Balda AG

Q/1

BALDA AG

BALDA FURTHER CONTINUES POSITIVE TRENDS

- Sales revenues increase by EUR 0.7 million to EUR 21.3 million
- EBITDA (EUR 1.7 million) and EBIT (EUR 0.4 million) continue on positive track as expected
- Full-year forecast confirmed, but subject to sale of operating units

REPORT ON THE FIRST QUARTER OF 2015 / 2016

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KEY FIGURES

BALDA GROUP

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

IN EUR MILLION	3 MONTHS 01.07.2015 – 30.09.2015	3 MONTHS 01.07.2014 – 30.09.2014
Sales revenues	**21.3**	**20.7**
Of which Europe	9.4	9.8
Of which America	11.9	10.9
Total operating revenue	**21.7**	**20.2**
EBITDA	**1.7**	**1.5**
Of which Europe	0.3	0.9
Of which America	1.4	0.7
Of which other	0.0	–0.1
EBITDA-margin in %	**7.7**	**7.5**
EBIT	**0.4**	**0.4**
EBIT-margin in %	**1.7**	**1.8**
Net fixed income	–0.8	3.5
Earnings before taxes	–0.4	3.9
Consolidated net result	–0.6	3.0
Earnings per share in EUR	–0.01	0.05

KEY FIGURES FINANCIAL POSITION	30.09.2015	30.06.2015
Total assets	**264.7**	**265.8**
Equity	233.4	234.1
Equity ratio in %	88.2	88.1
Employees (Number at reporting date)	773	789

EUR 21.3 MILLION
SALES REVENUES

EUR 1.7 MILLION
EBITDA

EUR –0.6 MILLION
CONSOLIDATED NET RESULT

PROFILE

BALDA GROUP

As an international system developer and manufacturer, Balda is a provider of premium-quality, sophisticated plastic solutions for the healthcare and diagnostics industry, as well as for additional sectors that make the highest demands in terms of products and quality. The company is distinguished by superior engineering services and high product quality, matched by fast and tailored customer services. The company's core expertise lies in the design, development and production of assemblies, systems and packaging in accordance with the individual specifications of Balda's customers both in and outside Germany.

Balda operates state-of-the-art production facilities at its headquarters in Bad Oeynhausen, Germany, as well as in Southern California in the USA. In Europe, the company manufactures high-quality plastic solutions for the medical technology, pharmaceutical and diagnostics markets. In America, Balda produces high precision injection-molded plastic solutions for manufacturers of medical technology, as well as fashion and technical products.

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

LETTER TO SHAREHOLDERS

DEAR SHAREHOLDERS,

Balda AG enjoyed a good overall start to the new financial year. Sales revenues grew by 2.8 % in the first quarter, up from EUR 20.7 million to EUR 21.3 million. EBIT of EUR 0.4 million was at the previous year's level. Balda reports EUR 0.8 million of EBIT when adjusting for EUR 0.1 million of expenses for the consolidation of the US plants, and EUR 0.3 million of costs deriving from sales activities. At Group level, the result stands at EUR –0.6 million, compared with EUR 3.0 million in the previous year, chiefly reflecting a markedly lower financial result from currency effects.

We operate on growth markets, and enjoy a good reputation among both existing and potential customers as a reliable and innovative manufacturer of high-end plastic products. Overall, as a consequence, Balda regards itself as on a good course in operative terms.

Which course this will be in the future will be decided by you—dear shareholders—on 30 November and potentially on 1 December 2015 at our company's forthcoming Ordinary Annual General Meeting ("AGM") in Hanover. As announced, the disposal of the operating business of Balda AG stands on the agenda. We are accompanying this process with the greatest degree of transparency, and have consequently published all relevant documents in the Investor Relations area on the website of Balda AG: the Management Board's report on the planned disposal, two summaries of independent valuation surveys, and the purchase agreements.

Please avail yourselves of the information on offer, and exercise your voting right to help to decide on the future of Balda AG.

Yours sincerely

OLIVER OECHSLE SOLE MANAGEMENT BOARD MEMBER OF BALDA AG

NOTES ON THE STRUCTURE OF THE REPORT ON Q1

AS OF 30 SEPTEMBER 2015

On 23 September 2015, Balda AG signed an agreement to sell its entire operating business. This agreement is subject to the suspensive condition that it be approved by the AGM of Balda AG and by anti-trust authorities. Along with certain assets, the disposal comprises the subsidiaries

- Balda Medical GmbH & Co. KG, Germany
- Balda Precision, Inc., USA
- Balda C. Brewer, Inc., USA
- Balda Medical Systems SRL, Romania
- Balda Medical Verwaltungsgesellschaft mbH, Germany

Following the end of the reporting period, Heitkamp & Thumann Group, Düsseldorf ("H&T"), submitted a further offer to Balda AG. As a consequence of this, the investment company Paragon, Munich ("Paragon"), decided to increase its offer, which in turn prompted Heitkamp & Thumann to also improve its offer. Due to the complexity of the agenda items, the Ordinary Annual General Meeting will now be held on 30 November and 1 December 2015 in Hanover. The details about events after 30 September 2015 are presented in the report on "Events after the reporting period".

THE REPORT ON "EVENTS AFTER THE REPORTING PERIOD" IS ON PAGES 11, 12 AND 13.

As the results of voting at the next Ordinary AGM on 30 November / 1 December 2015 are still open, these assets are not yet reported in this quarterly report as held for sale.

We would nevertheless like to present below the effects of a potential sale on the consolidated statement of financial position and the consolidated income statement as of the 30 September 2015 reporting date. The potential sale provides a retroactive effect of the economic transfer of the aquisition assets as per 1 July 2015. The effects of the purchase price and the costs of the disposal have not been included, as far as it is not included in the first three months.

STATEMENT OF FINANCIAL POSITION AS OF 30 SEPTEMBER 2015 IN EUR MILLION	GROUP REPORTING	ASSETS AND LIABILITIES PLANNED TO DISPOSAL	CONTINUING OPERATIONS
Non-current assets	55,8	40,0	15,8
Current assets	208.9	27.7	181.2
Equity	233,4	47,1	186,3
Non-current liabilities	6,3	6,1	0,2
Current liabilities	25	14.5	10.5
INCOME STATEMENT FOR THE 1 JULY – 30 SEPTEMBER 2015 PERIOD IN EUR MILLION	**GROUP REPORTING**	**BUSINESS PLANNED TO DISPOSAL**	**CONTINUING OPERATIONS**
Sales revenues	21.3	21.3	0
EBITDA	1.7	2.4	–0.7
EBIT	0.4	1.2	–0.8
EBT	–0.4	1.1	–1.5

THE BALDA AG SHARE

PERFORMANCE OF EQUITY MARKETS AND THE BALDA SHARE

Equity markets were characterized by high volatility during the 1 July to 30 September 2015 period—including due to economic trends in China, and the scandal at Volkswagen concerning manipulated emission figures in diesel engines. Germany's DAX equity index was down during the period under review, mainly as a result of the Volkswagen scandal. The high for the period of 11,802 points was reached during intraday trading on 20 July 2015, with the low standing at 9,325 points during intraday trading on 29 September 2015. The DAX index consequently fell by 12.6 % overall.

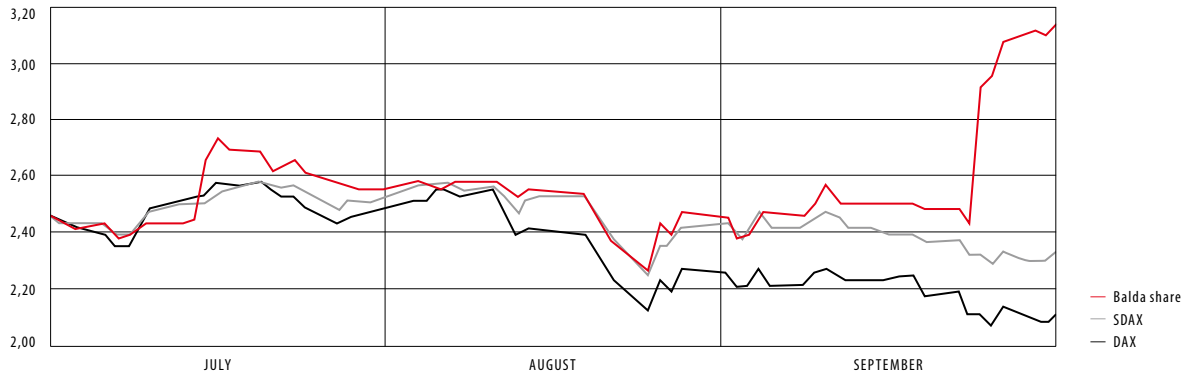
The SDAX index also depreciated, although not to the same extent as the DAX index. This index of second line stocks reached its low for the reporting period of 7,861 points during intraday trading on 24 August 2015. The high of 9,182 points was registered during intraday trading on 6 August 2015. The SDAX index depreciated by total of 3.4 % over the period under review.

The performance of the Balda share diverged from these indices. At the start of the reporting period, the share was still following the general market trend, reaching its low for the period of EUR 2.25 during intraday trading on 24 August 2015. Towards the end of the reporting period, on 23 September 2015, Balda issued an ad hoc announcement that it was intending to sell all of its operating units, and that a corresponding agreement with Munich-based Paragon Partners had been signed. This disposal is still subject to approval by the Annual General Meeting and anti-trust authorities. After this the share price rose considerably, with its high for the period of EUR 3.15 being registered during intraday trading on 28 September 2015. The Balda share consequently appreciated by 30.2 % during the reporting period. The closing price for the Q1 2015/2016 period also amounted to EUR 3.15—corresponding to a market capitalization of EUR 185.5 million.

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

BALDA AG SHARE COMPARED TO DAX AND SDAX (INDEXED SHARE PRICE PERFORMANCE FROM 1 JULY 2015 TO 30 SEPTEMBER 2015)

OVERVIEW OF THE SHARE PRICE



INTERIM MANAGEMENT REPORT

AS OF 30 SEPTEMBER 2015

1. MACROECONOMIC TRENDS

Global growth remains moderate in 2015, according to the International Monetary Fund (IMF). Slight recovery in economic growth is detectable in industrialized nations, while growth in emerging and developing economies continues to decelerate somewhat. This is primarily attributable to falling raw materials prices and resultant pressure on currencies, as well as higher volatility on financial markets.

In the World Economic Outlook (WEO) that it published in October 2015, the IMF now forecasts 3.1 % global economic growth for 2015, a downgrade from the 3.3 % forecast that it published in July. For 2016, the IMF expects a 3.6 % growth rate, reflecting a 0.2 percentage point downgrade compared with its July forecast.

For the Eurozone, the IMF has confirmed its July forecast: for 2015, the IMF forecasts 1.5 % growth. For 2016, the IMF has downgraded its economic growth forecast slightly, by 0.1 percentage points, to 1.6 %.

As far as Germany is concerned, the IMF sees the economy growing by 1.5 % this year, which comprises a minor downgrade of 0.1 percentage points. The IMF has also reduced its estimates by 0.1 percentage points for 2016, and now forecasts 1.6 % growth.

The situation is different in the USA. Compared with its July forecast, the IMF has upgraded its economic growth expectations by 0.1 percentage points to 2.6 %. Growth of 2.8 % is expected for 2016, compared with 3.0 % in the IMF's July WEO Update.

2. SECTOR TRENDS

The plastics industry ranks as one of the most important economic sectors worldwide with around EUR 800 billion of sales. Global production amounted to 299 million tonnes in 2013.

The European plastics industry generated sales in Europe of around EUR 320 million in 2013, with productive output of approximately 57 million tonnes, according to PlasticsEurope. Production grew by 2.6 % in 2013, with 1.5 % growth being forecast for 2014, and 1.0 % for 2015. No figures are available yet for the 2014 year elapsed, according to the association.

In Europe alone, more than 1.45 million individuals are employed in more than 60,000 plastics sector operations, according to sector association PlasticsEurope. In the USA, approximately 0.9 million individuals work in the sector.

In Germany, the sector performed well again in 2014, with the plastics processing industry reporting total sales growth of 2.6 % to a level of EUR 59 billion, according to the German Plastics Manufacturing Industry Association (GKV). The number of sector employees also increased, rising by 2.6 % to a level of around 311,000 individuals. Production volumes in 2014 were up by 3 % to 13.6 million tonnes. With a look to 2015, the GKV assumes sales growth at the previous year's level.

FOR MORE INFORMATION ABOUT TRENDS IN SECTORS OF SPECIFIC RELEVANCE TO BALDA, PLEASE REFER TO THE "SECTOR TRENDS" SECTION OF THE 2014 / 2015 ANNUAL REPORT.

The 100 largest injection molding companies in the USA generated total sales of EUR 23.8 billion in 2014, compared with EUR 21.1 billion in the previous year, according to PlasticNews. No forecasts for 2015 are available.

3. SIGNIFICANT EVENTS DURING THE FIRST THREE MONTHS OF 2015 / 2016

Realignment of the America segment and new site "Ontario II"

The US subsidiary of the Balda Group will concentrate its previous four production sites into two locations in Ontario and Oceanside over the coming months, while at the same time significantly expanding production areas.

The former production site of a medical technology group, including its installed technology, was taken over for this purpose. This now offers the opportunity to further expand the business with medical technology products that require cleanroom technology at the new Ontario II site. At the same time, the location in Oceanside is being developed to manufacture technical and fashion products.

Sale of the entire operating business and EUR 2.00 per share dividend

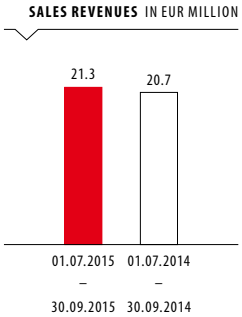
On 23 September 2015, Balda AG concluded a purchase agreement to divest its entire operating business for a purchase price of EUR 63.0 million. The purchasers are acquirer companies managed by Munich-based investment company Paragon. The purchase comprises all of the operating units of the Balda Group, namely Balda Medical GmbH & Co. KG and Balda Medical Verwaltungsgesellschaft mbH, both located in Bad Oeynhausen, Balda C. Brewer, Inc., and Balda Precision, Inc., both located in California, USA, as well as Balda Medical Systems SRL, Romania, and other assets.

The buyer will take over all of the employees of the operating units as well as the employees and management of Balda AG. The Balda Group is to be continued and expanded further as an operating unit in line with its current strategic orientation. A total gross amount of approximately EUR 66.8 million will accrue to the company from the divestment (including the profit to be distributed for the financial year elapsed).

This agreement is subject to the suspensive condition that it be approved by the AGM of Balda AG and by anti-trust authorities. The Management and Supervisory boards will also propose the distribution of a EUR 1.10 per share dividend. In addition, the Management and Supervisory boards will propose that, given approval of the purchase agreement, the share capital be reduced from currently EUR 58,890,636.00 to EUR 5,889,063.00, with the share capital that is released being repaid to the shareholders. This corresponds to an additional amount of EUR 0.90 per current share. The AGM is also to decide in this connection concerning a modification of the company's purpose and the company's name.

4. RESULTS OF OPERATIONS

During the first three months of its 2015 / 2016 financial year, the Balda Group generated EUR 21.3 million of sales revenues, compared with EUR 20.7 million in the prior-year period. This growth primarily reflects a lower USD-EUR-parity. In the previous year, materials-intensive business in the America segment supported sales revenues, a factor that no longer applies this year.



At EUR 8.2 million, the cost of materials during the first three months of 2015 / 2016 was ahead of the previous year's level of EUR 7.8 million. This absolute increase is due to the EUR 1.5 million growth in total operating revenue compared with the reference period. The cost of materials ratio was down by 0.9 percentage points to 37.7 %, reflecting a change in the production mix.

Staff costs of EUR 8.1 million during the period under review were EUR 0.6 million above the previous year's EUR 7.5 million. The staff costs ratio was unchanged at 37.2 %.

Other operating expenses increased by EUR 0.5 million year-on-year to EUR 4.3 million. This rise is predominantly attributable to expenses connected with reducing the production locations in the America segment, and expenses for the planned divestment of the operating business. Otherwise, other operating expenses were held at a constant level, given an increase in total operating revenue.

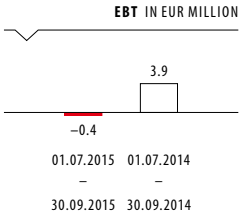
When adjusted for the aforementioned extraordinary effects, EBITDA and EBIT for the first three months of this and previous year's reporting period are as follows:

	AFTER EXTRAORDINARY ITEMS		BEFORE EXTRAORDINARY	
IN EUR MILLION	2015 / 2016	2014 / 2015	2015 / 2016	2014 / 2015
EBITDA	1,7	1,5	2,1	1,8
EBIT	0,4	0,4	0,8	0,7

The previous year's results were affected by extraordinary items in the amount of EUR 0.3 million.

The US dollar has depreciated year-on-year against the euro during the period under review. This fed through to a negative currency result during the first three months of the 2015 / 2016 financial year. As a consequence, other finance income fell by EUR 4.1 million to EUR –0.8 million in the reporting period, compared with EUR 3.3 million in the previous year.

The Balda Group generated a result before taxes (EBT) of EUR –0.4 million (prior-year figure: EUR 3.9 million), with this loss being attributable mainly to the reduction in the net financial result.



After taxes, the overall Group achieved a consolidated net result of EUR –0.6 million. Here, too, the result is below the previous year's net profit of EUR 3.0 million, and primarily reflects the lower net financial result.

5. NET ASSETS

The Balda Group's total assets of EUR 264.7 million as of the 30 September 2015 balance sheet date were only slightly below their level at the end of the 2014 / 2015 financial year (EUR 265.8 million).

Non-current assets totaled EUR 55.8 million on the reporting date, compared with EUR 57.1 million at the end of the 2014 / 2015 financial year. This reduction is predominantly attributable to currency effects. Investments offset depreciation and amortization charges.

Current assets were almost unchanged at EUR 208.9 million (reference figure: EUR 208.7 million). Group financial resources (consisting of cash and short-term money deposits booked under "Other current assets") were down by EUR 2.0 million to a total of EUR 193.5 million.

On the equity and liabilities side of the statement of financial position, the Group reported EUR 233.4 million of consolidated equity as of 30 September 2015 compared with EUR 234.1 million as of the prior-year equivalent reporting date. As of the end of the first quarter of 2015 / 2016, the equity ratio rose by 0.1 percentage points to 88.2 %.

88.2 %

EQUITY RATIO

Current liabilities reported a slight decrease of EUR 0.9 million to EUR 25.0 million as of the reporting date.

6. FINANCIAL POSITION

At the end of the first quarter of 2015 / 2016, the cash position of the Balda Group stood at EUR 147.9 million, compared with EUR 139.5 million at the end of the 2014 / 2015 financial year.

Cash flow from operating activities totaled EUR –0.4 million in the period under review (previous year: EUR 2.3 million). The positive cash effect from the business contrasted with cash outflows from the increase in working capital, and resulted in negative cash flow overall.

Cash inflows from investing activities amounted to EUR 9.1 million during the first three months of the year (previous year: cash outflow of EUR 0.3 million). The cash inflow during the period under review derived primarily from the disposal of a short-term bond.

Cash outflows from financing activities stood at EUR 0.1 million, compared with the prior-year period when EUR 0.019 million of bank borrowings were repaid.

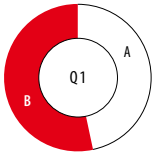
With its existing liquidity (financing resources totaling EUR 193.5 million), the Balda Group is able to realize the projects that it plans for the current financial year from its own resources.

7. SEGMENT PERFORMANCE

7.1. America segment

In its America segment, Balda generated a total of EUR 11.9 million of sales revenue during the first three months of 2015 / 2016, following EUR 10.9 million in the previous-year period, which was due to the lower USD / EUR exchange rate. Segment EBITDA of EUR 1.4 million was EUR 0.6 million ahead of the amount generated in the comparable period of the previous year, and shows the improved trend in the operating business.

SEGMENT SALES REVENUES IN %



A Europe 44.0 %
B America 56.0 %

7.2. Europe segment

The Europe segment reports EUR 9.4 million of sales revenue for the period under review, a slight decline compared with the previous year's EUR 9.8 million. This reduction is attributable to lower articles sales in the medical technology business. This declining effect was mainly offset by an increase in the engineering and tooling business. After the first three months of the financial year, this business trend fed through to EUR 0.3 million of segment EBITDA, compared with EUR 0.9 million in the previous year. The fall in the result is affected by extraordinary items (EUR 0.3 million) as well as the increase of the lower-margin plant business.

7.3. Other

In the Other segment, general holding company costs again fed through to a slight EBITDA loss of EUR –0.038 million (previous-year period: EUR –0.1 million).

8. EMPLOYEES

As at the reporting date of 30 September 2015, the Balda Group employed a total of 773 staff (30 June 2015: 789 staff). Of this total number of staff, 524 individuals were employed in the America segment at the end of the first three months of 2015 / 2016 (30 June 2015: 565 employees), with 249 individuals being attributable to the Europe segment as of the 30 September 2015 balance sheet date, compared with 224 employees at the end of June 2015.

9. OVERALL STATEMENT ABOUT THE FIRST THREE MONTHS

The Balda Group reported growth in its core areas over the July to September 2015 period. Consolidated sales revenues grew by 2.8% to EUR 21.3 million (previous year: EUR 20.7 million). This growth is mainly due to the conversion of USD sales revenues into EUR, with a dropping USD/EUR exchange rate. In contrast, the higher level of plant business in the Europe segment was assessed positively. These lead to a rising product business with an increase in the contribution to added value.

An overall improved business trend is reported, in line with expectations. This positive development provides proof of the success of intensified sales activities, among other factors. In the America segment, the first relocations of machines to the new production site in Ontario have started. Although this has resulted in charges during the current financial year, it will also feed through to future cost savings. As far as the results of operations are concerned, these charges have proved to be a burden as a result of the extraordinary effects that have already been referred to.

The Group generated a total of EUR 1.7 million of sales revenues in the period under review, compared with EUR 1.5 million in the prior-year period. The operating result (EBIT) was only slightly positive during the first three months of 2015/2016 as a result of the extraordinary effects and thus reflects the previous year's level. Higher margins despite currency-related lower sales revenues reflect the improved productivity of the Group.

Also as a result of the tax expenses and negative net financial result, the overall Group reported a consolidated net loss after tax of EUR -0.6 million during the first three months of 2015/2016 (previous year: consolidated net profit after tax of EUR 3.0 million).

The strengthening of sales activities at the Balda Group is having an impact. The efficiency measures that the company has launched are taking effect. The US sites have been reduced to two in order to trim costs further and boost efficiency. This avoids double functions and improves production processes.

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

10. EVENTS AFTER THE REPORTING PERIOD

Heitkamp & Thumann submits second offer relating to disposal of the entire operating business
On 1 October 2015, Balda AG received a further offer: Düsseldorf-based Heitkamp & Thumann Group ("H&T") submitted a notarized offer dating from 30 September 2015 with a purchase price of EUR 70 million.

This offer would also comprise the purchase of all of the operating units of the Balda Group and further assets. H&T is also offering to take over all of the employees of the operating units as well as the employees of Balda AG. No acquisition of the "Balda" brand is intended, on the other hand. Given acceptance of the offer, a total gross amount of approximately EUR 73.9 million (before exemptions, taxes and cost of sale) would accrue to the company from the divestment (including the profit to be distributed for the financial year elapsed).

H&T had already conducted due diligence at Balda and negotiated with Balda concerning the purchase of the operating business, but its previous offer as of that date was inferior, as a consequence of which the company has signed the agreement with Paragon. With the offer that H&T submitted on 1 October 2015, it presented a significant improvement on the purchase price that H&T offered before.

Along with the purchase agreement that was concluded with Paragon on 23 September 2015, the company has consequently now been presented with a second offer. Both offers are subject to AGM approval. As a precondition for the conclusion of the notary purchase agreement dated 23 September 2015, Paragon had required that Elector GmbH

(as the largest shareholder of Balda AG with around 29.43 % of the shares) be obligated to vote at the forthcoming AGM in favor of the disposal to Paragon. Elector GmbH agreed to this in the interests of concluding the agreement.

Balda AG receives improved offer from Paragon, two-day Ordinary AGM scheduled

With a notarized offer dated 20 October 2015, Paragon offered to increase the purchase price from previously EUR 62.9 million to currently EUR 65.9 million. Under the previous purchase agreement, the option exists for Paragon to require that Balda AG (or an affiliated company) grant a vendor loan for an amount of up to EUR 25 million at an interest rate of 7.5 % above three-month EURIBOR with a term of up to three years. Paragon is entitled to make early repayment of the loan as of each quarter-end. In the offer dated 20 October 2015, Paragon offers to increase the loan amount by EUR 3 million to EUR 28 million, firmly commits to draw down the loan, and refrain from early repayment. This would prospectively generate a further approximately EUR 6.2 million for Balda AG over the next three years (assuming that EURIBOR remains largely unchanged). A total amount (before indemnities, taxes and costs) of around EUR 75.9 million would accrue to the company from the disposal to Paragon (including the profit to be distributed for the financial year elapsed) and from the interest payments on the loan spread over three years.

Both the improved offer from Paragon and the purchase agreement that has already been concluded with Paragon would lapse entirely if H&T (or a third party) were to increase the purchase price from its offer to at least EUR 74 million. If such an instance occurs, Balda AG would also be obligated to make an indemnity payment of EUR 1.4 million to Paragon.

This improved agreement is also subject to the suspensive condition that it be approved by the AGM of Balda AG and by anti-trust authorities.

Due to the offers that have been submitted, the Management Board has arranged, by way of precaution, that the 2015 Ordinary AGM be scheduled for two days, 30 November and 1 December 2015. At this AGM, both the purchase agreement concluded with Paragon in the offer version dated 20 October 2015 and the offer from H&T dated 1 October 2015 will be submitted to shareholders for voting. The commitment on the part of Elector GmbH, which holds an approximately 29.43 % interest in the shares of Balda AG, to vote in favor of the disposal to Paragon is also applicable for the purchase agreement with Paragon in the version of today's offer.

Irrespective of the two offers, a dividend of EUR 1.10 per share is to be distributed, and additionally, subject to the disposal of the operating business, income from a planned capital reduction of EUR 0.90 per share is to be distributed to the shareholders, along with the modification of the company's purpose. Acceptance of the offer of from H&T would prospectively not require a modification of the business name.

Heitkamp & Thumann Group increases offer to EUR 74 million to purchase entire operating business, with the purchase agreement with Paragon thereby lapsing

On 30 October 2015, the Management Board of Balda AG received an improved offer from H&T with a purchase price of EUR 74 million, thereby satisfying the conditions relating to the expiry of Paragon's offer and original purchase agreement.

With a notarized offer dated 20 October 2015, Paragon increased the purchase price, and utilized an option relating to the granting of a vendor loan. With the company's acceptance of this offer, both the improved offer from Paragon and the purchase agreement that has already been concluded with Paragon would lapse entirely if H&T (or a third party) were to increase the purchase price deriving from its offer to at least EUR 74 million. Thereby Balda AG is obligated to make an indemnity payment of EUR 1.4 million to Paragon (the payment was carried out on 2 November 2015).

The improved offer from H&T is valid until 31 March 2016. Apart from the higher purchase price and the extended period to accept the offer, the original offer of H&T is unchanged. With the lapsing of the purchase agreement with Paragon, the voting commitment of Elector GmbH, as the largest shareholder of Balda AG, also lapses.

This improved offer from H&T is also subject to the suspensive condition that it be approved by the AGM of Balda AG.

After the 30 September 2015 reporting date, no other events occurred of major significance to the Group's financial position and performance.

11. REPORT ON OPPORTUNITIES AND RISKS

The consolidated financial statements as of 30 June 2015 include a detailed presentation of risk management within the Balda Group and a description and appraisal of all significant opportunities and risks.

Above and beyond this, the Group's opportunities and risk position has not changed significantly.

As a consequence, please refer to the opportunities and risk report in the consolidated financial statements as of 30 June 2015, which is published in the annual report and on the company's website.

12. OUTLOOK

In relation to business trends, the Management Board retains the statements made in the 2014/2015 Annual Report with the exception of statements regarding the development upon the sale of the operating units. There made statements would rise by approximately EUR 10 million (please refer to the statements in the report on "events after the reporting period").

This applies subject to the aforementioned risks and provided the macroeconomic conditions do not deteriorate significantly, and no other currently unforeseeable negative events of major consequence to the Balda Group occur.

The Management and Supervisory boards have also proposed the payment of a dividend of EUR 1.10 per share. At the same time, the company's share capital is to be reduced by EUR 0.90 per share, as far as the shareholders approve of the sale of the operating business. Both of these transactions together would result in an outflow of cash and a reduction of equity in the amount of around EUR 118 million.

More details can be found in the outlook that was published in the 2014/2015 Annual Report.

SELECTED NOTES TO THE FINANCIAL STATEMENTS

GENERAL INFORMATION

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

These interim financial statements as of 30 September 2015 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 IFRSs as adopted by the European Union (EU).

SCOPE OF CONSOLIDATION

Along with Balda AG, the consolidated financial statements for the first three months of the 2015/2016 financial year include four German and eight foreign subsidiaries on the basis of full consolidation.

ACCOUNTING POLICIES

In accordance with the provisions of IAS 34, a report format was selected that is shorter than the consolidated financial statements as of 30 June 2015. In preparing the interim consolidated financial statements, the same accounting, measurement and consolidation methods were applied as in the consolidated financial statements for the 2014/2015 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 2015. The utilization of the options included in IFRS is also explained there.

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

EXCHANGE RATE

		BID SPOT RATE ON BALANCE SHEET DATE		AVERAGE RATE	
		30.09.	30.06.	01.07.–30.09.	
CURRENCIES	ISO CODE	2015	2015	2015	2014
US-Dollar	USD	1.1244	1.1094	1.1120	1.3260
Malaysian ringgit	MYR	5.0100	4.1894	4.4723	4.2314

SEGMENT REPORTING

The segment reporting (see pages 23 and 24) has been prepared according to the same principles as applied in the 2014/2015 annual financial statements.

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

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

In the Europe segment, complex plastic products are developed on the basis of customer orders for the areas of medical technology, pharmaceuticals and diagnostics, as well as the equipment and tools needed for production. Such plastic products are 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 still manage a minor extent of the Group's financial resources, and are processing the disposal of the property in Ipoh, Malaysia.

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

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

STATEMENT OF CASH FLOWS

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

INCOME STATEMENT

The Balda Group generated EUR 21.3 million of consolidated sales revenues in the first three months of 2015/2016, compared with EUR 20.7 million in the equivalent period.

Pages 23 and 24 of this interim report describe the individual segments' business performance including results of operations.

The previous year's other operating income includes mainly rental income.

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, in an amount of EUR 0.1 million. These arise from the purchase price allocation for the US companies.

The Group reported a total consolidated net loss of EUR –0.6 million in the first three months of the 2015/2016 year. A positive result of EUR 3.0 million was posted in the equivalent period of the previous year, due to significant currency effects.

Along with the consolidated net result, other comprehensive income (EUR –0.7 million) as presented in the consolidated statement of comprehensive income principally comprises foreign currency translation gains/losses relating to the foreign subsidiaries' statements of financial position and income statements.

STRUCTURE OF THE STATEMENT OF FINANCIAL POSITION

The total assets of the Balda Group of EUR 264.7 million as of 30 September 2015 are slightly below the level on the 30 June 2015 balance sheet date (EUR 265.8 million).

On the assets side of the statement of financial position, non-current assets fell by EUR 1.3 million to EUR 55.8 million compared with the 30 June 2015 referece figure. Negative currency effects, depreciation and amortization offset investments in the case of intangible assets, and property, plant and equipment.

Current assets of EUR 208.9 million were at their level as of 30 June 2015. Especially the disposal of a short-term money market investment fed through to a EUR 9.6 million reduction in other current receivables. Cash increased accordingly by a similar amount to EUR 147.9 million. The equity of the Balda Group (EUR 233.4 million) fell chiefly as a result of the loss incurred during the period under review (EUR -0.6 million).

Both considered overall and in terms of composition, current liabilities of EUR 25.0 million reflected no significant changes compared with the reference reporting date (30 June 2015: EUR 25.9 million).

RELATED PARTY DISCLOSURES

Along with the companies included in the consolidated financial statements, companies, individuals and individuals in key management positions exist that are parties related 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 16.0 million as of 30 September of the current financial year (30 June 2015: EUR 8.8 million). For the first time as of this balance sheet date, this item includes the financial obligations from the rental contract that was concluded in July 2015 for the new production site in Ontario.

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 30 September 2015 were neither audited nor reviewed by an auditor. They were prepared for this set of interim financial statements.

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

RESPONSIBILITY STATEMENT

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

Bad Oeynhausen, 12 November 2015

OLIVER OECHSLE SOLE MANAGEMENT BOARD MEMBER OF BALDA AG

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

OF BALDA AG AS OF 30 SEPTEMBER 2015

ASSETS			30.09.2015 EUR THOUSAND	30.06.2015 EUR THOUSAND
A.	**NON-CURRENT ASSETS**			
	I.	Property, plant and equipment	19,318	19,568
		1. Land and buildings	9,541	9,395
		2. Machinery and equipment	8,268	8,967
		3. Fixtures, furniture and office equipment	910	613
		4. Advance payments and construction in progress	599	593
	II.	Goodwill	9,567	9,696
	III.	Intangible assets	7,849	8,188
	IV.	Financial assets	15,000	15,000
		1. Financial investment	15,000	15,000
	V.	Deferred taxes	4,083	4,685
	Non-current assets		**55,817**	**57,137**
B.	**CURRENT ASSETS**			
	I.	Inventories	10,422	9,150
		1. Raw materials and supplies	4,131	4,065
		2. Work in progress and finished goods and merchandise	6,291	5,085
	II.	Trade receivables	12,114	12,771
	III.	Other current assets	37,515	47,119
	IV.	Current tax assets	893	183
	V.	Cash	147,921	139,477
	Current Assets		**208,865**	**208,700**
TOTAL ASSETS			**264,682**	**265,837**

OF BALDA AG AS OF 30 SEPTEMBER 2015

EQUITY AND LIABILITIES			30.09.2015 EUR THOUSAND	30.06.2015 EUR THOUSAND
A.	**EQUITY**			
	I.	Subscribed capital	58,891	58,891
	II.	Reserves	35,869	36,037
	III.	Net retained profits	138,595	139,185
		1. Consolidated net income	–590	–12,743
		2. Retained profits brought forward	139,185	151,928
	Equity, Group		**233,355**	**234,113**
B.	**NON-CURRENT LIABILITIES**			
	I.	Bank loans	111	205
	II.	Deferred taxes	2,910	2,594
	III.	Non-current provisions	560	181
	IV.	Non-current financial liabilities	2,709	2,796
	Non-current liabilities		**6,290**	**5,776**
C.	**CURRENT LIABILITIES**			
	I.	Trade payables	5,672	5,854
	II.	Other current financial/non-financial liabilities	5,242	5,097
	III.	Advance payments received	3,785	3,614
	IV.	Short-term bank borrowings and short-term loans	361	363
	V.	Income tax liabilities	6,547	7,445
	VI.	Current provisions	3,430	3,575
	Current Liabilities		**25,037**	**25,948**
TOTAL EQUITY AND LIABILITIES			**264,682**	**265,837**

CONSOLIDATED INCOME STATEMENT

OF BALDA AG FOR THE PERIOD FROM 1 JULY 2015 – 30 SEPTEMBER 2015

IN EUR THOUSAND	2015/2016	2014/2015
Sales revenues	21,268	20,696
Changes in inventories of finished goods and work in progress	432	–544
Total operating revenue	21,700	20,152
Other operating income	522	444
Cost of materials	8,176	7,784
Cost of materials ratio [1]	37.7 % [1]	38.6 % [1]
Staff costs	8,075	7.495
Staff costs ratio [1]	37.2 % [1]	37.2 % [1]
Depreciation, amortization and impairment losses	1,289	1,153
Other operating expenses	4,309	3,797
Profit/loss from operations [2]	**373**	**367**
Net interest income/expense	54	183
Other finance income (net)	–845	3,307
Earnings before taxes	**–418**	**3,857**
Taxes on income	172	876
Consolidated net results	**–590**	**2,981**
Earnings per share:		
Number of shares, diluted and basic (in thousands)	58.891	58.891
Earnings per share (EUR)—diluted and basic	0,001	0,051

[1] Based on total operating revenue.

[2] Profit/loss from operations before extraordinary items. **756** **667**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

OF BALDA AG FOR THE PERIOD FROM 1 JULY 2015 – 30 SEPTEMBER 2015

IN EUR THOUSAND		2015/2016	2014/2015
1.	**Consolidated net income**	**–590**	**2,981**
2.	**Other comprehensive income**	**–168**	**–465**
2.1	Items that will be reclassified to profit or loss	–168	–465
3.	**Comprehensive income for the period**	**–758**	**2,517**

CONSOLIDATED STATEMENT OF CASH FLOWS

OF BALDA AG FOR THE PERIOD FROM 1 JULY 2015 – 30 SEPTEMBER 2015

IN EUR THOUSAND		2015/2016	2014/2015
	Net loss/income before income tax, net finance income and depreciation (EBITDA)	1,662	1,520
+	Interest received	80	140
–	Interest paid	–26	–13
–	Income taxes paid	–216	–110
+/–	Other non-cash income/expenses	–8	356
+	Cash receipts from finance lease receivables	0	375
–	Increase/decrease in tax assets and tax liabilities	–808	–33
+	Increase in provisions	–145	–72
+/–	Increase/decrease in inventories, trade receivables and other assets not attributable to investing or financing activities	–1,019	377
+/–	Increase/decrease in liabilities and other liabilities not attributable to investing or financing activities	47	–196
=	**Cash flow from operating activities**	**–433**	**2,344**
	Cash flow from investing activities		
–	Cash payments for property, plant and equipment and intangible assets	–910	–338
+/–	Cash payments/receipts from short and long term financial planning	9,988	0
=	**Cash flow from investing activities**	**9,078**	**–338**
	Cash flow from financing activities		
+/–	Cash payments/receipts from bank borrowings	–96	–19
=	**Cash flow from financing activities**	**–96**	**–19**
	Net change in cash and cash equivalents	8,549	1,987
+	**Cash and cash equivalents at the beginning of the first quarter**	**139,477**	**160,518**
+/–	Effects of changes in foreign exchange rates on cash held in foreign currencies	–105	390
=	**Cash and cash equivalents at the end of the first quarter**	**147,921**	**162,895**
	Composition of cash and cash equivalents at the end of the first quarter		
	Cash and cash equivalents	**147,921**	**162,895**

CONSOLIDATED SEGMENT REPORTING

OF BALDA AG FOR THE FINANCIAL YEAR 2015/2016 (1 JULY 2015 – 30 SEPTEMBER 2015)

IN EUR THOUSAND	EUROPE	AMERICA	TOTAL SEGMENTS	OTHER	INTER-SEGMENT CORREC-TIONS	GROUP
Sales revenues, total	**9,366**	**11,902**	**21,268**	**0**	**0**	**21,268**
Total operating revenue	**9,563**	**12,137**	**21,700**	**0**	**0**	**21,700**
EBITDA	**325**	**1,376**	**1,701**	**–38**	**0**	**1,662**
EBIT	**–198**	**609**	**412**	**–38**	**0**	**373**
Interest income	451	0	451	0	–371	80
Interest expenses	–20	–377	–397	0	371	–26
Other finance income (net)	–30	–335	–365	–481	0	–846
EBT	**204**	**–103**	**101**	**–519**	**0**	**–418**
Taxes on income						172
Consolidated net income						**–590**
Investments	307	119	426	0	0	426
Segment assets [1]	385,754	41,391	427,145	5,334	–172,772	259,706
Number of employees an 30.09. [2]	249	524	773	0	0	773

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

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

OF BALDA AG FOR THE FINANCIAL YEAR 2014/2015 (1 JULY 2014 – 30 SEPTEMBER 2014)

IN EUR THOUSAND	EUROPE	AMERICA	TOTAL SEGMENTS	OTHER	INTER-SEGMENT CORREC-TIONS	GROUP
Sales revenues, total	**9,823**	**10,873**	**20,696**	**0**	**0**	**20,696**
Total operating revenue	**9,213**	**10,939**	**20,152**	**0**	**0**	**20,152**
EBITDA	**868**	**746**	**1,614**	**–94**	**0**	**1,520**
EBIT	**391**	**70**	**461**	**–94**	**0**	**367**
Interest income	465	0	465	348	–617	196
Interest expenses	–246	-384	–630	0	617	–13
Other finance income (net)	75	1,947	2,022	1,285	0	3,307
EBT	**685**	**1,633**	**2,318**	**1,539**	**0**	**3,857**
Taxes on income						876
Consolidated net income						**2,981**
Investments	307	119	426	0	0	426
Segment assets [1]	328,180	44,182	372,363	195,586	–306,052	261,897
Number of employees an 30.09. [2]	219	581	800	0	0	800

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

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

OF BALDA AG FOR THE FIRST QUARTERS OF FINANCIAL YEARS 2015/2016 AND 2014/2015

		RESERVES				
IN EUR THOUSAND	SUBSCRIBED CAPITAL	CAPITAL RESERVES	RETAINED EARNINGS	CURRENCY TRANS-LATION RESERVE	NET RETAINED PROFITS	EQUITY OF SHARE-HOLDERS OF BALDA AG
Balance on 01.07.2014	**58,891**	**34,555**	**1,881**	**–5,472**	**151,928**	**241,783**
Consolidated net income	—	—	—	—	2,981	2,981
Other comprehensive income	—	—	—	–465	—	–465
Total comprehensive income	0	0	0	–465	2,981	2,517
Balance on 30.09.2014	**58,891**	**34,555**	**1,881**	**–5,937**	**154,909**	**244,300**
Balance on 01.07.2015	**58,891**	**34,555**	**1,881**	**–399**	**139,185**	**234,113**
Consolidated net income	—	—	—	—	–590	–590
Other comprehensive income	—	—	—	–168	—	–168
Total comprehensive income	0	0	0	–168	–590	–758
Balance on 30.09.2015	**58,891**	**34,555**	**1,881**	**–567**	**138,595**	**233,355**

DIRECTOR´S HOLDINGS

OF BALDA AG AS OF 30 SEPTEMBER 2015

	30.09. 2015	30.06.2015	CHANGES
Share capital	**58,890,636**	**58,890,636**	
Oliver Oechsle	6,000	6,000	0
Vorstand gesamt	**6,000**	**6,000**	**0**
Dr. Thomas van Aubel [1]	17,331,689	17,331,689	0
Frauke Vogler	100	100	0
Supervisory Board, total	**17,331,789**	**17,331,789**	**0**
Corporate bodies, total	**17,337,789**	**17,337,789**	**0**
in % of equity	29.4	29.4	

[1] Shareholding via Elector GmbH, Berlin.

FINANCIAL CALENDAR

30 November / 1 December 2015
AGM 2015 in Hanover

11 February 2016
H1 Report 2015 / 2016

12 May 2016
Q3 Report 2015 / 2016

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