



QUARTERLY FINANCIAL REPORT
MARCH 31, 2014

MBB Industries AG, Berlin

MBB Industries in figures

Three months (unaudited)	2013	2014	Δ 2014 / 2013
	IFRS	IFRS	
Earnings figures	€ thou	€ thou	%
Revenue	55,502	55,618	0.2
Operating performance	55,484	55,883	0.7
Total performance	56,088	56,249	0.3
Cost of materials	-34,214	-33,759	-1.3
Staff costs	-12,739	-13,123	3.0
EBITDA	5,929	5,532	-6.7
<i>EBITDA margin</i>	<i>10.7%</i>	<i>9.9%</i>	<i>-7.5</i>
EBIT	4,641	4,015	-13.5
<i>EBIT margin</i>	<i>8.4%</i>	<i>7.2%</i>	<i>-14.3</i>
EBT	4,423	3,820	-13.6
<i>EBT margin</i>	<i>8.0%</i>	<i>6.8%</i>	<i>-15.0</i>
Consolidated net profit after non-controlling interests	3,274	3,211	-1.9
Number of shares	6,600,000	6,600,000	
eps in €*	0.51	0.50	-2.0
Figures from the statement of financial position	31 Dec € thou	31 Mar € thou	%
Non-current assets	59,354	60,600	2.1
Current assets	117,852	122,612	4.0
there of cash and equivalents**	54,930	57,624	4.9
Issued capital (share capital)	6,456	6,600	2.2
Other equity	61,333	68,104	11.0
Total equity	67,789	74,704	10.2
<i>Equity ratio</i>	<i>38.3%</i>	<i>40.8%</i>	<i>6.5</i>
Non-current liabilities	48,150	48,346	0.4
Current liabilities	61,267	60,162	-1.8
Total assets	177,206	183,212	3.4
Net debt (-) or net cash (+)**	23,843	23,807	-0.2
Employees	1,088	1,152	5.9

* Based on the average number of shares outstanding as at 31 March.

** This figure includes physical gold stocks and securities.

Contents

MBB Industries in figures	1
Contents	2
Consolidated Interim Group Management Report	3
Business and economic conditions	3
Results of operations, financial position and net assets	3
Segment performance	3
Employees	4
Report on risks and opportunities	4
Supplementary report	4
Report on expected developments	4
IFRS Consolidated Interim Financial Statements for 2014	5
Notes to the Interim Consolidated Financial Statements	11
Accounting	11
Accounting policies	11
Segment reporting	11
Changes in contingent liabilities	11
Related party transactions	12
Events after the end of the reporting period	12
Review	12
Responsibility statement	12
Financial Calendar	13
Contact	13
Legal notice	13

Consolidated Interim Group Management Report

MBB Industries AG is a medium-sized, family-owned company that forms the MBB Industries Group together with its portfolio companies.

Business and economic conditions

The development in the economic environment on the markets relevant to MBB was moderately positive. Growth in real GDP in Germany was positive albeit at a low level in the first quarter at 0.8%. Growth momentum in China remained positive but slowed slightly at the start of the year.

The business conditions for our subsidiaries were stable in the first quarter as well. Our equity investments still have high order backlogs and steady incoming orders. However, price pressure on sales markets and rising commodities prices in some cases mean that there will still be margin challenges for individual portfolio companies.

Results of operations, financial position and net assets

The Group's results of operations, net assets and financial position are positive. In the first three months of the financial year, the consolidated revenue of the MBB Group increased slightly by 0.2% year-on-year to €55.6 million (previous year: €55.5 million).

Other operating income declined as against the previous year to €0.4 million (previous year: €0.6 million) and relates in particular to the derecognition of liabilities, income from sales of securities, other income from securities and income from investment subsidies.

The ratio of cost of materials to the total operating performance of €55.9 million in the first three months of 2014 (previous year: €55.5 million) declined to 60.4% after 61.7% in the same period of the previous year.

EBITDA (earnings before interest, taxes, depreciation and amortisation) fell by 6.7% to €5.5 million (previous year: €5.9 million). After depreciation and amortisation of €1.5 million, the MBB Group's EBIT (earnings before interest and taxes) amounted to €4.0 million in the first three months (previous year: €4.6 million). Adjusted for net finance costs of €0.2 million, EBT (earnings before taxes) amounted to €3.8 million (previous year: €4.4 million). The consolidated net profit after non-controlling interests was €3.2 million (previous year: €3.3 million) or €0.50 per share (based on an average of 6,462,666 shares outstanding) in the first three months.

The consolidated statement of financial position as at 31 March 2014 reported equity of €74.7 million (31 December 2013: €67.8 million). On 27 March 2014 MBB Industries AG sold 144,201 treasury shares to an institutional investor by way of a private placement, which contributed to the significant increase in equity along with the result for the quarter. Based on total consolidated assets of €183.2 million, the equity ratio climbed to 40.8% as against 38.3% as at 31 December 2013.

As at 31 March 2014, the MBB Group had financial liabilities of €33.8 million (31 December 2013: €31.1 million) and cash and cash equivalents including securities and physical gold reserves of €57.6 million (31 December 2013: €54.9 million). Accordingly, net cash from the above liabilities and cash positions of the MBB Group amounted to €23.8 million, as was also the case on 31 December 2013. The rise in financial liabilities is essentially due to the investments carried out at Delignit AG and the Polish subsidiaries Hanke Tissue Sp. z o.o.

Segment performance

The following segments are reported:

- Technical Applications
- Industrial Production
- Trade & Services

There was a slight decline in revenue in the Technical Applications segment. In the first three months of 2014, external revenue in this segment amounted to €32.2 million (previous year: €33.1 million). By contrast, the segment's EBIT is at the same level as the previous year at €3.6 million.

The Industrial Production segment posted slight growth in revenue. External revenue for the period from 1 January to 31 March 2014 amounted to €14.6 million after €14.2 million in the same period of 2013, while EBIT was down slightly at €0.7 million after €0.8 million in the previous year.

Revenue in the Trade & Services segment climbed slightly year-on-year to €8.8 million (previous year: €8.2 million). The segment's EBIT was down on the previous year's figure of €0.1 million at €-0.04 million.

Employees

The number of people employed by the MBB Group increased from 1,088 as at 31 December 2013 to 1,152 as at 31 March 2014.

Report on risks and opportunities

The risks and opportunities for the business development of the MBB Group are described in the Group management report for the 2013 financial year, which is available on our website.

There have been no significant changes in the risks and opportunities presented since 31 December 2013. The risk management system of MBB Industries AG is appropriate for detecting risks at an early stage and taking immediate countermeasures.

Supplementary report

On 29 April 2014, the MBB subsidiary OBO-Werke GmbH & Co. KG acquired the European tooling division from its long-term partner Huntsmann Advanced Materials. OBO acquired production materials to manufacture block and paste materials, exclusive rights of sale to liquid products on the main European markets and licences for all products used in modelling, toolmaking and mould production. The acquired division complements OBO-Werke's product range and strengthens its market position. As a result of the acquisition, the revenue in the Industrial Production segment will increase further from the third quarter of 2014.

On 14 May 2014 the Managing Board and the Supervisory Board of MBB Industries AG resolved to propose to the Annual General Meeting on 30 June 2014 that the company be transformed into a European stock corporation (Societas Europaea, SE) with a one-tier management structure. The company would then operate under the name MBB SE.

Report on expected developments

The Managing Board is planning revenue of €250 million and earnings on par with the previous year for the 2014 financial year. Further growth in revenue and a positive earnings level are forecast for the 2015 financial year - assuming that economic developments on the relevant sales markets remain positive.

The management considers the Group's equity and liquidity situation to be important factors in enabling it to grow in the current market environment, both organically and through the acquisition of new equity investments, while ensuring that it is in a position to act at all times and even in the event of new global crises.

Berlin, 30 May 2014

Dr. Christof Nesemeier
Chief Executive Officer

IFRS Consolidated Interim Financial Statements for 2014

IFRS consolidated statement of comprehensive income (unaudited)	1 Jan - 31 Mar 2014 € thou	1 Jan - 31 Mar 2013 € thou
Revenue	55,618	55,502
Increase (+) / decrease (-) in finished goods and work in progress	265	-18
Operating performance	55,883	55,484
Other operating income	366	604
Total performance	56,249	56,088
Cost of raw materials and supplies	-27,109	-27,749
Cost of purchased services	-6,650	-6,465
Cost of materials	-33,759	-34,214
Wages and salaries	-9,671	-9,251
Social security and pension costs	-3,452	-3,488
Staff costs	-13,123	-12,739
Other operating expenses	-3,835	-3,206
Earnings before interest, taxes, depreciation, and amortisation (EBITDA)	5,532	5,929
Amortisation and depreciation expense	-1,517	-1,288
Earnings before interest and taxes (EBIT)	4,015	4,641
Other interest and similar income	107	54
Interest and similar expenses	-302	-272
Net finance costs	-195	-218
Earnings before taxes (EBT)	3,820	4,423
Income tax expense	-497	-1,034
Other taxes	-44	-45
Profit or loss for the period	3,279	3,344
Non-controlling interests	-68	-70
Consolidated net profit	3,211	3,274
Earnings per share (in €)	0.50	0.51

IFRS consolidated statement of comprehensive income (unaudited)	1 Jan - 31 Mar 2014	1 Jan - 31 Mar 2013
	€ thou	€ thou
Consolidated net profit	3,211	3,274
Non-controlling interests	68	70
Profit or loss for the period	3,279	3,344
Currency translation changes recognised in equity	-112	-204
Net profit (+) / loss (-) from the revaluation of financial assets in the available-for-sale category	220	129
Other comprehensive income after taxes	108	-75
Comprehensive income for the reporting period	3,387	3,269
there of attributable to:		
- Shareholders of the parent company	3,319	3,176
- Non-controlling interests	68	93

Statement of financial position	31 Mar 2014	31 Dec 2013
Assets (IFRS)	unaudited	audited
	€ thou	€ thou
Non-current assets		
Concessions, industrial property rights and similar rights	4,131	4,230
Goodwill	1,816	1,816
Advance payments	59	33
Intangible assets	6,006	6,079
Land and buildings		
including buildings on third-party land	21,167	21,378
Technical equipment and machinery	8,609	9,291
Other equipment, operating and office equipment	3,499	3,420
Advance payments and assets under development	12,586	10,736
Property, plant and equipment	45,861	44,825
Investment securities	7,090	6,556
Other loans	250	501
Financial assets	7,340	7,057
Deferred tax assets	1,393	1,393
	60,600	59,354
Current assets		
Raw materials and supplies	7,500	5,791
Work in progress	3,173	2,903
Finished goods	7,348	7,502
Advance payments	847	1,754
Inventories	18,868	17,950
Trade receivables	18,950	22,502
Receivables from construction contracts	27,952	22,988
Other current assets	6,308	6,038
Trade receivables and other current assets	53,210	51,528
Gold and commodities	1,645	1,572
Securities	10,802	10,099
Available-for-sale financial assets	12,447	11,671
Cash in hand	20	19
Bank balances	38,067	36,684
Cash in hand, bank balances	38,087	36,703
	122,612	117,852
Total assets	183,212	177,206

Statement of financial position Equity and liabilities (IFRS)	31 Mar 2014 unaudited € thou	31 Dec 2013 audited € thou
Equity		
Issued capital	6,600	6,456
Capital reserve	17,779	14,395
Legal reserve	61	61
Retained earnings	47,343	44,024
Non-controlling interests	2,921	2,853
	74,704	67,789
Non-current liabilities		
Liabilities to banks	24,897	24,401
Other liabilities	1,207	1,352
Pension provisions	18,368	18,286
Other provisions	1,011	1,286
Deferred tax liabilities	2,863	2,825
	48,346	48,150
Current liabilities		
Due to banks	7,578	5,373
Advance payments received	3,686	2,535
Trade payables	14,191	16,824
Other liabilities	4,010	5,844
Provisions with the nature of a liability	11,959	8,037
Tax provisions	7,452	7,300
Other provisions	11,286	15,354
	60,162	61,267
Total equity and liabilities	183,212	177,206

Consolidated statement of cash flows (unaudited)	1 Jan - 31 Mar 2014	1 Jan - 31 Mar 2013
	€ thou	€ thou
1. Cash flow from operating activities		
Earnings before interest and taxes (EBIT)	4,015	4,641
Adjustments for non-cash transactions		
Write-downs on non-current assets	1,517	1,288
Increase (+) / decrease (-) in provisions	-4,261	201
Gains (+) / Losses (-) from disposal of PPE	0	-10
Other non-cash expenses / income	-107	213
	-2,851	1,692
Change in working capital:		
Increase (-) / decrease (+) in inventories, trade receivables and other assets	-2,600	-3,691
Decrease (-) / increase (+) in trade payables and other liabilities	461	-3,348
	-2,139	-7,039
Income taxes paid	-351	-853
Interest received	107	54
	-244	-799
Cash flow from operating activities	-1,219	-1,505
2. Cash flow from investing activities		
Investments (-) / divestments (+) intangible assets	-28	-3
Investments (-) / divestments (+) property, plant and equipment	-2,452	-2,282
Investments (-) / divestments (+) financial assets	251	18
Investments (-) / divestments (+) of available-for-sale financial assets and securities	-1,090	-1,097
Cash flow from investing activities	-3,319	-3,364
3. Cash flow from financing activities		
Sale of treasury shares	3,528	0
Proceeds from borrowing financial loans	2,701	13,501
Repayments of financial loans	0	-595
Interest payments	-302	-223
Cash flow from financing activities	5,927	12,683
Cash and cash equivalents at end of period		
Change in cash and cash equivalents (Subtotal 1-3)	1,389	7,814
Effects of changes in foreign exchange rates (non-cash)	-5	-15
Cash and cash equivalents at start of reporting period	36,703	29,869
Cash and cash equivalents at end of period	38,087	37,668
Composition of cash and cash equivalents		
Cash in hand	20	11
Bank balances	38,067	37,657
Reconciliation to liquidity reserve on 31 Mar		
Cash and cash equivalents at end of period	38,087	37,668
Gold	1,645	2,195
Securities	17,892	14,397
Liquidity reserve on 31 Mar	57,624	54,260

Statement of changes in consolidated equity (unaudited)										
	Issued capital	Capital reserve	Legal reserve	Currency translation difference	Retained earnings			Share of shareholders of MBB AG	Non-controlling interests	Consolidated equity
	€ thou	€ thou	€ thou	€ thou	Available for sale financial assets	Pension reserve	Generated consolidated equity	€ thou	€ thou	€ thou
1 Jan 2013	6,456	14,395	61	-38	1,602	-146	32,814	55,144	2,267	57,411
Dividends paid	0	0	0	0	0	0	-3,228	-3,228	0	-3,228
Subtotal	6,456	14,395	61	-38	1,602	-146	29,586	51,916	2,267	54,183
Amounts recognised in other comprehensive income	0	0	0	0	-423	152	0	-271	-68	-339
Currency translation difference	0	0	0	-180	0	0	0	-180	252	72
Consolidated net profit	0	0	0	0	0	0	13,471	13,471	402	13,873
Total comprehensive income	0	0	0	-180	-423	152	13,471	13,020	586	13,606
31 Dec 2013	6,456	14,395	61	-218	1,179	6	43,057	64,936	2,853	67,789
Dividends paid	0	0	0	0	0	0	0	0	0	0
Subtotal	6,456	14,395	61	-218	1,179	6	43,057	64,936	2,853	67,789
Amounts recognised in other comprehensive income	0	0	0	0	220	0	0	220	0	220
Currency translation difference	0	0	0	-112	0	0	0	-112	0	-112
Consolidated net profit	0	0	0	0	0	0	3,211	3,211	68	3,279
Total comprehensive income	0	0	0	-112	220	0	3,211	3,319	68	3,387
Sale of treasury shares	144	3,384	0	0	0	0	0	3,528	0	3,528
31 Mar 2014	6,600	17,779	61	-330	1,399	6	46,268	71,783	2,921	74,704

Notes to the Interim Consolidated Financial Statements

Accounting

The three-month financial report of the MBB Group for the period 1 January to 31 March 2014 was prepared on the basis of the International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB) as adopted in the EU. It was prepared in accordance with IAS 34.

Accounting policies

The accounting policies adopted are the same as those of the consolidated financial statements as at 31 December 2013. The preparation of the financial statements is influenced by accounting policies and assumptions and estimates affecting the amount and reporting of recognised assets, liabilities, contingent liabilities and income and expense items. Matters relating to revenue are deferred intra-year.

Segment reporting

The management of the MBB Group classifies the segments as reported in the interim Group management report.

1 Jan - 31 Mar 2014 (unaudited)	Technical applications	Industrial production	Trade & services	Reconciliation	Group
	€ thou	€ thou	€ thou	€ thou	€ thou
Revenue from third parties	32,188	14,613	8,817	0	55,618
Other segments	8	37	46	-91	0
Total revenue	32,196	14,650	8,863	-91	55,618
Earnings (EBIT)	3,557	705	-40	-207	4,015
Amortisation and depreciation	580	657	269	11	1,517
Investments	667	1,465	348		
Segment assets	70,947	41,035	8,637		
Segment liabilities	50,070	9,582	4,252		

1 Jan - 31 Mar 2013 (unaudited)	Technical applications	Industrial production	Trade & services	Reconciliation	Group
	€ thou	€ thou	€ thou	€ thou	€ thou
Revenue from third parties	33,075	14,179	8,248	0	55,502
Other segments	14	49	39	-102	0
Total revenue	33,089	14,228	8,287	-102	55,502
Earnings (EBIT)	3,638	785	129	89	4,641
Amortisation and depreciation	434	599	244	11	1,288
Investments	210	1,909	242		
Segment assets	61,251	33,685	8,355		
Segment liabilities	54,248	8,806	3,674		

Segment liabilities do not include any liabilities from taxes, finance lease liabilities or liabilities to banks.

Changes in contingent liabilities

There were no changes in contingent liabilities as against 31 December 2013.

Related party transactions

Business transactions between fully consolidated Group companies and unconsolidated Group companies are conducted at arm's-length conditions.

Events after the end of the reporting period

For events after the end of the reporting period, please see the supplementary report on page 4 of the interim Group management report.

Review

The condensed interim consolidated financial statements as at 31 March 2014 and the interim Group management report were neither audited in accordance with section 317 of the German Commercial Code (HGB) nor reviewed by an auditor.

Responsibility statement

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the interim management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group for the remaining months of the financial year.

Berlin, 30 May 2014

Dr. Christof Nesemeier
Chief Executive Officer

Financial Calendar

Annual General Meeting 2014

30 June 2014, 10:00 am
at the Ludwig Erhard Haus,
Fasanenstraße 85, 10623 Berlin, Germany

Half-Year Financial Report 2014

29 August 2014

Analyst Conference German Equity Forum

Frankfurt/Main
24 – 26 November 2014

Quarterly Report Q3/2014

28 November 2014

End of the financial year

31 December 2014

We would like to take this opportunity to mention our **RSS feed**, with which you can subscribe to and read the latest news from the Company on your computer screen free of charge. This is a quick and convenient way to stay up-to-date: www.mbb.com/RSS.

We would also like to draw your attention to our **MBB newsletter**, which you can subscribe to at www.mbb.com/newsletter. You will then always receive the latest news from MBB Industries AG by e-mail.

Contact

MBB Industries AG
Joachimstaler Straße 34
10719 Berlin, Germany
Tel.: +49 (0) 30 844 15 330
Fax: +49 (0) 30 844 15 333
www.mbb.com
anfrage@mbb.com

Legal notice

© MBB Industries AG
Joachimstaler Straße 34
10719 Berlin, Germany

