



ANNUAL REPORT 2015





Hydratec Industries NV

Nijverheidsweg Noord 59B
P.O. Box 328
3800 AH Amersfoort
The Netherlands

Telephone: +31 (0)33 469 73 25
E-mail: info@hydratec.nl
Internet: www.hydratec.nl

Registered office in Amersfoort.
Chamber of Commerce (Amersfoort) number 23073095

Disclaimer:

This international annual report 2015 serves as an indicative and shortened version of the official Dutch annual report 2015, which is published on the company's website www.hydratec.nl. In case of contradictions, the Dutch version shall prevail.

CONTENTS

Foreword from the CEO	2	Report of the Management Board	
Profile and organisation	4	Business development during 2015	23
Agri & Food Systems		Financial developments	24
Pas Reform Hatchery Technologies	5	Dividend proposal	25
Lan Abar Handling Technologies	6	Developments per activity	
Plastic Components		• Agri & Food Systems	25
Timmerije	7	• Plastic Components	26
Helvoet Rubber & Plastic Technologies	8	Health, safety, environment and sustainability	26
		Personnel and organisation	26
Key figures	10	Risk management	27
Major events in 2015	12	Corporate Governance statement	29
Strategy and financial targets	14	In control statement	30
Information for shareholders	16	Outlook and expectations for 2016	30
Members of the Supervisory Board	18	A word of thanks	30
Report of the Supervisory Board	19	Summarised annual accounts 2015	
Members of the Management Board	22	Consolidated profit and loss account	32
		Consolidated summary of comprehensive income	33
		Consolidated balance sheet as at 31 December before incorporation of the result	34
		Consolidated statement of changes in equity	36
		Consolidated cash flow statement	37
		Independent auditor's report	39
		Five year summary	40
		Contact details	42

FOREWORD FROM THE CEO

Dear shareholders, partners and employees,

Over the past few years a repositioning of Hydratec has taken place. The acquisition of two Plastics companies and LIAS in 2010 and 2011 laid the foundation for Hydratec's current focus on two core activities: Agri & Food Systems and Plastic Components.

POSITIONING HONED

In 2015 the Company's positioning was further honed by the acquisition of Helvoet Rubber & Plastic Technologies. This has expanded the Plastic Components core activity significantly and Hydratec is now also active in the automotive industry. The further professionalization of our operations this industry's extremely stringent demands are helping us achieve, will also benefit other markets. At the same time the Euro Mouldings company was sold. The acquisition and integration of Abar Automation in Lan|Abar Handling Technologies has further strengthened Agri & Food Systems and created new opportunities for growth. We have also acquired the remaining shares in all the consolidated companies, so we now have a 100% interest in every company.

ACTIVE WORLDWIDE

Hydratec has become a globally-active specialist in industrial systems and components with a focus on the Agri & Food, Automotive and Health Tech markets.

- **Agri & Food**

To enable the world's growing population to continue being fed, developments in the Agri & Food market will accelerate. The consumption of chicken in particular is expected to continue increasing worldwide and the production of convenience food is also expected to increase dramatically. The role of food safety is getting increasingly important.

- **Automotive**

The need for mobility is expected to continue rising. More stringent sustainability demands, including demands related to reducing the weight of vehicles, offer opportunities for the replacement of metal components with plastics.

- **Health Tech**

Health Tech will develop steadily, for one reason due to increasing longevity and welfare worldwide. Hygiene specifications and stipulations are very dominant in this industry, for example, point-of-care diagnostics are assembled in clean room conditions.

SUSTAINABILITY

In all of these markets we are seeing that sustainability has become a key prerequisite for growth. This not only means doing more with less, but also that the consequences for the environment and society's acceptance of issues will play an increasingly important role in everything we and our clients do. Last year we invested heavily in new

technologies, product adjustment and production process improvements at every Hydratec company. This has given us a strong basis for looking forward to the future with confidence.

On behalf of the Management Board I would like to thank all our colleagues for their enormous efforts and dedication during the year. We would also like to thank our clients, partners and shareholders for their trust in Hydratec.

Bart Aangenendt

CEO





THE GROWTH OF THE WORLD'S POPULATION
WILL ACCELERATE DEVELOPMENTS IN **AGRI & FOOD**

PROFILE AND ORGANISATION



Agri & Food Systems



Pas Reform
Hatchery Technologies



Lan | Abar
Handling Technologies

Plastic Components



Hydratec Industries NV is a globally-active specialist in industrial systems and components, with a focus on the Agri & Food, Automotive and Health Tech markets. Hydratec has two core activities: Agri & Food Systems and Plastic Components.

AGRI & FOOD SYSTEMS Pas Reform Hatchery Technologies



Pas Reform
Hatchery Technologies



Pas Reform has extensive experience with providing advice regarding the design and operation of hatchery systems.

Pas Reform ranks among the world's leading hatchery equipment manufacturers, it has a presence in over 100 countries.

Since its founding in 1919 Pas Reform has expanded into an international company offering total solutions to the hatchery industry. Pas Reform is active in the following product groups:

- Industrial incubators for the production of uniform, robust day-old chicks.
- Hatchery automation systems for the efficient processing of hatching eggs and day-old chicks.
- Climate control equipment for sustainable and hygienic air and water treatment.

Pas Reform has extensive experience with providing advice regarding the design, installation and operation of these systems.

At the heart of the Company is the Pas Reform Academy which, in close co-operation with clients and universities, carries out research into the influence of the incubation process on chick embryo development. This specialist expertise is used to develop new, innovative products and services for the hatchery industry and to train and coach hatchery managers.

Pas Reform exports to more than 100 countries. Sales and service activities are carried out via the head office in Zeddum and a joint venture in the USA. Pas Reform also has its own sales offices in Europe, Asia, the Middle East and South America and an extensive network of local partners and agents. The products are distributed all over the world from the logistics centre in Doetinchem.

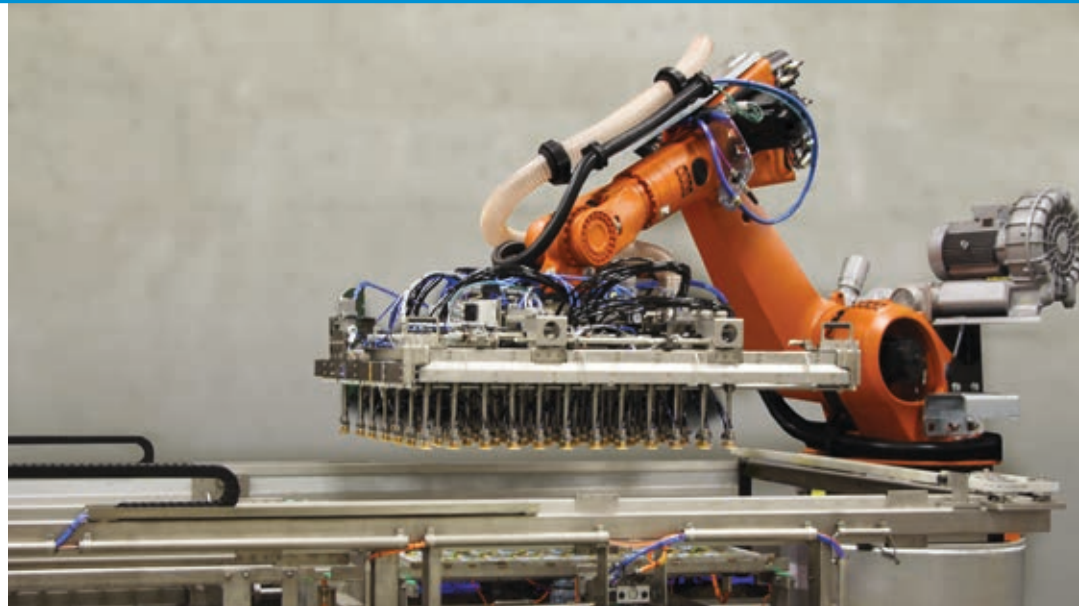
Pas Reform's around 100 employees focus primarily on the development, sale, final assembly and service of the hatchery systems.

www.pasreform.com

AGRI & FOOD SYSTEMS Lan|Abar Handling Technologies



Lan | Abar
Handling Technologies



Lan|Abar's systems are made-to-measure based on standardised and proven technology.

Lan|Abar Handling Technologies is a specialist in the handling of packaged and unpackaged products within the global food, pharmaceutical and hatchery industries.

Lan|Abar was created through a collaboration between the former LAN Handling Systems in Tilburg and Abar Automation in Halfweg. The Company offers clients turnkey solutions for the handling of products from their arrival to the packing machine. Lan|Abar's systems are made-to-measure based on standardised and proven technology. Most of the Company's revenue is generated outside the Netherlands.

In part due to intensive partnerships with leading multinationals, such as Mars, Nestlé Purina, Campbell's and Kraft, Lan|Abar has gained a solid position within the

global market for sterilised food and pharmaceutical products. Inventive robotics combined with robust mechanical solutions and advanced control technologies offer the client an extensive pallet of possibilities. The recent collaboration with Abar Automation has added so-called End of Line solutions to the possibilities and, as a result, solutions for handling products up to and including packaging. This has broadened the existing product offering quite considerably and means clients can come to Lan|Abar Handling Technologies for a 'one-stop-shop' solution.

In addition, in collaboration with sister company Pas Reform Hatchery Technologies, Lan|Abar offers a standard range of hatchery automation products that enable the efficient and animal-friendly processing of hatching eggs and day-old chicks.

Lan|Abar employs 110 people in its two facilities in Tilburg (HQ) and Halfweg. Lan|Abar's own specialists are responsible for system design, construction, assembly and installation. Multidisciplinary co-operation with the client is the foundation upon which the success of Lan|Abar Handling Technologies is based.

www.lanhandling.com

PLASTIC COMPONENTS Timmerije

Timmerije
NEXT LEVEL IN PLASTICS



Open co-operation in multidisciplinary teams guarantees a high degree of service, efficiency and delivery reliability.

Timmerije is a leading designer and manufacturer of high-quality plastic products in the Benelux.

The company is located in Neede and has been a specialist in plastic injection moulding for over 50 years. Timmerije commands the entire process and its over 140 involved employees guarantee responsibility, ambition and quality. On the basis of a professional approach and intensive co-operation between product and process development, Timmerije deploys its extensive expertise and experience to achieve smart and sustainable solutions.

Service is offered by Timmerije's own engineering, tool making, assembly and warehouse departments. Project management, mould construction, maintenance & repair

and the compiling of components are carried out under one roof.

Design, production and logistics processes that are finely tuned to each other ensure a guaranteed time-to-market and continuity. Extensive knowledge of materials, moulds and innovative processing techniques give clients an advantage in the market.

Timmerije's machine park is equipped with 50 modern injection moulding machines with closing forces ranging from 25 ton to 1,400 ton and state-of-the-art processes.

Series of client-specific components for central heating boilers, chairs, bicycles, household equipment, electrical engineering installations, internal transport systems, the automotive industry and the Food & Agri industry are manufactured for just-in-time delivery.

www.timmerije.com

PLASTIC COMPONENTS Helvoet Rubber & Plastics Technologies



To maintain its high-quality Helvoet invests continuously in people, processes and machines.

Helvoet, established in 1939, develops and manufactures client-specific rubber and plastic components and assemblies for high-precision applications.

Most of Helvoet's clients are internationally-operating companies in the automotive, food tech, health tech and industrial control sectors. Components made of plastic (thermoplastic and thermoharder), rubber, or a combination of these materials are developed in co-operation with the client. Thanks to its ability to also assemble the components into a half-finished product or a completely functional model in a cost-effective way, Helvoet occupies a unique position in the precision component world.

The products are used in a wide range of applications including fuel, brake and drive systems, motor management, dosing systems for beer, coffee and milk,

medical cartridges and diagnosis equipment. Series vary in size from medium to very large.

Technology based on plastic and rubber is developing continuously and new possibilities that can replace accepted materials are constantly being announced. The properties of thermoharder plastics in particular mean they are increasingly replacing metal components in the automotive industry to reduce weight and, therefore, environmental-impact. Helvoet's own rubber mixtures, alone or in combination with plastic or metal, are also providing solutions that previously were only possible with traditional materials.

Product and process quality is another driver of Helvoet's success. Today's demands are extremely high. Zero defects is now the standard. The Helvoet companies possess all the quality systems and certification needed for their specific markets. To enable it to maintain this level of quality Helvoet invests continuously in people, processes and machines.

Helvoet has sales & production facilities in the Netherlands (Hellevoetsluis and Tilburg), Belgium (Lommel), Germany (Munich) and India (Pune) and a sales office in the USA (Detroit). In total Helvoet employs 660 people.

www.helvoet.com

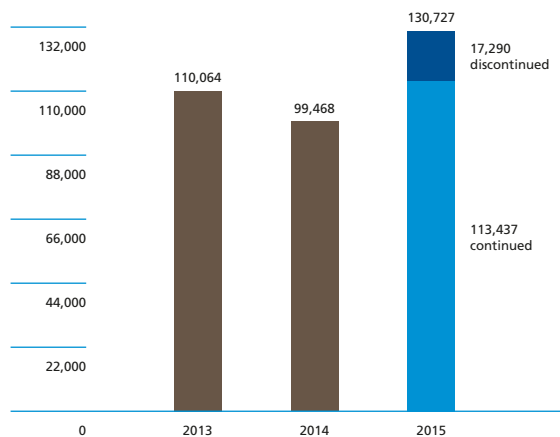


INCREASING MOBILITY AND A FOCUS ON SUSTAINABILITY ARE GIVING **PLASTIC COMPONENTS** A POSITIVE IMPULSE

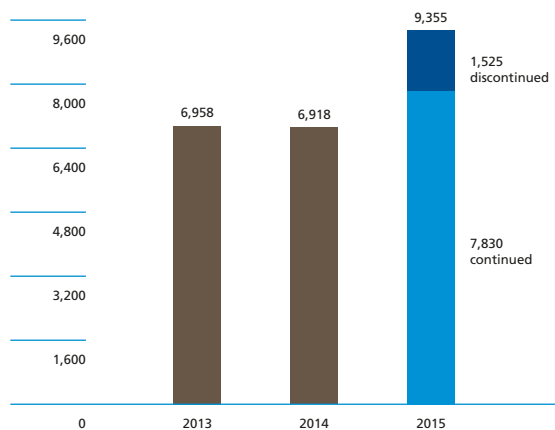
KEY FIGURES 2015

Amounts in thousands of euro unless stated otherwise

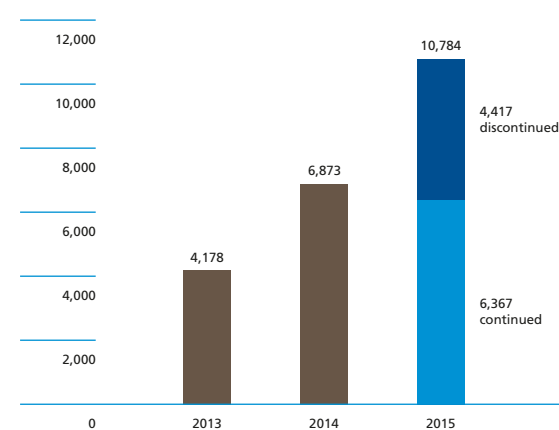
Net revenue



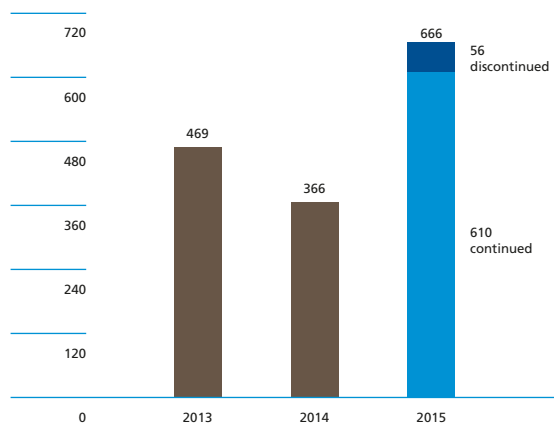
Operating profit



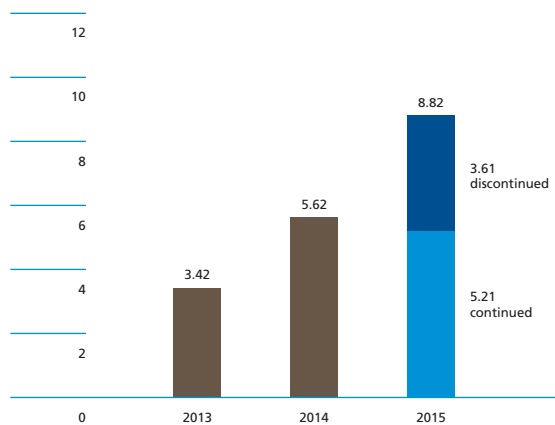
Net profit (to be allocated to shareholders)



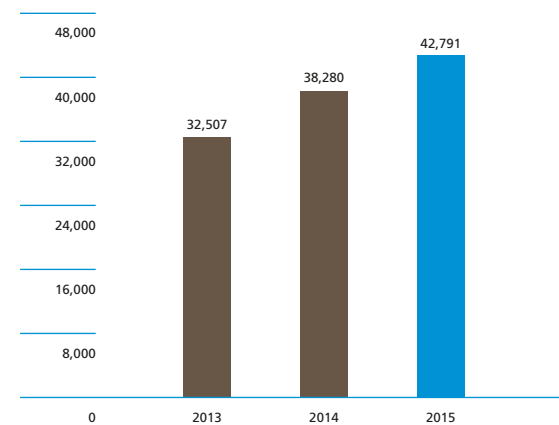
Average number of employees



Profit per share (in euro)



Group equity



Profit and loss account	2015	2015	2015	2014
	continued	discontinued	total	total
Net revenue	113,437	17,290	130,727	99,468
Operating profit	7,830	1,525	9,355	6,918
Net result	6,876	4,690	11,566	7,881
Net profit attributable to shareholders	6,367	4,417	10,784	6,873
Cash flow				
From operating activities	6,152	1,398	7,550	9,381
From investing activities	- 13,060	9,470	- 3,590	7,864
From financing activities	- 9,397	- 211	- 9,608	- 3,713
Net cash flow	- 16,305	10,657	- 5,648	13,532
Balance sheet				
Shareholders' equity			42,791	38,280
Balance sheet total			120,178	77,725

Key ratios	2015	2015	2015	2014
	continued	discontinued	total	total
Operating profit as a % of revenue	6.9%	8.8%	7.2%	7.0%
Return on invested capital ¹			5.3%	11.9%
Return on shareholders' equity ²			7.9%	12.3%
Solvency ³			35.6%	49.3%
Number of issued shares			1,222,143	1,222,143
Earnings per share (in euro)	5.21	3.61	8.82	5.62
Number of employees ⁴	965		965	329

¹ Net result excluding one-time income + interest expense as a % of the average invested capital (total assets minus cash and cash equivalents minus current non-interest-bearing liabilities).

² Net result excluding one-time income as a % of the average shareholders' equity attributable to Hydratec's shareholders.

³ Shareholders' equity as a % of the balance sheet total.

⁴ FTEs at year end.

MAJOR EVENTS IN 2015

Acquisitions in both core activities: the purchase of Helvoet Rubber & Plastics Technologies and Abar Automation, the sale of Euro Mouldings and the acquisition of a 100% interest in every consolidated company.

Revenue from the continued activities amounted to € 113 million and was substantially higher than in 2014 (€ 71 million). Gross margin rose to 50.1% and operating profit rose substantially to € 7.8 million (2014: € 4.7 million).

Net result rose from € 7.9 million to € 11.6 million, of which € 7.7 million was one-time income from the sale of Euro Mouldings and the acquisition of Helvoet.

Shareholders' equity rose from € 38.3 million to € 42.8 million with a solvency of 35.6%.

Earnings per share amounted to € 8.82 (compared with € 5.62 for 2014) of which € 6.30 was due to one-time income. It is proposed that the dividend remains the same at € 1.37 per share.



THE **HEALTH TECH** MARKET IS EXPECTED TO SHOW
A STEADY GROWTH

STRATEGY AND FINANCIAL TARGETS

STRATEGY

Hydratec is a globally-active specialist in industrial systems and components, with a focus on the Agri & Food, Automotive and Health Tech markets. Hydratec has two core activities: Agri & Food Systems and Plastic Components.

Agri & Food Systems supplies complete systems on a project basis around the world. This market is heavily dependent on macro-economic factors, but also the risks are spread. The capital-intensive activities related to the industrial supply of Plastic Components have a more process-related character so are less volatile.

A growing world population and increasing welfare means the Hydratec companies are well positioned. They focus primarily on the following markets:

- **Agri & Food**

To enable the world's growing population to continue being fed, developments in the Agri & Food market will accelerate. The consumption of chicken in particular is expected to continue increasing worldwide and the production of convenience food is also expected to increase dramatically. The role of food safety is getting increasingly important.

- **Automotive**

The need for mobility is expected to continue rising. More stringent sustainability demands, including demands related to reducing the weight of vehicles, offer opportunities for the replacement of metal components by plastics.

- **Health Tech**

Health Tech will develop steadily, for one reason due to increasing longevity and welfare world wide. Hygiene specifications and stipulations are very dominant in this industry, for example, point-of-care diagnostics are assembled in clean room conditions.

Sustainability has become a major prerequisite for growth in all these markets. This not only means achieving more with less raw materials, but also that environmental-impact and society's acceptance of issues will play an increasingly important role in everything we and our clients do.

The strategy is aimed at the achievement of consistent, long-term revenue and result growth that at a minimum conforms with the market by every Group company. We strive, therefore, for leading positions in the various markets that make achieving high added-value for the end users possible. The smart application of new technologies will enable us to make a difference for our clients and broaden our offering to existing purchasers. Because the price of our products and services will remain a powerful competitive weapon for healthy growth, considerable energy is being put into various Operational Excellence programmes.

The strategic market positions and options of each company are evaluated annually, partly in the light of the

achieved results. These evaluations form the basis for decisions regarding long-term investments and priorities in respect of product-market developments. This must offer our shareholders the prospect of a consistent and good return. We strive for the expansion of our existing activities and the possible broadening of our industrial activities through acquisitions and collaborations. All the current activities provide a basis for a so-called 'buy and build' acquisition strategy. At the same time, activities can be divested if we are convinced they will achieve better structural development within other business organisations and, therefore, offer insufficient longer-term potential for Hydratec.

ENTERPRISING MANAGEMENT AND EMPLOYEES

It is very important that every one of the companies has good and motivated management and employees. The management teams must be capable of identifying structural market opportunities, developing innovative products and steering their own organisations in a practical and stimulating manner. This includes the continuous promotion of the employees' personal development on the basis of ambitious, but realistic, targets derived from scenarios that form a guideline for everyone involved. The Management Boards of Hydratec's companies are responsible for carrying out their own operating activities within a clear framework of decisions that require the approval of the Hydratec Management Board. These

It is very important that every Group company has good and motivated management and employees.

decisions relate primarily to budgeted investments, major organisational changes and fundamental amendments to business operations. All business aspects, including the development of the results, are discussed during the regular consultation meetings between Hydratec's Management Board and the Management Boards of the operating companies. These discussions are based on a clear framework of regular reports, including assessments of the most important performance indicators. Many additional informal consultations and discussions also take place.

Because manoeuvrability and entrepreneurship take centre stage within the different Group companies there is no basis for central staff departments. This enables overhead costs to be limited to the minimum.

FINANCIAL TARGETS

Sufficient continuous investment can only take place, and a buffer against setback can only be built-up, if the companies within Hydratec achieve healthy profitability. In concrete terms this means that the target for every company is an operating profit of at least 8% to 10% of revenue. This target may, however, be temporarily unachievable primarily as a result of economic conditions or organisational adjustments that are deemed necessary. Together with the envisioned growth and a solvency of at least 35%, Hydratec strives for a dividend distribution of at least 40% of the profit after taxes (excluding any one-time income).



INFORMATION FOR SHAREHOLDERS

STOCK MARKET LISTING

Hydratec's shares are listed on NYSE Euronext Amsterdam (ISIN NL 000 939 1242). The total number of issued shares amounts to 1,222,143.

FINANCIAL CALENDAR 2016

Announcement of annual figures	25 March
Trading update first quarter	10 May
General Meeting of Shareholders	31 May
Publication of half-year figures	28 July
Trading update third quarter	8 November

FINANCIAL DATA PER ORDINARY SHARE

Amounts in euro unless stated otherwise

	2015	2015	2015	2014	2014	2014
	continued	discontinued	total	continued	discontinued	total
Number of issued shares			1,222,143			1,222,143
Operating profit	6.41	1.25	7.66	3.86	1.80	5.66
One-time income	3.35	2.95	6.30		2.28	2.28
Earnings per share	5.21	3.61	8.82	2.37	3.25	5.62
Shareholders' equity attributable to shareholders of Hydratec			35.01			29.32
Available cash flow ¹	- 5.65	8.89	3.24	3.99	10.12	14.11
Dividend			1.37			1.37
Price at year end			32.00			31.65
Lowest price			30.77			24.30
Highest price			36.60			34.95

DISCLOSURE OF MAJOR HOLDINGS ACT

The following interests governed by the Disclosure of Major Holdings Act are known:

Shareholder	Interest	Date of disclosure
Mr. E. ten Cate	73.4%	23 March 2010
P. Chr. van Leeuwen Beheer B.V.	6.0%	9 May 2014
Zoomers Beheer BV	3.2%	8 May 2014
B.F. Aangenendt	3.2%	1 January 2012
M. Spriensma	3.2%	2 December 2014

¹ Sum of operating and investment cash flows.



MEMBERS OF THE SUPERVISORY BOARD

E. ten Cate (1945)

Chairman

First appointed: 2000

Current term ends: 2016

Current position: Director Bank ten Cate & Cie N.V.

Shareholding in Hydratec: 73.4%

Supervisory Board memberships/other positions held

Member of the Supervisory Board, Koninklijke Ten Cate N.V.

Chairman of the Supervisory Board, Rijksmuseum Twente

Member of the Supervisory Board, Medisch Spectrum Twente

H.A.A. Kienhuis (1945)

Vice-chairman

First appointed: 2011

Current term ends: 2019

Last position held: lawyer and attorney

Supervisory Board memberships/other positions held

Vice-chairman, Stichting Edwina van Heek

Member of the Board, Stichting Continuïteit Reesink NV

J.E. Vaandrager (1943)

First appointed: 2011

Current term ends: 2019

Last position held: member of the Board and CFO, TKH Group NV

Supervisory Board memberships/other positions held

Member of the Supervisory Board, Todlin N.V.

Member of the Supervisory Board, B.E. Semiconductor Industries N.V.

All the Supervisory Board members are Dutch nationals.



From left to right: E. ten Cate, J.E. Vaandrager, H.A.A. Kienhuis

REPORT OF THE SUPERVISORY BOARD

The continuing economic uncertainty in every market made 2015 another eventful year. With the exception of Pas Reform, which had a difficult year, all the companies achieved a better result than in 2014. In part thanks to the sale of Euro Mouldings and the acquisition of Helvoet and ABAR, Hydratec's revenue from continued activities amounted to € 113 million compared with € 71 million in 2014. The net result for shareholders amounted to € 10.8 million compared with € 6.9 million over the previous year. The result incorporates a profit of € 4.1 million from badwill resulting from the acquisition of Helvoet.

ANNUAL REPORT

Hereby we submit the 2015 annual report, including the annual accounts, of Hydratec Industries NV prepared by the Management Board. The annual accounts have been audited by Baker Tilly Berk accountants and were discussed by us and the Management Board on 24 March 2016 in the presence of the Auditor. The Auditor's report is included on pages 74 to 79 of the official Dutch 2015 annual report, which can be found on www.hydratec.nl. On these grounds we are of the opinion that the annual report meets the specifications for transparency and forms a good basis for the Supervisory Board's accountability in respect of its supervision. We recommend that the shareholders adopt the annual accounts, approve the dividend proposal and discharge the Management Board for its management and the Supervisory Board for its supervision during 2015.

COMPOSITION OF THE SUPERVISORY BOARD

The members of the Supervisory Board are listed on page 18. The profile sketch of the Supervisory Board is published on the Company's website. The background and experience of the Supervisory Board members is diverse.

One Supervisory Board member is an experienced lawyer with considerable experience in the business world. Another has spent his entire career working in a variety of functions in different companies and ended his active career as a member of the Board and the CFO of a stock exchange listed concern. The third Supervisory Board member is an experienced entrepreneur who for many years has also been closely involved with Hydratec's development into the company it is today. The Supervisory Board is of the opinion that this variety of experience and background provides a good diversity.

SUPERVISION

Hydratec's targets for 2015 were ambitious, but due to the disappointing market conditions of a cyclic nature that confronted one of the companies the targets were not achieved. The Supervisory Board endorses the Management Board's policy of investing in product development, strengthening technical know-how, improving production capacity and reinforcing the market position. In 2015 the investments in tangible non-current assets were slightly above the depreciation. A circumspect approach was taken in respect of changes in the workforce. All the companies were very careful in respect of costs and strived to increase margins. In general they succeeded. The report of the Management Board includes a detailed explanation of these topics.

In the opinion of the Supervisory Board, despite the sale of the Euro Mouldings activities and the purchase of Helvoet and Abar, Hydratec's risk profile has not changed significantly. No exceptional or unexpected set-backs occurred in 2015. It is encouraging that, even in an adverse business climate, the different business activities managed to achieve satisfactory results. Attention was paid to the

risk management system and did not bring forth any singularities. This warrants a compliment for the Group Management Board and the Management Boards of the operating companies for their success in further developing the companies even in more difficult times. In 2015 the Supervisory Board met twice with the Auditor, on one occasion in the absence of the Management Board. In addition, during one meeting the Supervisory Board evaluated the functioning of the Management Board and its own Board in the absence of the Management Board. During this discussion nothing of a special nature came to light.

REMUNERATION POLICY

The Supervisory Board of Hydratec Industries NV applies a remuneration policy for the Company's Management Board that is based on the following principles:

- The Management Board remuneration policy must enable good managers to be recruited and retained.
- The remuneration policy must be in accordance with the Company's Corporate Governance policy.
- The remuneration must be compatible with the strategic and financial targets and be performance-oriented, whereby there should be a good balance between short-term and long-term results and/or targets.
- The remuneration may not include any incentives that are aimed at the recipients own interests and conflict with the interests of the Company.

The possible outcomes of the remuneration policy are evaluated annually.

The remuneration of the members of the Management Board and the bonuses awarded in respect of 2015 are specified in Note 1.25.2 on page 52 of the official Dutch 2015 annual report.

The Supervisory Board has decided to award the members of the Management Board a bonus in respect of the 2015 financial year that is partly based on the achieved operating profit.

NON-COMPLIANCE WITH THE MANAGEMENT AND SUPERVISION ACT

Currently there are no women on Hydratec's Management Board or Supervisory Board. The Supervisory Board recognises the advantages of diversity, including gender diversity. The Board is, however, of the opinion that gender is only one aspect of diversity. Members of the Management Board and Supervisory Board will, in the future, continue to be selected on the basis of their experience, background, skills, knowledge and insight and with particular consideration being given to the importance of a balanced composition.

The Supervisory Board has evaluated its functioning. Of the three members of the Supervisory Board two are independent. This is not the case for one member of the Supervisory Board due to his substantial shareholding in Hydratec. This factor has not played any role in the consultation between the members of the Supervisory Board and during the year no instances of conflicting interest arose. In 2015 two Supervisory Board members - Messrs. Kienhuis and Vaandrager - were reappointed for a term of four years.

COMPOSITION OF THE MANAGEMENT BOARD

On 1 May Mr. R. Zoomers retired as CEO of Hydratec. The Supervisory Board is very grateful to Mr. Zoomers for everything he did for Hydratec during his 13 years as CEO. Under his stimulating leadership much changed at Hydratec and this led to a considerable increase in revenue

and profitability. He has been succeeded by Mr. B.F. Aangenendt (CEO), who was already a member of the Management Board. The Supervisory Board also appointed Mr. M.C. van den Burg as a statutory member of the Management Board and CFO as of 1 May.

SUPERVISION AND MEETINGS

During 2015 the Supervisory Board held five scheduled meetings with the Management Board. The Supervisory Board also met on two other occasions in connection with acquisition of Helvoet. Prior to the General Meeting of Shareholders on 21 May 2015 the Supervisory Board evaluated the functioning of the Management Board and its own Board in the absence of the Management Board.

During its meetings the Supervisory Board discussed the strategy, acquisition policy, risk management, the quarterly and half-yearly results, the 2015 annual figures and the budget for 2016. The remuneration policy was also discussed and, naturally, considerable attention was paid to the sale and purchase of operating companies.

Other topics discussed were the effects of the economic situation on the markets in which Hydratec companies are active and the measures needed to mitigate these effects and maintain the profit level. Attention was also paid to amendments to legislation.

CORPORATE GOVERNANCE

Various Group companies worked on the implementation of a Code of Conduct.

The Supervisory Board endorses the objectives of the guidelines contained in the Dutch Corporate Governance Code for stock exchange listed companies. Currently Mr. E. ten Cate is the only member of the Board who does

not meet the independence criteria as laid-down in paragraph III. 2.2, clause e of the Code. Hydratec also deviates from the Code in the following ways:

- Hydratec has no formal written code of conduct. We expect our managers and employees to act with integrity and employee assessments are, in part, based on their conduct in this respect (§ II.1.1);
- Due to the size of the Company and the related size of the Supervisory Board no specific committees have been formed within the Supervisory Board (§ III.5.1);
- We believe that the openness of relations and communication within our relatively small company is such that any irregularities can be discussed or reported without endangering the legal position of the people involved. For this reason there is no Whistle-blower's regulation (§ II.1.7). The Company's growth, partly as a result of acquisitions, and its increasingly international character are good reasons to implement a whistle-blower's regulation;
- Hydratec does not offer Webcasts of presentations to investors and analysts (§ IV.3.1);
- Hydratec believes that experience with and knowledge of the Company forms an important basis for the functioning of the Supervisory Board and should be a determining factor in respect of the length of a Supervisory Board member's term. For this reason no maximum term has been set for Supervisory Board members. At the end of every term a Supervisory Board member may, after careful consideration, be reappointed for a new term (§ III.3.5);
- In view of the Company's size no internal auditor has been appointed (§ V.3.3).

IN CONCLUSION

The Supervisory Board is grateful to the Management Board, the management teams and all the employees for their efforts, dedication and ambition during 2015 and the results they achieved in another difficult year.

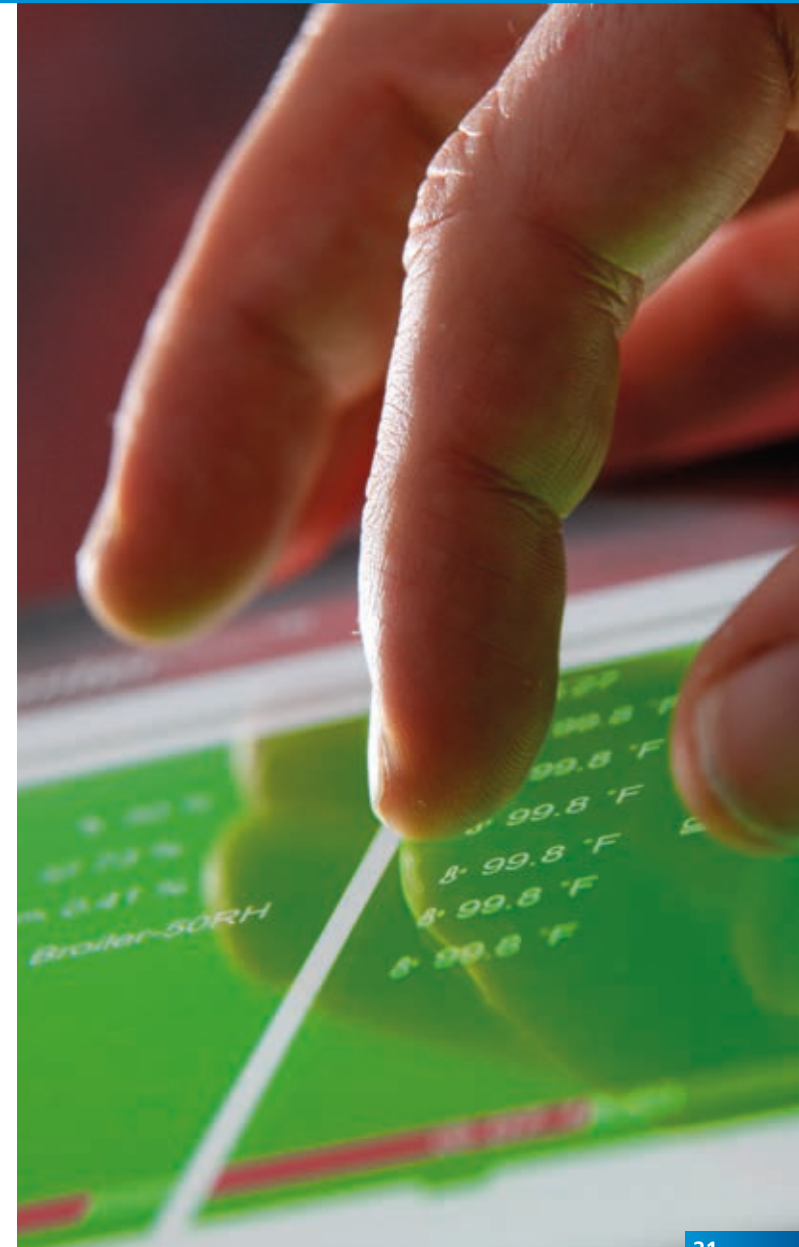
Amersfoort, 7 April 2016

Supervisory Board

E. ten Cate Chairman

H.A.A. Kienhuis Vice-chairman

J.E. Vaandrager



MEMBERS OF THE MANAGEMENT BOARD

B. (Bart) F. Aangenendt (1964)

Statutory Director

CEO

First appointed: 2012

Current term ends: 2016

Shareholding in Hydratec: 3.2%

M. (Mark) C. van den Burg (1969)

Statutory Director

CFO

First (honorary) appointment: 2012

First (statutory) appointment: 2015

Current term ends: 2019

The members of the Management Board are Dutch nationals.



From left to right: M.C. van den Burg, B.F. Aangenendt

REPORT OF THE MANAGEMENT BOARD

BUSINESS DEVELOPMENT DURING 2015

In 2015 the continued activities achieved revenue and gross margin of € 113.4 million and € 56.8 million (50.1%) respectively. Virtually all the companies achieved a better result than in 2014. Thanks in part to the sale of Euro Mouldings and the acquisition of Helvoet a net result for shareholders of € 10.8 million was achieved compared with € 6.9 million in 2014. In addition, the remaining minority interests in all the Hydratec companies were acquired. Net bank debt amounted to € 9.4 million (1.1 times EBITDA) with shareholders' equity of 35.6%. Amendments to the bank covenants have made cash pooling possible within Hydratec.

Acquisition of Abar Automation B.V.

In July 2015 all the shares of ABAR Automation were acquired by Lan Handling Technologies BV - one of the Hydratec Industries NV companies. ABAR has been active internationally in the field of the design and assembly of end-of-line handling systems with robotic applications since 1998 and serves renowned clients in the food industry

from its facility in Halfweg in the Netherlands. The acquisition of ABAR contributes towards Hydratec's growth ambitions in the Food & Agri systems markets. ABAR's technological know how and specific application expertise within the food industry offer an excellent addition to Lan's current activities.

The results achieved by ABAR since 1 July 2015 have been included in the results. More information regarding the incorporation of this acquisition into Hydratec's annual figures can be found on page 50 of the official Dutch 2015 annual report.

Acquisition of Helvoet B.V.

In July 2015 Hydratec NV acquired all the shares of Helvoet BV. Helvoet is an international company in the field of the design, manufacture and assembly of plastic and rubber components and serves renowned clients in the automotive, pharmaceutical and food industries from its production facilities in the Netherlands, Belgium, Germany and India. Helvoet's technological knowledge of plastic and rubber component production is a good starting point for

this. This acquisition brings with it a major expansion of the core activity Plastic Components. The purchase of Helvoet has led to a profit amounting to € 4.1 million from goodwill. The sum has been accounted for directly in the balance sheet. The results achieved by Helvoet since 1 July 2015 have been consolidated. More information regarding the incorporation of this acquisition in Hydratec's annual figures can be found on page 49 of the official Dutch 2015 annual report.

Acquisition of the remaining shares in Timmerije and the sale of the interest in Euro Mouldings

In September 2015 Hydratec NV and fellow shareholder investment company Wadinko NV in Overijssel reached agreement regarding a share-swap: Hydratec acquired a 100% interest in Timmerije and Wadinko a 100% interest in Euro Mouldings. Thanks to this swap the Plastic Components activity has become more homogenous, which makes a sharper focus on the further growth of these activities possible. Euro Mouldings fits in very well with Wadinko's future plans and has, therefore, increased

Erik de Jonge

Director Helvoet



What trends to which Helvoet will respond are you seeing in the automotive market?

"The need for mobility will increase worldwide and more and more attention will be paid to sustainability, for example the use of alternative fuels and measures to reduce weight."

What role does technological development play within Helvoet?

"A substantial one. Making a lot of use of new technologies is in our genes. Making precision components from Thermoset, Thermoplast, rubber or LSR does, of course, require a lot of injection moulding technology, but it's working with combinations of these materials that demands the most specific techniques."

How does Helvoet see its future within Hydratec?

"We are delighted to be part of the Hydratec Group. Hydratec's priority is the long-term interest of its companies and, with that the interests of its clients and employees. So we expect to be able to achieve healthy growth within Hydratec."

its opportunities for expansion. The results achieved by Euro Mouldings up to and including September are accounted for separately and do not form part of the continued activities. The sale of Euro Mouldings led to a book profit of € 3.6 million. The incorporation of the share swap into Hydratec's figures is explained in more detail on page 51 of the official Dutch 2015 annual report.

Exercise of the Lan and Lias put-options

In 2015 the minority shareholders in Lan and Lias exercised their put-options. As a result, in June Lias acquired the remaining (15%) interest in Lan. In December Hydratec acquired the remaining (11.5%) interest in Lias. A residual payment of € 1.8 million remains to be paid for this in 2016.

As a result of all the above mentioned transactions, at the end of 2015 Hydratec's interests were 100% in all cases with the exception of its 50% interest in the NatureForm

Hatchery Technologies joint venture set up in the United States in 2014.

FINANCIAL DEVELOPMENTS

At € 7.8 million the operating profit for 2015 (continued activities) equated to 6.9% of revenue, slightly higher than in 2014 (6.7%). Agri & Food Systems was responsible for € 1.0 million of the operating profit and Plastic Components was responsible for € 3.9 million.

Financial income and expenses

In 2015 net interest expense amounted to € 282,000 compared with € 282,000 in 2014. At the end of 2015 Hydratec's balance of cash and at bank was € 8.2 million (2014: € 11.5 million). Due to the low interest rates, in 2015 interest income amounted to only € 134,000. Interest-bearing loan capital rose from € 8.2 million to € 17.6 million, primarily due to the consolidation of Helvoet. Hydratec has cash pool facilities for its operating companies.

Fiscal effects

The effective tax rate for the continued activities in 2015 was 13.5% compared with 18.6% in 2014. This resulted in a tax payable of € 1.0 million (2014: € 0.8 million) in the profit and loss account. Corporation tax is not payable on either the income from the sale of Euro Mouldings or the profit from the purchase of Helvoet.

Net result

The net result for 2015 amounted to € 11.6 million compared with € 7.9 million in 2014. Net result for shareholders amounted to € 10.8 million (2014: € 6.9 million). This increase was due primarily to the book profit from the sale of Euro Mouldings (€ 3.6 million) and badwill from the purchase of Helvoet companies (€ 4.1 million). At € 6.9 million the net result of the continued activities was higher than in the previous year (€ 3.6 million).

Harm Langen

Director Pas Reform Hatchery Technologies



Is poultry consumption still increasing worldwide?

"Compared with the production of other types of meat the production of poultry has considerable advantages in the field of energy efficiency, CO₂ emissions, feed conversion, land and water usage and waste. Add poultry's healthy nutritional value (less saturated fatty acids), relatively low costs and universal acceptance and it's no wonder production is expected to continue increasing."

What role does sustainability play in Pas Reform's market?

"Sustainability is becoming increasingly important for our clients. Reducing the environmental-impact (energy and water usage and waste) and ensuring food safety (hygienic production, reducing the use of antibiotics and increasing traceability) are high on the agenda worldwide. Hatcheries are also paying more attention to animal

welfare, while at the same time efficiency remains just as important in order to minimise feed wastage. Process control is essential for an integrated approach to all these elements. Pas Reform contributes towards sustainability through continuous product development and leads the way when it comes to making the process data necessary for a better control of the hatchery processes available."

Why do potential clients opt for Pas Reform?

"We not only supply the best and most complete integrated hatchery systems for the client worldwide we also, via our Academy, carry out research into the influence of the hatchery process on chicken embryo development. This knowledge is used to develop new, innovative products and services for the hatchery industry."

Cash flow

In 2015 the operational cash flow from the continued activities amounted to € 6.2 million (2014: € 6.4 million). The change to cash and cash equivalents related to the unwinding of the Lan and Lias put-options (together € 4.2 million in 2015) is accounted for in operating cash flow. Cash flow from investing activities amounted to € 3.6 million negative. Cash income from the sale of Euro Mouldings amounted to € 10 million. Euro Mouldings' bank debt of € 3.1 million was also transferred to the new owner. Outgoings included investments in (in) tangible non-current assets in the continued activities (excluding Goodwill) of € 3.7 million, the acquisition of Helvoet (€ 10.6 million) and the acquisition of ABAR Automation (€ 2.5 million). Cash flow from financing activities amounted to € 9.6 million negative and concerned dividend pay-outs totalling € 2.3 million and a reduction of non-current liabilities amounting to € 5.7 million.

Balance sheet

Due to the acquisitions solvency fell from 49.3% in 2014 to 35.6% in 2015. Although Group equity rose from € 38.3 million to € 42.8 million, the balance sheet total rose from € 78 million to € 120 million. The higher balance sheet total was caused primarily by the consolidation of Helvoet. Interest-bearing liabilities rose from € 8.3 million to € 17.6 million. At the end of the year cash and cash equivalents amounted to € 8.2 million (end of 2014 € 11.5 million). In 2015 the individual financing of the companies was changed to a concern financing. The increase in interest-bearing liabilities was due primarily to the consolidation of Helvoet.

DIVIDEND PROPOSAL

Earnings per share amounted to € 8.82 of which € 6.30 was the result of one-time income and expenses and € 2.52 the result of normal business operations. It will be proposed to the General Meeting of Shareholders that a dividend of € 1.37 per share be paid out for the 2015 financial year (2014: € 1.37). This sum will be paid in cash. The net result for 2015 will be added to the other reserves. This dividend distribution is in line with the policy of paying out at least 40% of the profit after taxes (excluding one-time income).

DEVELOPMENTS PER ACTIVITY

Agri & Food Systems: Pas Reform Hatchery Technologies and Lan|Abar Handling Technologies

€ x 1,000	2015	2014
Revenue	57,092	52,207
Gross margin	22,596	23,236
Depreciation and amortisation	922	802
Impairment expense	1,364	–
Investments	568	793
Operating profit	976	4,199
Number of FTEs at year end	194	146

In 2015 Agri & Food Systems' revenue rose both organically and through the acquisition of ABAR Automation. Pas Reform was confronted with difficult macro economic conditions in major markets such as Russia, Indonesia and Brazil. Investments in new markets and countries have led to a better distribution of the revenue across the various countries. The acceptance of a reduced margin maintained the level of revenue but put the result under pressure. As Brazil is an important market for Pas Reform a long-term presence in the country is relevant. Due to current developments in the Brazilian economy it was decided to write-off the intangible assets in Brazil. As a result Pas Reform's operating profit was € 1.4 million lower. In 2015 the NatureForm Hatchery Technologies joint venture in the United States achieved a substantial increase in revenue and a positive net result of € 0.5 million.

At Lan|Abar Handling Technologies the pet food industry generates a healthy stream of orders from valuable clients and the acquisition of ABAR Automation has created new opportunities for growth because it enables a more complete product range to be offered to clients. Lan|Abar will increasingly focus on client-oriented turn-key solutions based on standard technology aimed at the global food, pharmaceutical and hatchery industries. The change of management undergone by both companies in 2015 has created considerable dynamism.

'At Lan|Abar Handling Technologies the pet food industry continues to generate a healthy inflow of orders.'

It is anticipated that as the world's population increases the consumption of chicken in particular will continue to increase and the production of convenience food will also undergo robust growth. The role of food safety is getting increasingly important.

In 2015 the companies worked on market-oriented innovations through which added-value will be created for clients in the future. The product and services package has also been expanded so more functions can be filled for existing clients.

Plastic Components: Helvoet Rubber & Plastics Technologies and Timmerije

€ x 1,000	2015	2014
Revenue	57,314	19,920
Gross margin	34,236	10,313
Depreciation and amortisation	2,620	686
Investments	3,085	1,598
Operating profit	3,864	789
Number of FTEs at year end	771	106

The increase in Plastic Components' revenue was due primarily to the acquisition of Helvoet, which has been consolidated since 1 July 2015. In 2015 Helvoet's revenue rose and developed according to plan. Helvoet is active in market segments such as the automotive industry and health. The specifications stipulated in these markets are extremely stringent and, as a consequence costs and margins are higher. The higher revenue, lower costs and incidental windfalls have led to an improved result. The combination of a thorough knowledge of applications with a number of high-quality production technologies have led to follow-on orders from various attractive clients and, as a result, a well-filled order book.

The need for mobility is expected to increase still further. More stringent sustainability demands, including demands related to the reduction of vehicle weight, offer opportunities for replacing metal components with plastic versions.

In 2015 Timmerije once again achieved a growth of both revenue and result. Internal improvement projects aimed at reducing material usage and increasing efficiency have also had a positive effect on margin and result development. New machines went into service at both Helvoet and Timmerije, in part as replacements for old machines. These new machines mean advanced injection moulding processes for complex products can be carried out in an energy-efficient way. Possibilities for reducing waste are constantly being sought and the reuse of plastics investigated. This not only results in potential cost advantages but also leads to a more sustainable use of raw materials. Within Plastic Components the focus is on acquiring new clients in niche markets in which specific applications are offered based on four core technologies: thermoplast and thermoset injection moulding technology, rubber technology and assembly processes.

HEALTH, SAFETY, ENVIRONMENT AND SUSTAINABILITY

A focus on good, and above all safe, working conditions is vital for maintaining a consistently controlled and high-quality manufacturing process. Paying constant attention to employees, and in particular their working conditions, is a key factor for all the companies. Not only to minimise absenteeism through sickness but also to guarantee maximum safety within the manufacturing processes. Programmes aimed at introducing continuous improvement are in place at, and implemented by the employees of, every Hydratec company. Virtually every industrial process involves environmental risks. Limiting

these risks is an extremely important area of attention for the management teams. Environmental risk assessments are, therefore, carried out at the manufacturing facilities on a regular basis and, if necessary, lead to the immediate implementation of measures and procedures to reduce the risks still further. Increasingly the processes are also checked for possibilities to improve the sustainability of our products and/or manufacturing processes. This aspect is becoming more and more important because our clients are also specifying increasingly stringent requirements in this context.

PERSONNEL AND ORGANISATION

The workforce at the end of 2015 was 965 FTEs (2014: 329 FTEs including discontinued activities). Most of the increase was due to the acquisition of Helvoet and ABAR. As a principle we strive for strong local organisations with a high degree of entrepreneurship and a sense of responsibility for all business processes. The personnel policy is implemented at the operating company level. At this level attention is paid to safety, accident prevention and absenteeism through sickness, but above all to the creation and maintenance of a loyal organisation with flexibility and ambition. Within every company there is regular and constructive consultation with the local Works Council. The central Management Board participates in this consultation at least once a year in the absence of the local Manager.

RISK MANAGEMENT

Risk and risk management

Hydratec's annual accounts are drawn-up in accordance with IFRS regulations. Several of the financial risk factors to which Hydratec is exposed are explained in the Notes related to the consolidated annual accounts on pages 65 to 67 of the official Dutch 2015 annual report. These include market, credit, currency and interest rate risks. A sensitivity analysis regarding these factors is also included. These risks are not, however, exceptional and, in our opinion, are inextricably linked to the nature of the Company's activities. The risk management system was updated in 2015.

Hydratec's growth, acquisitions and new activities

The steady growth of its revenue and results is at the core of Hydratec's strategy. We endeavour to achieve this primarily through the organic growth of every one of the companies. On the one hand by expanding market positions and on the other hand by broadening the product offering. We believe that continuous growth is

necessary for healthy business development and we stimulate our companies to improve their competitive positions by achieving product improvements and innovations. These product developments are based primarily on identified concrete requirements of clients and potential clients.

At the same time Hydratec endeavours to strengthen its companies' market positions, gain synergy advantages and gradually expand its revenue and geographical area of operations through acquisitions. Hydratec also remains alert for opportunities in sectors in which it is not yet active. This can mean that Hydratec acquires activities in new markets in which it does not have a proven track record of experience and/or expertise. This growth strategy may require investments that cannot always be financed from the Company's resources and available credit facilities and may necessitate calling on the capital market and/or shareholders. Maintaining a strong solvency ratio is, therefore, an important basis for Hydratec's continuity.

Risks resulting from client and project size and sanction regulations

As far as the Agri & Food Equipment companies are concerned, the top-10 countries are responsible for 65% of the total revenue. In 2015 the United States generated the largest share of the revenue (11%) and the remaining countries each generated less than 10%. Large project orders can create major fluctuations in the Agri & Food Systems companies' revenue and results. Even after a contract for a project has been signed the client can postpone the actual deliveries for a considerable length of time. Because the major portion of the production of the components for the machines is contracted-out to sub-contractors, this risk is, to a degree, shifted to these sub-contractors.

Although the Plastics companies' top-10 clients account for around 57% of the total revenue, the largest client accounts for less than 10%. If a large client terminates its relationship with the company the loss of revenue cannot be offset immediately. But in view of the fact that such client relationships involve a wide range of products,

Wim Simons

Director Timmerije



What are the most important trends in plastic products?

"Increasing sustainability is becoming more and more important. We are responding in several ways, including by reducing the weight of products. We are also working on recycling - right from the start of the development stage of plastic products we take into account the fact that at the end of their life-cycle (plc) we can take the products back and reuse them. A circular economy is ultimately inevitable."

What role does ICT play within Timmerije?

"A crucial role. This year the new manufacturing execution system (MES) will be implemented company-wide. Among other things that will not only enable us to produce made-to-measure products of an even higher quality more efficiently and flexibly, but also to trace the plc of our

products. It also forms the basis for increased sustainability. Excellent software alone is not enough: People being willing and able to work with the software is also vital. We're paying a lot of attention to that."

For which clients is Timmerije a good partner?

"For us everything starts and ends with client focus: listen carefully to what they want, but also anticipate what they will be wanting in two years time, think with them pro-actively and innovatively. Collaborative development automatically leads to long-term relationships with both clients and suppliers and that leads to the best solutions being found. We supply components for a diverse range of industries including heating technology, commercial vehicles and the food industry."

'Hydratec's policy focuses not only on preventive measures but also on reducing the total impact on the environment.'

should a client relationship be terminated the actual loss of revenue would also be gradual.

The Hydratec companies are active worldwide and recognise the risks that can be coupled with sanctioned countries, people and products. Changes to the relevant regulations are followed very closely and form a component of the sales process.

Product liability and manufacturing risks

Within the Hydratec companies many different manufacturing processes are carried out on a relatively small scale and often involve a low level of automation. The resulting increased risk of human error and incidental manufacturing faults can lead to a loss of product quality and the disruption of the manufacturing process. The Hydratec companies also carry out a considerable amount of product development, which increases the risk of design faults. This can lead to relatively high costs for clients, who will endeavour to be recompensed by their supplier. All the companies implement strict quality standards and carry out Risk Inventories and Evaluations (RIE). All the companies are ISO certificated or comply with an ISO-based quality system. Although all the companies are insured against product liability this does not guarantee cover in every case. At all the companies product manufacture involves many different machines, which reduces the risk of the breakdown of one machine constituting a major manufacturing risk.

Suppliers

The Agri & Food Systems companies use a large mix of suppliers: Eastern European companies for the more mass-produced products and companies in the region for specific components and smaller quantities. The largest supplier (< 10% of the purchase volume) is based in the Czech Republic.

The Plastic Components companies purchase raw materials that are used on a global scale by many plastic companies. Although only a relatively few extremely large global suppliers operate in these raw materials production markets, the (lack of) availability of these raw materials does not constitute a real risk.

Real estate

The companies are increasingly being confronted with more stringent requirements regarding possible soil contamination in the event of new construction or renovation. These stipulations could lead to higher costs when expanding, or lower proceeds from the sale of real estate.

Environmental risks

The manufacturing and processing of plastic products goes hand-in-hand with environmental risks. Limiting these risks is a key issue for the Hydratec companies which must, at all times, focus on the environmental aspects relevant to their operations and the prevention of calamities. The current situation and the related (financial) risks at the

manufacturing facilities are evaluated and recorded on a regular basis. The aim of the evaluations is not only to ensure compliance with environmental legislation, but also to assess what preventative measures can be implemented. The recognised environmental risks are, when necessary, translated into concrete action plans. The effectiveness of the implemented measures is checked continuously in order to limit the risks as far as possible. In addition to the preventative measures, Hydratec's policy is also aimed at reducing the total environmental impact. Developments that can lead to improved environmental care will continue to be closely monitored in the future.

Automation

Hydratec strives to achieve manufacturing efficiency and logistics advantages, for example through far-reaching automation. Its success is increasingly dependent on the timely and correct implementation and extension and/or good functioning of automation systems. This makes the organisation very dependent on the proper functioning of these systems. ICT systems that do not function properly, or do not function at all, could threaten the continuity of business operations within a relatively short space of time. All the companies follow stringent procedures that ensure that, in the case of a system fault or failure, they have back-up systems and can access the most recent data.

Foreign currency

Hydratec invoices virtually all its revenue in euro, with the exception of Pas Reform do Brasil and Helvoet India which invoice their revenue (in part) in Brazilian Reals and Indian Rupiah respectively. In this respect Hydratec faces a currency risk related to the translation of the financial results and balance sheet position into the Company annual accounts and any dividend distribution. This risk is partially hedged via local financing of the working capital.

Pas Reform do Brasil purchases around 60% of its total purchases from local suppliers who also invoice in Brazilian Reals. Helvoet India purchases around 58% of its purchases in the local currency.

CORPORATE GOVERNANCE STATEMENT

The implementation of an ISO 26.000-based Code of Conduct in respect of issues such as good management, human rights, working conditions, business integrity and environment protection is being addressed by a number of Hydratec companies.

The Supervisory Board and Management Board endorse the principles of Corporate Governance and Hydratec Industries NV complies with the provisions laid down in the Dutch Corporate Governance Code. Key concepts such as transparency and the accountability to and participation of the shareholders form the basis of our policy.

We do, however, deem some of the guidelines to be irrelevant for a SmallCap company. For example, in view of the Company's size and the fact that its Supervisory Board has less than four members, no committees have been

formed. The points on which Hydratec deviates from the Code and the reasons why are listed, per section of the Code, on the Corporate Governance page of the Company's website. In view of Hydratec's growth and the risks of fraud that can go hand-in-hand with such growth, a whistle-blower's regulation will be implemented.

The reporting systems used within the Hydratec companies and the regular reports to the Management Board are of major importance. Revenue and order in-flow are reported weekly. Monthly reports include the most important financial and operational components, such as revenue, gross margin, operating costs, operating profits, orders received, working capital components, personnel summaries and investments. These reports form the basis for monthly meetings between the Management Board and the operating company managements as well as for the consolidated summaries that are also sent to the Supervisory Board. The local managements also prepare quarterly reports which include an explanation of business development within their companies.

At least once a year a General Meeting of Shareholders is organised during which all the resolutions are approved on the basis of the 'one share, one vote' principle. Shareholders who, either individually or jointly, hold at least 3% of the issued shares are entitled to ask the Management Board or Supervisory Board to add particular topics to the agenda. Important Board resolutions that could result in a change to the Company's identity or character must be approved by the General Meeting of Shareholders. The Company's Articles of Association are published on the Company's website as are the main tasks and authorities of the General Meeting of Shareholders and the Supervisory Board.

Kees van de Wiel

Director Lan|Abar Handling Technologies



Does scaling-up play a role in the growth of

Lan|Abar? "Scaling-up is essential for the viability of our clients, but also demands better process control. That demand is answered by our handling technologies."

What should we understand by Handling

Technologies? "It's the bringing together of all the technology needed to transport materials efficiently, safely and without losses. Think, for example, about robotics, transmission technology, vision (camera systems that help us manage processes), but also about data processing to improve tracking and tracing."

What do clients expect from Lan|Abar Handling

Technologies? "That we think along with them at every stage of a project and, naturally, that we will deliver the installations on time and according to the agreed specifications."

IN CONTROL STATEMENT

Hydratec's Management Board is of the opinion that the risk management and control systems provide a reasonable level of assurance that the financial reporting does not contain any material misstatements. These risk management and control systems functioned properly during the year under review and there are no indications that they will not function properly during the current year. The process of refining the management and control systems has been, and will continue to be, evaluated on a continuous basis.

Hydratec's Management Board declares that, to the best of its knowledge, the annual accounts provide a fair and accurate picture of the assets, liabilities, financial position and profits of the Company and the companies jointly included in the consolidated annual accounts. The annual report provides a fair and accurate picture of the situation as at the balance sheet date and the business development during the financial year of the Company and the affiliated companies for which the data is included in the annual accounts. The annual report describes the actual risks with which the Company is confronted.

OUTLOOK AND EXPECTATIONS FOR 2016

During the past year we noticed that the still uncertain macro-economic conditions were affecting the demand for our companies' products. Even so our companies proved themselves capable of acquiring new orders from both existing and new clients and achieving revenue growth with these orders. We deem it too early to make a definite statement regarding the possible result for 2016.

A WORD OF THANKS

The positions in their markets of each of our companies makes achieving revenue and result growth possible, even in times of economic uncertainty. It is at such times that the entire organisation, and therefore all its employees, have a very good reason to do that little bit extra that stimulates client loyalty and makes achieving new revenue possible. And to do it while at the same time having to comply with demands for increasingly high quality and more flexible deliveries. This demands not only a considerable effort from all our employees but also the willingness to pro-actively anticipate clients' wishes, fluctuations in sales and stringent quality demands. We thank our employees for their efforts and loyalty which give us a very solid foundation for maintaining our competitive strength and further expanding our market positions.

Amersfoort, 7 April 2016

Management Board

B.F. Aangenendt CEO

M.C. van den Burg CFO

SUMMARISED ANNUAL ACCOUNTS

Consolidated profit and loss account	32
Consolidated summary of comprehensive income	33
Consolidated balance sheet as at 31 December before incorporation of the result	34
Consolidated statement of changes in equity	36
Consolidated cash flow statement	37



CONSOLIDATED PROFIT AND LOSS ACCOUNT

x € 1,000	2015		2014 adjusted*		
Net revenue		113,437		70,973	
Material usage		56,605		37,424	
Gross margin		<u>56,832</u>		<u>33,549</u>	
Wages and salaries	23,829		12,234		
Social security premiums and pensions	5,778		3,147		
Depreciation and amortisation of non-current assets	3,475		1,488		
Other operating costs	<u>18,652</u>		<u>11,960</u>		
		51,734		28,829	
Impairment / badwill		<u>2,732</u>			
Operating profit		7,830		4,720	
Financial income and expenses		<u>148</u>		<u>320</u>	
Result before taxes		7,682		4,400	
Taxes		1,040		817	
Result from non-consolidated interests		234		4	
Net result from continued activities		<u>6,876</u>		<u>3,587</u>	
Net result from discontinued activities		<u>4,690</u>		<u>4,294</u>	
Net result		<u>11,566</u>		<u>7,881</u>	
Net result attributable to:					
Shareholders in continued activities		6,367		2,901	
Shareholders in discontinued activities		4,417		3,972	
Minority interests		782		1,008	
		<u>11,566</u>		<u>7,881</u>	
Weighted average number of shares		1,222,143		1,222,143	
	Continued activities	Discontinued activities	Continued activities	Discontinued activities	
Earnings per ordinary share (in euro)	5.21	3.61	8.82	2.37	3.25
Diluted earnings per ordinary share (in euro)	<u>5.21</u>	<u>3.61</u>	<u>8.82</u>	<u>2.37</u>	<u>3.25</u>

* Adjusted in connection with the sale of Euro Mouldings.

CONSOLIDATED SUMMARY OF COMPREHENSIVE INCOME

x € 1,000	2015	2014 adjusted*
Net result	11,566	7,881
Components that may be recognised in the result in the future		
Result of hedge on financial derivatives	- 2	35
Components that will not be recognised in the result in the future		
Total not-achieved result	- 2	35
Total result after taxes	<u>11,564</u>	<u>7,916</u>
Total result after taxes of continued activities	6,888	3,611
Total result after taxes of discontinued activities	<u>4,676</u>	<u>4,305</u>
Related corporate tax amounts:		
Result of hedge on financial derivatives	- 1	- 9
Total result attributable to:		
Shareholders	10,786	6,905
Minority interests	<u>778</u>	<u>1,011</u>
	<u>11,564</u>	<u>7,916</u>

* Adjusted in connection with the sale of Euro Mouldings.

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER before incorporation of the result

x € 1,000	2015	2014
ASSETS		
Intangible non-current assets	17,798	19,715
Tangible non-current assets	41,942	22,633
Non-consolidated interests	276	37
Deferred tax asset	2,261	143
Other financial non-current assets	245	57
Total non-current assets	<u>62,522</u>	<u>42,585</u>
Stocks	18,951	10,838
Trade debtors	23,044	11,043
Corporation tax	547	51
Other taxes and social security premiums	2,368	421
Other receivables	3,840	1,157
Accrued assets	661	123
Cash and cash equivalents	8,245	11,507
Total current assets	<u>57,656</u>	<u>35,140</u>
Total assets	<u>120,178</u>	<u>77,725</u>

x € 1,000

	2015	2014
LIABILITIES		
Shareholders' equity attributable to Hydratec shareholders	42,791	35,828
Shareholders' equity attributable to minority interests		2,452
Shareholders' equity	<u>42,791</u>	<u>38,280</u>
Personnel-related provisions	1,632	471
Other provisions	2,985	
Deferred tax liabilities	4,551	2,274
Non-current liabilities	12,831	6,075
Other financial instruments	646	101
Total provisions and non-current liabilities	<u>22,645</u>	<u>8,921</u>
Trade creditors	17,514	4,554
Corporation tax	144	111
Other taxes and social security premiums	2,832	357
Owed to banks	4,155	2,095
Other debts and accrued liabilities	30,097	23,407
Total current liabilities	<u>54,742</u>	<u>30,524</u>
Total liabilities	<u>120,178</u>	<u>77,725</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

x € 1,000	Issued capital	Agio	Translation reserve	Hedge reserve	Other reserves	Un-distributed result	Attributable to Hydratec shareholders	Attributable to minority shareholders	Shareholders equity
Book value as at 1 January 2014	550	3,418	- 386	- 94	22,754	4,178	30,420	2,087	32,507
Shareholder related changes:									
• Dividend distribution 2013					- 1,674		- 1,674		- 1,674
• Dividend minority shareholders								- 349	- 349
• Put-option Lias / Lan					- 214		- 214	- 292	- 506
Other changes:									
• Result appropriation 2013					4,178	- 4,178	0		0
Unrealised results									
Value difference interest rate swaps				37			37	- 2	35
Realised results									
Result 2014						6,873	6,873	1,008	7,881
Currency translation differences foreign participations			386				386		386
Book value as at 31 December 2014	550	3,418	0	- 57	25,044	6,873	35,828	2,452	38,280
Shareholder related changes:									
• Dividend distribution 2014					- 1,674		- 1,674		- 1,674
• Dividend minority shareholders								- 621	- 621
• Put-option Lias / Lan					- 1,799		- 1,799	- 57	- 1,856
Other changes:									
• Result appropriation 2014					6,873	- 6,873	0		0
• Consolidation Helvoet				- 426	426		0		
• Acquisition of remaining interest in Timmerije				- 7	- 393		- 400	- 1,100	- 1,500
• Deconsolidation Euro Mouldings				14	- 14			- 1,462	- 1,462
Unrealised results									
Value difference interest rate swaps				- 8			- 8	6	- 2
Realised results									
Result 2015 continued activities						6,367	6,367	509	6,876
Result 2015 discontinued activities						4,417	4,417	273	4,690
Currency translation differences foreign participations			60				60		60
Book value as at 31 December 2015	550	3,418	60	- 484	28,463	10,784	42,791	0	42,791

CONSOLIDATED CASH FLOW STATEMENT

x € 1,000	2015 Continued activities	2015 Discontinued activities	2015 Total	2014 Continued activities	2014 Discontinued activities	2014 Total
Result from normal business operations before taxes	7,682	5,037	12,719	4,400	5,167	9,567
Adjusted for:						
• Depreciation and amortisation	3,475	846	4,321	1,488	1,403	2,891
• Impairment / profit from advantageous sale of companies	- 2,732		- 2,732			
• Book profit/loss on sale of non-current assets		- 3,599	- 3,599		- 2,790	- 2,790
Financial income and expenses	148	87	235	320	128	448
Changes in provisions	- 2,554	- 12	- 2,566	21	- 15	6
Changes in working capital:						
• Stocks	- 910	- 23	- 933	574	243	817
• Current receivables	- 1,087	- 874	- 1,961	5,831	- 349	5,482
• Current liabilities	3,233	349	3,582	- 4,421	- 122	- 4,543
	<u>1,236</u>	<u>- 548</u>	<u>688</u>	<u>1,984</u>	<u>- 228</u>	<u>1,756</u>
Financial income and expenses (net)	- 208	- 78	- 286	- 382	- 139	- 521
Profit tax paid	- 895	- 335	- 1,230	- 1,401	- 575	- 1,976
Cash flow from operating activities	<u>6,152</u>	<u>1,398</u>	<u>7,550</u>	<u>6,430</u>	<u>2,951</u>	<u>9,381</u>
Investment in intangible non-current assets	- 41		- 41	- 16	- 32	- 48
Investments in tangible non-current assets	- 3,612	- 844	- 4,456	- 2,375	- 2,158	- 4,533
Disposal of tangible non-current assets	2	37	39	8	16	24
Purchase of interest in Helvoet	- 10,600		- 10,600			
Purchase of interest in Abar	- 2,500		- 2,500			
Sale of interest in Euro Mouldings		10,000	10,000			
Sale of interest in Danielson					8,500	8,500
Chargeable sale costs					- 303	- 303
Cash and cash equivalents in discontinued activities		277	277		3,392	3,392
Incorporated net cash position related to purchase and sale of interests	3,691		3,691	832		832
Cash flow from investment activities	<u>- 13,060</u>	<u>9,470</u>	<u>- 3,590</u>	<u>- 1,551</u>	<u>9,415</u>	<u>7,864</u>

x € 1,000	2015 Continued activities	2015 Discontinued activities	2015 Total	2014 Continued activities	2014 Discontinued activities	2014 Total
Dividend paid to Hydratec shareholders	– 1,674		– 1,674	– 1,674		– 1,674
Third party dividends (Plastic Components / Agri & Food Systems)	– 621		– 621	– 249	– 100	– 349
Provided mould financing less repayments	– 153		– 153	– 21	26	5
Repayment of non-current liabilities	– 6,136	– 211	– 6,347	– 3,296	– 475	– 3,771
Non-current borrowings	687		687	293	1,783	2,076
Buy-out of third parties in Timmerije	– 1,500		– 1,500			
Cash flow from financing activities	<u>– 9,397</u>	<u>– 211</u>	<u>– 9,608</u>	<u>– 4,947</u>	<u>1,234</u>	<u>– 3,713</u>
Net cash flow	– 16,305	10,657	– 5,648	– 68	13,600	13,532
Currency translation differences	92		92	– 3	1	– 2
Change in cash and cash equivalents	<u>– 16,213</u>	<u>10,657</u>	<u>– 5,556</u>	<u>– 71</u>	<u>13,601</u>	<u>13,530</u>
Cash and cash equivalents as at 1 January			<u>10,015</u>			<u>– 3,515</u>
Cash and cash equivalents as at 31 December			<u>4,459</u>			<u>10,015</u>
Cash and cash equivalents						
Cash and at bank			11,507			4,626
Current account bank			<u>– 1,492</u>			<u>– 8,141</u>
Total 1 January			<u>10,015</u>			<u>– 3,515</u>
Cash and at bank			8,245			11,507
Current account bank			<u>– 3,786</u>			<u>– 1,492</u>
Total 31 December			<u>4,459</u>			<u>10,015</u>

INDEPENDENT AUDITOR'S REPORT

With regard to the independent auditor's report we refer to page 74 of the official Dutch 2015 annual report, which is available on www.hydratec.nl/investor-relations.

FIVE YEAR SUMMARY

Amounts in thousands of euro unless stated otherwise

	2015	2014	2013	2012	2011
Profit and loss account					
Net revenue	113,437 ¹	99,468	110,064	119,997	84,190
Operating profit	7,830 ¹	6,918	6,958	7,071	5,523
Net profit	6,876 ¹	7,881	5,193	5,392	4,159
Net profit to be allocated to shareholders	10,784	6,873	4,178	4,695	3,631
Cash flow					
Cash flow from operating activities	7,550	9,381	4,207	9,814	10,888
Cash flow from investing activities	- 3,590	7,864	- 5,489	- 4,451	- 18,304
Cash flow from financing activities	- 9,608	- 3,713	- 2,255	- 1,687	733
Net cash flow	- 5,648	13,532	- 3,537	3,676	- 6,683
Balance sheet					
Equity attributable to Hydratec shareholders	42,791	35,828	30,420	28,403	24,640 ²
Group equity	42,791	38,280	32,507	30,442	26,589 ²
Balance sheet total	120,178	77,725	83,995	85,572	76,889 ²

¹ Continued activities.

² Revised in 2012 annual accounts.

Amounts in thousands of euro unless stated otherwise

	2015	2014	2013	2012	2011
Key ratios					
Operating profit as a % of revenue	6.9%	7.0%	6.3%	5.9%	6.6%
Return on invested capital ¹	5.3%	11.9%	9.9%	11.7%	8.2%
Return on shareholders' equity ²	7.9%	12.3%	14.2%	17.7%	15.9%
Solvency ³	35.6%	49.3%	38.7%	35.6%	34.6%
Information per ordinary share (in euro)					
Operating profit	6.41 ⁴	3.86 ⁴	5.26	5.79	4.52
Equity attributable to Hydratec shareholders	35.01	29.32	24.89	23.24	20.16
Profit per share continued activities	5.21	2.37	3.42	3.84	3.07
Profit per share including discontinued activities	8.82	5.62	3.42	3.84	3.07
Profit per share excluding one-time income	2.52	3.34	3.42	3.84	3.07
Dividend	1.37	1.37	1.37	1.55	1.20
Price at year end	32.00	31.65	22.73	21.00	18.05
Lowest price	30.77	24.30	21.00	17.00	14.70
Highest price	36.60	34.95	26.00	25.80	19.98
Other information					
Average number of employees	610	366	469	474	381
Net revenue per employee	186.1	271.8	234.7	253.2	221.0
Salary costs per employee	48.6	57.1	51.7	49.1	47.7

¹ Net result excluding one-time income + interest expense as a % of the average invested capital (total assets minus cash and cash equivalents minus current non-interest-bearing liabilities).

² Net result excluding one-time income as a % of the average shareholders' equity attributable to Hydratec's shareholders.

³ Shareholders' equity as a % of the balance sheet total.

⁴ Continued activities.

CONTACT DETAILS

HYDRATEC INDUSTRIES NV

CEO B.F. Aangenendt
CFO M.C. van den Burg
Address Nijverheidsweg Noord 59B
P.O. Box 328
3800 AH Amersfoort
The Netherlands
Telephone +31 (0)33 469 73 25
E-mail info@hydratec.nl
Internet www.hydratec.nl

AGRI & FOOD SYSTEMS

Pas Reform BV

Managing Director H. Langen
Address Bovendorpsstraat 11
P.O. Box 2
7038 ZG Zeddam
The Netherlands
Telephone +31 (0)314 65 91 11
E-mail info@pasreform.com
Internet www.pasreform.com

Lan|Abar Handling Technologies BV

Managing Director K. van de Wiel
Address Jules Verneweg 123
5015 BK Tilburg
The Netherlands
Telephone +31 (0)13 532 25 25
E-mail info.tilburg@lanhandling.com
Internet www.lanhandling.com

PLASTIC COMPONENTS

Helvoet BV

Managing Director F. de Jonge
Address Centarusweg 146
5015 TA Tilburg
The Netherlands
Telephone +31 (0)13 547 86 00
E-mail info.tilburg@helvoet.com
Internet www.helvoet.com

Timmerije BV

Managing Director W. Simons
Address Schoolweg 29
P.O. Box 3
The Netherlands
7160 AA Neede
Telephone +31 (0)545 28 38 00
E-mail info@timmerije.com
Internet www.timmerije.com



Adres

Nijverheidsweg Noord 59B
P.O. Box 328
3800 AH Amersfoort
The Netherlands
+31 (0)33 469 73 25
info@hydratec.nl
www.hydratec.nl

Telefoon

E-mail

Internet

