in equity.

The Group's equity amounted to EUR 143,811 thousand as of 30 June 2016, compared with EUR 234,113 thousand as of the 30 June 2015 balance sheet date.

Subscribed share capital amounts to EUR 5,889 thousand as of the reporting date, and is divided into 5,889,063 ordinary bearer shares that are fully dividend-entitled. One share represents a notional amount in the share capital of EUR 1.00. All shares are fully paid in.

Shares in circulation reported the following changes in the reporting period:

| | |
|---|---|
| **BALANCE ON 01.07.2015** | **58,890,636** |
| Collection of shares | –6 |
| Number of shares before capital reduction 10 : 1 | 58,890,630 |
| Reducion of capital | –53,001,567 |
| **BALANCE ON 30.06.2016** | **5,889,063** |





The AGM of 29 January 2016 approved reducing the share capital in an amount of EUR 6.00 through withdrawing shares. The share capital reduction was entered in the commercial register on 8 April 2016. A corresponding transfer was made from subscribed share capital to capital reserves.

The AGM of 29 January 2016 also approved reducing the share capital in an amount of EUR 53,001,567.00 through withdrawing shares. The share capital reduction was entered in the commercial register on 13 May 2016. The subscribed share capital was reduced accordingly with an equivalent liability to the shareholders of Clere AG being recognized.

The Extraordinary General Meeting on 29 January 2016 passed a resolution to authorize the Management Board, with the approval of the Supervisory Board, to increase the company's share capital by up to EUR 2,944,531.00 on one or several occasions up to 10 May 2017 by issuing up to 2,944,531 new no par value bearer shares against cash and / or non-cash contributions (Authorized Capital 2012). This authorization shall be valid with the registration of the capital reduction approved under agenda item 5 at the EGM on 29 January 2016. The authorization extending above and beyond this was canceled.

The company's share capital shall be contingently increased by up to EUR 1,766,718.00 through the issue of up to 1,766,718 new no par value bearer shares carrying dividend entitlement from the start of the financial year in which they are issued (Contingent Capital 2012). The contingent capital increase serves the purpose of granting shares to the holders of convertible bonds and / or bonds with warrants, profit participation rights and / or profit participation bonds (or combinations of these instruments) issued up to 10 May 2017 by the company, or entities in which the company has a direct or indirect majority holding, on the basis of the authorization by the Annual General Meeting on 11 May 2012, which was reduced in terms of amount due by resolution of the General Meeting of Shareholders on 29 January 2016, to the extent that these are issued for cash.

The EGM on 29 January 2016 passed a resolution to issue, with Supervisory Board approval, once or on several occasions up until 10 May 2017 convertible bonds and / or bonds with warrants, participation rights and / or profit participation bonds (or combinations of such instruments) (together referred to as the "bonds") in a total nominal amount of up to EUR 100,000,000.00 with or without limitation term, and to grant to the holders of the bonds conversion or warrant rights to the company's ordinary bearer shares with a proportional amount of the share capital totaling up to EUR 1,766,718.00 according to the more detailed terms and conditions of the bonds, and to substantiate corresponding conversion or warrant rights.

Neither authorized nor contingent capital as well as an authorized issuing of borrower's notes had been utilized as of the balance sheet date.

The capital reserves derive mainly from premiums through issuing new shares of Clere AG. In addition, the capital reserves include the statutory reserve of Clere AG.

Differences arising from the translation of the statements of financial position and income statements of the foreign companies prepared in foreign currency are transferred to the foreign currency translation reserve under equity in accordance with IAS 21.

The currency translation reserve in equity changed as follows:

| IN EUR THOUSAND | 2015/2016 | 2014/2015 |
|---|---|---|
| At start of financial year | –399 | –5,472 |
| Change in foreign currency translation reported in comprehensive income | | |
| Change in currency translation recognized Foreign currency translations | –1,390 | 1,000 |
| Disposal from reclassification to income statement | –3,882 | 4,073 |
| At end of financial year | –5,671 | –399 |

The entire operating business was sold in March 2016, which entailed the disposal of the interests in the US manufacturing companies from the consolidation scope.For this reason, the currency translation reserve attributable to these companies was released through profit or loss (EUR 3,882 thousand).

Net retained profits comprise the profit or loss generated by the Group to date, less any dividend distributions. As of 30 June 2016, net retained profits amounted to EUR 107,157 thousand, following EUR 139,185 thousand in the previous year.

A dividend of EUR 1.10 per share was paid out to shareholders of Clere AG in December 2015. This corresponded to a dividend amount totaling EUR 64,780 thousand.

## NON-CURRENT LIABILITIES

### 6. l. Bank loans

At the 30 June 2015 reporting date, bank loans of EUR 205 thousand existed exclusively at the US companies. These were disposed of with the sale of the interests in the subsidiaries.

### 6. m. Deferred taxes

The deferred tax liabilities changed as follows in the 2015 / 2016 financial year:

| IN EUR THOUSAND | 30.06.2015 | RECLASSIFICATION | RECOGNIZED THROUGH PROFIT OR LOSS | EFFECTS FROM CURRENCY TRANSLATION | DISPOSAL FROM DECONSOLIDATION | 30.06.2016 |
|---|---|---|---|---|---|---|
| Property, plant and equipment, and intangible assets | 4,767 | –4,767 | 0 | 0 | 0 | 0 |
| Receivables | 391 | –391 | 0 | 0 | 0 | 0 |
| Financial investments | 912 | 0 | 169 | 0 | 0 | 1,081 |
| Offsetting with deferred tax assets | –4,967 | 4,967 | 0 | 0 | 0 | 0 |
| Other | 1,491 | –1,491 | 0 | 0 | 0 | 0 |
| | 2,594 | –1,682 | 169 | 0 | 0 | 1,081 |
| Discontinued operations | 0 | 1,682 | –1,001 | –2 | –679 | 0 |
| **DEFERRED TAXES ACCORDING TO BALANCE SHEET** | **2,594** | **0** | **–832** | **–2** | **–679** | **1,081** |

In the consolidated financial statements of Clere AG, deferred tax liabilities relating to outside basis differences are generally formed only if the management plans to distribute earnings within the foreseeable future (two years). At the reporting date, deferred tax liabilities of EUR 1,081 thousand (previous year: EUR 912 thousand) were recognized on temporary differences between the net assets of subsidiaries and the corresponding carrying amount of the investments for tax purposes. In accordance with Section 8b (1) in conjunction with (5) of the German Corporation Tax Act (KStG), this amount constitutes the tax charge in connection with the planned dividend distributions by subsidiaries to Clere AG. Besides this, no deferred tax liabilities were formed for taxable temporary outside basis differences in an amount of EUR 3,813 thousand (previous year: EUR 6,184 thousand), because on this scale it is unlikely that these temporary differences will reverse in the foreseeable future.





### 6. n. Non-current provisions

Non-current provisions changed as follows:

| IN EUR THOUSAND | 30.06.2015 | UTILIZATION | DISPOSAL | LIQUIDATION | 30.06.2016 |
|---|---|---|---|---|---|
| Anniversary obligation provisions | 181 | 0 | 179 | 0 | 2 |
| **TOTAL** | **181** | **0** | **179** | **0** | **2** |

Non-current provisions relate to deferrals for future obligations to employees arising from long-term service (anniversary obligations). The amount of the obligations depends on the length of the employees' service. An interest rate of 1.37 % was applied for discounting to present value at the reporting date. Due to the low value, the interest effect amounted to EUR 0 thousand in the 2015 / 2016 financial year (previous year: EUR 2 thousand). Utilization depends on reaching anniversaries over a period of up to 45 years.

### 6. o. Non-current financial liabilities

The following non-current liabilities rank as financial liabilities:

| IN EUR THOUSAND | 2016 | 2015 |
|---|---|---|
| Purchasing price for dosing system | 0 | 2,796 |
| **TOTAL AMOUNT** | **0** | **2,796** |

In the previous year, the Clere Group acquired a patent to manufacture a dosing pipette system. The variable purchase price component was based on sales revenues generated and was to be paid over a period of up to eleven years. As part of selling the operating business to the Stevanato Group, the dosing could pet business was also transferred. As a consequence, the remaining residual purchase price was due immediately to the original seller. After negotiating, a payment of EUR 2,300 thousand was made to the seller of the dosing pipette business in June 2016. The remaining liability of EUR 186 thousand was released through profit and loss. (For more information on this topic, please refer to the remarks in section 6. h.).

The Other item consisted mainly of warranty obligations arising from a customer reclamation. With the sale of the operating business in March 2016, the remaining residual carrying amount of EUR 233 thousand was disposed of.

## CURRENT LIABILITIES

### 6. p. Trade payables

Trade payables principally result from services.

The decrease in trade payables from EUR 5,854 thousand as of 30 June 2015 to EUR 1,009 thousand as of 30 June 2016 is primarily attributable to the rise in inventories.

### 6. q. Other current financial / non-financial liabilities

The other current financial liabilities mainly include:

| IN EUR THOUSAND | 2016 | 2015 |
|---|---|---|
| Indemnities against Stevanato Group | 6,614 | 0 |
| Obligations from legal dispute in the USA | 522 | 0 |
| Personell obligations | 266 | 3,530 |
| Miscellaneous other current liabilities | 1,412 | 1,467 |
| **TOTAL AMOUNT** | **8,814** | **4,997** |

As part of selling the operating business, commitments were made to the acquirer (the Clere Group) in the form of guarantees and indemnities for risks the related matters before the assets and liabilities were transferred. Most are attributable to tax charges that the Stevanato Group is required to render in relation to the disposal gains of Clere AG (EUR 4,256 thousand). A further significant amount (EUR 1,230 thousand) relates to obligations on the part of US company, which was sold, based on a lawsuit brought by employees (class action).

Please see our remarks in section 6. t. concerning the obligation from litigation in the USA.

All of the liabilities are due within one year.

The miscellaneous other current non-financial liabilities include:

| IN EUR THOUSAND | 2016 | 2015 |
|---|---|---|
| VAT obligations | 0 | 100 |
| **TOTAL AMOUNT** | **0** | **100** |

### 6. r. Advance payments received

The previous year's advance payments received chiefly relate to payments received on account of orders for assembly lines and tools that are already being utilized in production. These were disposed of with the sale of the operating business.

### 6. s. Short-term bank borrowings and short-term loans

In the previous year, in addition to the credit lines that were drawn down, this item included the repayments from loans taken out that are due within the next twelve months. These were disposed of with the sale of the US subsidiaries in March 2016.

### 6. t. Liabilities against shareholders of Clere AG

The capital reduction, which was approved by the EGM on 29 January 2016, has been registered with the commercial register on 8 April 2016. With the registration the payable amount (EUR 53,002 thousand) has to be classified as liabilities against shareholders. The liability is subject to a 6-month legal retention period upon entry in the commercial register (please refer § 225 Stock Corporation Law (AktG)).

### 6. u. Income tax liabilities

The tax liabilities relate exclusively to obligations for income taxes in accordance with IAS 12.





### 6. v. Current provisions

The current provisions are composed as follows:

| IN EUR THOUSAND | BALANCE 30.06.2015 | EXCHANGE RATE DIFFERENCES | UTILIZATION | DISPOSAL FROM DECON-SOLIDATION | LIQUIDATION | RECLASSI-FICATION TO LIABILITIES | BALANCE 30.06.2016 |
|---|---|---|---|---|---|---|---|
| Warranty obligations | 120 | 0 | 0 | 120 | 0 | 0 | 0 |
| Personnel obligations | 1.588 | 0 | 575 | 0 | 0 | 0 | 1.013 |
| Restructuring | 525 | 5 | 0 | 530 | 0 | 0 | 0 |
| Litigation | 1.342 | 0 | 820 | 0 | 0 | –522 | 0 |
| **TOTAL** | **3.575** | **5** | **1.395** | **650** | **0** | **–522** | **1.013** |

The warranty obligations were formed on the basis of past empirical values for obligations to customers. With the sale of the operating business, these obligations transferred to the acquirer.

The previous year's personnel obligation relates to a deferral for potential payments after the departure of the previous Management Board and potential payments after laying off the management of the US companies that were sold in March 2016. The consumption relates to salaries paid subsequently in the reporting period.

The restructuring provision related to the closure of the site and the aggregation of several production locations of the company Balda C. Brewer, Inc., which was sold. This provision was disposed of with the sale of the company.

The former owners of the US companies, which were acquired in 2012, had brought an arbitration claim against a Clere company as purchasers in the USA. The sellers were claiming damage compensation of USD 5,0 million as well as the payment of punitive damages of a still undefined amount and applied for the defendant Clere company to bear the costs arising from the arbitration procedure. The Group had formed provisions for the resultant obligations for its own legal advice, proportional court costs, and other charges that are anticipated as a consequence. An arbitration award was made in the lawsuit in the reporting period. In it, the Group agreed to total payments of EUR 522 thousand for loss compensation and legal costs. The provisions formed for legal advice and court costs were consumed in full.

No assurance can be given that no additional costs arise that exceed the provisions that have been formed.

Cash outflows for the provisions are anticipated in the 2016 / 2017 financial year.

### 6. aa. Share-based compensation

The Group has no share-based compensation schemes.

### 6. ab. Additional information about financial instruments

Presentation by measurement category:

The carrying amounts and valuations by measurement category for the continuing operations are shown in the table below:

| 30.06.2016 IN EUR THOUSAND | MEASUREMENT AS PER IAS 39 | | | | | |
|---|---|---|---|---|---|---|
| | MEASUREMENT CATEGORY AS PER IAS 39 | CARRYING AMOUNT AS OF 30.06.2016 | (AMORTIZED) COST | FAIR VALUE THROUGH PROFIT OR LOSS | FAIR VALUE DIRECTLY TO EQUITY | MEASUREMENT AS PER OTHER IFRS |
| **ASSETS** | | | | | | |
| Cash and cash equivalents | LaR | 172,549 | 172,549 | 0 | 0 | 0 |
| Other current financial assets | LaR | 43,163 | 43,163 | 0 | 0 | 0 |
| **LIABILITIES** | | | | | | |
| Trade payables | FLAC | 1,009 | 1,009 | 0 | 0 | 0 |
| Other non-current financial liabilities | FLAC | 8,814 | 8,814 | 0 | 0 | 0 |
| Liabilities against shareholders of Clere AG | FLAC | 53,002 | 53,002 | 0 | 0 | 0 |
| **OF WHICH AGGREGATED ACCORDING TO MEASUREMENT CATEGORIES AS PER IAS 39:** | | | | | | |
| Loans and Receivables (LaR) | LaR | 215,712 | 215,712 | 0 | 0 | 0 |
| Financial Liabilities Measured at Amortised Cost (FLAC) | FLAC | 62,825 | 62,825 | 0 | 0 | 0 |

| 30.06.2016 IN EUR THOUSAND | MEASUREMENT AS PER IAS 39 | | | | | |
|---|---|---|---|---|---|---|
| | MEASUREMENT CATEGORY AS PER IAS 39 | CARRYING AMOUNT AS OF 30.06.2015 | (AMORTIZED) COST | FAIR VALUE THROUGH PROFIT OR LOSS | FAIR VALUE DIRECTLY TO EQUITY | MEASUREMENT AS PER OTHER IFRS |
| **VERMÖGENSWERTE** | | | | | | |
| Cash and cash equivalents | LaR | 139,477 | 139,477 | 0 | 0 | 0 |
| Trade payables | LaR | 12,771 | 11,484 | 0 | 0 | 1,287 |
| Other current financial assets | LaR | 44,759 | 41,250 | 0 | 0 | 3,509 |
| Other non-current financial investments | LaR | 15,000 | 15,000 | 0 | 0 | 0 |
| **LIABILITIES** | | | | | | |
| Bank loans (non-current) | FLAC | 205 | 205 | 0 | 0 | 0 |
| Trade payables | FLAC | 5,854 | 5,854 | 0 | 0 | 0 |
| Current bank borrowings and loans | FLAC | 363 | 363 | 0 | 0 | 0 |
| Other current financial liabilities | FLAC | 4,997 | 4,997 | 0 | 0 | 0 |
| Other non-current financial liabilities | FLAC | 2,796 | 2,796 | 0 | 0 | 0 |
| **OF WHICH AGGREGATED ACCORDING TO MEASUREMENT CATEGORIES AS PER IAS 39:** | | | | | | |
| Loans and Receivables (LaR) | LaR | 212,007 | 207,211 | 0 | 0 | 4,796 |
| Financial Liabilities Measured at Amortised Cost (FLAC) | FLAC | 14,215 | 14,215 | 0 | 0 | 0 |





As in the previous year, the carrying amounts of current financial assets and liabilities approximate their fair values. In the previous year, the same applies to non-current assets and liabilities.

As of 30 June 2015 and 30 June 2016, the Clere Group held no financial assets or liabilities measured at fair value on its balance sheet.

| 30.06.2016 IN EUR THOUSAND | FROM SUBSEQUENT MEASUREMENT | | | | |
|---|---|---|---|---|---|
| | AT FAIR VALUE | CURRENCY TRANSLATION | FROM INTEREST PAYMENTS | FROM DISPOSAL | NET PROFIT/LOSS 2016 |
| Loans and Receivables (LaR) | 0 | –181 | 227 | 0 | 46 |
| Financial Liabilities Measured at Amortised Cost (FLAC) | 0 | 0 | –32 | 362 | 330 |
| **TOTAL** | **0** | **–181** | **195** | **362** | **376** |

| 30.06.2015 IN EUR THOUSAND | FROM SUBSEQUENT MEASUREMENT | | | | | |
|---|---|---|---|---|---|---|
| | AT FAIR VALUE | CURRENCY TRANSLATION | WERTBERICHTIGUNG | FROM INTEREST PAYMENTS | FROM DISPOSAL | NET PROFIT/LOSS 2015 |
| Loans and Receivables (LaR) | 0 | 716 | –25 | 787 | 0 | 1,478 |
| Financial Liabilities Measured at Amortised Cost (FLAC) | 0 | 5,219 | | –50 | 192 | 5,361 |
| **TOTAL** | **0** | **5,935** | **–25** | **737** | **192** | **6,839** |

## 6. ac. Management of risks arising from financial instruments and capital management

In March 2016, the Clere Group sold its entire operating business entailing the manufacturing of plastic injection molded products. The Group is currently in a period of realignment. The future business will entail financing and investment in the environmental and energy technology area. This can result in different weightings given to the requirements made of financial management. The following section describes the management system for the 2015/2016 financial year, and also the future system, where possible and known.

### Currency risks

The Clere Group's international activities generated cash flows in euros as well as cash flows in other currencies, particularly US dollars. These particularly included the US dollar in the plastics business. Future currency risks depend mainly on the regions in which investments are made.

Risks from the former operating business were nevertheless not regarded as high because the Group companies primarily carried out their activities in their respective functional currencies. The Clere Group currently has no tangible assets, liabilities or other obligations that are denominated in a currency other than the Group company's functional currency.

The objective of the currency management function at Clere is to minimize foreign currency risks. Currency movements are continuously observed in conjunction with the banks. The Group does not have any foreign currency holdings. Where no hedging instruments can be used, foreign currency is exchanged immediately.

For the reporting of market risks, IFRS 7 requires sensitivity analyses which show effects of hypothetical changes in relevant risk variables on profit/loss and equity. Clere Group companies are always exposed to foreign currency risk when their cash flows are denominated in a currency other than their functional currency. The foreign currency risks presented in the sensitivity analysis result from the following transactions:

Currency risks exist within the Group mainly from US dollar-denominated bank deposits, and the liabilities of subsidiaries whose functional currency is another currency.

The periodic effects are determined by correlating the hypothetical changes in the risk variables to the holdings of financial instruments at the reporting date. Here, it is assumed that the holdings at the reporting date are representative for the entire year.

Currency risks as defined by IFRS 7 arise as a result of financial instruments that are denominated in a currency other than the functional currency and are of a monetary nature; exchange rate-related differences arising from the translation of financial statements into the Group currency are not taken into account. All non-functional currencies in which the Group enters into financial instruments are considered relevant risk variables.

The following table shows, from a Group perspective, the sensitivity to a rise or fall in the euro against the foreign currency in question. The sensitivity analysis merely considers outstanding monetary items in foreign currency and adjusts their translation at the end of the period in accordance with a 5% change in the exchange rates. The sensitivity analysis includes transactions if these transactions are denominated in a currency other than the company's functional currency. No risks arise yet from the new business. If the euro had been 5% stronger (weaker) relative to all currencies as of 30 June 2016, total comprehensive income and consolidated equity would have been around EUR 6 thousand (previous year: EUR 123 thousand) lower (higher).

| IN EUR THOUSAND | NOMINAL VOLUME AS OF 30.06.2016 | 2016 +/−5% | NOMINAL VOLUME AS OF 30.06.2015 | 2015 +/−5% |
|---|---|---|---|---|
| EFFECTS ON COMPREHENSIVE INCOME | | | | |
| from USD | 29 | 2 | 2,246 | 112 |
| from SGD | 73 | 4 | 91 | 5 |
| from other currencies | 0 | 0 | 122 | 6 |
| TOTAL | | **6** | | **123** |

### Credit risk

Actively pursued debtor management is designed to ensure that information is received in advance of business relationships on the creditworthiness of business partners from corresponding credit bureaus and credit insurers. Moreover, customers' past payment behavior can provide additional insight. Where possible, receivables will also be hedged through credit insurance policies.

In the operational plastics business, receivables are continuously monitored at local level. Specific valuation allowances were recognized to make allowance for default risks. On the basis of these Group-wide regulations, the losses of the non-impaired assets were regarded as low. The corresponding carrying amounts represented the maximum credit risk for all classes of financial assets as per IFRS 7.36 (a).

The number of financing projects will probably comprise a low volume in the future. Due to the higher individual financing amounts, the Group holding company will monitor borrowers' creditworthiness centrally.





The Group companies follow internal investment guidelines when investing monetary assets. These restrict the level of investments per bank and investment transaction depending on rating. This creates a higher level of diversification and avoids risk concentration. Investments can be made only in assets that are either covered by deposit protection funds or that carry investment-grade ratings.

### Interest rate risk

The Clere Group is subject to interest rate risk primarily in Europe. Operations were financed locally in close collaboration with the Corporate Finance department of Clere AG. Major interest rate transactions continue to be negotiated directly with the Group finance function. On account of the uncertainty in the financial markets, the investment of excess liquidity reserves is focused on the preservation of assets in monetary terms rather than the maximization of profit.

The Group's future financing business from its new business model will tend to be of a somewhat short-term nature. The Management Board plans fixed interest rates, which are far above common bank interest rates and should thereby not be subject to market changes.

The interest rate sensitivity analysis presents the effects of changes in market interest rates on interest payments, interest income and interest expense, as well as on equity. Sensitivity analyses for interest rate risk are based on the following assumptions:

- Primary financial instruments with fixed interest rates are only subject to a risk of changes in value in terms of their carrying amounts if they are measured at fair value. Such financial instruments are measured at amortized cost in the Clere Group.
- Primary variable-rate financial instruments whose interest payments are not included as hedged items in a hedge that has been recognized as a cash flow hedge are subject to interest rate risk both in terms of recognition in the income statement and in terms of cash flow.

As in the previous year, the Clere Group had no variable interest financial liabilities as of the balance sheet date. As of the 30 June 2016 reporting date, the Group held variable rate financial receivables (borrower's note loans) of EUR 20,000 thousand. Given a 1% change in interest rate, the risk to results would amount to EUR 200 thousand. No variable interest financial receivables existed in the previous year.

### Liquidity risk

Liquidity risk in the narrower sense of the word refers to the risk that there will not be sufficient funds available to meet all payment obligations punctually.

In the wider sense of the term, however, liquidity risk for the Clere Group also refers to any limitation to the Group's ability to raise debt or capital (ratings, for example), which could jeopardize the implementation of corporate strategies or the Group's general financial flexibility. Key factors of influence on liquidity risk (economic developments, assessment of the credit standing by external parties) are outside the control of the financial management function.

Liquidity risk management therefore concerns the analysis of the risk and the use of financial instruments (for example, agreement of adequate credit facilities, diversification of lenders, definition of capital commitment) to hedge the risk in the environment over which the financial management function has no control. For more information, please refer to the following chapter "Objectives of capital and liquidity management".

The following table shows the contractually agreed interest and principal repayments of the primary financial liabilities:

| IN EUR THOUSAND | CARRYING AMOUNT 30.06.2016 | CASH FLOWS 2016 / 2017 | | CASH FLOWS 2017 / 2018 | | CASH FLOWS 2018 / 2019 – 2020 / 2021 | | CASH FLOWS 2020 / 2021 ET SEQ. | |
|---|---|---|---|---|---|---|---|---|---|
| | | INTEREST | REPAYMENT | INTEREST | REPAYMENT | INTEREST | REPAYMENT | INTEREST | REPAYMENT |
| PRIMARY FINANCIAL LIABILITIES | | | | | | | | | |
| Trade payables | 1,009 | 0 | 1,009 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other current financial liabilities | 8,814 | 0 | 8,814 | 0 | 0 | 0 | 0 | 0 | 0 |
| Liabilities against shareholders of Clere AG | 53,002 | 0 | 53,002 | 0 | 0 | 0 | 0 | 0 | 0 |
| DERIVATIVE FINANCIAL INSTRUMENTS | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

The previous year is as follows:

| IN EUR THOUSAND | CARRYING AMOUNT 30.06.2015 | CASH FLOWS 2015 / 2016 | | CASH FLOWS 2016 / 2017 | | CASH FLOWS 2017 / 2018 – 2019 / 2020 | | CASH FLOWS 2020 / 2021 ET SEQ. | |
|---|---|---|---|---|---|---|---|---|---|
| | | INTEREST | REPAYMENT | INTEREST | REPAYMENT | INTEREST | REPAYMENT | INTEREST | REPAYMENT |
| PRIMARY FINANCIAL LIABILITIES | | | | | | | | | |
| Non-current bank loans | 205 | 0 | 0 | 3 | 205 | 0 | 0 | 0 | 0 |
| Current bank borrowings | 363 | 13 | 363 | 0 | 0 | 0 | 0 | 0 | 0 |
| Trade payables | 5,854 | 0 | 5,854 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other current financial liabilities | 4,997 | 0 | 4,997 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other non-current financial liabilities | 2,796 | 0 | 0 | 0 | 358 | 0 | 485 | 0 | 1,953 |

### Objectives of capital and liquidity management

The main objective of the capital and liquidity management is to ensure that the Group retains a capital structure with matching maturities and remains able to repay its debts. The Management Board is authorized to raise short-term debt to finance current assets. For its strategic investments, the Group has at its disposal, in addition to a high level of cash reserves, the raising of loans, and the issuing of equity instruments and bonds. The Group has implemented a system with appropriate parameters for managing short-, medium- and long-term financing and liquidity requirements, which might need to be adjusted to the new strategic orientation. The Group secures short-term solvency through holding sufficient cash and cash equivalents. Future and actual cash flows are monitored at the same time.

Important parameters of the company's capital management system are the optimization of net financial liabilities and net gearing. Net financial liabilities include all liabilities to banks and prepayments received, net of cash. The high level of cash and cash equivalents results in a surplus of liquid assets above and beyond the aforementioned liabilities (= net financial receivables). Net financial receivables rose to EUR 172,549 thousand (previous year: EUR 135,295 thousand). The ratio of net financial liabilities to the Group's equity led because of a reduction in capital to a net gearing of –120.0 % (previous year: –57.8 %).





The following table provides an overview of the significant capital management parameters:

| | 30.06.2016 | 30.06.2015 |
|---|---|---|
| Net financial receivables (in EUR thousand) | 172,549 | 135,295 |
| Net gearing (in %) | –120.0 | –57.8 |
| Equity ratio (in %) | 66.4 | 88.1 |
| Equity (in EUR thousands) | 143,811 | 234,113 |
| Return on equity (in %) | 22.8 | –5.4 |

As a consequence of the sale of TPK shares in previous years and the operating business in the reporting period, the Group continues to hold very high cash and cash equivalents at the reporting date (bank balances as well as short-term fixed-term deposits in debt instruments). The Group's liquidity ratios at the reporting dates were as follows:

| IN % | | 30.06.2016 | 30.06.2015 |
|---|---|---|---|
| First-degree liquidity | Liquid assets + short-term money deposits / Current liabilities | 288.9 | 691.6 |
| Third-degree liquidity | Current assets / Current liabilities | 301.2 | 804.3 |

These figures illustrate the matched maturities in the Group's financing. The lower values as of the reporting date arise from reporting liabilities payable to Clere AG shareholders due to the capital reduction. Over and above the investments for strategic growth, the goal is to guarantee that the Group enjoys a solid cash flow. Having a minimum reserve of cash is also designed to continue to prevent future liquidity bottlenecks for financing the Group's operations. Clere AG and its subsidiaries continuously exchange information with the commercial banks. This aims to ensure the necessary provision of credit facilities to cover potential liquidity bottlenecks. The Group currently has no cash credit lines. In the previous year, credit lines of USD 1,000 thousand existed at banks for the US companies that were sold in March 2016. To secure advance payment guarantees, credit guarantee lines also exist in an amount of EUR 200 thousand. The cash credit lines in the previous year (EUR 8,500 thousand) related to a subsidiary that was sold in March 2016.

# 7. NOTES TO INDIVIDUAL ITEMS OF THE CONSOLIDATED INCOME STATEMENT

With the classification of the disposed operating business as discontinued operations, the income statement reflects reporting differentiated according to either continuing or discontinued operations. The previous year's figures were restated accordingly. As the Group has sold its entire operating business, the need is consequently dispensed with in the continuing operations to provide disclosures in the notes to the financial statements about sales revenues, changes to inventories of finished goods and work in progress, operating results and cost of materials.

Unless stated otherwise, the following disclosures about individual income statement items relate only to **continuing operations.**

### 7. a. Other operating income

Other operating income in the consolidated financial statements is comprised as follows:

| IN EUR THOUSAND | 2015/2016 | 2014/2015 |
|---|---|---|
| Other income relating to other accounting periods | 362 | 173 |
| Income from charges passed on | 170 | 30 |
| Foreign exchange gains | 0 | 29 |
| Miscellaneous | 15 | 139 |
| TOTAL AMOUNT | **547** | **371** |

The other income relating to other accounting periods concerns the release of deferred expenses from the previous year, among other items.

### 7. b. Personnel expenses

Personnel expenses in the Group amounted to EUR 1,273 thousand (2014/2015 financial year: EUR 1,537 thousand). Expenses due to the departure of employees were not incurred in the reporting year, nor in the previous year.

Personnel expenses in the reporting year include employer contributions to pension plans in the amount of EUR 77 thousand (2014/2015 financial year: EUR 155 thousand).

### 7. c. Depreciation, amortization and impairment losses

Depreciation and amortization amounted to EUR 85 thousand in the reporting period (2014/2015: EUR 59 thousand). Extraordinary depreciation and amortization or value and adjustment were not to be conducted.

### 7. d. Other operating expenses

The other operating expenses mainly concern:





| IN EUR THOUSAND | 2015/2016 | 2014/2015 |
|---|---|---|
| Legal and advisory costs and litigation risks | 4,109 | 2,617 |
| Travel/vehiclel/advertising costs and investor relations expenses | 960 | 807 |
| IT costs | 282 | 40 |
| Supervisory Board compensation | 178 | 194 |
| Insurance | 106 | 45 |
| Rent and leasing expenses | 52 | 50 |
| Training courses/incidental personnel expenses | 33 | 57 |
| Administrative costs | 46 | 28 |
| Miscellaneous | 165 | 916 |
| TOTAL AMOUNT | **5,931** | **4,754** |

The reporting year includes EUR 3,215 thousand of expenses for legal advice connected with both general shareholder meetings as well as for litigation (previous year: EUR 2,193 thousand). In the previous year, this item also included EUR 402 thousand of expenses connected with acquisition activities.

### 7. e. Net interest income / expense

The interest result is comprised as follows:

| IN EUR THOUSAND | 2015/2016 | 2014/2015 |
|---|---|---|
| Interest expenses | 32 | 50 |
| Interest income | 227 | 788 |
| NET INTEREST INCOME / EXPENSE | **195** | **788** |

### 7. f. Other finance income (net)

Other finance income is comprised as follows:

| IN EUR THOUSAND | 2015/2016 | 2014/2015 |
|---|---|---|
| Income from currency differences | 0 | 7,470 |
| Expenses from currency differences | 181 | 1,390 |
| Expenses from the release of currency diffenrences in equity | 0 | 4,073 |
| TOTAL AMOUNT | **181** | **2,007** |

In the financial year under review, other net finance income includes currency losses incurred from the measurement as of the reporting date of assets and liabilities. In the prior-year period, this generated a total net currency result of EUR 6,080 thousand (currency gains less currency losses).

With the launch of the liquidation of a subsidiary in Singapore, the Group also discontinued operating activities in the previous year. Accordingly, the related currency reserve was released through profit or loss (EUR 4,073 thousand).

### 7. g. Taxes on income

The income taxes recognized in the income statement are comprised as follows:

| IN EUR THOUSAND | 2015/2016 | 2014/2015 |
|---|---|---|
| Current income tax expense | 2,135 | 501 |
| Previous years' tax expense/income | 54 | 6,174 |
| Deferred tax expense/income arising from the origination or reversal of temporary differences | 113 | 327 |
| Change in the deferred tax assets recognized on loss carryforwards | 2,820 | –2,340 |
| **TOTAL INCOME TAX EXPENSE** | **5,122** | **4,008** |

The applicable tax rate in Germany is composed of trade tax of 15.1 % (2014/2015 financial year: 14.6 %) and corporation tax of 15.8 % (2014/2015 financial year: 15.8 %) including the solidarity surcharge. The higher trade tax rate reflects an increase in this rate. The tax on the Group's earnings before taxes differs from the theoretical amount calculated on application of the theoretical income tax rate of around 30.9 % (2014/2015 financial year: around 30.4 %) on earnings before taxes, as follows:

| IN EUR THOUSAND | 2015/2016 | 2014/2015 |
|---|---|---|
| Result before taxes (EBT) | –6,728 | 3,184 |
| Theoretical tax expense at a tax rate: 30.9 % (previous year: 30.4 %) | –2,082 | –967 |
| Non-tax deductible income and expenses | 5,511 | 976 |
| Taxes for previous years | 54 | 6,174 |
| Tax rate differences | –70 | 1,391 |
| Tax effect deriving from unutilized tax losses that are not reported as deferred tax assets | 1,527 | –1,491 |
| Tax effect deriving from the recognition of deferred taxes relating to losscarryforwards and interest carried forward | 361 | –2,340 |
| Other | –179 | 265 |
| **TOTAL INCOME TAX EXPENSE (PREVIOUS YEAR: INCOME)** | **5,122** | **4,008** |





### 7. h. Profit/loss from discontinued operations

The income and expenses of the discontinued operations are as follows:

| IN EUR MILLION | 2015/2016 01.07.–10.03. | 2014/2015 01.07.–30.06. |
|---|---|---|
| Sales revenues | 56,830 | 85,437 |
| Total operating revenue | 56,555 | 83,840 |
| Other operating income | 45,159 | 2,532 |
| Cost of materials | 21,219 | 32,794 |
| Staff costs | 21,638 | 31,840 |
| Other operating expenses | 13,291 | 14,306 |
| EBITDA | 45,566 | 7,432 |
| EBIT | 43,436 | –6,088 |
| EBT | 43,398 | –6,119 |
| Taxes on income | –1,204 | –568 |
| Consolidated profit or loss | 44,602 | –5,551 |
| Earnings per share in euro—basic and diluted (5,889 thousand shares) | 7.57 | –0.94 |
| Earnings per share in euro (weighted average: 46,983 thousand shares/previous year: 58,891 thousand shares) | 0.95 | 0.09 |

The figures for the year under review include only eight months. As a consequence, the figures are lower in relation to the previous year's full-year comparison, and not clearly comparable.

Other operating income includes the EUR 43,130 thousand from the deconsolidation result. In connection with the sale of the operating business, expenses are also reported as one-off effects under personnel expenses (EUR 750 thousand) and under other operating expenses (EUR 1,903 thousand). This generates a deconsolidation result totaling EUR 40,477 thousand. The previous-year period included EUR 10,990 thousand of extraordinary items.

Personnel expenses did not include expenses incurred due to the departure of employees in the reporting year (2014/2015 financial year: EUR 1,063 thousand).

Earnings before interest, tax, depreciation and amortization (EBITDA) adjusted for extraordinary and one-off effects consequently amounted to around EUR 5,089 thousand in the period under review, compared with EUR 7,432 thousand in the previous year.

As of the date of the reclassification of the held-for-sale subsidiaries to discontinued operations, the related carrying amounts were measured at fair value. This resulted in EUR 1,442 thousand of goodwill impairment losses. Due to the final offer from the Stevanato Group, this impairment loss was reversed in an amount of EUR 1,269 thousand due to existing impairment losses in previous years. Please see our remarks in section 6.b. "Goodwill".

The net result of EUR 44,602 thousand includes EUR 1,478 thousand of tax expenses connected with the sale of subsidiaries.

### 7. i. Consolidated profit or loss

The consolidated profit or loss of EUR 32,752 thousand (2014/2015: EUR -12,743 thousand) includes the result after taxes of the continuing and discontinued operations.

### 7. j. Earnings per share—basic and diluted

The basic and diluted earnings per share for continuing operations are as follows:

With consideration of the capital reduction in the reporting period the weighted average of the shares amounts to 46,983 thousand shares. In relation to the average amount the basic and diluted earnings per share of the continuing operations amount to EUR 0.25, with a proportionate result of EUR –11,850 thousand. For the previous year the earnings per share stood at EUR –0.12, with a weighted average of shares of 58,891 thousand shares and a proportionate result of EUR –7,192 thousand.

| | 2015/2016 | 2014/2015 |
|---|---|---|
| Group share of earnings after taxes for the year on basis of income statement (EUR thousand) | –11,850 | –7,192 |
| Based on stock of shares (in thousand) [1] | 5,889 | 5,889 |
| **BASIC AND DILUTED EARNINGS PER SHARE** | **–2.01** | **–1.22** |

1) Number of shares after capital reductions of 8 April 2016 in a 10:1 ratio. The previous year is restated.

Basic and diluted earnings per share for the overall Group (continuing and discontinued operations) are as follows:

With consideration of the capital reduction in the reporting period the weighted average of the shares amounts to 46,983 thousand shares. In relation to the average amount the basic and diluted earnings per share amount to EUR 0.70, with a proportionate consolidated profit of EUR 32,752 thousand. For the previous year the earnings per share stood at EUR –0.22, with a weighted average of shares of 58,891 thousand shares and a proportionate consolidated loss of EUR –12,743 thousand.

| | 2015/2016 | 2014/2015 |
|---|---|---|
| Group share of earnings after taxes for the year on basis of income statement (EUR thousand) | 32,752 | –12,743 |
| Based on stock of shares (in thousand) [1] | 5,889 | 5,889 |
| **BASIC AND DILUTED EARNINGS PER SHARE** | **5.56** | **–2.16** |

1) Number of shares after capital reductions of 8 April 2016 in a 10:1 ratio. The previous year is restated.

As in the previous year, no dilutive instruments existed in the 2015/2016 financial year.

## 8. STATEMENT OF COMPREHENSIVE INCOME

The other comprehensive income of EUR -1,390 thousand (2014/2015 financial year: EUR 1,000 thousand) primarily includes the net gains/losses from the translation of the statements of financial position and income statements of the foreign companies prepared in foreign currency. The disposal of the US companies required the release of EUR 3,882 thousand of currency differences from the currency reserve without effect on profit or loss. The previous year still included EUR 4,073 thousand from the release of the currency reserve after discontinuing operating activities of a subsidiary in Singapore.





# III. OTHER DISCLOSURES

## A. AVERAGE NUMBER OF EMPLOYEES

The following figures relate to the average headcount in the Clere Group including temporary help staff and temporary employees for the continuing operations (excluding members of Management Board):

| | 2015/2016 | 2014/2015 |
|---|---|---|
| Commercial employees | 6 | 7 |
| **TOTAL (AVERAGE) NUMBER OF EMPLOYEES** | **6** | **7** |
| **NUMBER OF EMPLOYEES AS OF THE BALANCE SHEET DATE** | **8** | **7** |

For further information please refer to our comments on employees in the management report.

## B. GUARANTEES AND OTHER COMMITMENTS

The Clere Group has issued guarantees in the amount of a maximum of EUR 5,700 thousand to the acquirer of the operating business, and liabilities in the amount of EUR 2,357 thousand have been formed for them. Beyond that the sellers have issued a unlimited, joint and several indemnity for the balanced taxes as of 30 June 2015. Because of all perceptions up until now and regular discussions with the buyer, no claim exceeding the balanced amount impends or is considered very unlikely, according to the assessment of the Management Board. As of the reporting date, as in the previous year, the company is not aware of any other contingencies that are not reflected through provisions or liabilities.

## C. OTHER FINANCIAL OBLIGATIONS

No other financial obligations existed as of the 30 June 2016 reporting date. In the previous year, other financial obligations related to EUR 8,845 thousand of binding orders for materials and raw materials for the discontinued operations.

For more information about the rental and leasing obligations, please refer to our comments in section III. d. "Leasing".

## D. LEASING

### LESSEE—OPERATING LEASE

As of 30 June, rental and leasing obligations amounted to:

MINIMUM LEASE PAYMENTS

| IN EUR THOUSAND | 2015/2016 | 2014/2015 |
|---|---|---|
| < 1 year | 183 | 1,643 |
| 2 to 5 years | 463 | 2,217 |
| > 5 years | 0 | 65 |
| **TOTAL AMOUNT** | **646** | **3,926** |

Payments of EUR 1,487 thousand were expensed in the period under review (previous year: EUR 1,648 thousand), and relate exclusively to minimum lease payments.

The obligations under rental and lease agreements relate to agreements in which the Group companies are not beneficial owners in accordance with IFRS (operating leases). The rental and lease obligations principally concern rents for office premises. No contractual purchase options exist at the end of the lease term.

### LESSEE—FINANCE LEASE

As in the previous year, no finance leases existed as of the 30 June 2016 reporting date.

### LESSOR—OPERATING LEASE

As in the previous year, no finance leases existed as of the 30 June 2016 reporting date.

The minimum lease payments as of 30 June 2015 related to rental contracts for the Bad Oeynhausen manufacturing site. These discontinued with the disposal of Balda Medical GmbH & Co KG as lessor in March 2016.

MINIMUM LEASE PAYMENTS

| IN EUR THOUSAND | 2015/2016 | 2014/2015 |
|---|---|---|
| < 1 year | 0 | 693 |
| 2 to 5 years | 0 | 1,408 |
| > 5 years | 0 | 0 |
| **TOTAL AMOUNT** | **0** | **2,101** |

## E. CONTINGENT LIABILITIES AND ASSETS

When the convertible profit participation rights were converted in 2010, conversion costs were paid to the investors for early conversion. The Management Board considers these payments (EUR 8,105 thousand) operating expenses rather than interest-related payments that are subject to a capital gains tax deduction.

## F. LIST OF SHAREHOLDINGS

The following represents the list of shareholdings of Clere AG as of 30 June 2016:





FULLY CONSOLIDATED EQUITY INVESTMENTS

| ENTITY | DOMICILE | EQUITY INVESTMENT | PERCENTAGE INTEREST HELD AND SHARE OF VOTING RIGHTSE [1] |
|---|---|---|---|
| Clere BSD GmbH (formerly: Balda Solutions GmbH) | Bad Oeynhausen, Germany | Direct | 100% |
| Clere BWZB GmbH (formerly: Balda Werkzeug- und Vorrichtungsbau GmbH) | Bad Oeynhausen, Germany | Direct | 100% |
| Clere Investments B.V. (formerly: Balda Investments Netherlands B.V.) | Amsterdam, Netherlands | Direct | 100% |
| BIMA International Pte. Ltd. (formerly: Balda Investments Malaysia Pte. Ltd.) via Clere Investments B.V. | Singapore, Singapore | Indirect | 100% |
| BIUSA LLC (formerly: Balda Investments USA LLC) via Clere Investments B.V. | Wilmington, Delaware, USA | Indirect | 100% |
| Widesphere Sdn. Bhd via BIMA International Pte. Ltd. | Kuala Lumpur, Malaysia | Indirect | 100% |

1) No change compared with the previous year.

In the year under review, the following companies left the consolidation scope of the Clere Group due to disposal or liquidation:

FULLY CONSOLIDATED EQUITY INVESTMENTS

| ENTITY | DOMICILE | EQUITY INVESTMENT | PERCENTAGE INTEREST HELD AND SHARE OF VOTING RIGHTSE [1] |
|---|---|---|---|
| Balda Medical GmbH & Co. KG | Bad Oeynhausen, Germany | Direct | 100% |
| Balda Medical Verwaltungsgesellschaft mbH | Bad Oeynhausen, Germany | Direct | 100% |
| Balda Investments Singapore Pte. Ltd. (liquidation in April 2016) via Clere Investments B.V. | Singapore, Singapore | Indirect | 100% |
| Balda C. Brewer, Inc. via BIUSA LLC | Anaheim, California, USA | Indirect | 100% |
| Balda Precision, Inc. via BIUSA LLC | Oceanside, California, USA | Indirect | 100% |
| Balda Medical Systems SRL. via Balda Medical GmbH & Co. KG und Clere Investments B.V. | Temeswar, Romania | Indirect | 100% |

1) Interests held as of the disposal date.

# G. CORPORATE BODIES OF CLERE AG

### SUPERVISORY BOARD OF CLERE AG

- Mr. Dr. Thomas van Aubel, Berlin, since 4 September 2013 (Chairman), lawyer, VAN AUBEL & PARTNER Rechtsanwälte law firm, Berlin
- Mrs. Frauke Vogler, Berlin, since 4 September 2013 (Deputy Chair), lawyer / tax adviser, VOGLER, ROESSINK, CHALUPNIK law and tax advisory firm, Berlin
- Mr. Klaus Rueth, Darmstadt, since 4 September 2013, retired, former CFO of EMD Chemicals, USA

#### Mr. Dr. Thomas van Aubel is also

- Supervisory Board member of
  - Rubin 33. AG, Berlin
  - Market Logic Software AG, Berlin
  - Enligna AG, Berlin (Chairman)
  - ALEA Energy Solutions AG, Berlin (Chairman)

### MANAGEMENT BOARD OF CLERE AG

- Mr. Oliver Oechsle, Düsseldorf, sole Management Board member until 15 June 2016, Management Board member since 16 June 2016
- Mr. Thomas Krupke, Berlin, Management Board member since 16 June 2016.

No allocation of Management Board responsibilities and tasks is planned. Both Management Board members are jointly responsible for all of the company's areas.

#### Mr. Oliver Oechsle is also

- Chairman of the Board of Directors of
  - BIUSA LLC., Wilmington Delaware, USA
    (formerly: Balda Investments USA LLC., Wilmington Delaware, USA)
- Member of the Board of Directors of
  - Balda C. Brewer Inc., Anaheim, California, USA (until 10 March 2016)
  - Balda Precision, Inc., Oceanside, California, USA (until 10 March 2016)
  - Balda Investments Singapore Pte. Ltd., Singapore, Singapore (until 11 April 2016)
  - Clere International Pte. Ltd., Singapur, Singapore
    (formerly: Balda Investments Malaysia Pte. Ltd., Singapore, Singapore)
  - Widesphere Sdn. Bhd., Kuala Lumpur, Malaysia

#### Mr. Thomas Krupke is also

- Supervisory Board member of SolarWaterWorld AG, Berlin





### MANAGEMENT AND SUPERVISORY BOARD COMPENSATION

The compensation paid to managers in key positions that must be disclosed pursuant to IAS 24 comprises compensation paid to the Management and Supervisory boards at the Clere Group. The following compensation (payments due short-term) was granted:

| IN EUR THOUSAND | 2015 / 2016 | 2014 / 2015 |
|---|---|---|
| Management Board | 838 | 506 |
| Supervisory Board | 178 | 194 |

Management Board compensation includes variable components in an amount of EUR 460 thousand (previous year: EUR 60 thousand).

As also in the previous year, no loans were granted, either to the Management Board members or to the Supervisory Board members as of 30 June 2016; equally, no contingent liabilities were entered into on behalf of the Management and Supervisory boards.

The Management Board members receive no compensation for fulfilling their tasks at subsidiaries. Please refer to the remarks in the compensation report contained in the Group management report for individualized breakdown of pay and other detail relating to compensation.

DIRECTORS' HOLDINGS

| IN EUR THOUSAND | | | SHARE CAPITAL |
|---|---|---|---|
| 30.06.2015 | | | 58,890,636 |
| Collection of shares | | | –6 |
| Number of shares before capital reduction 10 : 1 | | | 58,890,630 |
| Reduction of capital | | | –53,001,567 |
| **30.06.2016** | | | **5,889,063** |
| **MANAGEMENT BOARD** | **O. OECHSLE** | **T. KRUPKE [1]** | **MANAGE-MENT BOARD TOTAL** |
| 30.06.2015 | 6,000 | — | 6,000 |
| Capital reduction 10 : 1 | –5,400 | — | –5,400 |
| Acquisition | 200 | 0 | 200 |
| **30.06.2016** | 800 | **401 [2]** | **1,201** |
| **SUPERVISORY BOARD** | **T. VAN AUBEL [3]** | **F. VOGLER** | **SUPERVISORY BOARD TOTAL** |
| 30.06.2015 | 17,331,689 | 100 | 17,331,789 |
| Reduction | –6 | — | –6 |
| Acquisation | 871,143 | — | 871,143 |
| Number of shares before capital reduction | 18,202,826 | 100 | 18,202,926 |
| Capital reduction 10 : 1 | –16,382,544 | –90 | –16,382,634 |
| Acquisition | 92,113 | 0 | 92,113 |
| **30.06.2016** | **1,912,395** | **10** | **1,912,405** |
| | | | |
| **DIRECTORS TOTAL** | | | **1,913,606** |
| In % of total capital | | | 32.49 % |

1) Member of Management Board from 16 June 2016.

2) Holdings existed prior to appointment to Management Board.

3) Shareholding via Elector GmbH, Berlin.

# H. RELATED PARTIES

Related parties as defined by IAS 24 are legal entities or individuals who control or exercise significant influence over Clere AG and its subsidiaries. This includes individuals and companies that are significantly influenced by Clere AG and / or its subsidiaries.

Only the members of the corporate bodies of Clere AG count as members of management in key positions within the Clere Group. Relationships with directors are presented in the compensation reports of the Management and Supervisory board in section III. g. "Corporate bodies of Clere AG" in the notes to the consolidated financial statements and in the Group management report in section 4. "Compensation report".

Supervisory Board Chairman Mr. Dr. Thomas van Aubel is the sole shareholder of Elector GmbH, Berlin. With the purchase of further shares on 8 April 2016, Elector GmbH gained control of Clere AG pursuant to Section 29 of the German Securities Takeover Act (WpÜG), holding around 32.5 % of the shares as of the reporting date. Elector GmbH had no business relationships with the Group company during the 2015 / 2016 financial year. Besides this, Mr. Dr. Thomas van Aubel received via Elector GmbH dividends of TEUR 19,065 thousand pursuant to the general terms. As in the previous year, no open items due from Elector GmbH existed as of the balance sheet date.

For his function as Supervisory Board Chairman, Mr. Dr. Thomas van Aubel received fixed compensation and meeting fees of EUR 73 thousand (previous year: EUR 77 thousand). Besides this, Mr. Dr. Thomas van Aubel receive no further payments via Elector GmbH deriving from his shareholder position.

In the year under review, the Management Board initiated an audit to ascertain whether Clere AG stood in a relationship of dependency on Elector GmbH, Berlin or on Mr. Dr. Thomas van Aubel during the 2015 / 2016 financial year. The audit established that a dependent relationship of Clere AG via Elector GmbH in relation to Mr. Dr. Thomas van Aubel exists pursuant to Section 17 of the German Stock Corporation Act (AktG). The Management Board then prepared a report pursuant to Section 312 AktG on relationships to affiliated companies in the 2015 / 2016 financial year.

No other transactions occurred with related parties.

# I. EVENTS AFTER THE REPORTING DATE

### TERMINATION OF ALL LEGAL DISPUTES IN THE USA

With the legally effective confirmation of the arbitration proceedings by a US civil court, the legal dispute with the former sellers of the US subsidiary Balda C. Brewer Inc. as well as the pending civil lawsuits in parallel to the arbitration proceedings, were concluded. The USD 5.0 million guarantee deposited to secure the claimant receivable was canceled. Additionally, the pending labor law class action, for which Clere AG had given a declaration of exemption to Stevanato, was ended. No litigation, or risk of litigation, exists in the USA as a consequence.

### NEW LOCATION IN BERLIN STARTS WITH NEW BUSINESS MODEL

Clere AG has opened a new location in Berlin in September 2016 and has decided to relocate its administration to Berlin. Currently five staff are employed in Berlin. Up until now, Clere AG was able to subscribe a coupon bond in the amount of EUR 16.5 million for the financing of a solar park.

No further events of key significance for the Group's financial position and performance occurred after the 30 June 2016 reporting date.





# J. AUDITORS' FEES

The following fees were expensed for the independent auditor:

| IN EUR THOUSAND | 2015 / 2016 | 2014 / 2015 |
|---|---|---|
| Audits of financial statements | 178 | 162 |
| Tax advisory services | 88 | 77 |
| Other services | 28 | 29 |
| **TOTAL AMOUNT** | **294** | **268** |

The services were rendered entirely for the respective financial years. The fees for audit services essentially consist of the fees in connection with the audit of the consolidated financial statements.

The tax advisory services relate to activities connected with the delivery of tax declarations as well as the support in current tax proceedings and audits. Fees for other services concerned audit-related consulting.

# K. CORPORATE GOVERNANCE

Clere follows and will follow the recommendations and suggestions of the German Corporate Governance Code as amended on 5 May 2015 with certain exceptions. The declaration for the 2015 / 2016 financial year pursuant to Section 161 of the German Stock Corporation Act (AktG) is permanently available to shareholders and the general public together with previous declarations of compliance on the Clere website under Investor Relations / Publication / Corporate Governance ► www.clere.de. The most recent corporate governance declaration can also be downloaded from the corporate governance area of the Clere website.

Bad Oeynhausen, 21 September 2016

The Management Board

**THOMAS KRUPKE** MANAGEMENT BOARD MEMBER

**OLIVER OECHSLE** MANAGEMENT BOARD MEMBER

# AUDITOR´S REPORT

We have audited the consolidated financial statements prepared by the Clere Aktiengesellschaft, Bad Oeynhausen / Germany,—comprising the balance sheet, the income statement and statement of comprehensive income, the statement of changes in equity, the cash flow statement and the notes to the consolidated financial statements—and the group management report for the business year from 1 July 2015 to 30 June 2016. The preparation of the consolidated financial statements and the group management report in accordance with IFRS, as adopted by the European Union (EU), and the additional requirements of German commercial law pursuant to § 315 a Abs. 1 HGB ("German Commercial Code") are the responsibility of the parent Company's management. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

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

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements of the Clere Aktiengesellschaft, Bad Oeynhausen / Germany, comply with IFRS, as adopted by the EU, the additional requirements of German commercial law pursuant to § 315 a Abs. 1 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.

Frankfurt, 21 September 2016

Deloitte GmbH
Wirtschaftsprüfungsgesellschaft

**WEGNER** GERMAN PUBLIC AUDITOR

**LÖSER** GERMAN PUBLIC AUDITOR





# RESPONSIBILITY STATEMENT

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

Bad Oeynhausen, 21 September 2016

The Management Board

**THOMAS KRUPKE** MANAGEMENT BOARD MEMBER

**OLIVER OECHSLE** MANAGEMENT BOARD MEMBER

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# MORE INFORMATIONS

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# MORE INFORMATIONS





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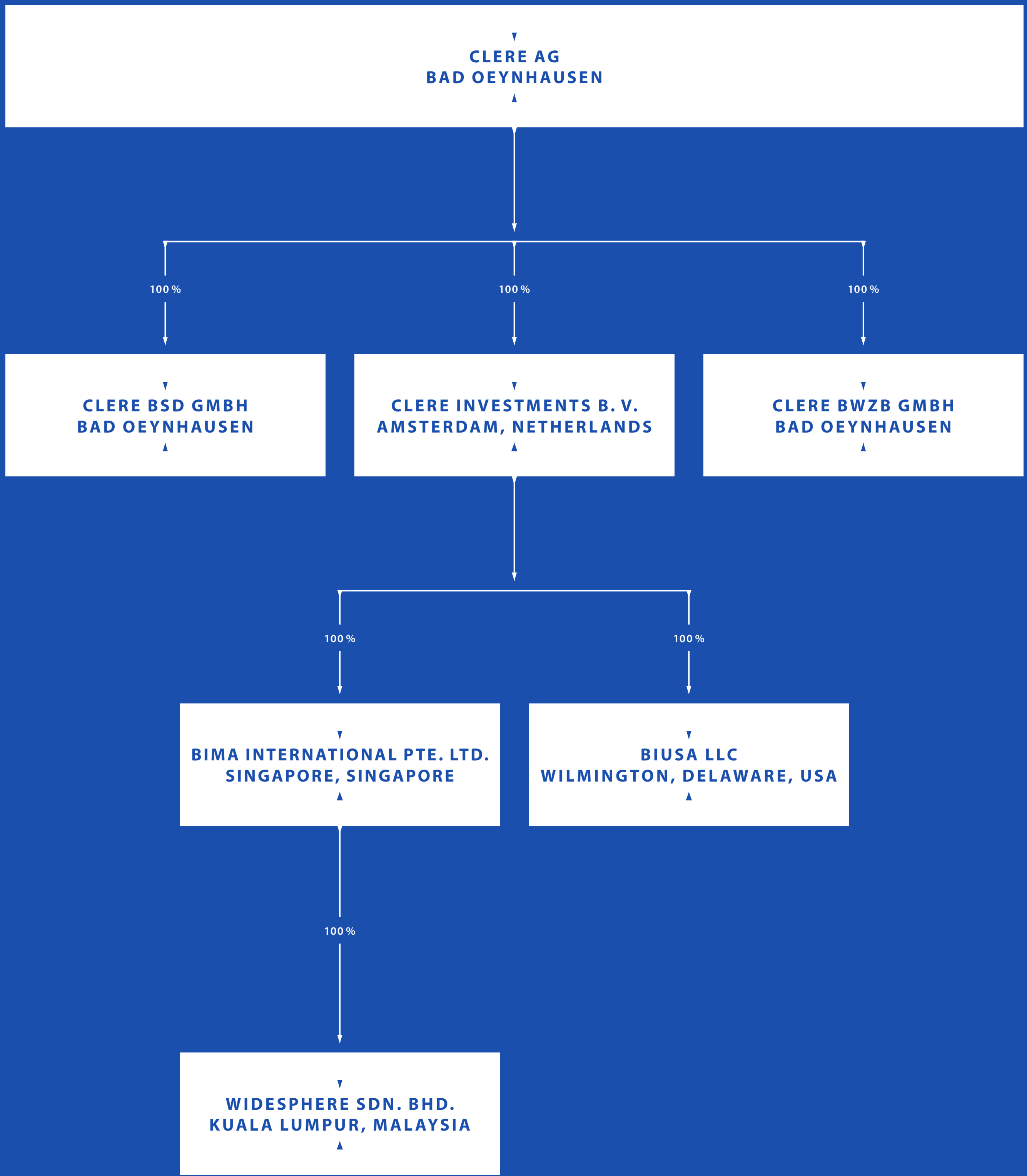
# GROUP STRUCTURE

THE GROUP'S LEGAL STRUCTURE WITH ITS GROUP COMPANIES IS AS FOLLOWS:






# FINANCIAL CALENDAR

**ANNUAL GENERAL MEETING 2016**

09.
11.
2016

**Q1 REPORT 2016 / 2017**

09.
11.
2016

**H1 REPORT 2016 / 2017**

13.
02.
2017

**Q3 REPORT 2016 / 2017**

11.
05.
2017

WWW.CLERE.DE