

Q / 2

BALDA AG

BALDA ACHIEVES POSITIVE TREND IN TERMS OF REVENUE AND OPERATING RESULT

- › In first half year revenue increases by EUR 5.5 million to EUR 40.4 million
- › EBITDA (EUR 2.7 million) and EBIT (EUR 0.4 million) continue positive trend as expected
- › Forecast for the full year reconfirmed: Consolidated revenue in the upper range of EUR 73 to 78 with positive EBIT

HALF-YEAR REPORT OF 2014 / 2015

CONTENT

02

Key figures

03

Profile

04

Letter to shareholders

06

The Balda AG share

07

Interim management report

12

Selected notes to the financial statements

16

Consolidated statement of financial position

18

Consolidated income statement

19

Consolidated statement of comprehensive income

20

Consolidated statement of cash flows

21

Consolidated segment reporting

23

Consolidated statement of changes in equity

24

Director's holdings

25

Financial calendar / Investor Relations Contact / Imprint

KEY FIGURES

BALDA GROUP

KEY FIGURES FOR THE GROUP AT A GLANCE (PURSUANT TO IFRS)

IN EUR MILLION	6 MONTHS 01.07.2014 – 31.12.2014	6 MONTHS 01.07.2013 – 31.12.2013
Sales revenues	40.4	34.9
of which Europe	18.8	14.9
of which America	21.6	20.1
Total operating revenue	39.8	35.4
EBITDA	2.7	1.1
of which Europe	1.2	–0.1
of which America	1.7	1.2
of which other	–0.2	–0.1
EBITDA-margin in %	6.8	3.2
EBIT	0.4	–1.5
EBIT-margin in %	1.0	–4.3
Net fixed income	4.7	11.9
Earnings before taxes	5.1	10.4
Consolidated net income	3.7	11.1
Earnings per share in EUR	0.06	0.19
KEY FIGURES FINANCIAL POSITION	31.12.2014	30.06.2014
Total assets	266.4	263.3
Equity	245.5	241.8
Equity ratio in %	92.2	91.8
Employees (Number at reporting date)	769	709

EUR **40.4** MILLION EUR **2.7** MILLION EUR **3.7** MILLION

SALES REVENUES

EBITDA

CONSOLIDATED NET INCOME

PROFILE

BALDA GROUP

As a system developer and producer, Balda is a provider of premium-quality, sophisticated plastic solutions for the healthcare, lifestyle, automotive and entertainment electronics sectors. The company is distinguished by superior engineering services and high-quality products, matched by fast, flexible and tailored customer services. The segment's core expertise is the design, development and production of assemblies, systems and packaging in accordance with the individual specifications of Balda's customers in and outside Germany.

Balda operates in Europe and America, operating state-of-the-art production facilities at its headquarters in Bad Oeynhausen, Germany, as well as in the USA. In Europe, the company develops and produces high-quality plastic solutions for the medical technology, pharmaceutical and diagnostics markets. In America, Balda produces high-precision injection-molded plastic solutions for the medical technology products sector, as well as for the entertainment electronics, automotive and eyewear industries.

The success of the Balda Group is based on the deployment of leading-edge, cost-effective technologies, coupled with close and trust-based collaboration with customers. Balda's long-term strategy is focused on generating added value for its business partners, sustainable growth, a strong international presence, the continuous enhancement of the company's value, and consequently attractive returns on its shareholders' investments.

LETTER TO SHAREHOLDERS

DEAR SHAREHOLDERS,

Balda AG has continued to make strong progress in the second quarter and therefore performed pleasingly in the first six months of the 2014/2015 financial year. With an increase of EUR 34.9 million to EUR 40.4 million, revenue growth in the first half-year stood at 15.8%. This dynamic performance primarily resulted from high demand for our healthcare products which we manufacture at our main plant in Bad Oeynhausen. However, production at our plants in the US has also registered a stable upward trend.

We also posted pleasing development in terms of the operating result (EBIT). After EUR –1.5 million in the previous year, it now stands at plus EUR 0.4 million after six months. This means we have taken a significant step towards attaining our key goal of achieving an operational turnaround in the current financial year. We thus also look confidently to the second half-year and are now targeting the upper end of our previous revenue forecast of EUR 73 to 78 million and reconfirm our previous result forecast.

In the second quarter, the Supervisory Board and Management Board were once again tasked with dealing with issues from the past:

Firstly, the company has resolved to bring damage compensation claims against former directors owing to violation of duty in relation to the planned disposal of shares in TPK Holding Co. in July 2011 due to which the TPK shares could only be sold at a subsequent date at a significantly lower price.

Secondly, the sellers of the US company C. Brewer Company (today Balda C. Brewer, Inc.) have brought a claim for the payment of damage compensation of USD 5 million as well as punitive damages of a still undefined amount and for the assumption of costs for the arbitration court proceedings by the defendant company Balda Investments USA LLC. This matter concerns the performance-related purchase price adjustment (earn-out) agreed in the purchase contract. The Supervisory Board and the Management Board do not deem the claim brought by the sellers to have much chance of success as the targets agreed in the purchase contract were indisputably not attained.

Following the change of management of the US companies in January 2015, further information has emerged, which in our view, shows that the seller side was already aware or should have been aware of the reason for the fall in revenue in 2013/2014 in the Technical segment prior to the sale. We have therefore brought a counterclaim against the sellers in the amount of the allowance for loss on investments in the US participation Balda C. Brewer, Inc. necessary during the 2013/2014 financial year.

>

In light of its operational performance and strategic alignment, Balda AG is on a solid growth course. We have ascertained in numerous discussions with existing and potential customers that Balda is well positioned on the market as a manufacturer of high-end plastic injection molding solutions. Our dialog partners appreciate our innovative capacity, our technical capabilities and, above all, our quality awareness and dependability.

We consider this to be an extremely good starting point from which to further expand our market position by intensifying existing customer relationships, on one hand, and opening up new potential on the other. We would be very pleased if you were to accompany us on this journey.

Yours sincerely



OLIVER OECHSLE

THE BALDA AG SHARE

PERFORMANCE OF EQUITY MARKETS AND BALDA SHARE

The equity markets performed positively overall in 2014, although they underwent alternating ups and downs. Owing to the relatively weak euro, the sharp fall in the oil price—especially in the second half of 2014—and the interest rate reductions by the ECB, the market remained volatile in the period under review.

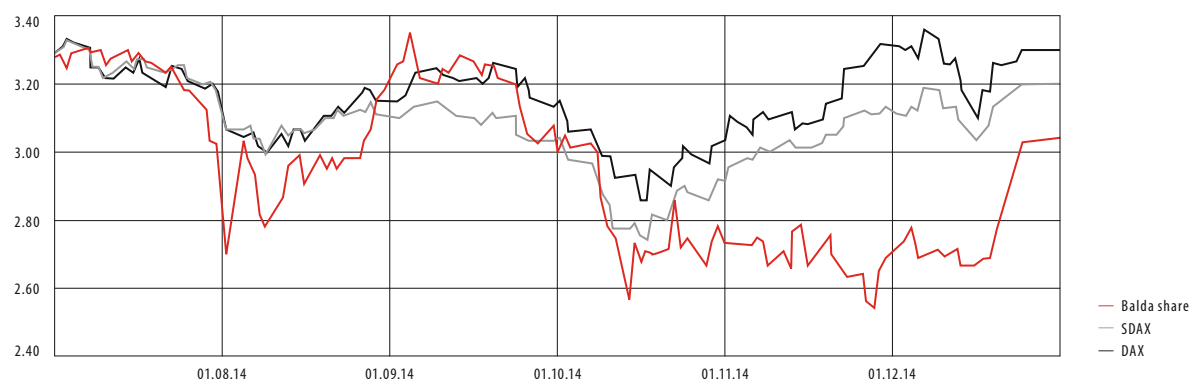
The German stock index (DAX) was also extremely volatile in the first half of the 2014/2015 financial year. After exceeding the 10,000 point mark for the first time shortly before the start of the current reporting period, the DAX initially remained at this level until the beginning of the reporting period. However, it subsequently increasingly lost points and reached its low of 8,572 points during intraday trading on 15 October 2014. The main index subsequently recovered quickly and reached its high during the reporting period of 10,087 points during intraday trading on 5 December 2014. The DAX index fell slightly overall by 0.5% over the reporting period. The SDAX index reached its high of 7,520 points right at the beginning of the reporting period during intraday trading on 4 July 2014, and also touched its low in the reporting period during intraday trading on 16 October 2014 at a level of 6,088 points. It recovered slightly at the end of the year. The second-line stock index's value fell more significantly than that of the main index during the reporting period and declined by 3 percentage points in the period from July to December 2014.

The value of the Balda AG share also fell in the past first half-year. The Balda share reached its low during the course of the half-year on 26 November 2014 in intraday trading at EUR 2.55. The high during the reporting period was recorded on 3 September 2014 and stood at EUR 3.37. On this date, Deutsche Börse announced that Balda AG would no longer be listed in the SDAX index in future owing to lower market capitalization. The index amendment entered into force with the start of trading on 22 September. The value of the Balda share dropped by 8 percentage points within six months and its closing price at the end of the year stood at EUR 3.01. This corresponds to market capitalization of EUR 177.3 million.

In November 2014, Balda AG took part in the German equity capital forum in Frankfurt / Main and gave a presentation at the investors' conference.

BALDA AG CONTINUOUSLY INFORMS ITS SHAREHOLDERS ABOUT CURRENT TOPICS ON THE DETAILED INVESTOR RELATIONS PAGES OF ITS WEBSITE.

BALDA AG SHARE COMPARED TO DAX AND SDAX (INDEXED SHARE PRICE PERFORMANCE FROM 1 JULY 2014 TO 31 DECEMBER 2014)



INTERIM MANAGEMENT REPORT

AS OF 31 DECEMBER 2014

1. MACROECONOMIC TRENDS

According to the International Monetary Fund's (IMF) World Economic Outlook, the falling oil price will boost the global economy—however, this effect is being negated by lower investment in many economic regions.

The IMF is therefore anticipating lower global economic growth in its January 2015 WEO update than forecast in October. For 2015, the IMF now expects the global economy to grow by 3.5% (0.3% less than predicted in October) and by 3.7% for 2016.

The forecast for the Eurozone was also revised. Here the IMF reduced its forecast by 0.1% to 1.2% of economic growth for the current year and 1.4% for 2016. The main reasons are lower investment, falling inflation and the weakening of the euro.

The forecast for German economic growth was also reduced by 0.1%. With regard to the current year, the IMF anticipates a 1.3% rise and economic growth of 1.5% for the forthcoming year.

This is in contrast to its forecasts for the USA. Here the IMF revised its projection upwards by 0.5% in its January 2015 update. The monetary fund currently anticipates economic growth of 3.6% for the current year in the USA and 3.3% for 2016. The increase is primarily explained by the fall in the unemployment rate, the low oil price and the rise in the value of the dollar

2. SECTOR TRENDS

The plastics market

As a global economic factor, the plastics industry generates worldwide revenue of around EUR 800 billion per year. In Europe alone, approximately 1.4 million individuals work in the plastics industry, compared with around 0.9 million in the USA.

According to the industry association PlasticsEurope, the European plastics sector achieved overall growth in production in 2013. The sales revenue of the European plastics industry amounts to around EUR 300 billion. For 2014, the association also expects slight production gains.

In Germany, an important market for Balda AG, the plastics industry is developing well. The sector reported 3.0% year-on-year sales revenue growth to EUR 57.5 billion in 2013, according to data from the German Plastics Manufacturing Industry Association (GKV). For 2014, GKV expects renewed revenue growth of 4.0% to 5.0% and the association will present the figures at the beginning of March 2015.

FOR MORE INFORMATION ABOUT TRENDS IN SECTORS OF SPECIFIC RELEVANCE TO BALDA, PLEASE REFER TO THE "SECTOR TRENDS" SECTION OF THE 2013 / 2014 ANNUAL REPORT.

3. SIGNIFICANT EVENTS DURING THE SIX MONTHS OF 2014 / 2015

Changes to the Management Board

On 28 August 2014, the Supervisory Board announced that the interim management agreement with Dr. Dieter Brenken would expire at the end of October, as planned. In this regard, Mr Oliver Oechsle was appointed for a further two years to the Management Board of Balda AG.

Counterclaim against former Management Board member

On 24 September 2014, the Supervisory Board of Balda AG passed a resolution to bring a lawsuit against a former Management Board member. The counterclaim concerns damage compensation proceedings by the company due to violation of duty during 2013.

Damage compensation claims against former directors

On 22 December 2014, the Supervisory Board of Balda AG approved the bringing of damage compensation claims by the company against former Supervisory Board members and the claim concerning the former sole Management Board member. The former directors are accused of violation of duties in relation to the intended disposal of shares in TPK Holding Co. in July 2011. Based on current estimations, the potential damages amount to a two-digit figure in the million range.

The sellers of Balda C. Brewer Inc. bring a claim against Balda subsidiary

The sellers of C. Brewer Inc., Anaheim/California, USA, brought an arbitration court claim against Balda Investments USA LLC on 31 December 2014 in the USA. The sellers accuse the company of creating a situation through certain activities which impaired the attainment of the parameters determined for the success-related purchase price adjustment (earn-out) agreed in the share purchase contract. The sellers are claiming damage compensation of USD 5 million as well as the payment of punitive damages of a still undefined amount and have applied for the defendant company to bear the costs arising from the arbitration procedure. Balda AG deems the claim to be unsubstantiated.

4. EARNINGS POSITION

During the first six months of its 2014/2015 financial year, the Balda Group generated EUR 40.4 million of **sales revenues**, compared with EUR 34.9 million in the prior-year period. This growth is primarily attributable to higher articles sales, above all in the Europe segment.

Other operating income fell from EUR 2.3 million in the previous year to EUR 1.0 million in the reporting period. The previous year included EUR 0.9 million of income relating to other accounting periods.

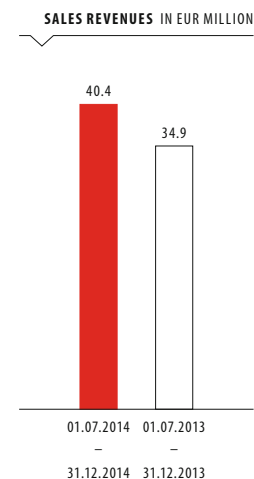
At EUR 14.9 million, the **cost of materials** during the first half-year 2014/2015 was ahead of the previous year's figure of EUR 13.1 million, which is primarily attributable to sales revenue growth in the Europe segment, in turn reflecting materials-intensive articles. The cost of materials ratio moved up by 0.6 percentage points to 37.5%.

Personnel expenses at EUR 15.4 million in the period under review were almost at the previous year's level of EUR 15.3 million. However, the previous year still included the release of deferred expenses from the departure of a former Management Board member of EUR 1.5 million. The personnel expense ratio nevertheless reduced slightly from 38.9% to 38.6% as the result of a higher level of sales of articles in the healthcare area that are less intensive in terms of personnel costs.

Other operating expenses decreased by EUR 0.5 million to EUR 7.7 million in the reporting period. This fall in expenses is the result of cost-reduction measures introduced in the previous year and covers both segments.

Earnings before interest, tax, depreciation and amortization (EBITDA) totaled EUR 2.7 million in the first half-year 2014/2015, in comparison with EUR 1.1 million in the previous-year period. This is equivalent to a 6.8% EBITDA margin.

Scheduled **depreciation and amortization** amounted to EUR 2.3 million in the first half-year, compared with EUR 2.6 million in the prior-year period. The fall reflects unscheduled depreciation due to impairment losses that were applied as part of preparing last year's financial statements.

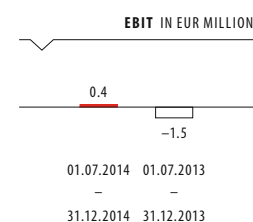


After deducting depreciation and amortization, the Group generated **consolidated earnings before interest and tax (EBIT)** of EUR 0.4 million, compared with a loss of EUR –1.5 million in the previous-year period, and an EBIT margin of 1.0%.

A lower level of currency results were incurred since the functional currency of Balda Investments Singapore was converted from US dollars to euros at the end of the last financial year. As a consequence, **other finance income** fell to EUR 4.3 million in the reporting period, compared with EUR 10.9 million in the previous year.

The Balda Group generated **earnings before taxes (EBT)** of EUR 5.1 million (prior-year figure: EUR 10.4 million) which is attributable to the reduction in the currency result. This is due to the conversion of the functional currency of Balda Investments Singapore to euros. The exchange differences are attributable to the high money holdings in euros.

After taxes, the overall Group achieved EUR 3.7 million of **consolidated net income**. Here, too, the result is below the previous year's level of EUR 11.1 million, and reflects the lower net financial result.



5. NET ASSETS

The Balda Group's total assets of EUR 266.4 million as of the 31 December 2014 balance sheet date were slightly above the figure at the end of the 2013/2014 financial year (EUR 263.3 million).

Non-current assets totaled EUR 63.6 million on the reporting date, compared with EUR 47.5 million at the end of the 2013/2014 financial year. The increase is mainly attributable to the booking of an investment (borrower's note loan at the amount of EUR 15.0 million) with a residual term of over 12 months and an exchange-rate-related increase in the goodwill. Scheduled depreciation on property, plant and equipment and intangible assets was more than offset by investments and currency-related increases.

Current assets reported a slight decrease from EUR 215.8 million to EUR 202.8 million as at the reporting date. The main reason is the reclassification of the aforementioned borrower's loan note to non-current assets. The rise in business volumes reflects a slightly increased capital commitment in working capital. This led to a EUR 1.8 million decline in financing resources (consisting of cash and short-term money deposits booked under "Other current assets" and "Other long-term receivables") to a total of EUR 191.6 million.

On the liabilities side of the balance sheet, the Group reported EUR 245.5 million of consolidated equity as at 31 December 2014 compared with EUR 241.8 million as of the prior-year equivalent reporting date. At the end of the first half-year 2014/2015, the **equity ratio** increased by 0.4 percentage points, and consequently amounted to 92.2%.

92.2 %

EQUITY RATIO

Current liabilities reported a slight decrease of EUR 0.3 million to EUR 14.7 million as of the reporting date. A fall in trade payables related to the reporting date was partially offset by an increase in other current financial and non-financial liabilities and in income tax liabilities.

6. FINANCIAL POSITION

At the end of the first half year of 2014/2015, the cash and cash equivalents position of the Balda Group stood at EUR 106.6 million, compared with EUR 160.5 million at the end of the 2013/2014 financial year. The fall is primarily explained by the investments made in money deposits with a residual term of over three months.

Cash flow from operating activities totaled EUR –1.3 million in the period under review (previous year: EUR 4.6 million). These positive cash effects from the higher business volume will be seen in the third quarter 2014/2015. Balance sheet date comparison shows an increase in working capital and resulted in negative operative cash flow.

The cash outflow from investing activities stood at EUR 53.1 million in the first half-year, compared with cash inflow of EUR 59.3 million in the previous year's reference period, which arose chiefly from the purchase of short- and long-term bonds and borrower's note loans.

With its existing liquidity (financial resources amount to EUR 191.6 million), the Balda Group is able to realize the projects planned for the current financial year from its own resources.

7. SEGMENT PERFORMANCE

7.1. America segment

In its America segment, Balda generated a total of EUR 21.6 million of sales revenue during the first half-year 2014/2015, following EUR 20.1 million in the previous-year period. Segment EBITDA of EUR 1.7 million was EUR 0.5 million ahead of the amount generated in the equivalent period of the previous year.

7.2. Europe segment

The Europe segment reported EUR 18.8 million of sales revenue for the period under review, a marked increase compared with the previous year's figure of EUR 14.9 million. This growth is attributable to higher articles sales in the healthcare business. This business expansion resulted in segment EBITDA of EUR 1.2 million after the first six months, following EUR –0.1 million in the previous year. However, the previous year was negatively impacted by income relating to other accounting periods, on one hand, and expenses concerning the departure of a former Management Board member in the net amount of EUR 0.6 million.

7.3. Other

In the Other segment, general holding company costs again resulted in a slight EBITDA loss of EUR –0.2 million (previous-year period: EUR –0.1 million).

8. WORKFORCE

As at the reporting date of 31 December 2014, the Balda Group employed a total of 769 staff (30 June 2014: 786 staff). In the Balda America segment, a total of 560 staff (30 June 2014: 582 staff) was employed at the end of the first half-year 2014/2015, while 209 staff were employed in the Europe segment at the balance sheet date on 31 December 2014, compared to 204 staff at the equivalent reporting date of 30 June 2014.

9. OVERALL STATEMENT ABOUT THE SIX MONTHS

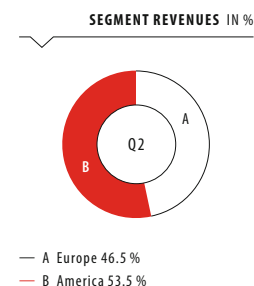
The Balda Group reported growth in its core areas over the July to December 2014 period. Consolidated revenue registered marked growth of EUR 5.5 million (15.8%) to EUR 40.4 million (previous year: EUR 34.9 million). This significant growth is due to a high level of article sales, above all in the Europe segment. The first half-year business trends exceeded expectations as a consequence.

The Group posted EBITDA of EUR 2.7 million in the period under review, compared with EUR 1.1 million in the prior-year period. A positive operating result (EBIT) was also recorded in the first half-year 2014/2015 as expected. The Balda Group consequently generated EBIT of EUR 0.4 million, compared with EUR –1.5 million in the prior-year period.

Owing to a lower financial result, in the first half-year 2014/2015 the Group reported net income after taxes of EUR 3.7 million (previous year: EUR 11.1 million).

The transformation and consolidation process that was largely concluded last year is evidencing its first significant successes: the efficiency measures that the company has introduced are taking effect. The strengthening of sales activities at the Balda Group is having an impact. Among other effects, the Group is seeing greater demand for comprehensive products and complete solutions.

As a consequence, the Balda Group is being increasingly perceived on the market as an end-to-end supplier of high-quality integrated plastic solutions. This comprises an important result of the Group's growth and internationalization strategy, and offers prospects for both organic and acquisition-led growth in the future.



15.8 %

REVENUE GROWTH

10. EVENTS AFTER THE REPORTING PERIOD

Balda relieved managing directors in the USA

The Management Board and Supervisory Board of Balda AG resolved on 7 January 2015 to relieve with immediate effect the two managing directors of Balda C. Brewer and Balda Precision, Mr. Charles Brewer III (CEO) and Mr. Michael Brewer (COO) from their duties.

On 31 December 2014, the sellers of the C. Brewer Inc. brought an arbitration claim against Balda Investments USA LLC for the payment of an earn-out sum as well as "punitive damages" and the assumption of the legal costs. On 26 January 2015, Balda Investments USA LLC brought a counterclaim for damages compensation of approx. USD 12 million as well as "punitive damages" and the assumption of legal costs. The company accuses the sellers of withholding information relevant to the valuation of the company from Balda AG. This information only became accessible now after the change of management in the USA.

After the 31 December 2014 reporting date, no other events occurred of major significance to the Group's net assets, results of operations and financial position.

11. REPORT ON OPPORTUNITIES AND RISKS

The consolidated financial statements as of 30 June 2014 include a detailed presentation of risk management within the Balda Group and a description and appraisal of all significant opportunities and risks. In addition, the following matters of major significance are also reported:

On 22 December 2014, the Supervisory Board of Balda AG approved and passed a resolution on the bringing of damage compensation claims by the company against former directors. The former directors are accused of violation of duties in relation to the intended disposal of shares in TPK Holding Co. in 2011. Based on current estimations, the potential damages amount to a two-digit figure in the millions. Further statements on the matter cannot be made at this point in time.

The information from the communication with the seller side of the US companies was confirmed on 31 December 2014. Despite indisputably failing to attain the contractually established earn-out target parameters, the seller-side brought an arbitration court claim against Balda Investments USA LLC. The sellers are claiming damage compensation of USD 5 million as well as the payment of punitive damages of a still undefined amount and the assumption of legal costs. Balda Investments USA LLC has since brought a counterclaim for damage compensation, punitive damages and the assumption of legal costs. The seller side is accused of withholding information relevant to the due diligence process concerning C. Brewer Company during the purchase process. In view of the ongoing legal dispute and the further development of legal proceedings, the company is currently unable to make any further comment on the matter.

Otherwise the Group's opportunities and risk position has not changed significantly. As a consequence, please refer to the opportunities and risk report in the consolidated financial statements as of 30 June 2014, which is published in the annual report and on the company's website.

12. OUTLOOK

With regard to the current 2014/2015 financial year, the Management Board is retaining the statements that it made in the 2013/2014 annual report concerning business trends.

This applies subject to the aforementioned risks and provided the macroeconomic conditions do not deteriorate significantly and no other currently unforeseeable negative events of major consequence to the Balda Group occur. Based on the current portfolio, the Management Board anticipates target attainment in the 2014/2015 financial year. The Management Board estimates consolidated revenue at least in the upper range of the forecast EUR 73 to 78 million. Despite increased costs for the start-up of new projects, the Management Board still considers a positive result before interest and taxes (EBIT), and therefore also a positive EBIT margin in the lower one-digit percentage range, as realistic.

MORE DETAILS CAN BE FOUND IN THE
OUTLOOK THAT WAS PUBLISHED IN
THE 2013 / 2014 ANNUAL REPORT.

SELECTED NOTES TO THE FINANCIAL STATEMENTS

GENERAL INFORMATION

Balda Aktiengesellschaft has its registered office in Bad Oeynhausen, Germany.

The interim financial statements as of 31 December 2014 were prepared in accordance with International Financial Reporting Standards (IFRS) as applicable in the European Union (EU). The accounting methods applied are in accordance with EU guidelines for the preparation of consolidated financial statements.

Unless indicated otherwise, all figures are stated in thousands of euros (EUR thousand).

The financial statements of the companies included in the consolidated financial statements are based on uniform accounting policies that comply with IFRS.

SCOPE OF CONSOLIDATION

Along with Balda AG, the consolidated financial statements for the first six months of the 2014/2015 financial year include four German and seven foreign subsidiaries on the basis of full consolidation.

ACCOUNTING POLICIES

In accordance with the provisions of IAS 34, a report format was selected that is shorter than the consolidated financial statements as of 30 June 2014. In preparing the interim consolidated financial statements, the same accounting, measurement and consolidation methods were applied as in the consolidated financial statements for the 2013/2014 financial year. These comply with the rules outlined in IAS 34 (Interim Financial Reporting).

The basic principles and methods underlying the estimates for the interim financial statements have not changed compared with prior periods (IAS 34.16 (d)). The accounting, consolidation and measurement methods are explained in detail in the notes to the financial statements for the period ended 30 June 2014. The utilization of the options included in IFRS is also explained there.

The exchange rates taken as the basis for the currency translation related to EUR 1.00 changed as follows:

EXCHANGE RATE

CURRENCIES	ISO-CODE	MID SPOT RATE ON BALANCE SHEET DATE		AVERAGE RATE	
		31.12.	30.06.	01.07.-31.12.	
		2014	2014	2014	2013
US dollar	USD	1.2156	1.3644	1.2880	1.3422
Malaysian ringgit	MYR	4.2582	4.3821	4.2199	4.3356

SEGMENT REPORTING

The segment reporting (see pages 21 and 22) has been prepared according to the same principles as applied in the 2013/2014 annual financial statements.

Group planning, management and reporting are performed based on the geographic regions of America and Europe.

The America segment comprises all companies with headquarters in the USA. This segment focuses on manufacturing injection-molded articles made from plastic for highly varied products across the medical technology, eyewear, electronics, automotive, and turned parts sectors.

In the Europe segment, complex plastic products are developed on the basis of customer orders for the areas of medical technology, pharmaceuticals and diagnostics, as well as the equipment and tools needed for production. Such plastic products are made on the company's own injection-molding machines. This segment also provides strategic instructions and other support as part of the usual holding company functions.

The Other segment comprises the real estate company and financial holdings in Asia. They manage most of the Group's financing resources and the rented property in Ipoh, Malaysia.

Along with sales revenue, gross revenue also includes changes in inventories of finished goods and work in progress.

The "Business performance" section (page 10) provides details of the performance of the Group segments' sales revenue and results of operations.

STATEMENT OF CASH FLOWS

Concerning the notes to the statement of cash flows, please refer to the remarks about cash flow in section 6. Financial position in this interim management report.

INCOME STATEMENT

The Balda Group generated EUR 40.4 million of consolidated sales revenue in the first six months of 2014/2015, compared with EUR 34.9 million in the equivalent previous period.

Page 21 et. seq. of this interim report describes the individual segments' business performance including results of operations.

The other operating income of the previous year contained income relating to other accounting periods of EUR 0.9 million.

The depreciation contains amortization on the identified assets (intangible assets) and reversals of impairment losses due to the fair value measurement of property, plant and equipment in an amount of EUR 0.6 million. These effects result from the purchase price allocation of the acquisition of the US companies.

The Group reported total consolidated net income of EUR 3.7 million in the first half-year of the 2014/2015 year. A positive result of EUR 11.1 million was posted in the equivalent period of the previous year.

Other comprehensive income in the consolidated statement of comprehensive income principally comprises foreign-currency translation gains/losses relating to the foreign subsidiaries' balance sheet and income statements

BALANCE SHEET STRUCTURE

The total assets of the Balda Group of EUR 266.4 million as of 31 December 2014 are slightly above the level on the equivalent previous balance sheet date of 30 June 2014 (EUR 263.3 million).

On the assets side of the balance sheet, non-current assets registered an increase of EUR 16.1 million. A borrower's note loan of EUR 15.0 million was booked under financial assets for the first time. The borrower's note loan has a 24-month term and is subject to a deposit protection fund. The interest rate is 0.87%. Under property, plant and equipment and intangible assets, investments and positive currency effects offset scheduled depreciation and amortization.

Current assets of EUR 202.8 million were EUR 13.0 million below their level on 30 June 2014. This is attributable to the aforementioned reclassification of newly invested funds in a borrower's note loan with a term of over 12 months. Further short-term money deposits resulted in an increase in other current receivables of EUR 37.1 million. Liquid assets fell by EUR 53.9 million primarily as a result of these new investments.

The equity of the Balda Group (EUR 245.5 million) rose chiefly as a result of the positive result for the period (EUR 3.7 million).

Current liabilities totaling EUR 14.7 million reflect only a slight decrease compared with the reference reporting date (30 June 2014: EUR 15.1 million).

RELATED PARTY DISCLOSURES

Along with the companies included in the consolidated financial statements, companies, individuals and individuals in key management positions exist that are related parties to the Balda Group in the meaning of IAS 24. Apart from compensation paid to the Management and Supervisory boards, no business relationships existed with such individuals or companies in the period under review.

OTHER FINANCIAL OBLIGATIONS

Other financial obligations, largely consisting of rental and lease obligations, and purchase order commitments for materials and investments, amounted to EUR 9.2 million as of 31 December in the current financial year.

PREPARATION OF THE INTERIM FINANCIAL STATEMENTS

The consolidated statement of financial position, statement of comprehensive income, statement of cash flows, segment reporting, statement of changes in equity, the interim management report and the condensed notes to the financial statements prepared as of 31 December 2014 were neither audited nor reviewed by an auditor. They were prepared for this set of interim financial statements.

Forward-looking statements generally contain uncertainties. This interim report contains statements that relate to the future performance of Balda AG. Such statements are based on assumptions and estimates. Although the Management Board is confident that the forward-looking statements are realistic, this cannot be guaranteed. The assumptions contain risks and uncertainties that could result in actual events deviating from expected events.

RESPONSIBILITY STATEMENT

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

Bad Oeynhausen, 11 February 2015

The Management Board



OLIVER OECHSLE

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

OF BALDA AG AS OF 31 DECEMBER 2014

ASSETS	31.12.2014 EUR THOUSAND	30.06.2014 EUR THOUSAND
A. NON-CURRENT ASSETS		
I. Property, plant and equipment	19,506	19,377
1. Land and buildings	9,678	10,002
2. Machinery and equipment	8,508	7,986
3. Fixtures, furniture and office equipment	798	951
4. Advance payments and construction in progress	522	438
II. Goodwill	15,742	14,023
III. Intangible assets	6,922	6,680
IV. Financial assets	17,974	3,234
1. Financial investment	15,000	0
2. Other long-term loans	2,974	3,234
V. Deferred taxes	3,444	4,222
Non-current assets	63,588	47,536
B. CURRENT ASSETS		
I. Inventories	11,683	10,052
1. Raw materials and supplies	4,255	3,170
2. Work in progress and finished goods and merchandise	5,837	5,475
3. Advance payments made	1,591	1,407
II. Trade receivables	11,829	8,541
III. Other current assets	72,173	36,197
IV. Current tax assets	500	489
V. Cash	106,642	160,518
Current Assets	202,827	215,797
TOTAL ASSETS	266,415	263,333

OF BALDA AG AS OF 31 DECEMBER 2014

EQUITY AND LIABILITIES	31.12.2014 EUR THOUSAND	30.06.2014 EUR THOUSAND
A. EQUITY		
I. Subscribed capital	58,891	58,891
II. Reserves	30,945	30,964
III. Net retained profits	155,692	151,928
1. Consolidated net income	3,764	5,864
2. Retained profits brought forward	151,928	146,064
Equity, Group	245,527	241,783
B. NON-CURRENT LIABILITIES		
I. Bank loans	358	465
II. Deferred taxes	5,635	5,851
III. Non-current finance lease liabilities	147	147
Non-current liabilities	6,140	6,463
C. CURRENT LIABILITIES		
I. Trade payables	3,849	5,539
II. Other current financial/ non-financial liabilities	4,680	4,065
III. Advance payments received	3,321	2,995
IV. Short-term bank borrowings and short-term loans	326	285
V. Income tax liabilities	1,239	799
VI. Current portion of finance lease liabilities	1,332	1,404
Current Liabilities	14,748	15,087
TOTAL EQUITY AND LIABILITIES	266,415	263,333

CONSOLIDATED INCOME STATEMENT

FOR THE PERIOD FROM 1 JULY – 31 DECEMBER OF BALDA AG

IN EUR THOUSAND	2014/2015 (01.10.–31.12.)	2013/2014 (01.10.–31.12.)	2014/2015 (01.07.–31.12.)	2013/2014 (01.07.–31.12.)
Sales revenues	19,742	17,413	40,438	34,930
Changes in inventories of finished goods and work in progress	-55	569	-599	517
Total operating revenue	19,687	17,982	39,839	35,447
Other operating income	517	1,416	961	2,278
Cost of materials	7,159	7,090	14,943	13,070
	36.4% ¹	39.4% ¹	37.5% ¹	36.9% ¹
Staff costs	7,897	8,124	15,392	15,303
	40.1% ¹	45.2% ¹	38.6% ¹	43.2% ¹
Depreciation, amortization and impairment losses	1,183	1,230	2,337	2,635
Other operating expenses	3,939	4,159	7,736	8,225
Profit/loss from operations²	25	-1,205	392	-1,508
Net interest income/expense	205	482	388	999
Other finance income (net)	1,037	3,483	4,344	10,876
Earnings before taxes	1,268	2,760	5,125	10,367
Taxes on income	484	-1,096	1,360	-739
Consolidated net income	783	3,856	3,764	11,106
Earnings per share:				
Number of shares, basic (in thousands)	58,891	58,891	58,891	58,891
Earnings per share (EUR)—basic	0.013	0.065	0.064	0.189
Number of shares, diluted (in thousands)	58,891	58,891	58,891	58,891
Earnings per share (EUR)—diluted	0.013	0.065	0.064	0.189
¹ Based on gross revenue.				
² Profit/loss from operations before extraordinary items.	25	-180	392	-930

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD FROM 1 JULY - 31 DECEMBER OF BALDA AG

IN EUR THOUSAND		2014/2015	2013/2014
1. Consolidated net income		3,764	11,106
2. Other comprehensive income		-20	-12,531
2.1	Currency translation difference		
2.1.1	Items that will be reclassified to profit or loss	-20	-12,531
3. Comprehensive income for the period		3,744	-1,425

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE PERIOD FROM 1 JULY – 31 DECEMBER OF BALDA AG

IN EUR THOUSAND	2014/2015	2013/2014
Net loss/income before income tax, net finance income and depreciation (EBITDA)	2,729	1,130
+ Interest received	252	350
- Interest paid	-27	-37
- Income taxes paid	-152	-272
+ Other non-cash income	2,361	2,810
+ Cash receipts from finance lease receivables	750	0
- Increase/decrease in tax assets and tax liabilities	-559	-731
+/- Increase/decrease in provisions	-72	0
+/- Increase/decrease in inventories, trade receivables and other assets not attributable to investing or financing activities	-4,464	5,238
- Decrease in liabilities and other liabilities not attributable to investing or financing activities	-2,151	-3,860
= Cash flow from operating activities	-1,332	4,628
Cash flow from investing activities		
- Cash payments for property, plant and equipment and cash and cash equivalents	-970	-458
+ Cash receipts from the sale of borrower's note loans	0	59,737
+ Cash receipts from secure bank guarantees	2,878	0
+/- Cash receipts/payments in line with cash forecast	-54,965	0
= Cash flow from investing activities	-53,058	59,279
Cash flow from financing activities		
- Cash payments for finance lease liabilities	-67	-261
= Cash flow from financing activities	-67	-261
Net change in cash and cash equivalents	-54,456	63,646
+ Cash and cash equivalents at the beginning of the half year	160,518	68,153
+/- Effects of changes in foreign exchange rates on cash held in foreign currencies	580	-2,884
= Cash and cash equivalents at the end of the half year	106,642	128,915
Composition of cash and cash equivalents at the end of the half year		
Cash and cash equivalents	106,642	128,915

CONSOLIDATED SEGMENT REPORTING

FINANCIAL YEAR 2014 / 2015 (1 JULY – 31 DECEMBER 2014)

IN EUR THOUSAND	EUROPE	AMERICA	TOTAL SEGMENTS	OTHER	INTER- SEGMENT CORREC- TIONS	GROUP
External sales revenues	18,817	21,621	40,438	0	0	40,438
Internal sales revenues	0	0	0	0	0	0
Sales revenues, total	18,817	21,621	40,438	0	0	40,438
Total operation revenue	18,095	21,744	39,839	0	0	39,839
EBITDA	1,220	1,688	2,907	-178	0	2,729
EBIT	271	300	571	-178	0	392
Interest income	930	0	930	658	-1,155	433
Interest expenses	-424	-777	-1,201	0	1,155	-45
Other finance income (net)	121	3,033	3,154	1,191	0	4,344
EBT	898	2,556	3,454	1,670	0	5,125
Taxes on income						-1,360
Consolidated net income						3,764
Investments	784	435	1,219	0	0	1,219
Segment assets ¹	361,008	46,708	407,715	136,801	-282,046	262,471
Number of employees an 31.12. ²	209	560	769	0	0	769

¹ Segment assets = Non-current assets plus current assets excluding deferred tax assets and current tax assets.

² Number of employees on reporting date = including temporary help workers and trainees.

FINANCIAL YEAR 2013 / 2014 (1 JULY - 31 DECEMBER 2013)

IN EUR THOUSAND	EUROPE	AMERICA	TOTAL SEGMENTS	OTHER	INTER- SEGMENT CORREC- TIONS	GROUP
External sales revenues	14,856	20,074	34,930	0	0	34,930
Internal sales revenues	0	0	0	0	0	0
Sales revenues, total	14,856	20,074	34,930	0	0	34,930
Total operation revenue	15,428	20,019	35,447	0	0	35,447
EBITDA	-62	1,246	1,184	-57	0	1,127
EBIT	-1,168	-283	-1,451	-57	0	-1,508
Interest income	1,034	7	1,041	782	-786	1,037
Interest expenses	-46	-778	-824	0	786	-38
Other finance income (net)	0	-1,449	-1,449	12,325	0	10,876
EBT	-180	-2,503	-2,683	13,050	0	10,367
Taxes on income						739
Consolidated net income						11,106
Investments	690	542	1,232	0	0	1,232
Segment assets ¹	337,645	40,901	378,546	224,656	-254,865	348,337
Number of employees an 31.12. ²	198	511	709	0	0	709

¹ Segment assets = Non-current assets plus current assets excluding deferred tax assets and current tax assets.

² Number of employees on reporting date = including temporary help workers and trainees.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD FROM 1 JULY - 31 DECEMBER OF BALDA AG

IN EUR THOUSAND	SUBSCRIBED CAPITAL	CAPITAL RESERVES	RETAINED EARNINGS	CURRENCY TRANS- LATION RESERVE	NET RETAINED PROFITS	EQUITY OF SHARE- HOLDERS OF BALDA AG
Balance on 01.07.2013	58,891	34,555	1,881	3,372	235,836	334,535
Consolidated net income	—	—	—	—	11,106	11,106
Other comprehensive income	—	—	—	-12,531	—	-12,531
Total comprehensive income	0	0	0	-12,531	11,106	-1,425
Balance on 31.12.2013	58,891	34,555	1,881	-9,159	246,942	333,110
Balance on 01.07.2014	58,891	34,555	1,881	-5,472	151,928	241,783
Consolidated net income	—	—	—	—	3,764	3,764
Other comprehensive income	—	—	—	-20	—	-20
Total comprehensive income	0	0	0	-20	3,764	3,744
Balance on 31.12.2014	58,891	34,555	1,881	-5,492	155,692	245,527

DIRECTOR'S HOLDINGS

AS OF 31 DECEMBER 2014 OF BALDA AG

	31.12. 2014	30.06.2014	CHANGES
Share capital	58,890,636	58,890,636	
Dr. D. Brenken ²	—	0	—
O. Oechsle	6,000	0	6,000
Management Board, total	6,000	0	6,000
K. Rueth	0	0	0
Dr. T. van Aubel ¹	17,331,689	17,331,689	0
F. Vogler	100	100	0
Supervisory Board, total	17,331,789	17,331,789	0
Corporate bodies, total	17,337,789	17,331,789	6,000
in % of equity	29.44	29.43	

¹ Shareholding via Elector GmbH, Berlin.

² Member of Management Board until 31 October 2014.

FINANCIAL CALENDAR

12 May 2015

Q3 report 2014/2015

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