MBB

ANNUAL REPORT 2014

MBB SE, Berlin

MBB in figures

Fiscal year	2014 IFRS	2013 IFRS	Δ 2014 / 2013
Earnings figures	**€ thou**	**€ thou**	**%**
Revenue	**236,703**	**228,197**	3.7
Operating performance	238,257	228,350	4.3
Total performance*	242,804	232,009	4.7
Cost of materials	-150,899	-145,390	3.8
Staff costs*	-53,330	-49,632	7.5
EBITDA*	22,043	22,390	-1.5
*EBITDA margin**	9.3%	9.8%	-5.1
EBIT*	15,940	17,205	-7.4
*EBIT margin**	6.7%	7.5%	-10.7
EBT*	14,375	15,840	-9.2
*EBT margin**	6.0%	6.9%	-13.0
Consolidated net profit after non-controlling interests	**13,199**	**13,471**	-2.0
Number of shares	6,600,000	6,600,000	0.0
eps in €**	2.01	2.09	-3.8
Dividend in € thou	3,762	3,630	3.6
Dividend per share in €	0.57	0.55	3.6
Figures from the statement of financial position	**31 Dec € thou**	**31 Dec € thou**	**%**
Non-current assets	75,593	60,694	24.5
Current assets	121,098	116,512	3.9
there of cash and equivalents***	58,672	54,930	6.8
Issued capital (share capital)	6,600	6,456	2.2
Other equity	71,953	61,333	17.3
Total equity	78,553	67,789	15.9
Equity ratio	39.9%	38.3%	
Non-current liabilities	53,459	48,150	11.0
Current liabilities	64,679	61,267	5.6
Total assets	196,691	177,206	11.0
Net debt (-) or net cash (+)***	24,345	23,843	2.1
Employees	1,146	1,088	5.3

* Due to changes in presentation, the prior-period figures have been restated compared with the figures contained in the 2013 Annual Report.
** Based on the average number of shares in circulation for the respective year.
*** This figures include physical gold stocks.

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Welcome Note from the Chief Executive Officer

DEAR SHAREHOLDERS,

2014 was another successful financial year for MBB. The MBB Group recorded year-on-year revenue growth in 2014 and reinforced the solid earnings level it had achieved in the previous years. Revenue topped the €200 million mark for the third year in succession, while earnings amounted to more than €2 per share. MBB reached new highs in terms of revenue, equity, net liquidity, and the dividend proposed by the Board for the 2014 financial year.

The Hanke paper machine PM4, the biggest investment in our history, went into operation in the first half of 2014. As expected, this made a significant contribution to revenue and earnings growth in the second half of the year: Hanke's revenue increased by 27% in 2014 alone and is expected to rise by a further 30% in 2015. OBO enjoyed a similar development following the acquisition of a division from the US chemicals group Huntsman in 2014. As a result, revenue growth amounted to 16% in 2014, and the company is forecasting revenue growth of 39% for 2015. Delignit also recorded substantial growth in 2014 on the back of new orders and the acquisition of HTZ Holztrocknung and DHK automotive in the previous year. This helped the 200-year-old company to achieve revenue well in excess of €40 million for the first time in 2014 – the highest level in its long history. These investments serve to underline MBB's steady growth even in years without major company acquisitions.

Only MBB Fertigungstechnik saw a hiatus in its growth in 2014 at a high level. At the same time, we also invested in this company, particularly with the construction of a new training centre at the Beelen site and the further expansion of our new Chinese subsidiary MBB Technologies (China) Ltd., which was officially inaugurated in November 2014.

The solid, consistent development of our subsidiaries will continue in 2015. We are currently forecasting revenue of between €240 million and €250 million and earnings per share of €1.75 for 2015. This means that, in our 20th anniversary year, investments in the existing portfolio companies, the acquisition of new companies and the continuous dividend growth that we pursue since our IPO in 2006 should be possible without capitalisation measures or significant net financial liabilities once again.

In March 2015, MBB Industries AG became MBB SE – a European stock corporation (Societas Europaea). MBB SE is an expression of our intention to harness our expertise and products for success on the international markets to a far greater extent in future. While this change in legal form was accompanied by continuity in the composition of the Board and the management, it also involved a significant strengthening of the executive management team. Dr Christof Nesemeier (Chief Executive Officer - CEO), Anton Breitkopf (Chief Financial Officer - CFO), Dr Gerrit Karalus (Chief Investment Officer - CIO) and Klaus Seidel (Chief Technical Officer - CTO) were appointed as members of the Executive Management. Our work is now supported by more than 1,100 employees, whom we would like to expressly thank for the strong development we have enjoyed in recent years.

Following a strong upturn in the previous year, MBB's shares largely maintained their price level throughout 2014 before rising once again in line with the markets in early 2015. We believe that the current share price is clearly justified by the financial substance and the positive development of the MBB companies. However, we do not feel that the share price represents the potential for extraordinary growth steps through acquisitions like the ones we have repeatedly accomplished throughout our 20-year history. We do not share the view that lower interest rates and rising asset prices make this acquisition growth less likely. Indeed, MBB is enjoying an increasingly high profile as a buyer of small and medium-sized enterprises, a fact that is providing us with a steady flow of investment opportunities from which we are carefully selecting the genuinely outstanding candidates as we always did.

I hope that you will continue to support the development of our Company in the long term as shareholders of MBB SE. As always, we will work hard and with an earnings-oriented approach in order to create value for our customers, our companies, our employees and you, our shareholders.

Yours,

Dr Christof Nesemeier
CEO

Report of the Board

On 30 June 2014, the Annual General Meeting resolved to transform MBB Industries AG into a European stock corporation (Societas Europaea, SE) with a one-tier constitution. The Annual General Meeting elected Mr. Gert-Maria Freimuth, Dr Peter Niggemann and Dr Christof Nesemeier as the members of the Board. The members of the Board were appointed until the end of the Annual General Meeting resolving on the approval of their actions for the fifth financial year after the start of their term, not including the year of their appointment but limited in any case to six years from their appointment date. Following the end of the six-month statutory participation proceedings of the employee representatives, the Board held its constitutive meeting on 3 March 2015, where it elected Gert-Maria Freimuth as Chairman of the Board and Dr Peter Niggemann as Vice Chairman of the Board. Dr Christof Nesemeier was appointed as member of the Board and as Executive Manager of MBB SE. MBB SE was entered in the commercial register of Berlin Charlottenburg on 9 March 2015 under HRB 165458.

MBB SE is the legal successor of MBB Industries AG. The executive functions of the Supervisory Board and Managing Board of MBB Industries AG expired when MBB SE was entered in the commercial register on 9 March 2015. The Supervisory Board of MBB Industries AG was superseded by the Board of MBB SE on this date. The Board of MBB SE will propose the approval of the actions of the Supervisory Board for the 2014 financial year to the Annual General Meeting on 30 June 2015.

Up to and including 3 March 2015, and hence throughout the entire 2014 financial year, the Supervisory Board of MBB Industries AG, consisting of Gert-Maria Freimuth (Chairman), Dr Peter Niggemann (Vice Chairman) and Dr Matthias Rumpelhardt, ensured that it was continuously informed about the business and strategic development of the Company and advised and monitored the Managing Board in accordance with the tasks and responsibilities required of it by law, the Articles of Association and the provisions of the German Corporate Governance Code. The Supervisory Board was informed about the strategy, business policy and planning, the risk situation and the net assets, financial position and results of operations of MBB SE and the MBB Group at all times.

This took place in personal discussions between the Chairman of the Supervisory Board and the Managing Board, through the regular information provided by the Managing Board on the course of business, and at the Supervisory Board meetings held on 17 March, 30 June, 26 September and 29 November 2014. With the exception of the meeting on 29 November 2014, in which Dr Rumpelhardt participated by telephone, the meetings were attended by the Supervisory Board and the Managing Board in person.

At the individual meetings, the Supervisory Board analysed the Company’s current business development together with the Managing Board and discussed its strategic focus. To the extent that individual transactions required the approval of the Supervisory Board under the provisions of law or the Articles of Association, the Supervisory Board examined these transactions and resolved whether to grant approval. The topics discussed included the economic situation of the Company and the individual subsidiaries. In particular, the Supervisory Board's discussions in the 2014 financial year concentrated on the change of legal form into an SE, the investment in the new Hanke paper machine at the Kostrzyn site, and the acquisition of a division from the US chemicals group Huntsman by OBO. In conjunction with its meeting on 29 November 2014, the Supervisory Board also visited MBB Technologies (China) Ltd., which was formed in 2013, in order to obtain a first-hand impression of the company's development.

The Supervisory Board also addressed the topics of corporate governance and the German Corporate Governance Code. In the year under review, the Supervisory Board and Managing Board took the measures required to ensure broad compliance with the Code. The small number of exceptions are presented and explained in the declaration in accordance with section 161 of the German Stock Corporation Act (AktG) dated 17 March 2014, which was submitted by the Supervisory Board in conjunction with the Managing Board on 17 March 2014. The Board and the Chief Executive Officer submitted a new declaration on 17 March 2015. This declaration is published as part of the Annual Report and on the Company’s website at www.mbb.com.

Like the current Board, the Supervisory Board consisted of three members. The Board considers the number of members to be adequate in light of the size of the Company. For the same reason, the formation of committees is considered to be inappropriate, and the Supervisory Board again refrained from doing so in the 2014 financial year.

The Supervisory Board properly commissioned the auditor appointed by the Annual General Meeting, RSM Verhülsdonk GmbH Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Düsseldorf, with the audit of the single-entity and consolidated financial statements for the 2014 financial year. The auditor submitted a declaration of independence to the Supervisory Board in accordance with section 7.2.1 of the German Corporate Governance Code. This declaration confirms that there are no business,

financial or other relationships between the auditor and its executive bodies and head auditors on the one hand, and the Company and the members of its executive bodies on the other hand, that could give rise to doubt as to its independence.

The annual financial statements of MBB SE for the year ended 31 December 2014 and the joint management report for MBB SE and the MBB Group prepared in accordance with the German Commercial Code (HGB) and the consolidated financial statements for the year ended 31 December 2014 prepared in accordance with the International Financial Reporting Standards (IFRS) were audited by the auditor elected by the Annual General Meeting and commissioned by the Chairman of the Supervisory Board, RSM Verhülsdonk Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Düsseldorf, and issued with an unqualified audit opinion on 24 March 2015.

The Board examined the single-entity financial statements prepared by the Executive Manager, Dr Christof Nesemeier, the joint management report for MBB SE and the MBB Group, the proposal on the appropriation of net profit and the consolidated financial statements and discussed them personally with the auditor at the Board meeting on 24 March 2015. All of the Board's questions were answered in full by the auditor. The Board received the audit report in good time before the meeting. Following the completion of its examination, the Board did not raise any objections to the single-entity financial statements, the management report or the consolidated financial statements. The single-entity and consolidated financial statements were approved by the Board on 24 March 2015, meaning that the annual financial statements of MBB SE have been adopted.

The Board shares the opinion of the Executive Manager as expressed in the joint management and Group management report. The Board approves the proposal by the Executive Manager on the appropriation of net profit.

Following the adoption of the annual financial statements, the Board, at its meeting on 24 March 2015, appointed the long-standing members of MBB's management, Anton Breitkopf (Chief Financial Officer), Dr Gerrit Karalus (Chief Investment Officer) and Klaus Seidel (Chief Technical Officer), as additional members of the Executive Management and appointed Dr Christof Nesemeier as Chief Executive Officer. The Board believes that the four members of the Executive Management will provide strong foundations for MBB SE's continued extraordinary growth. The terms of all of the members of the Executive Management run until 30 June 2018.

The change in legal form to MBB SE marked the end of Dr Matthias Rumpelhardt's long-standing and successful membership of the Supervisory Board of MBB Industries AG. The Board would like to express its gratitude to Dr Rumpelhardt for his valuable work.

The Board would also like to thank the management, the management teams of the portfolio companies and all of the employees of the MBB Group for their high level of commitment and the good results achieved in the past financial year.

Berlin, 24 March 2015

The Board

Gert-Maria Freimuth
Chairman

Management Report and Group Management Report

MBB SE (formerly MBB Industries AG) is a family-owned, medium-sized corporation that forms the MBB Group together with its portfolio companies. The change in legal form of MBB Industries AG to MBB SE that was resolved by the Annual General Meeting on 30 June 2014 was entered in the commercial register of the Charlottenburg District Court on 9 March 2015 under HRB 165458 and the company name "MBB SE".

The single-entity financial statements of MBB SE are prepared in accordance with the provisions of the German Commercial Code (HGB), while the consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS).

In 2014, the MBB Group reported consolidated revenue of €236.7 million after €228.2 million in 2013. The MBB Group and its portfolio companies generated a consolidated net profit of €13.2 million in 2014 compared with €13.5 million in the previous year. The forecast operating performance of up to €250 million was not quite achieved in the 2014 financial year. This was due to the weaker incoming orders at MBB Fertigungstechnik and the resulting lower level of revenue recognition, as well as the realignment of eld datentechnik GmbH, which had an adverse effect on the DTS Group's revenue.

The MBB Group reported net cash (cash and short-term/long-term securities less liabilities to banks) of €24.3 million as of 31 December 2014; this figure includes physical gold holdings in the amount of €1.7 million and is €502 thousand higher than at the end of 2013. Despite the payment of a dividend and investments in the portfolio, total liquidity including gold amounted to €58.7 million as of 31 December 2014.

In 2014, a dividend of €3.6 million (€0.55 per share) was distributed for the 2013 financial year. The figure for the previous year was €0.50 per share or €3.2 million in total. The Board and the Chief Executive Officer will propose to the Annual General Meeting on 30 June 2015 the payment of a further increased dividend of €0.57 per share or €3.8 million for the 2014 financial year. The MBB Group's equity increased from €67.8 million in the previous year to €78.6 million. The equity ratio rose to 39.9%.

MBB's consolidated revenue, liquidity, equity and dividend all reached historical highs once again in 2014. For 2015, MBB is forecasting higher revenue and a slightly lower operating result.

Business and economic conditions

Strategic orientation

MBB SE is a family-owned corporation specialising in the acquisition and management of medium-sized industrial companies with considerable technology and engineering expertise. MBB's superior revenue and value growth is based on five factors for success:

Medium-sized

Our companies are organised in units of between 50 and 300 employees and belong to the category of small and medium-sized enterprises in Germany known as the Mittelstand. Tradition, regional identity and a commitment to training, employees and the common good are key pillars of our actions.

German technology and engineering expertise

MBB's companies can boast expertise in their respective markets dating back several centuries in some cases. MBB actively pursues superior technology and engineering expertise as a way of reinforcing its position on the international markets. In terms of training, the availability of qualified employees and its infrastructure, Germany offers conditions for the development of companies with a technological focus that cannot be found in any other location in the world.

Growth

The predecessor to the current MBB Group was founded in 1995. 100 employees had joined by 1997, and revenue had reached €37 million by the time of the IPO in 2006. In the 2014 financial year, MBB generated revenue of €236.7 million with its more than 1,100 employees. MBB intends to continue on its ambitious growth path in future, both organically and by acquiring companies.

MBB

MBB stands for Messerschmitt-Bölkow-Blohm. The company was famously synonymous with German engineering following the Second World War. Today, MBB SE is the only independent company to have emerged directly from the original MBB Group. We are proud of this fact and are committed to continuing to realise extraordinary technological achievements in future.

Family-owned

Gert-Maria Freimuth (Chairman of the Board) and Dr Christof Nesemeier (Chief Executive Officer) formed the company in 1995. MBB is confident that the personal commitment and continuity of its management team are key factors in its success, giving the company a clear sense of reliability and identity.

Market development

The regional focus of MBB's business activities is on the German-speaking area. However, MBB has international experience and is expanding its international presence in the form of its global market activities and foreign subsidiaries.

Despite economic and political crises within Europe, the German economy grew by 1.5% in 2014 according to figures published by the German Federal Statistical Office, with development driven by consumer spending in particular. As in the previous years, the combination of fiscal and monetary policy measures made a considerable contribution to the tangible upturn in sentiment, the increased willingness to invest and the higher level of confidence. The expansionary monetary policy of the European Central Bank has led to sustained low interest rates and the generous provision of liquidity by commercial banks. The European Central Bank's programme of quantitative easing, which has been the subject of some controversy, is aimed among other things at limiting the risk of deflation and helping to move the rate of inflation in Europe back towards 2%.

MBB is noticing the impact of the low-interest environment on company acquisitions, as the willingness and ability of banks to finance such acquisitions has risen further. Increased competition for limited assets is leading to visible growth in company prices.

According to the latest OECD forecasts, Germany is set to see GDP growth of 1.1% in 2015 and 1.8% in 2016. According to OECD calculations, the unemployment rate in Germany could fall to below 5% in 2015. This is also reflected in the shortage of qualified employees on the labour market. Germany's strong competitiveness is highly likely to continue. The current weakness of the euro is also currently benefiting German products in non-euro nations, leading to a further increase in the export surplus and hence a higher foreign trade surplus for Germany. However, currency weakness could have the long-term disadvantage that necessary productivity improvements fail to materialise.

Above and beyond this national view, the MBB Group's development will be materially affected by the sustained weak economic development in the euro zone and the slowdown in momentum in China, although growth in the latter market remains at a high level. There is also a possibility that the tension on the euro zone financial markets could flare up or the conflict between Russia and the West could intensify at any time.

The commodities markets are currently characterised by a high degree of volatility, which is posing particular challenges for the management of the MBB subsidiaries. The development of the crude oil price over the past year is a good example of the unpredictable nature of commodity prices.

The automotive industry is particularly important to the MBB Group. In addition to China, which is already a major market and will become even more important in future - with forecasts suggesting that it will be the largest sales market in 2020, with more than 33 million passenger cars sold - there has been a tangible recovery in vehicle sales in Europe.

New drive concepts and the use of new, weight-reducing materials are growing in popularity. This is fundamentally beneficial for MBB, as the German premium manufacturers who number among MBB’s key customers will play a leading role in this technological development. All in all, MBB is anticipating steady development in demand across almost all areas. In the automotive industry, this trend is being observed for capital goods as well as loading area equipment for commercial vehicles. However, this positive underlying development is also subject to fluctuations that are being felt by MBB Fertigungstechnik in particular, especially with regard to capital goods. Other relevant sales markets include tissue products, polyurethane boards and the foam business of CT Formpolster.

The diversification of its subsidiaries means that the MBB Group is relatively well protected against turbulence in the individual markets. The past has shown that phases of weakness in certain sales markets are often accompanied by growth in others.

The aforementioned exchange rate fluctuations between the euro and the currencies that are relevant for the MBB Group, namely the US dollar, the Polish zloty and the Chinese renminbi, will remain significant and will therefore continue to present considerable challenges for the MBB Group’s financial management in 2015.

The MBB Group continues to be conservatively financed. The high net cash position and the high level of cash holdings mean that companies can be acquired at any time, irrespective of developments on the financial markets and the current balance sheet adjustment processes at the commercial banks. Excess liquidity is temporarily invested in demand deposits, short-term bonds with good credit ratings and physical gold, as well as equities to a limited extent – but only when they meet the same criteria that MBB SE applies to the acquisition of German SMEs.

Market position

Including its predecessors, MBB SE will celebrate its 20th anniversary in 2015. We can now offer references for a wide range of different scenarios when it comes to SME acquisitions, ranging from former owners and group shareholders, management, employee representatives and unions, and banks through to core customers and suppliers. Thanks to its experience, its network, its portfolio of companies enjoying profitable growth and its stock exchange listing, MBB SE is one of the leading industrial holding companies for German SMEs. This market position has improved further as public awareness of the Company has increased.

The individual MBB companies are established SMEs and are characterised by a solid asset position and sustainable growth. Companies such as MBB Fertigungstechnik, Hanke and Delignit are leaders in their respective markets.

Stock exchange listing

One element of MBB's strategic development was its IPO in 2006 and its admission to the Prime Standard in 2008. The Company has been trading as MBB SE since March 2015. As previously, the stake of more than 70% in MBB held by the Company's founders as of 31 December 2014 serves to ensure MBB's sustainable development with a medium-sized, entrepreneurial focus.

Portfolio companies

MBB SE had six portfolio companies at the end of the 2014 financial year. As these direct portfolio companies of MBB SE themselves each have subsidiaries and sub-subsidiaries, the consolidated group as of 31 December 2014 consisted of MBB SE and a total of 19 companies. The following section lists these companies according to their ownership structure, including the respective equity interest and the type of consolidation:

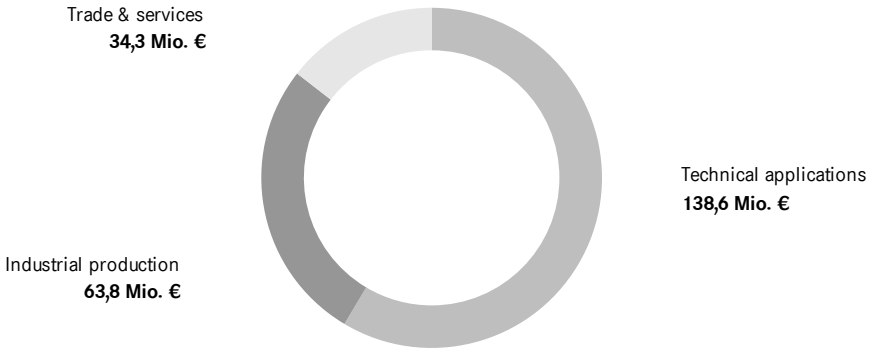
- Delignit AG (76.08%)
  - Hausmann Verwaltung GmbH (100%)
  - Blomberger Holzindustrie B. Hausmann GmbH & Co. KG (100%)
  - DHK automotive GmbH (100%)
  - HTZ Holztrocknung GmbH (100%)
  - Delignit Immobiliengesellschaft mbH (100%)
- Hanke Tissue Sp. z o.o. (97%)
- CT Formpolster GmbH (100%)
- MBB Plastics GmbH (früher OBO Modulan GmbH) (100%)
  - OBO-Werke Verwaltungsgesellschaft mbH (100%)
  - OBO-Werke GmbH & Co. KG (100%)
    - OBO-Industrieanlagen GmbH (100%)
- DTS IT AG (80%)
  - DTS Systeme GmbH (100%)
  - ICSmedia GmbH (100%)
  - eld datentechnik GmbH (100%)
- MBB Technologies GmbH (100%)

- MBB Fertigungstechnik GmbH (100%)
  - MBB Technologies (China) Ltd. (100%)

Segments

The individual segments in which MBB Group companies are active have different focal points in terms of their business activities. These are described in brief in the following section. Detailed information on the individual subsidiaries is not published in order to prevent the possibility of adverse effects on their business activities.

The following segments are reported:



Revenue-distribution by segment 2014 in € million

Technical Applications

This segment contains those portfolio companies whose business model reflects customer-specific requirements to a large extent and where the expertise and consulting sold along with the product constitute a significant portion of the work performed. The segment consists of the Delignit companies and the MBB Technologies Group.

The MBB Technologies Group is a leading international plant engineering company for welding and assembly systems for the automotive industry. It also provides services for tool manufacturing, innovative transport technologies for exact positioning and inline measuring systems. Other industries include general industry and clean technology. The assembly technology centre designs and develops highly complex systems for component assembly with a focus on customer solutions. For example, our systems are used to assemble camshafts, steering systems, drive shafts, washing machine drums and more. Expertise in the connection technology centre ranges from conventional thermal welding and cold metal transfer (CMT), laser welding technology for lightweight construction with a focus on chassis components, instrument panels and clean technology through to the production of heavy components and transport vehicles. In addition to its welding and assembly services, the MBB Technologies Group develops and produces project-specific special machinery for welding systems and production lines that are unique in terms of their form and specifications. Since June 2013, MBB Technologies (China) Ltd. has operated a location in China.

In the 2014 financial year, the MBB Technologies Group generated external revenue of €96.0 million (previous year: €103.0 million), thereby accounting for 40.5% (previous year: 45.1%) of MBB SE's consolidated revenue.

The Delignit Group, which was founded more than 200 years ago, develops and manufactures ecological materials and system solutions primarily based on hardwood. It is a recognised development and project partner and series supplier for technology industries such as the automotive, rail and aviation sectors, as well as security technology. The products have special technical properties and are used in built-in systems for commercial vehicles, fire-safe building facilities and innovative materials handling technology, among other things. The Delignit material is generally based on beech wood and is lifecycle carbon-neutral, making it ecologically superior to non-regenerative materials such as plastic or steel. Since 1 October 2013, Delignit has been strengthened by the addition of DHK automotive GmbH and HTZ Holztrocknung GmbH, both of which are domiciled in Oberlungwitz.

Delignit accounted for 18.0% of the MBB Group's revenue in the 2014 financial year compared with 15.4% in the previous year. The Delignit Group's external revenue increased by 21.0%, from €35.2 million in 2013 to €42.6 million in 2014.

Industrial Production

The Industrial Production segment contains all portfolio companies whose strengths are concentrated on the industrial manufacture of their products and whose products are relatively standardised. Accordingly, this segment contains the portfolio companies Hanke, CT Formpolster and OBO.

Hanke produces tissue mother rolls, napkins, handkerchiefs, toilet paper and kitchen rolls. Operating under the brand name of "aha", the company has a strong competitive position in the Eastern Europe consumer product market. Hanke also produces white and coloured tissue paper for various private labels in Europe. These activities are concentrated around the company Hanke Tissue Sp. z o.o., Kostrzyn, Poland, which was acquired by MBB SE in 2006. Since being acquired by MBB SE, Hanke has made substantial investments in its machinery and buildings, allowing it to record continuous growth and expand its market position to become the most profitable company in the MBB Group in relation to revenue. A new paper machine went into operation in early 2014, leading to an increase in the production volume and revenue.

With external revenue of €29.9 million (2013: €23.5 million), Hanke accounted for 12.6% (2013: 10.3%) of the Group's total revenue.

CT Formpolster GmbH manufactures flexible polyurethane foams. The company's service portfolio extends from material and product development and foam production through to drop shipping and JIT delivery. The product range not only includes standard foams but also highly elastic, flame-retardant, antistatic and intensely coloured products, as well as products containing biomass. CT Formpolster GmbH's products are used as mattress and seating cores in the furniture, caravan and office sectors in particular. It also sells foam blocks to processing companies.

With external revenue of €20.5 million (2013: €19.1 million), CT Formpolster accounted for 8.6% (2013: 8.4%) of the Group's total revenue.

OBO is a global provider of polyurethane hard foam boards for tooling applications. With a market share of around 8%, it is one of the five leading providers in the industry. OBO has been part of the MBB Group since 2003. In particular, it supplies the model making industry, the automotive industry as well as foundries and other processing companies. In April 2014, OBO acquired the European tooling board and paste division from its long-term partner Huntsman Advanced Materials. This transaction led to an improvement in OBO's market position in the area of model construction, tool making and mould production.

In 2014, the portfolio company contributed 5.7% to the MBB Group's total revenue (2013: 5.1%). External revenue amounted to €13.5 million in the 2014 financial year, up 16.4% on the previous year (2013: €11.6 million).

Trade & Services

The Trade & Services segment comprises the DTS Group, which consists of companies that provide specialist services or engage in retail business. The DTS Group is focused on cloud IT services. A dedicated data centre at its head office in Herford allows it to offer a wide range of traditional systems house services, such as the consulting, design, procurement, implementation and operation of IT environments, which are combined with IaaS, PaaS and SaaS cloud solutions (the latter with a focus on IT security).

The parent house DTS Systeme GmbH was formed in 1983 and is headquartered in Herford with offices in Bochum, Bremen, Berlin, Hanover and, since 1 January 2014, Hamburg, where it also operates a data centre. ICSmedia GmbH, Münster, was acquired in August 2010. ICSmedia GmbH has its own data centre and works in close cooperation with DTS Systeme GmbH to offer state-of-the-art, high-quality cloud computing solutions and high-end consulting services.

In October 2011, DTS acquired eld datentechnik GmbH, Stuttgart, an IT distributor for the German-speaking area specialising in data centre infrastructure. This acquisition failed to meet our expectations, and the company was optimised in several steps over the following years. This restructuring led to the discontinuation of some of eld's operations and the relocation of its strategically attractive activities for the DTS Group to the head office in Herford. The realignment was completed in the 2014 financial year but remains the reason for the slight downturn in the DTS Group's revenue in the year under review. The DTS Group recorded further growth in 2014 in all other areas.

In 2014, the DTS Group contributed €34.3 million to the MBB Group's revenue (2013: €35.7 million), corresponding to a share of 14.5% (2012: 15.6%).

Employees

MBB SE had a total of eight employees at the end of 2014; this figure includes the management team. While the members of management have service agreements with MBB SE, the Company also had one salaried employee in the area of office management, one salaried employee in Group accounting, one analyst and one management assistant in 2014.

The aim of the management of MBB SE is to ensure the sustainable performance of the MBB Group. The four-man management team and the Board cumulatively held more than 72% of the share capital of MBB SE as of 31 December 2014. Appropriate fixed remuneration is supplemented by performance-based variable components each with an upper limit. There are no severance or pension agreements. A stock option plan for the employees of MBB SE was established for the first time in 2013.

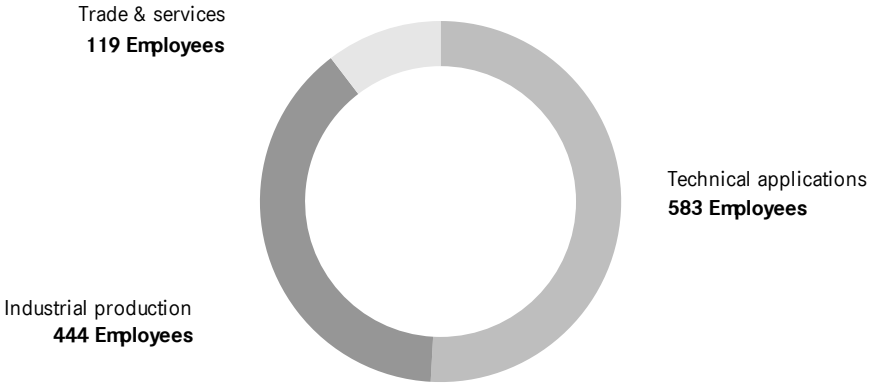
The MBB Group had an average of 1,141 employees in the 2014 financial year compared with an average of 1,058 in the previous year.

As of 31 December 2014 (2013), the MBB Group had a total of 1,146 employees (previous year: 1,088) in the following segments:

Technical Applications: 583 employees (previous year: 565)

Industrial Production: 444 employees (previous year: 407)

Trade & Services: 119 employees (previous year: 116)



Headcount by segment as at 31 Dec 2014

The number of employees by country as of 31 December 2014 (2013) was as follows:

821 employees in Germany (previous year: 803)

301 employees in Poland (previous year: 268)

24 employees in China (previous year: 17)

MBB considers supporting and challenging of employees to be a key factor in its success. The management and senior employees of the portfolio companies, who have a major influence on the success of their business activities, receive variable remuneration components that are also dependent on the results achieved and the value growth of the companies.

The number of employees at the companies forming part of the Group in 2014 will increase in the 2015 financial year due to the growing business volume, although developments may vary across the individual portfolio companies due to capacity considerations. MBB's subsidiaries have a history of providing training. They had a total of 67 trainees in the German dual system as of 31 December 2014. The proportion of employees with university degrees has increased significantly in particular since MBB Fertigungstechnik GmbH has been part of the Group. In order to achieve its planned growth, the MBB Group permanently strives to improve the quality of its workforce through training and further education. To this end, MBB Technologies went operational with its fully redesigned training centre in 2014. This will ensure that we develop young talents even in times where there is a growing shortage of qualified employees. Qualified employees are also being targeted externally to a greater extent at present.

Results of operations, financial position and net assets

MBB SE and the MBB Group can look back on a successful and highly profitable 2014 financial year. There are strong foundations for further revenue growth in 2015.

The continued high level of cash and cash equivalents serves to boost the attractiveness of MBB's business model and will allow future acquisitions to be conducted independently and without the need for external finance. The steady value appreciation over recent years – which is reflected, among other things, in the development of equity from €15.5 million in 2005 to €78.6 million in 2014 and the turnaround from net debt of €13.8 million in 2005 to net cash of €24.3 million in 2014 – underlines the sustainable success of our business model and the high quality of our investments. This means that the MBB Group can be expected to continue to make new acquisitions with a view to achieving value growth.

The following section discusses MBB SE and the MBB Group in greater detail.

MBB SE

MBB SE generated revenue of €1.5 million from the performance of management services for Group companies in 2014 (previous year: €1.2 million). Together with other operating income, this resulted in total operating revenue of €1.6 million (previous year: €2.1 million).

This was offset by expenses for purchased services in the amount of €1.1 million (previous year: €1.1 million), which related to the remuneration paid to the management of MBB SE.

After staff costs and overheads, earnings before interest, taxes, depreciation and amortisation and income from securities totalled €-1.2 million (previous year: €-0.4 million).

MBB SE also generated investment income of €4.5 million, income from securities in the amount of €0.3 million, and interest and other income totalling €0.2 million. After depreciation and amortisation expense of €0.1 million, interest expense of €0.1 million and tax expense of €0.1 million, this resulted in a net profit for the year of €3.5 million (previous year: €1.5 million).

As in the previous years, a dividend was distributed in the 2014 financial year. This amounted to €0.55 per share or €3.6 million in total. On 27 March 2014, MBB SE sold 144,201 treasury shares to an institutional investor by way of a private placement.

The equity of MBB SE increased to €38.5 million at year-end (previous year: €35.1 million), resulting in a consistently high equity ratio of 88.9%. Including investment securities and physical gold holdings, MBB SE had cash and cash equivalents of €14.9 million at the end of the financial year (previous year: €11.0 million). Net cash and cash equivalents increased to €11.0 million (previous year: €7.2 million). Unrealised gains on physical gold holdings and securities are not included in this presentation of the financial position and results of operations.

MBB Group

The consolidated financial statements for the year ended 31 December 2014 are prepared in accordance with the International Financial Reporting Standards (IFRS) as required to be applied in the European Union.*

The consolidated revenue of the MBB Group amounted to €236.7 million in the 2014 financial year after €228.2 million in the previous year. At the same time, total operating revenue increased from €232.0 million in 2013 to €242.8 million in 2014. Other operating income in the amount of €2.9 million includes income from the reversal of provisions, insurance and other compensation, income from the reversal of valuation allowances, income from the sale of shares, income from exchange differences and other income. The bargain purchase of €1.6 million from the first-time consolidation of the Huntsman division is reported as a separate item of income.

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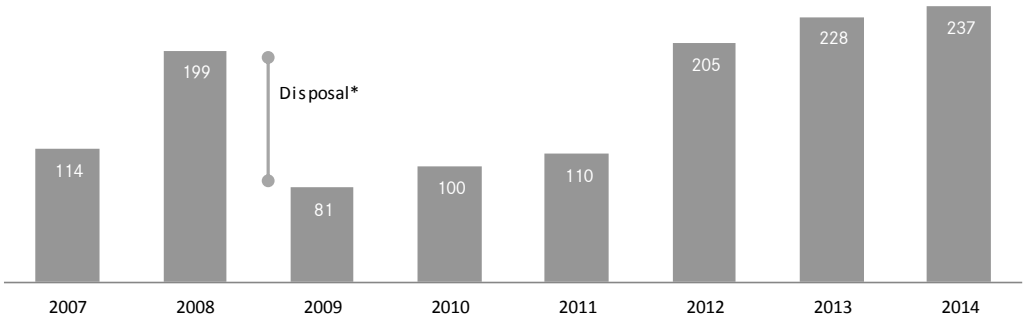
* In some cases, the comparative prior-year figures for 2013 are presented differently in MBB's consolidated financial statements for 2014 compared to how they were presented in the financial statements for 2013. A more detailed description of these changes can be found in note III.7. "Changes in presentation" in the notes to the 2014 consolidated financial statements.



Development of group revenue from continuing operations (in € million at year end)

* Reimelt Henschel €104m revenues in 2008 (discontinued in 2009)

The ratio of the cost of materials to total operating performance declined slightly, from 63.7% to 63.3%. By contrast, staff costs as a percentage of total operating performance increased from 21.7% in 2013 to 22.4% in 2014.

EBITDA (earnings before interest, taxes, depreciation and amortisation) amounted to €22.0 million, down slightly on the prior-year figure of €22.4 million. At €6.1 million, depreciation and amortisation was higher than in the previous year (€5.2 million). Investments in non-current assets totalled €12.6 million in 2014 after €13.3 million in the previous year.

The MBB Group reported EBIT (earnings before interest and taxes) of €15.9 million in the past financial year, down on the prior-year figure of €17.2 million. Adjusted for a financial result of €-1.6 million, EBT (earnings before taxes) amounted to €14.4 million (previous year: €15.8 million) or 6.0% (previous year: 6.9%) of total operating performance.

Income tax amounted to €0.5 million, while other taxes totalled €0.1 million. The extremely low tax rate in the year under review was due in particular to the completion of the investment in a new paper machine at Hanke and the resulting recognition of a tax benefit from an agreement with the Special Economic Zone in the amount of €3.2 million. This benefit amounted to €1.3 million in the previous year.

The consolidated net profit after minority interests of €13.2 million was down slightly on the prior-year figure of €13.5 million.

The consolidated net profit resulted in equity of €78.6 million in the consolidated statement of financial position as of 31 December 2014 (previous year: €67.8 million). Based on total consolidated assets of €196.7 million, the MBB Group therefore had an equity ratio of 39.9% (previous year: 38.3%). Accordingly, the Chief Executive Officer is of the opinion that the MBB Group continues to enjoy a solid equity base.

As of 31 December 2014, the MBB Group had financial liabilities in the amount of €34.3 million (previous year: €31.1 million) and cash, short-term and long-term securities and physical gold (€1.7 million) totalling €58.7 million (previous year: €54.9 million). Net cash (cash, short-term and long-term securities and physical gold less liabilities to banks) increased to €24.3 million after €23.8 million in the previous year. In the opinion of the Chief Executive Officer, this means that the MBB Group currently has adequate scope in terms of financing its business activities.

Hedging

Intragroup transactions are usually conducted in euro. As the portfolio companies are independently responsible for hedging any extraordinary foreign-currency items, there have been no significant unhedged items at Group level to date. As such, the MBB Group has not yet been required to perform active exchange rate hedging at Group level. However, monitoring at Group level serves to ensure timely intervention as necessary.

Remuneration report

Chief Executive Officer

The remuneration of the Chief Executive Officer consists of a fixed and a variable component. The Chief Executive Officer is also reimbursed for expenses upon presentation of receipts. D&O insurance with a deductible and accident insurance have also been concluded. No additional benefits (e.g. retirement benefits, direct benefits, severance payments) have been agreed. Similarly, there are no agreements governing the early or regular termination of the Chief Executive Officer's mandate or termination in the event of a change of control at the Company. The Chief Executive Officer also participates in the stock option plan, which is determined by the Board for the respective financial year. Comprehensive information on the remuneration of the Chief Executive Officer can be found in the notes to these consolidated financial statements.

Supervisory Board (until 9 March 2015)

The members of the Supervisory Board received a meeting attendance fee in the year under review. The Chairman of the Supervisory Board received double this amount and the Vice Chairman of the Supervisory Board received one and a half times this amount plus the reimbursement of any expenses. D&O insurance with no deductible has also been concluded for the members of the Supervisory Board. In accordance with a resolution by the Annual General Meeting on 30 June 2010, the Supervisory Board has also received variable remuneration totalling 1% of the aforementioned increase in equity since the 2010 financial year. The total of the variable remuneration and the attendance fees for all Supervisory Board members may not exceed €100,000.00 per full financial year. The aforementioned commitments to pay variable remuneration to the members of the Managing Board and the Supervisory Board resulted in a claim for variable remuneration for 2014.

A detailed description of the remuneration system and a breakdown of the remuneration paid to the Managing Board and the Supervisory Board can be found in the notes to the consolidated financial statements.

Board (since 9 March 2015)

From the 2015 financial year, the Board will receive a fixed meeting fee of €1,500.00 per meeting plus the reimbursement of any expenses. D&O insurance with no deductible has also been concluded for the non-executive members of the Board. The D&O insurance for the Chief Executive Officer provides for a deductible of 10% up to a maximum of 1.5 times his fixed annual remuneration. In accordance with a resolution by the Annual General Meeting on 30 June 2014, the Board will also receive variable remuneration totalling 1% of the aforementioned increase in equity from the 2015 financial year. The total of the variable remuneration and the attendance fees for all Board members may not exceed €100,000.00 per full financial year. The remuneration paid to the Chief Executive Officer for his membership of the Board is offset in full, meaning that he does not receive any additional remuneration for this activity.

Controlling system

The MBB Group's systematic focus on increasing enterprise value is also reflected in its internal controlling system. The key performance indicator for the management, planning and controlling of operating activities, and hence the Group's results of operations, is EBITDA (earnings before interest, taxes, depreciation and amortisation). The Management regularly analyses the development of EBITDA at the individual Group companies. The key performance indicator for controlling the Group's net assets and financial position is the net position of cash and cash equivalents and financial liabilities (net cash or net debt). This performance indicator is recorded on a daily basis in order to allow the Company to safeguard its liquidity and plan its financing requirements.

Report on opportunities

In the opinion of the Chief Executive Officer, the MBB Group has the following opportunities for the future:

- The strong investing activities of the Group companies offer opportunities for further profitable growth
- The sustained high number of SMEs available for sale offers opportunities for acquisitions that will add value to the Group
- Investing in and increasing the value of small and medium-sized industrial companies allows above average returns to be generated if successful

- MBB's profitable development over a number of years serves to increase its attractiveness as a shareholder, borrower or business partner and will boost MBB's importance as a holding company for industrial SMEs in Germany
- The experience and network of the current management team offers a strong starting position for the continued growth of the MBB Group
- The diversification of the MBB Group will cushion the potential impact to the Group as a whole as a result of changes in the demand situation in individual markets
- The expansion of MBB SE's international activities, particularly through the formation of a new subsidiary of MBB Fertigungstechnik GmbH in China, will lead to greater proximity to the customer, and hence greater opportunities for growth

Risk report

The large number of opportunities described above and the current situation suggest that the MBB Group will enjoy successful development in the medium term. However, the MBB Group is also exposed to the following risks:

- Individual portfolio companies could be particularly hard hit by a potential economic crisis
- The refinancing of individual portfolio companies or new acquisitions could be unsuccessful
- A sustained economic downturn could lead to falling revenue and/or earnings at MBB SE's existing portfolio companies
- The international focus of MBB SE's activities could lead to investments in portfolio companies in territories that are exposed to country-specific risks. In particular, the formation of MBB Technologies (China) Ltd. could lead to specific associated risks, such as the risk of start-up losses
- MBB Fertigungstechnik GmbH conducts project business in the area of plant engineering, which could lead to specific project risks and increased earnings volatility
- Despite comprehensive risk management, the Group companies are exposed to the general risks associated with their business activities. For example, the manufacturing companies within the Group in particular could be liable for warranty cases, environmental pollution or production downtime
- MBB SE could be exposed to risks arising from sale and purchase agreement warranties, while its portfolio companies could be exposed to product liability or other statutory liability risks
- The high purchase price expectations of potential sellers could limit the number of attractive investment opportunities, and hence the Group's growth

Principles of the risk management system and the accounting-related internal control system

The MBB Group has established a risk management system to address the aforementioned risks. Measures are initiated at an early stage in order to prevent the Company from being disadvantaged. This system includes:

- Integrated portfolio company controlling that uses weekly controlling (DAC) and monthly business controlling (BUC) to continuously compare target, actual and forecast data at the level of the portfolio companies and MBB SE.
- Project controlling (PUC), which defines, develops and tracks the implementation of optimisation measures within the Group and at each individual company.
- Regular management meetings within MBB SE (MIC) and with the management of the respective portfolio companies (RAP).
- Annual external auditing to examine the focal areas determined in advance.
- Structured mergers & acquisitions tools that are used to organise the proposal and acquisition process and test it for success (MAC) and the maintenance and continuous expansion of the MBB network to M&A advisers and potential sellers.
- Central Group monitoring (LOC) of material contractual risks and legal disputes by the management and qualified law firms as necessary.

The internal control system is an integral component of MBB's risk management. Its primary objectives are to ensure that all transactions are accurately reflected in reporting and to prevent deviations from internal or external provisions. In terms of external accounting, this means that the conformity of the financial statements with the applicable regulations must be guaranteed. Accordingly, the structure of the internal control system and the risk management system reflects that of the reporting entities. MBB Group companies are subject to uniform accounting policies such as an accounting manual, compliance

with which is monitored on a permanent basis. External specialists are commissioned on a case-by-case basis to control individual accounting risks, e.g. in connection with actuarial valuations.

Declaration on corporate governance

In this declaration, the Board reports on corporate governance in accordance with section 3.10 of the German Corporate Governance Code and section 289a of the German Commercial Code (HGB). This declaration on corporate governance in accordance with section 289a HGB must include:

1. The declaration in accordance with section 161 of the German Stock Corporation Act (AktG);
2. The corporate governance report;
3. Relevant information on corporate governance practices going beyond the statutory requirements and details of where they are publicly accessible;
4. A description of the procedures of the Chief Executive Officer and the Board and the composition and procedures of their committees; if this information is publicly available on the Company's website, reference may be made to this fact.

Re 1: Declaration in accordance with section 161 AktG

On 17 March 2015, the Chief Executive Officer and the Board submitted the latest declaration of conformity in accordance with section 161 AktG. It reads as follows:

The Managing Board and Supervisory Board of MBB Industries AG submitted the last declaration of conformity in accordance with section 161 AktG on 17 March 2014 and complied with this declaration of conformity with the exceptions stated therein. The following declaration updates this declaration of conformity and relates to the German Corporate Governance Code (hereinafter also the "Code") in the version dated 24 June 2014.

The Board of MBB SE declares that it complies with the recommendations of the Government Commission on the German Corporate Governance Code with the following exceptions:

- *Section 3.8: D&O insurance: The D&O insurance policy for the non-executive members of the Board does not provide for a deductible. We are confident that our executive bodies and employees exercise their duties with the greatest care and diligence. In light of the relatively low level of fixed remuneration paid to the members of the Board, we do not consider a deductible for the non-executive members of the Board to be appropriate. The D&O insurance for the Chief Executive Officer provides for a deductible of 10% up to a maximum of 1.5 times his fixed annual remuneration.*
- *Section 4.2.1: Composition of management: The Board is of the opinion that the size and management structure of the Company mean that it can also be managed by a sole Chief Executive Officer.*
- *Section 5.1.2: Composition of management: When filling positions in the management of MBB SE, the Board observes the requirements of the German Stock Corporation Act by ensuring that candidates have the skills, knowledge and experience that are required for the work of the management. By contrast, while the Board expressly welcomes diversity, it considers criteria such as a candidate's gender to be secondary.*
- *Section 5.3: Board committees: As the Board of MBB SE consists of three members, no committees can be formed. We consider the number of Board members to be adequate in light of the size of the Company.*
- *Section 5.4.1: An age limit is not specified for the members of the Board. In light of the age of the Board members and their remaining term of office, we do not believe there to be any reason to introduce such a limit.*
- *Section 7.1.2: Publications: The consolidated financial statements and interim financial reports are published in accordance with the statutory periods and those imposed by Deutsche Börse for the Prime Standard. As an industrial holding company with a focus on majority interests in small and medium- sized industrial companies, MBB SE is required to consolidate a number of individual companies as well as regularly performing first-time consolidation and deconsolidation. As such, compliance with the periods proposed by the German Corporate Governance Code would lead to disproportionate expense for the Company.*

Re 2: Corporate governance report

Directors' shareholdings

The shareholdings of the members of management are shown in the notes to the consolidated financial statements under section 10.1 of II.

Composition of the Board

The members of the Board must, as a whole, boast practical experience in the area of company management, industry expertise, and business and legal knowledge. The Board fulfils this objective in its current composition.

Share buy-back programme

No share buy-back programme was conducted in the period under review. On 10 March 2015, the Board of MBB SE resolved to utilise the authorisation provided by the Annual General Meeting on 17 June 2013 to acquire treasury shares in accordance with section 71 (1) no. 8 AktG in order to acquire treasury shares with a volume of up to €3.0 million via the stock exchange, limited to a maximum price of €25.00 per no-par value share and not totalling more than 10% of the share capital (up to 660,000 shares) in the period up to and including 15 June 2015. The share buy-back programme began on 18 March 2015.

Auditor

The Annual General Meeting of MBB SE elected RSM Verhülsdonk GmbH Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Düsseldorf, as the auditor of the financial statements of MBB SE. At no point were there any business, financial, personal or other relationships between the auditor and its executive bodies and head auditors on the one hand, and MBB SE and the members of its executive bodies on the other hand, that could give rise to doubts as to the independence of the auditor. RSM Verhülsdonk also advises the Company on tax issues. The Board of MBB SE issues the audit engagement to, and agrees the corresponding fees with, the auditor elected by the Annual General Meeting. When issuing the audit engagement, the Board and the auditor also agree on the reporting obligations set out in the German Corporate Governance Code.

The auditor participates in the discussions of the Board on the single-entity and consolidated financial statements and reports on the key findings of its audit.

Stock option plan/securities-oriented incentive systems

Details of the current stock option plan can be found in the remuneration report.

Re 3: Information on corporate governance practices

The Chief Executive Officer of MBB SE complies with the applicable laws. There are no codified and publicly accessible corporate governance practices above and beyond these requirements. The Board will examine the extent to which the future codification and publication of Group-wide regulations might be useful and reasonable.

Re 4: Procedures of the Executive Management and Board

As a European stock corporation, the Company has a one-tier management and control structure.

The Board manages the Company, determines the basic principles governing its activities, monitors their implementation, and has the additional responsibilities and authorities set out in section 22 of the German SE Implementation Act (SEAG). The Chief Executive Officer manages the Company's business by implementing the basic principles and standards set out by the Board. Three further members of the management team are responsible for the areas of Mergers & Acquisitions, Portfolio Company Management, Finance, IT and Processes. The Chief Executive Officer is appointed until 30 June 2018.

The Board of MBB SE consists of Gert-Maria Freimuth (Chairman), Dr Peter Niggemann (Vice Chairman) and Dr Christof Nesemeier. A new Board will be elected at the Annual General Meeting in 2020. The MBB Group does not have a right of co-determination, meaning that all of the members of the Board are shareholder representatives.

The individual portfolio companies each have independent operational management teams, some of which hold shares in the portfolio companies; however, MBB SE strives to ensure that its equity interest in each portfolio company does not fall below 75.1% where possible. The management teams of MBB SE and the portfolio companies work in close cooperation on the development of the respective companies.

Disclosures in accordance with sections 289 (4) and 315 (4) HGB

In accordance with sections 289 and 315 HGB, the management report must contain the following disclosures:

Composition of subscribed capital

The share capital reported in the balance sheet as of 31 December 2014 in the amount of €6,600,000.00 consists of 6,600,000 no-par value bearer shares and is fully paid-in. Each share grants the bearer one vote at the Annual General Meeting.

Restrictions on voting rights or the transfer of shares

There are no restrictions on voting rights or the transfer of shares.

Direct or indirect equity interests exceeding 10% of the voting rights

Direct or indirect equity interests exceeding 10% of the voting rights are presented in the notes to the consolidated financial statements under section 10.1 of II.

Bearers of shares conferring special rights

No shares conferring special rights have been issued.

Nature of control of voting rights in the case of employee participation

There are no corresponding employee participation schemes.

Statutory provisions and Articles of Association on the appointment and dismissal of members of the Executive Management and on amendments to the Articles of Association

Members of the Executive Management are appointed and dismissed in accordance with sections 84 f. AktG. Article 6 of the Articles of Association governs the appointment and dismissal of members of the Executive Management as follows: “The Company has one or more Executive Managers. Individual members of the Board may be appointed as Executive Managers providing that the majority of Board members continues to consist of non-executive members. The Board is responsible for determining the number of members of the Executive Management and for their appointment, the conclusion of their employment contracts and the revocation of their appointment. Members of the Executive Management are elected for a maximum term of six years and may be dismissed by the Board at any time prior to the end of their term. If more than one Executive Manager is appointed, the Board may nominate one of the Executive Managers as the Spokesperson or Chief Executive Officer (CEO). The Board may also nominate deputy members of the Executive Management. The members of the Executive Management conduct the Company's business jointly in accordance with the law, the Articles of Association, the by-laws and the instructions issued by the Board. They implement the basic principles and standards set out by the Board. If only one Executive Manager is appointed, the Company's business is conducted solely by this Executive Manager as described above. The members of the Executive Management receive remuneration as determined by the Board in accordance with section 87 AktG."

In accordance with section 179 (1) AktG, all amendments to the Articles of Association require a corresponding resolution by the Annual General Meeting. In accordance with Article 24 of the Articles of Association, amendments to the Articles of Association require a simple majority of the votes cast at the Annual General Meeting, to the extent that this is permitted by law; abstentions do not count as votes cast.

Article 11 (2) of the Articles of Association also states: “The Board is authorised to make amendments to the Articles of Association that relate solely to their wording. In particular, the Board is authorised to amend the wording of the Articles of Association in the event of the full or partial implementation of an increase in the share capital from Authorised Capital 2010/I (Article 4 (4) of the Articles of the Association) or Contingent Capital 2010/I (Article 4 (5) of the Articles of Association) or after the expiry of the authorisation periods in order to reflect the extent to which any capital increase from Authorised Capital 2010/I or Contingent Capital 2010/I has been implemented.”

Powers of the Board with particular reference to the ability to issue or buy back shares

By resolution of the Annual General Meeting on 30 June 2010, the Board was authorised to increase the Company’s share capital on one or more occasions by a total of up to €3,300,000.00 in the period until 29 June 2015 by issuing new no-par value bearer shares in exchange for cash and/or non-cash contributions (Authorised Capital 2010).

The Board was also authorised to issue bearer and/or registered convertible bonds and/or bonds with warrants with a total volume of up to €66,000,000.00 and a maximum term of 10 years in the period until 29 June 2015. The Company’s share capital may be increased contingently by up to €3,300,000.00 (Contingent Capital 2010). The purpose of this contingent capital increase is to issue shares to the creditors of convertible bonds or bonds with warrants. The contingent capital increase may only be implemented to the extent that the creditors have exercised their conversion right or are subject to a conversion obligation.

The Company was also authorised to purchase and sell treasury shares corresponding to up to 10% of the share capital in the period from 1 July 2010 to 29 June 2015.

On 11 January 2012, MBB SE resolved to utilise the authorisation granted by the Annual General Meeting on 30 June 2010 to purchase treasury shares in accordance with section 71 (1) no. 8 AktG. As part of a share buy-back programme running from 12 January 2012 to 10 February 2012, MBB Industries AG purchased 144,201 treasury shares, corresponding to 2.18% of the share capital, on the stock exchange via a bank at an average price of €6.9347, giving a total purchase price of €999,996.67. On 27 March 2014, the Company sold all its treasury shares to an institutional investor at a price of €24.65 per share.

By resolution of the Annual General Meeting on 18 June 2012, the Managing Board was authorised to purchase and sell treasury shares corresponding to up to 10% of the share capital in the period from 1 July 2012 to 29 June 2017.

Rescinding the resolution dated 18 June 2012, the Annual General Meeting on 17 June 2013 resolved to authorise the Managing Board to purchase and sell treasury shares corresponding to up to 10% of the share capital on the stock exchange in the period from 18 June 2013 to 16 June 2018. This authorisation may be exercised in part or in full, on one or more occasions until the upper limit is reached, and for one or more purposes. It may not be exercised for the purpose of trading in treasury shares.

Material agreements subject to the condition of a change of control as a result of a takeover bid

There are no such agreements.

Compensation agreements with members of the Managing Board or employees for the event of a takeover bid

There are no such compensation agreements.

Supplementary report

At its meeting on 24 March 2015, the Board appointed the long-standing members of MBB's management, Anton Breitkopf (Chief Financial Officer), Dr Gerrit Karalus (Chief Investment Officer) and Klaus Seidel (Chief Technical Officer), as additional members of the Executive Management and appointed Dr Christof Nesemeier as Chief Executive Officer. The Board believes that the four members of the Executive Management will provide strong foundations for MBB SE's continued extraordinary growth. The terms of all the members of the Executive Management run until 30 June 2018.

Report on expected developments

We see our results for the 2014 financial year as providing solid foundations for the future development of the MBB Group. In 2015, MBB SE expects to report consolidated revenue of between €240 million and €250 million and earnings per share of €1.75. This is based on the muted development of incoming orders at MBB Fertigungstechnik GmbH since the second half of 2014. The other companies of MBB SE are continuing on their growth path. The Company also expects to generate further growth through the acquisition of new companies in 2015. This growth is not included in the forecasts.

We consider the Group's equity and liquidity situation to be important factors in allowing it to grow in the current market environment, both organically and by acquiring new portfolio companies, while ensuring that it is in a position to act at all times and even in the event of new global crises. MBB is planning to maintain its policy of dividend continuity. The Board will propose to the Annual General Meeting on 30 June 2015 the payment of an increased dividend of €0.57 per share or €3.8 million for the 2015 financial year.

Berlin, 24 March 2015

Dr Christof Nesemeier
Chief Executive Officer

MBB SE Abridged Annual Financial Statements for 2014

Income statement (HGB)	2014 € thou	2013 € thou
Revenue	1,525	1,227
Other operating income	39	900
Cost of purchased services	1,141	1,068
Staff costs	277	350
Depreciation and amortisation of intangible assets and property, plant and equipment	66	58
Other operating expenses	1,344	1,144
Income from equity investments	4,523	893
Income from other securities and loans of financial assets	283	734
Other interest and similar income	240	231
Write-downs on financial assets and current securities	11	38
Interest and similar expenses	107	95
Profit from ordinary activities	**3,664**	**1,232**
Income tax expense	121	-256
Other taxes	70	6
Net profit for the year	**3,473**	**1,482**
Profit carried forward from the previous year	8,975	11,123
Share buy back programme	856	0
Unappropriated surplus	**13,304**	**12,605**

Appropriation of earnings

The net profit of €3,472,606.63, together with the profit carried forward of €8,975,122.48 and the gains on the disposal of treasury shares of €855,793.73, is reported as unappropriated surplus. As in previous years, the Chief Executive Officer and the Board will propose to the Annual General Meeting the payment of a dividend. The proposed dividend will amount to €3,762,000.00 or €0.57 per share.

Statement of financial position (HGB) Assets	31 Dec 2014 audited € thou	31 Dec 2013 audited € thou
Intangible assets	45	59
Property, plant and equipment	63	71
Financial assets	32,177	32,514
Noncurrent assets	**32,285**	**32,644**
Receivables and other assets	3,039	2,400
Securities	2,284	2,396
Cash in hand and bank balances	5,688	2,509
Current assets	**11,011**	**7,305**
Deferred items	**17**	**18**
Total assets	**43,313**	**39,967**
Equity and liabilities	€ thou	€ thou
Equity	**38,489**	**35,113**
Provisions	**153**	**381**
Liabilities	**4,671**	**4,473**
Total Equity and liabilities	**43,313**	**39,967**

IFRS Consolidated Financial Statements for 2014

IFRS consolidated statement of comprehensive income	Notes	1 Jan - 31 Dec 2014 € thou	1 Jan - 31 Dec 2013 € thou
Revenue	III.1.	**236,703**	**228,197**
Increase (+)/decrease (-) in finished goods and work in progress		1,554	153
Operating performance		**238,257**	**228,350**
Elimination of negative difference from capital consolidation	I.1.3.	1,615	581
Other operating income	III.2.	2,932	3,078
Total performance		**242,804**	**232,009**
Cost of raw materials and supplies		-120,781	-118,443
Cost of purchased services		-30,118	-26,947
Cost of materials		**-150,899**	**-145,390**
Wages and salaries		-39,952	-37,526
Social security and pension costs		-13,378	-12,106
Staff costs		**-53,330**	**-49,632**
Other operating expenses	III.3.	-16,532	-14,597
Earnings before interest, taxes, depreciation, and amortisation (EBITDA)		**22,043**	**22,390**
Amortisation and depreciation expense	II.1.	-6,103	-5,185
Earnings before interest and taxes (EBIT)		**15,940**	**17,205**
Write-downs on securities	II.8.	-107	-87
Other interest and similar income	III.4.	683	641
Interest and similar expenses	III.5.	-2,141	-1,919
Net finance costs		**-1,565**	**-1,365**
Earnings before taxes (EBT)		**14,375**	**15,840**
Income tax expense	III.6.	-472	-1,837
Other taxes	III.6.	-135	-130
Profit or loss for the period		**13,768**	**13,873**
Non-controlling interests		-569	-402
Consolidated net profit		**13,199**	**13,471**
Earnings per share (in €)	III.8.	2.01	2.09

IFRS consolidated statement of comprehensive income	Notes	1 Jan - 31 Dec 2014 € thou	1 Jan - 31 Dec 2013 € thou
Consolidated net profit		**13,199**	**13,471**
Non-controlling interests		569	402
Profit or loss for the period		**13,768**	**13,873**
Items that may be subsequently reclassified to profit and loss			
Currency translation differences	II.10.4	-367	72
Available for sale financial assets		266	-423
Items that not be subsequently reclassified to profit and loss			
Pension reserves	II.10.4	-3,879	120
thereof deferred taxes		1,171	-36
Other comprehensive income after taxes		**-2,809**	**-267**
Comprehensive income for the reporting period		**10,959**	**13,606**
there of attributable to:			
- Shareholders of the parent company		10,374	13,020
- Non-controlling interests		585	586

Statement of financial position Assets (IFRS)	Notes	31 Dec 2014 audited € thou	31 Dec 2013 audited € thou
Non-current assets			
Concessions, industrial property rights and similar rights	II.3.	5,691	4,230
Goodwill	II.2.	1,816	1,816
Advance payments		37	33
Intangible assets		**7,544**	**6,079**
Land and buildings including buildings on third-party land	II.4.	28,586	21,378
Technical equipment and machinery	II.4.	18,387	9,292
Other equipment, operating and office equipment	II.4.	4,092	3,419
Advance payments and assets under development	II.4.	543	10,736
Property, plant and equipment		**51,608**	**44,825**
Investment securities	II.8.	9,507	6,556
Other loans		101	501
Financial assets		**9,608**	**7,057**
Deferred tax assets	II.9.	**6,833**	**2,733**
		75,593	**60,694**
Current assets			
Raw materials and supplies	II.5.	6,356	5,791
Work in progress	II.5.	2,613	2,903
Finished goods	II.5.	9,913	7,502
Advance payments		1,344	1,754
Inventories		**20,226**	**17,950**
Trade receivables	II.6.	20,560	22,502
Receivables from construction contracts	II.6.	26,561	22,988
Other current assets	II.7.	4,586	4,698
Trade receivables and other current assets		**51,707**	**50,188**
Gold and commodities	II.8.	1,724	1,572
Securities	II.8.	10,048	10,099
Available-for-sale financial assets		**11,772**	**11,671**
Cash in hand	V.	16	19
Bank balances	V.	37,377	36,684
Cash in hand, bank balances		**37,393**	**36,703**
		121,098	**116,512**
Total assets		**196,691**	**177,206**

Statement of financial position Equity and liabilities (IFRS)	Notes	31 Dec 2014 audited € thou	31 Dec 2013 audited € thou
Equity			
Issued capital	II.10.1	6,600	6,456
Capital reserve	II.10.2	17,779	14,395
Legal reserve	II.10.3	61	61
Retained earnings	II.10.4	50,603	44,024
Non-controlling interests	II.10.5	3,510	2,853
		78,553	**67,789**
Non-current liabilities			
Liabilities to banks	II.12.	24,847	24,401
Trade payables	II.12.	395	0
Other liabilities	II.13.	1,887	1,352
Pension provisions	II.11.	22,386	18,286
Other provisions	II.14.1	692	1,286
Deferred tax liabilities	II.9.	3,252	2,825
		53,459	**48,150**
Current liabilities			
Liabilities to banks	II.12.	7,449	5,373
Advance payments received	II.12.	2,806	2,535
Trade payables	II.12.	19,637	16,824
Other liabilities	II.13.	7,137	5,844
Provisions with the nature of a liability	II.14.1	8,210	8,037
Tax provisions	II.14.2	2,983	7,300
Other provisions	II.14.1	16,457	15,354
		64,679	**61,267**
Total equity and liabilities		**196,691**	**177,206**

Consolidated statement of cash flows	1 Jan - 31 Dec 2014 € thou	1 Jan - 31 Dec 2013 € thou
1. Cash flow from operating activities		
Earnings before interest and taxes (EBIT)	**15,940**	**17,205**
Adjustments for non-cash transactions		
Write-downs on non-current assets	6,103	5,185
Increase (+) /decrease (-) in provisions	1,263	1,773
Bargain purchase	-1,615	-581
Gains (-) / Losses (+) from disposal of PPE	-21	-296
Other non-cash expenses/income	-477	-154
	5,253	**5,927**
Change in working capital:		
Increase (-) / decrease (+) in inventories, trade receivables and other assets	-3,877	-5,220
Decrease (-) / increase (+) in trade payables and other liabilities	5,085	-4,542
	1,208	**-9,762**
Income taxes paid	-8,515	-1,310
Interest received	683	641
	-7,832	**-669**
Cash flow from operating activities	**14,569**	**12,701**
2. Cash flow from investing activities		
Investments (-) / divestments (+) intangible assets	-498	-872
Investments (-) / divestments (+) property, plant and equipment	-11,602	-11,939
Investments (-) / divestments (+) financial assets	400	-339
Investments (-) / divestments (+) of available-for-sale financial assets and securities	-2,893	-3,319
Cash from disposal of assets	21	296
Disposal (+) / acquisition (-) of consolidated companies (less cash and cash equivalents sold/received)	-115	7
Cash flow from investing activities	**-14,687**	**-16,166**
3. Cash flow from financing activities		
Profit distribution to shareholders	-3,630	-3,228
Payments to non-controlling interests	-93	0
Sale of treasury shares	3,533	0
Proceeds from borrowing financial loans	7,096	15,923
Repayments of financial loans	-4,574	-1,159
Interest payments	-1,488	-1,243
Cash flow from financing activities	**844**	**10,293**
Cash and cash equivalents at end of period		
Change in cash and cash equivalents (Subtotal 1-3)	726	6,828
Effects of changes in foreign exchange rates (non-cash)	-36	6
Cash and cash equivalents at start of reporting period	36,703	29,869
Cash and cash equivalents at end of period	**37,393**	**36,703**
Composition of cash and cash equivalents		
Cash in hand	16	19
Bank balances	37,377	36,684

Reconciliation to liquidity reserve on 31 Dec	2014	2013
Cash and cash equivalents at end of period	37,393	36,703
Gold	1,724	1,572
Securities	19,555	16,655
Liquidity reserve on 31 Dec	**58,672**	**54,930**

Statement of changes in consolidated equity

				Retained earnings						
	Issued capital	Capital reserve	Legal reserve	Currency translation difference	Available for sale financial assets	Pension reserve	Generated consolidated equity	Share of shareholders of MBB SE	Non-controlling interests	Consolidated equity
	€ thou	€ thou	€ thou	€ thou	€ thou	€ thou	€ thou	€ 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	-3,630	-3,630	-93	-3,723
Subtotal	**6,456**	**14,395**	**61**	**-218**	**1,179**	**6**	**39,427**	**61,306**	**2,760**	**64,066**
Amounts recognised in other comprehensive income	0	0	0	0	266	-2,693	0	-2,427	-15	-2,442
Currency translation difference	0	0	0	-398	0	0	0	-398	31	-367
Consolidated net profit	0	0	0	0	0	0	13,199	13,199	569	13,768
Total comprehensive income	**0**	**0**	**0**	**-398**	**266**	**-2,693**	**13,199**	**10,374**	**585**	**10,959**
Non-controlling Interests Hanke Tissue	0	0	0	0	0	0	-165	-165	165	0
Sale of treasury shares	144	3,384	0	0	0	0	0	3,528	0	3,528
31 Dec 2014	**6,600**	**17,779**	**61**	**-616**	**1,445**	**-2,687**	**52,461**	**75,043**	**3,510**	**78,553**

Notes to the Consolidated Financial Statements for 2014

I. Methods and principles

1. Basic accounting information

1.1 Information on the Company

MBB SE (until 9 March 2015: MBB Industries AG) is headquartered at Joachimsthaler Straße 34, 10719 Berlin, Germany. It is entered in the commercial register of the Berlin-Charlottenburg District Court under HRB 165458. MBB SE has been listed in the Prime Standard of the Frankfurt Stock Exchange since 20 June 2008 under German securities identification number A0ETBQ. It is the parent company of the MBB Group.

MBB SE is a family-owned, medium-sized group that has expanded continuously since its formation through organic growth and company acquisitions. The business model focuses on the sustainable value growth of the individual companies and the Group as a whole.

The consolidated financial statements of MBB SE for the 2014 financial year were approved by the Board of MBB SE on 24 March 2015 and published on 30 April 2015.

1.2 Accounting policies

Due to its admission to the regulated market, MBB SE prepares its consolidated financial statements in accordance with IFRS. The consolidated financial statements for the year ended 31 December 2014 are prepared in accordance with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB) as adopted by the EU and applicable at the reporting date. The term "IFRS" includes the International Accounting Standards (IAS) still applicable, the International Financial Reporting Standards (IFRS) and the interpretations of the Standing Interpretations Committee (SIC) and of the International Financial Reporting Interpretations Committee (IFRIC). The consolidated financial statements are supplemented by a summarised management report and Group management report in accordance with section 315 HGB and additional disclosures in accordance with section 315a HGB.

Application of new and amended standards

The following IAS/IFRS/IFRIC are required to be applied for the first time or in a revised version in the 2014 financial year. Unless stated otherwise, they have limited or no effect on the consolidated financial statements of MBB SE:

Regulation	Title	Effects
IFRS 10	Consolidated Financial Statements	minor
IFRS 11	Joint Arrangements	none
IFRS 12	Disclosure of Interests in Other Entities	minor
IAS 36	Recoverable Amount Disclosures	minor
IAS 39	Novation of Derivatives	none
IAS 32	Offsetting Financial Assets and Financial Liabilities	minor
IAS 28	Investments in Associates and Joint Ventures	none

The following newly issued standards, standards endorsed in the year under review or amended standards or interpretations that were not yet mandatory were not applied early in these consolidated financial statements. Where amendments affect MBB, their future effect on the consolidated financial statements is still being examined.

Regulation	Title	Publication	Application	Endorsement	Effect
IAS 19	Employee Contributions	21/11/2013	01/07/2014	no	is being reviewed
IFRS 9	Financial Instruments	16/12/2011	01/01/2015	no	is being reviewed
IFRIC 21	Levies	20/05/2013	17/06/2014	yes	no material effects
IFRS 14	Regulatory Deferral Accounts	30/01/2014	01/01/2016	no	is being reviewed
IFRS 9	Financial Instruments - Classification and Measurement	28/10/2010	01/01/2015	no	Accounting of fair value changes
IFRS 11	Joint Arrangements	06/05/2014	01/01/2016	no	is being reviewed
IAS 16	Property, plant and equipment	12/05/2014	01/01/2016	no	is being reviewed
IAS 38	Intangibles	12/05/2014	01/01/2016	no	is being reviewed
IFRS 15	Revenue from Contracts with Customers	12/05/2014	01/01/2017	no	is being reviewed
IAS 16	Property, plant and equipment	30/06/2014	01/01/2016	no	no material effects
IAS 41	Agriculture	30/06/2014	01/01/2016	no	no material effects
IFRS 9	Financial Instruments	24/07/2014	01/01/2018	no	is being reviewed
IFRS 10	Group accounting	11/09/2014	01/01/2016	no	is being reviewed
IAS 28	Investments in Associates and Joint Ventures	11/09/2014	01/01/2016	no	is being reviewed
IAS 1	Presentation of Financial Statements	18/12/2014	01/01/2016	no	is being reviewed
	Amendments to IFRS 10, IFRS 12, IAS 28	18/12/2014	01/01/2016	no	is being reviewed
	Annual Improvements 2012 - 2014	25/09/2014	01/01/2016	no	is being reviewed
	Annual Improvements 2011 - 2013	12/12/2013	01/01/2015	yes	no material effects
	Annual Improvements 2010 - 2012	12/12/2013	01/07/2014	no	is being reviewed

1.3 Company law changes and structural changes in 2014

On 30 June 2014, the Annual General Meeting accepted the proposal from the Managing Board and the Supervisory Board to transform MBB Industries AG into a European stock corporation (Societas Europaea, SE) with a one-tier management structure. The SE legal form underlines the growing international focus of the Company. The transformation came into force when it was entered in the commercial register on 9 March 2015. Since this date, the Group has traded as **MBB SE**.

On 29 April 2014, the MBB subsidiary OBO-Werke GmbH & Co. KG acquired the **European tooling division** from its long-term partner Huntsman 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 sale has allowed Huntsman to focus more strongly on its core business.

For OBO-Werke the acquired business area supplements its product range and strengthens its market position.

In the year under review, the following assets and liabilities were acquired for a purchase price of €510 thousand:

Assets and liabilities Huntsman Business	€ thou
Non-current assets	
Customer Base	980
Licences	924
Property, plant and equipment	913
Liabilities	
Deferred tax assets	692
Total assets	**2,125**

Since the acquisition date, the Huntsman division has contributed €1.3 million to consolidated revenue. The restriction on information as a result of the asset deal structure means that no information can be provided on the revenue and consolidated net profit that would have resulted from the theoretical acquisition of the company at the start of the year.

Transaction costs of €7.7 thousand have been expensed and are included in other operating expenses in the consolidated statement of comprehensive income and in cash flow from operating activities in the consolidated cash flow statement.

Purchase price allocation resulted in a bargain purchase of €1,615 thousand, which MBB reported as other income following a review of the recognition and measurement of the assets acquired and liabilities assumed.

2. Scope of consolidation

In addition to the parent company MBB SE, the companies listed below are included in the consolidated financial statements. The ownership interests are calculated by multiplying the number of shares held in the respective company. The companies listed in bold hold direct or indirect interests in the companies below them.

Companies included in the consolidated financial statements Name and registered office of the company	Ownership interest in %
Subsidiaries (fully consolidated)	
MBB Plastics GmbH, Stadthagen, Germany	**100.00**
OBO-Werke Verwaltungsgesellschaft mbH, Stadthagen, Germany	100.00
OBO-Werke GmbH & Co. KG, Stadthagen, Germany	**100.00**
OBO-Industrieanlagen GmbH, Stadthagen, Germany	100.00
Delignit AG, Blomberg, Germany	**76.08**
Hausmann Verwaltungsgesellschaftz mbH, Blomberg, Germany	76.08
Blomberger Holzindustrie B. Hausmann GmbH & Co. KG, Blomberg, Germany	76.08
Delignit Immobiliengesellschaft mbH, Blomberg, Germany	76.08
DHK automotive GmbH, Oberlungwitz, Germany	76.08
HTZ Holztrocknung GmbH, Oberlungwitz, Germany	76.08
MBB Technologies GmbH, Beelen, Germany	**100.00**
MBB Fertigungstechnik Beelen GmbH, Beelen, Germany	**100.00**
MBB Technologies (China) Ltd. Changzhou, China	100.00
Hanke Tissue Sp. z o.o., Kostrzyn, Poland	**97.00**
DTS IT AG, Herford, Germany	**80.00**
DTS Systeme GmbH, Herford, Germany	80.00
ICSmedia GmbH, Münster, Germany	80.00
eld datentechnik GmbH, Herford, Germany	80.00
CT Formpolster GmbH, Löhne, Germany	**100.00**

3. Principles of consolidation

The consolidated financial statements comprise the financial statements of MBB SE and its subsidiaries as at 31 December of each financial year. The financial statements of the subsidiaries are prepared using uniform accounting policies at the same balance sheet date as the financial statements of the parent company.

The reporting date for all subsidiaries included in the consolidated financial statements is 31 December of the relevant financial year.

3.1 Subsidiaries

Subsidiaries are the companies over which MBB SE exercises control. Control exists when an entity has the power of disposal over another entity. This is the case if there are rights embodying a present ability to control the significant activities of the other entity. Significant activities are those activities affecting the return generated by an entity. Subsidiaries are fully consolidated from the date on which the parent has the possibility of controlling the subsidiary and ends when this possibility no longer exists.

Capital consolidation is performed using the purchase method in accordance with IFRS 3, under which the acquisition cost of the acquired shares is offset against the proportion of the acquired subsidiary's equity attributable to the parent company at the acquisition date. All identifiable assets, liabilities and contingent liabilities are recognised at fair value and included in the consolidated balance sheet. If the acquisition cost exceeds the fair value of the net assets attributable to the Group, the difference is capitalised as goodwill.

If the fair value of the net assets attributable to the Group is higher than the acquisition cost of the shares, this results in a bargain purchase. If this bargain purchase remains after another review of the purchase price allocation and/or determination of the fair value of the acquired assets, liabilities and contingent liabilities, it must be recognised in income immediately. The proportion of the subsidiary's assets, liabilities and contingent liabilities attributable to minority interests is also recognised at fair

value. Receivables and liabilities between the consolidated companies are offset against each other. This also applies to intragroup transactions and to intragroup revenue, income and expenses. Accordingly, the earnings of the subsidiaries acquired or disposed of during the financial year are included in the consolidated statement of comprehensive income from the date the acquisition becomes effective or until the disposal date respectively.

3.2 Associated companies

Companies in which MBB holds an interest in the share capital of between 20.0% and 50.0% and over which MBB exercises a significant influence are classified as associated companies. Significant influence describes the power to participate in the financial and operating policy decisions of the company in which the interest is held. Associated companies are included in the consolidated financial statements using the equity method. Under this method, the pro rata profits and losses of the associated company are added to or deducted from the balance sheet measurement of the holding. The amount of the loss allocation is essentially limited to the amount of the acquisition cost of the associated company. If the portfolio company reports a loss after its carrying amount has been reduced to a pro mem value of €1.00, these losses are recorded in an auxiliary account. For acquisitions of associated companies, the purchase method is applied in the same way. Associated companies that were acquired or disposed of during the financial year are included in the consolidated financial statements from the acquisition date or until the disposal date respectively.

4. Presentation of accounting policies

4.1 General

With the exception of the remeasurement of certain financial instruments, the consolidated financial statements were prepared using the historical cost method. Historical cost is generally based on the fair value of the consideration paid in exchange for the asset.

The balance sheet was structured according to current and non-current assets and liabilities. The statement of comprehensive income is prepared in line with the nature of expense method for calculating the consolidated net profit for the period.

4.2 Reporting currency

The consolidated financial statements are prepared in euro, as the majority of Group transactions are conducted in this currency. Unless stated otherwise, all figures are rounded up or down to thousands of euro (€ thousand) in line with standard commercial practice. The amounts are stated in euro (€), thousands of euro (€ thousand) and millions of euro (€ million).

4.3 Currency translation

Each company within the Group determines its own functional currency. The items included in the financial statements of the respective company are measured using this functional currency. Foreign currency transactions are then translated into the functional currency at the spot exchange rate on the date of the transaction.

Foreign currency monetary assets and liabilities are translated into the functional currency at each reporting date using the closing rate. All exchange differences are recognised in income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rate at the date when the fair value was determined.

The assets and liabilities of the foreign operations are translated into euro at the closing rate. Income and expenses are translated at the average exchange rate for the financial year. The resulting exchange differences are recognised as a separate component of equity.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities resulting from the acquisition of that foreign operation are translated at the closing rate.

The following exchange rates were applied (for €1.00):

	Closing rate 31 Dec 2014	Average rate 2014
Polish zloty (PLN)	4.2623	4.1845
Chinese renminbi (CNY)	7.4556	8.1864

	Closing rate 31 Dec 2013	Average rate 2013
Polish zloty (PLN)	4.1472	4.1976
Chinese renminbi (CNY)	8.4175	8.0000

4.4 Intangible assets

Intangible assets not acquired as part of a business combination are initially carried at cost. The cost of an intangible asset acquired in a business acquisition corresponds to its fair value at the acquisition date.

Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the asset will be received by the enterprise and the cost of the asset can be measured reliably.

Costs for research activities are charged as expenses in the period in which they are incurred.

Development costs are capitalised as internally generated intangible assets if all of the following criteria are met:

- Completion of the project is technically feasible.
- The Company intends and is able to complete the intangible asset and to use or sell it.
- It is assumed that the intangible asset is likely to generate a future economic benefit.
- In addition, the Group has the technical, financial and other resources to complete the development work and it is possible to reliably determine the expenses directly attributable to the project.

If these criteria are not met, the development costs are expensed in the period in which they are incurred.

For the purposes of subsequent measurement, intangible assets are recognised at cost less accumulated amortisation and accumulated impairment losses (reported under amortisation). Intangible assets (excluding goodwill) are amortised on a straight-line basis over their estimated useful life. The amortisation period and amortisation method are reviewed at the end of each financial year.

Apart from goodwill, the Group does not have any intangible assets with indefinite useful lives.

The cost of acquisition of new software is capitalised and treated as an intangible asset unless it forms an integral part of the associated hardware. Software is amortised on a straight-line basis over a period of up to three years.

Patents are amortised over a useful life of 10 years.

Costs incurred in order to restore or maintain the future economic benefits that the Company had originally expected are recognised as an expense.

Gains and losses from the disposal of intangible assets are determined as the differential value between the net disposal proceeds and the carrying amount of the asset and recognised in income in the period in which the asset is disposed of.

4.5 Goodwill

Goodwill from business combinations is the residual amount of the surplus of the cost of the business combination over the Group's share in the fair value of the identifiable assets, liabilities and contingent liabilities of the company acquired.

Goodwill is not amortised but instead is tested for impairment at least once a year in accordance with IAS 36. For the purposes of impairment testing, the goodwill acquired in the business combination is allocated to the cash-generating units (CGUs) of the Group that benefit from the combination starting from the acquisition date. Goodwill is then written down if the recoverable amount of a cash-generating unit is lower than its carrying amount. Once recognised, impairment losses on goodwill are not reversed in future periods.

If a subsidiary is sold, the amount of the goodwill attributable to the subsidiary is taken into account in calculating the gain on disposal.

4.6 Property, plant and equipment

Property, plant and equipment are recognised at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of property, plant and equipment consists of the purchase price and other non-refundable purchase taxes incurred in connection with the purchase as well as all directly attributable costs incurred to bring the asset to its location and to bring it to working condition for its intended use. Subsequent expenditure, such as servicing and maintenance costs, that is incurred after the non-current asset is put into operation is expensed in the period in which it is incurred. If it is likely that expenditure will lead to additional future economic benefits to the Company in excess of the originally assessed earnings power of the existing asset, the expenditure is capitalised as additional acquisition cost.

Assets newly identified in the course of acquisitions are measured at the fair value (market value) calculated at the acquisition date, which is then depreciated over the subsequent periods.

Depreciation is calculated on a straight-line basis over the expected useful economic life, assuming a residual value of €0.00. The following estimated useful lives are used for the individual asset groups:

Buildings and exterior installations:	10 to 33 years
Technical equipment and machinery:	10 to 12 years
Computer hardware:	3 years
Other office equipment:	5 to 13 years

Land is not depreciated.

The useful life, the depreciation method for property, plant and equipment and the residual values are reviewed periodically.

If items of property, plant and equipment are disposed of or scrapped, the corresponding acquisition cost and the accumulated depreciation is derecognised. Any realised gain or loss from the disposal is reported in the statement of comprehensive income. The profit or loss resulting from the sale of an item of property, plant and equipment is determined as the difference between the proceeds from the sale and the carrying amount of the asset and is recognised in income.

4.7 Leases

Determining whether an arrangement is or contains a lease is based on the economic content of the arrangement and requires an assessment of whether the fulfilment of the contractual arrangement is dependent on the use of a specific asset or assets and whether the arrangement conveys a right to use the asset.

Assets under finance leases, most of which transfer to the Group all risks and rewards of ownership of the transferred asset, are capitalised at the beginning of the lease term at the fair value of the lease asset or, if lower, at the present value of the minimum lease payments. The assets are depreciated.

Lease payments are divided into their components of finance costs and repayment of the lease liability in that the residual carrying amount of the lease liability bears a constant rate of interest. The remaining lease payment obligations at the balance sheet date are reported separately in the balance sheet according to their maturities. Lease payments for operating leases are expensed in the income statement over the term of the lease.

The Group does not act as a lessor.

4.8 Borrowing costs

Borrowing costs are expensed in the period in which they are incurred, unless they are incurred for the acquisition, construction or manufacture of qualifying assets. In this case, the borrowing costs are added to the cost of these assets. The MBB subsidiary Hanke Tissue Sp. z o.o. recognises interest expenses for qualifying assets.

4.9 Impairment of non-financial assets

Non-financial assets are tested for impairment when facts or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. For impairment testing, the recoverable amount of the asset or the cash-generating unit (CGU) must be determined. The recoverable amount is

the higher of the fair value less costs to sell and the value in use. The fair value less costs to sell is defined as the price obtainable from the sale of an asset or CGU between knowledgeable, willing and independent parties less costs of disposal. The value in use of an asset or CGU is determined by the present value of an estimated anticipated cash flow on the basis of its current use. If the recoverable amount falls below the carrying amount, an impairment loss in the amount of the difference is immediately recognised in income.

An adjustment in income of an impairment recognised as an expense in previous years is carried out for an asset (except for goodwill) if there are indications that the impairment no longer exists or may have decreased. The reversal is recorded in the income statement as income. However, the value increase (or reduction in the impairment) of an asset is recognised only to the extent that it does not exceed the carrying amount that would have resulted if no impairment loss had been recognised in the previous years (taking into account depreciation effects).

4.10 Financial investments and other financial assets

Financial assets as defined in IAS 39 are classified either as financial assets at fair value through profit or loss, as loans and receivables, as held-to-maturity investments or as available-for-sale investments. Financial assets are measured at fair value on initial recognition.

The designation of financial assets to the measurement categories depends on their nature and intended use and takes place on initial recognition. Where permitted and necessary reclassifications are made at the end of the financial year.

As at 31 December 2014, the Group had extended loans and receivables and available-for-sale financial assets.

All purchases or sales of financial assets under market conditions are recognised on the day of trading, i.e. the day on which the Group entered into a commitment to purchase or sell the asset. Purchases and sales under market conditions are such transactions in financial assets that stipulate the delivery of the assets within a period determined by market regulations or market conventions.

Extended loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These assets are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit and loss when the loans and receivables are derecognised or impaired and through the amortisation process.

Available-for-sale financial assets are non-derivative financial assets that are classified as available for sale and do not belong in one of the other three categories. Available-for-sale securities are reported under non-current assets if they are not expected to be sold within a year of addition.

After initial recognition, held-for-sale financial assets are measured at fair value, with gains or losses recognised in a separate item of equity. On the date when the financial investment is derecognised or an impairment on the financial investment is ascertained, the accumulated gain or loss previously recognised in equity is recognised in the income statement. The fair value of investments traded on organised markets is calculated by reference to the buying rate quoted on the stock exchange on the balance sheet date. Market values were available for the available-for-sale financial assets reported by the Group as at 31 December 2014 and 2013.

Financial assets are tested for impairment at each balance sheet date. If, in the case of financial assets recognised at amortised cost, it is likely that the Company will not be able to recover all amounts of loans, receivables or held-to-maturity investments that are due under the contractual conditions, an impairment loss or valuation allowance is recognised in income on the receivables. The impairment loss is defined as the difference between the carrying amount of the asset and the present value of the expected future cash flows measured using the effective interest method. The carrying amount of the asset is reduced using an allowance account. The impairment loss is recognised as an expense. Impairment losses previously recognised as expenses are adjusted in income if the subsequent partial reversal (or reduction) of the impairment can objectively be attributed to an event occurring after the original impairment. However, a reversal is recognised only to the extent that it does not exceed the amount of the amortised cost that would have resulted if no impairment loss had been recognised. The financial asset is derecognised if it is classified as uncollectible.

As in the previous year, the carrying amounts of the financial assets and liabilities essentially correspond to their fair values.

4.11 Inventories

Inventories are recognised at the lower of cost or net realisable value (less costs necessary to make the sale). Raw materials, consumables, supplies and purchased goods are measured at cost using the

average price method or, if lower, at their market prices on the balance sheet date. The cost of finished goods and work in progress, in addition to the cost of materials used in construction, labour and pro rata material and production overheads, is taken into account assuming normal capacity utilisation. Appropriate valuation allowances were recognised for inventory risks from storage periods and reduced usability.

4.12 Cash and cash equivalents

Cash and cash equivalents shown in the balance sheet comprise cash in hand, bank balances and short-term deposits with an original term of less than three months.

Cash and cash equivalents in the consolidated cash flow statement are delimited in accordance with the above definition.

4.13 Financial liabilities

Loans are measured at fair value on initial recognition, including the transaction costs directly associated with taking out the loans. They are not designated as at fair value through profit or loss.

After initial recognition, interest-bearing loans are measured at amortised cost using the effective interest method, with interest expense recognised in profit or loss in line with the effective interest method.

Gains and losses are recognised in profit or loss when the liabilities are derecognised and where such gains and losses result from amortisation.

Liabilities from finance leases are expensed at the present value of the minimum lease payments.

Current financial liabilities are recognised at their repayment or settlement amount.

Financial liabilities are derecognised when the Group's corresponding obligations have been settled, cancelled or have expired.

4.14 Provisions

Provisions are reported when the Group has a current (legal or constructive) obligation due to a past event, it is probable that fulfilment of the obligation will lead to an outflow of resources embodying economic benefits, and the amount of the obligation can be reliably estimated. If the Group expects at least a partial refund of a provision recognised as a liability, the refund is recognised as a separate asset provided the receipt of the refund is virtually certain. The expense from forming the provision is reported in the income statement less the refund.

Provisions are reviewed at each balance sheet date and adjusted to the current best estimate. The amount of the provision corresponds to the present value of the expenses expected to be required to fulfil the obligation if the related interest effect is material. The increase in the provision over time is recognised as interest expense.

Provisions with the nature of a liability are recognised for obligations for which an exchange of services has taken place and the amount of the consideration is established with sufficient certainty. Provisions with the nature of a liability are reported under liabilities.

4.15 Pensions and other post-employment benefits

The pension obligations calculated at the level of the individual subsidiaries are measured in accordance with IAS 19 (rev. 2011). Payments for defined contribution pension plans are expensed. In the case of defined benefit pension plans, the obligation is recognised as a pension provision in the balance sheet. These pension commitments are regarded as defined benefit plan commitments and are therefore measured actuarially using the projected unit credit method.

Actuarial gains and losses are reported in other comprehensive income. The interest expense from pension discounting is reported in net finance costs.

4.16 Revenue recognition

Revenue is recognised when it is probable that Group will obtain the economic benefits and the amount of the revenue can be reliably determined. Revenue is measured at the fair value of the consideration received or to be received less discounts and rebates granted and value-added tax or other levies. In addition, revenue recognition also requires fulfilment of the recognition criteria listed below.

a) Sale of goods and products, performance of services

Revenue is recognised when the significant risks and rewards of ownership of the goods and products sold have been transferred to the buyer. This generally takes place when the goods and products are delivered or accepted by the end customer. Revenue from service transactions is recognised only when it is sufficiently probable that the economic benefits associated with the transaction will flow to the Group. It is recognised in the accounting period in which the services in question are performed.

b) Construction contracts for plant engineering

At the MBB Group, the PoC (percentage-of-completion) method described in IAS 11 is applied at MBB Fertigungstechnik GmbH. Under this method, when the outcome of a construction contract can be estimated reliably, the contract revenue and contract costs associated with this construction contract are recognised by reference to the degree of completion of the contract activity at the balance sheet date. The degree of completion is calculated as the ratio of the contract costs incurred up until the balance sheet date to the total estimated contract costs as at the balance sheet date (cost-to-cost method). Construction contracts accounted for using the PoC method are recognised as receivables from construction contracts in the amount of the contract costs incurred up until the balance sheet date plus the proportionate profit resulting from the degree of completion. Changes to contracts, additional amounts invoiced and incentive payments are recognised to the extent that a binding agreement has been concluded with the customer. If the result of a construction contract cannot be reliably estimated, the probable revenue is recognised up to a maximum of the costs incurred. Contract costs are recognised in the period in which they are incurred. If it is foreseeable that the total contract costs will exceed the contract revenue, the expected losses are expensed immediately.

c) Interest revenue

Interest revenue is recognised when the interest arises (using the effective interest rate, i.e. the computational interest rate at which estimated future cash inflows are discounted to the net carrying amount of the financial asset over the expected term of the financial instrument).

d) Dividends

Revenue is recognised when the legal right to payment arises.

4.17 Taxes

a) Current income taxes

Current tax assets and liabilities for the current period and earlier periods are measured at the amount of the refund expected to be received from the tax authority or the payment expected to be made to it. The calculation is based on tax rates and tax laws applicable at the balance sheet date.

b) Deferred taxes

In accordance with IAS 12, deferred taxes are recognised using the liability method for temporary differences at the balance sheet date between the carrying amount of an asset or liability in the balance sheet and its tax base and for tax loss carryforwards.

Deferred tax liabilities are recognised for all taxable temporary differences with the exception of deferred tax liabilities from the initial recognition of goodwill or of an asset or liability from a transaction that does not constitute a business combination and, as at the transaction date, influences neither the accounting profit before taxes nor the taxable profit.

Deferred tax assets are recognised for all deductible temporary differences and unused tax credits to the extent that it is probable that taxable income will be available against which the deductible temporary differences and unused tax loss carryforwards and tax credits can be applied. Deferred tax assets from deductible temporary differences due to the initial recognition of an asset or liability from a transaction that does not constitute a business combination and, as at the transaction date, influences neither the accounting profit before taxes nor the taxable profit, are not recognised.

Tax credits that are dependent on investments are recognised in line with IAS 12. They are not offset against the corresponding investments.

At individual companies, deferred tax assets and liabilities are offset to the extent that they can be allocated to future charges or reductions of the same taxable entity with respect to the same tax authority.

The carrying amount of deferred tax assets is tested on every balance sheet date and reduced to the extent that it is no longer probable that a sufficient taxable result will be available against which the deferred tax asset can be at least partly utilised. Unrecognised deferred tax assets are tested on every

balance sheet date and recognised to the extent that it has become probable that taxable result in the future will allow the realisation of deferred tax assets.

Deferred tax assets and liabilities are measured at the tax rates which are expected to apply in the periods in which an asset is realised or a liability is settled. This is based on the tax rates and tax laws applicable at the balance sheet date. Future changes in the tax rates must be taken into account at the balance sheet date if the material conditions for validity in a legislative process are fulfilled.

Deferred taxes are reported as tax income or tax expense in the statement of comprehensive income unless they relate to items reported directly in equity, in which case the deferred taxes are also reported in equity. Deferred taxes and tax liabilities are offset against each other if the Group has a legally enforceable right to set off tax assets against tax liabilities and they relate to income taxes of the same taxable entity levied by the same tax authorities.

4.18 Contingent liabilities and contingent assets

Contingent liabilities are either potential obligations that could lead to an outflow of resources but whose existence will be determined by the occurrence or non-occurrence of one or more future events, or current obligations that do not fulfil the criteria for recognition as a liability. They are disclosed separately in the notes unless the probability of an outflow of resources embodying economic benefits is low. In the year under review, there were no contingent liabilities apart from guarantees and other commitments.

In the context of business combinations, contingent liabilities are recognised in accordance with IFRS 3.23 if their fair value can be reliably determined.

Contingent assets are not recognised in the financial statements, but are disclosed in the notes when receipt of economic benefits is probable.

4.19 Government grants

Government grants are recognised as profit or loss on a systematic basis in the periods in which the related expenses are recognised and where it is sufficiently certain that the conditions imposed in connection with the grants will be fulfilled.

The grants received are reported as deferred income on the balance sheet disclosed under liabilities.

5. Material judgements, estimates and assumptions

For the preparation of the consolidated financial statements in accordance with IFRS, estimates and assumptions must occasionally be made. These influence the amounts of assets, liabilities and financial obligations determined as at the balance sheet date and the presentation of expenses and income. The actual amounts may differ from these estimates.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date resulting in a considerable risk that a major adjustment to the carrying amounts of assets and liabilities will be required within the next financial year are explained below.

a) Impairment of non-financial assets

At each balance sheet date, the Group determines whether there are indications of impairment of non-financial assets. Goodwill with an indefinite useful life is tested for impairment at least once a year and when there are indications of impairment. Other non-financial assets are tested for impairment when there are indications that the carrying amount is higher than the recoverable amount. To estimate the value in use, the management measures the expected future cash flows of the asset or cash-generating unit and selects an appropriate discount rate to determine the present value of these cash flows.

b) Pensions and other post-employment benefits

The expense from defined benefit plans post-employment is determined using actuarial calculations. The actuarial calculation is based on assumptions regarding discount rates, future increases in wages and salaries, mortality and future pension increases. In line with the long-term orientation of these plans, such estimates are subject to significant uncertainty.

c) Provisions

Other provisions are recognised and measured on the basis of an assessment of the probability of a future outflow of benefits, using values based on experience and circumstances known at the balance sheet date. The actual obligation may differ from the amounts set aside as provisions.

d) Deferred tax assets

Deferred tax assets are recognised for all unused tax loss carryforwards and for temporary differences to the extent that it is probable that taxable income will be available for this, meaning that the loss carryforwards can actually be used. In calculating the amount of deferred tax assets, the management must make judgements with regard to the expected timing and amount of future taxable income and the future tax planning strategies.

e) Recognition of contract revenue

The majority of MBB Fertigungstechnik GmbH's transactions take the form of construction contracts that are recognised using the percentage-of-completion method, meaning that revenue is recognised in accordance with the degree of completion of the respective contract. This method requires that the degree of completion be estimated. Depending on the method applied in determining the degree of completion, the material estimates may relate to the total contract costs, the costs to be incurred until completion, the total contract revenue, the contract risks and other judgements. The estimates are continuously reviewed by the Company's management and adjusted as necessary.

f) Accounting for gold reserves

MBB SE owns physical gold reserves that are held as a liquidity reserve and reported in total liquidity. Despite containing a wide range of provisions, the IFRS does not provide conclusive guidance on the accounting treatment of gold reserves. Gold reserves cannot be accounted for in accordance with IFRS 2, as they are not held for use in a production process. Accounting in accordance with IAS 39 is problematic as gold does not meet the definition of a financial asset as set out in IAS 32.11, and hence does not fall within the scope of IAS 39. None of the other IFRSs are relevant.

As such, there is a gap in the IFRS regulation when it comes to the accounting treatment of physical gold reserves that the MBB Group seeks to close by applying the provisions of IAS 39 analogously. Physical gold reserves are measured at fair value on initial recognition. In subsequent periods, gold reserves are classified as available-for-sale financial assets and changes in value are taken directly to equity in other comprehensive income.

II. Notes to the consolidated balance sheet

1. Non-current assets

The development of intangible assets and property, plant and equipment is shown in the following statement of changes in non-current assets.

1.1 Statement of changes in non-current assets of the MBB Group as at 31 December 2014

	31 Dec 2014	Total cost € thou	Additions in the financial year € thou	Additions from first time con-solidation € thou	Reclassi-fication € thou	Disposals in the financial year € thou	Exchange differences € thou	Write downs (full amount) € thou	Carrying mount at the end of financial year € thou	Carrying mount at the end of previous year € thou	Write downs in the financial year € thou	Disposals of write downs € thou	Exchange differences € thou
I.	**Intangible assets**												
1.	Concessions, industrial property rights and similar rights	7,666	454	1,904	40	154	-6	4,213	5,691	4,230	937	154	-6
2.	Goodwill	3,643	0	0	0	0	0	1,827	1,816	1,816	0	0	0
3.	Advance payments	33	44	0	-40	0	0	0	37	33	0	0	0
		11,342	**498**	**1,904**	**0**	**154**	**-6**	**6,040**	**7,544**	**6,079**	**937**	**154**	**-6**
II.	**Property, plant**												
1.	Land and buildings including buildings on third-party land	30,323	4,892	0	3,285	9	-214	9,691	28,586	21,378	887	115	-26
2.	Technical equipment and machinery	33,000	1,255	839	9,932	75	-539	26,025	18,387	9,292	2,712	61	-334
3.	Other equipment, operating and office equipment	14,562	1,731	74	453	484	-25	12,219	4,092	3,419	1,567	474	-17
4.	Advance payments and assets under development	10,736	3,724	0	-13,670	207	-40	0	543	10,736	0	0	0
		88,621	**11,602**	**913**	**0**	**775**	**-818**	**47,935**	**51,608**	**44,825**	**5,166**	**650**	**-377**
	Total	**99,963**	**12,100**	**2,817**	**0**	**929**	**-824**	**53,975**	**59,152**	**50,904**	**6,103**	**804**	**-383**

1.2 Statement of changes in non-current assets of the MBB Group as at 31 December 2013

31 Dec 2013	Total cost	Additions in the financial year	Additions from first time con-solidation	Reclassi-fication	Disposals in the financial year	Exchange differences	Write downs (full amount)	Carrying mount at the end of financial year	Carrying mount at the end of previous year	Write downs in the financial year	Disposals of write downs	Exchange differences
	€ thou	€ thou	€ thou	€ thou	€ thou	€ thou	€ thou	€ thou	€ thou	€ thou	€ thou	€ thou
I. Intangible assets												
1. Goodwill												
industrial property rights												
and similar rights	5,725	924	1,019	0	0	-2	3,436	4,230	3,038	750	0	-1
2. Goodwill	3,643	0	0	0	0	0	1,827	1,816	1,816	0	0	0
3. Advance payments	84	33	0	0	84	0	0	33	84	0	0	0
	9,452	**957**	**1,019**	**0**	**84**	**-2**	**5,263**	**6,079**	**4,938**	**750**	**0**	**-1**
II. Property, plant												
1. Land and buildings												
including												
buildings on												
third-party land	30,361	0	12	8	0	-58	8,945	21,378	22,275	865	0	-6
2. Technical equipment												
and machinery	29,244	757	1,548	1,790	209	-130	23,708	9,292	7,643	2,193	0	-86
3. Other equipment,												
operating and												
office equipment	13,420	1,297	142	81	369	-9	11,143	3,419	3,298	1,377	351	-5
4. Advance payments and												
assets under development	2,392	10,265	0	-1,879	24	-18	0	10,736	2,392	0	0	0
	75,417	**12,319**	**1,702**	**0**	**602**	**-215**	**43,796**	**44,825**	**35,608**	**4,435**	**351**	**-97**
Total	**84,869**	**13,276**	**2,721**	**0**	**686**	**-217**	**49,059**	**50,904**	**40,546**	**5,185**	**351**	**-98**

2. Goodwill

The goodwill reported as at the balance sheet date results from the acquisition of Hanke Tissue Sp. Z o.o., Kostrzyn, Poland (Industrial production segment) in the amount of €636.7 thousand and the acquisition of the DTS Group (Trade & services segment) in the amount of €1,179.8 thousand.

The goodwill of the cash-generating units (CGUs) was tested for impairment; however, this did not identify the need to recognise any impairment losses. The CGUs were Hanke Tissue and DTS Systeme GmbH.

The impairment tests to determine the recoverable amount were based on the value in use of the CGUs, which was calculated using forecast revenue based on a five-year plan. The calculation of the budget figures took into account current and future probabilities, the expected economic development and other circumstances.

A growth rate of 15% was assumed for ZGE Hanke Tissue on the basis of past experience and the increased production capacities resulting from the new paper machine.

For the DTS Systeme GmbH CGU, earnings growth of 30% was applied in the growth phase. This assumption was based on the average growth over the past five years, as well as the fact that DTS is active in the market for cloud services, which offers substantial growth potential.

For the standard year (perpetuals), the budget figures from the previous planning year were used for both CGUs. An interest rate of 12% was applied as the discount rate (as in the previous year). As a cautionary measure, possible growth in the standard year was not taken into account.

The impairment tests did not lead to any impairment in the cash-generating units. In the view of the Chief Executive Officer, the changes in the basic assumptions that are reasonably conceivable would not result in the respective carrying amount exceeding the recoverable amount of the respective CGU.

3. Intangible assets

With regard to the development of intangible assets, please refer to the presentation in the statement of changes in non-current assets. Among other things, intangible assets include development costs capitalised in the 2010 financial year in the amount of €401 thousand, which are amortised over a period of ten years. Capitalised development costs of €240.6 thousand were reported at the balance sheet date (previous year: €280.7 thousand) Amortisation amounted to €40.1 thousand in the year under review (previous year: €40.1 thousand).

4. Property, plant and equipment

With regard to the development of property, plant and equipment, please refer to the presentation in the statement of changes in non-current assets. Borrowing costs of €105.9 thousand were recognised for qualifying assets in the year under review (previous year: €53.6 thousand).

5. Inventories

	31 Dec 2014 € thou	31 Dec 2013 € thou
Raw materials and supplies	6,356	5,791
Work in progress	2,613	2,903
Finished goods	9,913	7,502
Advance payments	1,344	1,754
Carrying amount as at 31 Dec	**20,226**	**17,950**

Impairment losses of €326 thousand were recognised on inventories in the period under review (previous year: €70 thousand). Impairment losses on inventories were reversed in the amount of €187 thousand (previous year: 0).

6. Trade receivables

	31 Dec 2014 € thou	31 Dec 2013 € thou
Trade receivables	20,967	23,083
Less specific valuation allowances	-407	-581
Carrying amount as at 31 Dec	**20,560**	**22,502**

The trade receivables shown are allocated to the loans and receivables category and measured at amortised cost.

The trade receivables are all due within one year. The trade receivables are subject to specific valuation allowances where required. Indications of impairment include unpaid cash receipts and information on changes in customers' creditworthiness. Due to the broad customer base, there is no significant concentration of credit risk.

Receivables from construction contracts recognised in accordance with the PoC method are composed as follows:

	31 Dec 2014 € thou	31 Dec 2013 € thou
Construction costs incurred		
plus (less) recognised profits (losses)	72,359	64,438
Progress billings	45,798	41,450
Net total		
Amounts due from customers from construction contracts	26,561	22,988
Amounts due to customers from construction contracts	0	0

7. Other current assets

Other assets with maturities within one year break down as follows:

	31 Dec 2014 € thou	31 Dec 2013 € thou
Tax receivables	1,716	2,229
Factoring receivables	1,053	1,164
Prepaid expenses	403	793
Other current assets	1,414	512
Carrying amount as at 31 Dec	**4,586**	**4,698**

Tax receivables primarily consist of corporate income tax and trade tax refunds in the amount of €1,345.0 thousand (previous year: €1,308.2 thousand) and input tax refunds of €371.3 thousand (previous year: €898.5 thousand).

8. Available-for-sale financial assets

The available-for-sale financial assets of the MBB Group comprise physical gold reserves and securities. The value of the physical gold reserves was €1,724 thousand (previous year: €1,572 thousand). The increase of €152 thousand is due to fair value measurement as of 31 December 2014.

Of the available-for-sale securities, shares and bonds totalling €19,555 thousand (previous year: €16,655 thousand), €9,507 thousand (previous year: €6,556 thousand) were reported under non-current assets and €10,048 thousand (previous year: €10,099 thousand) under current assets. In the year under review, write-downs were recognised on shares in the amount of €0 thousand (previous year: €0 thousand) and bonds in the amount of €107 thousand (previous year: €23 thousand). This was offset by income from securities in the amount of €299 thousand (previous year: €855 thousand), which is reported in other operating income.

9. Deferred taxes

The volume of deferred tax assets and liabilities from temporary differences as at 31 December 2014 and 2013 was as follows.

	31 Dec 2014 € thou	31 Dec 2013 € thou
Deferred tax assets	6,833	2,733
Deferred tax liabilities	-3,252	-2,825
Total	**3,581**	**-92**

	31 Dec 2014 € thou	31 Dec 2013 € thou
Temporary differences from:		
Intangible assets	30	60
Unused tax losses	795	710
Provisions for pensions	1,445	611
Provisions	164	12
Special economic zone tax benefits	4,399	1,340
Deferred tax assets	**6,833**	**2,733**

	31 Dec 2014 € thou	31 Dec 2013 € thou
Temporary differences from:		
Intangible assets	643	84
Property, plant and equipment	2,097	2,426
Receivables	386	10
Provisions	126	305
Deferred tax liabilities	**3,252**	**2,825**

The tax benefit from the Special Economic Zone reported in deferred tax assets relates to Hanke Tissue Sp. z o.o in the Kostrzyn Special Economic Zone in Poland. The Special Economic Zone promotes investments and the creation of jobs by allowing up to 50% of the investment volume to be offset against the income tax due on income generated in the Special Economic Zone. In the previous year, the tax benefit from the Special Economic Zone was reported in other assets (see also note III.7.).

10. Equity

With regard to the development of equity, please refer to the separate annex to these notes entitled "Statement of changes in consolidated equity for 2014".

10.1 Share capital

MBB SE's share capital amounts to €6,600,000.00 and is fully paid-in. It is divided into 6,600,000 no-par value bearer shares.

In the 2006 financial year, the share capital was increased by €4,838,000.00 as a result of a capital increase from capital reserves and by another €1,600,000.00 through the issue of new shares, resulting in a total increase from €162,000.00 to €6,600,000.00.

By resolution of the Annual General Meeting on 30 June 2010, the Managing Board was authorised – subject to the approval of the Supervisory Board – to increase the Company's share capital on one or more occasions by a total of up to €3,300,000.00 in the period until 29 June 2015 by issuing new no-par value bearer shares in exchange for cash and/or non-cash contributions (Authorised Capital 2010).

The Managing Board was also authorised – subject to the approval of the Supervisory Board – to issue bearer and/or registered convertible bonds and/or bonds with warrants with a total volume of up to €66,000,000.00 and a maximum term of 10 years in the period until 29 June 2015. The Company's share capital may be increased contingently by up to €3,300,000.00 (Contingent Capital 2010). The purpose of this contingent capital increase is to issue shares to the creditors of convertible bonds or

bonds with warrants. The contingent capital increase may only be implemented to the extent that the creditors have exercised their conversion right or are subject to a conversion obligation.

The Company was also authorised to purchase and sell treasury shares corresponding to up to 10% of the share capital in the period from 1 July 2010 to 29 June 2015.

On 11 January 2012, MBB SE resolved to utilise the authorisation granted by the Annual General Meeting on 30 June 2010 to purchase treasury shares in accordance with section 71 (1) no. 8 AktG. As part of a share buy-back programme running from 12 January 2012 to 10 February 2012, MBB SE purchased 144,201 treasury shares on the stock exchange via a bank for a total purchase price of €999,996.67. On 27 March 2014, MBB SE sold 144,201 treasury shares to an institutional investor by way of a private placement.

The Annual General Meeting on 17 June 2013 resolved to authorise the Managing Board to purchase and sell treasury shares corresponding to up to 10% of the share capital on the stock exchange in the period from 18 June 2013 to 16 June 2018. This authorisation may be exercised in part or in full, on one or more occasions until the upper limit is reached, and for one or more purposes. It may not be exercised for the purpose of trading in treasury shares.

The individual shareholdings are as follows:

	31 Dec 2014		31 Dec 2013	
	Number of shares	%	Number of shares	%
MBB Capital Management GmbH	2,339,500	*35.447*	2,355,500	*35.689*
MBB Capital GmbH	2,339,500	*35.447*	2,355,500	*35.689*
Allianz Global Investors Europe GmbH	316,701	*4.799*	0	*0.000*
Tolea GmbH	76,279	*1.156*	86,392	*1.309*
Dacapo 2 GmbH	60,000	*0.909*	60,000	*0.909*
Dr. Peter Niggemann	40,000	*0.606*	40,000	*0.606*
Dr. Matthias Rumpelhardt	2,000	*0.030*	2,000	*0.030*
Treasury shares	0	*0.000*	144,201	*2.185*
Others	1,426,020	*21.606*	1,556,407	*23.583*
Total	**6,600,000**	**100**	**6,600,000**	**100**

The shares in MBB Capital Management GmbH are held by Dr Christof Nesemeier, while the shares in MBB Capital GmbH are held by Mr. Gert-Maria Freimuth. The shares in Tolea GmbH are held by Mr. Anton Breitkopf. The shares in Dacapo 2 GmbH are held by Dr Matthias Rumpelhardt via another company.

10.2 Capital reserves

Capital reserves amounted to €17,779 thousand (previous year: €14,395 thousand). They originally resulted from the premium received by the Company from the issue of new shares in 2006. The increase of €3,384 thousand in 2014 resulted from the sale of treasury shares to an institutional investor.

10.3 Legal reserves

5% of the parent company's net profit for 2006 was transferred to the legal reserves.

10.4 Retained earnings

Difference in equity due to currency conversion

The difference in equity due to currency conversion results from conversion in line with the modified closing rate method.

The difference arises from the conversion of items of the income statements of subsidiaries that prepared their accounts in a foreign currency at the average rate and conversion of the balance sheet items at the closing rate on the one hand, and the conversion of the equity of the respective subsidiaries at the historical rate on first-time consolidation on the other hand.

Reserve for available-for-sale financial assets

The reserves for available-for-sale financial assets result from cumulative gains or losses from the remeasurement of available-for-sale financial assets. These are recognised in the statement of comprehensive income under other income.

Reserve for pensions

In accordance with IAS 19 (rev. 2011), actuarial gains/losses (adjusted for the associated deferred tax effect) are recognised in the reserve for pensions and reported in the statement of comprehensive income under other income.

Reserve for generated consolidated equity

This item comprises the gains generated by the Group less distributed profits. On 1 July 2014, a dividend of €0.55 per share (€3.6 million in total) was paid out to the shareholders.

10.5 Minority interests

Minority interests at the MBB Group result from the equity interests in Delignit AG, DTS IT AG and Hanke Tissue Sp. z o.o.

Since 1 January 2014, the Managing Director of Hanke Tissue Sp. z o.o. has held a 3% equity interest in the company.

11. Provisions for pensions and similar obligations

Due to the business model of MBB SE, employees' claims to post-employment benefits are not governed at Group level. Regulations on pensions are determined at the level of the individual subsidiaries, resulting in different works agreements. What all pension obligations have in common is that the claim arises even if there is also a claim to the statutory pension. Pension obligations relate to Blomberger Holzindustrie B. Hausmann GmbH & Co. KG, CT Formpolster GmbH and MBB Fertigungstechnik GmbH. The pension agreements are closed, meaning that no further occupational pension agreements are concluded for new appointments.

	31 Dec 2014 € thou	31 Dec 2013 € thou
Pension provisions at beginning of the financial year	**18,296**	**18,173**
Utilisation	-789	-784
Addition to provisions (service cost)	383	413
Addition to provisions (interest cost)	626	617
Actuarial gains (-) /losses (+)	3,880	-123
Pension provisions at end of the financial year	**22,396**	**18,296**
- Plan assets	10	10
Pension provision recognised in the balance sheet	**22,386**	**18,286**

The following actuarial assumptions were applied:

	2014	2013
Actuarial interest rate	2,30 - 2,50 %	3,30 - 3,80 %
Salary trend	2,00 - 3,00 %	2,00 - 3,00 %
Pension trend	1,00 - 2,00 %	1,00 - 2,00 %
Fluctuation	0,00 - 8,00 %	0,00 - 8,00 %

The post-employment benefit plans are unfunded. The liabilities correspond to the obligation (DBO).

The expenses and income recognised in profit and loss are as follows:

	31 Dec 2014 € thou	31 Dec 2013 € thou
Addition to provisions (service cost)	-383	-413
Addition to provisions (interest cost)	-626	-617
Total	**-1,009**	**-1,030**

The expected pension payments from the pension plans for 2015 amount to €0.7 million.

The maximum potential sensitivity of the total pension obligation to changes in the weighted main assumptions is as follows:

		Impact on defined benefit obligation	
	Change in assumption	Increase in assumption	Decrease in assumption
Interest rate	0.5%	- 9.7%	+ 11.38%
Pension growth rate	0.5%	+ 7.3%	- 7.1%
Life expectancy	+ 1 year	+ 3.4%	-

The sensitivity of the defined benefit obligation to actuarial assumptions was calculated using the same method as the measurement of the pension provision on the statement of financial position. The sensitivity analysis is based on the change in an assumption while all other assumptions remain constant. It is unlikely that this would occur in reality. There could be a correlation between changes in some assumptions.

12. Liabilities

Liabilities have the following maturities:

31 Dec 2014	Up to 1 year € thou	More than 1 year and up to 5 years € thou	Over 5 years € thou	Total € thou
Liabilities to banks	7,449	18,971	5,876	32,296
Trade payables	19,637	395	0	20,032
Other liabilities	7,137	1,887	0	9,024
Provisions with the nature of a liability	8,210	0	0	8,210
Advance payments received	2,806	0	0	2,806
As at 31 Dec 2014	**45,239**	**21,253**	**5,876**	**72,368**

31 Dec 2013	Up to 1 year € thou	More than 1 year and up to 5 years € thou	Over 5 years € thou	Total € thou
Liabilities to banks	5,373	13,940	10,461	29,774
Trade payables	16,824	0	0	16,824
Provisions with the nature of a liability	8,037	0	0	8,037
Other liabilities	5,844	1,352	0	7,196
Advance payments received	2,535	0	0	2,535
As at 31 Dec 2013	**38,613**	**15,292**	**10,461**	**64,366**

Liabilities to banks have both fixed and floating interest rates of between 1.50% and 6.25% (previous year: 1.96% and 8.00%). The interest rates of 6.25% (previous year: 8.00%) applied solely to short-term account overdrafts.

Land and buildings, technical equipment, machinery, inventories and receivables were pledged as collateral. The carrying amount of the pledged assets amounted to €50,263 thousand at the reporting date (previous year: €40,939 thousand).

13. Other liabilities

Other liabilities are composed as follows:

	31 Dec 2014 € thou	31 Dec 2013 € thou
Current		
Liabilities from real estate purchases	2,179	0
Wages and salaries	1,673	1,799
Commissions	613	608
Bonus	512	361
Leasing obligations	501	391
Wage tax	432	391
Social security benefits	358	295
Value added tax	296	373
Debtors with credit balances	149	227
Investment grant received	55	57
Purchase price settlement	0	659
Liabilities from takeover of inventories	0	301
Miscellaneous	369	382
	7,137	**5,844**
Non-current		
Lease obligations	1,530	923
Support funds	248	258
Investment grant received	109	171
	1,887	**1,352**
Total	**9,024**	**7,196**

14. Provisions

14.1 Other provisions

Other non-current and current provisions as well as provisions with the nature of a liability are composed as follows:

	31 Dec 2013 € thou	Reclassification € thou	Utilisation € thou	Reversal € thou	Addition € thou	31 Dec 2014 € thou
Long term Provisions						
Anniversaries	345	0	25	1	42	361
Partial retirement	641	0	340	6	22	317
Death grants	0	12	0	0	2	14
Provision for contractual risks	300	0	300	0	0	0
	1,286	**12**	**665**	**7**	**66**	**692**
Accruals and short term provisions						
Project completion costs	11,530	0	2,791	5,037	9,112	12,814
Warranty costs	3,124	0	376	1,450	2,043	3,341
Outstanding invoices	2,819	63	2,720	63	2,460	2,559
Staff costs	1,929	55	382	1	884	2,485
Holiday	1,309	0	1,309	0	1,383	1,383
Variable salary and commission	1,410	0	1,810	97	1,716	1,219
Accounting and audit costs	337	0	334	3	382	382
Employers' liability insurance association	134	1	132	3	88	88
Flexitime	22	0	22	0	33	33
Death grants	12	-12	0	0	0	0
Miscellaneous	765	-119	257	200	174	363
	23,391	**-12**	**10,133**	**6,854**	**18,275**	**24,667**
	24,677	**0**	**10,798**	**6,861**	**18,341**	**25,359**

The provision for subsequent costs relates to various projects at MBB Fertigungstechnik GmbH that are already complete and for which the final invoice has been issued, but which are still subject to costs for follow-up work and fault remediation. The provision for partial retirement is reported less plan assets of €47 thousand.

The outflow of economic resources for current provisions is expected in the following year.

14.2 Tax provisions

Tax provisions are broken down as follows:

	31 Dec 2014 € thou	31 Dec 2013 € thou
Corporate income tax	2,089	3,687
Trade income tax	894	3,613
Carrying amount as at 31 Dec.	**2,983**	**7,300**

15. Lease and rental obligations

15.1 Operating leases and rent

	31 Dec 2014 € thou	31 Dec 2013 € thou
As at the balance sheet date, the Group has outstanding obligations from non-cancellable operating leases that are due as follows:		
Up to one year	729	564
More than one year and up to five years	1,026	544
Over five years	38	29
	1,793	**1,137**
As at the balance sheet date, the Group has outstanding obligations from rent due as follows:		
Up to one year	1,049	2,209
More than one year and up to five years	1,437	3,913
Over five years	756	1,320
	3,242	**7,442**
Expenses during review-period from operating leases and rent	2,224	2,057

The minimum lease payments from operating leases primarily relate to the use of cars. The leases are entered into with an average term of 36 months.

15.2 Finance leases

The following assets are utilised under finance leases:

	2014 € thou	2013 € thou
Technical equipment and machinery		
Cost on 1 Jan	4,524	3,875
Additions	434	649
Disposals	0	0
Cost on 31 Dec	**4,958**	**4,524**
Write-downs on 1 Jan	-2,953	-2,693
Additions	-285	-260
Disposals	0	0
Write-downs on 31 Dec	**-3,238**	**-2,953**
Carrying amount as at 31 Dec	**1,720**	**1,571**
Operating and office equipment		
Cost on 1 Jan	329	214
Additions	0	115
Disposals	0	0
Cost on 31 Dec	**329**	**329**
Write-downs on 1 Jan	-144	-122
Additions	-42	-22
Disposals	0	0
Write-downs on 31 Dec	**-186**	**-144**
Carrying amount as at 31 Dec	**143**	**185**

The future minimum lease payments for the finance leases described above are broken down as follows:

	up to 1 year € thou	between 1 and 5 years € thou	More than 5 years € thou
Lease payments	518	1,687	0
Discounts	17	157	0
Present values	**501**	**1,530**	**0**

III. Notes to the statement of comprehensive income

1. Revenue

Revenue amounted to €236.7 million in the 2014 financial year (previous year: €228.2 million). Of this figure, €95.8 million (previous year: €103.0 million) related to the application of the PoC method at MBB Fertigungstechnik GmbH and MBB Technologies (China) Ltd.

Revenue development is discussed in the management report. Segment reporting for revenue is structured primarily by business segment and secondly by geographic segment.

2. Other operating income

	2014 € thou	2013 € thou
Income from		
the reversal of provisions	703	1,028
insurance compensation / compensation	600	29
the reversal of valuation allowances on receivables	446	39
securities	299	855
exchange rate gains	257	108
other periods	172	297
government grants	58	91
capitalised own work	55	16
sale of fixed assets	50	296
Miscellaneous	292	319
Total	**2,932**	**3,078**

Income from claims against the Special Economic Zone is no longer reported in other operating income as in the previous year, instead it is reported in taxes. Information on the impact on the prior-year figures can be found in note III.7. "Changes in presentation".

3. Other operating expenses

	2014 € thou	2013 € thou
Maintenance expenses	3,520	2,729
Rental agreements and leasing	2,224	2,070
Other services	2,099	1,731
Travel costs/vehicle costs	1,904	1,668
Legal and consulting	1,341	1,266
Insurance	690	646
Advertising costs	653	476
Expenses from securities transactions	418	225
Costs for telephone, post and data communication	417	391
Warranty expenses	323	991
Contributions and fees	304	385
Incidental costs for monetary transactions	299	285
Office supplies	297	164
Loss of receivables and bad debt allowances/write-downs charged on receivables	272	282
Foreign currency losses	240	134
Training	179	178
Previous periods	111	74
Expenses from the disposal of non-current assets	24	216
Miscellaneous	1,217	686
Total	**16,532**	**14,597**

Since the 2014 financial year, guarantee commission has been reported in finance costs and not in other expenses as previously (see note III.7).

4. Finance income

	2014 € thou	2013 € thou
Interest and similar income from securities transactions	650	560
Other interest and similar income	33	56
Bank interest	0	25
Total	**683**	**641**

5. Finance costs

	2014 € thou	2013 € thou
Bank interest	936	821
Interest expense from pension	626	617
Bank guarantees commissions	340	371
Other interest and similar expenses	222	102
Interest expense from finance leasing	17	8
Total	**2,141**	**1,919**

Interest expense for discounting pension obligations and guarantee commission has been reported in finance costs since 2014 (see note III.7).

6. Taxes

Details on deferred tax assets and liabilities can be found under I.4.17 b) "Deferred taxes". In recognising deferred taxes, an income tax rate of 30% is applied as the basis for German subsidiaries, while the future local tax rate is applied for foreign subsidiaries.

The reconciliation of income tax expense and the accounting net profit multiplied by the Group's applicable tax rate for the 2014 and 2013 financial years is as follows:

	2014 € thou	2013 € thou
Corporate income tax	1,937	2,168
Trade income tax	1,702	2,154
Deferred taxes	-3,167	-2,485
Other tax expense	135	130
Total	**607**	**1,967**

	2014 € thou	2013 € thou
Consolidated income before taxes and minority interests	14,375	15,840
Income taxes	472	1,837
Current tax rate	**3.3%**	**11.6%**

	2014 € thou	2013 € thou
Profit from ordinary activities	14,375	15,840
Other taxes	-135	-130
Applicable (statutory) tax rate	30.0%	30.0%
Expected tax expense	**4,272**	**4,713**
Deferred Tax revenue from Special economic zone	-3,153	-1,324
bargain purchase	-485	-174
Differences from foreign tax rates and special tax schemes	-226	-300
Subsequent changes in tax base	224	-238
Income from the sale of securities	-90	-199
Not taxable income from settlement guarantees against vendor	0	-626
Other tax effects	-70	-15
Current tax expense	**472**	**1,837**

7. Changes in presentation

For better comparability with other companies, three changes in presentation have been made between the 2013 and 2014 financial statements. Firstly, income from claims against the Special Economic Zone at our Polish subsidiary Hanke are no longer reported in other operating income, but are instead reported in taxes. The same applies to the recognition of the claim in deferred tax assets. The prior-year figures in the statement of financial position were also restated, leading to a reclassification from other assets to deferred tax assets.

In addition, guarantee commission has been reported in finance costs since 2014. Until 2014, guarantee commission was reported in other operating expenses. Interest expense for discounting pension obligations is also reported in finance costs with effect from 2014. This interest expense was reported in staff costs until 2014.

These changes in presentation have no effect on consolidated net profit, but they do result in a more reliable and relevant presentation of the results of operations. In accordance with IAS 8, the changes are applied retrospectively to the figures published in the previous year. The effects of the changes in presentation on the items of the income statement are shown in the following table.

Profit & Loss- Positions	2013 reported € thou	Adjustments € thou	2013 adjusted € thou
Other operating income	4,402	-1,324	3,078
Staff costs	50,249	-617	49,632
Other operating expenses	14,968	-371	14,597
EBITDA	22,726	-336	22,390
EBIT	17,541	-336	17,205
Interest Expense	931	988	1,919
Deferred taxes	1,161	1,324	2,485
Consolidated net profit	13,471	0	13,471

8. Earnings per share

Earnings per share are calculated by dividing the net profit attributable to the holders of shares in the parent company by the weighted average number of shares in circulation during the year.

	2014	2013
Result attributable to the holders of shares in the parent company (in €)	13,198,634	13,470,845
Weighted average number of shares to calculate the earnings per share	6,566,723	6,455,799
Earnings per share (in €)	**2.01**	**2.09**

IV. Segment reporting

1. Information by segment

Segment reporting was prepared using IFRS 8 (Operating Segments), under which operating segments are defined as the components of an entity for which discrete financial information is available and under which the segment's operating results are reviewed regularly by the segment's chief operating decision maker to allocate resources to the segment and assess its performance.

MBB's management divides the segments internally as follows:

Technical Applications

This segment contains those portfolio companies whose business model reflects customer-specific requirements to a large extent and where the expertise and consulting sold along with the product

constitute a significant portion of the work performed. The segment consists of the Delignit companies and the MBB Technologies Group.

The MBB Technologies Group is a leading international plant engineering company for welding and assembly systems for the automotive industry. It also provides services for tool manufacturing, innovative transport technologies for exact positioning and inline measuring systems. Other industries include general industry and clean technology. The assembly technology centre designs and develops highly complex systems for component assembly with a focus on customer solutions. For example, our systems are used to assemble camshafts, steering systems, drive shafts, washing machine drums and more besides. Expertise in the connection technology centre ranges from conventional thermal welding and cold metal transfer (CMT), laser welding technology for lightweight construction with a focus on chassis components, instrument panels and clean technology through to the production of heavy components and transport vehicles. In addition to its welding and assembly services, the MBB Technologies Group develops and produces project-specific special machinery for welding systems and production lines that are unique in terms of their form and specifications. Since June 2013, MBB Technologies (China) Ltd. has operated a location in China.

The Delignit Group, which was formed more than 200 years ago, develops and manufactures ecological materials and system solutions primarily based on hardwood. It is a recognised development and project partner and series supplier for technology industries such as the automotive, rail and aviation sectors, as well as security technology. The products have special technical properties and are used in built-in systems for commercial vehicles, fire-safe building facilities and innovative materials handling technology, among other things. The Delignit material is generally based on beech wood and is lifecycle carbon-neutral, making it ecologically superior to non-regenerative materials such as plastic or steel. Since 1 October 2013, Delignit has been strengthened by the addition of DHK automotive GmbH and HTZ Holztrocknung GmbH, both of which are domiciled in Oberlungwitz.

Industrial Production

The Industrial production segment contains all portfolio companies whose strengths are concentrated on the industrial manufacture of their products and whose products are relatively standardised. Accordingly, this segment contains the portfolio companies Hanke, CT Formpolster and OBO.

Hanke produces tissue mother rolls, napkins, handkerchiefs, toilet paper and kitchen rolls. Operating under the brand name of “aha”, the company has a strong competitive position in the Eastern Europe consumer product market. Hanke also produces white and coloured tissue paper for various private labels in Europe. These activities are concentrated around the company Hanke Tissue Sp. z o.o., Kostrzyn, Poland, which was acquired by MBB SE in 2006. Since being acquired by MBB SE, Hanke has made substantial investments in its machinery and buildings, allowing it to record continuous growth and expand its market position to become the most profitable company in the MBB Group in relation to revenue. A new paper machine went into operation in early 2014, leading to an increase in the production volume and revenue.

CT Formpolster GmbH manufactures flexible polyether foams. The company’s service portfolio extends from material and product development and foam production through to order picking and JIT delivery. The product range not only includes standard foams but also highly elastic, flame-retardant, antistatic and intensely coloured products, as well as products containing biomass. CT Formpolster GmbH’s products are used as mattress and seating cores in the furniture, caravan and office sectors in particular. It also sells foam blocks to processing companies.

OBO is a global provider of polyurethane hard foam boards for tooling applications. With a market share of around 8%, it is one of the five leading providers in the industry. OBO has been part of the MBB Group since 2003. In particular, it supplies the model making industry, as well as auto manufacturers, foundries and other processing companies directly. In April 2014, OBO acquired the European tooling board and paste division from its long-term partner Huntsman Advanced Materials. This transaction led to an improvement in OBO's market position in the area of model construction, tool making and mould production.

Trade & Services

The Trade & services segment comprises the DTS Group, which consists of companies that provide specialist services or engage in retail business. The DTS Group is focused on cloud IT services. A dedicated data centre at its head office in Herford allows it to offer a wide range of traditional systems house services, such as the consulting, design, procurement, implementation and operation of IT environments, which are combined with IaaS, PaaS and SaaS cloud solutions (the latter with a focus on IT security).

The parent house DTS Systeme GmbH was formed in 1983 and is headquartered in Herford with offices in Bochum, Bremen, Berlin, Hanover and, since 1 January 2014, Hamburg, where it also operates a data centre. ICSmedia GmbH, Münster, was acquired in August 2010. ICSmedia GmbH has its own data centre and works in close cooperation with DTS Systeme GmbH to offer state-of-the-art, high-quality cloud computing solutions and high-end consulting services.

In October 2011, DTS acquired eld datentechnik GmbH, Stuttgart, an IT distributor for the German-speaking area specialising in data centre infrastructure. This acquisition failed to meet our expectations, and the company was optimised in several steps over the following years. This restructuring led to the discontinuation of some of eld's operations and the relocation of its strategically attractive activities for the DTS Group to the head office in Herford. The realignment was completed in the 2014 financial year but remains the reason for the slight downturn in the DTS Group's revenue in the year under review. The DTS Group recorded further growth in 2014 in all other areas.

Segment results

The accounting policies applied in segment reporting correspond to the accounting policies described in point I. 4. The segment result is based on the EBIT of the individual segments, as this is the basis on which the segments are managed. Transfer pricing between the operating segments is calculated on an arm's-length basis.

The following reportable segment information for the individual Group relates to continuing operations.

1 Jan - 31 Dec 2014	Technical applications	Industrial production	Trade & services	Recon-ciliation	Group
	€ thou	€ thou	€ thou	€ thou	€ thou
Revenue from third parties	138,564	63,847	34,292	0	236,703
Other segments	191	159	323	-673	0
Total revenue	**138,755**	**64,006**	**34,615**	**-673**	**236,703**
Earnings (EBIT)	**12,440**	**4,201**	**300**	**-1,001**	**15,940**
Amortisation and depreciation	2,332	2,566	1,136	69	6,103
Investments	2,438	6,862	3,310		
Segment assets	**70,070**	**48,796**	**9,983**		
Segment liabilities	**58,112**	**11,879**	**6,638**		

1 Jan - 31 Dec 2013	Technical applications	Industrial production	Trade & services	Recon-ciliation	Group
	€ thou	€ thou	€ thou	€ thou	€ thou
Revenue from third parties	138,223	54,277	35,697	0	228,197
Other segments	68	181	204	-453	0
Total revenue	**138,291**	**54,458**	**35,901**	**-453**	**228,197**
Earnings (EBIT)	**14,391**	**2,868**	**470**	**-524**	**17,205**
Amortisation and depreciation	1,814	2,284	1,024	63	5,185
Investments	2,662	9,580	967		
Segment assets	**69,344**	**37,816**	**8,766**		
Segment liabilities	**53,231**	**9,349**	**4,645**		

Segment assets do not include any deferred tax assets, current funds or financial assets. Segment liabilities do not include any deferred tax liabilities, provisions for taxes, lease liabilities or liabilities to banks.

Reconciliation of EBIT to net profit for the year	2014	2013
	€ thou	€ thou
Total EBIT of the segments	**15,940**	**17,205**
Net finance costs	-1,565	-1,365
EBT	14,375	15,840
Taxes on income	-472	-1,837
Other taxes	-135	-130
PAT (profit after tax)	13,768	13,873
Non Controlling Interests	-569	-402
Net profit for the period	**13,199**	**13,471**

Reconciliation of segment assets to assets	2014	2013
	€ thou	€ thou
Technical Applications segment	70,070	69,344
Industrial Production segment	47,492	37,816
Trade & Services segment	9,983	8,766
Total segment assets	**127,545**	**115,926**
Deferred tax assets	6,833	2,733
Current funds	49,165	48,375
Financial assets	9,507	6,556
Other assets	3,641	3,616
Total assets	**196,691**	**177,206**

Reconciliation of segment liabilities to equity and liabilities	2014 € thou	2013 € thou
Technical Applications segment	58,112	53,231
Industrial Production segment	11,879	9,349
Trade & Services segment	6,638	4,645
Total segment liabilities	**76,629**	**67,225**
Consolidated equity	78,553	67,789
Deferred tax liabilities	3,252	2,825
Tax provision	2,983	7,300
Liabilities to banks	32,296	29,774
Leasing liabilities	2,031	1,313
Other equity and liabilities	947	980
Total equity and liabilities	**196,691**	**177,206**

2. Information by region

2.1 Revenue from external customers

	2014 € thou	2013 € thou
Europe	210,521	207,601
China	13,380	11,913
North America	2,587	6,025
Miscellaneous	10,215	2,658
Total	**236,703**	**228,197**

2.2 Non-current assets

The MBB Group's non-current assets are located primarily in Europe. The non-current assets of our subsidiary in China amounted to €553.1 thousand at year-end (previous year: €399.4 thousand).

V. Notes to the consolidated cash flow statement

The cash flow statement was prepared in accordance with IAS 7. The cash flows in the cash flow statement are presented separately broken down into "Operating activities", "Investing activities" and "Financing activities", with the total of the cash flows of these three sub-areas being identical to the change in cash and cash equivalents.

The cash flow statement was prepared using the indirect method.

The reported cash and cash equivalents are not subject to any third-party restrictions. In the previous year, €8.4 million was still pledged as collateral for guarantee credits. The Group made no payments for extraordinary transactions. Payments for income taxes and interest are reported separately.

VI. Objectives and methods of financial risk management

1. Financial assets and financial liabilities

The Group's existing financial liabilities primarily include current and non-current liabilities to banks, current trade payables and other current and non-current liabilities. The Group's financial assets are mainly cash, gold reserves, securities and trade receivables. The carrying amount of the financial assets less impairment losses reported in the consolidated financial statements represents the maximum exposure to credit risk; this totalled €79,232 thousand in the year under review (previous year: €77,433 thousand). Business relationships are entered into with creditworthy contractual partners only. Trade receivables exist for a number of customers spread over various industries and regions. Ongoing credit assessments of the financial level of the receivables are performed. Payment terms of 30 days without deduction are usually granted. No valuation allowances were made for trade receiva-

bles that were overdue at the balance sheet date if no material changes in the customer's creditworthiness were determined and it is assumed that the outstanding amount will be paid.

For details of the maturities of financial liabilities, see II.12. "Liabilities" and II.13 "Other liabilities".

The valuation of the financial assets and liabilities of the MBB Group is presented under I.4.10 "Financial investments and other financial assets" and I.4.13 "Financial liabilities" and in the discussion of the Group's general accounting principles.

The Group uses fair value measurement for securities and for physical gold reserves classified as available for sale. The Group had no financial liabilities at fair value through profit or loss at either this reporting date or the last reporting date. Derivatives and hedging transactions were not entered into. There were no reclassifications.

2. Capital risk management

The Group manages its capital (equity plus liabilities less cash) with the aim of achieving its financial goals while simultaneously optimising its finance costs by way of financial flexibility. In this respect, the overall strategy is the same as in the previous year.

The management reviews the capital structure at least once every half-year. The cost of capital, the collateral provided, open lines of credit and available credit facilities are reviewed.

The capital structure in the year under review is as follows:

	31 Dec 2014	31 Dec 2013
Equity in € thousand	78,553	67,789
- in % of total capital	39.9%	38.3%
Liabilities in € thousand	118,138	109,417
- in % of total capital	60.1%	61.7%
Current liabilities in € thousand	64,679	61,267
- in % of total capital	32.9%	34.6%
Non-current liabilities in € thousand	53,459	48,150
- in % of total capital	27.2%	27.2%
Net gearing*	-0.3	-0.4

* calculated as the ratio of liabilities less cash and cash equivalents, securities and physical gold reserves to equity

The agreement of multiple financial covenants when taking up loans means that the Group and individual portfolio companies are required to comply with certain equity ratios.

3. Financial risk management

Financial risk is monitored centrally by the management. The individual financial risks are reviewed at least four times per year.

The material Group risks arising from financial instruments include liquidity risks and credit risks. Business relationships are entered into solely with creditworthy contractual partners.

Assessments from independent rating agencies, other financial information and trading records are used to assess creditworthiness, especially of major customers. In addition, receivables are monitored on an ongoing basis to ensure that the MBB Group is not exposed to major credit risks. The maximum default risk is limited to the respective carrying amounts of the assets reported in the balance sheet.

The Group manages liquidity risks by holding appropriate reserves, monitoring and maintaining loan agreements and planning and coordinating cash inflows and outflows.

4. Market risks

Market risks may result from changes in exchange rates (exchange rate risks) or interest rates (interest rate risks). Due to the estimation of exchange rate risks, no foreign exchange contracts were entered into for the Group as at 31 December 2014. The Group invoices mainly in euro or the respective local currency, thereby avoiding exchange rate risks.

The Group is exposed to interest rate risks as a result of taking up financing at variable interest rates. The MBB Group manages these risks by maintaining an appropriate ratio between fixed and variable

interest rate agreements. There is no hedging involving derivatives (e.g. interest rate swaps or interest rate futures). At the reporting date, the Group had liabilities with variable interest rates in the amount of €14,102 thousand. If, all other things being equal and supposing corresponding average indebtedness, interest rates had been two percentage points higher (lower), pre-tax earnings would have been €282.0 thousand lower (higher).

5. Fair value risk

The financial instruments of the MBB Group that are not carried at fair value are primarily cash, trade receivables, other current assets, liabilities to banks, trade payables and other liabilities. The carrying amount of cash is extremely close to its fair value on account of the short terms of these financial instruments. In the case of receivables and liabilities with normal credit conditions, the carrying amount based on historical cost is also extremely close to fair value.

VII. Other required information

1. Managing Board

Dr Christof Nesemeier, Diplom-Kaufmann (Business Administration graduate), was appointed as the sole member of the Managing Board in the 2014 financial year.

Dr Christof Nesemeier is the Chairman of the Supervisory Board of Delignit AG and the Chairman of the Supervisory Board of bmp Beteiligungsmanagement AG.

2. Supervisory Board

MBB's Supervisory Board had the following members in the 2014 financial year:

- Gert-Maria Freimuth, Chairman of the Supervisory Board
- Dr Peter Niggemann, Vice Chairman of the Supervisory Board
- Dr Matthias Rumpelhardt, member of the Supervisory Board

Gert-Maria Freimuth is the Chairman of the Supervisory Board of DTS IT AG, the Deputy Chairman of the Supervisory Board of Delignit AG and the Chairman of the Supervisory Board of United Labels AG.

Dr Matthias Rumpelhardt is also the Deputy Chairman of the Supervisory Board of RIB Software AG, Stuttgart.

3. Remuneration paid to the members of the executive bodies

a) Managing Board

The remuneration of the Managing Board consists of a fixed and a variable component. The Managing Board is also reimbursed for expenses upon presentation of receipts. D&O insurance with a deductible and accident insurance have also been concluded. No additional benefits (e.g. retirement benefits, direct benefits, severance payments) have been agreed. Similarly, there are no agreements governing the early or regular termination of a member's Managing Board mandate in the event of a change of control at the Company.

For the 2014 financial year, the Chief Executive Officer and the management of MBB SE are entitled to variable remuneration totalling 9.0% of the amount by which the equity of MBB SE at the end of the financial year (final value) exceeds the equity at the start of the financial year (initial value). For the purpose of this bonus system, equity comprises the items set out in section 266 (3 A) HGB. The calculation of the initial value and final value is based on the latest audited annual financial statements with the following modifications:

Assets with a stock exchange price are recognised at this price; this does not apply to shares in companies in which the Company holds more than 5.0% of the voting rights. Dividend distributions and repayments of equity are added to the final value, while contributions to equity are deducted. If the basis of calculation is negative in one or more financial years, the resulting negative amount is carried forward to the subsequent financial years and offset against future positive amounts until the negative amounts carried forward have been eliminated. Members of the Managing Board shall not be entitled to receive further variable remuneration until these negative amounts have been eliminated.

The bonus payable to the members of the Managing Board is limited to a diminishing percentage of the basis of calculation. This percentage is dependent on the basis of calculation and amounts to: 9% up to

€20,000,000; 4% between €20,000,001 and €30,000,000; 2% between €30,000,001 and €40,000,000; 1% between €40,000,001 and €50,000,000; and 0.5% over €50,000,001.

Stock options

In December 2013, MBB SE introduced a stock option plan as consideration in order to reinforce the long-term nature of its investment character as a family-owned, medium-sized group listed in the Prime Standard of the Frankfurt Stock Exchange. The business model of MBB SE is largely based on the use of qualified, committed managers. This model is intended to incentivise them to increase the value of MBB permanently and sustainably while ensuring that they remain with the Company in the long term.

The nature and extent of the plan may be redefined every year. The following table shows the stock options issued in 2013 and 2014:

	2014	2013
Options free of charge	3,000	85,000
Options offered	47,000	50,000
Option price	1.15	1.04
Cash inflow	54,050	52,000
Basic price	23,02	20.80

	Option programme 2014	Option programme 2013	Total
Total Options	50,000	135,000	185,000
- thereof Chief Executive Officer	15,000	60,000	75,000
- thereof Management	30,000	70,000	100,000
- thereof Employees	5,000	5,000	10,000
Basic Course (K 1)	23.02	20.80	
Option premium	5%	5%	
Duration till	15/12/2019	15/12/2018	

The following information applies to the stock options issued in the year under review: The reference price (P1) was set at €23.02. If the average share price for the 90 days prior to 15 December 2017 falls below the reference price plus dividends paid and assumed to have been reinvested (performance price P2), the option is extinguished (knock-out). If performance price P2 on this date is higher than the reference price, the intrinsic value (IV) of the option is fixed in accordance with the formula (P2-P1)/P2=IV and the option term continues until 15 December 2019. On 15 December 2019, the option is settled at its allocation value (AV) based on the share price for the 90 days prior to this date plus dividends paid and assumed to have been reinvested (performance price P3) in accordance with the formula AV=IV*P3. This figure is multiplied by the number of options and converted into shares at the allocation value. MBB SE then has the choice of delivering the shares or a corresponding cash payment. The following section contains a schematic example of the way in which the stock option plan works:

The employee beneficiary purchases 1,000 options at a reference price of €22.00 based on the average share price for the last 90 days and pays an option price of 5% of the reference price, i.e. €1,100.00, to MBB SE.

Case A:

The share price develops positively and rises to €28.50 after three years. Dividends totalling €1.50 have been paid in the meantime. The intrinsic value of an option now amounts to around €8.00 (the plan specifically involves the reinvestment of dividends, meaning that this value is only theoretical and would be slightly different in reality). After three years, the intrinsic value of the option is automatically converted into shares. This means that the beneficiary receives the right to one MBB share for each approx. 3.6 options, corresponding to 280 virtual shares for the 1,000 options held. This right matures after a further two years, during which time the beneficiary remains subject to share price development. MBB now has the choice of whether the beneficiary receives 280 shares or a corresponding cash

payment. This is subject to the condition that the beneficiary remains in a non-terminated employment relationship with MBB during the entire five-year period up until the allocation date. If the employee leaves the Company during this period, the option is extinguished without substitution and the option price accrues to MBB.

Case B:

If the share price, including dividends paid and assumed to be reinvested, is below €22.00 after three years, the option is extinguished without substitution. The option price accrues to MBB and the beneficiary loses the option price.

The beneficiary must be in a non-terminated employment or other service relationship with MBB SE throughout the option term; if this is not the case, the option shall be extinguished without substitution. MBB SE may agree to postpone the delivery date by one year, on one or more occasions, providing the service relationship remains in place.

Ultimately, beneficiaries who remain with the Company in the longer term will participate in the positive performance of the Company's share price and bear the risk of negative development up to and including the loss of the option premium paid.

Other remuneration

The Managing Board member Dr Nesemeier received personal Supervisory Board remuneration from Delignit AG for 2014 in the amount of €20,000.00 plus value-added tax.

b) Supervisory Board

Members of the Supervisory Board received fixed remuneration totalling €17,000.00 in the 2014 financial year. The fixed remuneration is shown in the table below.

In accordance with the resolution by the Annual General Meeting on 30 June 2010, the Supervisory Board as a whole receives additional variable remuneration of 1% of the amount by which the equity of MBB SE at the end of each financial year (end value) exceeds the equity at the beginning of the financial year (starting value) starting from the 2010 financial year. In each case, equity comprises the items set out in section 266 (3 A) HGB. The calculation is based on the latest audited annual financial statements with the following modifications: Assets with a stock exchange price are recognised at this price; this does not apply to shares in companies in which the Company holds more than 5% of the voting rights. Dividend distributions during the year and repayments of equity must be added to this final value, whilst additions to the equity must be subtracted from it. If the basis of calculation is negative in one or more financial years, the resulting negative amount is carried forward to the subsequent financial years and offset against future positive amounts until the negative amounts carried forward have been eliminated. Members of the Managing Board shall not be entitled to receive further variable remuneration until these negative amounts have been eliminated. However, the total of variable remuneration plus meeting attendance fees for all Supervisory Board members must not exceed €100,000 per full financial year.

Remuneration	fixed	variable	others*	Consulting Services	Total
Managing Board					
Dr Christof Nesemeier	234,600.00	97,181.41	20,000.00	0.00	351,781.41
Supervisory Board					
Gert-Maria Freimuth	8,000.00	17,559.12	15,000.00	75,000.00	115,559.12
Dr Peter Niggemann	6,000.00	13,169.34	0.00	0.00	19,169.34
Dr Matthias Rumpelhardt	3,000.00	13,169.34	0.00	0.00	16,169.34

Remuneration	fixed	variable	others*	Consulting Services	Total
Managing Board					
Dr Christof Nesemeier	276,000.00	88,593.27	20,000.00	0.00	384,593.27
Gert-Maria Freimuth (till 30 06 2013)	115,500.00	0.00	0.00	0.00	115,500.00
Supervisory Board					
Gert-Maria Freimuth	6,000.00	8,856.73	15,000.00	37,500.00	67,356.73
Dr Peter Niggemann	7,000.00	6,642.55	0.00	0.00	13,642.55
Dr Matthias Rumpelhardt	4,000.00	6,642.55	0.00	0.00	10,642.55

*Other remuneration includes personal Supervisory Board remuneration from Delignit AG

4. Related party transactions

Related parties are considered to be those enterprises and persons with the ability to control the MBB Group or exercise significant influence over its financial and operating decisions.

4.1 Related persons

a) Managing Board and Supervisory Board

Please refer to the information on the remuneration paid to the members of the executive bodies for further details. Other than the remuneration mentioned above, the members of the executive bodies have not entered into any other transactions with the MBB Group.

b) Notification of transactions in accordance with section 15a WpHG

Persons with management duties, especially the members of the Managing Board and the Supervisory Board of MBB SE, and their related parties in accordance with section 15a WpHG are obliged to disclose their transactions involving shares of MBB SE or related financial instruments. Notifications of relevant transactions in 2014 are published on our website at www.mbb.com.

4.2 Related companies

Subsidiaries are considered to be related companies irrespective of whether they are included in the consolidated financial statements or not. Transactions between the Company and its subsidiaries are eliminated in the consolidation and are not shown in this notes and are of subordinate significance and typical of the industry. Related companies are also considered to be those companies described as associated with the aforementioned related persons. Over the course of the year, Group companies conducted the following transactions with related companies and persons that do not belong to the Group:

In accordance with the master agreements dated 30 December 2009 and 26 March 2012, MBB Capital Management GmbH, Berlin, is compensated by MBB SE every month for Dr Christof Nesemeier's Managing Board activities. Please refer to the above information for the amounts of the variable and fixed remuneration.

5. Employees

The average number of employees in the 2014 and 2013 financial years is broken down as follows.

Average number of employees	2014 Headcount	2013 Headcount
Technical Applications	579	555
Industrial Production	439	402
Trade & Services	123	113
Total	**1,141**	**1,070**

As at the reporting date	31 Dec 2014 Headcount	31 Dec 2013 Headcount
Technical Applications	583	565
Industrial Production	444	407
Trade & Services	119	116
Total	**1,146**	**1,088**

6. Auditor's fees

The auditor's fees recognised in the 2014 financial year are broken down as follows:

	2014 € thou
Audit services	175.0
Tax consulting services	10.0
Total	**185.0**

7. Events after the balance sheet date

The change in legal form of MBB Industries AG to MBB SE that was resolved by the Annual General Meeting on 30 June 2014 was entered in the commercial register of the Charlottenburg District Court on 9 March 2015 under HRB 165458 and the company name "MBB SE". In line with the one-tier structure, MBB SE is represented by a Board and the Executive Management.

The members of the Board are:

Gert-Maria Freimuth, businessman, Chairman,

Dr Peter Niggemann, lawyer, Vice Chairman, and

Dr Christof Nesemeier, businessman, member and Chief Executive Officer

8. Other financial obligations

Please refer to note II.15.1 "Operating leases and rent" for information on other financial obligations.

9. Contingent liabilities

On 21 August 2014, MBB SE assumed a directly enforceable guarantee totalling €382.0 thousand on behalf of CT Formpolster GmbH, Löhne, in connection with a land purchase.

10. Declaration in accordance with section 161 AktG

As a listed stock corporation in accordance with section 161 AktG, MBB SE is required to submit a declaration on the extent to which the recommendations contained in the Corporate Governance Code of the German Government Commission have been complied with. The Board submitted the latest version of this declaration on 17 March 2015. It is published online at www.mbb.com.

11. Responsibility statement

To the best of my knowledge, and in accordance with the generally accepted principles of proper Group financial reporting, the consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Group, and the Group management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group for the remaining months of the financial year.

Berlin, 24 March 2015

Dr Christof Nesemeier
CEO

List of shareholdings as at 31 December 2014

Entity	Office	Share of capital	Currency	Equity thou NC*	Earnings thou NC*
Delignit AG	**Blomberg**	**76.08%**	**EUR**	**9,929**	**406**
Blomberger Holzindustrie B. Hausmann GmbH & Co. KG	Blomberg	100.00%	EUR	1,713	1,168
Delignit Immobiliengesellschaft mbH	Blomberg	100.00%	EUR	24	-1
DHK automotive GmbH	Oberlungwitz	100.00%	EUR	281	52
Hausmann Verwaltung GmbH	Blomberg	100.00%	EUR	108	1
HTZ Holztrocknung GmbH	Oberlungwitz	100.00%	EUR	195	198
MBB Plastics GmbH	**Stadthagen**	**100.00%**	**EUR**	**86**	**-17**
OBO-Werke GmbH & Co. KG	Stadthagen	100.00%	EUR	1,486	28
OBO-Industrieanlagen GmbH	Stadthagen	100.00%	EUR	319	39
OBO-Werke Verwaltungs GmbH	Stadthagen	100.00%	EUR	37	0
Hanke Tissue Sp. z o.o.	**Küstrin**	**97.00%**	**PLN**	**53,193**	**8,352**
DTS IT AG	**Herford**	**80.00%**	**EUR**	**2,561**	**61**
DTS Systeme GmbH	Herford	100.00%	EUR	798	0
ICSmedia GmbH	Münster	100.00%	EUR	655	0
eld datentechnik GmbH	Herford	100.00%	EUR	449	0
CT Formpolster GmbH	**Löhne**	**100.00%**	**EUR**	**967**	**14**
MBB Technologies GmbH	**Beelen**	**100.00%**	**EUR**	**19,803**	**6,559**
MBB Fertigungstechnik GmbH	Beelen	100.00%	EUR	14,136	0
MBB Technologies (China) Ltd.	Changzhou	100.00%	CNY	4,361	-4,871

Auditor's report

"We have audited the IFRS consolidated financial statements prepared by MBB Industries AG – consisting of the consolidated balance sheet, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated cash flow statement, consolidated segment reporting and the notes to the consolidated financial statements, as well as the summarised management report and Group management report – for the financial year from 1 January 2014 to 31 December 2014. The preparation of the consolidated financial statements and the summarised management report and Group management report in accordance with the IFRS as required to be applied in the EU and the additional provisions in accordance with section 315a (1) of the German Commercial Code (HGB) is the responsibility of the Managing Board of MBB Industries AG. Our responsibility is to express an opinion on the consolidated financial statements and the summarised management report and Group management report based on our audit.

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

Our audit has not led to any reservations.

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

Düsseldorf, 24 March 2015

Verhülsdonk & Partner GmbH
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

signed
Dr. Hüchtebrock
Wirtschaftsprüfer

signed
Weyers
Wirtschaftsprüfer

Financial Calendar

Quarterly Report Q1/2015

29 May 2015

Annual General Meeting 2015

30 June 2015, 10:00 am
at Ludwig Erhard Haus,
Fasanenstraße 85, 10623 Berlin, Germany

Half-Year Financial Report 2015

31 August 2015

Quarterly Report Q3/2015

30 November 2015

End of the financial year

31 December 2015

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Legal notice