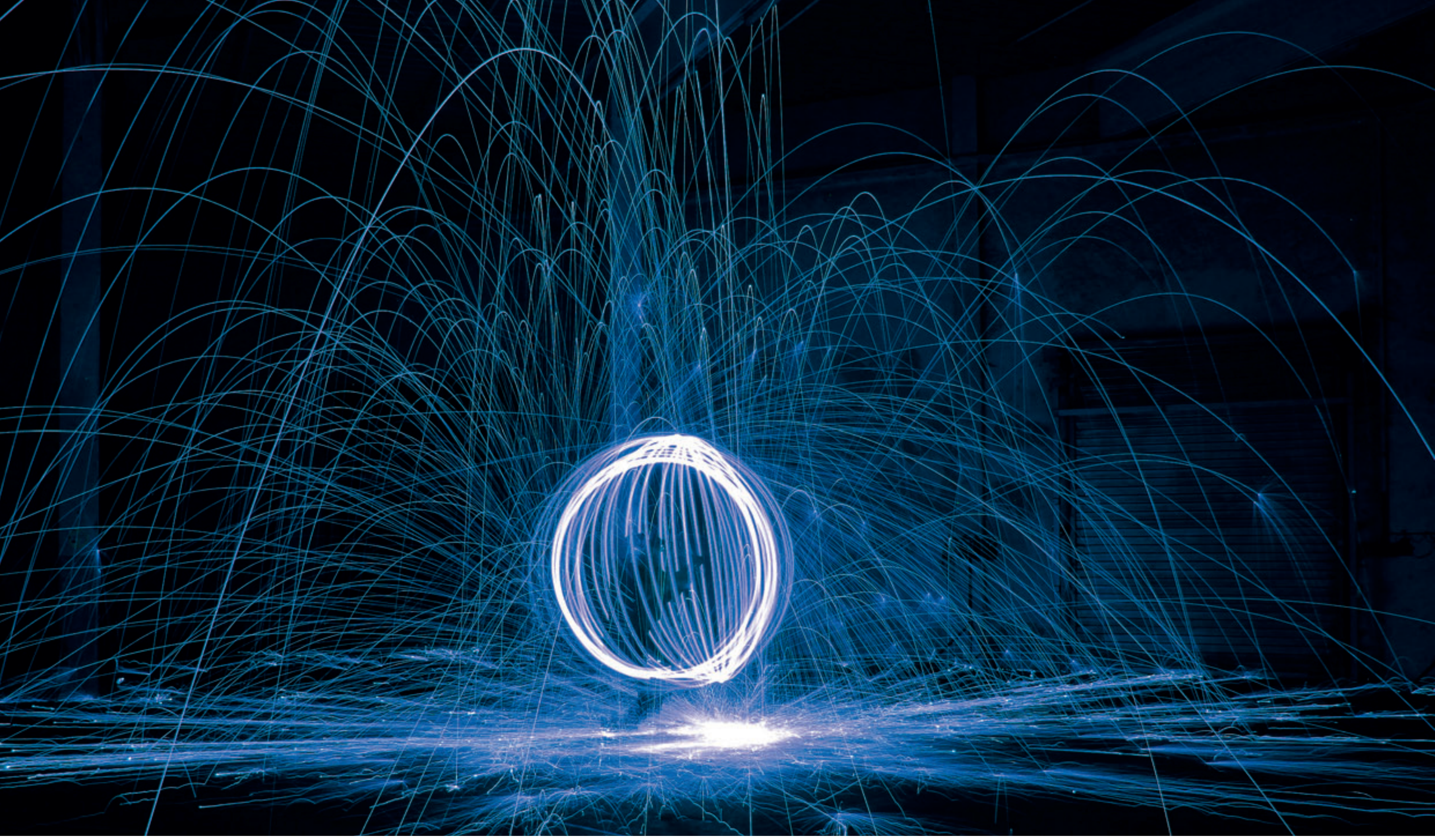

ANNUAL REPORT 2015

HOFTEX GROUP
TEXTILE TECHNOLOGIES

Key figures of the Hoftex Group

		HGB [1] 2015	HGB 2014	HGB 2013	HGB 2012	HGB 2011
External sales	EUR million	175.4	185.1	190.4	203.4	224.1
Gross revenue	EUR million	170.7	177.2	189.0	202.0	231.8
Gross profit [2]	EUR million	83.5	82.0	83.6	86.5	89.5
Cash flows from operating activity	EUR million	23.2	19.6	15.9	21.9	6.1
Personnel		1,221	1,286	1,419	1,507	1,585
Capital expenditure on tangible fixed assets	EUR million	24.8	26.2	21.6	10.8	7.2
Depreciation and amortisation	EUR million	10.0	9.8	8.9	8.7	8.6
Result from ordinary activities [3]	EUR million	6.7	6.6	6.5	7.2	6.3
Extraordinary result	EUR million	0.0	-3.4	-6.0	0.0	0.0
Result current year	EUR million	6.1	3.5	0.2	6.4	5.5
Result per share	EUR	1.1	0.7	0.0	1.2	1.0
Cash flows	EUR million	18.2	16.3	6.7	11.4	11.9
EBITDA (adjusted)	EUR million	17.0	14.2	15.2	15.9	17.3
Net senior debt to EBITDA ratio	x-fold	1.2	0.9	1.1	0.9	1.4
Dynamic debt-equity ratio [4]	%	352	404	976	466	570
Balance sheet total	EUR million	180.1	174.7	160.0	157.2	159.9
of which tangible fixed assets	EUR million	94.7	83.8	73.0	63.7	61.8
balance-sheet equity	EUR million	89.5	82.7	76.2	77.9	71.8
economic equity [5]	EUR million	103.3	100.3	95.5	97.0	92.6
Equity ratio [6]	%	57.3	57.4	59.7	61.7	57.9

[1] HGB (*Handelsgesetzbuch* = German Commercial Code)

[2] Gross revenue less cost of materials

[3] After deducting other taxes

[4] Debt capital (excluding shareholder loan) less cash and cash equivalents

[5] Balance-sheet equity + extraordinary items + subordinated shareholder capital less proposed dividend payment

[6] Based on economic equity

Table of contents

Group overview

Divisions	Hoftex	Neutex	Tenowo
Companies	Hoftex GmbH Hoftex Färberei GmbH Hoftex Färberei Betriebs GmbH Hoftex Liberec s.r.o. *) Hoftex CoreTech GmbH Hoftex Max Süss GmbH *) inactive	Neutex Home Deco GmbH Neutex Betriebs GmbH SC Textor S.A.	Tenowo GmbH Tenowo Hof GmbH Tenowo Reichenbach GmbH Tenowo Mittweida GmbH Tenowo Inc. Tenowo Huzhou New Materials Co. Ltd.
Locations	Hof Selbitz Liberec (Czech Republic) **) Drebach Sehmatal-Cranzahl **) inactive	Münchberg Targu Mures (Romania)	Hof Reichenbach Mittweida Lincolnton (USA) Huzhou (China)
Sales in EUR million [1]	34.0	17.3	123.2
Employees (annual average) 2015	230	294	646
Unit sales [2]	6.2 million kg 1.1 million lnm	5.3 million m^2	241.4 million m^2

[1] External sales and intragroup sales
[2] External unit sales and intragroup unit sales

Other companies/significant shareholdings

Supreme Nonwoven Industries Pvt. Ltd., Mumbai (India)
Hoftex Immobilien I GmbH
Hoftex Immobilien II GmbH & Co. KG

Supervisory Board Report

During the 2015 fiscal year just ended, the Supervisory Board played an advisory and supervisory role for the Management Board in all key transactions and strategic decisions relating to the Company and the Group. With comprehensive written and oral reports, the Management Board regularly updated the Supervisory Board regarding the Group's business developments and financial position as well as its divisions, principal subsidiaries and key projects. The Supervisory Board also played a role in the Group's investment, financial and personnel planning through regular reporting on issues such as order intake, staff development, sales, cash flows, earnings performance, variance analyses (forecasts vs. actual results) and the current cash position, as well as quarterly reports with balance sheets and income statements that were reviewed in detail by the Supervisory Board.

During its meetings, the Supervisory Board dutifully reviewed all measures and transactions requiring its approval and discussed them in detail with the Management Board. Where required, resolutions were passed by circulation.

In addition to regular reporting from the Management Board at Supervisory Board meetings, the Chairperson of the Supervisory Board was in regular contact with the Management Board and received updated information on the current situation and all key transactions.

During the year under review, the Supervisory Board met for four regular meetings. No extraordinary meetings were convened. In one case, a resolution was passed by circulation.

All members of the Supervisory Board attended each meeting. As in the previous year, no committees were formed, as with a membership of nine the Supervisory Board is of a suitable size to deliberate and resolve all matters.

In addition to the regularly recurring issues, the Supervisory Board also addressed the investment requirements for the two nonwovens plants in the US and Reichenbach, Germany in its March meeting. Other topics under discussion at this meeting included the Group strategy and the Code of Conduct adopted by the Management Board as a guideline for all staff.

At its meeting on 12 May 2015, discussions focused on reviewing and adopting the 2014 annual financial statements. The Supervisory Board also reviewed the agenda for the Annual General Meeting in July and heard a presentation outlining the findings of a recent external analysis of the IT division that were conducted over several weeks.

At its July meeting, the agenda items included an interim report on the current fiscal year as of 31 May 2015, a presentation of the investment strategy for domestic nonwovens production facilities and an in-depth report on the current state of the IT system from the project manager. The Supervisory Board also received an update on the project to bring Mittweida site's Malimo stitch-bonding technology for nonwovens to the US facility for automotive applications. The Supervisory Board granted approval by written circular in September 2105.

At its final meeting of the fiscal year on 11 December 2015, the Supervisory Board received documentation outlining the Company's plans for the 2016 fiscal year. After reviewing them in detail and discussing their inherent opportunities and risks with the Management Board, the Supervisory Board approved the plans. The Supervisory Board also adopted the proposed investment budget for 2016. The spokesperson for Neutex Home Deco GmbH presented an in-depth report on the company's restructuring and the strategies it intends to pursue for the Neutex division. A discussion followed of the targets for the gender quota in compliance with new Law on Equal Participation of Women and Men in Leadership Positions in the Private and Public Sector *(Gesetz für die gleichberechtigte Teilhabe von Frauen und Männern an Führungspositionen in der Privatwirtschaft und im öffentlichen Dienst)*. Please turn to page 21 of this annual report for more details on this issue.

At this meeting, the Supervisory Board also reviewed the risk management report and found that the reporting and monitoring system set up by the Management Board as stipulated in Section 91 (2) of the German Stock Corporation Act (*Aktiengesetz*, or AktG) is adequate for the Company's requirements and is suitable in both its design and its implementation for the early detection of any developments that might jeopardise the Company's existence. As part of its audit of the consolidated financial statements, the auditors evaluated the effectiveness of the accounting-related internal control system.

The Annual General Meeting appointed Munich-based Deloitte & Touche GmbH Wirtschaftsprüfungsgesellschaft as auditors of the single-entity and consolidated financial statements for fiscal 2015. They audited the HOFTEX GROUP AG financial statements and the consolidated financial statements for the year ending 31 December 2015 as well as the Group management report, the accounting system and the accounting-related internal control system and issued them with an unqualified audit certificate. Upon completion, all audit reports were immediately sent to the members of the Supervisory Board.

The Company's auditors were present at the 27 May 2016 annual report meeting, in which they engaged in in-depth discussions of the HOFTEX GROUP AG financial statements and the consolidated financial statements for the year ending 31 December 2015, as well as the Group management report, the Management Board's proposal for the appropriation of the net retained profits and the audit reports. The Supervisory Board duly noted and approved the audit findings. Following the Supervisory Board's careful review of the single-entity and consolidated financial statements, the Group management report and the proposal for the appropriation of profits, no objections were raised. The Supervisory Board approved and thus adopted the annual financial statements of HOFTEX GROUP AG as of 31 December 2015 prepared by the Management Board. The consolidated financial statements and the Group management report were also adopted. The Supervisory Board endorsed the Management Board's proposal for the appropriation of net retained profits.

The Management Board submitted to the Supervisory Board its report concerning the Company's relationship with its affiliates in fiscal 2015 as stipulated by Section 312 AktG (dependency report) and the auditor's report on the same. The auditor issued the report with the following unqualified certificate: „Based on our duly performed audit and assessment, we hereby certify that the factual information contained in the report is correct and that the consideration received by the Company for each legal transaction disclosed in the report was not unreasonably high."
The Supervisory Board duly noted the report and the findings of the audit of the report, reviewed both reports and discussed the findings of each with the Management Board and the auditors. The Supervisory Board concurred with the findings of the audit of the dependency report prepared by the auditors.

At the end of the report, the Management Board declared that based on the circumstances known to it at the time the transactions were made with these affiliates, the Company received adequate consideration for each transaction and neither took nor refrained from taking measures in the best interest of the controlling company. Based on the findings of these discussions and its assessment of the dependency report, the Supervisory Board raised no objections to this declaration.

The following changes to the Supervisory Board and the Management Board of HOFTEX GROUP AG are noted:

After serving on the Management Board since 2001, Mr Volker Adrion resigned from the Board as of 29 February 2016. The Supervisory Board would like to thank Mr Adrion for his many years of committed service and excellent work. With effect from 1 March 2016, Mr Jacques van den Burg was appointed to the Management Board, filling the role of CFO as Mr Adrion's successor.

The Annual General Meeting on 9 July 2015 marks the end of the five-year term of the previous Supervisory Board and the establishment of the new Supervisory Board elected by the Annual General Meeting and the employees. Mr Hans Münch and Mr Bernd Großmann have resigned from their role as the shareholder representatives on the Supervisory Board. The Annual General Meeting has elected Mr Tom Steger and Mr York Riedel as their successors. The previous Supervisory Board members acting as shareholder representatives Ms Waltraud Hertreiter and Mr Martin Steger were re-elected by the Annual General Meeting. Mr Wolfgang Schmidt's mandate as the employee representative was extended on 19 June 2015. Ms Carmen Teisman has been elected to the Supervisory Board for the first time as the successor to Ms Monika Fröhlich, who resigned from the Supervisory Board as of the end of the Annual General Meeting on 9 July 2015. The Supervisory Board would like to thank all of the retiring members for their committed service and constructive cooperation. At its subsequent constituent meeting, the Supervisory Board confirmed Ms Waltraud Hertreiter as Chairperson and Mr Martin Steger as Deputy Chairperson for another five-year term.

At its 9 July 2015 meeting, the Annual General Meeting passed a resolution amending Article 10(1) of the Articles of Association such that in future the Supervisory Board shall comprise six shareholder representatives and three employee representatives, each of whom must be elected in accordance with legal requirements. Following this resolution, the Annual General Meeting elected Mr Werner Berlet and Ms Renate Dempfle as additional shareholder representatives. Mr Berlet and Ms Dempfle were both officially appointed to the Supervisory Board after the amendments to the Articles of Association were entered into the Commercial Register of the Hof District Court on 16 July 2015. On 13 November 2015, Ms Johanna Falasa was elected to the Supervisory Board as an additional employee representative.

Hof, May 2016

Waltraud Hertreiter
Chairperson of the Supervisory Board

The HOFTEX GROUP AG share

Our shares are traded on the m:access market segment of the Munich Stock Exchange. Since our move to the Open Market, the Company is no longer considered to be "publicly listed" in terms of the German Securities Trading Act (*Wertpapierhandelsgesetz*, or WpHG) and shareholders are no longer obliged to inform us when they exceed or fall below certain reporting thresholds. As a result, we can only provide information on the stake held by our principal shareholder, ERWO Holding AG, which currently amounts to 4,588,175 shares, or 84.26% of all shares.

As a company listed on the m:access market segment, we are governed by the **„Rules and Regulations for the m:access Market Segment of the Munich Stock Exchange“**. *(Regelwerk für das Marktsegment m:access an der Börse München)*. In addition to complying with other regulations, we are obliged to attend at least one analyst conference organised by the Munich Stock Exchange or a comparable event each year. During fiscal 2015, we attended an analyst conference at the Munich Stock Exchange on 22 July. In fiscal 2016, we have been invited to another analyst conference on 13 October 2016.

Hoftex Group-share: Share performance

Source: www.finanzen.net

As highlighted in the above share performance chart, we saw steady growth in our share price until approximately mid-2015, reaching a peak of almost €12.00. In June, prior to last year's Annual General Meeting, the share price fell quite sharply to roughly €11.00. Following the Annual General Meeting, the share price rose again to €11.80 by late August. During the subsequent period until mid-March 2016, the share price gradually decreased to approximately €10.00.

As approximately 84% of our share capital is held by our principal shareholder ERWO Holding AG, in theory just 16% of shares can be in free float at any time. As a result, trading volume in these shares is low, as evidenced in the bottom section of the chart. In fact, there were several days with no share trading at all. When trading did take place, trading volume rarely exceeded 1,000 shares. In fact, there were only a few days in which the volume traded exceeded 1,000 shares. The largest volume traded on any day was roughly 5,000 in early April 2015.

The low trading volume in our shares and the very few days of actual trading are likely key factors in the strong fluctuations and/or deviations seen on the share performance chart above and the inexplicable downward trend in the share price from summer 2015 to about late January 2016. As evidenced in the share price data of HOFTEX GROUP AG outlined below, the value of our shares has risen significantly over the past five years. Thanks to the strategic focus of the Hoftex Group over the past two years, we have laid the groundwork for continuing growth in our share price over the next few years.

Information on the Hoftex Group Share

Share type	No-par value shares, each with a proportionate share of €2.52 (rounded) in the share capital
Share capital	€13,920 thousand
Number of no-par value shares	5,444,800
Market capitalisation as of 31 December 2014	€55.2 million
Listing	Munich Stock Exchange
Stock exchange symbol	NBH
ISIN	DE0006760002
WKN[1]	676000

[1] German Securities Identification Number (*Wertpapierkennnummer*, or WKN)

Information on the Hoftex Group share price and dividend payments

Fiscal year ending 31 December	**2015**	**2014**	**2013**	**2012**	**2011**
Year-end share price	€ 10.13	€ 9.41	€ 9.39	€ 7.00	€ 7.75
Year high	€ 11.96	€ 10.30	€ 9.39	€ 7.79	€ 7.85
Year low	€ 9.41	€ 8.60	€ 7.00	€ 5.90	€ 7.00
Proposed dividend in €/share	€ 0.17	€ 0.15	--	€ 0.15	--

Financial calendar

HOFTEX GROUP AG Annual General Meeting

26 July 2016

at the Freiheitshalle in Hof

m:access Analyst Conference

13 October 2016

at the Munich Stock Exchange

Mid-year issuer report as of 30 June 2016

September 2016

Group Management report

Group fundamentals

Guiding principles and business model of the Group

The Hoftex Group is a highly diversified group of companies operating in the textile industry that can look back with pride at a long, successful history since its founding more than a century and a half ago. Throughout that time, the Group as a whole has consistently succeeded in adapting to the changing dynamics of our industry. During the last decade in particular, we have seen profound structural change in the global textile industry. Working under our parent company, ERWO Holding AG, we have become a globally-active, well-respected provider of textile solutions with a wide variety of applications. In our business, we strive above all to achieve profitable growth in compliance with our sustainability principles. Business success and corporate social responsibility are two inseparable goals of the Hoftex Group. Responsible and ethical conduct towards employees, business partners, society and the environment are key components of our corporate values and the foundation for all our actions. An awareness of our corporate social responsibility guides all of the Group's initiatives, both within and outside our corporate sphere. We are committed to fairness in all of our dealings with business partners and third parties and to building partnerships with professionalism and high quality standards. We support fair competition in compliance with competition and anti-trust regulations and operate all our facilities in accordance with regulations and standards on environmental protection. Through responsible use of natural resources, we ensure that our activities have the lowest possible impact on the environment. Using highly efficient decision-making processes, we are constantly working towards providing services with the best value for money for our customers. The only way to meet these high standards is through specialisation, which is why for many years our traditional textile business activities have been concentrated into three separate divisions, each of which comprise various business units. By repurposing our vacated premises as rental properties, our fourth division, the property management and rental division, is becoming increasingly important.

Internal control system

Our internal control system is closely linked to our risk management system. The Group's management staff review and approve all plans prepared by each division. The approved plans are combined into one detailed Group planning document. One of our key management tools is the Group business plan that is prepared each year with three-year detailed forecasts for the income statements, balance sheets and financial indicators. The multi-year plan is also used to derive our future funding requirements.

Our key performance indicators are the sales and operating results of the divisions.

To monitor performance in the short term, the business units of each division submit sales reports to the Group internal control department on a weekly basis, enabling us to analyse variances quickly and take countermeasures if needed. The subsidiaries in each division prepare monthly financial statements taking into account the relevant accruals/deferrals. A selection of key indicators is sent to the Group internal control department. Using these monthly statements as a basis, we can determine and analyse the impact budgetary deviations in operating profit or at the cost level will have on earnings.

The advisory committee meets each month soon after the monthly statements are released to analyse and discuss them. The internal control department is responsible for preparing a comprehensive, standardised report for the monthly advisory committee meetings, where the participants analyse the business performance for the month in detail, discuss future prospects and introduce countermeasures where necessary.

Research and Development

The Hoftex Group intends to keep its main focus on technical textiles, in those divisions that belong to the more traditional textile industry (Hoftex and Neutex), but also – and above all – in the production of nonwoven textiles in the Tenowo division. A key factor in this is the ongoing expansion and promotion of our R&D activities in the respective divisions in an aim to maintain our market shares and tap into new market segments. A lot of development work often goes into meeting our customers' demanding product standards both in terms of technology and price. One major element of our corporate philosophy is to be proactive in translating the needs of our customers into finished products. Especially when a product is designed for a particular technical application, it is vital for us to achieve the exact specifications and still be competitive on price. That said, it is also crucial for us to improve our product features and take advantage of the opportunity to attract new customers or develop new potential applications. In this vein, we were able to add the construction industry, which was new to us a few years ago, and to keep developing this segment. Application areas for nonwovens are increasing on an ongoing basis. Only through the development of new products with a brand new product lifecycle will we be able to secure the Group's existing business and drive expansion over the long term.

At the Hoftex Group, we don't see ourselves as mass producers. Instead, we are moving towards becoming a niche provider for unique and specialised products – which means we have to give our customers the specialised products they need quickly and economically. In our pursuit of these objectives and the development activities described here, certain companies within the Group have recruited additional staff. We currently have 16 staff employed worldwide in product development for the Tenowo division (prior year: 17). In 2015, we conducted a total of 398 trials in our production facilities, with 70 new nonwovens going into series production (prior year: 25). The expenses incurred for the trials amounted to EUR 1.3 million. Our R&D activities included two government funded projects in 2015.

We engage in joint projects and contract research with partners in the Technical University Chemnitz, the University of Applied Sciences Zwickau, the Hof University of Applied Sciences, the Fraunhofer Institute, the Technical University Dresden, STFI Chemnitz and the University of Bayreuth as well as several other partners within the industry.

The Neutex division also has an R&D department in the form of a workshop where new designs are developed by a team of 9 employees, including the woven textile designers. Personnel expenses and material costs for this R&D department are in the region of EUR 0.6 million. We generated EUR 1.8 million in sales with new articles that were added to the collection in 2015.

Economic report

Macroeconomic and sector-specific conditions

Macroeconomic trends

Global economic growth and German GDP slowed somewhat over the previous year, with the worldwide growth rate of 3.4% in 2014 falling to an estimated 3.1% in 2015. These growth rates would be outstanding for industrialised countries in the West, but benchmarks are very different for emerging markets and, above all, China. The global slump is mainly attributed to the slowing of the Chinese economy, where growth rates in excess of 10% were the norm only a few years ago. China's growth rates have been gradually declining, from 7.4% in 2014 to a projected 6.8% in 2015. Forecasts for 2016 predict a further decrease to somewhere between 6.3% and 6.5%. An additional factor in these worldwide developments is the weak growth in other BRIC countries, some of which – like Russia – are struggling with a deepening recession, to say nothing of the trends in emerging markets. Russian GDP contracted by 3.7% in 2015. The current freefall in oil prices from once over $100 a barrel to its lowest point at $30 could, at first glance, seem like a great stimulus program for industrialised countries in the West. It is, however, likely to have a negative impact on the global economy that will ultimately more than compensate for the supposed 'stimulus program'. In this context, the 2016 projections for a growth rate of 3.5% to 3.6% in the global economy seem optimistic.

Critics claim that western industrialised countries are already feeling the negative impact of these developments, triggered by the slowdown in China, the other BRIC countries and certain emerging markets.

The Eurozone economy outperformed the previous year, with growth rates rising from 0.8% in 2014 to 1.5% in 2015. German GDP grew from 1.5% to 1.7% in the same period, significantly narrowing the growth gap to our fellow Eurozone countries. Recovery has been strong in the Eurozone and Germany over the last two years and experts are expecting both economies to continue to grow in 2016 despite the above-mentioned challenges facing world markets. Projections put growth at 1.6% for the Eurozone and between 1.8 and 2.1% for Germany in 2016.

As in previous years, domestic demand was the key growth driver in 2015, providing significant momentum while exports only made a small contribution to growth. One factor driving domestic demand is the appreciable rise in household income, brought about by an increase in employment levels, significant increases in wages and salaries, and low inflation rates. Alongside private consumer demand, public sector demand has grown as well, although the rise in public expenditure is not sufficient to make a lasting contribution to growth. The changes in consumer behaviour over the past few years are another factor keeping demand strong; we have seen a remarkable rise in private consumption. That said, not all of the disposable income freed up from falling energy costs is going toward consumer spending; we have also seen savings rates start to pick up again slowly. It is more likely that the overall increase in consumer spending is based on perceived confidence in future economic development and the job security that comes with that.

If, however, growth in the German economy rests solely on domestic demand and these underlying growth factors, future developments will remain very unstable. The rise in global terrorism seen this year, a world plagued with crises with varying causes and interdependencies from a relatively sluggish Chinese economy as outlined above can all have a fundamentally disruptive effect on the fragile growth scenario in the Eurozone and in Germany.

Trends in the textile industry

According to the industry association "textil&mode", current trends indicate that the textiles segment outperformed the apparel segment in all areas in 2015. Their reports see the overall economic data as satisfactory, although Russian exports remain problematic across the entire sector. All the same, the association is pleased with the trends in employment. Sales were up by 1.9% for 2015, slightly outperforming projections of 1.5%.

The German textile industry (textiles and apparel) reported similar trends in 2015, in line with the stronger consumer demand in the Germany's domestic economy.

Overall results were mixed, however. Textile sales recorded strong growth at 3.4%, while sales in apparel, down by -0.3%, fell once again in 2015. As a result, the sector as a whole reported a net growth in sales, driven mainly by cross-border business with our European neighbours. Unlike previous years, where we saw employment figures falling almost across the board, 2015 brought an overall increase in employment of 1.5% in both areas. Employment figures were up by 1.8% in the textile sector and by 0.9% in the apparel sector, despite the drop in apparel sales. This positive performance on the jobs front led to a significant increase in wages and salaries, up by 5% in total. The introduction of new minimum wage legislation played a role to some extent here as well.

In the textile sector, the highest growth was in
- nonwovens at 7.7%,
- technical textiles at 14.4%, and
- ropes and cords at 18.2% (very low volume)

In the apparel sector, the highest growth was in
- hosiery at 2.6% (small share), and
- workwear at 9.4%.

In the following divisions, growth was down for
- preparation of spinning textile fibres by -13.3%,
- production of carpets by -3.6%, and
- other textile products by -6.8%.

2015 exports of textile products (from semi-finished to finished products) increased year-on-year by 1.2%, or by EUR 307 million in absolute terms. By contrast, imports rose by 5.1%, or by EUR 1,996 million in absolute terms. As imports increased at a higher rate than exports in absolute terms, the industry reported a rise in the net import surplus of EUR 1,689 million, following a EUR 487 million rise in last year's import surplus. Cross-border business in fiscal 2015 did not provide a net contribution to growth in the textile industry.

The figures quoted here come from the industry association „textil&mode" and relate to the period from January to December 2015.

The Hoftex Group's performance in fiscal 2015

In the 2015 financial year, the performance of the Hoftex Group has been split down the middle – as it has been for years within the Group and throughout the textile industry. The more technically sophisticated Tenowo division reported very satisfactory results, while the units operating in the more traditional textile industry – in our case, the Hoftex division and, to a certain extent, the Neutex division – were hit with a sharp drop in demand. The follow-up costs from the factory closures in the Hoftex division were still having an impact in fiscal 2015, as revenues expected from the sale of machines and equipment were not yet paid in full by year-end, despite binding contracts. The Tenowo division performed extremely well, as in the previous years, with 2015 earnings up once again. At year-end, HOFTEX GROUP AG reported consolidated net income of EUR 6.5 million (prior year: EUR 3.5 million).

The **Hoftex** division closed down operations at Hoftex Weberei GmbH and Hoftex Spinnerei GmbH as well as Hoftex Liberec s.r.o. in the year leading up to the year under review. Since that time, the sales companies Hoftex GmbH and Hoftex Färberei and the production companies Hoftex CoreTech GmbH, Hoftex Max Süss GmbH and Hoftex Färberei Betriebs GmbH make up the Hoftex division. Thanks to the optimisation of production equipment in the remaining spinning mill Hoftex CoreTech GmbH, we are able to keep producing the most attractive products in our spinning mill portfolio. These remaining companies in the Hoftex division generated an operating loss of EUR -0.5 million in 2015, down from an operating profit of EUR 0.5 million in the prior year.

Sales for the **Neutex** division, comprised of lead subsidiary Neutex Home Deco GmbH and Romania-based SC Textor S.A., fell in fiscal 2015. We saw tensions rise between the West and Russia during the Ukrainian crisis, where we had established promising business relations in previous years. As a result, our sales on the Russian market dropped sharply, and continued to drop in fiscal 2015. That said, the fourth quarter of 2015 saw a slight improvement in year-on-year results, and this positive trend has held to date in fiscal 2016. Production of ready-mades in Romania, which manufactures exclusively for the Neutex division, performed in line with projections once again in 2015, enabling us to leverage cost advantages relative to subcontracting these orders to third-party suppliers.

The **Tenowo** division has been reporting sales growth for several years, up by 14.2% from EUR 107.9 million in 2014 to EUR 123.3 million in fiscal 2015. Less sales subject to consolidation, the Tenowo division companies performed as follows. The largest rise in sales in absolute terms was reported by Tenowo Inc., where sales stated in euros rose from EUR 23.5 million to EUR 32.8 million. This relatively sharp 40% increase, in part exchange rate-related, can be attributed to some extent to the dynamic sales growth during the start-up phase originating from a very low baseline. Sales for Tenowo Germany rose from EUR 88.0 million to EUR 90.8 million, up by 3.2%.

As all of our Tenowo operations are working at full capacity, we can only achieve this level of growth through capacity expansion in certain facilities and through last year's launch of our new China-based production facility, which will continue to work toward full capacity over the next few years. Despite the considerable – but budgeted-for – start-up costs at the Chinese site, the Tenowo sub-Group improved results significantly. This success is also in part responsible for the Group outperforming last year's sales projections. All other Tenowo facilities also contributed to this success with strong earnings growth.

Fiscal 2014 at a glance:

- Hoftex
  - Drop in sales due to plant closures from the previous year
  - Operating result in line with projections
- Neutex
  - Continued drop in sales
- Tenowo
  - Strong sales growth
  - Prolonged start-up phase
  - Operating results outperforming projections
  - US subsidiary achieves best-ever results

Financial position of the Group

The Hoftex Group's total assets (balance sheet total) rose from EUR 174.7 million in 2014 to EUR 180.1 million in 2015. Fixed assets increased by EUR 11.3 million from EUR 91.3 million to EUR 102.6 million due primarily to a continued rise in capital expenditure on tangible fixed assets. As a result, capital expenditure considerably exceeds depreciation charges. In the current assets, funds amounting to EUR 4.7 million in inventories were released, while funds committed for accounts receivable rose by EUR 2.4 million. Cash and cash equivalents remain high at EUR 12.0 million following payments received by the Group from loans under the third loan arrangement (Darlehen III) in the form of 4 bilateral loan agreements.

Balance-sheet equity increased year-on-year from EUR 82.7 million to EUR 89.5 million thanks to consolidated net income totalling EUR 6.1 million and currency translation gains of EUR 1.5 million due to higher exchange rates for the financial statements of foreign subsidiaries, less EUR 0.8 million in dividend payments.

The Group reported a balance-sheet equity ratio of 49.7%, up from the prior-year figure of 47.3%. The more decisive figure for us is economic equity, which adds to the balance-sheet equity EUR 14.0 million in subordinated shareholder loans and EUR 0.7 million in deferred grants, resulting in an economic equity ratio of 57.9% (prior year: 57.9%). The prior-year figure also contained subordinated working capital loans from the parent company. Although there was a substantial increase in equity, the economic equity ratio remained unchanged, mainly due the base effect of the higher balance sheet total.

The deferred investment grants and subsidies decreased by EUR 0.7 million to EUR 0.7 million due to scheduled derecognition.

Pension provisions are carried at their full amounts based on a discount rate of 4.31% (prior year: 4.53%). Exercising our option to apply the new legislation before it comes into force, we calculated the discount rate on the basis of a ten-year average, producing the 4.31% discount rate. Funds attributable to claims against insurance were deducted from the provisions, resulting in a EUR 0.4 million drop in the pension provision item (prior year: EUR 0.2 million).

There was a decrease in provisions for taxes of EUR 0.1 million and an increase in other provisions of EUR 0.1 million.

Bank loans included EUR 32.2 million in long-term investment loans (prior year: EUR 27.4 million) and EUR 1.3 million in short-term loans (prior year: EUR 0.9 million). The Company paid out EUR 9.7 million in scheduled repayments of long-term loans, due mainly to loans from KDV I reaching maturity. On 30 June 2015, the Group received payment of EUR 15.0 million in investment loans under the third loan agreement (Darlehen III). Thanks to this cash inflow, cash and cash equivalents remained high at EUR 12.0 million despite the relatively large debt repayments. With the movements of bank deposits included, net liabilities to banks increased by EUR 9.0 million from EUR 12.7 million to EUR 21.7 million. Due to the de facto zero interest rate on the high bank balances and an increase in long-term loans, interest expenses rose by EUR 0.2 million.

Trade payables and liabilities from bills of exchange accepted and drawn were up by EUR 0.4 million as some of our extensive investment projects have not been completed in full. It is generally our policy to settle trade payables within the discount period.

Other liabilities, which also include short-term working capital loans from ERWO Holding AG and short-term funding from related companies for the China-based subsidiary, decreased by EUR 6.1 million. This is due mainly to the repayments totalling EUR 7.0 million of short-term working capital loans from ERWO Holding AG. The funding from related companies of our China-based subsidiary increased by EUR 0.7 million. Other liabilities to third parties increased by EUR 0.2 million.

Cash flow and financing

The key drivers for the Group's financial position in 2015 were the solid performance of the Tenowo division and cash proceeds from inventory reductions following the closure of production sites in the Hoftex division.

Cash flow

The cash flow statement has been prepared in accordance with DRS 21 for the first time in fiscal 2015. We have omitted the comparable figures from the prior year for lack of comparability.

The abbreviated version of the consolidated cash flow statement is as follows:

in EUR million	2015
Cash flows from operating activities	23.2
Cash flows from investing activities	-23.1
Cash flows from financing activities	-3.8
Change in cash and cash equivalents	-3.7

Financing

As of 30 June 2015, all of the loans from the first syndicate loan agreement (KDV I) have been repaid on schedule. The second syndicate loan agreement (KDV II) for long-term funding amounting to EUR 20.0 million, which was concluded in 2013 and paid out on 30 June 2014, was expanded through agreements for four bilateral loans and working capital loans signed with our existing banks in 2015 and paid out on 30 June 2015. The four bilateral loans and working capital loan agreements are with Commerzbank AG, Bayerische Landesbank, Baden-Württembergische Bank and UniCredit Bank AG. KDV II, the bilateral loans and the working capital loans serve primarily to finance additional extensive investments in the Tenowo division, particularly for investments in the expansion of the Reichenbach II plant. KDV II expires on 30 June 2020, while the four bilateral loans and working capital loans expire on 30 June 2022. The working capital lines of credit amounting to EUR 10.0 million expire on 30 June 2018.

Drawdown rights in both loan arrangements (KDV II and Darlehen III) shall be exercised exclusively by HOFTEX GROUP AG. The German subsidiaries are also authorised to utilise the working capital lines of credit. The original syndicate loan agreement (KDV I) provided secure funding during the financial and Eurozone crisis. The new investment funding under the second syndicate loan agreement (KDV II) was agreed in 2013 in order to spread the borrower default risk evenly across the banks in the syndicate. With Darlehen III based on bilateral agreements, we are returning to a simpler funding model in the medium term.

The Group's results of operations

The Group's **sales** fell by EUR 9.7 million to EUR 175.4 million. The loss is mainly attributable to the performance of the Hoftex and the Neutex divisions, while the Tenowo division improved significantly once again in fiscal 2015. The consolidated external sales figures were as follows:

in EUR million	2015	Prior year	Net change
Hoftex	34.0	58.3	-24.3
Neutex	17.3	18.2	-0.9
Tenowo	123.2	107.9	+15.3
Others and consolidation	0.9	0.7	+0.2
Group sales	175.4	185.1	-9.7

As expected, sales in the Hoftex division were down due to last year's closure of two spinning mills and one weaving mill. The Neutex division is still suffering from increasing competition from low-wage economies and the follow-on effects of the conflict between the West and Russia. Russian sales alone fell by EUR 0.4 million in 2015. It was impossible to offset this effect given the global competitive environment and the uneven performance in various business segments, leading to a further decrease in overall sales of EUR 0.9 million. Efforts are increasing at present to drive expansion of exports to western countries. Relative to the industry association's annual figures, Neutex has a lot of catching up to do in this area, which is likely to come from the planned push in the division's sales activities. The Tenowo division, however, continues to thrive as in recent years. Virtually all of the companies in this division worked at full capacity during the year under review. Business with our China-based subsidiary that started production last year has not taken off as quickly as projected. Prior-year sales equivalent to EUR 2.3 million rose to EUR 5.5 million in fiscal 2015. Our US-based subsidiary Tenowo Inc., by contrast, had its best year since its founding. Sales equivalent to EUR 23.5 million rose to EUR 32.8 million, up by 39.6%. The increase is due in part to exchange rate factors; sales in dollars rose by 16.5%.

Sales for the Germany-based sites in Hof, Reichenbach and Mittweida, all working at full capacity, increased by EUR 2.8 million thanks to investments in capacity expansion (Mittweida) and efficiency improvement (Hof).

Reduction of finished and unfinished goods inventories resulted in a **net change in inventories** of EUR -4.8 million (prior year: EUR -7.9 million). The closure of two spinning mills and one weaving mill and the related sale of inventories were the main driver for inventory reduction.

The following chart shows the breakdown by division:

in EUR million	2015	Prior year
Hoftex	-3.5	-9.3
Neutex	+0.1	-0.3
Tenowo	-1.4	+1.7
Others and consolidation	0.0	0.0
Group total	-4.8	-7.9

Other operating income was virtually unchanged, amounting to EUR 5.7 million in 2015 and EUR 5.6 million, and relate to the following items:

in EUR million	2015	Prior year
Income from the disposal of fixed assets	0.9	1.5
Currency translation gains	2.0	0.9
Derecognition of deferred grants	0.7	0.7
Reversal of provisions	0.5	0.7
Prior-period income	0.3	0.6
Rental income	0.3	0.3
Other	1.0	0.9
Group total	5.7	5.6

Income from the disposal of fixed assets resulted mainly from the sale of capital equipment from the closure of the Hoftex division's production facilities. The currency translation gains stem mainly from revenue generated in dollars, but also from the valuation of dollar reserves and receivables. The derecognition of deferred grants received relate to prior-period grants and subsidies that are subject to scheduled derecognition over the useful life of the subsidised machines.

The **cost of materials** fell from EUR 95.2 million to EUR 87.2 million as a result of the significant capacity cuts from the plant closures in the Hoftex division. Relative to operating income/loss, the cost of materials ratio fell from 53.7% to 51.1%, mainly due to the fact that the Tenowo division, with its lower cost of materials ratio, now accounts for a larger share in the Group's overall business.

Personnel expenses fell year-on-year from EUR 42.9 million to EUR 41.8 million, due mainly to the closure of three plants in the Hoftex division. Its share in the Group's gross revenue, however, rose slightly from 24.2% to 24.5%, mainly as a result of the increase in personnel expenses in the Tenowo division following the launch of the new production facilities in Reichenbach II and Tenowo Mittweida in Hof Moschendorf.

The average headcount (including apprentices) fell by 65 to 1,221 (prior year: 1,286).

The following chart shows the breakdown by division:

	2015 Employees	Prior year Employees
Hoftex	230	422
Neutex	294	298
Tenowo	646	527
Others, including property management	51	39
Group total	1,221	1,286

Depreciation and amortisation, which can be characterised as fixed costs, increased year-on-year by EUR 0.2 million to EUR 10.0 million. The increase is due mainly to capital expenditure in the Tenowo division, where depreciation rose from EUR 6.6 million to EUR 7.9 million, up year-on-year by EUR 1.3 million. Depreciation and amortisation fell slightly in the other two divisions. Straight-line depreciation was recognised for the closed facilities up until the fourth quarter of 2014, but no longer recognised in 2015.

Other operating expenses, which also contain fixed costs, albeit to a lesser extent, rose only slightly by EUR 2.0 million to EUR 27.4 million during the year under review. However, any increases caused by the expansion of our business in the Tenowo division are being offset by contraction of the business in the Hoftex and Neutex divisions. The increase in the Tenowo division is attributable entirely to the expansion of the division's business. This item reflects additional start-up costs incurred by the Group for the launch of the Hof Moschendorf production line for Mittweida, the trial operation of the Reichenbach II plant and the first full year of production at the Chinese plant.

The other operating expenses relate to:

in EUR million	2015	Prior year
Specific and global valuation allowances and losses on receivables	0.5	0.4
Currency translation losses	0.3	0.3
Administration expenses	7.4	6.6
Operating expenses	9.3	8.0
Selling expenses	8.2	8.3
Other non-allocable expenses	1.7	1.8
Group total	27.4	25.4

The **net investment income** for the financial year just ended relates to the Group's proportionate share in the net income of its India-based associate Supreme Nonwoven, with an at-equity value of EUR 0.1 million (prior year: EUR 0.1 million). India's economy rallied at the end of the 2014/2015 fiscal year and into the next fiscal year, but the impact of this will only be reflected in the results of next year's financial statements.

The **net interest income** of EUR -2.5 million fell slightly year-on-year by EUR -0.2 million as a result of increased utilisation of bank loans, despite the relatively high level of cash and cash equivalents. This led to a EUR 0.2 million increase in interest expenses. In addition to the original interest expense of EUR 1.9 million (prior year: EUR 1.7 million), the net interest income also includes non-cash charges for accrued interest on pension provisions of EUR 0.6 million, which are unchanged from the prior year.

This year's consolidated financial statements do not include an **extraordinary result**. In the previous year's statements, we reported EUR -3.4 million in extraordinary impairments on the decommissioned business premises of Hoftex Liberec s.r.o. in Liberec (Czech Republic).

Taxes on income in this year's consolidated financial statements show a net tax expense of EUR -0.3 million. Last year's statements reported a 'tax income' item from the reversal of prior-period provisions that are no longer needed.

Taxes on income tax items are comprised of the following:

EUR million	2015	Prior year
Taxes on income for the financial year	-0.5	-0.4
Reversal of prior-year tax provisions	+0.2	+0.8
Increase in deferred tax assets	+0.0	+0.0
Decrease in deferred tax liabilities	+0.0	+0.0
Total taxes on income	**-0.3**	**+0.4**

Other taxes include the usual items property tax, motor vehicle tax and certain value-added taxes on non-cash benefits, totalling EUR 0.9 million (prior year: EUR 0.7 million). This item also includes EUR 0.3 million in provisions for various taxes from an ongoing tax audit.

The **consolidated net income for the year** amounts to EUR 6.1 million (prior year: EUR 3.5 million.)

The following table shows the breakdown by division of the annual result after tax allocations and before profit and loss transfers:

in EUR million	2015	Prior year
Hoftex	-2.6	-7.5 *)
Neutex	-0.6	+0.3
Tenowo	+8.1	+6.3
Others, incl. property management and consolidation	+1.2	+4.4
Net income for the year (before profit and loss transfers)	+6.1	+3.5

*) EUR 3.5 million of which is from the extraordinary result

The prior-year figures are reported including tax allocations to ensure comparability.

Result per share

HOFTEX GROUP AG's result per share amounted to EUR 0.86 (prior year: EUR 1.17) based on the Company's net income for the year of EUR 4,665 thousand (prior year: net income of EUR 6,357 thousand) and a total of 5,444,800 shares. With consolidated net income at EUR 6,149 thousand (prior year: EUR 3,544 thousand), the consolidated result per share amounted to EUR 1.13 (prior year: EUR 0.65).

Employees

The Group employed an average of 1,221 staff compared to 1,286 in the prior year. This decrease results mainly from the discontinuation of the plants closed in the fall of 2014.

Gender quota

The Supervisory Board resolved to maintain the status quo as the target for the Management Board up to 30 June 2017, i.e. a zero quota. Furthermore, the Supervisory Board resolved to appoint at least two women to the board by 30 June 2017. There are four women on the Supervisory Board at present. The Management Board of HOFTEX GROUP AG has set a target of 20% for the top management level below the Management Board on or before the 30 June 2017 deadline. At the time the target was set, 40 percent of the managers at this level were women. No target has been set for the second management level, as HOFTEX GROUP AG functions as a holding company with a flat hierarchy; there is therefore no continuous second management level. We have, therefore, satisfied the quotas required by the „Law on Equal Participation of Women and Men in Leadership Positions in the Private and Public Sector".

Investments

Capital expenditure on tangible and intangible fixed assets and long-term financial assets amounted to EUR 25.3 million in 2015 (prior year: EUR 26.3 million). This brings the investments in fixed assets to a total of EUR 73.2 million over the past three years.

Risk report

As a company that manufactures industrial textiles on a global scale, Hoftex Group is exposed to certain risks. The Management Board of HOFTEX GROUP AG is responsible for establishing an enterprise-wide control system for the timely identification and assessment of the Group's risk exposure pursuant to Section 91(2) of the German Stock Corporation Act (*Aktiengesetz*, or AktG). Due to the decentralised structure of the Group, risk management is an integral part of its planning, monitoring and reporting processes. HOFTEX GROUP AG and its subsidiaries use a standardised risk management system that is improved and adjusted on an on-going basis to respond to changing requirements. With its diversified structure, the Hoftex Group is exposed to different risks and risk concentrations in each of the individual divisions. This enables the Group to spread risk to a certain extent.

We have set up efficient financial control systems for our cash flows as well as interest and accounts receivable management. As a holding company, HOFTEX GROUP AG is responsible for hedging all of the Group's financial risks and for monitoring and controlling the utilisation of the credit lines granted to our subsidiaries by the banks. The holding company monitors and coordinates any currency hedges set up by individual subsidiaries. As part of the daily cash pooling with all of our banks, the holding company has ongoing access to data on the subsidiaries' financial performance.

We adhere to one key principle in our accounts management: customer orders are limited to the credit limit granted by credit insurers. Any departure from this principle is subject to prior approval by Group management. The holding company receives monthly indicators on the aging of accounts as well as payment dates for current and past due accounts. Active management of our accounts receivable enables us to take advantage of opportunities without allowing risk to spiral out of control. Group companies entering into transactions that exceed the agreed limits must set aside adequate risk provisions.

Staff from internal control and the management of the individual Group companies are responsible for the early risk detection system.

The reporting system and the internal controls ensure decision-makers are kept up-to-date on business performance and on any unfavourable developments that may arise. The Group's internal audit department also monitors the efficiency of individual structures and processes, the reliability of individual systems and compliance with rules and regulations, as well as proper accounting and safeguarding of assets.

The three mainstays of our risk management system are:

- Systemic security functions
- Reporting policies requiring regular and ad-hoc reporting
- Case-by-case examinations

These controls ensure management obtains information on potential risks in a timely manner and is able to take the correct actions to manage the risk.

Audits carried out in 2015 focused on:

- Evaluation of freight practices at Tenowo GmbH
- Evaluation of agreements on the sale of equipment with foreign equipment dealers
- Evaluation of all powers of attorney and policies on granting signing authority within the company and with third parties
- Daily review of balances of all bank accounts and agreed payment plans and individual transfers for all companies
- Evaluation of a payment log via electronic banking and the underlying documentation
- Evaluation of the results of interest rate hedges from late 2013
- Monitoring of travel expense accounting
- Compliance with customs requirements and VAT formalities

At the time this report was prepared (March 2016), our key risks relate to environmental and sector risks, corporate strategy risks as well as financial risks due to uncertainty about future interest and exchange rates. We were able to make realistic assessments in the past about the impact of increased competition from Asian countries – initially on our Hoftex division and more recently on our Neutex division. As a result, we were able to mount a rapid response.

There are latent corporate strategy risks throughout the Nonwovens division. In its main role as a supplier to the automotive industry, Nonwovens is always under pressure to improve quality, delivery reliability and, of course, production costs, because it is the buyer in this segment that has a greater influence on prices than the manufacturer. To maintain our competitive edge over the long term, we must regularly invest in new, quality-enhancing and cost-cutting production methods. Risks are also associated with uncertainties about the future development of the automotive sector in the United States and particularly in Europe. Our options for responding to these changes are very limited. Our decision to open a Nonwovens production site in China may serve to mitigate these risks somewhat.

Our concerns about increasing concentration on the German banking sector as a follow-on effect to 2008/2009 financial crisis have been confirmed. Recently, it seems companies are finding it increasingly difficult to obtain – and maintain – the debt financing they need. Experience has shown that the "Basel II" regulations have a stronger effect during a crisis and may actually end up making things worse. The recent financial and economic crisis in 2008 and 2009 revealed additional risks. We attempted to address these developments as early as 2010 by moving towards a syndicated financing solution with our house banks, which has significantly helped secure the funding we need. We also opted for syndicated financing in 2013 when we secured funding for the extensive investments in the Tenowo division. As conditions in the banking sector have eased significantly in the meantime, we were able to enter into negotiations on and sign a third round of financing to secure long-term funding until 2022 after the 2010 syndicate loans expired on 30 June 2015, returning once again to bilateral loan agreements with our four house banks. The main factors here were the gradual easing of conditions in the banking sector and, at the same time, an improved risk rating following the closure of our loss-making businesses. These two facts made it possible for us to move away from syndicated financing for this long-term funding and return to an arrangement with a simpler structure.

With EUR 25.0 million in long-term funds from Darlehen III and EUR 20.0 million from KDV II, we have secured long-term funding for major investments in our business, including two new facilities in the Tenowo division.

During fiscal 2015, we were able to complete the expansion project at the Reichenbach II plant and carry out trial runs in the new facility. With these expansion investments, we will be able to grow the Industrial unit's business at Tenowo, which will act as a counterweight to the Automotive unit and further stabilise the division's profitability. Another key objective of the Reichenbach expansion is to reduce turn times, which will help us to establish cost structures that are even better than those already in place. We have set up a satellite facility for the production technology at Mittweida in a recently vacated site in Hof, and production went online in this facility before the end of fiscal 2015.

Our investment in a new China-based facility was completed in 2014 and production is already online. Expansion into the Chinese markets has been delayed somewhat due to the many certifications required by our customers. The majority of our wide-ranging expansion investments at the US-based Tenowo Inc. subsidiary have been completed, increasing productivity at the plant significantly. The company's business performance in fiscal 2015 provide clear evidence for this, with Tenowo Inc. closing the year with its best-ever result.

With interest rates at an all-time low since the last quarter of 2013, we took advantage of the situation and entered into interest rate swaps to hedge most of the long-term EURIBOR loans for the Reichenbach expansion for the period from October 2014 to September 2019. Even though interest rates have unexpectedly dropped even further since the end of 2013, we feel it is worth it to secure a fixed interest rate for EUR 12.0 million in loans, making them de facto fixed-interest loans.

Dependency report

As stipulated in Section 312 AktG, the HOFTEX GROUP AG Management Board prepared a report on the HOFTEX GROUP AG's relationship with ERWO Holding AG and its affiliates and submitted it to the Supervisory Board. At the end of the report, the Management Board made the following declaration: „Based on the circumstances known to the Management Board at the time the legal transactions disclosed in this report were conducted, the Company received consideration for each legal transaction disclosed in the report that was not unreasonably high. No measures requiring disclosure were taken during the year under review."

Forecasts and outlook for fiscal 2016

Results from the 2015 financial year are already showing the positive impact of the closure of our largest loss-making operations in 2014, the spinning and weaving mills in Hof Moschendorf and an associated spinning mill in Liberec (Czech Republic). The so-called „traditional textile industry" of our **Hoftex** division, which is facing intense competitive pressure across the world, has been downsized to three small specialised production facilities manufacturing niche products that are well able to maintain market share under current cost conditions. These activities are no longer a major factor in the Hoftex Group's earnings. At the time this report was prepared (March 2016), most of the inventory from the discontinued spinning and weaving mills had been sold, with the exception of remaining stock valued at EUR 0.4 million. By mid-2016, the remaining stock will have been either sold or processed. Efforts to streamline the product portfolio at the remaining spinning mill and doubling mill will continue into the coming year in order to sharpen the focus on high-margin products and to prevent some production bottlenecks. The Hoftex division is projecting sales of EUR 27.0 million with a small operating loss for 2016.

In the **Neutex** division, a stronger sales push will help to grow sales domestically but also above all through exports, and to return to more favourable cost structures in production. Total sales are expected to be upwards of EUR 20.0 million, with improved earnings resulting in a very small operating loss at year-end. The cost advantages from ready-mades produced in our Romanian plant will help to achieve this target.

We expect the **Tenowo** division to continue to record strong growth. Above all in the Automotive unit, sales are projected to increase by just under 14% in 2016, with the new production facility Reichenbach II playing a major role in boosting sales. By transferring products to the new production line in Reichenbach, we can eliminate existing production bottlenecks and free up capacity to increase production for other product groups. In terms of technical tapes, part of the product range manufactured at Mittweida, expansion of this range into the Hof Moschendorf site will provide direly needed extra capacity and help grow sales. Efforts to drive sales in the Industrial unit are also ongoing, supported by investments in the Fabrikzeile plant in Hof.

Although our conservative estimates project an unavoidable EUR -0.5 million decline in sales for Interlinings, this is not likely to become a major factor thanks to the expansion in other business units mentioned above. To achieve the projected sales growth, we plan to recruit new staff for Hof and Reichenbach. We have taken sufficient account of the associated personnel costs in our earnings projections.

Fiscal 2016 is likely to remain problematic for the China-based site. Our realistic projections for higher sales amounting to an equivalent of EUR 1.9 million are not likely to be sufficient to offset the unfavourable cost structure. By substituting semi-finished goods with proprietary production, we may be able to counteract the adverse cost structure somewhat.

Continued expansion – also of the production facilities – in the US will help us continue to leverage the existing opportunities on the US market. Plans to launch additional production technology are ongoing, which will enable us to take the successful technology from Mittweida onto the global stage and free up domestic capacity for the local market.

Sales in the Tenowo division are expected to grow by roughly 15% to a total of approx. EUR 136 million. Due to start-up costs for the expanded capacity in the new plants and short-term inefficiencies in the other capacity expansion projects, our conservative projections expect operating results to remain unchanged in the German sites and to decrease slightly for US-based Tenowo Inc.

The other units, including the holding company, the property companies and the non-allocated consolidations within the Group, are expected to increase operating results by around EUR 0.8 million thanks to continued growth in third-party rental income from the premises in Hof-Moschendorf that was vacated in 2014.

Based on these assumptions, we think it is achievable to generate Group sales of roughly EUR 184.0 million and consolidated net income in the range of EUR 6.0 million to EUR 7.0 million in 2016.

Report on events after the balance sheet date

After the balance sheet date, there were no events that significantly impact the Group's net assets, financial position and results of operations.

Hof, 31 March 2016

HOFTEX GROUP AG

The Management Board

Steger van den Burg

HOFTEX GROUP AG
Consolidated balance sheet as of 31 December 2015

Assets in EUR thousand	Notes	31 December 2015	31 December 2014
A. Fixed assets			
I. Intangible fixed assets	6	644	277
II. Tangible fixed assets	6	94,707	83,758
III. Long-term financial assets	6/7	7,268	7,240
		102,619	**91,275**
B. Current assets			
I. Inventories	8	37,611	42,251
II. Receivables and other assets	9	26,012	23,833
III. Cash and cash equivalents	10	11,980	15,566
		75,603	**81,650**
C. Prepaid expenses		**552**	**434**
D. Deferred tax assets	11	**1,321**	**1,309**
Total assets		**180,095**	**174,668**

Equity and liabilities in EUR thousand	Notes	31 December 2015	31 December 2014
A. Equity			
I. Subscribed capital	12	13,920	13,920
II. Capital reserves	14	41,158	41,158
III. Revenue reserves	15	38,754	33,722
IV. Change in equity from currency translation		796	-650
V. Consolidated net accumulated losses	16	-5,162	-5,462
		89,466	**82,688**
B. Deferred investments grants and subsidies	17	**735**	**1,470**
C. Shareholder loans	18	**14,000**	**14,000**
D. Provisions	19	**22,573**	**22,745**
E. Liabilities	20	**53,309**	**53,752**
F. Deferred tax liabilities	11	**12**	**13**
Total equity and liabilities		**180,095**	**174,668**

HOFTEX GROUP AG
Consolidated Income Statement for the 2015 financial year

in EUR thousand	Notes	2015	2014
Sales	21	175,430	185,103
Change in inventories of finished and unfinished goods		-4,789	-7,945
Other own work capitalised		81	0
Gross revenue		**170,722**	**177,158**
Other operating income	22	5,669	5,621
Cost of materials	23	-87,217	-95,183
Gross profit		**89,174**	**87,596**
Personnel expenses	24	-41,774	-42,876
Depreciation, amortisation and write-downs	6	-10,026	-9,813
Other operating expenses	25	-27,388	-25,396
Operating result		**9,986**	**9,511**
Net investment income	26	145	63
Net interest income	27	-2,496	-2,263
Result from ordinary activities		**7,635**	**7,311**
Extraordinary result	28	0	-3,445
Result before tax		**7,635**	**3,866**
Taxes on income	29	-282	404
Other taxes	30	-1,204	-726
Consolidated net income for the year		**6,149**	**3,544**

HOFTEX GROUP AG
Consolidated statement of changes in equity as of 31 December 2015

in EUR thousand	Subscribed capital	Capital reserves	Revenue reserves	Change in equity from currency translation	Consolidated net accumulated losses	Total
Balance as of 1 Jan 2014	**13,920**	**41,158**	**30,547**	**-3,561**	**-5,831**	**76,233**
2013 dividend payment					0	0
Consolidated net income for 2014					3,544	3,544
Foreign currency translation differences				2,911		2,911
Appropriation to revenue reserves pursuant to Section 58(2) AktG			3,175		-3,175	0
Balance as of 31 Dec 2014	**13,920**	**41,158**	**33,722**	**-650**	**-5,462**	**82,688**
2014 dividend payment					-817	-817
Consolidated net income for 2015					6,149	6,149
Foreign currency translation differences				1,446		1,446
Appropriation to revenue reserves pursuant to Section 58 (3) AktG			2,700		-2,700	0
Appropriation to revenue reserves pursuant to Section 58 (2) AktG			2,332		-2,332	0
Balance as of 31 Dec 2015	**13,920**	**41,158**	**38,754**	**796**	**-5,162**	**89,466**

HOFTEX GROUP AG
Consolidated cash flow statement for the 2015 fiscal year

In EUR thousand	2015
Consolidated net income for the year	6,149
+/- Depreciation, amortisation and write-downs of fixed assets/reversals of write-downs of fixed assets	10,026
+/- Increase/decrease in provisions incl. pension provisions	-172
+/- Other non-cash expenses and income	2,907
-/+ Decrease in deferred government grants and subsidies	-735
+/- Increase/decrease in inventories, trade receivables and other assets not attributable to investing or financing activities	2,377
+/- Increase/decrease in trade payables and other liabilities not attributable to investing or financing activities	547
-/+ Gain/loss on disposal of fixed assets	-116
+/- Interest expense/interest income	2,496
- Other investment income	-145
+/- Income tax expense/income	282
- Income tax payments	-439
Cash flows from operating activities	**23,177**
- Payments to acquire intangible fixed assets	-481
+ Proceeds from disposal of tangible fixed assets	2,087
- Payments to acquire tangible fixed assets	-24,799
+ Interest received	16
+ Dividends received	117
Cash flows from investing activities	**-23,060**
+ Cash proceeds from bank borrowings (Darlehen III)	15,000
- Cash repayments of bank borrowings	-9,705
- Cash repayments of short-term funding from parent company	-7,000
+ Cash proceeds from short term loans from related companies	715
- Interest paid	-1,968
- Dividends paid	-817
Cash flows from financing activities	**-3,775**
Changes in cash and cash equivalents	-3,659
Effect on cash funds of exchange rate movements and re-measurement	72
Cash and cash equivalents as of 1 January	15,566
Cash and cash equivalents as of 31 December	**11,980**

NOTES TO THE 2015 CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

(1) Presentation of the Consolidated Financial Statements

HOFTEX GROUP AG is registered as a public limited company in the Federal Republic of Germany in the commercial register of the district court of Hof under the code HRB 50. Its business address is Fabrikzeile 21, 95028 Hof, Germany. It serves the holding company of the Hoftex Group.

The purpose of the Company corresponds to the entry in the commercial register. The Hoftex Group's main activities are the production of raw and coloured yarns including specialty and ply yarns, the production of raw and coloured textiles including decorative fabrics and the production of nonwoven fabrics for technical applications and apparel.

As of 29 June 2009, the Company's shares have been traded on the m:access open market of the Munich Stock exchange, and since this time HOFTEX GROUP AG is no longer considered as a „publicly listed" or „capital market-oriented" company as defined in the HGB and the AktG.

The consolidated financial statements of the HOFTEX GROUP AG for the year ending 31 December 2015 are prepared on the basis of the provisions of the HGB and the AktG prevailing on the balance sheet date.

Section 290 HGB governs the obligation to prepare consolidated annual financial statements. The consolidated financial statements for the preceding financial year are to be prepared within five months of the new financial year. These statements are prepared in euros (EUR) and all figures are shown in thousands of euros (EUR thousand), if not expressly stated otherwise.

The single-entity annual financial statements of the Group companies and the consolidated annual financial statements are prepared as of the balance sheet date of the parent company. The HOFTEX GROUP AG annual financial statements and the annual financial statements of all domestic subsidiaries included in consolidation for the 2015 financial year were prepared on the basis of the provisions of the HGB, the AktG and/or the German Limited Liability Companies Act (*Gesetz betreffend die Gesellschaften mit beschränkter Haftung*, or GmbHG). For the purpose of preparing the consolidated annual financial statements, we have adapted the annual financial statements of foreign subsidiaries to comply with HGB, where necessary.

Certain items in the balance sheet and the income statement have been aggregated to improve clarity of presentation. These items are reported separately and clarified in the notes to the financial statements. The income statement is prepared using the total cost method.

(2) Consolidated companies

In addition to HOFTEX GROUP AG, the consolidated annual financial statements for the year ending 31 December 2015 includes 16 (prior year: 18) domestic and 4 (prior year: 4) foreign companies, in which HOFTEX GROUP AG directly or indirectly holds a majority of voting rights and therefore exercises control over these companies. The Group relief fund, the *Wohlfahrtseinrichtung der Vogtländischen Baumwollspinnerei AG e.V.*, is also subject to consolidation as stipulated in Section 290(2) no. 4 HGB in conjunction with Standard 19 of the German Accounting Standards (*Deutsche Rechnungslegungsstandard* or DRS). Pursuant to Section 296(2) HGB, one domestic subsidiary (prior year: 1) was not included in consolidation due to its insignificance for the Group's net assets, financial position and results of operations.

The subsidiaries Hoftex GmbH, Hoftex CoreTech GmbH, Hoftex Max Süss GmbH, Hoftex Färberei GmbH, Hoftex Färberei Betriebs GmbH, Neutex Home Deco GmbH, Neutex Betriebs GmbH, Tenowo GmbH, Tenowo Hof GmbH, Tenowo Reichenbach GmbH, Tenowo Mittweida GmbH and Hoftex Immobilien I GmbH are all bound to HOFTEX GROUP AG as their parent company on the basis of control and profit transfer agreements. Each of these companies is also included in the HOFTEX GROUP AG consolidated annual financial statements. Of these 12 companies (prior year: 12), 6 companies (prior year: 6) make full use of the relief provisions in Section 264(3) HGB and 6 companies (prior year: 6) make partial use of the same relief provisions.

Hoftex Immobilien II GmbH & Co. KG is included in the HOFTEX GROUP AG consolidated annual financial statements and therefore makes full use of the relief provisions in Section 264b HGB.

HOFTEX GROUP AG's consolidated companies for the year ending 31 December 2015 are as follows:

	Registered office	Stake in %
Fully consolidated companies as defined in Section 290(2) no. 1 HGB		
Hoftex GmbH	Hof	[1] 100.00
Hof Garn Verwaltungs GmbH	Hof	100.00
Hoftex Färberei GmbH	Hof	[2] 100.00
Hoftex Färberei Betriebs GmbH	Hof	[3] 100.00
Hoftex CoreTech GmbH	Hof	[2] 100.00
Hoftex Max Süss GmbH	Hof	[2] 100.00
Hoftex Liberec s.r.o. (inactive)	Liberec,Czech Republic	[2] 100.00
Tenowo GmbH	Hof	100.00
Tenowo Hof GmbH	Hof	[4] 100.00
Tenowo Reichenbach GmbH	Hof	[4] 100.00
Tenowo Mittweida GmbH	Hof	[4] 100.00
Tenowo Inc.	Lincolnton, USA	[4] 100.00
Tenowo Huzhou New Materials Co. Ltd.	Huzhou, China	[4] 100.00
Neutex Home Deco GmbH	Münchberg	100.00
Neutex Betriebs GmbH	Münchberg	[5] 100.00
SC Textor S.A.	Targu Mures, Romania	[5] 100.00
Textil Hof Immobilien Geschäftsführungs GmbH	Hof	100.00
Hoftex Immobilien II GmbH & Co. KG	Hof	100.00
Feinspinnerei Hof GmbH	Hof	100.00
Hoftex Immobilien I GmbH	Hof	100.00
Fully consolidated companies as defined in Section 290(2) no. 4 HGB		
Wohlfahrtseinrichtung der Vogtländischen Baumwollspinnerei AG e.V.	Hof	-
Non-consolidated companies as defined in Section 296(2) HGB		
HBD Textil-GmbH	Hof	100.00
Associates		
Supreme Nonwoven Industries Private Limited	Mumbai, India	[6] 49.00

[1] 96 % of all shares are held by HOFTEX GROUP AG, 4% are held by Hof Garn Verwaltungs GmbH
[2] 100 % of all shares are held by Hoftex GmbH
[3] 100 % of all shares are held by Hoftex Färberei GmbH
[4] 100 % of all shares are held by Tenowo GmbH
[5] 100 % of all shares are held by Neutex Home Deco GmbH
[6] 49 % of all shares are held by Tenowo GmbH

(3) Consolidation principles

For first-time consolidations before 1 January 2009, capital is consolidated using the book value method pursuant to Art. 66(3) sentence 4 of the EGHGB. First-time consolidations after this date use the revaluation method only, as outlined in Section 301 HGB (new version), which was amended after introduction of the German Accounting Law Modernisation Act (*Bilanzrechtsmodernisierungsgesetz*, or BilMoG). According to this method, the subsidiary's equity at the time of initial consolidation is recorded at the fair value of all assets, liabilities, accruals, deferrals and extraordinary items to be included in the consolidated annual financial statements. Under the book value method, capital is consolidated by offsetting the cost of the consolidated company against the Group's share of its net assets on the date of initial consolidation and recognising any differences that arise in assets and liabilities. Where the difference is positive, any remaining excess is capitalised as goodwill. Where the difference is negative, it must be recorded as a separate line item below equity. Negative goodwill from first-time consolidations before 1 January 2009 is released to income pursuant to Section 309(2) HGB.

The results from subsidiaries that are bought or sold during the year are recognised in the consolidated income statements as from the actual date of acquisition or up until the actual date of sale. Where necessary, the annual financial statements of new subsidiaries will be adjusted to conform to the accounting policies used in the consolidated annual financial statements.

All receivables and payables between companies included in consolidation are eliminated.

Interim results, intragroup sales, expenses and income, receivables and payables between consolidated companies as well as intragroup provisions are eliminated.

(4) Accounting policies

Intangible assets, provided they have been acquired in cash, are recognised at cost and amortised on a straight-line basis over their estimated useful life. As provided in Section 248(2) HGB, companies may exercise the option to capitalise internally generated intangible assets at cost in line with Section 255(3) sentence 1, provided these assets are not brands, newspaper mastheads, publishing rights, customer lists or similar intangible fixed assets. The Group did not exercise this option. The intangible fixed asset item relates in particular to software and licences purchased from third parties. These are written down from the date of acquisition using straight-line amortisation over a period of 5 years.

Tangible assets are recognised at cost less straight-line depreciation provided the assets are subject to wear and tear. The cost of tangible assets produced in-house includes directly allocable expenses and a reasonable share of necessary materials and production overheads including depreciation provided it is production-related. Interest on borrowed capital is not included in the production cost.

Extraordinary depreciation charges are recognised for impairment that exceeds scheduled depreciation and is likely to be permanent. When the reasons for the impairment no longer apply, the write-downs are reversed.

As a rule, depreciation and amortisation throughout the Group are recognised on a straight-line basis over the expected useful life of the asset in question.

Long-term financial assets are generally carried at cost or, in the event of permanent value impairment, at the lower of cost and fair value on the balance sheet date.

Equity interests in non-consolidated affiliates and other equity interests are carried at cost or, in the event of permanent value impairment, at the lower of cost and fair value. If the reasons for retaining the lower value no longer apply, the write-downs are reversed pursuant to Section 253(5) HGB.

Equity interests in associates are recognised using the equity method pursuant to Section 312 HGB. Any remaining difference from the purchase of equity interests in an associate or from an increase in the equity interest in an existing associate after 31 December 2008 will be amortised using the straight-line method over a period of five years, provided it is characterised as goodwill.

Loans are carried at face value or, where appropriate, at the lower of cost and fair value.

Raw materials, consumables and supplies are recognised under inventories using the average cost method or at the current market value on the purchase or sales market, whichever is lower.

Finished and unfinished goods are carried at cost pursuant to Section 255(2) HGB. Production costs include direct material costs, direct production costs, extraordinary direct production costs and a reasonable portion of material overheads, production overheads and impairment charges for fixed assets provided they are production-related. They also include a reasonable share of the other general and administrative expenses. Borrowing costs are not included in the production cost.

When replacement costs or realisable prices are the lower of cost or market on the balance sheet date, write-downs are taken on the lowest value. Reasonable and adequate write-downs are recognised to cover resale risk.

Accounts receivable and other assets are generally carried at face value. Specific valuation allowances are made for accounts receivable based on the likelihood of default. General valuation allowances are made for overall credit risk, generally based on past experience.

Cash and cash equivalents are recognised at their nominal value.

Prepaid expenses relate to expenditures prior to the balance sheet date that pertain to a determinable period after this date; amortisation is recognised on a straight-line basis in line over the specified period of time.

Deferred tax assets are recognised where differences arise between the book value and the tax base of assets, liabilities, prepaid expenses and deferred income, and these differences are likely to diminish in subsequent financial years. The difference between these two values is subject to the prevailing tax rate in the relevant countries. If the net difference results in a tax charge for the Group companies, this charge must be recognised as a deferred tax liability in the balance sheet. If the net difference results in a tax saving, it is recognised as a deferred tax asset in the balance sheet. In the calculation of deferred tax assets, tax loss carry-forwards must be recognised in the amount of the net losses expected to accumulate over the following 5 years. If consolidation measures result in additional differences between the book value and the tax base of assets, liabilities, prepaid expenses and deferred income, and these differences are likely to diminish in subsequent financial years, the net tax charge must be recognised as a deferred tax liability and the net tax saving must be recognised as a deferred tax asset. Deferred tax assets are calculated using the relevant income tax rate for the Group companies in question.

In order to meet our obligations for post-employment employee benefits on the basis of deferred compensation, we have taken out endowment life insurance policies, which are pledged to the qualifying employees and therefore exempt from attachment by all other creditors. As of fiscal 2009, these assets are carried at fair value as communicated to the Group by the insurance company.

Pursuant to Section 246(2) sentence 2 HGB, the fair value of plan assets is offset against the matched post-employment benefit obligations. If the obligations exceed the plan assets, the excess is recognised in provisions. If the fair value of the plan assets exceeds the obligations, this must be recognised under the item "Excess of plan assets over post-employment benefit liability" on the asset side of the balance sheet. The acquisition cost of the offset assets is almost exactly the same as the fair value amounting to EUR 3,538 thousand (prior year: EUR 3,597) and the settlement amount of the offset obligations amounts to EUR 4,711 thousand (prior year: EUR 4,728 thousand), resulting in a net post-employment benefit liability (provision) of EUR 1,173 thousand (prior year: 1,131 thousand). In the interest income/expense item, expenses for the reversal of discounting on pension obligations amounting to EUR 574 thousand (prior year: EUR 569 thousand) are offset against the expected return on pension plan assets of EUR 30 thousand (prior year: EUR 26 thousand).

Provisions for the post-employment benefit entitlements of individual employees and pensioners are calculated using the projected unit credit method taking into account actuarial principles and all binding obligations on the balance sheet date. The present value is calculated using a 4.31% interest rate and a 1.5% rate of benefit increase. As provided in Section 253(2) sentence 2 HGB, the underlying interest rate used to discount pension obligations corresponds to the average market interest rate from the past ten financial years based on an assumed term of 15 years. In accordance with Article 75(7) of the EGHGB, the Company has decided to exercise its option to apply the law before it comes into force in accordance with the revised Section 253(2) HGB and use the ten-year average discount rate of 4.31%. These revisions of the HGB and the EGHGB are governed by the „Act Implementing the Mortgage Credit Directive and Amending Commercial Rules" (*Gesetz zur Umsetzung der Wohnimmobilienkreditrichtlinie und zur Änderung handelsrechtlicher Vorschriften*), which came into force on 17 March 2016. The excess amount resulting from exercising the option to choose between a seven and a ten-year average discount rate amounts to EUR 371 thousand.

The Company pension scheme has been closed to new members since 1976. According to an agreement dated 14 December 1994, all unvested and vested pension entitlements were fixed and guaranteed at their corresponding Deutschmark amount with effect from 31 December 1994.

We use Prof Dr Klaus Heubeck's 2005 G Standard Tables published in 2006 for estimating biometric probabilities. The salaries have already been frozen and will therefore no longer be increased. As the scheme is closed to new members, no fluctuation rate is taken into account.

Pursuant to Section 290(2) no. 4 HGB and its interpretation in DRS 19 (published on 18 February 2011), relief funds (*Unterstützungskassen*) must now also be included in consolidation, contrary to previous accounting policies. According to this interpretation of the law, the Hoftex Group is required to include its relief fund in the consolidated annual financial statements. For the most part, the relief fund's obligations are funded by life insurance policies. The present value of the claims against the insurance companies amount to EUR 2,275 thousand (prior year: EUR 2,338 thousand) as of the balance sheet date. Post-retirement benefit obligations, valued as required by Section 253(1) sentence 2 HGB, amount to EUR 3,094 thousand (prior year: EUR 3,152 thousand). The net liability of EUR 819 thousand (prior year: EUR 814 thousand) is not recognised in the consolidated annual financial statements pursuant to Article 28(1) EGHGB.

Other provisions must be recognised for uncertain liabilities and impending losses from on-going transactions. We must also set aside provisions for deferred maintenance, which is to be completed within three months after the start of the subsequent financial year, and for warranties granted with no legal obligation. We recognised provisions in the amount required to meet these obligations as determined by prudent business judgement, taking all foreseeable risks into account. We have allowed for future price and cost increases where they seemed likely to occur based on objective evidence. Provisions with a remaining term of more than one year were discounted using the relevant average market interest rate from the past seven financial years in accordance with the remaining term.

Liabilities are recognised at their settlement amount as of the balance sheet date. Contingent liabilities from liability agreements correspond to the loan amounts actually drawn down at the balance sheet date.

Where hedge accounting is applied pursuant to Section 254 HGB, the amounts are reported using the so-called "net hedge presentation method" (*Einfrierungsmethode*).

(5) Currency translation

Assets and liabilities denominated in foreign currency were translated using the average spot market rate on the balance sheet date. Where the residual term is less than one year, the acquisition cost no longer represents the upper value limit and gains must be recognised in income. The assets and liabilities of all companies within the Group are translated using the period-end closing rate. Expenses and income are translated at the fiscal-year average exchange rate.

(6) Fixed assets

Intangible fixed assets

	Purchased software and other rights
Acquisition or production costs	
Balance on 1 January 2015	**2,807**
Additions	481
Disposals	-8
Balance on 31 December 2015	**3,280**
Cumulative depreciation, amortisation and write-downs	
Balance on 1 January 2015	**2,530**
Additions	106
Balance on 31 December 2015	**2,636**
Carrying amounts on 31 December 2014	**277**
Carrying amounts on 31 December 2015	**644**

Tangible fixed assets

	Land and buildings	Prepayments and assets under construction	Machines and equipment	Factory and office equipment	Total
Acquisition or production costs					
Balance on 1 Jan 2015	**119,121**	**9,570**	**211,462**	**59,758**	**399,911**
Additions*)	4,381	4,030	14,743	1,645	24,799
Reclassifications	4,984	-8,627	3,666	-23	0
Disposals**)	-31	-17	-11,392	-2,185	-13,625
Balance on 31 Dec 2015	**128,455**	**4,956**	**218,479**	**59,195**	**411,085**
Cumulative depreciation, amortisation and write-downs					
Balance on 1 Jan 2015	**86,264**	**0**	**174,368**	**55,521**	**316,153**
Depreciation, amortisation and write-downs in the fiscal year	1,758	0	7,004	1,158	9,920
Disposals ***)	449	0	-8,189	-1,955	-9,695
Balance on 31 Dec 2015	**88,471**	**0**	**173,183**	**54,724**	**316,378**
Carrying amounts on 31 Dec 2014	**32,857**	**9,570**	**37,094**	**4,237**	**83,758**
Carrying amounts on 31 Dec 2015	**39,984**	**4,956**	**45,296**	**4,471**	**94,707**

Long-term financial assets

	Interest (affiliates)	Interest (associates)	Investment	Other loans	Total
Acquisition costs					
Balance on 1 Jan 2015	**3,491**	**9,979**	**16**	**1,619**	**15,105**
Additions *****)	0	28	133	0	161
Disposals ****)	-3,465	0	-66	-1,618	-5,149
Balance on 31 Dec 2015	**26**	**10,007**	**83**	**1**	**10,117**
Cumulative depreciation, amortisation and write-downs					
Balance on 1 Jan 2015	**3,465**	**2,782**	**0**	**1,618**	**7,865**
Additions *****)	0	0	133	0	133
Disposals ****)	-3,465	0	-66	-1,618	-5,149
Balance on 31 Dec 2015	**0**	**2,782**	**67**	**0**	**2,849**
Carrying amounts on 31 Dec 2014	**26**	**7,197**	**16**	**1**	**7,240**
Carrying amounts on 31 Dec 2015	**26**	**7,225**	**16**	**1**	**7,268**

*) Additions include gains from currency translation amounting to EUR 4,303 thousand (prior year: EUR 3,703 thousand)
**) Disposals include losses from currency translation amounting to EUR -23 thousand (prior year: EUR -135 thousand)
***) Disposals include gains from currency translation amounting to EUR +1,943 (prior year: loss of EUR -1,600 thousand)
****) Disposals relate to adjustments for historical costs and accumulated write-downs
*****) Additions include adjustments for historical costs and accumulated write-downs amounting to EUR 133 thousand
+ asset increase / - asset reduction

(7) Equity interests in associates

In May 2006, Tenowo GmbH entered into an equity interest acquisition agreement with an Indian group of companies operating in the nonwovens sector, in which Tenowo GmbH agreed to purchase a 25% equity interest in the group. The total translated purchase price amounted to EUR 3,113 thousand. The majority of the group's activities are performed by their affiliate, Supreme Nonwovens. When restructuring measures within the group were completed on 1 April 2007, the investment was included at equity in the consolidated annual accounts for the first time and reclassified from „Equity interest" to "Long-term investments in associates". The restructuring was approved by the High Court in Mumbai as per a resolution dated 28 September 2007. Since this date, the company has operated under the name Supreme Nonwoven Industries Private Limited. The goodwill resulting from the difference between the allocable net assets and the purchase price was offset against the reserves in the year of acquisition.

Additional equity interest acquired in the company as part of two unilateral capital increases brought the equity share up to 44.9% in 2008 and to 49% in 2010. The acquisition costs for the final instalment amounted to EUR 1,179 thousand, resulting in EUR 670 thousand in goodwill that will be written down over a useful life of 5 years. The associate's financial year runs from 1 April to 31 March of the subsequent year. The annual financial statements for the financial year ending 31 March 2015 value the Group's share (49%) in the associate's net income for the year at EUR 259 (prior year: EUR 197 thousand) less EUR 117 thousand in dividends paid out (prior year: EUR 19 thousand), which is recorded on the balance sheet as EUR 142 thousand (prior year: EUR 178 thousand), less EUR 114 thousand in goodwill net of any remaining amortisation. As the associate has not prepared interim financial statements for the period ending 31 December 2015, HOFTEX GROUP AG was unable to make any adjustments to the at-equity valuation in the 2014 consolidated annual financial statements.

(8) Inventories

	31 December 2015	31 December 2014
Raw materials, consumables and supplies	15,968	16,252
Unfinished goods, services in progress	4,251	3,924
Finished goods and merchandise	17,392	22,075
	37,611	**42,251**

(9) Receivables and other assets

	31 December 2015	31 December 2014
Trade receivables	21,782	19,363
Receivables from affiliated companies	327	871
Other receivables and other assets	3,903	3,599
	26,012	**23,833**

As in the previous year, all receivables and other assets are due within one year. The receivables from affiliated companies are all trade receivables.

(10) Cash and cash equivalents

The cash and cash equivalents relate to cash-in-hand, cheques and bank balances.

(11) Deferred tax assets and liabilities

Deferred taxes are recognised for differences between the HGB book value and the tax base for the Group companies and for consolidation measures. These are only reported for temporary differences that are tax-relevant.

The deferred tax assets relate to tax savings deriving from consolidation entries where there is a positive net difference between the lower book value and the tax base of consolidated assets and liabilities.

The following table provides details on the items that result in deferred tax assets and liabilities:

	31 Dec 2015 Deferred tax assets	31 Dec 2014 Deferred tax assets	31 Dec 2015 Deferred tax liabilities	31 Dec 2014 Deferred tax liabilities
Intangible fixed assets	0	0	12	7
Tangible fixed assets	2,649	2,707	0	7
Long-term financial assets	1,292	1,008	0	0
Inventories	590	544	0	0
Receivables and other assets	507	195	785	791
Deferred investment grants/subsidies	214	214	0	0
Pension provisions	651	637	0	0
Other provisions	630	564	0	0
Liabilities	0	15	26	26
Net accumulated losses	7,674	7,784	0	0
Other	0	55	0	0
Sum of all deferred taxes	**14,207**	**13,723**	**823**	**831**
Of which recognised				
Deferred tax liabilities from single-entity financial statements	**0**	**0**	**12**	**13**
Deferred tax assets from consolidation entries	**1,321**	**1,309**	**0**	**0**

After exercising the netting and recognition options for positive net differences, EUR 1,321 thousand (prior year: EUR 1,309 thousand) in deferred tax assets and EUR 12 thousand (prior year: EUR 13 thousand) in deferred tax liabilities are recognised in the balance sheet.

Tax loss carry forwards are recognised only in the amount that is likely to be utilised over the next 5 years. We reported an additional EUR 7 million in tax loss carry forwards, where no deferred tax assets have been recognised, as we cannot predict with sufficient certainty whether the deferred tax benefit will be realised. This amount can only, however, be used for a limited time.

Domestic Group companies calculate deferred tax positions with an income tax rate of 29% (corporation tax 15%, trade tax 14%) on the temporary difference between the tax base and the book value and/or on the net accumulated losses. The income tax rate used for the United States is 39%, for Romania 16% and for the Czech Republic 19%.

(12) Subscribed capital

The subscribed capital of HOFTEX GROUP AG amounts to EUR 13,919,988.69 and is divided into no-par value bearer shares, with each share carrying one vote. One share represents a notional par value of EUR 2.56 (rounded) in the share capital.

(13) Authorised Capital

With a resolution dated 7 July 2014, the Management Board is authorised, with the consent of the Supervisory Board, to increase the share capital by up to EUR 5,000 thousand on one or more occasions on or before 6 July 2019, whereby the shareholders' subscription rights may be excluded. To date, the Management Board has not exercised its authority to increase the share capital.

(14) Capital reserves

HOFTEX GROUP AG reported capital reserves amounting to EUR 41,158 thousand, the majority of which are capital contributions from former shareholders. The difference between the 2008 issue price of new shares of EUR 7.00 and the notional par value of the shares of EUR 2.56 (rounded) was allocated to the capital reserves.

(15) Revenue reserves

	2015	2014
Revenue reserves on 1 January 2015/2014	33,722	30,547
Allocations pursuant to Section 58(3) AktG	2,700	0
Allocations pursuant to Section 58(2) AktG	2,332	3,175
Revenue reserves on 31 December 2015/2014	**38,754**	**33,722**

(16) Appropriation of net profit

	2015	2014
Consolidated net losses on 1 January 2015/2014	-5,462	-5,831
Dividend payment for 2013 / 2012	-817	0
Allocations pursuant to Section 58(3) AktG by the Annual General Meeting	-2,700	0
Consolidated net income for the year	6,149	3,544
Allocations pursuant to Section 58(2) AktG by the Management Board and Supervisory Board	-2,332	-3,175
Consolidated net losses on 31 December 2015/2014	**-5,162**	**-5,462**

(17) Deferred investment grants and subsidies

This item relates to deferred government grants amounting to EUR 735 thousand (prior year: EUR 1,470 thousand) and includes investment grants and subsidies. EUR 735 thousand from the scheduled derecognition of this item is recorded under other operating income.

(18) Shareholder loans

This item relates to EUR 14,000 thousand in long-term loans (prior year: EUR 14,000 thousand) granted by the principle shareholder ERWO Holding AG, for which ERWO Holding AG agrees to remain subordinated to all other creditors and to maintain the loan at the present amount until 30 June 2020. The EUR 14,000 thousand amount will be reduced by EUR 4,000 thousand to EUR 10,000 thousand, provided that the Group can maintain the cumulative key financial indicators outlined below on the balance sheet date and in the subsequent two fiscal years on the basis of the published multi-year plan.

The key financial indicators are:

(1) Equity ratio: not below 40%
(2) Senior debt ratio: no greater than 2.25 times
(3) Senior net bank debt ratio: no greater than 1.5 times
(4) Interest cover ratio: no less than 3.5 times

Where these cumulative key financial indicators cannot be maintained in two successive quarterly statements, the lender must increase the shareholder loan back to its original amount at EUR 14,000 thousand.

(19) Provisions

	31 Dec 2015	31 Dec 2014
Provisions for pensions and similar obligations	11,507	11,938
Excess of plan assets over pension liability	-1,263	-1,259
Disclosure of pension provisions	10,244	10,679
Provisions for taxes	854	717
Other provisions	11,475	11,349
	22,573	**22,745**

Other provisions mainly comprise legal and litigation costs as well as obligations towards members of staff.

(20) Liabilities

	31 Dec 2015	31 Dec 2014
Liabilities to banks	33,546	28,251
Payments received on account of orders	0	14
Trade payables	8,500	8,283
Liabilities on bill accepted and drawn	155	0
Liabilities to to affiliated companies	337	7,337
Other liabilities	10,771	9,867
of which taxes	(293)	(496)
of which social security	(67)	(69)
	53,309	**53,752**

Liabilities to banks are fully secured by liens on property, the general assignment of receivables and inventories assigned as collateral.

Liabilities to affiliated companies include EUR 337 thousand (prior year: EUR 7,310 thousand) in liabilities to the shareholder ERWO Holding AG and other companies of the Südwolle Group. They relate mainly to other recharges. The prior year statements contain EUR 7,000 thousand in funds from the cash pooling arrangement, which were repaid after expiration of the subordination and forbearance agreement for these cash pool funds.

Residual term	31 Dec 2015		31 Dec 2014	
	Less than 1 year	More than 5 years	Less than 1 year	More than 5 years
Liabilities to banks	6,832	3,750	11,012	1,852
Payments received	0	0	14	0
Trade payables	8,500	0	8,283	0
Liabilities on bill accepted and drawn	155	0	0	0
Liabilities to affiliated companies	337	0	7,337	0
Other liabilities	1,527	0	1,892	1
of which taxes	(293)	(0)	(496)	(0)
of which social security	(67)	(0)	(69)	(0)
	17,351	**3,750**	**28,538**	**1,853**

The other liabilities include EUR 9,240 thousand in liabilities to related companies for loans granted to Tenowo Huzhou Ltd. by Zhangjiagang Yangtse Spinning Co. (ZYS) in China. These loans are subject to interest at current market rates and have a term between 1 and 5 years at EUR 9,240 thousand.

(21) Classification of sales

	2015	2014
By division		
Hoftex	33,992	58,378
Neutex	17,348	18,181
Tenowo	123,210	107,844
Other	880	700
	175,430	**185,103**
By region		
Germany	69,508	85,517
Other EU member states	51,203	58,373
Other countries	54,719	41,213
	175,430	**185,103**

This chart only includes sales with non-Group companies.

(22) Other operating income

The key items at Group level are income from the disposal of fixed assets at EUR 945 thousand (prior year: EUR 1,588 thousand), income from the derecognition of investment grants and subsidies received at EUR 735 thousand (prior year: EUR 745 thousand), income from the reversal of provisions no longer required at EUR 525 thousand (prior year: EUR 663 thousand), income from payments of receivables written down and the reversal of write-downs on receivables no longer required at EUR 308 thousand (prior year: EUR 433 thousand), prior-period income at EUR 304 thousand (prior year: EUR 629 thousand), currency translation gains at EUR 1,971 thousand (prior year: EUR 922 thousand), income from non-consolidated affiliated companies at EUR 113 thousand (prior year: EUR 111 thousand), leasing and rental income at EUR 254 thousand (prior year: EUR 326 thousand) and other operating income at EUR 514 thousand (prior year: EUR 204 thousand).

(23) Cost of materials

	2015	2014
Cost of raw materials, consumables and supplies, and of purchased merchandise	84,355	92,954
Cost of purchased services	2,862	2,229
	87,217	**95,183**

The cost of materials ratio based on the operating income/loss (excluding other operating income) amounts to 51.1% (prior year: 53.7%).

(24) Personnel expenses

	2015	2014
Wages and salaries	34,711	35,204
Social security, post-employment and other employee benefit costs	7,063	7,672
of which for post-employment benefits	(139)	(376)
	41,774	**42,876**

On average, the Company employed the following staff:

	2015	2014
Workers	840	891
Salaried employees	344	360
Apprentices	37	35
	1,221	**1,286**

(25) Other operating expenses

	2015	2014
Addition to valuation allowances, derecognition of receivables	471	362
Currency translation losses	296	264
Other prior-period expenses	267	407
Other general and administrative expenses	7,089	6,656
Operating costs	9,333	7,987
Selling expenses	8,205	8,329
Other operating expenses	1,727	1,391
	27,388	**25,396**

(26) Investment income

	2015	2014
Income from associates	145	63

(27) Net interest result

	2015	2014
Other interest and similar income	46	54
of which from affiliated companies	(0)	(0)
Interest and similar expenses	-1,968	-1,748
of which to affiliated companies	(-293)	(-423)
Interest expense from pensions provisions	-574	-569
	-2,496	**-2,263**

The excess of plan assets over pension obligations amounts to EUR 30 thousand (prior year: EUR 26 thousand).

(28) Extraordinary result

The extraordinary result from the prior-year statements relate to extraordinary impairment losses from a business premises.

(29) Taxes on income

	2015	2014
Corporate income tax financial year	-246	-218
Release of prior-year corporate income tax provisions	79	380
Corporate income tax refunds	0	0
Trade tax financial year	-252	-202
Release of prior-year tax provisions	125	400
Changes in deferred taxes	12	44
	-282	**404**

(30) Other taxes

		2015		2014
Property tax		-497		-483
Motor-vehicle tax		-19		-22
Other taxes				
- in Germany	-75		-89	
- in the US	-106		-98	
- in China	-225	-406	-34	-221
Wage taxes and VAT from tax audit		-282		0
		-1,204		**-726**

(31) Auditors' fees

Our Munich-based auditors Deloitte & Touche GmbH charged fees totalling EUR 335 thousand (prior year: EUR 275 thousand) in the year under review.

	2015	2014
Auditing services	181	171
Other certification services	30	22
Tax consultancy services	92	82
Other services	32	0
	335	**275**

(32) Remuneration of the Supervisory Board and Management Board

The provisions of Section 314(1) no. 6a HGB in conjunction with section 286(4) HGB apply with respect to the nondisclosure of the total remuneration paid to members of the Management Board.

The remuneration of the Supervisory Board members amounts to EUR 53 thousand (prior year: EUR 34 thousand).

Remuneration paid to former members of the Management Board and their survivors amounts to EUR 380 thousand (prior year: EUR 380 thousand). Provisions totalling EUR 3,829 thousand (prior year: EUR 3,907 thousand) have been recognised for pension obligations to former members of the Management Board and their survivors.

(33) Consolidated cash flow statement

The cash and cash equivalents disclosed here comprise highly liquid funds. The consolidated cash flow statement is compiled using the indirect method. Starting with the consolidated net income for the year, we use significant non-cash expenses and changes in the net current assets to determine the cash inflows from operating activities. The statement records cash outflows from investment and financing activities as well.

(34) Contingent liabilities

	2015	2014
Bills of exchange	0	44
Guarantee obligations	110	110

Based on past experience, we do not expect any claims arising from contingencies.

(35) Other financial commitments

The other financial commitments contain EUR 6,375 thousand (prior year: EUR 19,395 thousand) resulting from leasing contracts, purchase commitments and letter of credit obligations.

(36) Derivative financial instruments

HOFTEX GROUP AG has entered into four interest swaps to hedge against some of the interest rate risk of its variable rate loans. The hedges had a nominal volume of EUR 12,000 thousand on 31 December 2015, with a five-year term from 1 October 2014 to 30 September 2019.

These instruments may only be used to hedge against risks associated with the underlying hedged item and only the parent company is authorised to enter into hedges.

HOFTEX GROUP AG will only utilise derivative financial instruments that are clearly designated as qualified hedging instruments and where the underlying transaction and the hedging instrument are combined in a so-called net hedge. In December 2013, the Company entered into four interest swaps with a combined value of EUR 12.0 million for the purpose of hedging against the interest rate risk on variable-interest long-term loans from banks and shareholders. With a term of 45 months, the maturities of the interest rate hedges held at present correspond to those of the underlying transactions and these have been combined to create net hedges. As of the balance sheet date, these transactions did not require us to recognise provisions arising from the net hedges.

The risk hedged in these net hedges amounted to EUR 623 thousand on the balance sheet date, i.e. the Company was able to avoid setting aside provisions for potential losses in this amount.

On 31 December 2015, the fair value of the Group's interest rate hedges was as follows:

Expiry date	Nominal value	Carrying value	Fair value	Swap rate
30 September 2019	EUR 3.0 million	EUR 0 thousand	EUR -156 thousand	1.395 %
30 September 2019	EUR 4.0 million	EUR 0 thousand	EUR -203 thousand	1.360 %
30 September 2019	EUR 2.0 million	EUR 0 thousand	EUR -105 thousand	1.410 %
30 September 2019	EUR 3.0 million	EUR 0 thousand	EUR -159 thousand	1.420 %

The counterparty bank calculates the fair value of the interest rate hedges using recognised calculation models based on the respective yield curves.

The Group has also entered into forward foreign exchange contracts to hedge against currency risk. As of 31 December 2015, the fair value of these contracts is as follows:

	Expiry date	Nominal value	Currency in thousands	Positive market value in EUR thousand	Negative market value in EUR thousand
Forward buying	16 Feb 2016	101	USD	0	2
Forward selling	30 March 2016	70	GBP	2	0
	25 Feb 2016	75	USD	0	1
				2	**3**

A provision for potential losses was recognised for negative market values in the balance sheet under other provisions.

(37) Members of the Supervisory Board

Waltraud Hertreiter Chairperson Independent Management Consultant Neubeuern
Hans Münch (until 9 July 2015) Vice Chairperson Member of the ERWO Holding AG Management Board Managing Director of Südwolle GmbH & Co. KG Neumarkt i.d.Opf.
Martin Steger Vice Chairperson (since 9 July 2015) Self-employed property developer Nuremberg
Werner Berlet (since 16 July 2015) IT Manager Bad Homburg
Renate Dempfle (since 16 July 2015) Managing Director of PDV Inter-Media GmbH Augsburg
Johanna Falasa (since 13 November 2015)* Commercial employee Münchberg
Monika Fröhlich (until 9 July 2015) Laboratory technician Hof
Bernd Grossmann (until 9 July 2015) Chairperson of the Commerzbank AG Nuremberg Branch Management Board Nuremberg
York Riedel (since 9 July 2015) Independent attorney Nuremberg
Wolfgang Schmidt* Chairperson of the works council at Tenowo Hof and Reichenbach Hof
Tom Steger (since 9 July 2015) Independent attorney Nuremberg
Carmen Teismann (since 9 July 2015)* Laboratory technician Schwarzenbach/Saale

* elected by employees

(38) Members of the Management Board

Klaus Steger Chairperson of the Management Board, Chief Executive Officer Nuremberg
Volker Adrion (until 29 February 2016) Chief Financial Officer Münchberg
Jacques van den Burg (since 1 March 2016) Chief Financial Officer Wendelstein

Hof, 31 March 2016

HOFTEX GROUP AG

The Management Board

Steger van den Burg

Auditor's report

We have audited the consolidated annual financial statements, comprising the balance sheet, income statement, statement of changes in equity, cash flow statement and notes, including the Group management report of HOFTEX GROUP AG, Hof/Saale, for the fiscal year from 1 January 2015 to 31 December 2015. The accounting and the preparation of the annual financial statements and the Group management report in accordance with the German Commercial Code (*Handelsgesetzbuch*, or HGB) are the responsibility of the Group's Management Board. Our responsibility is to express an opinion, based on our audit, of the consolidated annual financial statements and the Group management report.

We conducted our audit of the consolidated annual financial statements in accordance with Section 317 of the HGB and the German generally accepted standards for the audit of financial statements promulgated by the Institute of Public Auditors in Germany (*Institut der Wirtschaftsprüfer*, or IDW). These standards require that we plan and perform the audit such that any misstatements and violations materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statements and the Group management report in accordance with German principles of proper accounting are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and evaluations of possible misstatements are taken into account in the determination of our audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the accounting system, consolidated annual financial statements and Group management report are examined primarily on a test basis during the audit. The audit includes assessing the single-entity financial statements of the companies included in consolidation, the definition of the consolidated group, the accounting and consolidation principles used and the significant estimates made by the Management Board, as well as evaluating the overall presentation of the consolidated annual financial statements and the Group management report. We believe our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the results of our audit, the consolidated annual financial statements of HOFTEX GROUP AG, Hof/Saale (Germany), comply with the statutory provisions and convey a true and fair view of the Group's net assets, financial position and results of operations, in accordance with the principles of proper accounting. The Group management report is consistent with the consolidated financial statements, provides a true and fair view of the Group's situation and accurately reflects the opportunities and risks of future growth.

Munich, 29 April 2016

Deloitte & Touche GmbH
Wirtschaftsprüfungsgesellschaft

Stadter	Markert
Wirtschaftsprüfer	Wirtschaftsprüferin
[Public Auditor]	[Public Auditor]

HOFTEX GROUP AG, Hof/Saale
Balance sheet as of 31 December 2015

Assets in EUR thousand	31 December 2015	31 December 2014
Fixed assets		
Intangible fixed assets	504	123
Tangible fixed assets	1,478	1,456
Long-term financial assets	95,682	95,802
	97,664	**97,381**
Current assets		
Accounts receivable and other assets	79,562	74,570
Cash and cash equivalents	6,796	10,621
	86,358	**85,191**
Prepaid expenses	**209**	**287**
Total assets	**184,231**	**182,859**

Liabilities and equity in EUR thousand	31 December 2015	31 December 2014
Equity		
Subscribed capital	13,920	13,920
Capital reserves	41,158	41,158
Revenue reserves	41,715	36,683
Net retained profits	2,494	3,678
	99,287	**95,439**
Shareholder loans	**14,000**	**14,000**
Provisions	**10,419**	**10,327**
Liabilities		
Liabilities to banks	31,668	26,262
Trade payables	427	84
Liabilities to affiliated companies	28,371	36,460
Other liabilities	59	287
	60,525	**63,093**
Total equity and liabilities	**184,231**	**182,859**

HOFTEX GROUP AG, Hof/Saale
Income Statement for the 2015 financial year

in EUR thousand	2015	2014
Other operating income	2,545	2,706
Personnel expenses	-2,860	-2,416
Depreciation, amortisation and write-downs	-211	-200
Other operating expenses	-2,310	-1,982
Net investment income	6,235	6,901
Net interest income	1,939	1,034
Result from ordinary activities	**5,338**	**6,043**
Taxes on income	-293	392
Other taxes	-380	-78
Net income for the financial year	**4,665**	**6,357**
Retained profits brought forward	161	496
Appropriation to revenue reserves	-2,332	-3,175
Net retained profits	**2,494**	**3,678**

HOFTEXPLOSION / Light Painting Performance

In September 2015, the HOFTEX GROUP hosted an arts and culture festival entitled HOFTEXPLOSION in the former Schuetzenstrasse spinning mill in Hof. The three-day event offered a colourful, lively platform for creative minds. Visitors were treated to a spectacle of musical and theatre performances, craftsmanship, street art, and light and fire shows. With art and graffiti gracing the walls and floors, our decommissioned factory was transformed, if only for a few days, into a Gesamtkunstwerk – a truly unified work of art!

HOFTEX GROUP
TEXTILE TECHNOLOGIES

HOFTEX GROUP AG
Fabrikzeile 21
95028 Hof
Germany

Phone +49 (0) 9281-49-0
Fax +49 (0) 9281-49-216

vorstand@hoftexgroup.com
www.hoftexgroup.com