



# ANNUAL REPORT 2015

MBB SE, Berlin

## MBB in figures

Fiscal year	2015	2014	Δ 2015 / 2014
	IFRS	IFRS	
<b>Earnings figures</b>	<b>€ thou</b>	<b>€ thou</b>	<b>%</b>
<b>Revenue</b>	<b>252,799</b>	<b>236,703</b>	6.8
Operating performance	253,558	238,257	6.4
Total performance	259,232	242,804	6.8
Cost of materials	-161,039	-150,899	6.7
Staff costs	-58,921	-53,330	10.5
EBITDA	24,838	22,043	12.7
<i>EBITDA margin</i>	9.8%	9.3%	
EBIT	18,032	15,940	13.1
<i>EBIT margin</i>	7.1%	6.7%	
EBT	16,298	14,375	13.4
<i>EBT margin</i>	6.4%	6.0%	
<b>Consolidated net profit after non-controlling interests</b>	<b>11,782</b>	<b>13,199</b>	-10.7
Number of shares	6,600	6,600	0.0
eps in €*	1.79	2.01	-10.9
Dividend in € thou	3,886	3,754	3.5
Dividend per share in €	0.59	0.57	3.5
<b>Figures from the statement of financial position</b>	<b>31 Dec € thou</b>	<b>31 Dec € thou</b>	<b>%</b>
Non-current assets	98,530	75,593	30.3
Current assets	124,044	121,098	2.4
there of cash and equivalents**	53,976	58,672	-8.0
Issued capital (share capital)	6,587	6,600	-0.2
Other equity	81,152	71,953	12.8
Total equity	87,739	78,553	11.7
<i>Equity ratio</i>	39.4%	39.9%	
Non-current liabilities	60,429	53,459	13.0
Current liabilities	74,406	64,679	15.0
<b>Total assets</b>	<b>222,574</b>	<b>196,691</b>	<b>13.2</b>
Net debt (-) or net cash (+)**	8,091	24,345	-66.8
<b>Employees</b>	<b>1,343</b>	<b>1,146</b>	<b>17.2</b>

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

\*\* This figures include physical gold stocks.

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## Welcome Note from the Executive Management

DEAR SHAREHOLDERS,

On 9 May 2006 - now ten years ago - MBB went public. At the time of our IPO, we had revenue of €37 million and earnings of €1.7 million. In 2016, ten years on, MBB expects to record revenue of €300 million and earnings of €13.2 million. This development corresponds to an average annual growth of 20% in both revenue and earnings. And because we have generated a positive cash flow every single year, we have never had to overstretch ourselves financially in order to achieve this growth. Ever since its IPO, MBB has not been required to issue new shares or to increase its debt. Once again, we recorded a net cash position at the end of 2015.

We have used the last ten years to find attractive new companies for our portfolio: Hanke in 2006, DTS in 2008, CT Formpolster in 2010, MBB Fertigungstechnik in 2012, and Aumann in 2015. We have made continuous investments in these companies as well as in Delignit and OBO, which have belonged to MBB since 2003. The result is a portfolio of companies that is more promising in terms of quality, diversification, reliability and growth potential than at any time in our 20-year history.

Accordingly, MBB is planning to increase its revenue to half a billion euros by 2020, establishing an EBITDA margin in excess of 10% in the process. We intend to retain our highly conservative financing policy and pay our shareholders an ever-increasing dividend, as we have done in the last ten years since our IPO. Based on the figures for 2015, this corresponds to annual growth of 15% - a realistic aim in light of the average growth rate of 20% over the past ten years. Our revenue target of €300 million for 2016 represents the first big step towards this goal.

How do we intend to achieve this? We are organising our growth in line with MBB's principles, because a successful business model may need adjusting every now and then, but there is no need to reinvent the wheel. As a family-owned listed company, we will continue to 1. invest in our companies, 2. find complementary acquisitions for our existing portfolio companies, and 3. look for entirely new technology-oriented SMEs with majority interests for sale.

Acquiring these subsidiaries to expand our portfolio is the supreme discipline, and we enjoyed another big success in this respect in the past financial year: in November, we acquired a 75% stake in the Aumann Group. Aumann is one of the world's leading - perhaps even the leading - producer of special machinery for the copper wire winding of coils and electric motors. Market demand for these products is rising sharply on the back of current trends such as e-mobility, energy efficiency and electrification in all areas of life. Aumann is enjoying rapid growth as a result. This scenario prompted the company's managing partner to look for a partner who is reliable, strong enough to guarantee growth yet not too powerful as to overshadow Aumann's identity - and, naturally, a partner with the immediate ability to support the growth process with expertise and capacity. This is guaranteed strategically by MBB SE and operationally by our subsidiary MBB Fertigungstechnik GmbH. The result: the acquisition of a majority interest in a market leader from the German Mittelstand with strong growth, a committed management, and a business model that is familiar territory for MBB. Together with the managing partner, we have just - after only three months of working together - commissioned the next major phase of construction for the new assembly halls on the factory site in Espelkamp. We think this represents a good start to our shared future.

Our other subsidiaries reaped the rewards of earlier investments in the past financial year. The biggest winner was Hanke Tissue, where the new paper machine made a full contribution to revenue and earnings for the first time. This resulted in revenue growth of almost 30%. As it was partially the case in 2014, OBO benefited significantly from the acquisition of Huntsman's tooling division, a step that substantially improved its market position as well as its revenue and earnings. Although 2015 was a transitional year for Delignit, the company reported long-term supply contracts both within and outside Europe, thereby confirming its internationalisation and growth strategy as well as its previous development efforts. In a volatile market for capital goods in the automotive sector, MBB Fertigungstechnik's well-filled order books mean it is confident with regard to 2016 following a brief dip in growth. With the formation of ACON-IT AG in Vienna, DTS has taken its first steps outside Germany in order to create the structures for continued growth. Last but not least, CT Formpolster surprised us with its recent increase in value added and the resulting significant acceleration in growth following its move into the online market as a fulfilment service provider for mattress retailers.

MBB's share price reflected these developments, closing 2015 up more than 30% at €26.90 - close to its all-time high. Once again, an increased dividend of €0.590 per share will be proposed to the Annual General Meeting.

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  
CEO



Anton Breitkopf  
CFO



Dr Gerrit Karalus  
CIO



Klaus Seidel  
CTO

## 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 (until 24 March 2015: the sole member of 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 the 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 24 March, 30 June, 24 September and 27 November 2015, which were attended by all of the members of the Board and the Executive Management of the Company.

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. Discussions in 2015 focused in particular on the acquisition of 75% of the shares of the Aumann Group and the share buy-back programme. 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. In the 2015 financial year, this related to the appointment of the additional members of the Executive Management, among other things.

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 2015 financial year.

The Board properly commissioned the auditor appointed by the Annual General Meeting, RSM Verhülsdonk GmbH Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Düsseldorf, with the audit of the single-entity and consolidated financial statements for the 2015 financial year. The auditor submitted a declaration of independence to the Board in accordance with section 7.2.1 of the German Corporate Governance Code. This declaration confirms that there are no business, financial, or other relationships between the auditor and its executive bodies and head auditors on the one hand, and the Company and the members of its executive bodies on the other hand, that could give rise to doubt as to its independence.

The annual financial statements of MBB SE for the year ended 31 December 2015 and the joint management report for MBB SE and the MBB Group prepared in accordance with the German Commercial Code (HGB) and the consolidated financial statements for the year ended 31 December 2015 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, RSM Verhülsdonk Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Düsseldorf, and issued with an unqualified audit opinion on 17 March 2016.

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 2017. 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 the MBB Group, the proposal on the appropriation of net profit

and the consolidated financial statements and discussed them personally with the auditor at the Board meeting on 17 March 2016. All of the Board's questions were answered in full by the auditor. The Board received the audit report in good time before the meeting. Following the completion of its examination, the Board did not raise any objections to the single-entity financial statements, the management report or the consolidated financial statements. The single-entity and consolidated financial statements were approved by the Board on 24 March 2016, meaning that the annual financial statements of MBB SE have been 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 portfolio companies and all employees of the MBB Group for their high level of commitment and the good results achieved in the past financial year.

Berlin, 17 March 2016

The Board



*Gert-Maria Freimuth*  
Chairman

## Management Report and Group Management Report

MBB SE is a medium-sized, family-owned company that forms the 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 single-entity financial statements of MBB SE are prepared in accordance with the provisions of the German Commercial Code (HGB), while the consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS).

In 2015, the MBB Group reported consolidated revenue of €252.8 million after €236.7 million in 2014. The MBB Group and its subsidiaries generated a consolidated net profit of €11.8 million (corresponding to €1.79 per share) in 2015 compared with €13.2 million in the previous year. This meant that the forecast revenue of up to €250 million and the forecast earnings per share of €1.75 for the 2015 financial year were achieved and even slightly exceeded.

The MBB Group reported net cash (cash and short-term/long-term securities less liabilities to banks) of €8.1 million as of 31 December 2015; this figure includes physical gold holdings in the amount of €1.7 million. Despite the payment of a dividend, regular investments in subsidiaries and the acquisition of a new subsidiary, total liquidity including gold amounted to €54.0 million as of 31 December 2015. The MBB Group's equity increased to €87.7 million after €78.6 million in the previous year, while the equity ratio remained high at 39.4%. This meant that consolidated revenue, equity and the dividend all reached historical highs once again in 2015.

In 2015, a dividend of €3.8 million (€0.57 per share) was distributed for the 2014 financial year. The figure for the previous year was €0.55 per share or €3.6 million in total. The Board and the Executive Management will propose to the Annual General Meeting on 30 June 2016 the payment of a further increased dividend of €0.59 per share or €3.9 million for the 2015 financial year.

Incoming orders and capacity utilisation at the start of the new financial year suggest further organic growth at all MBB subsidiaries. Accordingly, the management is forecasting revenue of €300 million and earnings per share of €2.00 for the 2016 financial year.

### 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 recorded above-average growth in revenue and profitability since its formation, with annual growth of 20% since its IPO in 2006. Revenue amounted to €37 million in 2005; a figure of €300 million is forecast for the current year. We intend to continue to record above-average growth in future, both organically and by acquiring companies. Our aim is to achieve revenue of €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 50 and 500 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 portfolio companies.

#### 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 generally 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 2015. The emerging economies proved to be particularly susceptible, suffering from falling demand for raw materials and concerns about a slowdown in the Chinese economy. A reluctance to invest, corrections on the real estate market 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 the official figures, the Chinese economy grew by 6.9%. The economic upturn in the USA continued, with the economy growing by 2.4% as it had done in 2014. This development was primarily driven by strong domestic demand. This meant a successive improvement in the situation on the employment market, leading to higher consumer spending. After the Federal Reserve System raised interest rates for the first time in nine years in December 2015, the US economy lost some momentum, although it was not the only economy to do so.

According to the German Federal Statistical Office, the German economy grew by 1.7% in 2015. Unemployment was notably low at 6.1%. The domestic economy benefited from favourable exchange rate development and a growing propensity for consumers to spend. The OECD's latest forecasts show economic growth of 1.8% in 2016. This means that, after years of above average growth, Germany will continue to grow at a rate that is closer to the European average.

2015 was also dominated by further monetary easing by the European Central Bank, which naturally led to a sustaining 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 zone back towards 2%.

The impact of this low-interest policy on MBB is 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 the MBB Group. According to ACEA, the number of new car registrations increased by 9.3% year-on-year, meaning that 13.7 million new cars are being driven on Europe's roads. The Chinese market, which now encompasses a good 20 million cars, also grew by 9% on the whole in 2015. According to an analysis by E&Y, however, German auto manufacturers sold 4.4 million vehicles in China; this was around one percent less than in the previous year, with their market share slipping by two percent to 22% as a result. New registrations in the USA rose by 5.7% to a new high of more than 17 million vehicles.

The aforementioned exchange rate fluctuations between the euro and the currencies that are relevant for the MBB Group, namely the US dollar, the Polish zloty and the Chinese renminbi, will remain significant and will therefore continue to present considerable challenges for the MBB Group's financial management in 2016. The 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 and physical gold, as well as equities to a limited extent – but only when they meet the same criteria that MBB SE applies to the acquisition of German SMEs.

#### Market position

Including its immediate predecessors, MBB celebrated its 20th anniversary in 2015. Thanks to these 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 and unions, and banks through to core customers and suppliers. Thanks to its experience, its network, its portfolio of companies enjoying profitable growth and its stock exchange listing,

MBB SE is one of the leading industrial holding companies for German SMEs. This market position has improved further as public awareness of the Company has increased and new subsidiaries have been continuously acquired.

In 2015, the Group acquired another subsidiary in the form of the Aumann Group. Aumann 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 the MBB Group's regional and industrial sales markets as a whole.

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

## Subsidiaries

MBB SE had six subsidiaries at the end of the 2015 financial year. As these direct subsidiaries of MBB SE themselves each have subsidiaries and sub-subsidiaries, the consolidated group as of 31 December 2015 consisted of MBB SE and a total of 24 companies. The following section lists these companies according to their ownership structure, including the respective equity interest and the type of consolidation:

- Delignit AG (76.08 %)
  - Hausmann 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 %)
- MBB Plastics GmbH (100 %)
  - OBO-Werke Verwaltungsgesellschaft mbH (100 %)
  - OBO-Werke GmbH & Co. KG (100 %)
    - OBO-Industrieanlagen GmbH (100 %)
- DTS IT AG (80 %)
  - DTS Systeme GmbH (100 %)
  - ICSmedia GmbH (100 %)
  - eld datentechnik GmbH (100 %)
  - ACoN-IT GmbH (100 %)
- MBB Technologies GmbH (100 %)
  - MBB Fertigungstechnik GmbH (100 %)
  - MBB Technologies (China) Ltd. (100 %)
  - Aumann GmbH (75 %)
    - Aumann North America Inc. (100 %)
  - Aumann Berlin GmbH (75 %)
  - Wojtynia Immobilien GmbH (75 %)

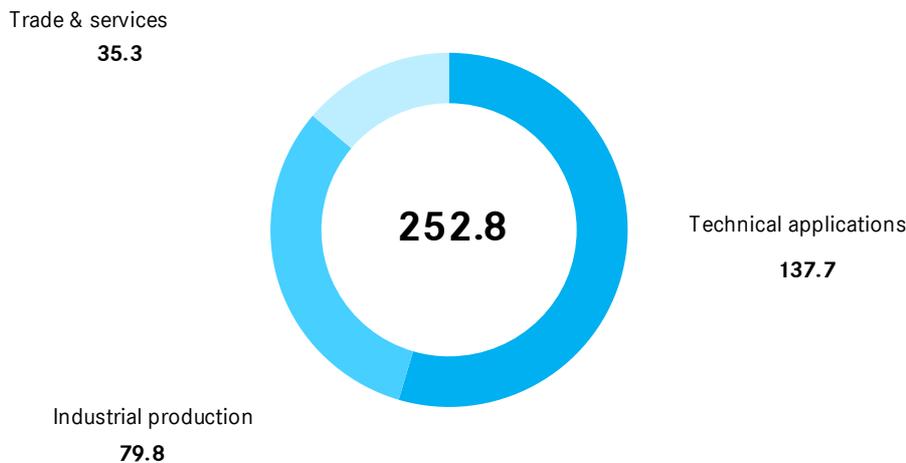
## Segments

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.

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 the MBB Technologies Group, including the Aumann Group which was acquired in 2015.

MBB Fertigungstechnik is a leading international plant engineering company for welding and assembly systems for the automotive industry. It also provides services for tool manufacturing, innovative transport technologies for exact positioning and inline measuring systems. Other industries include general industry and clean technology. The assembly technology centre designs and develops highly complex systems for component assembly with a focus on customer solutions. For example, the company's systems are used to assemble camshafts, steering systems, drive shafts and washing machine drums. Expertise in the connection technology centre ranges from conventional thermal welding and cold metal transfer (CMT), laser welding technology for lightweight construction with a focus on chassis components, instrument panels and clean technology through to the production of heavy components and transport vehicles. In addition to its welding and assembly services, the MBB Technologies Group develops and produces project-specific special machinery for welding systems and production lines that are unique in terms of their form and specifications. Since June 2013, MBB Technologies (China) Ltd. has operated a location in China. The 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 MBB Fertigungstechnik. MBB Technologies (China) Ltd. also serves Asian customers that are not part of MBB Fertigungstechnik's customer base but that require technologically advanced system solutions for manufacturing high-quality products.

In the 2015 financial year, MBB Fertigungstechnik generated external revenue of €87.7 million (previous year: €96.0 million), thereby accounting for 34.7% (previous year: 40.5%) of MBB SE's consolidated revenue.

On 19 November 2015, MBB announced the acquisition of 75% of the shares in the Aumann Group from its former sole shareholder. Aumann has almost a century of experience in the area of coil winding. In recent years, this has been supplemented by extensive automation expertise. As a result, Aumann is

now one of the world's leading providers of the high-performance machinery that is required to manufacture wound coils and, in particular, electric motors in large quantities. This means that the company is participating in the growth trends within the automotive and other industries that are being driven by energy efficiency and electrification. E-mobility has established itself as an important new field for the company in recent years, as Aumann's products are a particularly good match for the specific requirements of motors in this area. MBB and the managing partner of the Aumann Group intend to meet the rapid rise in market demand for electric and hybrid drive motors in particular through the cooperation between Aumann and MBB Fertigungstechnik and are forecasting significant growth. The company has production sites in Espelkamp (East Westphalia) and Hennigsdorf (near Berlin), as well as a sales and service office in the USA.

The Aumann Group contributed to consolidated revenue for a only few weeks of the 2015 financial year. Revenue from third parties of €5.6 million was generated, representing a share of 2.2%.

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 recorded encouraging revenue growth and major new orders in 2015. The product innovations of recent years in the automotive sector continued to make a positive contribution to business development in line with the "more revenue per vehicle" strategy. In the 2015 financial year, Delignit AG also won a series supply contract with a prominent foreign automotive group for the first time. In addition to several follow-up orders in the area of light commercial vehicles, it also won a series order outside the European Union for the first time.

Delignit accounted for 17.6% of the MBB Group's revenue in the 2015 financial year compared with 18.0% in the previous year. The Delignit Group's external revenue increased by 3.9%, from €42.6 million in 2014 to €44.4 million in 2015.

### **Industrial Production**

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

Hanke produces tissue mother rolls, napkins, handkerchiefs, toilet paper and kitchen rolls. Operating under the brand name of "aha", the company has a strong competitive position in the Eastern Europe consumer product market. Hanke also produces white and coloured tissue paper for various private labels in Europe. These activities are concentrated around the company Hanke Tissue Sp. z o.o., Kostrzyn, Poland, which was acquired by MBB SE in 2006. Since being acquired by MBB SE, Hanke has made substantial investments in its machinery and buildings, allowing it to record continuous growth and expand its market position to become one of the most profitable companies in the MBB Group in relation to revenue. The paper machine that went into operation in 2014 made a full contribution to revenue and earnings for the first time in the 2015 financial year.

With external revenue of €38.7 million (2014: €29.9 million), a year-on-year increase of 29.4%, Hanke accounted for 15.3% (2014: 12.6%) of 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. Above and beyond this, the company's service portfolio extends from material and product development and foam production through to order picking and just-in-time delivery to end customers. It also sells foam blocks to processing companies.

With external revenue of €22.9 million (2014: €20.5 million), CT Formpolster accounted for 9.1% (2014: 8.6%) of the Group's total revenue. This means that CT Formpolster recorded revenue growth of 12.2% in 2015.

OBO is a global provider of polyurethane and epoxy resin-based materials for tooling applications. With a market share of around 8%, it is one of the five leading providers in the industry. OBO has been part of the MBB Group since 2003. It primarily supplies intermediaries, as well as model builders, auto manufacturers, foundries and other processing companies directly. In 2014, OBO acquired the European

tooling, board and paste division from its long-term partner Huntsman Advanced Materials. This transaction led to an improvement in OBO's market position and significant growth, as the company can now offer a comprehensive product range.

In 2015, the subsidiary contributed 7.2% to the MBB Group's total revenue (2014: 5.7%). External revenue amounted to €18.2 million in the 2015 financial year, up 34.5% on the previous year (2014: €13.5 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. 2015 also saw the formation of ACoN-IT GmbH, Vienna, in order to allow the DTS Group to also offer cloud and security services in particular in Austria.

ICSmedia GmbH, Münster, was acquired in August 2010. ICSmedia GmbH has its own data centre and works in close cooperation with DTS Systeme GmbH to offer state-of-the-art, high-quality cloud computing solutions and high-end consulting services.

In October 2011, DTS acquired eld datentechnik GmbH, Stuttgart. The realignment as a distributor of high-quality storage and security products in 2014 met with a positive response on the market, and eld will again contribute to the growth of the DTS Group in 2016.

In 2015, the DTS Group contributed €35.3 million to the MBB Group's revenue (2014: €34.3 million), corresponding to a share of 14.0% (2014: 14.5%).

### Employees

MBB SE had a total of eight employees at the end of 2015; this figure includes the management team. While the members of management have service agreements with MBB SE, the Company also had one salaried employee in the area of office management, one salaried employee in Group accounting, one analyst and one management assistant in 2015.

The aim of the management of MBB SE is to ensure the sustainable performance of the MBB Group. The four-man management team and the Board cumulatively held more than 72% of the share capital of MBB SE as of 31 December 2015. Appropriate fixed remuneration is supplemented by performance-based variable components each with an upper limit. There are no severance or pension agreements. A stock option plan for the employees of MBB SE was established for the first time in 2013 and continued in both 2014 and 2015.

The MBB Group had an average of 1,217 employees in the 2015 financial year compared with an average of 1,141 in the previous year.

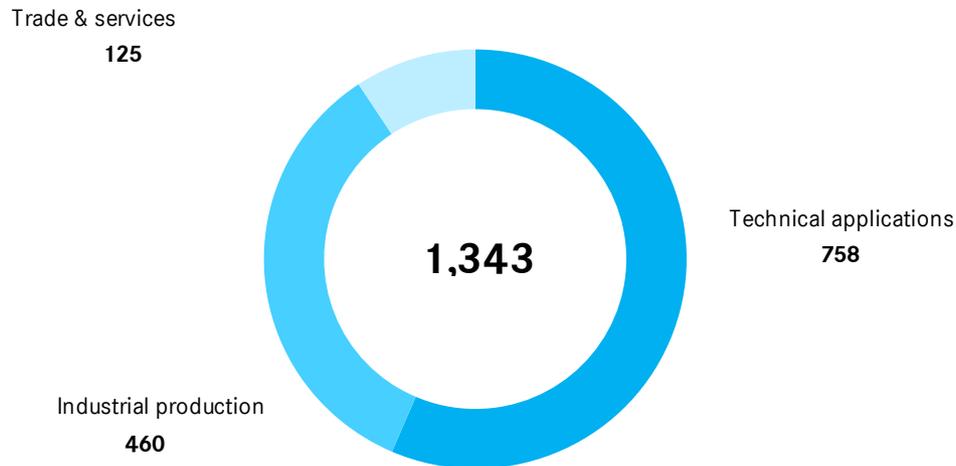
As of 31 December 2015 (2014), the MBB Group had a total of 1,343 employees (previous year: 1,146) in the following segments:

Technical Applications: 758 employees (previous year: 583)

Industrial Production: 460 employees (previous year: 444)

Trade & Services: 125 employees (previous year: 119)

Headcount by segment as at 31 Dec 2015



The number of employees by country as of 31 December 2015 (2014) was as follows:

1,011 employees in Germany (previous year: 821)

307 employees in Poland (previous year: 301)

25 employees in China (previous year: 24)

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

The number of employees at the companies forming part of the Group in 2015 will increase in the 2016 financial year due to the growing business volume, although developments may vary across the individual portfolio companies due to capacity considerations.

MBB's subsidiaries have a history of providing training. They had a total of 73 trainees in the German dual system as of 31 December 2015. This will ensure that we develop young talents even in times where there is a growing shortage of qualified employees. To this end, MBB Fertigungstechnik 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, the MBB Group permanently strives to improve the quality of its workforce through training and further education.

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. The MBB Group is planning to expand these measures in future in order to maintain its leading position in the competition for talented employees.

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

MBB SE and the MBB Group can look back on a successful and profitable 2015 financial year. The management's expectations in terms of revenue and earnings development as set out in the report on expected developments for 2014 were exceeded slightly.

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 change in equity from €15.5 million in 2005 to €87.7 million in 2015, the turnaround from net debt of €13.8 million in 2005 to net cash of €8.1 million in 2015, and not least the development of market capitalisation – serves to underline the sustainable success of our business model and the high quality of our investments. This means that the MBB Group can be expected to continue to make new acquisitions with a view to achieving value growth.

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

## MBB SE

MBB SE generated revenue of €1.5 million from the performance of management services for Group companies in 2015 (previous year: €1.5 million). Together with other operating income, this resulted in total operating revenue of €1.6 million (previous year: €1.6 million).

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

After staff costs and overheads, earnings before interest, taxes, depreciation and amortisation and income from investments and securities totalled €-0.9 million (previous year: €-1.2 million).

MBB SE also generated investment income of €3.6 million, income from securities in the amount of €2.4 million, and interest and other income totalling €0.1 million. After depreciation and amortisation expense of €0.2 million, interest expense of €0.1 million and tax expense of €0.1 million, this resulted in a net profit for the year of €4.8 million (previous year: €3.5 million).

As in the previous years, a dividend was distributed in the 2015 financial year. This amounted to €0.57 per share or €3.8 million in total.

The equity of MBB SE increased to €39.2 million at year-end (previous year: €38.5 million), resulting in a consistently high equity ratio of 89.1%. Including investment securities and physical gold holdings, MBB SE had cash and cash equivalents of €15.6 million (previous year: €14.9 million) at the end of the financial year. Net cash and cash equivalents increased to €11.7 million (previous year: €11.0 million). Unrealised gains on physical gold holdings and securities are not included in this presentation of the financial position and results of operations.

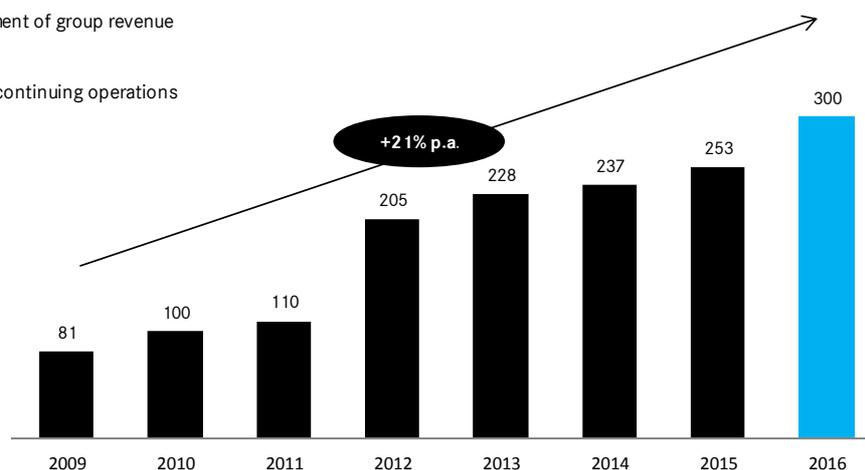
## MBB Group

The consolidated financial statements for the year ended 31 December 2015 are prepared in accordance with the International Financial Reporting Standards (IFRS) as required to be applied in the European Union.

The consolidated revenue of the MBB Group amounted to €252.8 million in the 2015 financial year after €236.7 million in the previous year. At the same time, total operating revenue increased from €242.8 million in 2014 to €259.2 million in 2015. Other operating income in the amount of €5.7 million includes income from the sale of securities, income from provisions, capitalised own work, insurance and other compensation, income from exchange differences and other income.

Development of group revenue

Revenue continuing operations  
€ million



The ratio of the cost of materials to total operating performance increased slightly, from 63.3% to 63.5%. Staff costs as a percentage of total operating performance also increased from 22.4% in 2014 to 23.2% in 2015.

EBITDA (earnings before interest, taxes, depreciation and amortisation) amounted to €24.8 million, up on the prior-year figure of €22.0 million. At €6.8 million, depreciation and amortisation was higher than in the previous year (€6.1 million). Investments in non-current assets totalled €8.9 million in 2015 after €12.1 million in the previous year. The decrease in investments in property, plant and equipment is due in particular to the extremely high level of investment in land and buildings in the previous year.

The MBB Group reported EBIT (earnings before interest and taxes) of €18.0 million in the past financial year, up on the prior-year figure of €15.9 million. Adjusted for a financial result of €-1.7 million, EBT (earnings before taxes) amounted to €16.3 million (previous year: €14.4 million) or 6.4% (previous year: 6.0%) of total operating performance.

Income tax amounted to €3.5 million (previous year: €0.5 million), while other taxes totalled €0.3 million (previous year: €0.1 million). The extremely low tax rate in the previous year was due to the recognition of a tax benefit from an agreement with a Special Economic Zone in Poland in the amount of €3.2 million.

The consolidated net profit after minority interests of €11.8 million was down on the prior-year figure of €13.2 million.

The consolidated net profit resulted in equity of €87.7 million in the consolidated statement of financial position as of 31 December 2015 (previous year: €78.6 million). Based on total consolidated assets of €222.6 million, the MBB Group therefore had an equity ratio of 39.4% (previous year: 39.9%). Accordingly, the Executive Management is of the opinion that the MBB Group continues to enjoy a solid equity base.

As of 31 December 2015, the MBB Group had financial liabilities in the amount of €45.9 million (previous year: €34.3 million); the increase was attributable mainly to the first-time consolidation of the Aumann Group and investment financing. The Group also had cash, short-term and long-term securities and physical gold (€1.7 million) totalling €54.0 million (previous year: €58.7 million). Net cash (cash, short-term and long-term securities and physical gold less liabilities to banks) decreased to €8.1 million after €24.3 million in the previous year. In the opinion of the Executive Management, this means that the MBB Group currently has adequate scope in terms of financing its business activities.

## Hedging

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

## Remuneration report

### Managing Board/Executive Management

The remuneration of Dr Christof Nesemeier as a member of the Managing Board until 9 March 2015 and a member of the Executive Management from 10 March 2015, as well as the other members of the Executive Management from 24 March 2015, 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 stock option plan, 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.

### Supervisory Board (until 9 March 2015)

The members of the Supervisory Board did not receive any remuneration in the year under review.

### Board (since 9 March 2015)

The Board receives a fixed meeting fee of €1,500.00 per meeting plus the reimbursement of any expenses. D&O insurance with no deductible has also been concluded for the non-executive members of the Board. The D&O insurance for the 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 also receives variable remuneration, the amount and calculation of which are discussed in the notes to the consolidated financial statements. The total of the variable remuneration and the attendance fees for all Board members may not exceed €100,000.00 per full financial year. The remuneration paid to the Chief Executive Officer for his membership of the Board is offset in full, meaning that he does not receive any additional remuneration for this activity.

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

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

### Report on opportunities

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

- The strong investing activities of the Group companies offer opportunities for further profitable growth
- The sustained high number of SMEs available for sale offers opportunities for acquisitions that will add value to the Group
- Investing in and increasing the value of small and medium-sized industrial companies allows above average returns to be generated if successful
- MBB's profitable development over a number of years serves to increase its attractiveness as a shareholder, borrower or business partner and will boost MBB's importance as a holding company for industrial SMEs in Germany
- The experience and network of the current management offers a strong starting position for the continued growth of the MBB Group
- The diversification of the MBB Group will cushion the potential impact to the Group as a whole as a result of changes in the demand situation in individual markets
- The expansion of MBB SE's international activities will lead to greater proximity to the customer, and hence greater opportunities for growth

### Risk report

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

- Individual portfolio companies could be particularly hard hit by a potential economic crisis
- The refinancing of individual portfolio companies or new acquisitions could be unsuccessful
- A sustained economic downturn could lead to falling revenue and/or earnings at MBB SE's existing portfolio companies
- The international focus of MBB SE's activities could lead to investments in portfolio companies in territories that are exposed to country-specific risks. In particular, MBB Technologies (China) Ltd., which was formed in 2013, could lead to specific associated risks such as the risk of start-up losses
- MBB Fertigungstechnik GmbH and Aumann conduct project business in the area of plant engineering, which could lead to specific project risks and increased earnings volatility
- Despite comprehensive risk management, the Group companies are exposed to the general risks associated with their business activities. For example, the manufacturing companies within the Group in particular could be liable for warranty cases, environmental pollution, or production downtime
- MBB SE could be exposed to risks arising from sale and purchase agreement warranties, while its portfolio companies could be exposed to product liability or other statutory liability risks
- The high purchase price expectations of potential sellers could limit the number of attractive investment opportunities, and hence the Group's growth

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

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

- Integrated portfolio company controlling that uses weekly controlling and 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 portfolio companies
- Annual 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 a permanent basis. External specialists are commissioned on a case-by-case basis to control individual accounting risks, e.g. in connection with actuarial valuations.

## Declaration on corporate governance

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

1. The declaration in accordance with section 161 of the German Stock Corporation Act (AktG);
2. The corporate governance report;
3. Relevant information on corporate governance practices going beyond the statutory requirements and details of where they are publicly accessible;
4. A description of the procedures of the 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 may be made to this fact.

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

On 17 March 2016, the Executive Management and the Board submitted the latest declaration of conformity in accordance with section 161 AktG. 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 2015 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 following exceptions:*

- *Section 3.8: D&O insurance: The D&O insurance policy for the non-executive members of the Board does not provide for a deductible. We are confident that our executive bodies and employees exercise their duties with the greatest care and diligence. In light of the relatively low level of fixed remuneration paid to the members of the Board, we do not consider a deductible for the non-executive members of the Board to be appropriate. The D&O insurance for the Executive Management provides for a deductible of 10% up to a maximum of 1.5 times their fixed annual remuneration.*
- *Section 5.1.2: Composition of management: When filling positions in the management of MBB SE, the Board observes the requirements of the German Stock Corporation Act by ensuring that can-*

didates have the skills, knowledge and experience that are required for the work of the management. By contrast, while the Board expressly welcomes diversity, it considers criteria such as a candidate's gender to be secondary.

- *Section 5.3: Board committees: As the Board of MBB SE consists of three members, no committees can be formed. We consider the number of Board members to be adequate in light of the size of the Company.*
- *Section 5.4.1: An age limit is not specified for the members of the Board. In light of the age of the Board members and their remaining term of office, we do not believe there to be any reason to introduce such a limit. 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.*
- *Section 7.1.2: Publications: The consolidated financial statements and interim financial reports are published in accordance with the statutory periods and those imposed by Deutsche Börse for the Prime Standard. As an industrial holding company with a focus on majority interests in small and medium-sized industrial companies, MBB SE is required to consolidate a number of individual companies as well as regularly performing first-time consolidation and deconsolidation. As such, compliance with the periods proposed by the German Corporate Governance Code would lead to disproportionate expense for the Company.*

*Re 2: Corporate governance report*

Directors' shareholdings

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

Composition of the Board

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

Share buy-back programme

A share buy-back programme was conducted in the period under review. 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. A total of 13,225 treasury shares, 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 RSM Verhülsdonk GmbH Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Düsseldorf, as the auditor of the financial statements of MBB SE. At no point were there any business, financial, personal or other relationships between the auditor and its executive bodies and head auditors on the one hand, and MBB SE and the members of its executive bodies on the other hand, that could give rise to doubts as to the independence of the auditor. The Board of MBB SE issues the audit engagement to, and agrees the corresponding fees with, the auditor elected by the Annual General Meeting. When issuing the audit engagement, the Board and the auditor also agree on the reporting obligations set out in the German Corporate Governance Code.

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

Stock option plan/securities-oriented incentive systems

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

*Re 3: Information on corporate governance practices*

The 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*

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

The Board manages the Company, determines the basic principles governing its activities, monitors their implementation, and has the additional responsibilities and authorities set out in section 22 of the German SE Implementation Act (SEAG). The 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. The MBB Group does not have a right of co-determination, meaning that all of the members of the Board are shareholder representatives.

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

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

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

#### *Composition of subscribed capital*

The share capital reported in the balance sheet as of 31 December 2015 in the amount of €6,600,000.00 consists of 6,600,000 no-par value bearer shares and is fully paid-in. Each share grants the bearer one vote at the Annual General Meeting.

#### *Restrictions on voting rights or the transfer of shares*

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

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

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

#### *Bearers of shares conferring special rights*

No shares conferring special rights have been issued.

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

There are no corresponding employee participation schemes.

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

Members of the Executive Management are appointed and dismissed in accordance with sections 84 f. AktG. Article 6 of the Articles of Association governs the appointment and dismissal of members of the Executive Management as follows: "The Company has one or more members of the Executive Management. Individual members of the Board may be appointed as members of the Executive Management providing that the majority of Board members continues to consist of non-executive members. The Board is responsible for determining the number of members of the Executive Management and for their appointment, the conclusion of their employment contracts and the revocation of their appointment. Members of the Executive Management are elected for a maximum term of six years and may be dismissed by the Board at any time prior to the end of their term. If more than one member of the Executive Management is appointed, the Board may nominate one of the members of the Executive Management as the Spokesperson or Chief Executive Officer (CEO). The Board may also nominate deputy members of the Executive Management. The members of the Executive Management conduct the Company's business jointly in accordance with the law, the Articles of Association, the by-laws and the instructions issued by the Board. They implement the basic principles and standards set out by the Board. If only one 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 €3,300,000.00 in the period until 29 June 2020 by issuing new no-par value bearer shares in exchange for cash and/or non-cash contributions (Authorised Capital 2015/I).

The Board was also authorised to issue bearer and/or registered convertible bonds and/or bonds with warrants with a total volume of up to €66,000,000.00 and a maximum term of 10 years in the period until 29 June 2020 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 increased contingently by up to €3,300,000.00 (Contingent Capital 2015/I). The purpose of this contingent capital increase is to issue shares to the creditors of convertible bonds or bonds with warrants. The contingent capital increase may be implemented only to the extent that the creditors have exercised their conversion right or are subject to a conversion obligation.

Contingent Capital 2015/I has not yet been entered in the commercial register due to the alleged ambiguity of its content, which is disputed by the Board. If these objections cannot be resolved, the Board will present a corresponding clarification resolution to the next Annual General Meeting or present the resolution in a new form that has been coordinated with the commercial register.

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.

## **Supplementary report**

There were no significant events after the reporting date.

## Report on expected developments

We see our results for the 2015 financial year as a solid foundation for the future development of the MBB Group. In 2016, MBB SE expects to report consolidated revenue of €300 million and earnings per share of €2.00. This forecast is based on the fact that incoming orders and capacity utilisation at the start of the new financial year suggest organic growth at all MBB subsidiaries.

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 will propose to the Annual General Meeting on 30 June 2015 the payment of an increased dividend of €0.59 per share or €3.9 million for the 2016 financial year.

Berlin, 17 March 2016



Dr Christof Nesemeier  
Chief Executive Officer



Anton Breitkopf  
Chief Financial Officer



Dr Gerrit Karalus  
Chief Investment Officer



Klaus Seidel  
Chief Technical Officer

## MBB SE Abridged Annual Financial Statements for 2015

Income statement (HGB)	2015 € thou	2014 € thou
Revenue	1,508	1,525
Other operating income	108	39
Cost of purchased services	1,063	1,141
Staff costs	403	277
Depreciation and amortisation of intangible assets and property, plant and equipment	216	66
Other operating expenses	1,027	1,344
Income from equity investments	3,562	4,523
Income from other securities and loans of financial assets	2,353	283
Other interest and similar income	128	240
Write-downs on financial assets and current securities	49	11
Interest and similar expenses	73	107
<b>Profit from ordinary activities</b>	<b>4,828</b>	<b>3,664</b>
Income tax expense	68	121
Other taxes	0	70
<b>Net profit for the year</b>	<b>4,760</b>	<b>3,473</b>
Profit carried forward from the previous year	9,549	8,975
Purchase (-) / Sale (+) of treasury shares	-298	856
<b>Unappropriated surplus</b>	<b>14,011</b>	<b>13,304</b>

### Appropriation of earnings

The net profit of €4,759,732.99, together with the profit carried forward of €9,549,061.09 less expenditure for treasury shares of €298,105.86, is reported as unappropriated surplus. As in previous years, the Chief Executive Officer and the Board will propose to the Annual General Meeting the payment of a dividend. The proposed dividend will amount to €3,886,197.25 or €0.59 per share.

## IFRS Consolidated Financial Statements for 2015

IFRS consolidated statement of comprehensive income	Notes	1 Jan - 31 Dec 2015 € thou	1 Jan - 31 Dec 2014 € thou
<b>Revenue</b>	III.1.	<b>252,799</b>	<b>236,703</b>
Increase (+)/decrease (-) in finished goods and work in progress		759	1,554
<b>Operating performance</b>		<b>253,558</b>	<b>238,257</b>
Elimination of negative difference from capital consolidation	I.1.3.	0	1,615
Other operating income	III.2.	5,674	2,932
<b>Total performance</b>		<b>259,232</b>	<b>242,804</b>
Cost of raw materials and supplies		-125,464	-120,781
Cost of purchased services		-35,575	-30,118
<b>Cost of materials</b>		<b>-161,039</b>	<b>-150,899</b>
Wages and salaries		-44,819	-39,952
Social security and pension costs		-14,102	-13,378
<b>Staff costs</b>		<b>-58,921</b>	<b>-53,330</b>
Other operating expenses	III.3.	-14,434	-16,532
<b>Earnings before interest, taxes, depreciation, and amortisation (EBITDA)</b>		<b>24,838</b>	<b>22,043</b>
Amortisation and depreciation expense	II.1.	-6,806	-6,103
<b>Earnings before interest and taxes (EBIT)</b>		<b>18,032</b>	<b>15,940</b>
Write-downs on securities	II.8.	-498	-107
Other interest and similar income	III.4.	716	683
Interest and similar expenses	III.5.	-1,952	-2,141
<b>Net finance costs</b>		<b>-1,734</b>	<b>-1,565</b>
<b>Earnings before taxes (EBT)</b>		<b>16,298</b>	<b>14,375</b>
Income tax expense	III.6.	-3,526	-472
Other taxes	III.6.	-344	-135
<b>Profit or loss for the period</b>		<b>12,428</b>	<b>13,768</b>
Non-controlling interests		-646	-569
<b>Consolidated net profit</b>		<b>11,782</b>	<b>13,199</b>
Earnings per share (in €)	III.8.	1.79	2.01

IFRS consolidated statement of comprehensive income	Notes	1 Jan - 31 Dec 2015 € thou	1 Jan - 31 Dec 2014 € thou
<b>Consolidated net profit</b>		<b>11,782</b>	<b>13,199</b>
Non-controlling interests		646	569
<b>Profit or loss for the period</b>		<b>12,428</b>	<b>13,768</b>
Items that may be subsequently reclassified to profit and loss			
Currency translation differences	II.10.4	15	-367
Available for sale financial assets		-968	266
Items that not be subsequently reclassified to profit and loss			
Pension reserves	II.10.4	298	-3,879
thereof deferred taxes		-90	1,171
<b>Other comprehensive income after taxes</b>		<b>-745</b>	<b>-2,809</b>
<b>Comprehensive income for the reporting period</b>		<b>11,683</b>	<b>10,959</b>
there of attributable to:			
- Shareholders of the parent company		11,062	10,374
- Non-controlling interests		621	585

Statement of financial position Assets (IFRS)	Notes	31 Dec 2015 audited € thou	31 Dec 2014 audited € thou
<b>Non-current assets</b>			
Concessions, industrial property rights and similar rights	II.3.	5,606	5,691
Goodwill	II.2.	11,874	1,816
Advance payments		153	37
<b>Intangible assets</b>		<b>17,633</b>	<b>7,544</b>
Land and buildings including buildings on third-party land	II.4.	31,406	28,586
Technical equipment and machinery	II.4.	19,442	18,387
Other equipment, operating and office equipment	II.4.	4,424	4,092
Advance payments and assets under development	II.4.	3,260	543
<b>Property, plant and equipment</b>		<b>58,532</b>	<b>51,608</b>
Investment securities	II.8.	14,976	9,507
Other loans		740	101
<b>Financial assets</b>		<b>15,716</b>	<b>9,608</b>
<b>Deferred tax assets</b>	II.9.	<b>6,649</b>	<b>6,833</b>
		<b>98,530</b>	<b>75,593</b>
<b>Current assets</b>			
Raw materials and supplies	II.5.	8,888	6,356
Work in progress	II.5.	4,032	2,613
Finished goods and commodities	II.5.	9,419	9,913
Advance payments		948	1,344
<b>Inventories</b>		<b>23,287</b>	<b>20,226</b>
Trade receivables	II.6.	28,158	20,560
Receivables from construction contracts	II.6.	27,155	26,561
Other current assets	II.7.	6,444	4,586
<b>Trade receivables and other current assets</b>		<b>61,757</b>	<b>51,707</b>
Gold	II.8.	1,721	1,724
Securities	II.8.	13,688	10,048
<b>Available-for-sale financial assets</b>		<b>15,409</b>	<b>11,772</b>
Cash in hand	V.	14	16
Bank balances	V.	23,577	37,377
<b>Cash in hand, bank balances</b>		<b>23,591</b>	<b>37,393</b>
		<b>124,044</b>	<b>121,098</b>
<b>Total assets</b>		<b>222,574</b>	<b>196,691</b>

Statement of financial position Equity and liabilities (IFRS)	Notes	31 Dec 2015 audited € thou	31 Dec 2014 audited € thou
<b>Equity</b>			
Issued capital	II.10.1	6,587	6,600
Capital reserve	II.10.2	17,480	17,779
Legal reserve	II.10.3	61	61
Retained earnings	II.10.4	57,911	50,603
Non-controlling interests	II.10.5	5,700	3,510
		<b>87,739</b>	<b>78,553</b>
<b>Non-current liabilities</b>			
Liabilities to banks	II.12.	30,738	24,847
Trade payables	II.12.	280	395
Other liabilities	II.13.	3,085	1,887
Pension provisions	II.11.	22,089	22,386
Other provisions	II.14.1	1,018	692
Deferred tax liabilities	II.9.	3,219	3,252
		<b>60,429</b>	<b>53,459</b>
<b>Current liabilities</b>			
Liabilities to banks	II.12.	11,432	7,449
Advance payments received	II.12.	7,800	2,806
Trade payables	II.12.	23,664	19,637
Other liabilities	II.13.	6,415	7,137
Provisions with the nature of a liability	II.14.1	9,922	8,210
Tax provisions	II.14.2	2,149	2,983
Other provisions	II.14.1	13,024	16,457
		<b>74,406</b>	<b>64,679</b>
<b>Total equity and liabilities</b>		<b>222,574</b>	<b>196,691</b>

Consolidated statement of cash flows	1 Jan - 31 Dec 2015 € thou	1 Jan - 31 Dec 2014 € thou
<b>1. Cash flow from operating activities</b>		
<b>Earnings before interest and taxes (EBIT)</b>	<b>18,032</b>	<b>15,940</b>
<b>Adjustments for non-cash transactions</b>		
Write-downs on non-current assets	6,806	6,103
Increase (+) / decrease (-) in provisions	-5,895	1,263
Bargain purchase	0	-1,615
Gains (-) / Losses (+) from disposal of PPE	18	-21
Other non-cash expenses/income	90	-477
	<b>1,019</b>	<b>5,253</b>
<b>Change in working capital:</b>		
Increase (-) / decrease (+) in inventories, trade receivables and other assets	2,663	-3,877
Decrease (-) / increase (+) in trade payables and other liabilities	5,929	5,085
	<b>8,592</b>	<b>1,208</b>
Income taxes paid	-6,523	-8,515
Interest received	716	683
	<b>-5,807</b>	<b>-7,832</b>
<b>Cash flow from operating activities</b>	<b>21,836</b>	<b>14,569</b>
<b>2. Cash flow from investing activities</b>		
Investments (-) / divestments (+) intangible assets	-886	-498
Investments (-) / divestments (+) property, plant and equipment	-8,042	-11,602
Investments (-) / divestments (+) financial assets	-639	400
Investments (-) / divestments (+) of available-for-sale financial assets and securities	-10,572	-2,893
Cash from disposal of assets	73	21
Disposal (+) / acquisition (-) of consolidated companies (less cash and cash equivalents sold/received)	-12,784	-115
<b>Cash flow from investing activities</b>	<b>-32,850</b>	<b>-14,687</b>
<b>3. Cash flow from financing activities</b>		
Profit distribution to shareholders	-3,754	-3,630
Payments to non-controlling interests	-86	-93
Purchase (-) / Sale (+) of treasury shares	-311	3,533
Proceeds from borrowing financial loans	4,336	7,096
Repayments of financial loans	-1,539	-4,574
Interest payments	-1,438	-1,488
<b>Cash flow from financing activities</b>	<b>-2,792</b>	<b>844</b>
<b>Cash and cash equivalents at end of period</b>		
Change in cash and cash equivalents (Subtotal 1-3)	-13,806	726
Effects of changes in foreign exchange rates (non-cash)	4	-36
Cash and cash equivalents at start of reporting period	37,393	36,703
<b>Cash and cash equivalents at end of period</b>	<b>23,591</b>	<b>37,393</b>
<b>Composition of cash and cash equivalents</b>		
Cash in hand	14	16
Bank balances	23,577	37,377
<b>Reconciliation to liquidity reserve on 31 Dec</b>		
Cash and cash equivalents at end of period	23,591	37,393
Gold	1,721	1,724
Securities	28,664	19,555
<b>Liquidity reserve on 31 Dec</b>	<b>53,976</b>	<b>58,672</b>

Statement of changes in consolidated equity										
	Issued capital	Capital reserve	Legal reserve	Currency translation difference	Retained earnings Available for sale financial assets	Pension reserve	Generated consolidated equity	Share of shareholders of MBB SE	Non-controlling interests	Consolidated equity
	€ thou	€ thou	€ thou	€ thou	€ thou	€ thou	€ thou	€ thou	€ thou	€ thou
<b>1 Jan 2014</b>	<b>6,456</b>	<b>14,395</b>	<b>61</b>	<b>-218</b>	<b>1,179</b>	<b>6</b>	<b>43,057</b>	<b>64,936</b>	<b>2,853</b>	<b>67,789</b>
Dividends paid	0	0	0	0	0	0	-3,630	-3,630	-93	-3,723
<b>Subtotal</b>	<b>6,456</b>	<b>14,395</b>	<b>61</b>	<b>-218</b>	<b>1,179</b>	<b>6</b>	<b>39,427</b>	<b>61,306</b>	<b>2,760</b>	<b>64,066</b>
Amounts recognised in other comprehensive income	0	0	0	0	266	-2,693	0	-2,427	-15	-2,442
Currency translation difference	0	0	0	-398	0	0	0	-398	31	-367
Consolidated net profit	0	0	0	0	0	0	13,199	13,199	569	13,768
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-398</b>	<b>266</b>	<b>-2,693</b>	<b>13,199</b>	<b>10,374</b>	<b>585</b>	<b>10,959</b>
Non-controlling Interests Hanke Tissue	0	0	0	0	0	0	-165	-165	165	0
Sale of treasury shares	144	3,384	0	0	0	0	0	3,528	0	3,528
<b>31 Dec 2014</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>

## Notes to the Consolidated Financial Statements for 2015

### 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 in the Prime Standard of the Frankfurt Stock Exchange since 20 June 2008 under German securities identification number AOETBQ. It is the parent company of the MBB Group.

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

The consolidated financial statements of MBB SE for the 2015 financial year were approved by the Board of MBB SE on 17 March 2016 and published on 29 April 2016.

##### 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 2015 are prepared in accordance with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB) as adopted by the EU and applicable at the reporting date. The term "IFRS" includes the International Accounting Standards (IAS) still applicable, the International Financial Reporting Standards (IFRS) and the interpretations of the Standing Interpretations Committee (SIC) and of the International Financial Reporting Interpretations Committee (IFRIC). The consolidated financial statements are supplemented by a summarised management report and Group management report in accordance with section 315 HGB and additional disclosures in accordance with section 315a HGB.

##### Application of new and amended standards

The following accounting standards are required to be applied for the first time or in a revised version in the 2015 financial year.

Regulation	Title	Effects
IAS 19	Employee Contributions	none
IFRIC 21	Levies	none
	Annual Improvements 2010 - 2012	minor
	Annual Improvements 2011 - 2013	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 1	Presentation of Financial Statements	18/12/2014	01/01/2016	18/12/2015	no material effects
IAS 16	Property, plant and equipment	12/05/2014	01/01/2016	02/12/2015	no material effects
IAS 16	Property, plant and equipment	30/06/2014	01/01/2016	23/11/2015	no material effects
IAS 27	Equity Method in Separate Financial Statements	12/08/2014	01/01/2016	18/12/2015	no material effects
IAS 28	Investments in Associates and Joint Ventures	11/09/2014	01/01/2016	no	no material effects
IAS 28	Investment Entities - Consolidation Eception	18/12/2014	01/01/2016	no	no material effects
IAS 38	Intangibles	12/05/2014	01/01/2016	02/12/2015	no material effects
IAS 41	Agriculture	30/06/2014	01/01/2016	23/11/2015	no material effects
IFRS 15	Revenue from Contracts with Customers	12/05/2014	01/01/2017	no	is being reviewed
IFRS 9	Financial Instruments	24/07/2014	01/01/2018	no	is being reviewed
IFRS 10	Group accounting	18/12/2014	01/01/2016	no	no material effects
IFRS 11	Joint Arrangements	06/05/2014	01/01/2016	24/11/2015	no material effects
IFRS 12	Investment Entities - Consolidation Eception	18/12/2014	01/01/2016	no	no material effects
IFRS 14	Regulatory Deferral Accounts	30/01/2014	01/01/2016	no	no material effects
IFRS 15	Revenue from Contracts with Customers	28/05/2014	01/01/2018	no	is being reviewed
	Annual Improvements 2012 - 2014	25/09/2014	01/01/2016	no	is being reviewed

### 1.3 Company law changes and structural changes in 2015

The transformation of MBB Industries AG into MBB SE that was resolved by the Annual General Meeting on 30 June 2014 was entered in the commercial register on 9 March 2015 and hence came into force. The SE legal form underlines the growing international focus of the Company.

DTS IT AG, a subsidiary of MBB SE, formed ACoN-IT GmbH, Vienna, Austria, on 15 June 2015. The company will strengthen the Trade & Services segment.

On 19 November 2015, MBB Technologies GmbH, a wholly-owned subsidiary of MBB SE, acquired 75% of the shares of Aumann GmbH, Espelkamp, Aumann Berlin GmbH, Hennigsdorf, and Wojtynia Immobilien GmbH, Espelkamp, from the previous managing partner.

Aumann is a leading manufacturer of systems for the winding of coils and electric motors and for e-mobility.

The companies of the Aumann Group will strengthen the Technical Applications segment.

In the year under review, the following assets and liabilities were acquired for a purchase price of €15,000 thousand:

Assets and liabilities	
Aumann Group	€ thou
<b>Current asstes</b>	
Cash and bank balances	2,216
Receivables and other assets	11,227
Inventories	2,776
Deferred Tax Assets	345
<b>Non-current assets</b>	
Intangible Assets	247
Property, plant and equipment	4,725
<b>Current Liabilities</b>	
Trade payables	1,156
Interest bearing liabilities	1,686
Other Liabilities	2,047
Provisions	4,021
Deferred tax assets	645
<b>Non-current liabilities</b>	
Liabilities to banks	5,391
<b>Total assets</b>	<b>6,590</b>
<b>Acquisition cost (75%)</b>	<b>15,000</b>
<b>Goodwill</b>	<b>10,058</b>

Since the acquisition date, the Aumann Group has contributed €5.6 million to consolidated revenue. If the business combination had taken place as of 1 January 2015, consolidated revenue would have amounted to €286.5 million.

Transaction costs of €35.2 thousand have been expensed and are included in other operating expenses in the consolidated statement of comprehensive income and in cash flow from operating activities in the consolidated cash flow statement.

The goodwill of €10.1 million resulting from purchase price allocation includes expected synergy gains in the Technical Applications segment and expected future revenue that do not meet the criteria for recognition as an intangible asset.

## 2. Scope of consolidation

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

Companies included in the consolidated financial statements	Ownership
Name and registered office of the company	interest in %
<b>Subsidiaries (fully consolidated)</b>	
<b>MBB Plastics GmbH, Stadthagen, Germany</b>	<b>100.00</b>
OBO-Werke Verwaltungsgesellschaft mbH, Stadthagen, Germany	100.00
<b>OBO-Werke GmbH &amp; Co. KG, Stadthagen, Germany</b>	<b>100.00</b>
OBO-Industrieanlagen GmbH, Stadthagen, Germany	100.00
<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>MBB Technologies GmbH, Beelen, Germany</b>	<b>100.00</b>
MBB Fertigungstechnik Beelen GmbH, Beelen, Germany	100.00
MBB Technologies (China) Ltd. Changzhou, China	100.00
Aumann GmbH, Espelkamp, Deutschland	75.00
Aumann North America Inc., Fort Wayne, USA*	75.00
Aumann Berlin GmbH, Berlin, Germany	75.00
Wojtynia Immobilien GmbH, Espelkamp, Germany	75.00
<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 currently inactive.

### 3. Principles of consolidation

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

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

#### 3.1 Subsidiaries

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

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

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

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

### 3.2 Associated companies

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

## 4. Presentation of accounting policies

### 4.1 General

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

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

### 4.2 Reporting currency

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

### 4.3 Currency translation

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

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

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

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

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

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

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

	Closing rate 31 Dec 2015	Average rate 2015
Polish zloty (PLN)	4.2615	4.1843
Chinese renminbi (CNY)	7.0952	6.9223
	Closing rate 31 Dec 2014	Average rate 2014
Polish zloty (PLN)	4.2623	4.1845
Chinese renminbi (CNY)	7.4556	8.1864

#### 4.4 Intangible assets

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

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

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

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

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

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

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

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

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

Patents are amortised over a useful life of 10 years.

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

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

#### 4.5 Goodwill

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

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

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

#### 4.6 Property, plant and equipment

Property, plant and equipment 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 income.

#### 4.7 Leases

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

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

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

The Group does not act as a lessor.

#### 4.8 Borrowing costs

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

#### 4.9 Impairment of non-financial assets

Non-financial assets are tested for impairment when facts or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. For impairment testing, the recoverable amount of the asset or the cash-generating unit (CGU) must be determined. The recoverable amount is the higher of the fair value less costs to sell and the value in use. The fair value less costs to sell is defined as the price obtainable from the sale of an asset or CGU between knowledgeable, willing and independent parties less costs of disposal. The value in use of an asset or CGU is determined by the present value of an estimated anticipated cash flow on the basis of its current use. If the recoverable amount falls below the carrying amount, an impairment loss in the amount of the difference is immediately recognised in income.

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

#### 4.10 Financial investments and other financial assets

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

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

As at 31 December 2015, the Group had extended loans and receivables and available-for-sale financial assets.

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

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

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

After initial recognition, held-for-sale financial assets are measured at fair value, with gains or losses recognised in a separate item of equity. On the date when the financial investment is derecognised or an impairment on the financial investment is ascertained, the accumulated gain or loss previously recognised in equity is recognised in the income statement. The fair value of investments traded on organised markets is calculated by reference to the buying rate quoted on the stock exchange on the balance sheet date. Market values were available for the available-for-sale financial assets reported by the Group as at 31 December 2015 and 2014.

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

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

#### 4.11 Inventories

Inventories are recognised at the lower of cost or net realisable value (less costs necessary to make the sale). Raw materials, consumables, supplies and purchased goods are measured at cost using the average price method or, if lower, at their market prices on the balance sheet date. The cost of finished goods and work in progress, in addition to the cost of materials used in construction, labour and pro rata material and production overheads, is taken into account assuming normal capacity utilisation. Appropriate valuation allowances were recognised for inventory risks from storage periods and reduced usability.

#### 4.12 Cash and cash equivalents

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

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

#### 4.13 Financial liabilities

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

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

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

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

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

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

#### 4.14 Provisions

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

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

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

#### 4.15 Pensions and other post-employment benefits

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

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

#### 4.16 Revenue recognition

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

##### *a) Sale of goods and products, performance of services*

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

##### *b) Construction contracts for plant engineering*

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

##### *c) Interest revenue*

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

##### *d) Dividends*

Revenue is recognised when the legal right to payment arises.

#### 4.17 Taxes

##### *a) Current income taxes*

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

##### *b) Deferred taxes*

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

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

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

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

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

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

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

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

#### 4.18 Contingent liabilities and contingent assets

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

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

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

#### 4.19 Government grants

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

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

### 5. Material judgements, estimates and assumptions

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

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

#### *a) Impairment of non-financial assets*

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

#### *b) Pensions and other post-employment benefits*

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

*c) Provisions*

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

*d) Deferred tax assets*

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

*e) Recognition of contract revenue*

The majority of the transactions conducted by MBB Technologies GmbH'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 may relate to the total contract costs, the costs to be incurred until completion, the total contract revenue, the contract risks and other judgements. The estimates are continuously reviewed by the Company's management and adjusted as necessary.

*f) Accounting for gold reserves*

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

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

## II. Notes to the consolidated balance sheet

### 1. Non-current assets

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

#### 1.1 Statement of changes in non-current assets of the MBB Group as at 31 December 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 amount at the end of financial year	Carrying amount at the end of previous year	Write downs in the financial year	Disposals of write downs	Exchange differences
31 Dec 2015	€ thou	€ thou	€ thou	€ thou	€ thou	€ thou	€ thou	€ thou	€ thou	€ thou	€ thou	€ thou
<b>I. Intangible assets</b>												
1. Concessions, 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>

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

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

## 2. Goodwill

The goodwill reported as at the balance sheet date results from the acquisition of the Aumann Group in the amount of €10,057.5 thousand (see note 1.1.3), the acquisition of Hanke Tissue Sp. z o.o., Kostrzyn, Poland (Industrial Production segment) in the amount of €636.7 thousand and the acquisition of the DTS Group (Trade & Services segment) in the amount of €1,179.8 thousand.

The goodwill of the cash-generating units (CGUs) was tested for impairment; however, this did not identify the need to recognise any impairment losses. The CGUs were Hanke Tissue and DTS Systeme GmbH. The Aumann Group was not tested for impairment as it was acquired in November 2015.

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

A growth rate of 15% was assumed for ZGE Hanke Tissue on the basis of past experience and the increased production capacities resulting from the 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, as well as the fact that DTS is active in the market for cloud services, which offers substantial growth potential.

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

The impairment tests did not lead to any impairment in the cash-generating units. In the view of the 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 €561 thousand (previous year: €241 thousand), 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 €11.5 thousand were recognised for qualifying assets in the year under review (previous year: €105.9 thousand).

## 5. Inventories

	31 Dec 2015	31 Dec 2014
	€ thou	€ thou
Raw materials and supplies	8,888	6,356
Work in progress	4,032	2,613
Finished goods and commodities	9,419	9,913
Advance payments	948	1,344
<b>Carrying amount as at 31 Dec</b>	<b>23,287</b>	<b>20,226</b>

Impairment losses of €303 thousand were recognised on inventories in the period under review (previous year: €326 thousand). Impairment losses on inventories were reversed in the amount of €19 thousand (previous year: €187 thousand).

## 6. Trade receivables

	31 Dec 2015	31 Dec 2014
	€ thou	€ thou
Trade receivables	28,615	20,967
Less specific valuation allowances	-457	-407
<b>Carrying amount as at 31 Dec</b>	<b>28,158</b>	<b>20,560</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 2015	31 Dec 2014
	€ thou	€ thou
Construction costs incurred		
plus (less) recognised profits (losses)	73,020	72,359
Progress billings	45,865	45,798
<b>Net total</b>		
Amounts due from customers from construction contracts	27,155	26,561
Amounts due to customers from construction contracts	0	0

## 7. Other current assets

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

	31 Dec 2015	31 Dec 2014
	€ thou	€ thou
Tax receivables	3,184	1,716
Factoring receivables	1,159	1,053
Prepaid expenses	870	403
Other current assets	1,231	1,414
<b>Carrying amount as at 31 Dec</b>	<b>6,444</b>	<b>4,586</b>

Tax receivables consist of corporate income tax and trade tax refunds in the amount of €1,992.1 thousand (previous year: €1,345.0 thousand) and input tax refunds of €1,191.7 thousand (previous year: €371.3 thousand).

## 8. Available-for-sale financial assets

The available-for-sale financial assets of the MBB Group comprise physical gold reserves and securities. The value of the physical gold reserves was €1,721 thousand (previous year: €1,724 thousand). The decrease of €3 thousand is due to fair value measurement as of 31 December 2015.

Of the available-for-sale securities, shares and bonds totalling €28,664 thousand (previous year: €19,555 thousand), €14,976 thousand (previous year: €9,507 thousand) were reported under non-current assets and €13,688 thousand (previous year: €10,048 thousand) under current assets. In the year under review, write-downs were recognised on shares in the amount of €167 thousand (previous year: €0 thousand) and bonds in the amount of €331 thousand (previous year: €107 thousand). This was offset by income from securities in the amount of €3,480 thousand (previous year: €299 thousand), which is reported in other operating income.

## 9. Deferred taxes

The volume of deferred tax assets and liabilities from temporary differences as at 31 December 2015 and 2014 was as follows.

	31 Dec 2015	31 Dec 2014
	€ thou	€ thou
Deferred tax assets	6,649	6,833
Deferred tax liabilities	3,219	3,252
<b>Total</b>	<b>3,430</b>	<b>3,581</b>

	31 Dec 2015	31 Dec 2014
	€ thou	€ thou
Temporary differences from:		
Intangible assets	0	30
Unused tax losses	1,003	795
Provisions for pensions	1,126	1,445
Provisions	120	164
Special economic zone tax benefits	4,400	4,399
<b>Deferred tax assets</b>	<b>6,649</b>	<b>6,833</b>

	31 Dec 2015	31 Dec 2014
	€ thou	€ thou
Temporary differences from:		
Intangible assets	892	643
Property, plant and equipment	1,895	2,097
Receivables	299	386
Provisions	133	126
<b>Deferred tax liabilities</b>	<b>3,219</b>	<b>3,252</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 2015".

### 10.1 Share capital

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

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

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 €3,300,000.00 in the period until 29 June 2020 by issuing new no-par value bearer shares in exchange for cash and/or non-cash contributions (Authorised Capital 2015/I).

The Board was also authorised to issue bearer and/or registered convertible bonds and/or bonds with warrants with a total volume of up to €66,000,000.00 and a maximum term of 10 years in the period until 29 June 2020 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 increased contingently by up to €3,300,000.00 (Contingent Capital 2015/I). The purpose of this contingent capital increase is to issue shares to the creditors of convertible bonds or bonds with warrants. The contingent capital increase may be implemented only to the extent that the creditors have exercised their conversion right or are subject to a conversion obligation.

Contingent Capital 2015/I has not yet been entered in the commercial register due to the alleged ambiguity of its content, which is disputed by the Board. If these objections cannot be resolved, the Board will present a corresponding clarification resolution to the next Annual General Meeting or present the resolution in a new form that has been coordinated with the commercial register.

The individual shareholdings of MBB SE are as follows:

	31 Dec 2015		31 Dec 2014	
	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 / Tolea GmbH	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. The shares in Tolea GmbH are held by Mr. Anton Breilkopf. Tolea GmbH sold its shares in MBB SE to Mr Anton Breilkopf on 31 March 2015.

## 10.2 Capital reserves

Capital reserves amounted to €17,480 thousand (previous year: €17,779 thousand). They originally resulted from the premium received by the Company from the issue of new shares in 2006 and the sale of treasury shares to an institutional investor in 2014. The decrease of €299 thousand in 2015 is due to the acquisition of treasury shares in early 2015.

## 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 balance sheet items at the closing rate on the one hand, and the conversion of the equity of the respective subsidiaries at the historical rate on first-time consolidation on the other hand.

### *Reserve for available-for-sale financial assets*

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

*Reserve for pensions*

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

*Reserve for generated consolidated equity*

This item comprises the gains generated by the Group less distributed profits. On 1 July 2015, a dividend of €0.57 per share (€3.8 million in total) was paid out to the shareholders.

**10.5 Non-controlling interests**

Non-controlling interests at the 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 the Aumann Group resulted in additional non-controlling interests of €1,648 thousand.

**11. Provisions for pensions and similar obligations**

Due to the business model of MBB SE, employees' claims to post-employment benefits are not governed at Group level. Regulations on pensions are determined at the level of the individual subsidiaries, resulting in different works agreements. What all pension obligations have in common is that the claim arises even if there is also a claim to the statutory pension. Pension obligations relate to Blomberger Holzindustrie B. Hausmann GmbH, 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 2015	31 Dec 2014
	€ thou	€ thou
<b>Pension provisions at beginning of the financial year</b>	<b>22,396</b>	<b>18,296</b>
Utilisation	-701	-789
Addition to provisions (service cost)	191	383
Addition to provisions (interest cost)	511	626
Actuarial gains (-) / losses (+)	-298	3,880
<b>Pension provisions at end of the financial year</b>	<b>22,099</b>	<b>22,396</b>
- Plan assets	10	10
<b>Pension provision recognised in the balance sheet</b>	<b>22,089</b>	<b>22,386</b>

The following actuarial assumptions were applied:

	2015	2014
Actuarial interest rate	1,90 - 2,40 %	2,30 - 2,50 %
Salary trend	2,00 - 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 2015	31 Dec 2014
	€ thou	€ thou
Addition to provisions (service cost)	-191	-383
Addition to provisions (interest cost)	-511	-626
<b>Total</b>	<b>-702</b>	<b>-1,009</b>

The expected pension payments from the pension plans for 2015 amount to €0.8 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%	- 9.6%	+ 11.2%
Pension growth rate	0.5%	+ 6.6%	- 6.6%
Life expectancy	+ 1 year	+ 3.4%	-

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

## 12. Liabilities

Liabilities have the following maturities:

	Up to 1 year	More than 1 year and up to 5 years	Over 5 years	Total
31 Dec 2015	€ thou	€ thou	€ thou	€ thou
Liabilities to banks	11,432	20,235	10,503	42,170
Trade payables	23,664	280	0	23,944
Other liabilities	6,415	3,085	0	9,500
Provisions with the nature of a liability	9,922	0	0	9,922
Advance payments received	7,800	0	0	7,800
<b>As at 31 Dec 2015</b>	<b>59,233</b>	<b>23,600</b>	<b>10,503</b>	<b>93,336</b>

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

Liabilities to banks have both fixed and floating interest rates of between 0.85% and 5.90% (previous year: 1.50% and 6.25%).

Land and buildings, technical equipment, machinery, inventories and receivables were pledged as collateral. The carrying amount of the pledged assets amounted to €41,380 thousand at the reporting date (previous year: €50,263 thousand).

## 13. Other liabilities

Other liabilities are composed as follows:

	31 Dec 2015	31 Dec 2014
	€ thou	€ thou
<b>Current</b>		
Value added tax	1,874	296
Wages and salaries	1,167	1,673
Leasing obligations	917	501
Wage tax	632	432
Bonus	428	512
Social security benefits	374	358
Debtors with credit balances	277	149
Commissions	259	613
Investment grant received	54	55
Liabilities from real estate purchases	0	2,179
Miscellaneous	433	369
	<b>6,415</b>	<b>7,137</b>
<b>Non-current</b>		
Lease obligations	2,798	1,530
Support funds	232	248
Investment grant received	55	109
	<b>3,085</b>	<b>1,887</b>
<b>Total</b>	<b>9,500</b>	<b>9,024</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 2014	First-time consoli- dation	Utili- sation	Re- versal	Addition	31 Dec 2015
	€ thou	€ thou	€ thou	€ thou	€ thou	€ thou
<b>Long term Provisions</b>						
Partial retirement	317	0	200	0	535	652
Anniversaries	361	0	16	10	18	353
Death grants	14	0	9	0	8	13
	<b>692</b>	<b>0</b>	<b>225</b>	<b>10</b>	<b>561</b>	<b>1,018</b>
<b>Accruals and short term provisions</b>						
Project completion costs	12,814	1,832	10,227	3,022	6,961	8,358
Warranty costs	3,341	351	369	2,593	2,663	3,393
Outstanding invoices	2,559	322	1,897	549	2,877	3,312
Staff costs	2,485	0	543	35	498	2,405
Holiday	1,383	460	1,690	0	1,925	2,078
Variable salary and commission	1,219	375	1,115	326	1,604	1,757
Accounting and audit costs	382	36	379	1	356	394
Provision for onerous contracts	0	138	17	8	102	215
Employers' liability insurance association	88	37	123	1	178	179
Flexitime	33	0	33	0	36	36
Miscellaneous	363	470	212	506	704	819
	<b>24,667</b>	<b>4,021</b>	<b>16,605</b>	<b>7,041</b>	<b>17,904</b>	<b>22,946</b>
	<b>25,359</b>	<b>4,021</b>	<b>16,830</b>	<b>7,051</b>	<b>18,465</b>	<b>23,964</b>

The provision for subsequent costs relates to various projects at MBB Fertigungstechnik GmbH and the 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 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 2015	31 Dec 2014
	€ thou	€ thou
Trade income tax	1,578	894
Corporate income tax	571	2,089
<b>Carrying amount as at 31 Dec.</b>	<b>2,149</b>	<b>2,983</b>

## 15. Lease and rental obligations

## 15.1 Operating leases and rent

	31 Dec 2015	31 Dec 2014
	€ thou	€ thou
<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	1,151	729
More than one year and up to five years	950	1,026
Over five years	5	38
	<b>2,106</b>	<b>1,793</b>
<b>As at the balance sheet date, the Group has outstanding obligations from rent due as follows:</b>		
Up to one year	1,145	1,049
More than one year and up to five years	1,264	1,437
Over five years	520	756
	<b>2,929</b>	<b>3,242</b>
Expenses during review-period from operating leases and rent	1,703	2,224

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

## 15.2 Finance leases

The following assets are utilised under finance leases:

	2015	2014
	€ thou	€ thou
<b>Technical equipment and machinery</b>		
Cost on 1 Jan	4,958	4,524
Additions	210	434
Disposals	0	0
<b>Cost on 31 Dec</b>	<b>5,168</b>	<b>4,958</b>
Write-downs on 1 Jan	-3,238	-2,953
Additions	-319	-285
Disposals	0	0
<b>Write-downs on 31 Dec</b>	<b>-3,557</b>	<b>-3,238</b>
<b>Carrying amount as at 31 Dec</b>	<b>1,611</b>	<b>1,720</b>
<b>Operating and office equipment</b>		
Cost on 1 Jan	329	329
Additions	0	0
Disposals	0	0
<b>Cost on 31 Dec</b>	<b>329</b>	<b>329</b>
Write-downs on 1 Jan	-186	-144
Additions	-26	-42
Disposals	0	0
<b>Write-downs on 31 Dec</b>	<b>-212</b>	<b>-186</b>
<b>Carrying amount as at 31 Dec</b>	<b>117</b>	<b>143</b>

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

	up to 1 year € thou	between 1 and 5 years € thou	More than 5 years € thou
Lease payments	935	2,820	0
Discounts	18	22	0
<b>Present values</b>	<b>917</b>	<b>2,798</b>	<b>0</b>

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

#### 1. Revenue

Revenue amounted to €252.8 million in the 2015 financial year (previous year: €236.7 million). Of this figure, €90.2 million (previous year: €95.8 million) related to the application of the PoC method at MBB Fertigungstechnik GmbH, MBB Technologies (China) Ltd. and the Aumann Group.

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

	2015 € thou	2014 € thou
Income from		
sale of securities	3,480	299
the reversal of provisions	596	703
capitalised own work	450	55
insurance compensation / compensation	248	600
exchange rate gains	156	257
the reversal of valuation allowances on receivables	107	446
sale of fixed assets	73	50
other periods	71	172
government grants	56	58
Miscellaneous	437	292
<b>Total</b>	<b>5,674</b>	<b>2,932</b>

## 3. Other operating expenses

	2015	2014
	€ thou	€ thou
Maintenance expenses	3,380	3,520
Travel costs/vehicle costs	1,926	1,904
Other services	1,820	2,099
Rental agreements and leasing	1,703	2,224
Legal and consulting	1,377	1,341
Insurance	581	690
Advertising costs	523	653
Costs for telephone, post and data communication	501	417
Expenses from securities transactions	383	418
Incidental costs for monetary transactions	382	299
Contributions and fees	307	304
Office supplies	264	297
Loss of receivables and bad debt allowances/write-downs charged on receivables	149	272
Warranty expenses	141	323
Training	137	179
Previous periods	97	111
Foreign currency losses	87	240
Expenses from the disposal of non-current assets	55	24
Miscellaneous	621	1,217
<b>Total</b>	<b>14,434</b>	<b>16,532</b>

## 4. Finance income

	2015	2014
	€ thou	€ thou
Interest and similar income from securities transactions	683	650
Other interest and similar income	33	33
<b>Total</b>	<b>716</b>	<b>683</b>

## 5. Finance costs

	2015	2014
	€ thou	€ thou
Bank interest	1,023	936
Interest expense from pension	511	626
Bank guarantees commissions	261	340
Other interest and similar expenses	137	222
Interest expense from finance leasing	20	17
<b>Total</b>	<b>1,952</b>	<b>2,141</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 reconciliation of income tax expense and the accounting net profit multiplied by the Group's applicable tax rate for the 2015 and 2014 financial years is as follows:

	2015	2014
	€ thou	€ thou
Corporate income tax	2,009	1,937
Trade income tax	1,767	1,702
Deferred taxes	-250	-3,167
Other tax expense	344	135
<b>Total</b>	<b>3,870</b>	<b>607</b>

	2015	2014
	€ thou	€ thou
Consolidated income before taxes and minority interests	16,298	14,375
Income taxes	3,526	472
<b>Current tax rate</b>	<b>21.6%</b>	<b>3.3%</b>

	2015	2014
	€ thou	€ thou
Profit from ordinary activities	16,298	14,375
Other taxes	-344	-135
Applicable (statutory) tax rate	30.0%	30.0%
<b>Expected tax expense</b>	<b>4,786</b>	<b>4,272</b>
Deferred Tax revenue from Special economic zone bargain purchase	0	-3,153
	0	-485
Differences from foreign tax rates and special tax schemes	-537	-226
Subsequent changes in tax base	0	224
Income from the sale of securities	-945	-90
Other tax effects	222	-70
<b>Current tax expense</b>	<b>3,526</b>	<b>472</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.

	2015	2014
Result attributable to the holders of shares in the parent company (in €)	11,782,220	13,198,634
Weighted average number of shares to calculate the earnings per share	6,590,241	6,566,723
<b>Earnings per share (in €)</b>	<b>1.79</b>	<b>2.01</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 the MBB Technologies Group, including the Aumann Group which was acquired in 2015.

MBB Fertigungstechnik is a leading international plant engineering company for welding and assembly systems for the automotive industry. It also provides services for tool manufacturing, innovative transport technologies for exact positioning and inline measuring systems. Other industries include general industry and clean technology. The assembly technology centre designs and develops highly complex systems for component assembly with a focus on customer solutions. For example, the company's systems are used to assemble camshafts, steering systems, drive shafts and washing machine drums. Expertise in the connection technology centre ranges from conventional thermal welding and cold metal transfer (CMT), laser welding technology for lightweight construction with a focus on chassis components, instrument panels and clean technology through to the production of heavy components and transport vehicles. In addition to its welding and assembly services, the MBB Technologies Group develops and produces project-specific special machinery for welding systems and production lines that are unique in terms of their form and specifications. Since June 2013, MBB Technologies (China) Ltd. has operated a location in China. The 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 MBB Fertigungstechnik. MBB Technologies (China) Ltd. also serves Asian customers that are not part of MBB Fertigungstechnik's customer base but that require technologically advanced system solutions for manufacturing high-quality products.

On 19 November 2015, MBB announced the acquisition of 75% of the shares in the Aumann Group from its former sole shareholder. Aumann has almost a century of experience in the area of coil winding. In recent years, this has been supplemented by extensive automation expertise. As a result, Aumann is now one of the world's leading providers of the high-performance systems that are required for the mass production of wound coils and, in particular, electric motors in large quantities. This means that the company is participating in the growth trends within the automotive and other industries that are being driven by energy efficiency and electrification. E-mobility has established itself as an important new field for the company in recent years, as Aumann's products are a particularly good match for the specific requirements of motors in this area. MBB and the managing partner of the Aumann Group intend to meet the rapid rise in market demand for electric and hybrid drive motors in particular through the cooperation between Aumann and MBB Fertigungstechnik and are forecasting significant growth. The company has production sites in Espelkamp (East Westphalia) and Hennigsdorf (near Berlin), as well as a sales and service office in the USA. [

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.

### **Industrial Production**

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

Hanke produces tissue mother rolls, napkins, handkerchiefs, toilet paper and kitchen rolls. Operating under the brand name of "aha", the company has a strong competitive position in the Eastern Europe consumer product market. Hanke also produces white and coloured tissue paper for various private labels in Europe. These activities are concentrated around the company Hanke Tissue Sp. z o.o., Kostrzyn, Poland, which was acquired by MBB SE in 2006. Since being acquired by MBB SE, Hanke has made substantial investments in its machinery and buildings, allowing it to record continuous growth and expand its market position to become one of the most profitable companies in the MBB Group in relation to revenue. The paper machine that went into operation in 2014 made a full contribution to revenue and earnings for the first time in the 2015 financial year.

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. Above and beyond this, the company's service portfolio extends from material and product development and foam production through to order picking and just-in-time delivery to end customers. It also sells foam blocks to processing companies.

OBO is a global provider of polyurethane and epoxy resin-based materials for tooling applications. With a market share of around 8%, it is one of the five leading providers in the industry. OBO has been part of the MBB Group since 2003. In particular, it supplies the model making industry, as well as auto manufacturers, foundries and other processing companies directly. In 2014, OBO acquired the European tooling, board and paste division from its long-term partner Huntsman Advanced Materials. This transaction led to an improvement in OBO's market position and significant growth, as the company can now offer a comprehensive product range.

### **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. 2015 also saw the formation of ACoN-IT GmbH, Vienna, in order to allow the DTS Group to also offer cloud and security services in particular in Austria.

ICSmedia GmbH, Münster, was acquired in August 2010. ICSmedia GmbH has its own data centre and works in close cooperation with DTS Systeme GmbH to offer state-of-the-art, high-quality cloud computing solutions and high-end consulting services.

In October 2011, DTS acquired eld datentechnik GmbH, Stuttgart. The realignment as a distributor of high-quality storage and security products in 2014 met with a positive response on the market, and eld will again contribute to the growth of the DTS Group in 2016.

### **Segment results**

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

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

1 Jan - 31 Dec 2015	Technical applications	Industrial production	Trade & services	Reconciliation	Group
	€ thou	€ thou	€ thou	€ thou	€ thou
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>		

1 Jan - 31 Dec 2014	Technical applications	Industrial production	Trade & services	Reconciliation	Group
	€ thou	€ thou	€ thou	€ thou	€ thou
Revenue from third parties	138,564	63,847	34,292	0	236,703
Other segments	191	159	323	-673	0
<b>Total revenue</b>	<b>138,755</b>	<b>64,006</b>	<b>34,615</b>	<b>-673</b>	<b>236,703</b>
<b>Earnings (EBIT)</b>	<b>12,440</b>	<b>4,201</b>	<b>300</b>	<b>-1,001</b>	<b>15,940</b>
Amortisation and depreciation	2,332	2,566	1,136	69	6,103
Investments	2,438	6,862	3,310		
<b>Segment assets</b>	<b>70,070</b>	<b>47,492</b>	<b>9,983</b>		
<b>Segment liabilities</b>	<b>58,112</b>	<b>11,879</b>	<b>6,638</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.

Reconciliation of EBIT to net profit for the year	2015	2014
	€ thou	€ thou
<b>Total EBIT of the segments</b>	<b>18,032</b>	<b>15,940</b>
Net finance costs	-1,734	-1,565
EBT	16,298	14,375
Taxes on income	-3,526	-472
Other taxes	-344	-135
PAT (profit after tax)	12,428	13,768
Non Controlling Interests	-646	-569
<b>Net profit for the period</b>	<b>11,782</b>	<b>13,199</b>

Reconciliation of segment assets to assets	2015	2014
	€ thou	€ thou
Technical Applications segment	94,685	70,070
Industrial Production segment	52,531	47,492
Trade & Services segment	10,928	9,983
<b>Total segment assets</b>	<b>158,144</b>	<b>127,545</b>
Deferred tax assets	6,649	6,833
Current funds	39,000	49,165
Financial assets	14,976	9,507
Other assets	3,805	3,641
<b>Total assets</b>	<b>222,574</b>	<b>196,691</b>

Reconciliation of segment liabilities to equity and liabilities	2015	2014
	€ thou	€ thou
Technical Applications segment	64,049	58,112
Industrial Production segment	13,342	11,879
Trade & Services segment	5,313	6,638
<b>Total segment liabilities</b>	<b>82,704</b>	<b>76,629</b>
Consolidated equity	87,739	78,553
Deferred tax liabilities	3,219	3,252
Tax provision	2,149	2,983
Liabilities to banks	42,170	32,296
Leasing liabilities	3,715	2,031
Other equity and liabilities	878	947
<b>Total equity and liabilities</b>	<b>222,574</b>	<b>196,691</b>

## 2. Information by region

### 2.1 Revenue from external customers

	2015	2014
	€ thou	€ thou
Europe	238,818	210,521
China	5,544	13,380
North America	4,303	2,587
Miscellaneous	4,134	10,215
<b>Total</b>	<b>252,799</b>	<b>236,703</b>

### 2.2 Non-current assets

The MBB Group's non-current assets are located primarily in Europe. The non-current assets of our subsidiary in China amounted to €466.2 thousand at year-end (previous year: €553.1 thousand).

## V. Notes to the consolidated cash flow statement

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

The cash flow statement was prepared using the indirect method.

The reported cash and cash equivalents are not subject to any third-party restrictions. 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 €82,134 thousand in the year under review (previous year: €79,232 thousand). Business relationships are entered into with creditworthy contractual partners only. Trade receivables exist for a number of customers spread over various industries and regions. Ongoing credit assessments of the financial level of the receivables are performed. Payment terms of 30 days without deduction are usually granted. No valuation allowances were made for trade receivables that were overdue at the balance sheet date if no material changes in the customer’s creditworthiness were determined and it is assumed that the outstanding amount will be paid.

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

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

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

### 2. Capital risk management

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

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

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

	31 Dec 2015	31 Dec 2014
Equity in € thousand	87,739	78,553
- in % of total capital	39.4%	39.9%
Liabilities in € thousand	134,835	118,138
- in % of total capital	60.6%	60.1%
Current liabilities in € thousand	74,406	64,679
- in % of total capital	33.4%	32.9%
Non-current liabilities in € thousand	60,429	53,459
- in % of total capital	27.2%	27.2%
Net gearing*	-0.1	-0.3

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

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

### 3. Financial risk management

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

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

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

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

### 4. Market risks

Market risks may result from changes in exchange rates (exchange rate risks) or interest rates (interest rate risks). Due to the estimation of exchange rate risks, no foreign exchange contracts were entered into for the Group as at 31 December 2015. The Group invoices mainly in euro or the respective local currency, thereby avoiding exchange rate risks.

The Group is exposed to interest rate risks as a result of taking up financing at variable interest rates. The MBB Group manages these risks by maintaining an appropriate ratio between fixed and variable interest rate agreements. There is no hedging involving derivatives (e.g. interest rate swaps or interest rate futures). At the reporting date, the Group had liabilities with variable interest rates in the amount of €18,496 thousand. If, all other things being equal and supposing corresponding average indebtedness, interest rates had been two percentage points higher (lower), pre-tax earnings would have been €370.0 thousand lower (higher).

### 5. Fair value risk

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

## VII. Other required information

### 1. Executive bodies until 9 March 2015

Managing Board:

- Dr Christof Nesemeier, businessman, Chairman

Supervisory Board:

- Gert-Maria Freimuth, businessman, Chairman
- Dr Peter Niggemann, lawyer, Vice Chairman
- Dr Matthias Rumpelhardt, entrepreneur

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

## 2. Executive bodies since 9 March 2015

In line with the one-tier structure, MBB SE is represented by a Board and the Executive Management.

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 DTS IT AG and United Labels AG and the Deputy Chairman of the Supervisory Board of Delignit AG.

Executive Management:

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

Anton Breitkopf, businessman, Chief Financial Officer (CFO) from 24 March 2015

Dr Gerrit Karalus, businessman, Chief Investment Officer (CIO) from 24 March 2015

Klaus Seidel, businessman, Chief Technical Officer (CTO) from 24 March 2015

Dr Christof Nesemeier is the Chairman of the Supervisory Board of Delignit AG and 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, the Deputy Chairman of the Supervisory Board DTS IT AG and a Managing Director of MBB Technologies GmbH.

Dr Gerrit Karalus is a Managing Director of MBB Plastics GmbH, OBO Industrieanlagen GmbH, OBO-Werke Verwaltungs GmbH and CT Formpolster GmbH.

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

## 3. Remuneration

### *a) Managing Board/Executive Management*

The remuneration of Dr Christof Nesemeier as a member of the Managing Board until 9 March 2015 and a member of the Executive Management from 10 March 2015, as well as the other members of the Executive Management from 24 March 2015, 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.

By resolution of the Supervisory Board on 21 December 2009, the senior management receives additional variable remuneration of 9% of the amount by which the equity of MBB SE at the end of each financial year (end value) exceeds the equity at the beginning of the financial year (starting value) starting from the 2010 financial year. In each case, equity comprises the items set out in section 266 (3 A) HGB. The calculation is based on the latest audited annual financial statements with the following modifications: Assets with a stock exchange price are recognised at this price; this does not apply to shares in companies in which the Company holds more than 5% of the voting rights. The marking-to-market of assets led to a reduction in the final value of €1.2 million in the year under review. Dividend distributions during the year and repayments of equity must also be added to this final value, whilst additions to the equity must be subtracted from it. If the basis of calculation is negative in one or more financial years, the resulting negative amount is carried forward to the subsequent financial years and offset against future positive amounts until the negative amounts carried forward have been eliminated. Members shall not be entitled to receive further variable remuneration until these negative amounts have been eliminated.

The Supervisory Board resolved an amendment to the bonus agreement at its meeting on 29 November 2013. The senior management receives variable remuneration in the amount of a diminishing percentage of the basis of calculation. This percentage is dependent on the basis of calculation and amounts to: 9% up to €20,000,000; 4% between €20,000,001 and €30,000,000; 2% between €30,000,001 and €40,000,000; 1% between €40,000,001 and €50,000,000; and 0.5% over €50,000,001. This means that

the members of the Executive Management received variable remuneration totalling €380,660.18 for 2015.

*b) Supervisory Board/Board:*

The Supervisory Board of MBB SE until 9 March 2015 did not receive any remuneration for 2015.

Fixed remuneration for Board members was expensed in the amount of €12,000.00 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, whilst additions to the equity must be subtracted from it. If the basis of calculation is negative in one or more financial years, the resulting negative amount is carried forward to the subsequent financial years and offset against future positive amounts until the negative amounts carried forward have been eliminated. Members 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 €38.0 thousand for 2015. Dr Christof Nesemeier's remuneration entitlement as a member of the Board is waived to the benefit of MBB SE.

The total remuneration of the executive bodies of MBB SE for 2015 and 2014 can be seen in the following tables:

2015 Remuneration (€ thou)			AR* / VR-		Consulting		Total
	fixed	variable	remunerati- on	others**	Services		
<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

\*Supervisory Board remuneration (SB) relates to membership of the Supervisory Board of Delignit AG

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

2014 Remuneration			others*		Consulting		Total
	fixed	variable			Services		
<b>Managing Board</b>							
Dr Christof Nesemeier	235	97	20		0		352
<b>Supervisory Board</b>							
Gert-Maria Freimuth	8	18	15		75		116
Dr Peter Niggemann	6	13	0		0		19
Dr Matthias Rumpelhardt	3	13	0		0		16

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

### Stock options

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

The nature and extent of the plan may be redefined every year. The programmes for 2015 and 2014 are as follows:

	2015	2014
Options free of charge	8,500	3,000
Options against payment	45,000	47,000
Option price	1.14	1.15
Cash inflow	51,300	54,050
Basic price	22.82	23,02

The following information applies to the stock options issued in the year under review: The reference price (P1) was set at €22.82. If the average share price for the 90 days prior to 15 December 2018 falls below the reference price plus dividends paid and assumed to have been reinvested (performance price P2), the option is extinguished (knock-out). If performance price P2 on this date is higher than the reference price, the intrinsic value (IV) of the option is fixed in accordance with the formula  $(P2 - P1) / P2 = IV$  and the option term continues until 15 December 2020. On 15 December 2020, the option is settled at its allocation value (AV) based on the share price for the 90 days prior to this date plus dividends paid and assumed to have been reinvested (performance price P3) in accordance with the formula  $AV = IV * P3$ . This figure is multiplied by the number of options and converted into shares at the allocation value. MBB SE then has the choice of delivering the shares or a corresponding cash payment.

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

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

The options since 2013 are broken down in terms of the members of the Executive Management and employees of MBB as follows:

Total Options	Option programme			Total
	2015	2014	2013	
Dr Christof Nesemeier	15,000	15,000	60,000	90,000
Anton Breitzkopf	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	8,500	5,000	5,000	18,500

#### 4. Related party transactions

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

##### 4.1 Related persons

###### a) 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 the 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 in 2015 are published on our website at [www.mbb.com](http://www.mbb.com).

##### 4.2 Related companies

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

In accordance with the master agreement dated 3 March 2015, MBB SE MBB Capital Management GmbH, Berlin, is compensated by MBB SE every month for Dr Christof Nesemeier's activities as a member of the Executive Management and CEO of MBB SE; Dr Christof Nesemeier was previously remunerated as a member of the Managing Board and CEO via MBB Capital Management GmbH in accordance with the master agreement dated 26 March 2012. 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 €68,750.00 in the year under review,

#### 5. Employees

The average number of employees in the 2015 and 2014 financial years is broken down as follows.

	2015	2014
Average number of employees	Headcount	Headcount
Technical Applications	637	579
Industrial Production	455	439
Trade & Services	125	123
<b>Total</b>	<b>1,217</b>	<b>1,141</b>

	31 Dec 2015	31 Dec 2014
As at the reporting date	Headcount	Headcount
Technical Applications	758	583
Industrial Production	460	444
Trade & Services	125	119
<b>Total</b>	<b>1,343</b>	<b>1,146</b>

As of 31 December 2015, the MBB Group had a total of 79 trainees, which are not included in the above figures.

## 6. Auditor's fees

The auditor's fees recognised in the 2015 financial year are broken down as follows:

	2015 € thou
Audit services	150
Tax consulting services	12
Consulting services	6
<b>Total</b>	<b>168</b>

## 7. Events after the reporting date

There were no events requiring disclosure after the reporting date.

## 8. Other financial obligations

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

## 9. Contingent liabilities

On 21 August 2014, MBB SE assumed a directly enforceable guarantee totalling €382.0 thousand on behalf of CT Formpolster GmbH, Löhne, in connection with a land purchase. Based on the current net assets and results of operations of CT Formpolster GmbH, MBB SE does not expect this guarantee to be utilised.

## 10. Declaration in accordance with section 161 AktG

As a listed stock corporation in accordance with section 161 AktG, MBB SE is required to submit a declaration on the extent to which the recommendations contained in the Corporate Governance Code of the German Government Commission have been complied with. The Board submitted the latest version of this declaration on 17 March 2016. It forms part of the management report and is published online at [www.mbb.com](http://www.mbb.com).

## 11. 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, 17 March 2016



Dr Christof Nesemeier  
Chief Executive Officer



Anton Breitkopf  
Chief Financial Officer



Dr Gerrit Karalus  
Chief Investment Officer



Klaus Seidel  
Chief Technical Officer

## List of shareholdings as at 31 December 2015

Entity	Office	Share of capital	Currency	Equity thou NC*	Earnings thou NC*
<b>Delignit AG</b>	<b>Blomberg</b>	<b>100.00%</b>	<b>EUR</b>	<b>9,795</b>	<b>112</b>
Blomberger Holzindustrie GmbH	Blomberg	100.00%	EUR	2,507	794
Delignit Immobiliengesellschaft mbH	Blomberg	100.00%	EUR	65	42
DHK automotive GmbH	Oberlungwitz	100.00%	EUR	293	12
Hausmann Verwaltungsgesellschaft mbH	Blomberg	100.00%	EUR	109	2
HTZ Holz Trocknung GmbH	Oberlungwitz	100.00%	EUR	835	40
<b>MBB Plastics GmbH</b>	<b>Stadthagen</b>	<b>100.00%</b>	<b>EUR</b>	<b>-32</b>	<b>-118</b>
OBO-Werke GmbH & Co. KG	Stadthagen	100.00%	EUR	2,080	594
OBO-Industrieanlagen GmbH	Stadthagen	100.00%	EUR	357	38
OBO-Werke Verwaltungsgesellschaft mbH	Stadthagen	100.00%	EUR	38	1
<b>Hanke Tissue Sp. z o.o.</b>	<b>Küstrin</b>	<b>100.00%</b>	<b>PLN</b>	<b>57,494</b>	<b>8,046</b>
<b>DTS IT AG</b>	<b>Herford</b>	<b>100.00%</b>	<b>EUR</b>	<b>2,770</b>	<b>209</b>
DTS Systeme GmbH***	Herford	100.00%	EUR	798	0
eld datentechnik GmbH***	Herford	100.00%	EUR	655	0
ICSmedia GmbH***	Münster	100.00%	EUR	449	0
ACoN-IT GmbH	Wien	100.00%	EUR	-78	-113
<b>CT Formpolster GmbH</b>	<b>Löhne</b>	<b>100.00%</b>	<b>EUR</b>	<b>1,091</b>	<b>123</b>
<b>MBB Technologies GmbH</b>	<b>Beelen</b>	<b>100.00%</b>	<b>EUR</b>	<b>21,231</b>	<b>3,928</b>
MBB Fertigungstechnik GmbH**	Beelen	100.00%	EUR	14,136	0
MBB Technologies (China) Ltd.	Changzhou	100.00%	CNY	3,363	-557
Aumann GmbH	Espelkamp	100.00%	EUR	5,544	759
Aumann North America Inc.****	Fort Wayne	100.00%	USD	n.a	n.a
Aumann Berlin GmbH	Hennigsdorf	100.00%	EUR	1,232	166
Wojtynia Immobilien GmbH	Espelkamp	100.00%	EUR	92	66

\* thou NC = thousand in national currency

\*\* A profit-pooling contract exist with MBB Technologies GmbH

\*\*\* A profit-pooling contract exist with DTS IT AG

\*\*\*\* The company is currently inactive.

## Auditor's report

"We have audited the IFRS consolidated financial statements prepared by MBB SE – consisting of the consolidated balance sheet, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated cash flow statement and the notes to the consolidated financial statements, as well as the summarised management report and Group management report – for the financial year from 1 January to 31 December 2015. The preparation of the consolidated financial statements and the summarised management report and Group management report in accordance with the IFRS as required to be applied in the EU and the additional provisions in accordance with section 315a (1) of the German Commercial Code (HGB) is the responsibility of the legal representatives of MBB SE. Our responsibility is to express an opinion on the consolidated financial statements and the summarised management report and Group management report based on our audit.

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

Our audit has not led to any reservations.

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

Düsseldorf, 17 March 2016

RSM Verhülsdonk GmbH  
Wirtschaftsprüfungsgesellschaft  
Steuerberatungsgesellschaft

signed  
Grote  
Wirtschaftsprüfer

signed  
Weyers  
Wirtschaftsprüfer

## Financial Calendar

### Quarterly Report Q1/2016

31 May 2016

### Annual General Meeting 2016

30 June 2016, 10:00 a.m.

Eventpassage

Kantstr. 8-10, 10623 Berlin, Germany

### Half-Year Financial Report 2016

31 August 2016

### Quarterly Report Q3/2016

30 November 2016

### End of financial year

31 December 2016

## Contact

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## Legal notice

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