

Balda | AG

Balda AG: further growth within first half of financial year 2013 / 2014

- ◆ Sales revenues almost doubled to EUR 34.9 million due to new US companies
- ◆ EBITDA of EUR 1.1 million
- ◆ EUR 11.1 million net income after tax because of currency effects
- ◆ New reporting structure: segmentation according to regions Europe and America
- ◆ Guidance for financial year 2013 / 2014 confirmed: Sales revenues between EUR 70 million and EUR 80 million accompanied by a profit (without extraordinary charges)

Balda Group

Overview of key figures

(IFRS BASIS)

IN EUR MILLIONS	6 MONTHS 01.07.2013 – 31.12.2013	6 MONTHS 01.07.2012 – 31.12.2012
Sales revenue	34.9	19.9
of which Europe	14.9	19.9
of which America	20.1	0
Gross revenue	35.4	18.1
EBITDA	1.1	-1.6
of which Europe	-0.1	0.5
of which America	1.2	-1.6
of which Other	0.0	-0.3
EBITDA margin in %	3.2	-8.6
EBIT	-1.5	-2.7
Net finance income	11.9	14.2
Earnings before taxes	10.4	11.6
Consolidated net income	11.1	11.9
Earnings per share in Euros	0.19	0.20
KEY BALANCE SHEET FIGURES	31.12.2013	30.06.2013
Total assets	354.3	359.7
Equity	333.1	334.5
Equity ratio in %	94.0	93.0
Number of employees at the reporting date	709	856

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Short profile Balda Group

Technologies ♦ Quality ♦ Outstanding Products

Balda is a provider of premium-quality, sophisticated plastic solutions for the medical technology sector, as well as for the eyewear, electronics and automotive industries. The company provides superior engineering services and high quality products, matched by fast, flexible and tailored services for its customers.

Balda is internationally active with its Europe and America operating segments. In addition to production facilities at its headquarters in Bad Oeynhausen, Germany, the Group operates four plants in California, USA.

In Europe, at its location in Germany, the company develops and produces high-quality plastic solutions for the medical technology, pharmaceutical and diagnostics markets. This segment also provides strategic direction and objectives, and other support as part of accustomed holding company functions. In America, at its sites in the USA, Balda produces high-precision injection-molded plastic solutions for the optical and medical technology products sector, as well as serving the electronics and automotive 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 presence abroad, the continuous enhancement of the company's value, and consequently attractive returns on its shareholders' investments.

Letter to the Shareholders

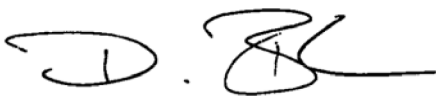
Dear Shareholders,

Your company, Balda AG, entered calmer waters during the second quarter of its 2013/2014 financial year, reporting satisfactory growth. We are well on the way to achieving the targets that we have set for ourselves, although there is still much to be done in operating terms. Sales revenues reached EUR 34.9 million in the first half year, and are thereby within the target corridor for the EUR 70 million to EUR 80 million of sales revenue that we are aiming for over the course of the full year. We generated EUR 17.4 million of sales revenue in the second quarter alone, over EUR 11.8 million in the prior-year's comparable period. This significant business growth is attributable to the inclusion of the US companies Balda C. Brewer and Balda HK Plastics, which we acquired at the end of 2012.

Earnings before interest, taxes, depreciation and amortization (EBITDA) reached EUR 1.1 million in the first half of 2013/2014 and EUR 0.03 million in the second quarter. It should nevertheless be noted in this context that the second quarter was impacted by EUR 1.3 million of extraordinary charges. The Group generated EUR 11.1 million of net income after tax in the first half of the year, compared with EUR 3.9 million in the second quarter. In terms of earnings, we are also on track to achieve a single-digit EBITDA margin on sales revenue by the year-end.

We, the Management Board, have conducted a thorough inventory-taking over recent months, and see many growth opportunities for Balda AG due to its excellent staff, product expertise and global market presence. We are working intensively on fulfilling our in-house mission statement of "Turning Potential into Performance", and consequently into sustainable value enhancement. As a proven plastics specialist in medical technology and related areas, Balda is benefiting in this context from the megatrends of greater prosperity and ageing societies worldwide. As a consequence, we are clearly on a growth trajectory, which we will boost further through supplementary acquisitions in existing and new high-growth business areas. We can assure you that we will only deploy our funding resources for acquisitions if they generate added value for our customers and employees, and above all for you, as shareholders.

Yours,



Dr. Dieter Brenken



Oliver Oechsle

Notes on the structure of the half-year report

AS OF 31. DEZEMBER 2013

CONTINUING OPERATIONS / SCOPE OF CONSOLIDATION

The Malaysian company Balda Solutions Malaysia Sdn. Bhd., Ipoh (Malaysia) was sold in April 2013. As a result of this sale, this company is no longer included in the previous year's continuing operations. The prior-year figures have been restated accordingly. Only the statement of cash flows, the statement of comprehensive income and the statement of changes in equity of the previous year still contain figures for the discontinued operations.

In the second quarter, Balda redefined its segments in order to improve planning and management processes. With the reporting for the December 2013 month, presentation is no longer according to the segments of Balda Medical and Balda Technical. Group planning, management and reporting will be performed in the future according to the regions of America and Europe.

Balda share and investor relations

BALDA SHARE AT A GLANCE

The second half of 2013 was characterized by a continued rally that was significantly affected by central banks' low interest rates. Germany's DAX equity index broke through the 9,000 level for the first time in October, reaching its high for the year on 27 December 2013 at 9,589 points. The DAX was up by 20.2 % in total over the reporting period. The SDAX small cap index rose significantly in parallel, reaching its high for the reporting period of 6,859 on 2 December 2013. The SDAX appreciated by 16.9 % during the second half of the year.

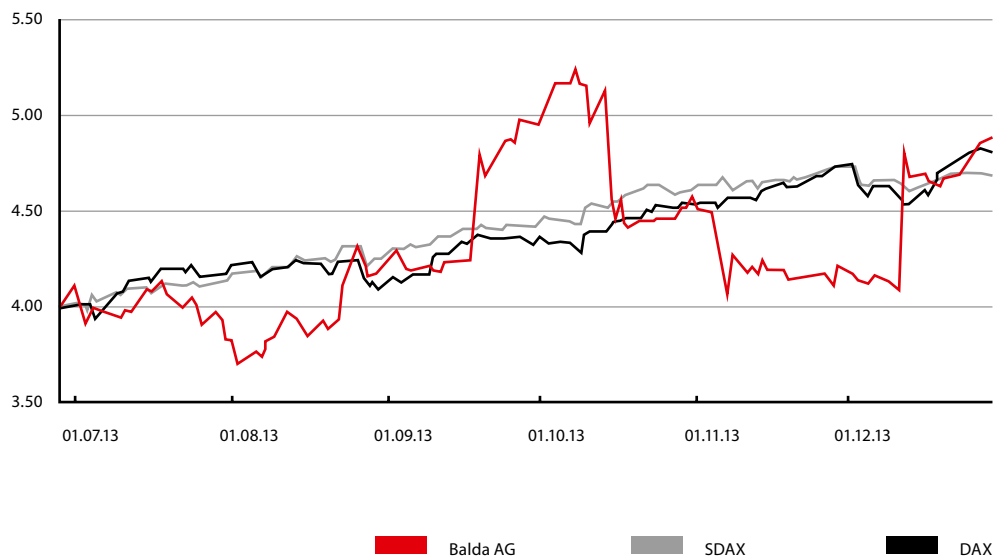
The Balda AG share also benefited from equity markets' positive trend, although with much higher volatility than the indices. It reached its low of EUR 3.68 during the reporting period on 2 August 2013, and its high for the period on 8 October 2013 at EUR 5.23. The Balda share was up by 19.3 % during the period under review. The Balda share closed the year at EUR 4.89, resulting in a EUR 286.2 million market capitalization.

Balda continuously informs its shareholders about current topics on the detailed investor relations pages of its website.

BALDA AG SHARE PRICE COMPARED TO DAX AND SDAX

(Indexed share price performance from 1 July 2013 to 31 December 2013)

OVERVIEW OF THE SHARE PRICE PERFORMANCE



Interim management report

AS OF 31 DECEMBER 2013

1. GENERAL ECONOMIC DEVELOPMENT

The Eurozone state debt crisis and the ECB's low interest-rate policy continued to affect the global economy during the first six months of the 2013/2014 financial year.

The global economy grew by 3.0 % last year, according to the International Monetary Fund (IMF). The IMF forecasts global growth of 3.7 % for 2014, and 3.9 % for 2015. A marked leap forward is anticipated for the USA, Balda AG's most important market along with Germany: following 1.9 % in 2013, the IMF forecast 2.8 % for 2014, at 3.0 % for 2015.

At -0.4 %, Eurozone economic growth continued the previous years' decline. Following the long recession, however, the IMF slightly upgraded its forecasts in its recent World Economic Outlook, and now sees 1.0 % growth for 2014, and 1.4 % for 2015.

The IMF also slightly increased its estimates for Germany: after 0.5 % growth in 2013, it now assumes 1.6 % growth for 2014, and 1.4 % for 2015. As a consequence, Germany's growth will outpace that of the Eurozone this year.

2. INDUSTRY SITUATION

2.1. Medical technology

Germany, as a medical technology location, reported weak performance in 2013 according to the autumn 2013 survey conducted by the German Medical Technology Association (BVMed): average growth stood at only 2.6 %, compared with 4.4 % growth in 2012. With 4.4 % sales growth in 2013, the global trend was consequently significantly better than in Germany.

The autumn survey also anticipated a drop in earnings among medical technology companies in Germany in 2013. This is mainly attributable to greater pricing pressure, as well as the conservative policies pursued by health insurance scheme associations, and a rise in raw materials prices.

2.2. Plastics

Total production by the European plastics industry reported further growth during the first half of 2013, according to an announcement by the PlasticsEurope sector association in January 2014.

In Germany, slight growth of 1.4 % was registered in 2013, bringing total sector sales to around EUR 57 billion (previous year: EUR 56.2 billion), according to the German Plastics Manufacturing Industry Association (GKV).

3. BUSINESS PERFORMANCE IN THE FIRST HALF OF 2013/2014

3.1. Overall assessment

The Balda Group remained on its growth path during the July to December 2013 period. Operating trends nevertheless fell short of expectations due to reticent customer demand, especially in the Americas segment. Consolidated sales revenues of EUR 34.9 million in the first half of 2013/2014 were ahead of the previous year's comparable figure of EUR 19.9 million. The US companies were not yet contributing to sales revenues during the comparable prior-year period, however. The Group generated EUR 1.1 million of profit before interest, tax, depreciation and amortization (EBITDA) from its continuing operations during the first half of the year, compared with a loss of EUR 1.6 million in the comparable period.

After tax, the Group reports EUR 11.1 million of earnings from its continuing operations (comparable period: EUR 11.6 million), which is considerably impacted by currency effects within the financial result.

The Management Board is retaining the forecasts for the full 2013/2014 year that it stated in the 2012/2013 annual report, and assumes that it will generate consolidated sales revenue in the EUR 70 million to EUR 80 million range, accompanied by a profit.

3.2. Significant events in the first half-year of 2013 / 2014

Extraordinary General Meeting on 18 July 2013

Balda AG held an Extraordinary General Meeting in Berlin on 18 July 2013. The shareholder Elector GmbH, Berlin, had convened the meeting on the basis of an authorization by Bad Oeynhausen Local Court. The sole agenda item was the complete replacement of Balda's Supervisory Board. The former Supervisory Board Chairman and meeting chair Dr. Michael Naschke declared that the Extraordinary General Meeting was unable to pass solutions. This was said to be due to a protocol error on the part of the convening shareholder Elector GmbH.

Extraordinary General Meeting on 4 September 2013 elects new Supervisory Board

At Balda's Extraordinary General Meeting in Berlin on 4 September 2013, new members were elected to the company's three-person Supervisory Board. This was the sole agenda item. The shareholders elected Ms. Frauke Vogler, lawyer / tax advisor, Berlin, Dr. Thomas van Aubel, lawyer, Berlin and Mr. Klaus Rueth, Darmstadt, to the Supervisory Board. At the subsequent inaugural meeting Dr. van Aubel was elected Chairman of the Supervisory Board. The existing Supervisory Board Chairman was voted out of office.

Management Board Changes

The Supervisory Board of Balda AG resolved on 5 September 2013 to appoint Dr. Dieter Brenken as a further Management Board member within immediate effect.

On 14 October 2013, the Supervisory Board dismissed the CEO, Mr. Dominik Müser, with immediate effect and appointed Mr. Oliver Oechsle as a further member of the Management Board.

3.3. Sales and earnings performance

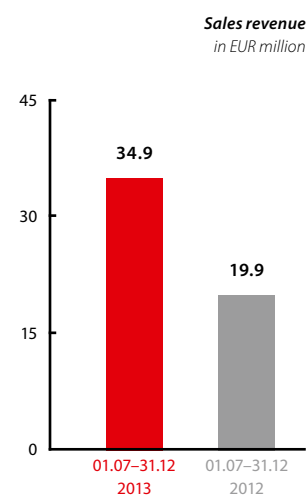
Consolidated sales revenues rose from EUR 19.9 million to EUR 34.9 million in the period under review, which is primarily attributable to the consolidation of the US companies since the end of 2012. These US companies contributed EUR 20.1 million of sales revenue. Excluding this effect, sales revenue would have fallen.

Other operating income of EUR 2.3 million after the first six months was ahead of the comparable figure of EUR 1.6 million. The period under review includes EUR 0.9 million of income relating to other accounting periods. These results from payments received for receivables that had been written off, and the release of residual purchase price obligations arising from an earn-out clause.

The increase in the **cost of materials** from EUR 10.0 million to EUR 13.1 million reflects the newly acquired US companies. The cost of materials ratio registered a marked reduction from 55.2 % to 36.9 % in the period under review. This decline reflects, firstly, the US companies' pure injection-molded business, which is not so intensive in terms of materials. Secondly, the previous year's figure includes a higher proportion of Medical's tools and equipment business, which is materials-intensive.

Personnel expenses registered a significant increase from EUR 5.1 million to EUR 15.3 million in a year-on-year comparison. This is mainly due to the first-time inclusion of the workforce of the acquired US companies. A comparison between the first and second quarters also reflects the impact of a EUR 1.5 million provision due to the separation from the previous Management Board.

Other operating expenses of EUR 8.2 million were EUR 2.1 million ahead of the previous year's EUR 6.1 million. Besides high energy and freight costs, this rise is mainly due to the first-time inclusion of the US companies.



Group earnings before interest, tax, depreciation and amortization (EBITDA) both before and after extraordinary items are as follows for the six-month reporting period:

IN EUR MILLIONS	2013/2014	2012/2013
EBITDA before extraordinary items	2.0	0.2
Other operating income	0.9	0.0
Personnel expenses	1.5	0.0
Other operating expenses	0.3	1.8
EBITDA after extraordinary items	1.1	-1.6

After taking EUR 2.6 million of depreciation, amortization and impairment losses into account, the Group generated a **loss before interest and taxes (EBIT)** of EUR 1.5 million, compared with a EUR 2.7 million loss in the prior-year period.

Principally positive currency effects of EUR 10.9 million (prior-year period: EUR 12.8 million) fed through to a EUR 10.4 million **profit before taxes (EBT)**, slightly below the figure for the previous-year period (EUR 11.6 million).

Net profit after tax stood at EUR 11.1 million compared with EUR 11.6 million in the prior-year period.

4. SEGMENT PERFORMANCE

4.1. America segment

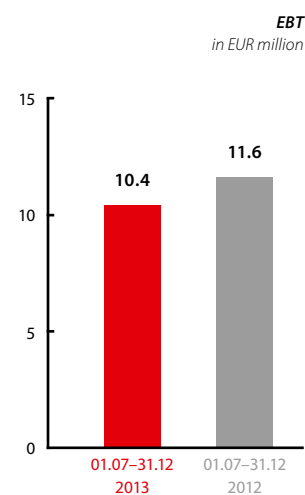
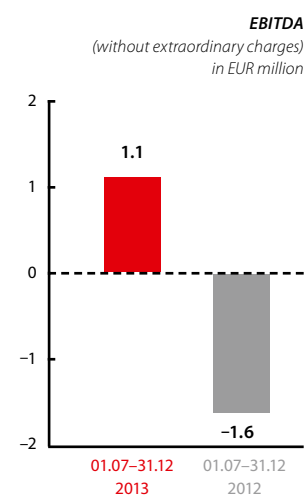
The Balda America segment generated EUR 20.1 million sales revenue in the first half of 2013/2014 (prior-year period: EUR 0 million), and segment EBITDA reached EUR 1.2 million (prior-year period: EUR 0 million).

4.2. Europe segment

Balda Europe generated EUR 14.9 million of sales revenue for the first half of 2013/2014 (previous-year period: EUR 19.9 million). The segment reported a slight loss of EUR 0.1 million at the EBITDA level (prior-year period: profit of EUR 0.5 million).

4.3. Other

General holding company costs fed through to a slight loss of EUR 0.1 million at the EBITDA level in the Other segment.



5. NET ASSETS

The Group's total assets of EUR 354.3 million as of the 31 December 2013 balance sheet date were slightly down of the figure at the end of the 2012/2013 financial year (EUR 359.7 million). Non-current assets were down, mainly due to depreciation and amortization. These assets decreased by EUR 2.5 million, from EUR 54.9 million to EUR 52.4 million, on a comparison between balance sheet dates. In this context, goodwill decreased by EUR 0.8 million to EUR 13.9 million due to currency effects.

Current assets were down by EUR 2.9 million on balance to EUR 301.9 million (30 June 2013: EUR 304.8 million). This decline is partly attributable to a reduction in trade receivables (minus EUR 1.3 million). The approximately EUR 60 million reduction in the other current assets item is due to the transfer of such assets to cash and cash equivalents. As the fixed term deposits carry shorter terms, they are now reported under cash and cash equivalents. Cash and cash equivalents have risen to EUR 128.9 million accordingly.

On the equity and liabilities side of the balance sheet, the Group reports EUR 333.1 million of consolidated equity as of 31 December 2013 (30 June 2013: EUR 334.5 million). A EUR 12.5 million currency-related reduction in reserves is mainly offset by the Group's earnings, resulting in only a slight reduction in consolidated equity on balance.

The equity ratio improved slightly to 94.0 %, compared with 93.0 % at the end of June 2013.

Non-current liabilities of EUR 6.2 million were slightly below the EUR 6.9 million recorded on 30 June 2013.

Current liabilities were down by EUR 3.2 million to EUR 15.0 million, principally reflecting a reduction in trade payables (EUR -2.3 million).

6. FINANCIAL POSITION

The Balda Group's cash and cash equivalents stood at EUR 128.9 million at the end of the first half of 2013/2014 (30 June 2013: EUR 68.2 million).

Cash flow from operating activities was positive compared with the prior-year period, amounting to EUR 4.6 million in the period under review due to a working capital reduction (comparable period: EUR -0.9 million).

The cash inflows from investing activities are mainly attributable to the sale of short-term bonds and borrower's note loans and amounted to EUR 59.7 million. Investments in operating property, plant and equipment and in intangible assets resulted in EUR 0.5 million of cash outflows.

The Balda Group invested a total of EUR 1.2 million in replacement investments in property, plant and equipment and intangible assets during the first six months of the current financial year (comparable period: EUR 0.6 million).

Cash outflows from financing activities stood at EUR 0.3 million.

Based on its existing liquidity, the Balda Group is able to realize its planned projects from its own resources, and to pay out a planned dividend for the 2012/13 (see section 8: events after the reporting period) financial year.

7. EMPLOYEES

The number of employees stood at 709 as of the reporting date, compared with 856 as of 30 June. Of these, 198 were employed in Europe (as of the end of June 2013: 205 employees), and 511 in the USA (as of the end of June 2013: 651 employees). As a consequence, the Group has taken into consideration the declining level of business in the eyeware area, and has cut 140 jobs in America.

8. EVENTS AFTER THE REPORTING PERIOD

Annual General Meeting on 28 January 2014

The Annual General Meeting of Balda AG was held on 28 January 2014 in Bielefeld. The shareholder meeting approved a special dividend of EUR 1.50 per share deriving from the sale of TPK. This dividend was paid out on 29 January 2014.

Besides this, no further events of key significance for the Group's net assets, results of operations and financial position occurred after the 31 December 2013 reporting date.

9. RISK REPORT

The consolidated financial statements as of 30 June 2013 include a detailed presentation of the Balda Group's risk management, while also describing and assessing all significant risks. The Group's risk profile did not change significantly in the first half-year of the current financial year. The reader is therefore referred to the risk report contained in the consolidated financial statements as of 30 June 2013. This report was published in the annual report and on our corporate website.

10. ANTICIPATED DEVELOPMENTS AND OUTLOOK

The Management Board continues to adhere to the guidance in the 2012 / 2013 Annual Report on business performance in the current 2013 / 2014 financial year:

Assuming that macroeconomic conditions do not deteriorate significantly and barring any other unforeseeable adverse effects that have a material impact on the Balda Group, the Management Board aims to achieve, based on the current portfolio, i.e. without further acquisitions,

- ◆ consolidated sales of EUR 70 to EUR 80 million and
- ◆ a single-digit EBITDA margin (based on sales) in the 2013 / 2014 financial year and a positive result.

For additional information, please see the section entitled "Opportunities and anticipated developments" in our Annual Report for the 2012/2013 financial year.

Selected notes to the financial statements

1. GENERAL INFORMATION

Balda Aktiengesellschaft has its registered office in Bad Oeynhausen, Germany. These interim financial statements as of 31 December 2013 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 2013/14 financial year include four German and eight foreign subsidiaries on the basis of full consolidation.

Accounting policies

The interim consolidated financial statements as of 31 December 2013 were prepared for interim reporting in compliance with International Financial Reporting Standards (IFRS) as applicable in the EU. 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 2013. In preparing the interim consolidated financial statements, the same accounting, measurement and consolidation methods were applied as in the consolidated financial statements for the 2012/2013 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 2013. The utilization of the options included in IFRS is also explained there.

Sales revenue increased from EUR 15.9 million to EUR 19.9 million due to the retrospective application of the percentage of completion method for the comparable period. This reduced the "changes in inventories of finished goods and work in progress" item from EUR 2.3 million to minus EUR 1.7 million.

Along with the currency results from the balance sheet date measurement of foreign subsidiaries' assets, the period under review also reports the currency results from the balance sheet date measurement of intercompany loans within the financial result (other finance income/expense). The re-categorization and rationalization of financing-related topics provides a better presentation of the operating profit/loss (EBIT). The effects on other operating income, other operating expenses and EBIT are as follows:

IN EURO THOUSAND	2013/2014	2012/2013
Other operating income before reclassifications	2,278	3,215
Reclassification of currency gains/losses	0	-1,651
Other operating income after reclassification	2,278	1,564

IN EURO THOUSAND	2013/2014	2012/2013
Other operating expenses before reclassifications	9,679	6,084
Reclassification of currency gains/losses	-1,454	0
Other operating expenses after reclassification	8,225	6,084

IN EURO THOUSAND	2013/2014	2012/2013
EBIT before reclassifications	-2,962	-1,000
Reclassification of currency gains/losses	1,454	-1,651
EBIT after reclassification	-1,508	-2,651

The currency exchange rates to 1 Euro used as the basis for currency translation changed as follows:

CURRENCIES	ISO-CODE	CASH MID-RATE ON REFERENCE REPORTING DATE		AVERAGE RATE	
		31 DECEMBER	30 JUNE	1 JULY - 31 DECEMBER	
		2013	2013	2013	2012
US dollar	USD	1.3767	1.3007	1.3427	1.2925
Malaysian ringgit	MYR	4.5310	4.1051	4.3092	4.9667

Segment reporting

In the second quarter, Balda redefined its segments in order to improve planning and management processes.

With the reporting for the December 2013 month, the presentation is no longer according to the segments of Balda Medical and Balda Technical. Group planning, management and reporting will be performed in the future according to the regions of America and Europe (please see the table in the appendix). The Management Board is hereby clearly delineating responsibility for earnings within the individual companies, resulting in more effective international management for the Group. Segment responsibilities lie with the Management Board, which also makes decisions concerning the distribution of resources, and monitors segment profitability using predetermined financial information.

The **America segment** comprises all companies with headquarters in America. This segment focuses on manufacturing injection-molded articles made from plastic for highly varied products across the medical technology, electronics and automotive 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 produced 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 **Others** segment comprises a real estate company and two holding partners in Asia. They manage most of the Group's financing resources and the rented property in Ipoh, Malaysia.

The figures for the company Balda Solutions Malaysia Sdn. Bhd., which was sold on April 2013, do not form part of segment reporting for the comparable period in this interim financial report.

Along with sales revenues, gross revenue also includes changes in inventories of finished goods and work in progress. The "Business performance" section (page 25 & 26) 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 contained in section 6 Financial position (page 11) in this interim management report.

Balance sheet structure

The total assets of the Balda Group of EUR 354.3 million as of 31 December 2013 are only slightly below the level on the 30 June 2013 balance sheet date (EUR 359.7 million).

On the assets side of the balance sheet, the EUR 2.5 million reduction in non-current assets primarily reflects depreciation and amortization.

Current assets of EUR 301.9 million were only slightly below their level on 30 June 2013. Of the fixed-term deposit holdings with a term of more than three months, around EUR 60 million were reclassified from Other current receivables to the "Cash and cash equivalents" item. The consolidated equity of the Balda Group reported a slight decline to EUR 333.1 million, compared with EUR 334.5 million as of the 30 June 2013 balance sheet date. This decrease is mainly due to the negative effects arising from translation differences (minus EUR 12.5 million). This was offset by the profit for the period (plus EUR 11.1 million).

Current liabilities reduced to EUR 15.0 million, primarily in the "Trade payables" due to payments to creditors (30 June 2013: EUR 18.2 million).

Income statement

The Balda Group generated EUR 34.9 million of consolidated sales revenue in the first half of 2013/14, compared with EUR 19.9 million in the comparable period. This is mainly due to the first-time inclusion during the reporting period of the US companies that were acquired at the end of 2012.

Page 25 et. seq. of this interim report describes the individual segments' business performance including results of operations.

Other operating income includes EUR 0.9 million of income relating to other accounting periods.

Depreciation, amortization and impairment losses include impairment losses applied to identified assets (intangible assets), and reversals of impairment losses due to the fair value measurement of property, plant and equipment arising from the purchase price allocation for the acquisition of the US companies valuing EUR 1.0 million. The Group reported total consolidated net income of EUR 11.1 million in the first half of the year. In the prior-year period, the Group reported EUR 11.9 million of consolidated debt income, including the loss on discontinued operations.

Other comprehensive income (minus EUR 12.9 million) in the consolidated statement of comprehensive income principally comprises foreign-currency translation gains/losses relating to the foreign subsidiaries' balance sheet and income statements.

Related parties

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 7,7 million as of 31 December of 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, interim management report and the condensed notes to the financial statements prepared as of 31 December 2013 were neither audited nor reviewed by an audit. They were prepared for this set of interim financial statements.

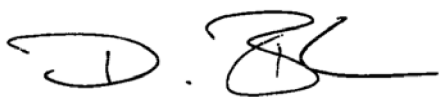
Forward-looking statements generally contain uncertainties. This interim report contains statements that relate to the future performance of Balda AG. Such statements are based on assumptions and estimates. Although the Management Board is confident that the forward-looking statements are realistic, 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 our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the 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 Group's position, 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, 13 February 2014

The Management Board



Dr. Dieter Brenken



Oliver Oechsle

Consolidated income statement

OF BALDA AG FOR THE PERIOD OF 01.07. TO 31.12.2013

IN EUR THOUSAND	2013/2014 01.10.-31.12.	2012/2013 01.10.-31.12.	2013/2014 01.07.-31.12.	2012/2013 01.07.-31.12.
Sales revenues	17,413	11,755	34,930	19,851
Changes in inventories of finished goods and work in progress	569	-777	517	-1,746
Gross revenue	17,982	10,978	35,447	18,105
Other operating income	1,416	883	2,278	1,564
Cost of materials	7,090	6,900	13,070	9,999
Personnel expenses	8,124	2,668	15,303	5,145
Depreciation, amortization and impairment losses	1,230	540	2,635	1,092
Other operating expenses	4,159	4,365	8,225	6,084
Profit/loss from operations	-1,205	-2,612	-1,508	-2,651
Net interest income / expense	482	658	999	1,445
Other finance income (net)	3,483	6,845	10,876	12,814
Earnings before taxes	2,760	4,891	10,367	11,608
Taxes on income	-1,096	-48	-739	12
Net profit/loss from continuing operations	3,856	4,939	11,106	11,596
Net profit/loss from discontinued operations	0	140	0	260
Comprehensive income, Group	3,856	5,079	11,106	11,856
Comprehensive income, Group, attributable to:				
Shareholders of Balda AG	3,856	5,079	11,106	11,856
of which of continuing operations	3,856	4,939	11,106	11,596
of which of discontinued operations	0	140	0	260
Earnings per share:				
Number of shares, basic (in thousands)	58,891	58,891	58,891	58,891
Earnings per share (EUR) - basic	0.065	0.086	0.189	0.201
Number of shares, diluted (in thousands)	58,891	58,891	58,891	58,891
Earnings per share (EUR) - diluted	0.065	0.086	0.189	0.201

Consolidated statement of comprehensive income

OF BALDA AG FOR THE PERIOD OF 01.07. – 31.12.2013

IN EUR THOUSAND	2013/2014	2012/2013
1. Comprehensive income, Group	11,106	11,856
2. Other comprehensive income	-12,531	11,357
2.1 Currency translation difference		
2.1.1 Items that will be reclassified to profit or loss	-12,531	-12,913
2.2 Change in fair value of available-for-sale financial assets		
2.2.1 Items recognized directly in other comprehensive income	0	24,270
3. Comprehensive income of the period	-1,425	23,213
Comprehensive income of the period attributable to:		
Shareholders of Balda AG	-1,425	23,213
Non-controlling interests	0	0

Consolidated statements of changes in equity

OF BALDA AG FOR THE PERIOD OF 01.07. – 31.12.2013

IN EUR THOUSAND	SUBSCRIBED CAPITAL	CAPITAL RESERVES	RETAINED EARNINGS	ADJUSTMENT ITEM FOR THE FAIR VALUE MEASUREMENT OF AFS INSTRUMENTS	CURRENCY TRANSLATION RESERVE	NET RETAINED PROFITS	EQUITY OF SHAREHOLDERS OF BALDA AG
Balance on 01.07.2012	58,891	34,555	1,881	681	14,306	340,137	450,451
Profit/loss for half year	—	—	—	—	—	11,856	11,856
Other comprehensive income	—	—	—	24,270	-12,913	—	11,357
Total comprehensive income	0	0	0	24,270	-12,913	11,856	23,213
Distribution to shareholders	—	—	—	—	—	-117,781	-117,781
Balance on 31.12.2012	58,891	34,555	1,881	24,951	1,393	234,212	355,883
Balance on 01.07.2013	58,891	34,555	1,881	0	3,372	235,836	334,535
Profit/loss for half year	—	—	—	—	—	11,106	11,106
Other comprehensive income	—	—	—	—	-12,531	—	-12,531
Total comprehensive income	0	0	0	0	-12,531	11,106	-1,425
Balance on 31.12.2013	58,891	34,555	1,881	0	-9,159	246,942	333,110

Consolidated statement

OF FINANCIAL POSITION OF BALDA AG AS OF 31.12.2013

ASSETS	31.12.2013 EUR THOUSAND	30.06.2013 EUR THOUSAND
A. Non-current assets		
I. property, plant and equipment	19,973	20,992
II. Goodwill	13,899	14,710
III. Intangible assets	8,441	9,579
IV. Financial assets	5,191	5,191
1. Loans	5,191	5,191
V. Deferred taxes	4,861	4,423
Non-current assets	52,365	54,895
B. Current assets		
I. Inventories	10,333	10,402
II. Trade receivables	8,879	10,222
III. Other current assets	152,705	215,134
IV. Current tax assets	1,094	863
V. Cash and cash equivalents	128,915	68,153
Current assets	301,926	304,774
Total assets	354,291	359,669

OF FINANCIAL POSITION OF BALDA AG AS OF 31.12.2013

EQUITY AND LIABILITIES	31.12.2013 EUR THOUSAND	30.06.2013 EUR THOUSAND
A. Equity		
I. Subscribed capital	58,891	58,891
II. Reserves	27,277	39,809
III. Net retained profits	246,942	235,836
1. Comprehensive income, Group	11,106	13,480
2. Retained profits brought forward	235,836	222,356
Group Equity	333,110	334,536
B. Non-current liabilities		
I. Bank loans	599	763
II. Deferred taxes	5,475	6,046
III. Non-current provisions	128	128
Non-current liabilities	6,202	6,937
C. Current liabilities		
I. Trade payables	4,011	6,283
II. Other current financial / non-financial liabilities	4,862	4,873
III. Advance payments received	2,799	3,119
IV. Short term bank borrowings and short term loans	871	968
V. Income tax liabilities	2,326	2,843
VI. Current provisions	110	110
Current liabilities	14,979	18,196
TOTAL EQUITY AND LIABILITIES	354,291	359,669

Consolidated statement of cash flows

OF BALDA AG FOR THE PERIOD OF 01.07.2013 TO 31.12.2013

IN EUR THOUSAND	HALF-YEAR REPORT 01.07.2013 31.12.2013	HALF-YEAR REPORT 01.07.2012 31.12.2012
Net loss/income before tax and financing costs – continued operations	-1,508	-2,651
Net loss/income before tax and financing costs – discontinued operations	0	96
+ Interest income	350	829
- Interest expense	-37	-18
+/- Interest taxes received/paid	-272	-332
+/- Depreciation, amortization and impairment losses on non-current assets/reversals of impairment losses on non-current assets (excluding deferred taxes)	2,638	1,746
+/- Other non-cash expenses/earnings	2,810	2,187
+/- Increase/decrease in tax assets and tax liabilities	-731	167
+/- Increase/decrease in provisions	0	-372
+/- Increase/decrease in inventories, trade receivables and other assets not attributable to investing or financing activities	5,238	-383
+/- Increase/decrease in liabilities and other liabilities not attributable to investing or financing activities	-3,860	-2,200
= Cash flow from operating activities	4,628	-931
of which discontinued operations	0	-968
Cash flow from investing activities		
- Cash payments for property, plant and equipment and intangible assets	-458	-1,131
- Cash payments from the acquisition of shares of Group		-37,565
- Cash receipts from the sale of TPK shares	0	153,719
+ Cash receipts from the sale of borrower's note loans	59,737	53,270
Cash receipts from distributions	0	9,333
= Cash flow from investing activities	59,279	182,126
of which discontinued operations	0	-278

OF BALDA AG FOR THE PERIOD OF 01.07.2013 TO 31.12.2013

IN EUR THOUSAND	HALF-YEAR REPORT 01.07.2013 31.12.2013	HALF-YEAR REPORT 01.07.2012 31.12.2012
Cash flow from financing activities		
- Cash repayments of bank borrowings	-261	-135
- Cash payments of dividends		-117,782
- Cash payments of finance lease liabilities	0	-48
= Cash flow from financing activities	-261	-117,965
Of which discontinued operations	0	-182
Net change in cash and cash equivalents	63,646	63,230
+ Cash and cash equivalents at the beginning of financial year	68,153	17,776
+/- Effects and changes in foreign exchange rates	-2,884	-1,315
= Cash and cash equivalents at the end of half year – Group	128,915	79,691
Cash and cash equivalents at the end of the half year – discontinued operations	0	5,728
Cash and cash equivalents at the end of half year – continuing operations	128,915	73,963
Composition of cash and cash equivalents at the end of half year		
Cash and cash equivalents	128,915	79,691

Consolidated segment reporting

AS OF DECEMBER 2013

PROFIT/LOSS FOR THE FIRST HALF YEAR OF 2013/2014 (01.07. - 31.12.2013)

IN EUR THOUSAND	EUROPE	AMERICA	TOTAL OPERATING SEGMENTS	OTHER	RECON- CILIATION	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
Sales revenues, total	14,856	20,074	34,930	0	0	0	34,930
Gross revenue	15,428	20,019	35,447	0	0	0	35,447
EBITDA	-62	1,246	1,184	-57	0	0	1,127
<i>in % of gross revenue</i>	<i>-0.4 %</i>	<i>6.2 %</i>	<i>3.3 %</i>				<i>3.2 %</i>
EBIT	-1,168	-283	-1,451	-57	0	0	-1,508
<i>in % of gross revenue</i>	<i>-7.6 %</i>	<i>-1.4 %</i>	<i>-4.1 %</i>				<i>-4.3 %</i>
Interest income	1,034	7	1,041	782		-786	1,037
Interest expense	-46	-778	-824	0		786	-38
Other finance income (net)	0	-1,449	-1,449	12,325			10,876
income of sale of TPK-share	0	0	0				0
EBT	-180	-2,503	-2,683	13,050	0	0	10,367
<i>in % of gross revenue</i>	<i>-1.2 %</i>	<i>-12.5 %</i>	<i>-7.6 %</i>				<i>29.2 %</i>
Taxes income							-739
Comprehensive income, Group							11,106
Investments	690	542	1,232	0	0	0	1,232
Segment assets	337,645	40,901	378,546	224,656	0	-254,865	348,337
Number of employees 31.12.	198	511	709	0	0	0	709

PROFIT / LOSS FOR THE FIRST HALF YEAR OF 2012 / 2013 (01.07. - 31.12.2012)

IN EUR THOUSAND	EUROPE	AMERICA	TOTAL OPERATING SEGMENTS	OTHER	RECON- CILIATION (3)	INTER- SEGMENT- CORRECTIONS	GROUP
External sales revenues	19,851	0	19,851	0			19,851
Internal sales revenues	0	0	0	0			0
Sales revenues, total	19,851	0	19,851	0	0	0	19,851
Gross revenue	18,106	0	18,106	0	0	0	18,106
EBITDA	533	-1,564	-1,031	-268	-260	0	-1,559
<i>in % of gross revenue</i>	2.9 %		-5.7 %				-8.6 %
EBIT	-559	-1,564	-2,123	-268	-260	0	-2,651
<i>in % of gross revenue</i>	-3.1 %		-11.7 %				-14.6 %
Interest income	662	0	662	1,363		-568	1,457
Interest expense	-578	-2	-580	0		568	-12
Other finance income (net)	305	0	305	12,509			12,814
EBT	-170	-1,566	-1,736	13,604	-260	0	11,608
<i>in % of gross revenue</i>	-0.9 %		-9.6 %				64.1 %
Taxes income							-12
Net profit / loss for the first half year							11,596
Net profit / loss from discontinued							260
Comprehensive income, Group							11,856
Investments (1)	482	0	482	0	0	0	482
Segment assets (2)	338,234	46,292	384,526	224,330	0	-254,473	354,383
Number of employees 31.12.	200	741	941	0	0	0	941

1 Segment assets = non-current assets plus current assets without active deferred taxes and tax refund claims

2 Number of employees on end of period = including leased laborer, temporary staff and apprentices only continued operations

3 The amounts listed in reconciliation affect attributions to discontinued operations

Director's holdings

DIRECTOR'S HOLDINGS AS OF 31.12.2013

	31.12.2013	30.09.2013	CHANGES
Share capital	58,890,636	58,890,636	
Dr. D. Brenken	0	0	0
O. Oechsle (1)	0	0	0
D. Müser (2)	—	0	0
Management Board, total	0	0	0
K. Rueth	0	0	0
Dr. T. van Aubel (3)	17,632,808	17,632,808	0
F. Vogler	100	100	0
Supervisory Board, total	17,632,908	17,632,908	0
Corporate bodies total	17,632,908	17,632,908	0
in % of equity	29,94	29,94	

1 Management Board member from 14.10.2013

2 Management Board member until 14.10.2013

3 Shareholding via Elector GmbH, Berlin

FINANCIAL CALENDAR

14 May 2014

Quarterly report 03 2013/2014

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