



# ANNUAL REPORT 2016

MBB SE, Berlin

## MBB in figures

Fiscal year	2016	2015	Δ 2016 / 2015
	IFRS	IFRS	
<b>Earnings figures</b>	<b>€k</b>	<b>€k</b>	<b>%</b>
<b>Revenue</b>	<b>332,165</b>	<b>252,799</b>	31.4
Operating performance	333,532	253,558	31.5
Total performance	338,125	259,232	30.4
Cost of materials	-214,967	-161,039	33.5
Staff costs	-73,657	-58,921	25.0
EBITDA	30,355	24,838	22.2
<i>EBITDA margin</i>	<i>9.1%</i>	<i>9.8%</i>	
EBIT	22,342	18,032	23.9
<i>EBIT margin</i>	<i>6.7%</i>	<i>7.1%</i>	
EBT	20,960	16,298	28.6
<i>EBT margin</i>	<i>6.3%</i>	<i>6.4%</i>	
<b>Consolidated net profit after non-controlling interests</b>	<b>14,253</b>	<b>11,782</b>	21.0
Number of shares	6,600	6,600	0.0
eps in €*	2.16	1.79	20.7
Dividend in €k	3,886	3,754	3.5
Dividend per share in €	0.59	0.57	3.5
<b>Figures from the statement</b>	<b>31 Dec</b>	<b>31 Dec</b>	<b>%</b>
	<b>€k</b>	<b>€k</b>	
Non-current assets	112,267	98,530	13.9
Current assets	154,206	124,044	24.3
there of cash and equivalents**	77,449	53,976	43.5
Issued capital (share capital)	6,587	6,587	0.0
Other equity	91,812	81,152	13.1
Total equity	98,399	87,739	12.1
<i>Equity ratio</i>	<i>36.9%</i>	<i>39.4%</i>	
Non-current liabilities	69,889	60,586	15.4
Current liabilities	98,185	74,249	32.2
<b>Total assets</b>	<b>266,473</b>	<b>222,574</b>	<b>19.7</b>
Net debt (-) or net cash (+)**	22,157	8,091	173.8
<b>Employees</b>	<b>1,477</b>	<b>1,343</b>	<b>10.0</b>

\* Based on the average number of shares outstanding for the respective year.

\*\* This figures include physical gold stocks.

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## Welcome Note from the Executive Management

DEAR SHAREHOLDERS,

We look back on the best financial year in the more than 20-year history of MBB. Almost without exception, our individual subsidiaries achieved record levels in revenue and earnings, and we as MBB Group even outperformed our forecast which had already been adjusted upward during the year. In the financial year 2016 we generated revenue of more than €332 million and earnings per share of €2.16. And we achieved all this with a consistently sound financial situation and high net liquidity.

Aumann Group, which emerged from MBB Fertigungstechnik, being part of the portfolio since 2012, and the Aumann companies acquired in 2015, made a strong contribution to our growth. By bundling the machine manufacturing companies under the Aumann brand, we have created a powerful organisation in record time, which is excellently positioned to shape the e-mobility revolution in the automotive industry. As a technology leader in winding technology for electric motors, Aumann has substantial growth potential since its production solutions uniquely satisfy the specific requirements of large-scale automotive production. This excellent positioning is reflected by the company's organic revenue growth of more than 28% compared to the previous year, coupled with rising margins.

In light of this momentum, Aumann AG went public on 24 March 2017 and is now the third listed company of MBB Group after Delignit AG and MBB SE itself. We are confident that going public was the right step, firstly because of the substantial financial resources that Aumann has received during IPO enabling its further growth and, secondly, because of Aumann's increased visibility as an innovative technology company both among our customers and in the competition for young and talented new employees. To our delight, the wonderful IPO – with an issue price at the upper end of the price range, multiple oversubscription and a double-digit price increase in the first few days – confirms our assessment of Aumann as a highly attractive technology company in one of the most exciting future markets there is.

But Aumann is not the only one to benefit from its IPO. MBB SE has received a significant amount of funds that will primarily be used for medium-term growth through the acquisition of new subsidiaries. Besides Aumann AG and MBB SE, you as a shareholder naturally also profited from the IPO. Our shares ended 2016 up more than 150% at €69.65, and this rising trend has continued to more than €90 in the current financial year. In our opinion, this makes the IPO a win-win-win!

However, our development in the 2016 financial year would not have been possible in this form if the Group's other subsidiaries had not also achieved excellent results. For example, Delignit AG concluded extremely important automotive series supply agreements for the next decade of the company's long history, OBO broadened its business activities while at the same time increasing its relative margin and CT Formpolster further expanded its market position as a supplier of young companies that sell mattresses on the Internet – which allowed the company to open a new plant with an area of 10,000 m<sup>2</sup>. Hanke maintained its revenue and earnings level of the previous year, which is all the more impressive given that the company grew by more than 30% in the previous year and invested significantly in 2016. For example, it built a new energy centre and significantly increased the capacity of its machinery by changing the energy supply of its paper machines from steam to gas. These measures ensure the planned growth in the new year. Not least, DTS IT AG has also performed extremely well. In its eighth year of being with MBB, the company significantly expanded its position on the growth market of IT security, increased its revenue by 25% and almost tripled its earnings before taxes!

Given these encouraging developments, our vision of half a billion in revenue with a 10% EBITDA margin in 2020 is increasingly becoming a more underpinned forecast. Based on the figures in 2016, this goal would demand growth of around 11% per year. Even without additional acquisitions, this goal seems ambitious but achievable. To get there, we will continue to invest in all our companies to support their organic growth. Furthermore, we will firstly keep on looking for complementary acquisitions for our existing portfolio companies and, secondly, for entirely new, technology-oriented small- and medium-sized entities. In doing so, we will remain faithful to our principles and are confident that we can continue our successful M&A history.

At the same time, with Aumann's IPO we have ensured our highly conservative financing policy for the years to come while providing our shareholders with the prospect of ongoing cautious dividend increases – as we have done in the past ten years since our IPO. At our forthcoming Annual General Meeting, we will propose raising the dividend from €0.59 to €0.61 per share and, in addition, a special dividend in the same amount given the extraordinary significance of Aumann's IPO to our company.

Our success is built upon the hard work and commitment of our almost 1,500 employees, who deserve our particular gratitude once more. We intend to continue achieving extraordinary things together over the coming years in order to sustainably increase the value of our Group.

We hope that you will continue to place your confidence in MBB SE as our shareholder and accompany us on our path.

Yours,



Dr Christof Nesemeier  
Chief Executive Officer



Anton Breitkopf  
Chief Financial Officer



Dr Gerrit Karalus  
Chief Investment Officer



Klaus Seidel  
Chief Technical Officer

## Report of the Board

In the year under review, the Board ensured that it was continuously informed about the business and strategic development of the company and advised and monitored the Executive Management 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. This meant that the 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 Group at all times.

This took place in personal discussions between the Chairman of the Board and the members of the Executive Management, through attending the meetings of the Executive Management, the regular information provided by the Executive Management on the course of business, and at the meetings of the Board held on 17 March, 30 June, 28 September and 13 December 2016, which were attended by all of the members of the Board and the Executive Management of the Company (Anton Breilkopf did not attend on 30 June 2016).

At the individual meetings, the Board analysed the Company's current business development together with the Executive Management and discussed its strategic focus. The topics discussed included the economic situation of the Company and the individual subsidiaries. In particular, the Board discussed the integration of the Aumann companies into the Group in the 2016 financial year and oversaw the deliberations regarding the possible IPO of Aumann AG (formerly MBB Technologies). To the extent that individual transactions required the approval of the Board under the provisions of law or the Articles of Association, the Board examined these transactions and resolved whether to grant approval.

The Board also addressed the topics of corporate governance and the German Corporate Governance Code. In the year under review, the Board and the Executive Management 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), which was submitted by the Board in conjunction with the Executive Management. This declaration is published as part of the Annual Report and on the Company's website at [www.mbb.com](http://www.mbb.com).

The Board has three members in total. In accordance with the Articles of Association, one member of the Board has been appointed as a member of the Executive Management. 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 Board again refrained from doing so in the 2016 financial year.

The Board duly commissioned the auditor appointed by the Annual General Meeting, HLB Dr. Stückmann und Partner mbB Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Bielefeld, with the audit of the separate and consolidated financial statements for the 2016 financial year. The auditor submitted a declaration of independence to the Board in accordance with item 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 2016 and the joint management report for MBB SE and MBB Group prepared in accordance with the German Commercial Code (HGB) and the consolidated financial statements for the year ended 31 December 2016 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 Board, HLB Dr. Stückmann und Partner mbB Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Bielefeld, and issued with an unqualified audit opinion on 4 April 2017.

The German Act on the Equal Participation of Women and Men in Management Positions in the Private Sector and the Public Sector came into force in the year under review. At present, the members of the Board of MBB SE (three members) and the Executive Management (four members including the delegated member of the Board) are all male. The Board believes that the key criterion when selecting members of management must be their professional and personal suitability. In light of the terms of the respective employment contracts, the Board does not anticipate any opportunity to change the composition of the executive bodies between now and 30 June 2018. As such, a target of 0% for female members of the Board was adopted. At the same time, the Board aims to ensure an increased proportion of female members when making new appointments to the executive bodies (diversity).

The Board examined the single-entity financial statements prepared by the Executive Management, the joint management report for MBB SE and 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 4 April 2017. 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 annual and consolidated financial statements were approved by the Board on 4 April 2017, and the annual financial statements of MBB SE have therefore adopted.

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

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

Berlin, 4 April 2017

The Board

A handwritten signature in blue ink, consisting of the name 'Gert-Maria' followed by a stylized, abstract mark that resembles a large 'Z' or a similar character.

Gert-Maria Freimuth  
Chairman

## Combined Management Report and Group Management Report

MBB SE is a medium-sized, family-owned company that forms MBB Group together with its subsidiaries. MBB SE emerged from the former MBB Industries AG on 9 March 2015 following the change in legal form that was resolved by the Annual General Meeting in 2014.

The separate financial statements of MBB SE are prepared in accordance with the provisions of the German Commercial Code (HGB) and the German Stock Corporation Act (AktG), while the consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS) in line with section 315a HGB. The reporting on the situation of the Group is consistent with the reporting of MBB SE. Additional information on the annual financial statements of MBB SE is included in the section on the results of operations, financial position and net assets.

MBB Group reported consolidated revenue of €332.2 million in 2016 after €252.8 million in 2015. MBB Group and its subsidiaries generated a consolidated net profit of €14.3 million (corresponding to €2.16 per share) in 2016 after €11.8 million (corresponding to €1.79 per share) in the previous year. In December 2013 MBB SE introduced a long-term bonus programme based on the share price. Provisions were recognised for this for the first time in the 2016 financial year in the amount of €4.4 million. Adjusted for the post-tax effect of the provision, consolidated net profit after non-controlling interests would have amounted to €17.3 million (equivalent to €2.63 per share). The forecast revenue of €310 million and the forecast earnings per share of €2.10 for the 2016 financial year were thus significantly exceeded.

MBB Group reported net cash (cash and current/non-current securities less liabilities to banks) of €22.2 million as at 31 December 2016 (previous year: €8.1 million); this figure includes physical gold holdings in the amount of €1.9 million. Despite the distribution of a dividend and regular investment in subsidiaries, cash and cash equivalents (including gold) amounted to €77.4 million as at 31 December 2016 after €54.0 million as at 31 December 2015. MBB Group's equity increased to €98.4 million after €87.7 million in the previous year, while the equity ratio remained high at 36.9%. This meant that consolidated revenue, equity and the dividend all reached historical highs once again in 2016.

A dividend of €3.9 million (€0.59 per share) was distributed for the 2015 financial year in 2016. The figure for the previous year was €0.57 per share or €3.8 million in total. The Board and the Executive Management will propose to the Annual General Meeting on 28 June 2017 the payment of a further increased dividend of €0.61 per share or €4.0 million for the 2016 financial year in addition to a special dividend of the same amount.

Incoming orders and capacity utilisation at the start of the new financial year suggest further organic growth at all MBB subsidiaries. Accordingly, management is forecasting organic revenue growth of 18% to €390 million for the 2017 financial year. Despite the disposal of a substantial portion of the interest in Aumann AG, management is planning earnings per share in line with the previous year's level. In accordance with IFRS, the net increase in value for MBB shareholders from Aumann AG's IPO is recognised in consolidated equity. This increases the equity attributable to the shareholders of MBB SE by more than €140 million or more than €21.00 per share.

### Business and economic conditions

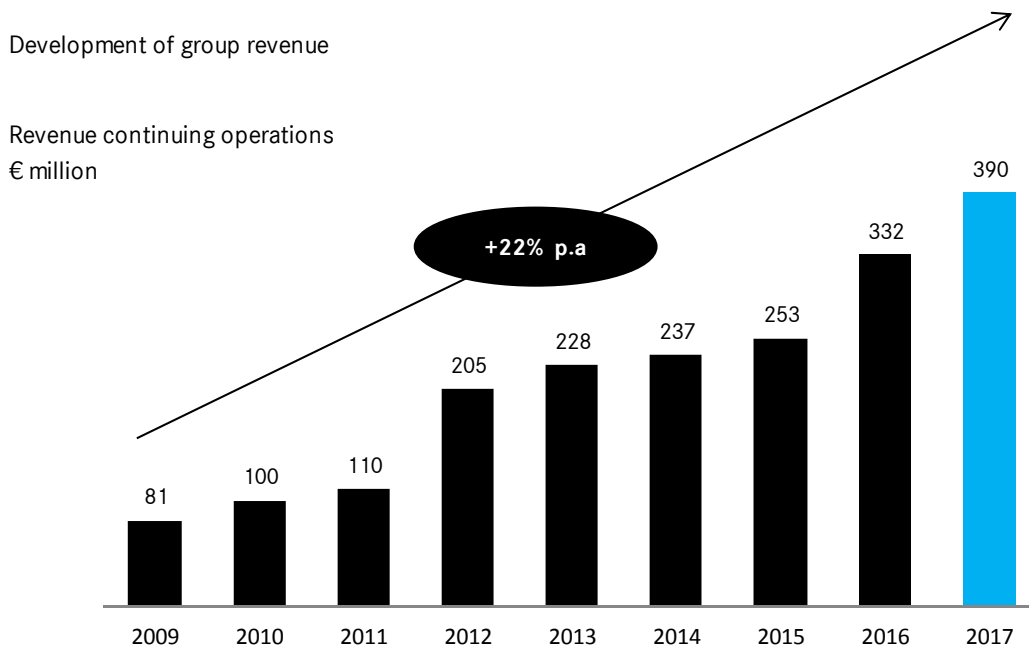
#### Strategic orientation

MBB SE is a medium-sized, family-owned company 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:

#### Growth

MBB has enjoyed strong growth in revenue and profitability since its formation, with annual growth of more than 20% since its IPO in 2006. Revenue amounted to €37 million in 2005; a figure of €390 million is forecast for the 2017 financial year. We intend to continue to achieve strong growth in future, both organically and by acquiring companies. Our aim is to achieve revenue of more than €500 million by 2020.





#### Technology expertise

MBB stands for Messerschmitt-Bölkow-Blohm and is the only remaining independent company to have emerged directly from the original MBB Group. In post-war Germany, MBB was synonymous with engineering. Bound by this tradition, our companies can boast expertise in their respective markets dating back several centuries in some cases. Today, too, we actively pursue superior technology expertise and believe that Germany offers conditions for achieving success on the global markets that cannot be found in any other location in the world.

#### Mittelstand

Our companies are organised in independent units of between 70 and 600 employees and largely 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. More than 20 years of first-class references for SME acquisitions are our calling card when searching for new equity investments.

#### Capital markets

MBB is listed in the Prime Standard of the Frankfurt Stock Exchange, meaning it meets the highest standards in terms of transparency and compliance. Thanks to ten years of outstanding share price and dividend performance, MBB has not only reached a large group of international shareholders, but its attractiveness as an employer and business partner has also increased as a result. This means that our stock exchange listing provides the ideal conditions for our extraordinary growth plans.

#### Family-owned company

Gert-Maria Freimuth (Chairman of the Board) and Dr Christof Nesemeier (CEO) formed the company in 1995 and hold the majority of the share capital for the long term. We are 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

MBB's regional focus is on the German-speaking area. At the same time, MBB is increasingly enjoying an international presence thanks to its global markets and customers as well as foreign subsidiaries.

The outlook for global economic growth deteriorated in the course of 2016. In addition to the continued disappointing development of the emerging economies, this was due to reduced growth momentum in the industrialised countries, partly on account of the high political uncertainty, especially given the Brexit vote by the people of Britain, the future course of the US government and the attempted coup in Turkey.

The emerging economies proved to be particularly susceptible, suffering from falling demand for commodities and concerns over a slowdown of the Chinese economy. A reluctance to invest and overcapacity in a number of different industries put additional pressure on the Chinese economy, which had already been hit by outflows of capital. According to official figures, the Chinese economy nevertheless expanded by 6.7%, putting its growth exactly in the Chinese government's target corridor of 6.5% to 7.0%. Growth momentum cooled significantly in the US, with the result that economic growth fell to 1.6% – the lowest rise since 2011. This was mainly due to the strong dollar, which slowed American exports.

According to the German Federal Statistical Office, the German economy grew by 1.9% in 2016. Unemployment was notably low at 3.9%. The domestic economy benefited from increased government spending and a growing propensity to spend among consumers. The OECD's latest forecasts show economic growth of 1.7% in 2017. This means that, after years of above average growth, Germany will continue to grow at a rate that is closer to the European average.

2016 was also dominated by further monetary policy measured by the European Central Bank, which naturally led to a sustained low interest environment and a weaker euro. 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 the euro area back towards 2%. Despite an increase in the rate of inflation in the euro area at the end of the year, a reversal of the ECB's low interest policy is not expected at this time.

The effects of this low interest policy on MBB SE are reflected in continued high purchase prices for companies, as the willingness of banks to provide debt finance for such acquisitions has risen further. The long-term consequences of a sustained low interest policy on financial market stability and productivity improvements, which appear less urgent on account of the weak currency, are the subject of heated debate.

The automotive industry is particularly important to MBB Group. According to ACEA, the number of new car registrations increased by 6.8% year-on-year, meaning that 14.6 million new cars are being driven on Europe's roads. The Chinese market as a whole, which now comprises more than 20 million cars per year, also grew significantly in 2016. New registrations in the US rose slightly by 0.4% to a new high of more than 17.4 million vehicles.

There was a sharp acceleration in demand in the field of electric vehicles in 2016, as a result of which more than 3 million electric vehicles (including full and mild hybrid cars) were produced worldwide. In light of this and thanks to high government subsidies, all major automotive manufacturers have now announced ambitious targets for expanding the share of electric vehicles in their fleet. Given the strong position of Aumann AG in e-mobility, this is of particular importance for the MBB Group.

Exchange rate fluctuations between the euro and the currencies relevant to MBB Group, namely the US dollar, the Polish zloty and the Chinese renminbi, will remain significant and therefore continue to present considerable challenges for the MBB Group's financial management in 2017. MBB Group continues to be conservatively financed. Its high liquidity and net cash position means that companies can be acquired independently of banks and irrespective of wider developments on the financial markets. Excess liquidity is temporarily invested in demand deposits, short-term bonds with good credit ratings, physical gold and in 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

Thanks to its more than two decades of experience, MBB can offer references for a wide range of different scenarios when it comes to SME acquisitions, ranging from former owners and group shareholders, managers, employee representatives, 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 and new subsidiaries have been acquired continuously.

The Aumann companies acquired at the end of 2015 were successfully integrated into the Group in 2016 and bundled together with MBB Fertigungstechnik in an independent unit, Aumann AG. Aumann AG offers its customers a broad range of special systems in the areas of coil winding and automation in particular. This provides it with an excellent market position in sectors such as e-mobility and serves to further diversify MBB Group's regional and industrial sales markets as a whole.

Demand for e-mobility solutions, in particular coil winding machines and fully automated production lines, is leading to extraordinary order intake for the Aumann Group. This development accelerated significantly in the 2016 financial year as the automotive industry is increasingly investing in this area.

Against this backdrop, Aumann AG carried out an IPO in March 2017, which included a capital increase and a secondary offering of shares from MBB SE. However, MBB SE will remain majority shareholder in Aumann AG (53.6%). Aumann AG will use the funds from the capital increase to finance its growth. MBB SE intends to use the funds it receives for medium-term growth through the acquisition of new subsidiaries, and is also planning minor share buybacks.

MBB Group is still well protected against significant turbulence on individual markets thanks to the diversification of its subsidiaries. Past experience has shown that phases of weakness in certain sales markets are often accompanied by growth in others. The individual MBB companies are established SMEs, most of them are leaders in their respective markets, and they are characterised by a solid asset position and sustainable growth.

### Stock exchange listing

One element of MBB SE'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 before, the interest of more than 70% in MBB SE held by the Company's founders as at 31 December 2016 serves to ensure MBB's sustainable development with a medium-sized, entrepreneurial focus.

### Research and development

Innovation, together with the continuous evolution of our products, production technologies and solutions, is a central component of the corporate philosophy of all our subsidiaries. In Aumann Group, for example, we are working very closely with our customers in order to further develop and improve our systems and the products ultimately manufactured with them. This applies in particular to the area of e-mobility, where we wish to defend and further expand the leading market position of Aumann Group. For this purpose, among other things we have participated in public cooperation projects with universities and research institutes. At our other subsidiaries as well, we are pursuing an approach of continuous development for our products, production technologies and solutions.

### Subsidiaries

MBB SE had six direct subsidiaries at the end of the 2016 financial year. As these direct subsidiaries of MBB SE themselves each have subsidiaries and sub-subsidiaries, the consolidated group as at 31 December 2016 consisted of MBB SE and a total of 22 companies. The following section lists these companies according to their ownership structure and the respective equity interest in them:

- Delignit AG (76.08%)
  - Hausmann Verwaltungsgesellschaft mbH (100%)
  - Blomberger Holzindustrie GmbH (100%)
  - DHK automotive GmbH (100%)
  - HTZ Holz Trocknung GmbH (100%)
  - Delignit Immobiliengesellschaft mbH (100%)
- Hanke Tissue Sp. z o.o. (97%)
- CT Formpolster GmbH (100%)
- OBO-Werke GmbH (100%)
- DTS IT AG (80%)
  - DTS Systeme GmbH (100%)
  - ICSmedia GmbH (100%)
  - eld datentechnik GmbH (100%)
  - ACoN-IT GmbH (100%)
- Aumann AG (93.5%)
  - MBB Fertigungstechnik GmbH (100%)
  - MBB Technologies (China) Ltd. (100%)

- Aumann GmbH (100%)
  - Aumann North America Inc. (100%)
- Aumann Berlin GmbH (100%)
  - Aumann Winding and Automation Inc. (100%)<sup>1)</sup>
- Aumann Immobilien GmbH (94.9%)<sup>2)</sup>

- 1) The company was founded in December 2016 and will commence business activities in 2017.  
 2) Aumann AG has entered into an option agreement with the minority shareholder of Aumann Immobilien GmbH. Under this agreement, Aumann AG has the option to demand the transfer of the minority shareholder's interests in Aumann Immobilien GmbH to a third party to be determined by the company against payment of €1.00.

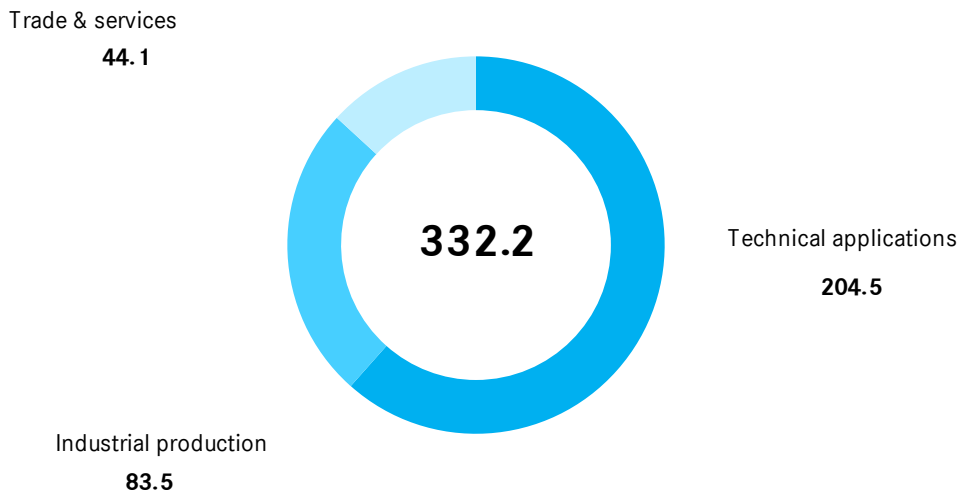
**Segments**

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 companies is not published in order to prevent the possibility of adverse effects on their business activities, though our listed subsidiaries naturally fulfil their disclosure requirements.

The following segments are reported:

Group-revenue by segment

€ million



**Technical Applications**

This segment contains those subsidiaries 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 Aumann Group.

Aumann Group is a world-leading manufacturer of innovative speciality machinery and automated production lines with a focus on e-mobility. The company combines unique winding technology for the highly efficient production of electric motors with decades of automation experience, particularly in the automotive industry. Leading companies around the world rely on Aumann solutions for the series production of purely electric and hybrid vehicle drives, and for solutions for production automation. The subsidiaries MBB Fertigungstechnik, MBB Technologies (China) and the Aumann companies acquired in 2015 that give it its name are bundled in Aumann Group.

The term e-mobility is on everybody's lips. Growing acceptance for electric and hybrid vehicles among consumers and the regulatory environment on all key markets are creating substantial growth incentives. The market has therefore experienced massive growth momentum since the world's leading car manufacturers have decided to focus on the development of electric vehicles with immediate effect. As a technology leader in winding technology for electric motors, Aumann Group has the opportunity to profit from this momentum in this situation. Aumann production solutions uniquely satisfy the specific challenges of large-scale automotive production while at the same time producing technologically superior electric motors.

However, the outstanding positioning of Aumann Group results not just from its technology leadership, but also from its automation expertise and customer relationships with key German automotive manufacturers and tier 1 suppliers going back decades. This applies in particular in the field of special machinery and automated lines for the production of drive components for combustion engines and light-weight components that allow the OEMs that use these components to reduce the CO<sub>2</sub> emissions of their fleet. Aumann Group's offering also comprises assembly and logistics solutions for consumer electronics, transport equipment for the aerospace industry and specific solutions for other sectors.

MBB Technologies (China) Ltd. has operated a location in China since June 2013. The main aim of the location in China is to offer the local manufacturing and servicing of systems for Chinese production sites to customers of the German Aumann companies. MBB Technologies (China) Ltd. also serves Asian customers that are not part of the German Aumann companies' customer base but that require technologically advanced system solutions for manufacturing high-quality products. To boost its presence in North America, a sales and service site was founded in Kansas City (USA) at the end of 2016.

In 2016 Aumann Group increased its external revenue by 67.0% to €156.0 million (previous year: €93.4 million), thereby accounting for 47.0% (previous year: 37.0%) of MBB SE's consolidated revenue. Compared to as-if revenue, assuming that the companies acquired in November 2015 would have been part of the Group for the full year (€121.7 million), the organic growth of Aumann Group amounts to 28.2%. The sharp rise in order intake to €190.1 million (previous year: €141.2 million) is the foundation for further growth of Aumann Group in the 2017 financial year. It was also decided in the 2016 financial year to build a new factory building measuring more than 7,000 m<sup>2</sup> – 2,000 m<sup>2</sup> of which were already in use by the end of 2016.

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, aviation and rail sectors. 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 2013, Delignit has been strengthened by the addition of DHK automotive GmbH and HTZ Holzrocknung GmbH, both of which are domiciled in Oberlungwitz.

Delignit AG saw encouraging revenue growth and major new and follow-up orders in 2016. For example, it secured the follow-up order for a major series supply agreement and thereby considerably expanded the scope of its future deliveries. Furthermore, it was awarded a new order for another major van model of a German manufacturer, production of which will continue for more than 10 years.

Delignit accounted for 14.6% of MBB Group's revenue in the 2016 financial year after 17.6% in the 2015 financial year. The Delignit Group's external revenue increased by 9.5%, from €44.4 million in 2015 to €48.5 million in 2016.

### Industrial Production

The Industrial Production segment contains all equity investments whose strengths are concentrated on the industrial manufacture of their products and whose products are relatively standardised. Accordingly, this segment contains the equity investments 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 and therefore celebrated its tenth anniversary as part of MBB Group in the past financial year.

Since being acquired by MBB SE, Hanke has made substantial investments in its machinery and buildings, allowing it to achieve steady continuous growth and expand its market position to become one of the most profitable companies in MBB Group in relation to revenue. In 2016 it built a new energy centre

and, for example, significantly increased the capacity of its systems by changing the energy supply of its paper machinery from steam to gas.

Due to the service lives of the paper machinery this move entailed, and on account of exchange rate effects, Hanke's external revenue amounted to €36.9 million, which is roughly on par with the previous year's level (2015: €38.7 million), while external revenue in local currency even increased slightly. Hanke contributed 11.1% (2015: 15.3%) to the Group's total revenue.

CT Formpolster GmbH manufactures flexible polyether foams and is growing by expanding the degree of its vertical integration. As mattresses are increasingly finding their way to the end customer via online retailers, CT Formpolster has recently developed from a foam producer into a one-stop shop for mattresses. As part of this digital upheaval in the mattress industry, many providers are looking for innovative offers to meet changing customer expectations. CT Formpolster has long been producing high quality foams for this. However, what is increasingly setting the company apart from its competitors is the expertise needed to design and produce complete customer products, including mattress covers, in series. However, the logistics ability to deliver mattresses directly to consumers within a few hours or days in compact boxes is at least just as important.

Motivated by the growth in business for mattresses delivered directly to consumers, CT Formpolster opened a new plant with an area of 10,000 m<sup>2</sup> this summer. With a new machine pool, which includes a state-of-the-art gluing line and a fully automated covering and packaging line, customers' needs can now be served even better.

CT Formpolster has grown by 17.9% year-on-year with external revenue of €27.0 million (2015: €22.9 million). It contributes 8.1% (2015: 9.1%) to the Group's total revenue.

OBO is a global provider of polyurethane and epoxy resin-based materials for tooling applications. With a market share of around 7%, it is one of the leading providers in the industry. OBO has been part of MBB Group since 2003. It primarily supplies intermediaries, as well as model builders, auto manufacturers, foundries and other processing companies directly. OBO has developed positively in recent years. Its growth is due to the acquisition of the European tooling, block and paste area of its long-term partner Huntsman Advanced Materials in 2014 on the one hand and, on the other, the expansion of its PU board business.

In 2016, the subsidiary contributed 5.9% to MBB Group's total revenue (2015: 7.2%). External revenue amounted to €19.6 million in the 2016 financial year, up 7.7% on the previous year (2015: €18.2 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 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. DTS acquired eld datentechnik GmbH in October 2011, while ACoN-IT GmbH, Vienna, was formed in 2015 to enable the DTS Group to also offer cloud and security services in particular in Austria.

Several milestones were achieved in the past financial year. Firstly, DTS was named best sales partner in Central Europe and best service partner in EMEA by Palo Alto Networks, the world's leading provider of network security solutions. Secondly, there was investment in the company and a new ERP system was launched, for example. Not least as a result of these developments, the DTS Group increased its revenue by 25.0% to €44.1 million (2015: €35.3 million). It therefore contributed 13.3% of MBB Group's revenue (2015: 14.0%). The profitability of the DTS Group developed very positively, with EBITDA rising from €1.9 million in the previous year to €3.2 million.

### Employees

MBB SE had a total of nine employees at the end of 2016; this figure includes Executive Management. While the members of top management have service agreements with MBB SE, the Company also had two salaried employees in the area of office management, two corporate finance managers and one management assistant in 2016.

The aim of the management of MBB SE is to ensure the sustainable performance of MBB Group. The four-person management team and the Board cumulatively held more than 72% of the share capital of MBB SE as at 31 December 2016. Appropriate fixed remuneration is supplemented by performance-based variable components. There are no severance or pension agreements. In the years 2013 to 2015, a long-term bonus programme based on share price development was set up for the employees and management of MBB SE. Due to the share price development prior to Aumann AG's IPO, no further options were issued in 2016. Instead, variable remuneration dependent on the net proceeds from the IPO was agreed for Executive Management.

MBB Group had an average of 1,418 employees (not including trainees) in the 2016 financial year, compared to an average of 1,217 in the previous year.

As at 31 December 2016 (and 31 December 2015), MBB Group had 1,477 employees at its subsidiaries (previous year: 1,343) in the following segments:

Technical Applications: 869 employees (previous year: 758)

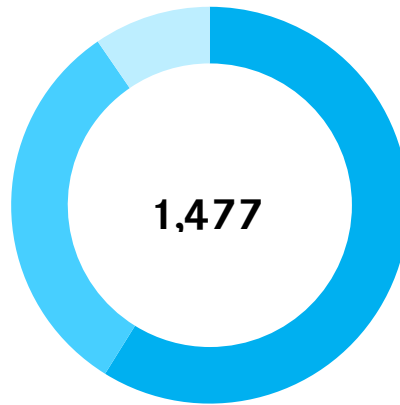
Industrial Production: 467 employees (previous year: 460)

Trade & Services: 141 employees (previous year: 125)

Headcount by segment as at 31 Dec 2016

Trade & services

**141**



Technical applications

**869**

Industrial production

**467**

The number of employees by country as at 31 December 2016 (31 December 2015) was as follows:

1,153 employees in Germany (previous year: 1,011)

291 employees in Poland (previous year: 307)

31 employees in China (previous year: 25)

2 employees in the US (previous year: 2)

MBB considers supporting and challenging of employees to be a key factor in its success. The management and senior employees of the 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 belonging to the Group in 2016 will increase in the 2017 financial year due to the growing business volume, though developments can vary across the individual equity investments for capacity reasons.

MBB SE's subsidiaries have a history of providing training, and there are 81 trainees in total as at 31 December 2016 (previous year: 73). This will ensure that we develop young talents even in times where there is a growing shortage of qualified employees. Aumann went operational with its fully redesigned training centre in 2014. Among other things, this allows it to introduce trainees to the robotic technology that is important in the field of special-purpose engineering. Including with a view to its existing employees, MBB Group is constantly striving to improve the quality of its workforce through training and continuing professional development.

MBB believes attracting qualified employees such as specialists and academics to be a key factor in the successful future development of the respective companies. To this end, MBB companies position themselves as attractive employers and make use of modern channels such as the Internet and social

media. MBB Group is planning to expand these measures in future to consolidate its leading position in the competition for talented employees.

### Results of operations, financial position and net assets

MBB SE and MBB Group can look back on a successful and profitable 2016 financial year. Although the forecast was already adjusted upwards during the year, management's expectations for revenue and earnings growth were exceeded in 2016.

The high level of cash and cash equivalents is supporting MBB's business model and will allow future company acquisitions to be conducted independently and without the need for external finance. Continuous value appreciation – for example, in terms of the growth in equity from €15.5 million in 2005 to €98.4 million in 2016, the turnaround from net debt of €13.8 million in 2005 to net cash of €22.2 million in 2016 and not least the development of market capitalisation – serves to highlight the sustainable success of our business model and the high quality of our investments. This means that 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 MBB Group in greater detail.

#### MBB SE (notes on the basis of HGB figures)

MBB SE generated revenue of €1.6 million from the performance of management services for Group companies in the 2016 financial year (previous year: €1.5 million). Together with other operating income, this resulted in total operating revenue of €1.7 million (previous year: €1.6 million).

This was offset by expenses for purchased services in the amount of €5.0 million (previous year: €1.1 million), which related to the remuneration paid to the management of MBB SE. In 2013, 2014 and 2015, MBB SE introduced a long-term bonus programme based on the performance of the share price for management and employees. As a result of the sharp rise in the share price, provisions were recognised under this programme for the first time in the 2016 financial year, in the amount of €4.4 million, €4.2 million of which was reported in costs of purchased services.

After personnel expenses and overheads, earnings before interest, taxes, depreciation and amortisation and income from investments and securities totalled €-4.9 million (previous year: €-0.9 million).

MBB SE also generated investment income of €6.0 million, income from securities of €0.6 million and interest and other income of €0.2 million. After depreciation and amortisation of €0.0 million, interest expenses of €0.1 million and tax expenses of €0.0 million, this resulted in a net profit for the year of €1.6 million (previous year: €4.8 million).

As in previous years, a dividend was distributed in the 2016 financial year. This amounted to €0.59 per share or €3.9 million in total.

As a result of the reduction of the net profit for the year owing to the recognition of the provision for the long-term bonus programme and the further increase in the dividend, MBB SE's equity decreased slightly to €36.9 million as at the end of the reporting period (previous year: €39.2 million). With a simultaneous increase in total assets, the equity ratio therefore fell to 71.1% (previous year: 89.1%).

Including investment securities and physical gold holdings, MBB SE had cash and cash equivalents of €24.6 million (previous year: €15.6 million) at the end of the financial year. Net cash and cash equivalents increased to €14.6 million (previous year: €11.7 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

In accordance with section 315a HGB, the consolidated financial statements for the year ended 31 December 2016 are prepared in accordance with the International Financial Reporting Standards (IFRS) effective in the European Union.

The consolidated revenue of MBB Group amounted to €332.2 million in the 2016 financial year after €252.8 million in the previous year.



## Development of group revenue



At the same time, total operating revenue increased from €259.2 million in 2015 to €338.1 million in 2016. Other operating income in the amount of €4.6 million includes income from the sale of securities, income from the reversal of provisions, own work capitalised, insurance and other compensation, income from exchange rate differences and other income.

The ratio of the cost of materials to total operating performance increased slightly from 63.5% to 64.5%, while the staff costs ratio was down slightly from 23.2% in 2015 to 22.1% in 2016.

EBITDA (earnings before interest, taxes, depreciation and amortisation) amounted to €30.4 million, up on the prior-year figure of €24.8 million. Without the extraordinary effect of the long-term bonus programme, EBITDA would have amounted to €34.8 million.

## Development of group EBITDA



Depreciation and amortisation was higher than in the previous year at €8.0 million (€6.8 million). Investments in non-current assets totalled €14.0 million in 2016 after €8.9 million in the previous year. The rise in investments in property, plant and equipment is due to increased investment in buildings in particular.

MBB Group reported EBIT (earnings before interest and taxes) of €22.3 million in the past financial year, up on the prior-year figure of €18.0 million. Adjusted for a financial result of €-1.4 million, EBT (earnings before taxes) amounted to €21.0 million (previous year: €16.3 million) or 6.3% (previous year: 6.4%) of total operating performance.

## Development of group EBIT



Income taxes amounted to €4.8 million (previous year: €3.5 million), while other taxes totalled €0.4 million (previous year: €0.3 million).

The consolidated net profit after non-controlling interests of €14.3 million was up on the previous year's figure of €11.8 million. Adjusted for the post-tax effect of the provisions for the long-term bonus programme, consolidated earnings after non-controlling interests would have amounted to €17.3 million.

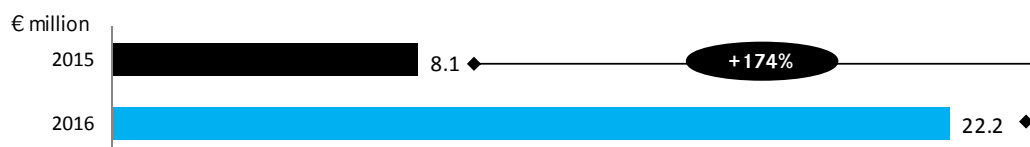
The consolidated net profit resulted in equity of €98.4 million in the consolidated statement of financial position as at 31 December 2016 (previous year: €87.7 million). Based on total consolidated assets of €266.5 million, MBB Group therefore had an equity ratio of 36.9% (previous year: 39.4%). Accordingly, the Executive Management is of the opinion that MBB Group continues to enjoy a solid equity base.

As a result of the positive operating performance of all Group companies, MBB Group's cash flow from operating activities amounted to €32.2 million in the 2016 financial year, after €22.8 million in the previous year, and the total cash flow to €21.3 million after €-13.8 million in the previous year.

MBB Group had financial liabilities of €55.3 million (previous year: €45.9 million) as at 31 December 2016; the increase was essentially as a result of investment financing. The Group also had cash, current and non-current securities and physical gold (€1.9 million) totalling €77.4 million (previous year: €54.0 million). At €22.2 million, net cash (cash, current/non-current securities and physical gold less liabilities to banks) was significantly higher than in the previous year (€8.1 million). In the

opinion of the Executive Management, this means that MBB Group currently has adequate scope in terms of financing its business activities.

#### Development of group Net Cash



#### Summary assessment

Executive Management rates the development of MBB Group in 2016 positively. Consolidated revenue, equity and the dividend rose to new heights in 2016, the Group's profitability increased again and the forecast – already raised during the year – was surpassed. In addition, there was key capital expenditure at all equity investments, thus setting the course for further growth.

#### Principles and objectives of financial management

The foundations of the Group's financial policy are determined by Executive Management. The primary objectives of our financial management are to safeguard liquidity and limit financial risks. Furthermore, our goal is to generate a return from the free liquidity of the Group despite the current low interest rates. Thus, these funds are partially invested in short-term, highly diversified securities until they are needed to finance new acquisitions.

Intragroup transactions are usually conducted in euro. As the equity investments are independently responsible for hedging any extraordinary foreign currency items, there have been no significant unhedged items at Group level to date. As such, MBB Group has not yet been required to perform active exchange rate hedging at Group level. Similarly, the management of the credit risks of our contract partners is the responsibility of the individual equity investments. However, monitoring at Group level serves to ensure timely intervention as necessary.

A key source of corporate finance is our operational business and the cash inflows it generates. However, long-term investments are financed with long-term loans. At the level of MBB SE, there is also a credit facility for the acquisition of equity investments in particular in the amount of €20 million, €10 million of which has been utilised.

#### Remuneration report

##### Executive Management

The remuneration of Executive Management consists of a fixed and a variable component. The members of the Executive Management are 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 Executive Management's mandate or termination in the event of a change of control at the Company. The members of the Executive Management also participate in the long-term bonus programme based on the share price, which is determined by the Board for the respective financial year. Comprehensive information on the remuneration of the Executive Management can be found in the notes to these consolidated financial statements.

##### Board

The Board receives a fixed meeting fee of €1,500 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 Executive Management provides for a deductible of 10% up to a maximum of 1.5 times their fixed annual remuneration. In accordance with a resolution by the Annual General Meeting on 30 June 2015, the Board has also received variable remuneration from the 2015 financial year. The amount and calculation of variable remuneration are discussed in the notes to the consolidated financial statements. The total of the variable remuneration and the attendance fees for all Board members must not exceed €100,000 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.

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

### Controlling system

MBB Group's systematic focus on increasing enterprise value is also reflected in its internal controlling system. To this end, we have implemented a mentor system in which an employee or member of Executive Management of MBB SE acts as the mentor for a subsidiary. In this role, the mentor is the first point of contact for the respective management on site and is closely involved in the strategic, operational and financial orientation of the subsidiary. Furthermore, all relevant developments at the subsidiary and at MBB SE are discussed at the monthly Executive Management meeting. The development of various key figures, in particular incoming orders, revenue and EBITDA, of the individual Group companies is analysed here. MBB SE defines only consolidated revenue and earnings per share as its own key financial performance indicators relevant to forecasts. 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 risks and opportunities

The business development of MBB SE is subject to the same risks and opportunities as the Group as a whole. Thus, the risks and opportunities are essentially presented from the perspective of MBB Group below. MBB SE participates in the risks of individual subsidiaries in line with its equity holding.

#### Opportunities

In the opinion of the Executive Management, MBB Group have 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 offers a strong starting position for the continued growth of MBB Group
- The diversification of MBB Group will cushion the potential impact on 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 will lead to greater proximity to the customer, and hence greater opportunities for growth
- The outstanding positioning of Aumann AG on the e-mobility growth market means it has the opportunity to benefit substantially from the development in this field.
- As a result of the successful IPO of Aumann AG and the associated reallocation of some of the shares held by MBB, the Group has received substantial funds that MBB intends to invest primarily in further growth through acquisitions.

In summary, MBB Group has considerable opportunities arising from the operating activities of its individual equity investments and from the possible expansion of its portfolio of companies, particularly given the funds received by the Group from Aumann AG's IPO.

#### Risks

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

##### *Exogenous risks*

- Individual equity investments could be hit particularly hard by a potential economic crisis
- The refinancing of individual equity investments or new acquisitions could be unsuccessful
- A sustained economic downturn could lead to falling revenue or earnings at MBB SE's existing equity investments

*Liability risks*

- 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 equity investments could be exposed to product liability or other statutory liability risks
- MBB SE is liable in the long term in accordance with the *Wertpapierprospektgesetz* (WpPG – German Securities Prospectus Act) in the context of the IPO of Aumann AG
- Three of the companies within the Group are currently listed – MBB, Aumann and Delignit – which means additional expenses and liability risks specific to the capital market

*Other risks*

- The international focus of MBB SE's activities could lead to equity investments in territories that are exposed to country-specific risks
- Aumann AG is a leading international supplier of systems for the automotive industry and other industries with a focus on e-mobility, which can lead to specific project risks on account of the size of individual projects
- The high purchase price expectations of potential sellers could limit the number of attractive investment opportunities, and hence the Group's growth

In the opinion of Executive Management, there are currently no risks to the continued existence of the Group. However, there are exogenous risks, liability risks and other risks to MBB Group and individual equity investments. We currently consider the significance (probability of occurrence) of the risks to our business activities as low. These risks are countered by a broad diversification of the investment portfolio on the one hand and, on the other, by the Group's sound financial position.

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

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 equity investment controlling that uses monthly business controlling to continuously compare target, actual and forecast data at the level of the portfolio companies and MBB SE
- Project controlling, which defines, develops and tracks the implementation of optimisation measures within the Group and at each individual company
- Regular management meetings within MBB SE and with the management of the respective equity investments
- Regular external or internal 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 and the maintenance and continuous expansion of the MBB network to M&A advisers and potential sellers
- Central Group monitoring 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 an ongoing 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 item 3.10 of the German Corporate Governance Code and in accordance with section 315a(5) HGB in conjunction with section 289a HGB. This declaration on corporate governance in accordance with section 315a(5) in conjunction with section 289a HGB must include:

1. The declaration of compliance with the German Corporate Governance Code by Executive Management and the Board in accordance with section 161 of the German Stock Corporation Act;
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 Executive Management and the Board and the composition and procedures of their committees; if this information is publicly available on the Company's website, reference can be made to this fact.
5. Presentation of targets for the share of women in the Board, Executive Management and the two management levels below Executive Management and their achievement.

*Re 1: Declaration in accordance with section 161 AktG*

The Board issued the most recent declaration of compliance in accordance with section 161 AktG on 17 March 2017. It reads as follows:

The Executive Management and Board of MBB SE submitted the last declaration of conformity in accordance with section 161 AktG on 17 March 2016 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 5 May 2015.

*The Board of MBB SE declares that it complies with the recommendations of the Government Commission on the German Corporate Governance Code with the features described below due to the one-tier system used by MBB SE with following exceptions:*

*Features of the one-tier system*

*As a European stock corporation (societas europaea - SE), 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 Executive Management manages the Company's business by implementing the basic principles and standards set out by the Board.*

*MBB SE interprets the regulations of the Code intended for supervisory boards as applying to its Board, and those intended for management boards as applying to its Executive Management. The following exceptions apply with respect to the legal design of the one-tier system:*

- *By way of derogation from item 2.2.1 sentence 1 of the Code, the Board must present the annual financial statements and the consolidated financial statements to the Annual General Meeting, section 48(2) sentence 2 SEAG.*
- *By way of derogation from items 2.3.1 sentence 1 and 3.7(3) of the Code, the Board is responsible for convening the Annual General Meeting, sections 48 and 22(2) SEAG.*
- *The duties of the management board described in items 4.1.1 (management of the company), 4.1.2 in conjunction with 3.2 first half of the sentence (development of the strategic orientation of the company) of the Code are the responsibility of the Board, section 22(1) SEAG.*
- *The responsibilities of the management board described in items 2.3.2 sentence 2 (representative to exercise shareholders' voting rights in accordance with instructions), 3.7(1) (statements in the event of a takeover offer) and (2) (action in the event of a takeover offer), 3.10 (corporate governance report), 4.1.3 (compliance) and 4.1.4 (risk management and controlling) of the Code are the responsibility of the Board, section 22(6) SEAG.*
- *By way of derogation from items 5.4.2 and 5.4.4 of the Code, members of the Board can be appointed to Executive Management if the majority of the Board still does not consist of members of Executive Management, section 40(1) sentence 2 SEAG.*

*Departures*

- *Item 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 Executive Management provides for a deductible of 10% up to a maximum of 1.5 times their fixed annual remuneration.*
- *Item 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.*

- *Item 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.*
- *Item 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. A regular limit of length of membership of the Board is not specified, and we do not believe such a limit to be reasonable on account of the shareholder structure.*
- *Item 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 executive bodies are shown under note 10.1 in II. Notes to the consolidated statement of financial position.

##### Composition of the Board

The members of the Board must, as a whole, have 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

On 10 March 2015 MBB resolved to utilise the authorisation granted by the Annual General Meeting on 17 June 2013 to purchase treasury shares in accordance with section 71(1) no. 8 AktG and to implement a share buy-back programme in the period from 18 March to 7 May 2015. 13,225 treasury shares in total, corresponding to 0.2% of the share capital, were purchased on the stock exchange via a bank at an average price of €23.54, giving a total purchase price of €311,300.86. In accordance with section 71b AktG, these shares do not carry voting or dividend rights and serve to reduce the number of shares that do carry voting and dividend rights.

##### Auditor

The Annual General Meeting of MBB SE elected HLB Dr. Stückmann und Partner mbB Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Bielefeld, 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. 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.

##### Long-term bonus programme/security-based incentive systems

Details of the long-term bonus programme can be found in the remuneration report.

#### *Re 3: Information on corporate governance practices*

The Executive Management 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*

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 Executive Management manages the Company's business

by implementing the basic principles and standards set out by the Board. All of the members of the Executive Management are 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. MBB Group does not have a right of co-determination, meaning that all of the members of the Board are shareholder representatives.

The individual subsidiaries each have independent operational management teams, some of which hold shares. The management teams of MBB SE and the subsidiaries work in close cooperation on the development of the respective companies.

*Re 5: Targets for the share of women*

When filling positions in the management of MBB SE and the two management levels below Executive Management, the Board complies with 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. Given this, a target for the share of women of 0% has been set.

### **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 at 31 December 2016 in the amount of €6,600,000 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 voting rights are presented in the notes to the consolidated financial statements under note 10.1 in II. Notes to the consolidated statement of financial position.

*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 et seq. 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 members of the Executive Management. Individual members of the Board can be appointed as members of the Executive Management provided that the majority of the Board still consists 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 can be dismissed by the Board at any time prior to the end of their term. If more than one member of the Executive Management is appointed, the Board can nominate one of the members of the Executive Management as the Chairman or Chief Executive Officer (CEO). The Board can 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 Rules of Procedure and the instructions issued by the Board. They implement the basic principles and standards set out by the Board. If only one member of the Executive Management is appointed, the Company's business is conducted solely by this member 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 that 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.

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

The Annual General Meeting on 30 June 2015 authorised the Board of MBB SE to increase the Company's share capital on one or more occasions by a total of up to €3,300,000 in the period until 29 June 2020 by issuing new no-par value bearer shares in exchange for cash or non-cash contributions (Authorised Capital 2015/I), which was not entered in the commercial register.

The Annual General Meeting on 30 June 2016 resolved Contingent Capital 2016/I, which was entered in the commercial register on 19 August 2016. The Board was thus authorised to issue bearer or registered convertible bonds or bonds with warrants with a total volume of up to €66,000,000 and a maximum term of 10 years in the period until 29 June 2021, and to grant the holders of these bonds conversion rights for new no-par value bearer shares of MBB SE with a proportionate interest in the share capital of up to a total of €3,300,000.

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.

*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.

## Events after the end of the reporting period

Please see the respective section of the notes to the consolidated financial statements for information on significant events after the end of the reporting period.

## Report on expected developments

We see our results for the 2016 financial year as a solid foundation for the future development of MBB Group. MBB SE is forecasting organic revenue growth of 18% to €390 million in 2017. Despite the disposal of a substantial portion of the interest in Aumann AG, management is planning earnings per share in line with the previous year's level. This forecast is based on the fact that order intake and capacity utilisation at the start of the new financial year suggest organic growth at all MBB subsidiaries. In accordance with IFRS, the net increase in value for MBB shareholders from the IPO is recognised in consolidated equity. This increases the equity attributable to the shareholders of MBB SE by more than €140 million or more than €21.00 per share.

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 subsidiaries, 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 and the Executive Management will propose to the Annual General Meeting on 28 June 2017 the payment of an increased dividend of €0.61 per share or €4.0 million for the 2016 financial year plus a special dividend of the same amount, resulting in a total distribution to shareholders of €8.0 million.

Berlin, 28 March 2017



Dr Christof Nesemeier  
Chief Executive Officer



Anton Breitkopf  
Chief Financial Officer



Dr Gerrit Karalus  
Chief Investment Officer



Klaus Seidel  
Chief Technical Officer



## MBB SE Condensed Annual Financial Statements for 2016

Income statement (HGB)	2016 €k	2015 €k
Revenue	1,603	1,508
Other operating income	118	108
Cost of purchased services	4,976	1,063
Staff costs	634	403
Depreciation and amortisation of intangible assets and property, plant and equipment	41	216
Other operating expenses	1,052	1,027
Income from equity investments	6,031	3,562
Income from other securities and loans of financial assets	559	2,353
Other interest and similar income	79	128
Write-downs on financial assets and current securities	3	49
Interest and similar expenses	59	73
<b>Profit from ordinary activities</b>	<b>1,625</b>	<b>4,828</b>
Income tax expense	26	68
<b>Net profit for the year</b>	<b>1,599</b>	<b>4,760</b>
Profit carried forward from the previous year	10,124	9,549
Purchase (-) / Sale (+) of treasury shares	0	-298
<b>Unappropriated surplus</b>	<b>11,723</b>	<b>14,011</b>

Statement of financial position (HGB)	31 Dec 2016 audited €k	31 Dec 2015 audited €k
<b>Assets</b>		
Intangible assets	11	28
Property, plant and equipment	47	49
Financial assets	47,634	34,158
<b>Noncurrent assets</b>	<b>47,692</b>	<b>34,235</b>
Receivables and other assets	1,800	2,905
Securities	983	1,910
Cash in hand and bank balances	1,417	4,874
<b>Current assets</b>	<b>4,200</b>	<b>9,689</b>
<b>Deferred items</b>	<b>11</b>	<b>29</b>
<b>Total assets</b>	<b>51,903</b>	<b>43,953</b>
<b>Equity and liabilities</b>	<b>€k</b>	<b>T€</b>
<b>Equity</b>	<b>36,896</b>	<b>39,183</b>
<b>Provisions</b>	<b>4,486</b>	<b>63</b>
<b>Liabilities</b>	<b>10,521</b>	<b>4,707</b>
<b>Total Equity and liabilities</b>	<b>51,903</b>	<b>43,953</b>

### Appropriation of earnings

The net profit of €1,598,857.26 is reported with the profit carried forward of €10,124,490.97 as net retained profits. As in previous years, the Executive Management and the Board will propose to the Annual General Meeting the payment of a dividend. This is to amount to €4,017,932.75 or €0.61 per share, plus a special dividend in the same amount, therefore €8,035,865.50 in total.

## IFRS Consolidated Financial Statements for 2016

IFRS consolidated statement of comprehensive income	Notes	1 Jan – 31 Dec 2016 €k	1 Jan – 31 Dec 2015 €k
<b>Revenue</b>	III.1.	<b>332,165</b>	<b>252,799</b>
Increase (+)/decrease (-) in finished goods and work in progress		1,367	759
<b>Operating performance</b>		<b>333,532</b>	<b>253,558</b>
Other operating income	III.2.	4,593	5,674
<b>Total performance</b>		<b>338,125</b>	<b>259,232</b>
Cost of raw materials and supplies		-168,139	-125,464
Cost of purchased services		-46,828	-35,575
<b>Cost of materials</b>		<b>-214,967</b>	<b>-161,039</b>
Wages and salaries		-57,665	-44,819
Social security and pension costs		-15,992	-14,102
<b>Staff costs</b>		<b>-73,657</b>	<b>-58,921</b>
Other operating expenses	III.3.	-19,146	-14,434
<b>Earnings before interest, taxes, depreciation, and amortisation (EBITDA)</b>		<b>30,355</b>	<b>24,838</b>
Amortisation and depreciation expense	II.1.	-8,013	-6,806
<b>Earnings before interest and taxes (EBIT)</b>		<b>22,342</b>	<b>18,032</b>
Write-downs on securities	II.8.	-3	-498
Finance revenue	III.4.	736	716
Finance costs	III.5.	-2,115	-1,952
<b>Net finance costs</b>		<b>-1,382</b>	<b>-1,734</b>
<b>Earnings before taxes (EBT)</b>		<b>20,960</b>	<b>16,298</b>
Income tax expense	III.6.	-4,801	-3,526
Other taxes	III.6.	-380	-344
<b>Profit or loss for the period</b>		<b>15,779</b>	<b>12,428</b>
Non-controlling interests		-1,526	-646
<b>Consolidated net profit</b>		<b>14,253</b>	<b>11,782</b>
Earnings per share (in €)	III.8.	2.16	1.79

IFRS consolidated statement of comprehensive income	Notes	1 Jan - 31 Dec 2016 €k	1 Jan - 31 Dec 2015 €k
<b>Consolidated net profit</b>		<b>14,253</b>	<b>11,782</b>
Non-controlling interests		1,526	646
<b>Profit or loss for the period</b>		<b>15,779</b>	<b>12,428</b>
Items that may be subsequently reclassified to profit and loss			
Currency translation differences	II.10.4	-586	15
Available for sale financial assets		1,191	-968
Items that not be subsequently reclassified to profit and loss			
Pension reserves	II.10.4	-2,278	298
thereof deferred taxes		640	-90
<b>Other comprehensive income after taxes</b>		<b>-1,033</b>	<b>-745</b>
<b>Comprehensive income for the reporting period</b>		<b>14,746</b>	<b>11,683</b>
there of attributable to:			
- Shareholders of the parent company		13,397	11,062
- Non-controlling interests		1,349	621

Statement of financial position Assets (IFRS)	Notes	31 Dec 2016 audited €k	31 Dec 2015 audited €k
<b>Non-current assets</b>			
Concessions, industrial property rights and similar rights	II.3.	4,919	5,606
Goodwill	II.2.	11,874	11,874
Advance payments		0	153
<b>Intangible assets</b>		<b>16,793</b>	<b>17,633</b>
Land and buildings including buildings on third-party land	II.4.	34,555	31,406
Technical equipment and machinery	II.4.	19,540	19,442
Other equipment, operating and office equipment	II.4.	5,510	4,424
Advance payments and assets under development	II.4.	4,806	3,260
<b>Property, plant and equipment</b>		<b>64,411</b>	<b>58,532</b>
Investment securities	II.8.	21,925	14,976
Other loans		902	740
<b>Financial assets</b>		<b>22,827</b>	<b>15,716</b>
<b>Deferred tax assets</b>	II.9.	<b>8,236</b>	<b>6,649</b>
		<b>112,267</b>	<b>98,530</b>
<b>Current assets</b>			
Raw materials and supplies	II.5.	8,505	8,888
Work in progress	II.5.	4,078	4,032
Finished goods and commodities	II.5.	11,051	9,419
Advance payments		2,137	948
<b>Inventories</b>		<b>25,771</b>	<b>23,287</b>
Trade receivables	II.6.	25,519	28,158
Receivables from construction contracts	II.6.	39,660	27,155
Other current assets	II.7.	7,732	6,444
<b>Trade receivables and other current assets</b>		<b>72,911</b>	<b>61,757</b>
Gold	II.8.	1,946	1,721
Securities	II.8.	8,679	13,688
<b>Available-for-sale financial assets</b>		<b>10,625</b>	<b>15,409</b>
Cash in hand	V.	14	14
Bank balances	V.	44,885	23,577
<b>Cash in hand, bank balances</b>		<b>44,899</b>	<b>23,591</b>
		<b>154,206</b>	<b>124,044</b>
<b>Total assets</b>		<b>266,473</b>	<b>222,574</b>

Statement of financial position	Notes	31 Dec 2016	31 Dec 2015
Equity and liabilities (IFRS)		audited	audited
		€k	€k
<b>Equity</b>			
Issued capital	II.10.1	6,587	6,587
Capital reserve	II.10.2	17,480	17,480
Legal reserve	II.10.3	61	61
Retained earnings	II.10.4	67,979	57,911
Non-controlling interests	II.10.5	6,292	5,700
		<b>98,399</b>	<b>87,739</b>
<b>Non-current liabilities</b>			
Liabilities to banks	II.12.	32,940	30,738
Trade payables	II.12.	165	280
Other liabilities	II.13.	2,880	3,242
Pension provisions	II.11.	24,403	22,089
Other provisions	II.14.1	5,838	1,018
Deferred tax liabilities	II.9.	3,663	3,219
		<b>69,889</b>	<b>60,586</b>
<b>Current liabilities</b>			
Liabilities to banks	II.12.	18,904	11,432
Advance payments received	II.12.	14,740	7,800
Trade payables	II.12.	28,352	23,664
Other liabilities	II.13.	6,838	6,258
Provisions with the nature of a liability	II.14.1	14,539	9,922
Tax provisions	II.14.2	2,851	2,149
Other provisions	II.14.1	11,961	13,024
		<b>98,185</b>	<b>74,249</b>
<b>Total equity and liabilities</b>		<b>266,473</b>	<b>222,574</b>

Consolidated statement of cash flows	1 Jan - 31 Dec 2016 €k	1 Jan - 31 Dec 2015 €k
<b>1. Cash flow from operating activities</b>		
<b>Earnings before interest and taxes (EBIT)</b>	<b>22,342</b>	<b>18,032</b>
<b>Adjustments for non-cash transactions</b>		
Write-downs on non-current assets	8,013	6,806
Increase (+) / decrease (-) in provisions	3,289	-5,895
Gains (-) / Losses (+) from disposal of PPE	-194	18
Other non-cash expenses/income	-19	91
	<b>11,089</b>	<b>1,020</b>
<b>Change in working capital:</b>		
Increase (-) / decrease (+) in inventories, trade receivables and other assets	-14,413	2,663
Decrease (-) / increase (+) in trade payables and other liabilities	16,616	6,770
	<b>2,203</b>	<b>9,433</b>
Income taxes paid	-4,207	-6,523
Interest received	736	716
	<b>-3,471</b>	<b>-5,807</b>
<b>Cash flow from operating activities</b>	<b>32,163</b>	<b>22,678</b>
<b>2. Cash flow from investing activities</b>		
Investments (-) / divestments (+) intangible assets	-720	-886
Investments (-) / divestments (+) property, plant and equipment	-12,365	-8,042
Investments (-) / divestments (+) financial assets	-162	-639
Investments (-) / divestments (+) of available-for-sale financial assets and securities	-977	-10,572
Cash from disposal of assets	213	73
Disposal (+) / acquisition (-) of consolidated companies (less cash and cash equivalents sold/received)	0	-12,784
<b>Cash flow from investing activities</b>	<b>-14,011</b>	<b>-32,850</b>
<b>3. Cash flow from financing activities</b>		
Profit distribution to shareholders	-3,886	-3,754
Payments to non-controlling interests	-200	-86
Purchase (-) / Sale (+) of treasury shares	0	-311
Proceeds from borrowing financial loans	14,756	4,336
Repayments of financial loans	-5,082	-1,539
Payments for finance lease	-837	-842
Interest payments	-1,612	-1,438
<b>Cash flow from financing activities</b>	<b>3,139</b>	<b>-3,634</b>
<b>Cash and cash equivalents at end of period</b>		
Change in cash and cash equivalents (Subtotal 1-3)	21,291	-13,806
Effects of changes in foreign exchange rates (non-cash)	17	4
Cash and cash equivalents at start of reporting period	23,591	37,393
<b>Cash and cash equivalents at end of period</b>	<b>44,899</b>	<b>23,591</b>
<b>Composition of cash and cash equivalents</b>		
Cash in hand	14	14
Bank balances	44,885	23,577
<b>Reconciliation to liquidity reserve on 31 Dec</b>	<b>2016</b>	<b>2016</b>
Cash and cash equivalents at end of period	44,899	23,591
Gold	1,946	1,721
Securities	30,604	28,664
<b>Liquidity reserve on 31 Dec</b>	<b>77,449</b>	<b>53,976</b>

Statement of changes in consolidated equity											
	Issued capital	Capital reserve	Legal reserve	Currency translation difference	Retained earnings			Share of shareholders of MBB SE	Non-controlling interests	Consolidated equity	
	€k	€k	€k	€k	Available for sale financial assets	Pension reserve	Generated consolidated equity	€k	€k	€k	
<b>1 Jan 2015</b>	<b>6,600</b>	<b>17,779</b>	<b>61</b>	<b>-616</b>	<b>1,445</b>	<b>-2,687</b>	<b>52,461</b>	<b>75,043</b>	<b>3,510</b>	<b>78,553</b>	
Dividends paid	0	0	0	0	0	0	-3,754	-3,754	-79	-3,833	
<b>Subtotal</b>	<b>6,600</b>	<b>17,779</b>	<b>61</b>	<b>-616</b>	<b>1,445</b>	<b>-2,687</b>	<b>48,707</b>	<b>71,289</b>	<b>3,431</b>	<b>74,720</b>	
Amounts recognised in other comprehensive income	0	0	0	0	-968	225	0	-743	-17	-760	
Currency translation difference	0	0	0	23	0	0	0	23	-8	15	
Consolidated net profit	0	0	0	0	0	0	11,782	11,782	646	12,428	
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>23</b>	<b>-968</b>	<b>225</b>	<b>11,782</b>	<b>11,062</b>	<b>621</b>	<b>11,683</b>	
Purchase of treasury shares	-13	-299	0	0	0	0	0	-312	0	-312	
Acquisition of Aumann	0	0	0	0	0	0	0	0	1,648	1,648	
<b>31 Dec 2015</b>	<b>6,587</b>	<b>17,480</b>	<b>61</b>	<b>-593</b>	<b>477</b>	<b>-2,462</b>	<b>60,489</b>	<b>82,039</b>	<b>5,700</b>	<b>87,739</b>	
Dividends paid	0	0	0	0	0	0	-3,886	-3,886	-200	-4,086	
<b>Subtotal</b>	<b>6,587</b>	<b>17,480</b>	<b>61</b>	<b>-593</b>	<b>477</b>	<b>-2,462</b>	<b>56,603</b>	<b>78,153</b>	<b>5,500</b>	<b>83,653</b>	
Amounts recognised in other comprehensive income	0	0	0	0	1,186	-1,457	0	-271	-176	-447	
Currency translation difference	0	0	0	-585	0	0	0	-585	-1	-586	
Consolidated net profit	0	0	0	0	0	0	14,253	14,253	1,526	15,779	
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-585</b>	<b>1,186</b>	<b>-1,457</b>	<b>14,253</b>	<b>13,397</b>	<b>1,349</b>	<b>14,746</b>	
Aumann equity transaction	0	0	0	0	0	0	557	557	-557	0	
<b>31 Dec 2016</b>	<b>6,587</b>	<b>17,480</b>	<b>61</b>	<b>-1,178</b>	<b>1,663</b>	<b>-3,919</b>	<b>71,413</b>	<b>92,107</b>	<b>6,292</b>	<b>98,399</b>	

## Notes to the Consolidated Financial Statements for 2016

### I. Methods and principles

#### 1. Basic accounting information

##### 1.1 Information on the Company

MBB SE is headquartered at Joachimsthaler Str. 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 since 9 May 2006 and included in the Prime Standard of the Frankfurt Stock Exchange under the securities identification number A0ETBQ since 20 June 2008. It is the parent company of 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 2016 financial year were approved by the Board of MBB SE on 4 April 2017 and published on 28 April 2017.

##### 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 2016 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 end of the reporting period. 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 combined 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 accounting standards are effective for the first time or in amended form in the 2016 financial year:

Regulation	Title	Effects
IAS 1	Disclosure Initiative	none
IAS 16, 38	Acceptable Methods of Depreciation and Amortisation	none
IAS 16, 41	Bearer Plants	none
IAS 27	Equity Method in Separate Financial Statements	none
IAS 28	Investment Entities – Applying the Consolidation Exception	none
IFRS 10,12	Investment Entities – Applying the Consolidation Exception	none
IFRS 11	Acquisitions of Interests in Joint Operations	none
	Annual Improvements to IFRSs 2012 - 2014	minor

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 or is not material.



Regulation	Title	Publication	Application	Endorsement	Effect
IAS 7	Disclosure Initiative	29.01.2016	01.01.2017	no	no material effects
IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses	19.01.2016	01.01.2017	no	no material effects
IAS 40	Transfers of Investment Property	08.12.2016	01.01.2018	no	no material effects
IFRS 2	Share-based Payment Transactions	20.06.2016	01.01.2018	no	no material effects
IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts	12.09.2016	01.01.2018	no	no material effects
IFRS 9	Investment Entities - Consolidation Exception	24.09.2014	01.01.2018	22.11.2016	is being reviewed
IFRS 15	Revenue from Contracts with Customers	28.05.2014	01.01.2018	22.09.2016	is being reviewed
IFRS 15	Amendments to IFRS 15: Effective date	11.09.2015	01.01.2018	22.12.2016	no material effects
IFRS 15	Clarifications	12.04.2016	01.01.2018	no	is being reviewed
IFRS 16	Leases	13.01.2016	01.01.2019	no	is being reviewed
	Annual Improvements 2014 - 2016	08.12.2016	01.01.2018	no	is being reviewed
IFRIC 22	Foreign Currency Transactions and Advance Consideration	08.12.2016	01.01.2018	24.11.2015	is being reviewed

### 1.3 Company law changes and structural changes in 2016

By way of merger agreement dated 7 April 2016, OBO-Werke Verwaltungsgesellschaft mbH, Stadthagen, was merged with MBB Plastics GmbH, Stadthagen. On completion of this merger, the limited partner and general partner of OBO-Werke GmbH & Co. KG, Stadthagen, became a single entity, hence OBO-Werke GmbH & Co. KG was dissolved and all assets and liabilities were transferred to MBB Plastics GmbH by way of accrual. By way of commercial register entry dated 14 June 2016, MBB Plastics GmbH, Stadthagen, was merged with OBO-Industrieanlagen GmbH, Stadthagen. All mergers occurred with retroactive economic effect as at 1 January 2016. By way of commercial register entry dated 15 June 2016, OBO-Industrieanlagen GmbH was renamed **OBO-Werke GmbH**.

By way of commercial register entry dated 7 September 2016, Wojtynia Immobilien GmbH was renamed Aumann Immobilien GmbH.

On 10 November 2016 the shareholder meeting of MBB Technologies GmbH resolved its transformation into Aumann AG by way of change in legal form. The change in legal form was entered in the commercial register on 8 December 2016.

On 13 December 2016, Mr Ingo Wojtynia contributed his shares in Aumann GmbH, Espelkamp, and Aumann Berlin GmbH, Hennigsdorf, in addition to his shares (except for 5.1%) in Aumann Immobilien GmbH, Espelkamp, to **Aumann AG** in the form of a non-cash contribution. Aumann AG has an indefinite purchase option for the 5.1% interest in Aumann Immobilien GmbH held by Mr Wojtynia to be acquired by a third party to be nominated by Aumann AG at a purchase price of €1.00. MBB SE holds 93.5% in Aumann AG and Mr Ingo Wojtynia holds 6.5%.

Aumann Winding and Automation Inc., Kansas City, USA, was founded on 8 December 2016. No contributions to the company were made in 2016. It commenced business activities in 2017.

## 2. Consolidated group

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 %
<b>Subsidiaries (fully consolidated)</b>	
<b>OBO-Werke GmbH, Stadthagen, Germany</b>	<b>100.00</b>
<b>Delignit AG, Blomberg, Germany</b>	<b>76.08</b>
Hausmann Verwaltungsgesellschaft mbH, Blomberg, Germany	76.08
Blomberger Holzindustrie GmbH, Blomberg, Germany	76.08
Delignit Immobiliengesellschaft mbH, Blomberg, Germany	76.08
DHK automotive GmbH, Oberlungwitz, Germany	76.08
HTZ Holz Trocknung GmbH, Oberlungwitz, Germany	76.08
<b>Aumann AG, Beelen, Germany</b>	<b>93.50</b>
MBB Fertigungstechnik Beelen GmbH, Beelen, Germany	93.50
MBB Technologies (China) Ltd. Changzhou, China	93.50
Aumann GmbH, Espelkamp, Deutschland	93.50
Aumann North America Inc., Fort Wayne, USA	93.50
Aumann Berlin GmbH, Berlin, Germany	93.50
Aumann Winding and Automation Inc., Kansas City, USA*	93.50
Aumann Immobilien GmbH, Espelkamp, Germany	88.73
<b>Hanke Tissue Sp. z o.o., Kostrzyn, Poland</b>	<b>97.00</b>
<b>DTS IT AG, Herford, Germany</b>	<b>80.00</b>
DTS Systeme GmbH, Herford, Germany	80.00
ICSmedia GmbH, Münster, Germany	80.00
eld datentechnik GmbH, Herford, Germany	80.00
ACoN-IT GmbH, Vienna, Austria	80.00
<b>CT Formpolster GmbH, Löhne, Germany</b>	<b>100.00</b>

\*The company is active since 2017.

### 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 and for the same reporting period 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 consolidated from the date on which the parent can control the subsidiary and ends when this is no longer possible.

Acquisition accounting 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 statement of financial position. 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/determination of the fair value of the acquired assets, liabilities and contingent liabilities, it must be recognised in profit or loss immediately. The proportion of the subsidiary's assets, liabilities and contingent liabilities attributable to non-controlling 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 reported carrying amount of the equity investment. The amount of the loss allocation is limited to the amount of the acquisition cost of the associated company. If the equity investment reports a loss after its carrying amount has been reduced to a pro mem value of €1.00, these losses are recognised 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 statement of financial position is 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 (€k) in line with standard commercial practice. The amounts are stated in euro (€), thousands of euro (€k) 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 the end of each reporting period using the closing rate. All exchange differences are recognised in profit or loss.

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 2016	Average rate 2016
Polish zloty (PLN)	4.4240	4.3637
Chinese renminbi (CNY)	7.3068	7.3545

	Closing rate 31 Dec 2015	Average rate 2015
Polish zloty (PLN)	4.2615	4.1843
Chinese renminbi (CNY)	7.0952	6.9223

#### 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 (not including 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 difference between the net disposal proceeds and the carrying amount of the asset and recognised in profit or loss 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 is 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 profit or loss.

#### 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 as at the end of the reporting period are reported separately in the statement of financial position 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 profit or loss.

An adjustment in profit or loss of impairment recognised in profit or loss in previous years is carried out for an asset (except for goodwill) if there are indications that the impairment no longer exists or could have decreased. The reversal is recognised 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 2016, 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 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 at the end of the reporting period. Market values were available for the available-for-sale financial assets reported by the Group as at 31 December 2016 and 2015.

Financial assets are tested for impairment at the end of each reporting period. 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 on the receivables in profit or loss. 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 in profit or loss. Impairment losses previously recognised as expenses are adjusted in profit or loss 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 reported at the lower of cost or net realisable value (less costs necessary to make the sale) taking their planned use into account. Raw materials, consumables, supplies and purchased goods are measured at cost using the average price method or, if lower, at their market prices at the end of the reporting period. The cost of finished goods and work in progress, in addition to the cost of materi-

als 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 statement of financial position 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 statement of cash flows are defined in line with the above.

#### 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 the end of each reporting period 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. Payments for defined contribution pension plans are expensed. In the case of defined benefit pension plans, the obligation is recognised in the statement of financial position as a pension provision. These pension commitments are regarded as defined benefit plan commitments and are therefore measured in line with actuarial principles 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*

In MBB Group, the percentage-of-completion (PoC) method is applied at the companies of Aumann AG in accordance with IAS 11. 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 end of the reporting period. The degree of completion is calculated as the ratio of the contract costs incurred by the end of the reporting period to the total estimated contract costs as at the end of the reporting period (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 by the end of the reporting period 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 end of the reporting period.

*b) Deferred taxes*

In accordance with IAS 12, deferred taxes are recognised using the liability method for temporary differences as at the end of the reporting period between the carrying amount of an asset or liability in the statement of financial position 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 at the end of each reporting period 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 at the end of each reporting period and recognised to the extent that it has become probable that taxable result in 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 end of the reporting period. Future changes in the tax rates must be taken into ac-

count at the end of the reporting period 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 reported in the financial statements, and instead 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 in the statement of financial position 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 calculated as at the end of the reporting period and the reporting of expenses and income. The actual amounts can differ from these estimates.

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period 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*

The Group determines whether there are indications of impairment of non-financial assets at the end of each reporting period. 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 end of the reporting period. The actual obligation can differ from the amounts recognised 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 the transactions conducted by Aumann AG's subsidiaries 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 comprise 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 regulations, the IFRS does not provide conclusive guidance on the accounting treatment of gold reserves. Gold reserves cannot be accounted for in accordance with IAS 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 accounting for physical gold reserves that 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.

*g) First-time consolidation of the Aumann companies*

On first-time consolidation of the Aumann companies in 2015, future earnings contributions from the order backlog existing at the date of first-time consolidation were taken into account to the extent that these had been realised in percentage-of-completion receivables at the amount of projects' respective percentage of completion. There was no further capitalisation of expected earnings contributions as a separate asset.

Given the uncertainty associated with the order backlog, the Executive Management deemed such capitalisation to be inappropriate. In the event of capitalisation, given an average margin, an order backlog would have been recognised in the amount of €k600, which would have reduced goodwill by €k420 after deferred taxes.

With assumed average project duration of 12 months, depreciation and amortisation of €k100 would have been incurred on the order backlog in 2015, reducing earnings before taxes accordingly. Offsetting this, the recognition of deferred taxes would have increased earnings after taxes by €k30 in 2015. In total, consolidated earnings in 2015 would have been reduced by €k70.

This would have led to depreciation and amortisation of €k500 in 2016, which would have reduced earnings before taxes. Taking deferred taxes into account, consolidated earnings and consolidated equity would have been reduced by €k350.

## II. Notes to the consolidated statement of financial position

### 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 MBB Group as at 31 December 2016

	Total cost	Additions in the financial year	Additions from first time consolidation	Reclassification	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
31 Dec 2016	€k	€k	€k	€k	€k	€k	€k	€k	€k	€k	€k	€k
<b>I. Intangible assets</b>												
1. Concessions, industrial property rights and similar rights	10,924	649	0	226	2	-8	6,870	4,919	5,606	1,559	2	-5
2. Goodwill	13,701	0	0	0	0	0	1,827	11,874	11,874	0	0	0
3. Advance payments	153	73	0	-226	0	0	0	0	153	0	0	0
	<b>24,778</b>	<b>722</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>-8</b>	<b>8,697</b>	<b>16,793</b>	<b>17,633</b>	<b>1,559</b>	<b>2</b>	<b>-5</b>
<b>II. Property, plant</b>												
1. Land and buildings including buildings on third-party land	42,101	4,488	0	265	120	-368	11,811	34,555	31,406	1,283	120	-47
2. Technical equipment and machinery	48,171	2,965	0	674	76	-948	31,246	19,540	19,442	3,117	67	-533
3. Other equipment, operating and office equipment	17,008	3,022	0	212	251	-39	14,442	5,510	4,424	2,054	168	-28
4. Advance payments and assets under development	3,260	2,789	0	-1,151	0	-92	0	4,806	3,260	0	0	0
	<b>110,540</b>	<b>13,264</b>	<b>0</b>	<b>0</b>	<b>447</b>	<b>-1,447</b>	<b>57,499</b>	<b>64,411</b>	<b>58,532</b>	<b>6,454</b>	<b>355</b>	<b>-608</b>
<b>Total</b>	<b>135,318</b>	<b>13,986</b>	<b>0</b>	<b>0</b>	<b>449</b>	<b>-1,455</b>	<b>66,196</b>	<b>81,204</b>	<b>76,165</b>	<b>8,013</b>	<b>357</b>	<b>-613</b>

## 1.2 Statement of changes in non-current assets of MBB Group as at 31 December 2015

	Total cost	Additions in the financial year	Additions from first time consolidation	Reclassification	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
31 Dec 2015	€k	€k	€k	€k	€k	€k	€k	€k	€k	€k	€k	€k
<b>I. Intangible assets</b>												
1. Goodwill												
industrial property rights and similar rights	9,904	770	247	0	2	5	5,318	5,606	5,691	1,105	1	1
2. Goodwill	3,643	0	10,058	0	0	0	1,827	11,874	1,816	0	0	0
3. Advance payments	37	116	0	0	0	0	0	153	37	0	0	0
	<b>13,584</b>	<b>886</b>	<b>10,305</b>	<b>0</b>	<b>2</b>	<b>5</b>	<b>7,145</b>	<b>17,633</b>	<b>7,544</b>	<b>1,105</b>	<b>1</b>	<b>1</b>
<b>II. Property, plant</b>												
1. Land and buildings including buildings on third-party land	38,277	384	3,537	12	111	2	10,695	31,406	28,586	1,120	111	-5
2. Technical equipment and machinery	44,412	3,130	699	164	200	-34	28,729	19,442	18,387	2,933	139	-90
3. Other equipment, operating and office equipment	16,311	1,548	484	0	1,334	-1	12,584	4,424	4,092	1,648	1,281	-2
4. Advance payments and assets under development	543	2,980	5	-176	75	-17	0	3,260	543	0	0	0
	<b>99,543</b>	<b>8,042</b>	<b>4,725</b>	<b>0</b>	<b>1,720</b>	<b>-50</b>	<b>52,008</b>	<b>58,532</b>	<b>51,608</b>	<b>5,701</b>	<b>1,531</b>	<b>-97</b>
<b>Total</b>	<b>113,127</b>	<b>8,928</b>	<b>15,030</b>	<b>0</b>	<b>1,722</b>	<b>-45</b>	<b>59,153</b>	<b>76,165</b>	<b>59,152</b>	<b>6,806</b>	<b>1,532</b>	<b>-96</b>

## 2. Goodwill

The goodwill reported as at the end of the reporting period results from the acquisition of part of Aumann Group in the amount of €k10,057.5 (Technical Applications segment) in 2015, the acquisition of Hanke Tissue Sp. z o.o., Kostrzyn, Poland (Industrial Production segment) in the amount of €k636.7 and the acquisition of the DTS Group (Trade & Services segment) in the amount of €k1,179.8.

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, DTS Systeme GmbH and the Aumann companies.

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 30% for the next three years has been assumed for the Aumann CGU.

A growth rate of 10% was assumed for the Hanke Tissue CGU on the basis of past experience and the increased production capacity resulting from the paper machine that went into operation in 2014.

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 and the fact that DTS operates in the market for cloud and security services, which offers substantial growth potential.

For the standard year (perpetuals), the budget figures from the previous planning year were used for the 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 Executive Management, 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 capitalised development costs of €k448 (previous year: €k561), which are amortised over a period of ten years.

## 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 €k38.0 were recognised for qualifying assets in the year under review (previous year: €k11.5). A weighted average cost of capital of 3.1% was assumed.

## 5. Inventories

	31 Dec 2016	31 Dec 2015
	€k	€k
Raw materials and supplies	8,505	8,888
Work in progress	4,078	4,032
Finished goods and commodities	11,051	9,419
Advance payments	2,137	948
<b>Carrying amount as at 31 Dec</b>	<b>25,771</b>	<b>23,287</b>

Impairment losses of €k649 were recognised on inventories in the period under review (previous year: €k303). Impairment losses on inventories were reversed in the amount of €k86 (previous year: €k19).

## 6. Trade receivables

	31 Dec 2016	31 Dec 2015
	€k	€k
Trade receivables	26,003	28,615
Less specific valuation allowances	-484	-457
<b>Carrying amount as at 31 Dec</b>	<b>25,519</b>	<b>28,158</b>

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 2016	31 Dec 2015
	€k	€k
Construction costs incurred		
plus (less) recognised profits (losses)	102,545	73,020
Progress billings	-62,885	45,865
<b>Net total</b>		
Amounts due from customers from construction contracts	39,660	27,155
Amounts due to customers from construction contracts	0	0

The rise in receivables from construction contracts results from the strong growth of the Aumann companies.

## 7. Other current assets

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

	31 Dec 2016	31 Dec 2015
	€k	€k
Tax receivables	1,447	3,184
Factoring receivables	4,921	1,159
Prepaid expenses	780	870
Other current assets	584	1,231
<b>Carrying amount as at 31 Dec</b>	<b>7,732</b>	<b>6,444</b>

Tax receivables consist of corporate income tax and trade tax refunds in the amount of €k1,217.3 (previous year: €k1,992.1) and input tax refunds of €k229.4 (previous year: €k1,191.7). The increase in factoring receivables results in part from the strong revenue growth of the DTS Group, but it also due to remeasurement as at the end of the year.

## 8. Available-for-sale financial assets

The available-for-sale financial assets of MBB Group comprise physical gold reserves and securities. The value of the physical gold reserves was €k1,946 (previous year: €k1,721). The increase of €k225 is due to fair value measurement as at 31 December 2016.

Of the available-for-sale securities, shares and bonds totalling €k30,604 (previous year: €k28,664), €k21,925 (previous year: €k14,976) were reported under non-current assets and €k8,679 (previous year: €k13,688) under current assets. In the year under review, write-downs were recognised on shares in the amount of €k0 (previous year: €k167) and bonds in the amount of €k3 (previous year: €k331). This was offset by income from securities in the amount of €k2,590 (previous year: €k3,480), 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 2016 and 2015 was as follows.

	31 Dec 2016	31 Dec 2015
	€k	€k
Deferred tax assets	8,236	6,649
Deferred tax liabilities	-3,663	-3,219
<b>Total</b>	<b>4,573</b>	<b>3,430</b>

	31 Dec 2016	31 Dec 2015
	€k	€k
Temporary differences from:		
Unused tax losses	2,569	1,003
Provisions for pensions	1,265	1,126
Provisions	164	120
Special economic zone tax benefits	4,238	4,400
<b>Deferred tax assets</b>	<b>8,236</b>	<b>6,649</b>

	31 Dec 2016	31 Dec 2015
	€k	€k
Temporary differences from:		
Intangible assets	845	892
Property, plant and equipment	1,654	1,895
Receivables	1,127	299
Provisions	37	133
<b>Deferred tax liabilities</b>	<b>3,663</b>	<b>3,219</b>

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.

## 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 2016".

### 10.1 Share capital

MBB SE's share capital amounts to €6,600,000 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 as a result of a capital increase from capital reserves and by another €1,600,000 through the issue of new shares, resulting in a total increase from €162,000 to €6,600,000.

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. On 10 March 2015, MBB resolved to utilise this authorisation. As part of a share buy-back programme, 13,225 treasury shares with a total value of €311,330.86 were purchased on the stock exchange via a bank in the period from 18 March to 7 May 2015. In accordance with section 71b AktG, these shares do not carry voting or dividend rights and serve to reduce the number of shares that do carry voting and dividend rights.

The Annual General Meeting on 30 June 2015 authorised the Board of MBB SE to increase the Company's share capital on one or more occasions by a total of up to €3,300,000 in the period until 29 June 2020 by issuing new no-par value bearer shares in exchange for cash or non-cash contributions (Authorised Capital 2015/I).



The Annual General Meeting on 30 June 2016 resolved Contingent Capital 2016/I, which was entered in the commercial register on 19 August 2016. The Board was thus authorised to issue bearer or registered convertible bonds or bonds with warrants with a total volume of up to €66,000,000 and a maximum term of ten years in the period until 29 June 2021, and to grant the holders of these bonds conversion rights for new no-par value bearer shares of MBB SE with a proportionate interest in the share capital of up to a total of €3,300,000. The Company's share capital is contingently increased by up to €3,300,000 (Contingent Capital 2016/I). The purpose of this contingent capital increase is to issue shares to the creditors of convertible bonds or bonds with warrants. It is permitted to implement the contingent capital increase only to the extent that the creditors have exercised their conversion right or are subject to a conversion obligation.

The individual shareholdings of MBB SE are as follows

	31 Dec 2016		31 Dec 2015	
	Number of shares	%	Number of shares	%
MBB Capital Management GmbH	2,339,500	35.447	2,339,500	35.447
MBB Capital GmbH	2,339,500	35.447	2,339,500	35.447
Allianz Global Investors Europe GmbH*	316,701	4.799	316,701	4.799
Anton Breilkopf	76,279	1.156	76,279	1.156
Dr Peter Niggemann	40,000	0.606	40,000	0.606
Treasury shares	13,225	0.200	0	0.000
Others	1,474,795	22.345	1,488,020	22.545
<b>Total</b>	<b>6,600,000</b>	<b>100</b>	<b>6,600,000</b>	<b>100</b>

\* In accordance with the voting rights notification dated 4 July 2014.

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.

## 10.2 Capital reserves

Capital reserves amounted to €k17,480 (previous year: €k17,480). The capital reserves originally resulted from the premium received by the Company from the issue of new shares in 2006. Capital reserves increased by €3.4 million in 2014 as a result of the sale of treasury shares to an institutional investor, and in 2015 capital reserves decreased by €k299 as a result of the acquisition of treasury shares.

## 10.3 Legal reserve

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 statement of financial position 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. A dividend of €0.59 per share (€3.9 million in total) was paid to the shareholders on 30 June 2016.

**10.5 Non-controlling interests**

Non-controlling interests at MBB Group result from the equity interests in Delignit AG, DTS IT AG and Hanke Tissue Sp. z o.o. The acquisition of 75% of the shares of Aumann Group in 2015 resulted in additional non-controlling interests of €k1,648.

The contribution by Mr Ingo Wojtynia of shares in Aumann GmbH, Espelkamp, and Aumann Berlin GmbH, Hennigsdorf, in addition to his shares (except for 5.1%) in Aumann Immobilien GmbH, Espelkamp, to Aumann AG in the form of a non-cash contribution on 13 December 2016 (see 1.1.3) reduced non-controlling interests in MBB Group by €k557.

**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 GmbH, 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 2016	31 Dec 2015
	€k	€k
<b>Pension provisions at beginning of the financial year</b>	<b>22,099</b>	<b>22,396</b>
Utilisation	-724	-701
Addition to provisions (service cost)	257	191
Addition to provisions (interest cost)	503	511
Actuarial gains (-) / losses (+)	2,278	-298
<b>Pension provisions at end of the financial year</b>	<b>24,413</b>	<b>22,099</b>
- Plan assets	10	10
<b>Pension provision recognised in the balance sheet</b>	<b>24,403</b>	<b>22,089</b>

The following actuarial assumptions were applied:

	2016	2015
Actuarial interest rate	1.00 - 1.70 %	1.90 - 2.40 %
Salary trend	0.00 - 3.00 %	2.00 - 3.00 %
Pension trend	1.00 - 2.00 %	1.00 - 2.00 %

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 2016	31 Dec 2015
	€k	€k
Addition to provisions (service cost)	-257	-191
Addition to provisions (interest cost)	-503	-511
<b>Total</b>	<b>-760</b>	<b>-702</b>

The expected pension payments from the pension plans for 2017 amount to €0.7 million.

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

	Change in assumption	Impact on defined benefit obligation	
		Increase in assumption	Decrease in assumption
Interest rate	0.5%	- 9.8%	+ 11.5%
Pension growth rate	0.5%	+ 6.9%	- 6.2%
Life expectancy	+ 1 year	+ 3.5%	-

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:

	Up to 1 year	More than 1 year and up to 5 years	Over 5 years	Total
31 Dec 2016	€k	€k	€k	€k
Liabilities to banks	18,904	21,181	11,759	51,844
Trade payables	28,352	165	0	28,517
Advance payments received	14,740	0	0	14,740
Provisions with the nature of a liability	14,539	0	0	14,539
Other liabilities	6,838	2,880	0	9,718
<b>As at 31 Dec 2016</b>	<b>83,373</b>	<b>24,226</b>	<b>11,759</b>	<b>119,358</b>

	Up to 1 year	More than 1 year and up to 5 years	Over 5 years	Total
31 Dec 2015	€k	€k	€k	€k
Liabilities to banks	11,432	20,235	10,503	42,170
Trade payables	23,664	280	0	23,944
Provisions with the nature of a liability	9,922	0	0	9,922
Other liabilities	6,258	3,242	0	9,500
Advance payments received	7,800	0	0	7,800
<b>As at 31 Dec 2015</b>	<b>59,076</b>	<b>23,757</b>	<b>10,503</b>	<b>93,336</b>

Liabilities to banks have both fixed and floating interest rates of between 0.83% and 6.25% (previous year: 0.85% and 5.90%). The average interest rate for 2016 was 2.4%.

Land and buildings, technical equipment, machinery, inventories and receivables were pledged as collateral. The carrying amount of the pledged assets was €k34,446 (previous year: €k41,380) as at the end of the reporting period, €27.3 million of which relates to property, plant and equipment and €7.1 million of which to inventories.

## 13. Other liabilities

Other liabilities are composed as follows:

	31 Dec 2016	31 Dec 2015
	€k	€k
<b>Current</b>		
Value added tax	1,752	1,874
Wage tax	1,137	632
Leasing obligations	943	917
Wages and salaries	827	1,167
Commissions	665	259
Debtors with credit balances	452	277
Social security benefits	337	374
Consulting and Board	241	113
Investment grant received	52	54
Bonus	30	428
Miscellaneous	402	163
	<b>6,838</b>	<b>6,258</b>
<b>Non-current</b>		
Lease obligations	2,505	2,798
Support funds	218	232
Bonus	157	157
Investment grant received	0	55
	<b>2,880</b>	<b>3,242</b>
<b>Total</b>	<b>9,718</b>	<b>9,500</b>

## 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 2015 €k	Utili- sation €k	Re- versal €k	Addition €k	31 Dec 2016 €k
<b>Long term Provisions</b>					
Bonus programme	0	0	0	4,410	4,410
Partial retirement	652	140	0	527	1,039
Anniversaries	353	20	0	42	375
Death grants	13	0	0	1	14
	<b>1,018</b>	<b>160</b>	<b>0</b>	<b>4,980</b>	<b>5,838</b>
<b>Accruals and short term provisions</b>					
Project completion costs	8,358	4,614	3,740	8,717	8,721
Outstanding invoices	3,312	2,787	8	4,364	4,881
Variable salary and commission	1,757	1,593	28	2,966	3,102
Holiday	2,078	2,078	0	2,718	2,718
Warranty costs	3,393	2,327	9	1,651	2,708
Staff costs	2,405	360	0	481	2,526
Provision for onerous contracts	215	530	0	1,039	724
Accounting and audit costs	394	362	4	352	380
Reduction in earnings	207	156	1	146	196
Employers' liability insurance association	179	170	9	180	180
Contractual penalty	206	15	108	0	83
Flexitime	36	19	0	14	31
Miscellaneous	406	263	0	107	250
	<b>22,946</b>	<b>15,274</b>	<b>3,907</b>	<b>22,735</b>	<b>26,500</b>
	<b>23,964</b>	<b>15,434</b>	<b>3,907</b>	<b>27,715</b>	<b>32,338</b>

The provision for subsequent costs relates to various projects at Aumann Group 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 bonus programme for Executive Management is described under VII.2. Executive body remuneration.

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 2016 €k	31 Dec 2015 €k
Trade income tax	1,847	1,578
Corporate income tax	1,004	571
<b>Carrying amount as at 31 Dec.</b>	<b>2,851</b>	<b>2,149</b>

## 15. Lease and rental obligations

## 15.1 Operating leases and rent

	31 Dec 2016	31 Dec 2015
	€k	€k
<b>As at the balance sheet date, the Group has outstanding obligations from non-cancellable operating leases that are due as follows:</b>		
Up to one year	771	1,151
More than one year and up to five years	1,362	950
Over five years	0	5
	<b>2,133</b>	<b>2,106</b>
<b>As at the balance sheet date, the Group has outstanding obligations from rent due as follows:</b>		
Up to one year	1,566	1,145
More than one year and up to five years	1,790	1,264
Over five years	331	520
	<b>3,687</b>	<b>2,929</b>
Expenses during review-period from operating leases and rent	2,307	1,703

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

MBB Group leases certain technical equipment and machinery, as well as operating and office equipment, under finance leases. Under these leases, the Group predominantly has the option to acquire the assets at the end of the lease.

The following assets are utilised under finance leases:

	2016	2015
	€k	€k
<b>Technical equipment and machinery</b>		
Cost on 1 Jan	5,168	4,958
Additions	2,594	210
Disposals	0	0
<b>Cost on 31 Dec</b>	<b>7,762</b>	<b>5,168</b>
Write-downs on 1 Jan	-3,557	-3,238
Additions	-367	-319
Disposals	0	0
<b>Write-downs on 31 Dec</b>	<b>-3,924</b>	<b>-3,557</b>
<b>Carrying amount as at 31 Dec</b>	<b>3,838</b>	<b>1,611</b>
<b>Operating and office equipment</b>		
Cost on 1 Jan	329	329
Additions	65	0
Disposals	0	0
<b>Cost on 31 Dec</b>	<b>394</b>	<b>329</b>
Write-downs on 1 Jan	-212	-186
Additions	-63	-26
Disposals	0	0
<b>Write-downs on 31 Dec</b>	<b>-275</b>	<b>-212</b>
<b>Carrying amount as at 31 Dec</b>	<b>119</b>	<b>117</b>

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

	up to 1 year €k	between 1 and 5 years €k	More than 5 years €k
Lease payments	959	2,555	0
Discounts	16	50	0
<b>Present values</b>	<b>943</b>	<b>2,505</b>	<b>0</b>

### III. Notes to the statement of comprehensive income

#### 1. Revenue

Revenue amounts to €332.2 million in the 2016 financial year (previous year: €252.8 million). €154.4 million (previous year: €90.2 million) or revenue relates to the application of the PoC method at Aumann Group.

The Aumann companies acquired in 2015 contributed €47.9 million to consolidated revenue in 2016. If the Aumann companies had already belonged to MBB Group as at 1 January 2015, their contribution to revenue for 2015 would have been €28.3 million.

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

	2016 €k	2015 €k
Income from		
sale of securities	2,590	3,480
the reversal of provisions	525	596
capitalised own work	207	450
insurance compensation / compensation	207	248
sale of fixed assets	213	73
exchange rate gains	153	156
the reversal of valuation allowances on receivables	87	107
government grants	54	56
other periods	43	71
Miscellaneous	514	437
<b>Total</b>	<b>4,593</b>	<b>5,674</b>

## 3. Other operating expenses

	2016	2015
	€k	€k
Maintenance expenses	3,796	3,380
Rental agreements and leasing	2,427	1,703
Travel costs/vehicle costs	2,341	1,926
Other services	2,105	1,820
Legal and consulting	1,492	1,377
Advertising costs	869	523
Insurance	856	581
Expenses from securities transactions	692	383
Costs for telephone, post and data communication	630	501
Foreign currency losses	578	87
Incidental costs for monetary transactions	440	382
Contributions and fees	375	307
Office supplies	298	264
Loss of receivables and bad debt allowances/write-downs charged on receivables	254	149
Training	223	137
Previous periods	144	97
Expenses from the disposal of non-current assets	43	55
Warranty expenses	26	141
Miscellaneous	1,557	621
<b>Total</b>	<b>19,146</b>	<b>14,434</b>

## 4. Finance income

	2016	2015
	€k	€k
Interest and similar income from securities transactions	645	683
Other interest and similar income	91	33
<b>Total</b>	<b>736</b>	<b>716</b>

## 5. Finance costs

	2016	2015
	€k	€k
Bank interest	1,119	1,023
Interest expense from pension	503	511
Bank guarantees commissions	289	261
Other interest and similar expenses	187	137
Interest expense from finance leasing	17	20
<b>Total</b>	<b>2,115</b>	<b>1,952</b>



## 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 income tax rate is 19% in Poland and 25% in China.

The reconciliation of income tax expense and the accounting net profit multiplied by the Group's applicable tax rate for the 2016 and 2015 financial years is as follows:

	2016 €k	2015 €k
Corporate income tax	2,889	2,009
Trade income tax	2,542	1,767
Deferred taxes	-630	-250
<b>Total</b>	<b>4,801</b>	<b>3,526</b>

	2016 €k	2015 €k
Consolidated income before taxes and minority interests	20,580	15,954
Income taxes	4,801	3,526
<b>Current tax rate</b>	<b>23.3%</b>	<b>22.1%</b>

	2016 €k	2015 €k
Earnings before taxes (EBT)	20,960	16,298
Other taxes	-380	-344
Applicable (statutory) tax rate	30.0%	30.0%
<b>Expected tax expense</b>	<b>6,174</b>	<b>4,786</b>
Differences from foreign tax rates and special tax schemes	-768	-537
Income from the sale of securities	-600	-945
Other tax effects	-5	222
<b>Current tax expense</b>	<b>4,801</b>	<b>3,526</b>

## 7. 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.

	2016	2015
Result attributable to the holders of shares in the parent company (in €)	14,252,705	11,782,220
Weighted average number of shares to calculate the earnings per share	6,586,775	6,590,241
<b>Earnings per share (in €)</b>	<b>2.16</b>	<b>1.79</b>

## 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 subsidiaries 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 Aumann Group.

Aumann Group is a world-leading manufacturer of innovative speciality machinery and automated production lines with a focus on e-mobility. The company combines unique winding technology for the highly efficient production of electric motors with decades of automation experience, particularly in the automotive industry. Leading companies around the world rely on Aumann solutions for the series production of purely electric and hybrid vehicle drives, and for solutions for production automation. The subsidiaries MBB Fertigungstechnik, MBB Technologies (China) and the Aumann companies acquired in 2015 that give it its name are bundled in Aumann Group.

The term e-mobility is on everybody's lips. Growing acceptance for electric and hybrid vehicles among consumers and the regulatory environment on all key markets are creating substantial growth incentives. The market has therefore experienced massive growth momentum since the world's leading car manufacturers have decided to focus on the development of electric vehicles with immediate effect. As a technology leader in winding technology for electric motors, Aumann Group has the opportunity to profit from this momentum in this situation. Aumann production solutions uniquely satisfy the specific challenges of large-scale automotive production while at the same time producing technologically superior electric motors.

However, the outstanding positioning of Aumann Group results not just from its technology leadership, but also from its automation expertise and customer relationships with key German automotive manufacturers and tier 1 suppliers going back decades. This applies in particular in the field of special machinery and automated lines for the production of drive components for combustion engines and light-weight components that allow the OEMs that use these components to reduce the CO<sub>2</sub> emissions of their fleet. Aumann Group's offering also comprises assembly and logistics solutions for consumer electronics, transport equipment for the aerospace industry and specific solutions for other sectors.

MBB Technologies (China) Ltd. has operated a location in China since June 2013. The main aim of the location in China is to offer the local manufacturing and servicing of systems for Chinese production sites to customers of the German Aumann companies. MBB Technologies (China) Ltd. also serves Asian customers that are not part of the German Aumann companies' customer base but that require technologically advanced system solutions for manufacturing high-quality products. To boost its presence in North America, a sales and service site was founded in Kansas City (USA) at the end of 2016.

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, aviation and rail sectors. 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 2013 Delignit has been strengthened by the addition of DHK automotive GmbH and HTZ Holzrocknung GmbH, both of which are domiciled in Oberlungwitz.

Delignit AG saw encouraging revenue growth and major new and follow-up orders in 2016. For example, it secured the follow-up order for a major series supply agreement and thereby considerably expanded the scope of its future deliveries. Furthermore, it was awarded a new order for another major van model of a German manufacturer, production of which will continue for more than 10 years.

### Industrial Production

The Industrial Production segment contains all equity investments whose strengths are concentrated on the industrial manufacture of their products and whose products are relatively standardised. Accordingly, this segment contains the equity investments 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 and therefore celebrated its tenth anniversary as part of MBB Group in the past financial year.

Since being acquired by MBB SE, Hanke has made substantial investments in its machinery and buildings, allowing it to achieve steady continuous growth and expand its market position to become one of the most profitable companies in MBB Group in relation to revenue. In 2016 it built a new energy centre and, for example, significantly increased the capacity of its systems by changing the energy supply of its paper machinery from steam to gas.

CT Formpolster GmbH manufactures flexible polyether foams and is growing by expanding the degree of its vertical integration. As mattresses are increasingly finding their way to the end customer via online retailers, CT Formpolster has recently developed from a foam producer into a one-stop shop for mattresses. As part of this digital upheaval in the mattress industry, many providers are looking for innovative offers to meet changing customer expectations. CT Formpolster has long been producing high quality foams for this. However, what is increasingly setting the company apart from its competitors is the expertise needed to design and produce complete customer products, including mattress covers, in series. However, the logistics ability to deliver mattresses directly to consumers within a few hours or days in compact boxes is at least just as important.

Motivated by the growth in business for mattresses delivered directly to consumers, CT Formpolster opened a new plant with an area of 10,000 m<sup>2</sup> this summer. With a new machine pool, which includes a state-of-the-art gluing line and a fully automated covering and packaging line, customers' needs can now be served even better.

OBO is a global provider of polyurethane and epoxy resin-based materials for tooling applications. With a market share of around 7%, it is one of the leading providers in the industry. OBO has been part of MBB Group since 2003. It primarily supplies intermediaries, as well as model builders, auto manufacturers, foundries and other processing companies directly. OBO has developed positively in recent years. Its growth is due to the acquisition of the European tooling, block and paste area of its long-term partner Huntsman Advanced Materials in 2014 on the one hand and, on the other, the expansion of its PU board business.

#### **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 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. DTS acquired eld datentechnik GmbH in October 2011 and ACoN-IT GmbH, Vienna, was formed in 2015 to enable the DTS Group to also offer cloud and security services in particular in Austria.

Several milestones were achieved in the past financial year: Firstly, DTS was named best sales partner in Central Europe and best service partner in EMEA by Palo Alto Networks, the world's leading provider of network security solutions. Secondly, there was investment in the company and a new ERP system was launched, for example.

#### **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.

1 Jan - 31 Dec 2016	Technical applications	Industrial production	Trade & services	Reconciliation	Group
	€k	€k	€k	€k	€k
Revenue from third parties	204,527	83,538	44,100	0	332,165
Other segments	21	102	290	-413	0
<b>Total revenue</b>	<b>204,548</b>	<b>83,640</b>	<b>44,390</b>	<b>-413</b>	<b>332,165</b>
<b>Earnings (EBIT)</b>	<b>19,160</b>	<b>4,268</b>	<b>1,748</b>	<b>-2,834</b>	<b>22,342</b>
Amortisation and depreciation	3,035	3,453	1,480	45	8,013
Investments	6,747	5,208	2,031		
<b>Segment assets</b>	<b>113,112</b>	<b>52,618</b>	<b>12,312</b>		
<b>Segment liabilities</b>	<b>79,032</b>	<b>14,346</b>	<b>7,891</b>		

1 Jan - 31 Dec 2015	Technical applications	Industrial production	Trade & services	Reconciliation	Group
	€k	€k	€k	€k	€k
Revenue from third parties	137,730	79,768	35,301	0	252,799
Other segments	19	98	239	-356	0
<b>Total revenue</b>	<b>137,749</b>	<b>79,866</b>	<b>35,540</b>	<b>-356</b>	<b>252,799</b>
<b>Earnings (EBIT)</b>	<b>11,772</b>	<b>3,020</b>	<b>297</b>	<b>2,943</b>	<b>18,032</b>
Amortisation and depreciation	2,464	3,003	1,286	53	6,806
Investments	1,835	5,957	1,136		
<b>Segment assets</b>	<b>94,685</b>	<b>52,531</b>	<b>10,928</b>		
<b>Segment liabilities</b>	<b>64,049</b>	<b>13,342</b>	<b>5,313</b>		

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.

The income and expenses of the holding company not derived from transactions with subsidiaries are included in the reconciliation to consolidated EBIT. In particular, this includes income and expenses from securities and Executive Management remuneration.

Reconciliation of EBIT to net profit for the year	2016	2015
	€k	€k
<b>Total EBIT of the segments</b>	<b>25,176</b>	<b>15,089</b>
Reconciliation to Group EBIT	-2,834	2,943
Net finance costs	-1,382	-1,734
EBT	20,960	16,298
Taxes on income	-4,801	-3,526
Other taxes	-380	-344
PAT (profit after tax)	15,779	12,428
Non Controlling Interests	-1,526	-646
<b>Net profit for the period</b>	<b>14,253</b>	<b>11,782</b>

Reconciliation of segment assets to assets	2016 €k	2015 €k
Technical Applications segment	113,112	94,685
Industrial Production segment	52,618	52,531
Trade & Services segment	12,312	10,928
<b>Total segment assets</b>	<b>178,042</b>	<b>158,144</b>
Deferred tax assets	8,236	6,649
Current funds	55,524	39,000
Financial assets	21,925	14,976
Other assets	2,746	3,805
<b>Total assets</b>	<b>266,473</b>	<b>222,574</b>
Reconciliation of segment liabilities to equity and liabilities	2016 €k	2015 €k
Technical Applications segment	79,032	64,049
Industrial Production segment	14,346	13,342
Trade & Services segment	7,891	5,313
<b>Total segment liabilities</b>	<b>101,269</b>	<b>82,704</b>
Consolidated equity	98,399	87,739
Deferred tax liabilities	3,663	3,219
Tax provision	2,851	2,149
Liabilities to banks	51,844	42,170
Leasing liabilities	3,448	3,715
Other equity and liabilities	4,999	878
<b>Total equity and liabilities</b>	<b>266,473</b>	<b>222,574</b>

## 2. Information by region

### 2.1 Revenue from external customers

	2016 €k	2015 €k
Europe	308,020	238,818
NAFTA	12,592	4,303
China	6,699	5,544
Miscellaneous	4,854	4,134
<b>Total</b>	<b>332,165</b>	<b>252,799</b>

The NAFTA region comprises Canada, the US and Mexico.

### 2.2 Non-current assets

MBB Group's non-current assets are located primarily in Europe. The non-current assets of our subsidiary in China amounted to €k305.9 at year-end (previous year: €k466.2).

## 3. Information on main customers

At 10.7%, a single customer contributed more than 10% of consolidated revenue for the first time in the 2016 financial year. The revenue with the customer relates to the Technical Applications segment.

## V. Notes to the consolidated statement of cash flows

The statement of cash flows was prepared in accordance with IAS 7. The cash flows in the statement of cash flows are presented separately as relating to “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 statement of cash flows was prepared using the indirect method.

The reported cash and cash equivalents are not subject to any third-party restrictions. 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 €k102,968 in the year under review (previous year: €k82,134). 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 receivables that were past due at the end of the reporting period 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 measurement of the financial assets and liabilities of MBB Group is shown under I.4.10 “Financial investments and other financial assets” and I.4.13 “Financial liabilities” and in the discussion of the general accounting policies.

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 the end of this reporting period or the previous reporting period. 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 2016	31 Dec 2015
Equity in €k	98,399	87,739
- in % of total capital	36.9%	39.4%
Liabilities in €k	168,074	134,835
- in % of total capital	63.1%	60.6%
Current liabilities in €k	98,343	74,406
- in % of total capital	36.9%	33.4%
Non-current liabilities in €k	69,731	60,429
- in % of total capital	26.2%	27.2%
Net gearing*	-0.3	-0.1

\* Calculated as the ratio of financial liabilities less cash and cash equivalents, securities and physical gold reserves to equity.

The agreement of multiple financial covenants when borrowing loans means that the Group and individual equity investments 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 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 statement of financial position.

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 can result from changes in exchange rates (exchange rate risks) or interest rates (interest rate risks). Based on the estimate of exchange rate risks, no foreign exchange contracts were entered into for the Group as at 31 December 2016. 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 borrowing at floating interest rates. MBB Group manages these risks by maintaining an appropriate ratio between fixed and floating interest rate agreements. There is no hedging involving derivatives (e.g. interest rate swaps or interest rate futures). The Group had liabilities with floating interest rates in the amount of €k13,733 as at the end of the reporting period. 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 €k274.7 lower (higher).

### 5. Fair value risk

The financial instruments of 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. Executive bodies

In line with the one-tier structure, MBB SE is represented by a Board and the Executive Management. In a one-tier system, management is not institutionally separate from monitoring, and instead both functions are performed by the Board.

Board:

Gert-Maria Freimuth, businessman, Chairman

Dr Peter Niggemann, lawyer, Vice Chairman

Dr Christof Nesemeier, businessman, member of the Board and member of the Executive Management

Gert-Maria Freimuth is also the Chairman of the Supervisory Board of Aumann AG and DTS IT AG in addition to being the Deputy Chairman of the Supervisory Board of Delignit AG. Mr Freimuth was also the Chairman of the Supervisory Board of United Labels AG until 23 August 2016.

**Executive Management:**

Dr Christof Nesemeier, businessman, Chief Executive Officer (CEO)

Anton Breitkopf, businessman, Chief Financial Officer (CFO)

Dr Gerrit Karalus, businessman, Chief Investment Officer (CIO)

Klaus Seidel, businessman, Chief Technical Officer (CTO)

Dr Christof Nesemeier is the Chairman of the Supervisory Board of Delignit AG and was the Chairman of the Supervisory Board of bmp Beteiligungsmanagement AG until 13 April 2016.

Anton Breitkopf is a member of the Supervisory Board of Delignit AG and the Deputy Chairman of the Supervisory Board of DTS IT AG. From 10 November 2016 to 9 February 2017 he was also the Deputy Chairman of the Supervisory Board of Aumann AG (and a Managing Director of MBB Technologies GmbH until its change in legal form on 10 November 2016).

Dr Gerrit Karalus is a Managing Director of OBO-Werke GmbH and CT Formpolster GmbH.

Klaus Seidel is a member of the Supervisory Board of Aumann AG and DTS IT AG.

## 2. Executive body remuneration

### a) Executive Management

The remuneration of Executive Management consists of a fixed and a variable component. The members of the Executive Management are 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, company car) have been agreed.

The remuneration system for senior management introduced by way of resolution of the Supervisory Board on 21 December 2009 and modified by way of resolution of 29 November 2013, and the long-term bonus programme, was suspended without payment in 2016. In return, at its meeting on 13 December 2016, the Board resolved a one-time bonus programme in the event of a possible IPO by Aumann AG, providing for bonuses for the management and employees of MBB SE of up to 5.5% of the issue proceeds in total.

### b) Board:

Fixed remuneration for Board members was expensed in the amount of €12,000 in the year under review. In accordance with the resolution by the Annual General Meeting on 30 June 2010, the 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 (final 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, while additions to the equity must be deducted 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 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 Board members must not exceed €100,000 per full financial year. This means that the members of the Board received variable remuneration of €k30.2 for 2016. Dr Christof Nesemeier's remuneration entitlement as a member of the Board is covered with his other remuneration.



The total remuneration of the executive bodies of MBB SE for 2016 and 2015 can be seen in the following tables:

2016			Board*	Consulting		Provision	
Remuneration (€k)	fixed	variable	remuneration	others**	Services	Total	Bonus
<b>Executive Management</b>							
Dr Christof Nesemeier	276	0	20	0	0	296	1,769
Anton Breilkopf	80	0	10	110	0	200	955
Dr Gerrit Karalus	200	0	0	0	0	200	508
Klaus Seidel	200	0	0	0	0	200	955
<b>Board</b>							
Gert-Maria Freimuth	6	20	15	0	69	110	0
Dr Peter Niggemann	6	10	0	0	0	16	0
Dr Christof Nesemeier	0	0	0	0	0	0	0

\* Board remuneration relates to work in the Supervisory Board of Delnigt AG.

\*\* Other remuneration includes remuneration for the position of Managing Director of MBB Technologies GmbH (until the change of legal form on 10 November 2016).

2015			Board*	Consulting		Provision	
Remuneration	fixed	variable	remuneration	others**	Services	Total	Bonus
<b>Executive Management</b>							
Dr Christof Nesemeier	264	85	20	0	0	369	
Anton Breilkopf	64	91	10	120	0	285	
Dr Gerrit Karalus	191	113	0	0	0	304	
Klaus Seidel	192	93	0	0	0	285	
<b>Board</b>							
Gert-Maria Freimuth	6	25	15	0	69	115	
Dr Peter Niggemann	6	13	0	0	0	19	
Dr Christof Nesemeier	0	0	0	0	0	0	

\* Board remuneration relates to work in the Supervisory Board of Delnigt AG.

\*\* Other remuneration includes remuneration for the position of Managing Director of MBB Technologies GmbH.

### Long-term bonus programme

In December 2013 MBB SE introduced a long-term bonus programme based on the share price, against payment for management and free of charge for employees, in order to reinforce its long-term investment nature 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 sustainably increase the value of MBB while ensuring that they remain with the Company in the long term.

The nature and extent of the plan can be redefined each year. No regulation was devised for the 2016 financial year owing to the planned IPO of Aumann Group.

The value of virtual options is calculated for the share price-based bonus programme. When the virtual options mature, the beneficiary receives no physical shares and instead the value of the virtual options is settled in cash.

The method for the current bonus programme is: the 90-day average price before 15 December in the year the options are issued is set as the reference price (P1). If the average share price for the 90 days prior to the third 15 December after the issue date 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 the fifth 15 December (allocation date) and the issue date. On this date the option is settled at its allocation value (AV) based on the average 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 virtual options and converted into shares at the allocation value. Settlement is in cash.

The beneficiary must be in a non-terminated employment or other service relationship with MBB SE throughout the term of the virtual option; if this is not the case the option expires without substitution. MBB SE can 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.

The virtual options have been broken down among the members of the Executive Management and employees of MBB as follows since 2013:

Total Options Optionen	Option programme			Total
	2015	2014	2013	
Dr Christof Nesemeier	15,000	15,000	60,000	90,000
Anton Breitkopf	10,000	10,000	30,000	50,000
Klaus Seidel	10,000	10,000	30,000	50,000
Dr Gerrit Karalus	10,000	10,000	10,000	30,000
Team	6,500	5,000	3,000	14,500

The claims under the bonus programme of one former employee expired in 2016.

	Longterm Bonus programme		
	2015	2014	2013
Total Options	51,500	50,000	133,000
Basic price (K 1)	22.82	23.02	20.80
90 days average price*	69.65	69.65	42.07
Knock out price K2**	70.95	72.58	44.74
Intrinsic value	0.68	0.68	0.54
Closing price 31 Dec 2016	69.65	69.65	69.65

\* The 90-day average prices as at 15 December 2017 and 15 December 2018 are not available for the 2014 and 2015 financial years respectively, hence the closing price as at 31 December 2016 has been used.

\*\* K2 including reinvested dividends.

The obligation resulting from this was measured pro rata in line with the term of the bonus programmes; the total obligation as at the end of the financial year was €k4,410.0.

### 3. Related party transactions

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

#### 3.1 Related persons

##### a) Executive Management and 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 MBB Group.

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

Persons with management duties, especially the members of the Executive Management and the 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 are published on our website at [www.mbb.com](http://www.mbb.com). There were no such transactions in the 2016 financial year.

### 3.2 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. Group companies performed the following transactions with related parties that do not belong to the Group over the course of the year:

In accordance with the master agreement dated 3 March 2015, MBB Capital Management GmbH, Berlin, is paid monthly by MBB SE for Dr Christof Nesemeier's activities as the CEO of MBB SE. Please refer to the above information for the amounts of the variable and fixed remuneration.

The consulting activities of Mr Gert-Maria Freimuth are remunerated by MBB SE via MBB Capital GmbH, Münster, in accordance with the master agreement dated 17 June 2013. The remuneration amounted to €68,750 in the year under review.

## 4. Employees

The average number of employees in the 2016 and 2015 financial years is broken down as follows:

	2016	2015
Average number of employees	Headcount	Headcount
Technical Applications	827	637
Industrial Production	469	455
Trade & Services	132	125
<b>Total</b>	<b>1,428</b>	<b>1,217</b>

	31 Dec 2016	31 Dec 2015
As at the reporting date	Headcount	Headcount
Technical Applications	869	758
Industrial Production	467	460
Trade & Services	141	125
<b>Total</b>	<b>1,477</b>	<b>1,343</b>

MBB Group had a total of 81 trainees as at 31 December 2016, who are not included in the above figures.

## 5. Auditor's fees

The auditor's fees recognised in the 2016 financial year are broken down as follows:

	2016
	€k
Audit services	132
Tax consulting services	43
Consulting services	26
<b>Total</b>	<b>201</b>

## 6. Events after the end of the reporting period

On 24 March 2017, Aumann AG conducted a very successful IPO. The issue price of €42.00 per share was at the upper end of the price range. This placement increased the equity attributable to the shareholders of MBB SE by more than €140 million or more than €21.00 per share. Aumann AG will use the funds from the capital increase to finance its growth.

MBB SE is still the majority shareholder in Aumann AG (53.6%), and intends to use the funds it receives for medium-term growth through the acquisition of new equity investments, and is also planning minor share buybacks.

There were no other significant events after the end of the reporting period.

## 7. Other financial obligations

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

## 8. Contingent liabilities

On 21 August 2014 MBB SE assumed a directly enforceable guarantee totalling €k382.0 on behalf of CT Formpolster GmbH, Löhne, in connection with the financing of a land purchase. The guarantee was returned at the start of 2016 as part of a new agreement between CT Formpolster GmbH and the financing bank.

Liability obligations can arise under the German Securities Prospectus Act (WpPG) on account of the IPO of Aumann AG.

## 9. 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 2017. It forms part of the management report and is published online at [www.mbb.com](http://www.mbb.com).

## 10. Responsibility statement

To the best of our 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, 28 March 2017



Dr Christof Nesemeier  
Chief Executive Officer



Anton Breilkopf  
Chief Financial Officer



Dr Gerrit Karalus  
Chief Investment Officer



Klaus Seidel  
Chief Technical Officer

## List of shareholdings as at 31 December 2016

Entity	Office	Share of capital	Currency	Equity NCK <sup>1</sup>	Earnings NCK <sup>1</sup>
<b>Delignit AG</b>	<b>Blomberg</b>	<b>76.08%</b>	<b>EUR</b>	<b>9,763</b>	<b>214</b>
Blomberger Holzindustrie GmbH	Blomberg	100.00%	EUR	3,564	1,307
Delignit Immobiliengesellschaft mbH	Blomberg	100.00%	EUR	136	71
DHK automotive GmbH	Oberlungwitz	100.00%	EUR	394	101
Hausmann Verwaltungsgesellschaft mbH	Blomberg	100.00%	EUR	112	2
HTZ Holz Trocknung GmbH	Oberlungwitz	100.00%	EUR	882	47
<b>OBO-Werke GmbH</b>	<b>Stadthagen</b>	<b>100.00%</b>	<b>EUR</b>	<b>2,783</b>	<b>550</b>
<b>Hanke Tissue Sp. z o.o.</b>	<b>Küstrin</b>	<b>97.00%</b>	<b>PLN</b>	<b>65,204</b>	<b>11,681</b>
<b>DTS IT AG</b>	<b>Herford</b>	<b>80.00%</b>	<b>EUR</b>	<b>3,469</b>	<b>1,269</b>
DTS Systeme GmbH <sup>3</sup>	Herford	100.00%	EUR	798	0
eld datentechnik GmbH <sup>3</sup>	Fellbach	100.00%	EUR	655	0
ICSmedia GmbH <sup>3</sup>	Münster	100.00%	EUR	449	0
ACoN-IT GmbH	Wien	100.00%	EUR	-263	-185
<b>CT Formpolster GmbH</b>	<b>Löhne</b>	<b>100.00%</b>	<b>EUR</b>	<b>1,633</b>	<b>542</b>
<b>Aumann AG<sup>4</sup></b>	<b>Beelen</b>	<b>93.50%</b>	<b>EUR</b>	<b>30,809</b>	<b>9,153</b>
MBB Fertigungstechnik GmbH <sup>2</sup>	Beelen	100.00%	EUR	30,204	0
MBB Technologies (China) Ltd.	Changzhou	100.00%	CNY	6,494	2,416
Aumann GmbH	Espelkamp	100.00%	EUR	9,418	3,194
Aumann North America Inc.	Fort Wayne	100.00%	USD	n.a	n.a
Aumann Berlin GmbH	Berlin	100.00%	EUR	2,042	783
Aumann Winding and Automation Inc. <sup>5</sup>	Kansas City	100.00%	USD	n.a	n.a
Aumann Immobilien GmbH	Espelkamp	94.90%	EUR	165	73

<sup>1</sup> NCK = thousand in national currency

<sup>2</sup> A profit-pooling contract exist with Aumann AG

<sup>3</sup> A profit-pooling contract exist with DTS IT AG

<sup>4</sup> former MBB Technologies GmbH

<sup>5</sup> The Company is active since 2017

## Auditor's report

We have audited the consolidated financial statements prepared by MBB SE – consisting of the statement of financial position, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows and the notes to the consolidated financial statements – and the combined management report and Group management report – for the financial year from 1 January to 31 December 2016. The preparation of the consolidated financial statements and the combined management report and Group management report in accordance with the IFRS as effective in the EU, the applicable provisions in accordance with section 315a(1) HGB and the additional provisions of the Articles of Association of the parent company is the responsibility of the legal representatives of MBB SE. Our responsibility is to express an opinion on the consolidated financial statements and the combined 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 combined 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 combined 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 combined 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 315a(1) HGB and the supplementary provisions of the parent company's Articles of Association and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these principles. The combined 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.

Bielefeld, 31 March 2017

Dr. Stückmann und Partner mbB

Wirtschaftsprüfungsgesellschaft

Steuerberatungsgesellschaft

(Teipel)

Wirtschaftsprüfer

(Gäbel)

Wirtschaftsprüfer

## Financial calendar

### Quarterly Report Q1/2017

31 May 2017

### Annual General Meeting 2017

28 June 2017, 10:00 a.m.  
in the premises of Ludwig Erhard Haus,  
Fasanenstrasse 85, 10623 Berlin

### Half-Year Financial Report 2017

31 August 2017

### Quarterly Report Q3/2017

30 November 2017

### End of financial year

31 December 2017

## Contact

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## Legal notice

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