

Balda | AG

## Stable Growth during first nine Months of 2013 / 2014

- ◆ Consolidated revenue of EUR 51.0 million after first three quarters
- ◆ EBITDA of EUR 1.3 million
- ◆ EUR 10.4 million of consolidated net income after tax
- ◆ America and Europe segments lag expectations slightly due to reticent customer demand
- ◆ Dividend of EUR 1.50 per share paid in Q3
- ◆ FY 2013 / 2014 forecast confirmed: consolidated revenue between EUR 70 million and EUR 80 million and positive net result (excluding extraordinary items)
- ◆ Operating cash flow risen significantly to EUR 6.8 million after previous year's EUR -0.6 million

# Balda Group

## Overview of Key Figures

(IFRS BASIS)

IN EUR MILLIONS	9 MONTHS 01.07.2013 – 31.03.2014	9 MONTHS 01.07.2012 – 31.03.2013
<b>Sales revenue</b>	<b>51.0</b>	<b>39.6</b>
of which Europe	21.9	28.0
of which America	29.2	11.6
<b>Gross revenue</b>	<b>51.8</b>	<b>36.7</b>
<b>EBITDA</b>	<b>1.3</b>	<b>-0.6</b>
of which Europe	-0.3	-0.2
of which America	1.7	0.2
of which Other	-0.1	-0.4
<b>EBITDA margin in %</b>	<b>2.5</b>	<b>-1.8</b>
<b>EBIT</b>	<b>-2.4</b>	<b>-3.1</b>
Net finance income <sup>1</sup>	11.7	26.2
Earnings before taxes	9.3	23.1
Consolidated net income <sup>2</sup>	10.4	11.9
Earnings per share in Euros	0.18	0.2
<b>KEY BALANCE SHEET FIGURES</b>	<b>31.03.2014</b>	<b>30.06.2013</b>
<b>Total assets</b>	<b>266.6</b>	<b>359.7</b>
Equity	244.2	334.5
Equity ratio in %	91.6	93.0
Number of employees at the reporting date	710	856

<sup>1</sup> Previous year including earnings from sale of TPK-shares: EUR 16.9 million

<sup>2</sup> Previous year including discontinued operations

# Table of Contents

<b>U 2</b> The Balda Group at a Glance	<b>P. 06</b> Interim Management Report as of 31 March 2014	<b>P. 19</b> Consolidated Statement of Changes in Equity
<b>P. 02</b> Balda Group – Short Profile	<b>P. 12</b> Selected Notes to the Financial Statements	<b>P. 20</b> Consolidated Statement
<b>P. 03</b> Letter to the Shareholders	<b>P. 17</b> Consolidated Income Statement	<b>P. 22</b> Consolidated Statement of Cash Flows
<b>P. 04</b> Notes on the Structure of the Quarterly Report	<b>P. 18</b> Consolidated Statement of Comprehensive Income	<b>P. 24</b> Consolidated Segment Reporting
<b>P. 05</b> The Balda Share and Investor Relations		<b>P. 26</b> Director's Holdings
		<b>U 3</b> Financial Calendar / Contact / Imprint

# Short Profile Balda Group

Technologies ♦ Quality ♦ Outstanding Products

Balda is a provider of premium-quality, sophisticated plastic solutions for the healthcare, lifestyle, automotive and consumer electronics sectors. The company is distinguished by superior engineering services and high-quality products, matched by fast, flexible and tailored customer services.

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 optical and medical technology products sector, as well as the entertainment 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,

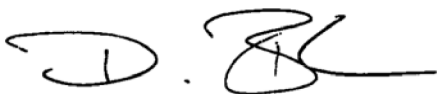
Your company—Balda AG—continues to work on the targeted implementation of its internal motto of "Turning Potential into Performance". In particular, we have made significant progress with the organizational integration of our headquarter operations in Germany with our four American plants. This has considerably bolstered Balda's market profile, and will continue to do so. This will be visible for the first time at the MD&M Show in New York on 10 June 2014, where Balda will present itself as an integrated plastics technology company.

With EUR 16.1 million of revenue reported in the third quarter of 2013 / 2014, operating growth was somewhat slower than in the two previous quarters of the financial year. During the first nine months of the year, we generated a total revenue of EUR 51.0 million. As a consequence, we still have a great deal of work to do in order to land in our target corridor of at least EUR 70 million of full-year sales revenue. We are confident, however, that we can reach this revenue target. In addition to this, we continue to budget an EBITDA-margin in the single-digit percentage range, and a positive net result before extraordinary items. We will also continue to work intensively on reducing costs, especially our other operating costs, in order to boost our profitability, and consequently our performance strength. Earnings before interest, tax, depreciation and amortization (EBITDA) amounted to EUR 1.3 million after the first nine months of 2013 / 2014, reflecting a significant improvement on the previous year's loss of EUR -0.6 million. At the earnings before interest and tax (EBIT) level, the Group reported a loss of EUR -2.4 million, compared with EUR -3.1 million in the prior-year period. Operating cash flow (excluding the net financial result) improved from EUR -0.6 million last year to EUR 6.8 million in the period under review. Due to a more positive net financial result—attributable to interest income and positive currency effects—earnings before tax (EBT) amounted to EUR 9.3 million and consolidated net income after tax stood at EUR 10.4 million during the first nine months of 2013 / 2014.

Balda AG continues to enjoy very strong capital base that we aim to deploy on a targeted basis for our further growth. We regard the current time as favorable for potential acquisitions because the sector is in a phase of consolidation. If an opportunity should arise, you can be certain that we will deploy our financial resources only for companies in areas of the plastics sector that promise sustainable growth and comprise a meaningful addition to the successful activities in our segments. And, not last, we will ensure that the purchase price makes sense. The fact that we have not yet made any announcements in this context is because such circumstances have not emerged. In no instance will we make hasty purchase decisions, even if we expressly wish to augment our organic growth through acquisitions.

The Balda Group is a sought-after partner on the market where high-end plastics solutions are concerned. It would please us greatly if you would continue to invest your confidence and trust in us, and accompany us further on our future path.

Yours



Dr. Dieter Brenken



Oliver Oechsle

# Notes on the Structure of the Quarterly Report

AS OF 31 MARCH 2014

## 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

Low central bank interest rates continued to characterize market trends during the second half of 2013, although the Crimea crisis pushed volatility up during the first two months of 2014. Germany's DAX equity index broke through the 9,000 level for the first time in October, reaching its high for the period under review on 17 January 2014 at 9,743 points. Overall, the DAX index appreciated by 19.7% during the first nine months of Balda's financial year. The SDAX small cap index rose significantly in parallel, reaching its high for the reporting period of 7,269 on 17 February 2014. The SDAX was up by a total of 23.4% during the period under review.

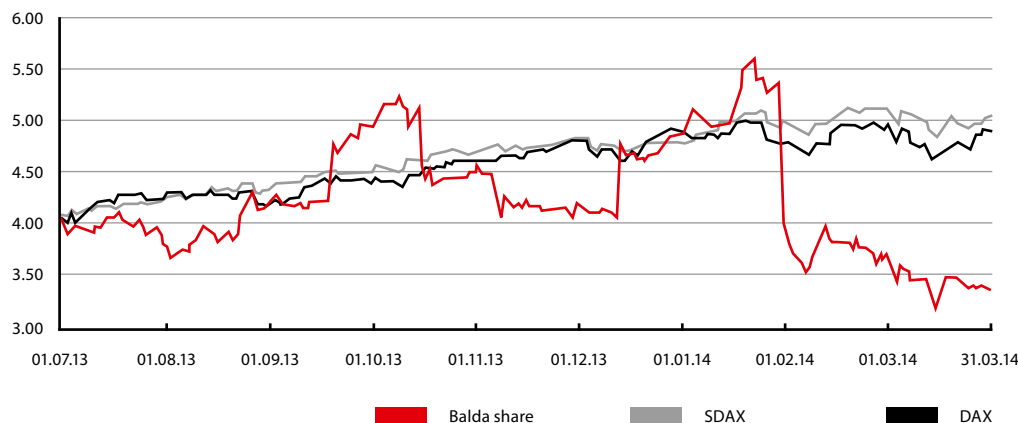
Along with general market trends, the primary factors affecting the Balda AG share included its AGM in January 2014 and the announcement and payment of a special dividend. The low for the reporting period consequently stood at EUR 3.20 on 14 March 2014, with the high being registered on 20 January 2014 at EUR 5.59, shortly before the AGM date. The special dividend of EUR 1.50 per share was paid out on 29 January 2014. The value of the Balda share declined by -18.0% in the period under review, although it registered an appreciation of 18.5% when adjusted to reflect the dividend. The closing price of the Balda share at the end of the first nine months amounted to EUR 3.36, equivalent to a market capitalization of EUR 197.9 million.

After the reporting period Balda AG took part in the small Cap Forum of DVFA in Frankfurt in May 2014 and presented itself 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 PRICE COMPARED TO DAX AND SDAX

(INDEXED SHARE PRICE PERFORMANCE FROM 01 JULY 2013 TO 31 MARCH 2014)

### OVERVIEW OF THE SHARE PRICE PERFORMANCE



# Interim Management Report

AS OF 31 MARCH 2014

## 1. GENERAL ECONOMIC DEVELOPMENT

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

In its World Economic Outlook published in April 2014, the International Monetary Fund (IMF) reconfirmed that, after 3.0% growth during the past year, it expects 3.6% global growth for 2014 at 3.9% for 2015. The IMF also confirmed its forecasts for the USA: in what is the most important market for Balda AG apart from Germany, economic output was up by 1.9% in 2013. For 2014, the IMF anticipates 2.8% growth, and 3.0% for 2015.

The Eurozone economy weakened slightly in 2013, registering a -0.5% dip. In its World Economic Outlook from April 2014, the IMF nevertheless upgraded its 2014 forecast by 0.2 percentage points, and now sees 1.2% growth. For 2015, the IMF is forecasting 1.5% economic growth for the Eurozone.

Following 0.5% growth in 2013, the IMF in its latest World Economic Outlook also upgraded its estimates for Germany, forecasting 1.7% economic output growth this year, and 1.6% for 2015, with Germany thereby continuing to outperform the Eurozone average.

## 2. INDUSTRY SITUATION

### 2.1. Medical Technology

Sales trends in the medical technology sector in Germany proved weaker than in previous years. According to the 2013 autumn survey conducted by the German Medical Technology Association (BVMed), 2.6% growth in 2013 (previous year: around 4.0%) was nevertheless significantly ahead of the growth of the German economy, thereby confirming that medical technology continues to comprise a growth sector. Global sales growth of 4.4% in 2013 was even higher.

Lower sales growth compared with previous years also fed through to a marked decline in corporate earnings growth. According to the BVMed autumn survey, only a quarter of its members anticipate year-on-year earnings growth this year. 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 second half of 2013, according to an announcement by the PlasticsEurope sector association in January 2014. For 2014, the sector association expects slight growth in primary plastics production.

The German Plastics Manufacturing Industry Association (GKV) also reported growth for Germany in 2013. Sales by the plastics manufacturing industry amounted to EUR 57.5 billion, reflecting 3.0% growth. For 2014, further sales growth of 4.0% to 5.0% is possible, according to the GKV.



### 3. BUSINESS PERFORMANCE IN THE FIRST NINE MONTHS OF 2013 / 2014

#### 3.1. Overall Assessment

The Balda Group remained on its growth path during the July 2013 to March 2014 period. Operating trends nevertheless fell short of expectations due to seasonally weak customer demand. In the third quarter of 2013 / 2014, consolidated revenue from continuing operations amounted to EUR 16.1 million, resulting in EUR 51.0 million of consolidated revenue for the first nine months of the 2013 / 2014 financial year. The Group generated EUR 1.8 million of profit before interest, tax, depreciation and amortization (EBITDA) and before extraordinary items, during the period under review, compared with EUR 1.5 million in the comparable period. After extraordinary items, the Group generated EUR 1.3 million of EBITDA (prior-year period: EUR -0.6 million).

After tax, the overall Group reports EUR 10.4 million of earnings from continuing operations for the July 2013 to March 2014 period (prior-year period: EUR 22.2 million with EUR 16.9 million from the TPK disposal).

The Management Board is retaining the forecasts for the full 2013 / 2014 year that it published in the 2012 / 2013 annual report, and continues to assume that it will generate consolidated sales revenue in the EUR 70 million to EUR 80 million range, along with a net profit.

#### 3.2. Significant Events during first nine Months of 2013 / 2014

##### Extraordinary General Meeting on 18 July 2013

Balda AG held an Extraordinary General Meeting on 18 July 2013 in Berlin. The shareholder Elector GmbH, Berlin, had convened the EGM on the basis of an authorization by the Bad Oeynhausen District Court. The only item on the agenda was the re-election of the entire Supervisory Board. The Supervisory Board Chairman at that time and chair of the meeting Dr. Michael Naschke declared that a quorum was not present at the EGM. This was substantiated by a formal error on the part of the convening shareholder Elector GmbH.

##### Extraordinary General Meeting elects new Supervisory Board on 4 September 2013

At the Extraordinary General Meeting on 4 September 2013 in Berlin, new members for the three-member Supervisory Board of Balda AG were elected. This was the only item on the agenda. The shareholders appointed Mrs. Frauke Vogler, lawyer / tax adviser, Berlin, Dr. Thomas van Aubel, lawyer, Berlin, and Mr. Klaus Rueth, Darmstadt, to the Supervisory Board. At the subsequent constituent meeting, Dr. van Aubel was elected Supervisory Board Chairman. The previous Supervisory Board Chairman was voted out of office.

##### Changes to the Management Board

On 5 September 2013, the Supervisory Board of Balda AG appointed Dr. Dieter Brenken to be a further member of the company's Management Board with immediate effect.

On 14 October 2013, the Supervisory Board removed Chief Executive Officer Dominik Müser from office with immediate effect, and appointed Mr. Oliver Oechsle to be a new Management Board member.

##### 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. This dividend was paid out on 29 January 2014.

#### 4. SALES REVENUE AND EARNINGS PERFORMANCE

During the first nine months of 2013 / 2014, **consolidated sales revenue** from continuing operations amounted to EUR 51.0 million, compared with EUR 39.6 million in the prior-year period. This marked increase is primarily attributable to the consolidation of the US companies as of 1 January 2013. While the US companies were consolidated for nine months during the current period under review, they were consolidated for only three months in the prior-year period.

**Other operating income** amounted to EUR 2.9 million in the July 2013 to March 2014 period, compared with EUR 1.6 million in the previous-year period. The period under review was affected by extraordinary items. Items of EUR 0.7 million unrelated to the period under review were reported during the first nine months. A further effect arose from a further extraordinary item of EUR 0.5 million due to a reduction of a purchase price liability formed as part of the US acquisition.

The **cost of materials** amounted to EUR 18.8 million, compared with EUR 15.7 million in the previous-year period, being strongly affected by the nine-month inclusion of the US companies. The less materials-intensive injection molding business of the American companies and lower volumes from the tool and systems business of Medical fed through to a cumulative decline in the cost of materials ratio to 36.2% (comparable period: 42.6%).

**Personnel expenses** were down from EUR 8.3 million to EUR 7.1 million in the third quarter. This is mainly due to the adjustment to the workforce to reflect capacity utilization, as well as efficiency improvements. On a cumulative basis for the first nine months, the Group incurred EUR 22.4 million of expenses, compared with EUR 13.4 million in the previous-year period. Along with the first-time full consolidation of the US companies, this also reflected deferrals of EUR 1.7 million due to the departure from the company of employees, including the former Management Board member.

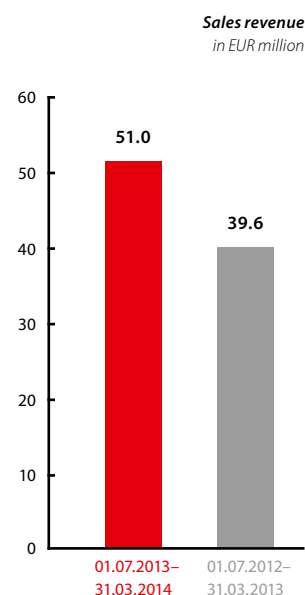
**Depreciation and amortization** rose from EUR 2.5 million to EUR 3.7 million due to the complete inclusion of the US companies.

**Other operating expenses** of EUR 12.3 million were EUR 2.4 million ahead of the previous year's level. Along with the first-time complete inclusion of the US companies, this item also contains provisions for the early termination of a consultancy agreement as well as legal costs.

For the first three quarters of 2013 / 2014, the Group reports **earnings before interest, tax, depreciation and amortization (EBITDA)** of EUR 1.8 million before extraordinary items (comparable period: EUR 1.5 million). After extraordinary items, the Group generated EUR 1.3 million of EBITDA (prior-year period: EUR -0.6 million).

After taking depreciation, amortization and impairment losses into account, the Group generated a loss of EUR -2.6 million at the **consolidated earnings before interest and taxes (EBIT)** level, compared with a EUR -3.1 million loss in the prior-year period.

Within the **net financial result**, interest income from cash investments fell by EUR 1.3 million due to the decrease in the interest-rate level and a lower cash position due to the dividend payments (prior-year



period: EUR 1.8 million). At the same time, results during the first nine months of 2013/2014 were affected by EUR 10.4 million of positive currency effects (prior-year period: EUR 7.5 million).

**Earnings before tax (EBT)** of EUR 9.3 million were significantly below the previous year's EUR 23.1 million. The previous year still included EUR 16.8 million of income from the sale of the TPK shares.

**Net profit after tax** stood at EUR 10.4 million compared with EUR 22.2 million in the prior-year period. When reflected to adjust the loss from discontinued operations, total consolidated income amounted to EUR 10.4 million, compared with EUR 11.9 million in the previous-year period.

## 5. SEGMENT PERFORMANCE

### 5.1. America segment

The Balda America segment generated EUR 29.2 million of sales revenue during the first three quarters of 2013/2014 (prior-year period: three months: EUR 11.6 million). Segment EBITDA stood at EUR 1.7 million in the period under review, compared with EUR 0.2 million in the previous-year period.

### 5.2. Europe segment

Balda Europe generated EUR 21.9 million of sales revenue during the first nine months of 2013/2014 (previous-year period: three months: EUR 28.0 million). The segment reported a slight loss of EUR –0.3 million at the EBITDA level due to extraordinary items (prior-year period: loss of EUR –0.2 million).

### 5.3. Other

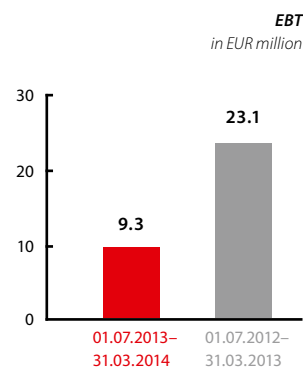
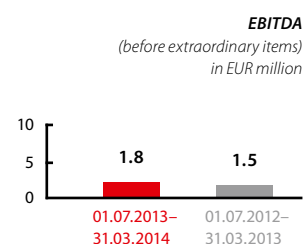
In the Other segment, general holding company costs fed through to a slight EBITDA loss of EUR –0.1 million (previous-year period: EUR –0.4 million).

## 6. NET ASSETS

The Group's total assets of EUR 266.6 million as of the 31 March 2014 balance sheet date were slightly below of the figure at the end of the 2012/2013 financial year (EUR 359.7 million). This reflected the payment of EUR 88.3 million of dividends to shareholders in January 2014.

**Non-current assets** were down, mainly due to depreciation and amortization. These assets decreased by EUR 3.9 million, from EUR 54.9 million to EUR 51.0 million, on a comparison between balance sheet dates. The EUR 0.8 million reduction in goodwill to EUR 13.9 million reflects currency effects.

**Current assets** were down by a net EUR 89.1 million to EUR 215.7 million (30 June 2013: EUR 304.8 million). The other current assets item consequently fell by EUR 92.5 million to EUR 122.6 million. This decrease is especially attributable to the release of short-term cash investments to finance the dividend payment in January 2014. In addition, trade receivables were down by EUR 1.7 million to EUR 8.5 million as a result of customer payments. Cash and cash equivalents of EUR 73.4 million were up by EUR 5.3 million year-on-year.



On the equity and liabilities side of the balance sheet, the Group reported EUR 244.2 million of consolidated equity as of 31 March 2014 (30 June 2013: EUR 334.5 million). This mainly reflects the dividend paid in January 2014. The EUR 12.3 million reduction in reserves to EUR 27.5 million is attributable to currency effects.

The **equity ratio** stood at 91.6%, compared with 93.0% at the end of June 2013.

**Current liabilities** were down by EUR 1.7 million to EUR 16.5 million, with an increase in advance payments from customers paying for new projects offsetting a EUR 2.7 million reduction in trade payables.

## 7. FINANCIAL POSITION

The Balda Group's cash and cash equivalents position amounted to EUR 73.4 million at the end of the third quarter of 2013 / 2014 (30 June 2013: EUR 68.2 million).

By contrast with the prior-year period, cash flow from operating activities was positive at EUR 6.8 million in the period under review (comparable period: EUR -0.6 million). This turnaround was achieved especially as a result of working capital reduction and operating improvements.

Cash inflows from investing activities arose mainly from the issuing of borrower's note loans and bonds in an amount of EUR 89.7 million. Capital expenditures on property, plant and equipment and intangible assets fed through to a cash outflow of EUR 1.7 million.

In the first nine months of the current reporting period, Balda invested a total of EUR 1.8 million (previous year: EUR 2.6 million) in property plant and equipment as well as intangible assets.

The cash outflows from financing activities are attributable to the EUR 88.3 million of dividends paid and the redemption of bank borrowings in an amount of EUR 0.7 million.

With its existing liquidity, the Balda Group is able to realize from its own resources the projects that it plans for the current financial year.

## 8. EMPLOYEES

The Balda Group employed a total of 710 staff in its continuing operations as of the 31 March reporting date of this year (30 June 2013: 856). Of these, 193 were attributable to the Europe region (30 June 2013: 205) and 517 to America (30 June 2013: 651).

## 9. EVENTS AFTER THE REPORTING PERIOD

### Restructuring in the USA

As of 01 April 2014, the activities in the USA were restructured in terms of company law and the plastics injection molding business of Balda HK was transferred to BCB. The remaining business of Balda HK Plastics Inc., which consists of high-precision turned parts, is being continued under Balda Precision Inc. A significant measure entailed in the integration of the US companies has thereby been implemented.

No further events of key significance for the Group's net assets, results of operations and financial position occurred after the 31 March 2014 reporting date.

## 10. RISK REPORT

The consolidated financial statements as of 30 June 2013 include a detailed presentation of risk management within the Balda Group and a description and appraisal of all significant risks. The Group risk position underwent no significant change during the first nine months of the current financial year. As a consequence, please refer to the risk report in the consolidated financial statements as of 30 June 2013, which is published in the annual report and on the company's website.

## 11. OUTLOOK

For the current 2013/2014 financial year, the Management Board is retaining the statements that it made in the 2012/2013 annual report concerning business trends:

Insofar as macroeconomic conditions do not worsen significantly, and no other unforeseen negative events of considerable impact for the Balda Group occur, the Management Board is aiming on a current portfolio basis, in other words, excluding further acquisitions, to achieve in the 2013/2014 financial year

- ◆ a consolidated sales revenue of between EUR 70 million and EUR 80 million
- ◆ an EBITDA margin (on sales) in the single-digit percentage range, and a positive result.

For more information, please refer to the report on "Opportunities and Anticipated Developments" contained 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 March 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 nine months of the 2013 / 2014 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 March 2014 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 35.6 million to EUR 39.6 million due to the 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 1.2 million to minus EUR 2.8 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	3,205	3,135
Reclassification of currency gains / losses	-284	-1,500
Other operating income after reclassification	2,921	1,635

---

IN EURO THOUSAND	2013/2014	2012/2013
Other operating expenses before reclassifications	13,691	10,282
Reclassification of currency gains / losses	-1,421	-370
Other operating expenses after reclassification	12,270	9,912

---

IN EURO THOUSAND	2013/2014	2012/2013
EBIT before reclassifications	-3,754	-4,237
Reclassification of currency gains / losses	1,137	1,130
EBIT after reclassification	-2,397	-3,107

---

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 MARCH	30 JUNE	01 JULY – 31 MARCH	
		2014	2013	2013/2014	2012/2013
US dollar	USD	1.3751	1.3007	1.3513	1.2925
Malaysian ringgit	MYR	4.4843	4.1051	4.3754	4.2477

## Segment Reporting

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

With the reporting from 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 on pages 24 and 25). 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, 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 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 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.

The figures for the company Balda Solutions Malaysia Sdn. Bhd., which was sold in 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 (pages 24 and 25) 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 7 "Financial position" in this interim management report.

## Balance Sheet Structure

Due to a dividend payment in January 2014, the total assets of the Balda Group as of 31 March 2014 of EUR 266.6 million are EUR 93.1 million below the value on the reference reporting date of 30 June 2013 (EUR 359.7 million).

On the assets side of the balance sheet, the EUR 3.9 million reduction in non-current assets primarily reflects depreciation and amortization.

Current assets of EUR 215.7 million were EUR 89.1 million below their level on 30 June 2013. Of the position of fixed-term money deposits that were released within the other current receivables item, around



EUR 88.3 million served to finance a dividend payment. A further portion was reclassified to the "cash and cash equivalents" item.

Due to the aforementioned dividend payment, the consolidated equity of the Balda Group reported a decline to EUR 244.2 million, compared with EUR 334.5 million as of the 30 June 2013 balance sheet date. The fall in the negative effects arising from translation differences (EUR -12.3 million) was mainly offset by the profit that was generated during the reporting period (EUR 10.4 million).

Current liabilities fell mainly as a consequence of payments to creditors. Advance payments from customers for new projects exerted a counter effects on "advance payments received". Overall, current liabilities fell to EUR 16.5 million (30 June 2013: EUR 18.2 million).

#### **Income Statement**

The Balda Group generated EUR 51.0 million of consolidated sales revenue in the first nine months of 2013/2014, compared with EUR 39.6 million in the comparable period. This growth is primarily attributable to the inclusion for a nine-month period within the reporting period of the US company is acquired at the end of 2012, while they were only included for three months in the previous year.

Page 24 et. seq. of this interim report describes the individual segments' business performance including results of operations.

Other operating income includes EUR 1.2 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 1.5 million.

The Group reported total consolidated net income of EUR 10.4 million in the first nine months. In the prior-year period, the Group reported EUR 11.9 million of consolidated net income, including the loss on discontinued operations.

Other comprehensive income (minus EUR 12.3 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 14.1 million as of 31 March 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 March 2014 were neither audited nor reviewed by an audit. They were prepared for this set of interim financial statements.

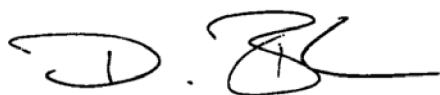
Forward-looking statements generally contain uncertainties. This interim report contains statements that relate to the future performance of Balda AG. Such statements are based on assumptions and estimates. Although the Management Board is confident that the forward-looking statements are realistic, 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, 14 May 2014

The Management Board



Dr. Dieter Brenken



Oliver Oechsle

# Consolidated Income Statement

## OF BALDA AG FOR THE PERIOD OF 01.07.2013 – 31.03.2014

IN EUR THOUSAND	2014 01.01.-31.03.	2013 01.01.-31.03.	2013/2014 01.07.-31.03.	2012/2013 01.07.-31.03.
Sales revenues	16,094	19,718	51,024	39,569
Changes in inventories of finished goods and work in progress	278	-1,087	795	-2,832
<b>Gross revenue</b>	<b>16,372</b>	<b>18,631</b>	<b>51,819</b>	<b>36,737</b>
Other operating income	643	-80	2,921	1,635
Cost of materials	5,695	5,661	18,765	15,660
Personnel expenses	7,104	8,301	22,407	13,446
Depreciation, amortization and impairment losses	1,060	1,369	3,695	2,461
Other operating expenses	4,045	4,197	12,270	9,912
<b>Profit/loss from operations<sup>1</sup></b>	<b>-889</b>	<b>-977</b>	<b>-2,397</b>	<b>-3,107</b>
Net interest income / expense	342	383	1,341	1,828
Other finance income (net)	-505	-4,758	10,371	7,512
Earnings from the sale of TPK-shares	0	16,880	0	16,880
<b>Earnings before taxes</b>	<b>-1,052</b>	<b>11,528</b>	<b>9,315</b>	<b>23,113</b>
Taxes on income	1,775	-948	1,036	-960
<b>Net profit/loss from continuing operations</b>	<b>723</b>	<b>10,580</b>	<b>10,351</b>	<b>22,153</b>
Net profit/loss from discontinued operations	0	-10,531	0	-10,271
<b>Comprehensive income, Group</b>	<b>723</b>	<b>49</b>	<b>10,351</b>	<b>11,882</b>
<b>Comprehensive income, Group, attributable to:</b>				
Shareholders of Balda AG	723	49	10,351	11,882
of which of continuing operations	723	10,580	10,351	22,153
of which of discontinued operations	0	49	0	-10,271
<b>Earnings per share:</b>				
Number of shares, basic (in thousands)	58,891	58,891	58,891	58,891
Earnings per share (EUR) - basic	0.012	0.001	0.176	0.202
Number of shares, diluted (in thousands)	58,891	58,891	58,891	58,891
Earnings per share (EUR) - diluted	0.012	0.001	0.176	0.202

<sup>1</sup> Earnings before interest and tax (EBIT) prior to special impacts

-1,009

-753

-1,867

-964

# Consolidated Statement of Comprehensive Income

## OF BALDA AG FOR THE PERIOD OF 01.07.2013 – 31.03.2014

IN EUR THOUSAND	2013/2014	2012/2013
1. Comprehensive income, Group	10,351	11,882
2. Other comprehensive income	-12,321	-3,690
2.1 Currency translation difference		
2.1.1 Items that will be reclassified to profit or loss	-12,321	-3,009
2.2 Change in fair value of available-for-sale financial assets		
2.2.1 Items recognized directly in other comprehensive income	0	-681
3. Comprehensive income of the period	-1,970	8,192
<b>Comprehensive income of the period attributable to:</b>		
Shareholders of Balda AG	-1,970	8,192
Non-controlling interests	0	0

# Consolidated Statement of Changes in Equity

## OF BALDA AG FOR THE PERIOD OF 01.07.2013 – 31.03.2014

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 the quarter	—	—	—	—	—	11,882	11,882
Other comprehensive income	—	—	—	-681	-3,009	—	-3,690
Total comprehensive income	0	0	0	-681	-3,009	11,882	8,192
Distribution to shareholders	—	—	—	—	—	-117,781	-117,781
Balance on 31.03.2013	58,891	34,555	1,881	0	11,297	234,238	340,862
Balance on 01.07.2013	58,891	34,555	1,881	0	3,372	235,836	334,535
Profit / loss for the quarter	—	—	—	—	—	10,351	10,351
Other comprehensive income	—	—	—	—	-12,321	—	-12,321
Total comprehensive income	0	0	0	0	-12,321	10,351	-1,970
Distribution to shareholders	—	—	—	—	—	-88,336	-88,336
Balance on 31.03.2014	58,891	34,555	1,881	0	-8,949	157,851	244,229

# Consolidated Statement

## OF FINANCIAL POSITION OF BALDA AG AS OF 31.03.2014

ASSETS	31.03.2014 EUR THOUSAND	30.06.2013 EUR THOUSAND
<b>A. Non-current assets</b>		
I. property, plant and equipment	19,329	20,992
1. Land and buildings	10,075	10,206
2. Machinery and equipment	7,571	9,396
3. Fixtures, furniture and office equipment	1,270	1,390
4. Advance payments and construction in progress	413	0
II. Goodwill	13,915	14,710
III. Intangible assets	8,519	9,579
IV. Financial assets	4,418	5,191
1. Loans	4,418	5,191
V. Deferred taxes	4,806	4,423
<b>Non-current assets</b>	<b>50,987</b>	<b>54,895</b>
<b>B. Current assets</b>		
I. Inventories	9,873	10,402
II. Trade receivables	8,477	10,222
III. Other current assets	122,630	215,134
IV. Current tax assets	1,235	863
V. Cash and cash equivalents	73,446	68,153
<b>Current assets</b>	<b>215,661</b>	<b>304,774</b>
<b>Total assets</b>	<b>266,648</b>	<b>359,669</b>

**OF FINANCIAL POSITION OF BALDA AG AS OF 31.03.2014**

EQUITY AND LIABILITIES	31.03.2014 EUR THOUSAND	30.06.2013 EUR THOUSAND
<b>A. Equity</b>		
I. Subscribed capital	58,891	58,891
II. Reserves	27,487	39,809
III. Net retained profits	157,851	235,836
1. Comprehensive income, Group	10,351	13,480
2. Retained profits brought forward	147,500	222,356
<b>Group Equity</b>	<b>244,229</b>	<b>334,536</b>
<b>B. Non-current liabilities</b>		
I. Bank loans	516	763
II. Deferred taxes	5,253	6,046
III. Non-current provisions	128	128
<b>Non-current liabilities</b>	<b>5,897</b>	<b>6,937</b>
<b>C. Current liabilities</b>		
I. Trade payables	3,578	6,283
II. Other current financial / non-financial liabilities	4,023	4,873
III. Advance payments received	5,845	3,119
IV. Short term bank borrowings and short term loans	537	968
V. Income tax liabilities	2,429	2,843
VI. Current provisions	110	110
<b>Current liabilities</b>	<b>16,522</b>	<b>18,196</b>
<b>Total equity and liabilities</b>	<b>266,648</b>	<b>359,669</b>

# Consolidated Statement of Cash Flows

## OF BALDA AG FOR THE PERIOD OF 01.07.2013 – 31.03.2014

IN EUR THOUSAND	9-MONTH REPORT 01.07.2013 31.03.2014	9-MONTH REPORT 01.07.2012 31.03.2013
+/- Net loss / income before tax and financing costs – continued operations	-2,397	-3,107
+/- Net loss / income before tax and financing costs – discontinued operations	0	-1,215
+ Interest income	497	900
- Interest expense	-55	-39
+/- Interest taxes received / paid	-243	-494
+/- Depreciation, amortization and impairment losses on non-current assets / reversals of impairment losses on non-current assets (excluding deferred taxes)	3,695	3,431
+/- Other non-cash expenses / earnings	1,380	1,040
+/- Increase / decrease in tax assets and tax liabilities	-647	-82
+/- Increase / decrease in provisions	0	-433
+/- Increase / decrease in inventories, trade receivables and other assets not attributable to investing or financing activities	6,387	1,704
+/- Increase / decrease in liabilities and other liabilities not attributable to investing or financing activities	-1,832	-2,269
<b>= Cash flow from operating activities</b>	<b>6,785</b>	<b>-564</b>
of which discontinued operations	0	124
<b>Cash flow from investing activities</b>		
- Cash payments for property, plant and equipment and intangible assets	-1,710	-2,581
- Cash receipts from the liquidation of loans	0	4,500
+/- Net change in financial assets	773	0
- Cash payments from the acquisition of shares of Group	0	-37,565
+ Cash receipts from the sale of TPK shares	0	242,936
+/- Cash payments / receipts from the sale / acquisition of borrower's note loans	89,737	-75,000
+ Cash receipts from distributions	0	9,333
<b>= Cash flow from investing activities</b>	<b>88,800</b>	<b>141,623</b>
of which discontinued operations	0	-217



**OF BALDA AG FOR THE PERIOD OF 01.07.2013 – 31.03.2014**

IN EUR THOUSAND	9-MONTH REPORT 01.07.2013 31.03.2014	9-MONTH REPORT 01.07.2012 31.03.2012
<b>Cash flow from financing activities</b>		
- Cash repayments of bank borrowings	-678	0
+ Cash payments from borrowings and claims of bank lines	0	46
- Cash payments of dividends	-88,336	-117,782
- Cash payments of finance lease liabilities	0	-74
<b>= Cash flow from financing activities</b>	<b>-89,014</b>	<b>-117,810</b>
Of which discontinued operations	0	22
+/- Net change in cash and cash equivalents	6,571	23,249
<b>Cash and cash equivalents at the beginning of financial year</b>	<b>68,153</b>	<b>17,776</b>
+/- Effects and changes in foreign exchange rates	-1,278	-13
<b>= Cash and cash equivalents at the end of nine months – Group</b>	<b>73,446</b>	<b>41,012</b>
<b>Composition of cash and cash equivalents at the end of nine months</b>		
Cash and cash equivalents	73,446	41,012

# Consolidated Segment Reporting

AS OF MARCH 2014

## PROFIT / LOSS FOR THE FIRST NINE MONTHS OF 2013 / 2014 (01.07.2013 – 31.03.2014)

IN EUR THOUSAND	EUROPE	AMERICA	TOTAL OPERATING SEGMENTS	OTHER	RECON- CILIATION	INTER- SEGMENT- CORREC- TIONS	GROUP
External sales revenues	21,871	29,153	51,024	0	0	0	51,024
Internal sales revenues	0	0	0	0	0	0	0
<b>Sales revenues, total</b>	<b>21,871</b>	<b>29,153</b>	<b>51,024</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>51,024</b>
<b>Gross revenue</b>	<b>22,973</b>	<b>28,846</b>	<b>51,819</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>51,819</b>
<b>EBITDA</b>	<b>-266</b>	<b>1,693</b>	<b>1,427</b>	<b>-129</b>	<b>0</b>	<b>0</b>	<b>1,298</b>
<i>in % of gross revenue</i>	<i>-1.2%</i>	<i>5.9%</i>	<i>2.8%</i>				<i>2.5%</i>
<b>EBIT</b>	<b>-1,923</b>	<b>-345</b>	<b>-2,268</b>	<b>-129</b>	<b>0</b>	<b>0</b>	<b>-2,397</b>
<i>in % of gross revenue</i>	<i>-8.4%</i>	<i>-1.2%</i>	<i>-4.4%</i>				<i>-4.6%</i>
Interest income	1,529	10	1,539	1,177	0	-1,320	1,396
Interest expense	-229	-1,146	-1,375	0	0	1,320	-55
Other finance income (net)	-26	-1,434	-1,460	11,831	0	0	10,371
<b>EBT</b>	<b>-649</b>	<b>-2,915</b>	<b>-3,564</b>	<b>12,879</b>	<b>0</b>	<b>0</b>	<b>9,315</b>
<i>in % of gross revenue</i>	<i>-2.8%</i>	<i>-10.1%</i>	<i>-6.9%</i>				<i>18.0%</i>
Taxes income							1,036
<b>Comprehensive income, Group</b>							<b>10,351</b>
Investments	892	919	1,811	0	0	0	1,811
Segment assets <sup>1</sup>	331,181	39,917	371,098	195,061	0	-305,554	260,605
Number of employees 31.03. <sup>2</sup>	193	517	710	0	0	0	710

<sup>1</sup> Segment assets = non-current assets plus current assets without active deferred taxes and tax refund claims.

<sup>2</sup> Number of employees on end of period = including leased laborer, temporary staff and apprentices only continued operations.

**PROFIT / LOSS FOR THE FIRST NINE MONTHS OF 2012 / 2013 (01.07.2013 – 31.03.2013)**

IN EUR THOUSAND	EUROPE	AMERICA	TOTAL OPERATING SEGMENTS	OTHER	RECON- CILIATION <sup>3</sup>	INTER- SEGMENT- CORRECTIONS	GROUP
External sales revenues	27,965	11,604	39,569	0	0	0	39,569
Internal sales revenues	0	0	0	0	0	0	0
<b>Sales revenues, total</b>	<b>27,965</b>	<b>11,604</b>	<b>39,569</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>39,569</b>
<b>Gross revenue</b>	<b>25,608</b>	<b>11,129</b>	<b>36,737</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>36,737</b>
<b>EBITDA</b>	<b>-194</b>	<b>225</b>	<b>31</b>	<b>-399</b>	<b>-278</b>	<b>0</b>	<b>-646</b>
<i>in % of gross revenue</i>	<i>-0.8%</i>	<i>2.0%</i>	<i>0.1%</i>				<i>-1.8%</i>
<b>EBIT</b>	<b>-1,815</b>	<b>-615</b>	<b>-2,430</b>	<b>-399</b>	<b>-278</b>	<b>0</b>	<b>-3,107</b>
<i>in % of gross revenue</i>	<i>-7.1%</i>	<i>-5.5%</i>	<i>-6.6%</i>				<i>-8.5%</i>
Interest income	1,161	0	1,161	2,020	0	-1,322	1,859
Interest expense	-907	-452	-1,359	6	0	1,322	-31
Earnings from the sale of TPK-shares	0	0	0	16,880	0	0	16,880
Other finance income (net)	58,129	642	58,771	6,409	0	-57,668	7,512
<b>EBT</b>	<b>56,568</b>	<b>-425</b>	<b>56,143</b>	<b>24,916</b>	<b>-278</b>	<b>-57,668</b>	<b>23,113</b>
<i>in % of gross revenue</i>	<i>220.9%</i>	<i>-3.8%</i>	<i>152.8%</i>				<i>62.9%</i>
Taxes income							-960
<b>Net profit / loss for the first half year</b>							<b>22,153</b>
Net profit / loss from discontinued							-10,271
<b>Comprehensive income, Group</b>							<b>11,882</b>
Investments	770	1,102	1,872	0	0	0	1,872
Segment assets <sup>1</sup>	351,265	59,089	410,354	299,247	0	-335,984	373,617
Number of employees 31.03. <sup>2</sup>	200	749	949	0	0	0	949

<sup>1</sup> Segment assets = non-current assets plus current assets without active deferred taxes and tax refund claims.

<sup>2</sup> Number of employees on end of period = including leased laborer, temporary staff and apprentices only continued operations.

<sup>3</sup> The amounts listed in reconciliation affect attributions to discontinued operations.

# Director's Holdings

## DIRECTOR'S HOLDINGS AS OF 31.03.2014

	31.03.2014	30.12.2013	CHANGES
<b>Share capital</b>	58,890,636	58,890,636	
Dr. D. Brenken	0	0	0
O. Oechsle	0	0	0
<b>Management Board, total</b>	<b>0</b>	<b>0</b>	<b>0</b>
K. Rueth	0	0	0
Dr. T. van Aubel <sup>1</sup>	17,331,689	17,632,808	-301,119
F. Vogler	100	100	0
<b>Supervisory Board, total</b>	<b>17,331,789</b>	<b>17,632,908</b>	<b>-301,119</b>
<b>Corporate bodies total</b>	<b>17,331,789</b>	<b>17,632,908</b>	<b>-301,119</b>
<b>in % of equity</b>	<b>29,43</b>	<b>29,94</b>	

<sup>1</sup> Shareholding via Elector GmbH, Berlin

## FINANCIAL CALENDAR

Mid October 2014  
12 November 2014  
November 2014

Annual Report 2013/2014  
Quarterly Report Q1 2014/2015  
Annual General Meeting Financial Year 2013/2014

## CONTACT / PUBLISHING INFORMATION

### Balda AG Investor Relations

#### Michael Pfister

Managing Director

Deekeling Arndt Advisors in Communications GmbH

Tel.: +49 (0)711 504 633 40

Fax.: +49 (0)711 504 633 41

E-Mail: [michael.pfister@deekeling-arndt.de](mailto:michael.pfister@deekeling-arndt.de)

#### Daniela Münster

Consultant

Deekeling Arndt Advisors in Communications GmbH

Tel.: +49 (0)69 970 98-511

Fax.: +49 (0)69 970 98-500

E-Mail: [daniela.muenster@deekeling-arndt.de](mailto:daniela.muenster@deekeling-arndt.de)

### Consulting, Concept and Implementation

Deekeling Arndt Advisors in Communications GmbH

[www.deekeling-arndt.de](http://www.deekeling-arndt.de)

**Balda** | AG

### Balda Aktiengesellschaft

Bergkirchener Str. 228

D- 32549 Bad Oeyenhausen

Tel.: +49 (0)5734 922-0

Fax.: +49 (0)5734 922-2604

E-Mail: [infobag@balda-group.com](mailto:infobag@balda-group.com)

[www.balda-group.com](http://www.balda-group.com)