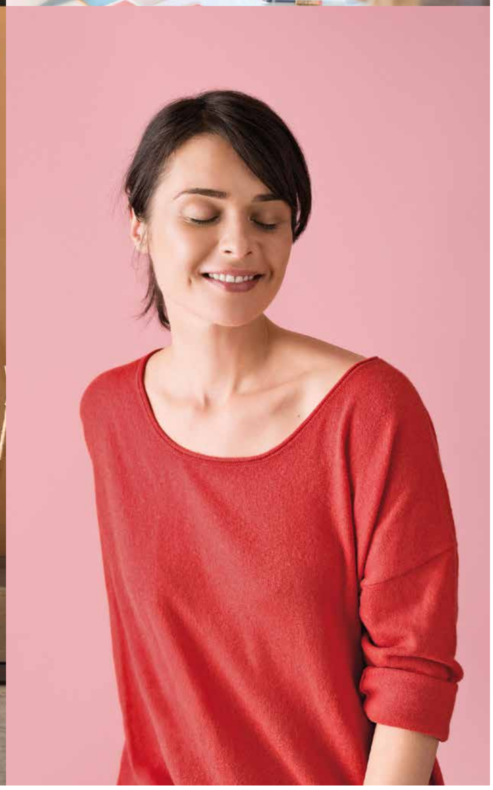


Investment in Sleep

ANNUAL REPORT 2015

bmp Holding

Key Figures

		2015	2014
SALES REVENUE	*in million EUR*	4.8	0.0
TOTAL OPERATING PERFORMANCE	*in million EUR*	5.7	0.7
MATERIAL COSTS	*in million EUR*	–3.2	0.0
COST-OF-MATERIALS RATIO	*in %*	66.7	N/A
GROSS PROFIT	*in million EUR*	1.6	0.0
EBITDA	*in million EUR*	–1.8	–0.5
RESULT FROM ORDINARY BUSINESS ACTIVITIES	*in million EUR*	–2.0	–0.5
ANNUAL RESULT	*in million EUR*	–3.4	–0.3
EARNINGS PER SHARE	*in EUR*	–0.14	–0.01
BALANCE SHEET TOTAL	*in million EUR*	26.0	21.1
INVENTORY ASSETS	*in million EUR*	1.5	0.0
SHAREHOLDERS' EQUITY	*in million EUR*	16.9	19.9
EQUITY RATIO	*in %*	64.9	94.3
EMPLOYEES (FTE)		49	1

Contents

Letter of the Executive Board

DEAR SHAREHOLDERS,

2015 was an eventful year for your company, which, within a few months, changed from a venture capital company focusing on digital media into an e-commerce group in the Sleep segment.

At the beginning of the year we could not have predicted this development or, in particular, the dynamism with which we implemented it. The specific trigger for this came at the beginning of February 2015 when the Executive Board and the Supervisory Board decided to discontinue the venture capital business and give the company a new business purpose. We saw ourselves compelled to make this change following the coming into force of the German Investment Code (KAGB) and its interpretation by the Federal Financial Supervisory Authority (BaFin), as by keeping to our previous business purpose we would have been subject to additional regulatory requirements that would not have been reasonable for a company of our size from a structural or cost perspective.

We did not take this decision lightly. However, we must also concede that venture capital is not an easy area of business for a listed company. Firstly, an investment portfolio comprising young, highly innovative but mostly not yet profitable companies from different business areas and technologies is akin to a kind of "black box" that investors are hardly able to assess. Secondly, venture capital is a long-term project business in which only a few events, such as acquisition of an investment, conclusion of a financing round or sale of an investment, occur over a time period of ten or more years. This, in turn, is difficult to reconcile with shareholders' desire for a constant flow of news, exciting quarterly reports and short-term measurability in terms of revenue and income and also makes it difficult for them to gauge and appropriately assess the value and performance of their company.

At the same time, in taking our decision we saw an opportunity to implement a concept with which we can significantly increase your company's shareholder value in the medium term. You are familiar with the outcome: the restructuring of the company into an e-commerce group in the Sleep segment.

But why did we come to this conclusion in particular?
A whole range of questions and factors played a role here:

- *In terms of significance, what business model will meet the requirements of our Prime Standard listing with 20.7 million shares?*
- *What business model exhibits strong growth and can move into a revenue category of over € 100 million within 3–5 years?*
- *What business model can be expected to utilise bmp's existing substantial tax loss carryforwards through good profitability over the coming years?*
- *What business model can be clearly understood and thus communicated well on the capital market?*

With these questions in mind, we analysed our existing investment portfolio and found in sleepz GmbH a company that operates in a dynamic growth market that is not currently dominated by one competitor and shows a discernible trend towards consolidation: online business in the Sleep segment, i.e. in products for furnishing bedrooms, such as beds, sprung bed slats, mattresses, bedroom furniture, bedding and accessories.

In Germany alone the volume of the market is around € 10 billion, which at present is chiefly attributable to bricks-and-mortar retail. The online share of the market is estimated at around 5% but is growing rapidly. Bricks-and-mortar retail is dominated by large furniture stores such as IKEA, Roller, Poco and Höffner, which exist alongside a number of specialized providers such as Dänisches Bettenlager and Matratzen Concord. The rest of the market is highly fragmented, consisting of several thousand bed stores and furniture retailers. In the online sector, OTTO's Schlafwelt.de is the only exclusively online retailer offering a full range and now generates revenue of over € 30 million.

Our objective over the course of the next 3–5 years is to make bmp Holding AG into a company generating annual revenue of over € 100 million as a leading full-range retailer in *the online Sleep segment in Germany, as well as in Europe in the medium term. In doing so, our long-term aim is to achieve an EBIT margin on sales of over 5%.*

To achieve this aim, we acquired a 60% majority interest in sleepz in May 2015 and subsequently founded a wholly owned subsidiary, Grafenfels Manufaktur GmbH, in June 2015. This company develops and sells a collection of high-quality mattresses under the same name. In November, we acquired a 60% interest in the Matratzen Union Group companies, which focus on selling mattresses, sprung bed slats and box-spring beds.

Together, our subsidiaries already generated revenue of € 12.8 million in 2015 and are targeting revenue of over € 20 million in 2016. Over the next few years we also intend to acquire majority interests in other companies that are an optimum fit for our strategy of becoming a full-range retailer with sustained customer loyalty.

Achieving this aim will be challenging and 2016 will certainly be a further year of transition, not least because one focus of our activities will be on reducing the venture capital investment portfolio in order to free up the resources needed for expansion of our holding company.

Nevertheless, esteemed shareholders, you will already notice the advancement of our strategy in 2016 through increasing revenues from online business in the Sleep segment and probably through further acquisitions. We will also sell the venture capital investment portfolio over the next two years and use the funds to acquire further majority interests in the Sleep segment in order to expand into a revenue category of € 100 million with a profitability target of over 5% in 2018.

We know we are just at the start of this journey but have our goal clearly in sight. And there will be no avoiding consolidation of the market. We are now ideally equipped to assume a leading position.

As a year of upheaval, the 2015 financial year was not a successful year in economic terms. We sold the first five venture capital investments, albeit mostly at book value, and decided to make other value adjustments at the end of the year.

At the same time, as planned the new business in the Sleep segment was not yet profitable as sleepz is still operating in the red as a young, high-growth company and developing Grafenfels Manufaktur initially costs money. According to internal planning, Grafenfels will go into the black in 2017. The majority interest in the profitable Matratzen Union-Group was only acquired on 1 December 2015 and therefore did not affect earnings in 2015.

In 2016, our subsidiaries expect to generate consolidated revenue of over € 20 million, resulting in a slight net loss due primarily to substantial market entry investments for our Grafenfels subsidiary. However, if we were to succeed in making one to two further profitable acquisitions over the course of the year, we would be able to reach break-even point as far as our subsidiaries are concerned. At Group level, we are aiming to move into profitability in 2017.

Dear shareholders, we would like to thank you for your confidence during this challenging restructuring phase. We would be pleased if you would remain with us on this journey so that we can reap the rewards of this work together in the not too distant future.

Berlin, April 2016

Oliver Borrmann

On the way to becoming a one-stop shop with a high customer lifetime value…

WE ARE AN E-COMMERCE GROUP IN THE SLEEP SEGMENT. AS A FULL-RANGE RETAILER WE OFFER OUR CUSTOMERS EXCELLENT QUALITY BRANDED AND OWN-BRAND PRODUCTS WITH ATTRACTIVE PRICE PERFORMANCE.

BUSINESS MODEL

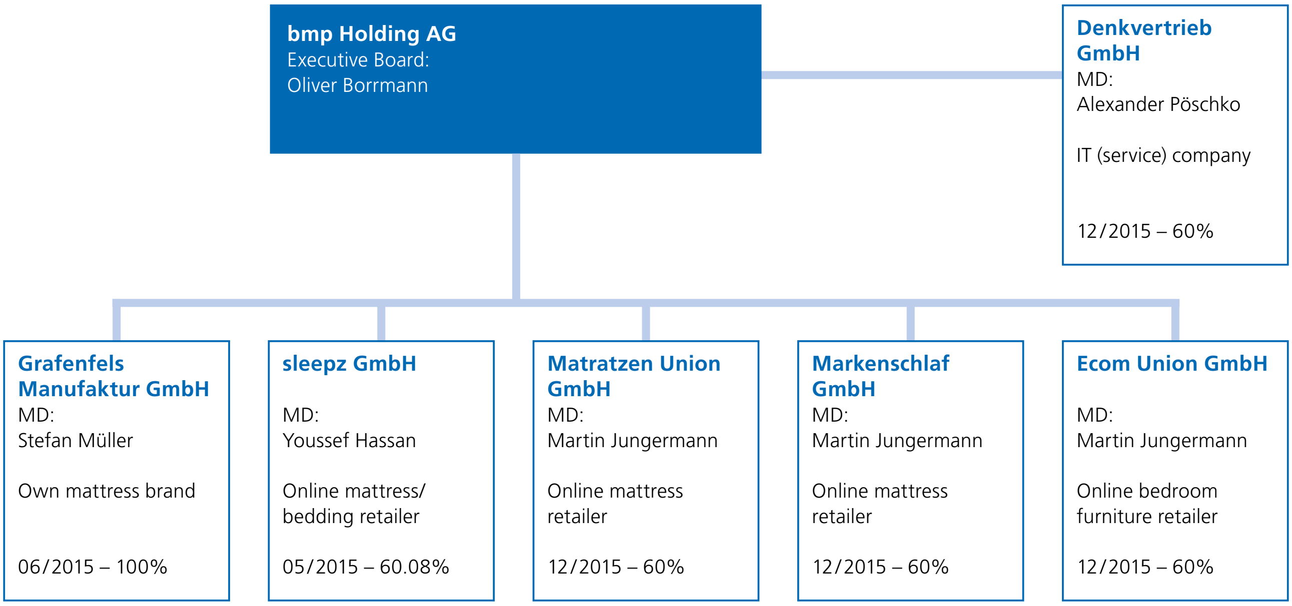
As an operating holding company, bmp founds, acquires, holds and develops subsidiaries in the Sleep segment and unites them under one umbrella. In doing so, we primarily focus on online retailers which may also have a bricks-and-mortar presence.

bmp is positioned as a full-range retailer whose medium-term aim is to achieve a appropriate customer lifetime value with a broad range of products. With this in mind, our subsidiaries pursue different business models, operate as experts in their respective fields and act independently of one another in their respective key markets:

- **Grafenfels Manufaktur GmbH** has developed its own collection of five mattress types under its own brand and sells these on the internet and via selected specialist retailers.

- **sleepz GmbH** is an online retailer that focuses on bedroom furniture, bedding and mattresses and already operates across the full range.

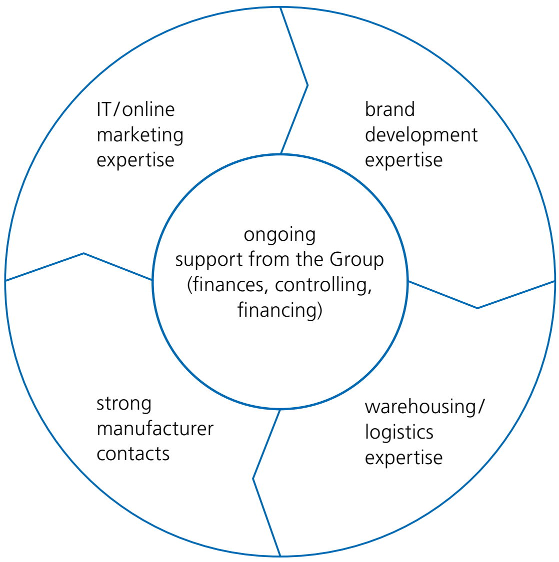
- The companies in the **Matratzen Union Group** are four independent legal entities whose business operations are nevertheless closely linked with one another. They focus on online sales of mattresses, sprung bed slats and box-spring beds.



Synergy effects within the Group

Combining under one umbrella gives our subsidiaries the opportunity to exploit a variety of synergy effects. We also offer them Group support in different areas to enable them to focus on their operating businesses:

The synergy effects and ongoing support from the Group are therefore important pillars for the successful growth of the subsidiaries and thus also that of the holding company. And they are a key criterion when acquiring further companies.



MARKET SITUATION

Bedroom products – a market with potential

Similarly to the kitchen before it, the importance of the bedroom has undergone a change in the last few years – from a purely functional sleeping area to a feel-good oasis.

Over 15% of consumers in Germany today are ready to optimise their bedroom and in doing so almost 39% intend to invest in beds and mattresses.

Estimates in this regard are based on a market volume for the Sleep segment of over € 50 billion in Europe, of which around € 10 billion could be attributable to the German market.

Bricks and mortar versus online

In Germany, online penetration of the total furniture market is currently still very low at around 5%. However, the last few years have shown that online growth rates of 40–50% p.a. are possible in the Sleep segment. We therefore expect an online market volume of over € 1 billion in 2018.

What makes us so sure of this?

Purchase decision-making processes – and thus also the associated sales channels – are undergoing a transformation. Previously, once a basic decision to purchase had been made, there was initially a choice between retailers before the product itself was selected based on the models available and manufacturers listed there.

This process has changed with the advent of the internet and the establishment of online retailers and services, search machines and rating portals: now the product is selected first and the supplier is only chosen afterwards.

Consumers in the German market confirm this trend, with over 60% stating that they welcome online services due to their convenience and 55% giving a positive assessment of the broader range and better comparability of products in particular. And they are also prepared to acquire their selected products online following the information-gathering process.

In light of this, even confirmed proponents of purely bricks-and-mortar retail do not rate its medium-term prospects as a stand-alone model – the future is online.

Challenges of online business

Despite all its positive prospects, successful online business is demanding.

Customers also wish to "experience" products online and there is high demand for advice when searching for a suitable product, especially in the mattress segment. The market is still not transparent. The expectations of the "user experience" that must be met online are high.

Excessive shipping costs, what are often limited options for payment and returns, low product availability and long delivery times continue to discourage consumers from making purchases online.

In particular, smaller online retailers already on the market often consider themselves no longer able to cope with these increasing demands – they lack the budget, expertise and channels for their own brands.

We bundle the various areas of expertise of our subsidiaries and thus bring along the experience necessary for facing these challenges and turning them into opportunities.

For the benefit of our own growth – and for the benefit of further companies that wish to accompany us on this path in the future:

CHALLENGES		SOLUTIONS
PRODUCT IS DIFFICULT TO UNDERSTAND	→	– online configurator – expert support – support through the showroom concept
NO BRAND AWARENESS	→	– positioning a high-quality own brand – using own brands
SIGNIFICANT LOGISTICAL CHALLENGE	→	– selling using drop-shipping solutions – own warehouse with over 2,500 mattresses
LOW CUSTOMER LIFETIME VALUE	→	– broad product range – high quality – fair prices

On the way to becoming a one-stop shop with a high customer lifetime value

In a market with high growth volumes, no supplier has emerged as the dominant player thus far.

Apart from large furniture chains, such as IKEA, or other large generalists which lack product expertise, such as Amazon, there are specialists offering a limited product range. Examples of this are companies such as Matratzen Concord, which serves the low and mid-price segment, and various internet start-ups such as Bruno or Emma. Although the latter have been able to attract a great deal of attention in the last few months, they only offer one mattress.

As a full-range retailer with a broad product range coupled with great product expertise and availability, we consider ourselves well equipped to face these competitors successfully as well as to succeed in prevailing in the long term. Because working out how to make a one-off purchaser of a mattress or bed into a loyal and long-term customer for all bedroom-related products will then be of key significance.

Zu Gunsten unseres eigenen Wachstums – und zu Gunsten weiterer Unternehmen, die ihren Weg zukünftig gemeinsam mit uns gehen möchten.

Oliver Borrmann and Stefan Müller
(Managing Director Grafenfels Manufaktur GmbH)

Oliver Borrmann and Youssef Hassan
(Managing Director sleepz GmbH)

Subsidiaries

GRAFENFELS

Grafenfels

**SIMPLE – FIRM – SOFT – NATURAL – LUXURY –
ENTER YOUR COMFORT ZONE:** BASED ON THIS GUIDING PRINCIPLE, GRAFENFELS MANUFAKTUR GMBH HAS DEVELOPED A COLLECTION OF FIVE TYPES OF MATTRESS, AND SELLS THEM UNDER THE BRAND WITH THE SAME NAME.

The concept

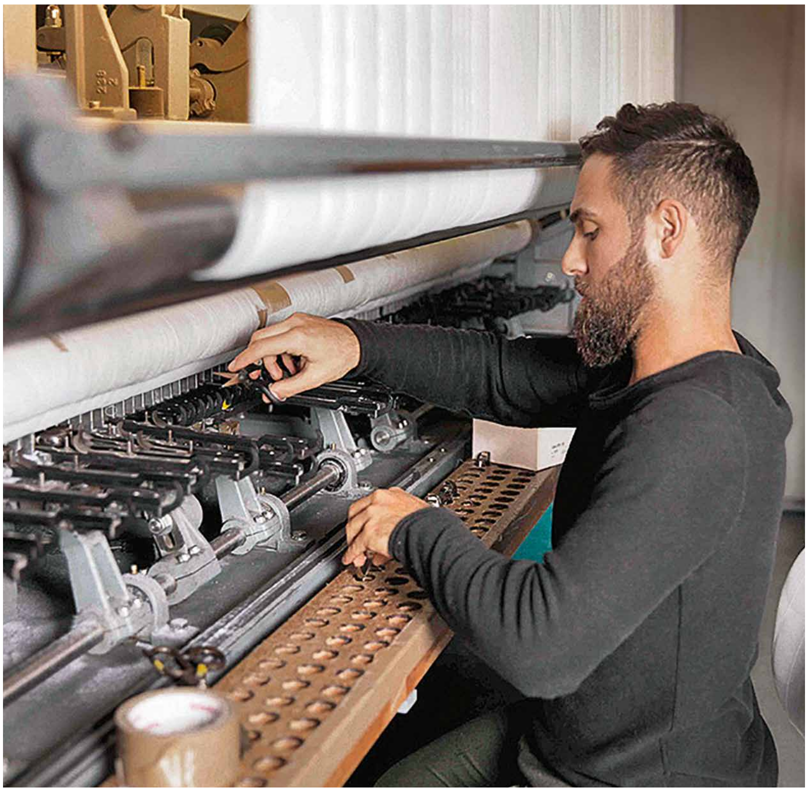
Sleeping well could be easy, but people often don’t know what to look for when choosing the right mattress for them: product descriptions focus on technical details, and there is a lack of comparability and transparency.

Grafenfels Manufaktur GmbH has now become the first and only company to give its customers clear guidance. Instead of technical details, it concentrates on the different sleep requirements, and reflects them in its collection of five types of mattress.

So whether customers prefer to sleep on a hard or soft surface, prefer luxury or simplicity, or value sustainability, choosing the right Grafenfels mattress is really easy, and leads to a top-quality product every time. A Grafenfels product always guarantees optimum sleep comfort, whether it is a cold-foam, sandwich, pocket-spring or natural latex mattress.

Craftsmanship meets high-tech

To meet our own high quality standards, Grafenfels mattresses have already undergone ergonomic testing by renowned independent institutes in the development phase. Grafenfels is also committed to professional production and outstanding quality of the materials used.



STEFAN MÜLLER
Managing Director
Grafenfels

The head of Grafenfels is Stefan Müller. After training as a toolmaker and spending several years at various production companies, Stefan Müller worked as a freelance management consultant for CT-Formpolster GmbH's Business Development and E-Commerce Sales division before coming to Grafenfels in 2015. He therefore offers a perfect blend of production knowledge, industry insight and sales experience.

Grafenfels works with selected producers from all over Germany and a manufacturer from Belgium, each of which are among the best in their field. They supply top-quality individual components for the various Grafenfels mattresses.

Grafenfels thus combines expert craftsmanship, selected materials and advanced production methods in its mattress collection.

Grafenfels mattresses are available via www.grafenfels.de and from selected stationary specialist traders.

GRAFENFELS AT A GLANCE

Business model	Establishment of a mattress brand
USP	– Market coverage with a range of 5 types of mattress – Top quality as a result of development with ergonomic institutes – B2C via web shop, otherwise B2B, primarily with stationary trading
Founded	2015 (by bmp)
In the bmp Group	July 2015
Headquarters	Berlin
Employees*	4
Revenue in 2015	€ 0.0 million
Stake**	100 %

* as at 31.03.2016

** as at 31.12.2015

sleepz

THE NIGHT MAKES THE DAY – SELECTED BEDROOM PRODUCTS FOR PERFECT COMFORT: FROM BEDS, SPRUNG BED SLATS, MATTRESSES, BEDDING AND BEDROOM FURNITURE TO ACCESSORIES. SLEEPZ SELLS A FULL RANGE OF BEDROOM PRODUCTS THROUGH ITS OWN ONLINE SHOPS AND MARKETPLACES AS WELL AS A SHOWROOM IN BERLIN.

The concept

Restful, healthy sleep requires more than just a bed and a mattress. The main element is professional assistance in choosing the right products. That is why sleepz GmbH is committed to providing intensive assistance both online and offline. As a full-range trader, it also has over 50,000 items available, thus meeting almost every customer requirement.

Straightforward price comparison and fast, uncomplicated access to the range of items are further key aspects that help customers decide what to buy. sleepz therefore mainly sells its products through its own online shops and marketplaces, and is already one of Germany's largest independent online traders in the sleep sector.

The online shops

sleepz has already attracted more than 150,000 customers via www.perfekt-schlafen.de alone. To meet its own expectations and those of its customers in terms of quality, variety and expertise, sleepz works closely with well-known manufacturers and is constantly on the lookout for the latest trends and innovations. A highly trained service team gives customers advice on choosing the right products by e-mail, on the telephone or in live chat.


Showroom in Berlin


Headoffice and warehouse in Ludwigsfelde


Showroom at the corner of "Kochstraße" and "Wilhelmstraße" in Berlin

Price-conscious customers are the target group of the online shop www.matratzendiscount.de. Here, sleepz offers lots of outstanding branded products at constantly low prices as well as its high-quality own brand "Matratzenheld", which comprises a collection of nine mattress models.

The showroom

Good sleep quality is important, which is why some customers want to try out their bedding before they buy it. For these customers, sleepz opened a 600-square-metre showroom near Checkpoint Charlie in Berlin in 2015.

Here, customers can test products and make their choice in a pleasant atmosphere with advice from experienced bedroom experts. A web lounge also gives them the opportunity to access the entire sleepz online range and compare products and prices.


YOUSSEF HASSAN
Managing Director sleepz

The head of sleepz is Youssef Hassan. The business management graduate started working in the bedding sector over 15 years ago. His achievements include setting up and running a factory of the mattress manufacturer Fey & Co. in Aleppo (Syria). Youssef Hassan has been actively involved in e-commerce since 2003. Since then, he has built up and run several companies in the sleep sector.

SLEEPZ AT A GLANCE

Business model	Online trader in bedroom furniture, bedding and mattresses	
USP	– A range comprising over 50,000 branded items – Online mattress configurator – Showroom	
Founded	2012	
In the bmp Group	May 2015	
Headquarters	Ludwigsfelde in Brandenburg	
Employees*	39	* as at 31.12.2015
Revenue in 2015	€ 6.4 million	
Stake**	60,08 %	** as at 31.12.2015

Matratzen Union

A GREAT DEAL FOR END CUSTOMERS: THIS IS THE MISSION STATEMENT OF MATRATZEN UNION. IT FOCUSES ON SELLING MATTRESSES, SPRUNG BED SLATS AND BOX-SPRING BEDS TO END CUSTOMERS ONLINE, AND OFFERS GREAT COST EFFECTIVENESS AND DELIVERY TIMES AS A RESULT OF HIGH SALES VOLUMES AND OUTSTANDING SUPPLIER RELATIONSHIPS.

The concept

At present, it takes consumers in Germany an average of over 14 years to replace their mattress. However, the trader is expected to deliver quickly.

The companies in the Matratzen Union Group therefore specialise in selling a wide range of mattresses from well-known German manufacturers.

Matratzen Union GmbH and Markenschlaf GmbH sell popular branded mattresses in standard sizes as well as sprung bed slats and box-spring beds. By focusing on these products, it is possible to offer and stock a wide selection of products in the segment. In addition, with "Wolkenwunder" and "Schlafschatz", the two companies have developed two mattress brands of their own, which they also sell.

By contrast, Ecom Union GmbH specialises in (bedroom) furniture and decorative items.

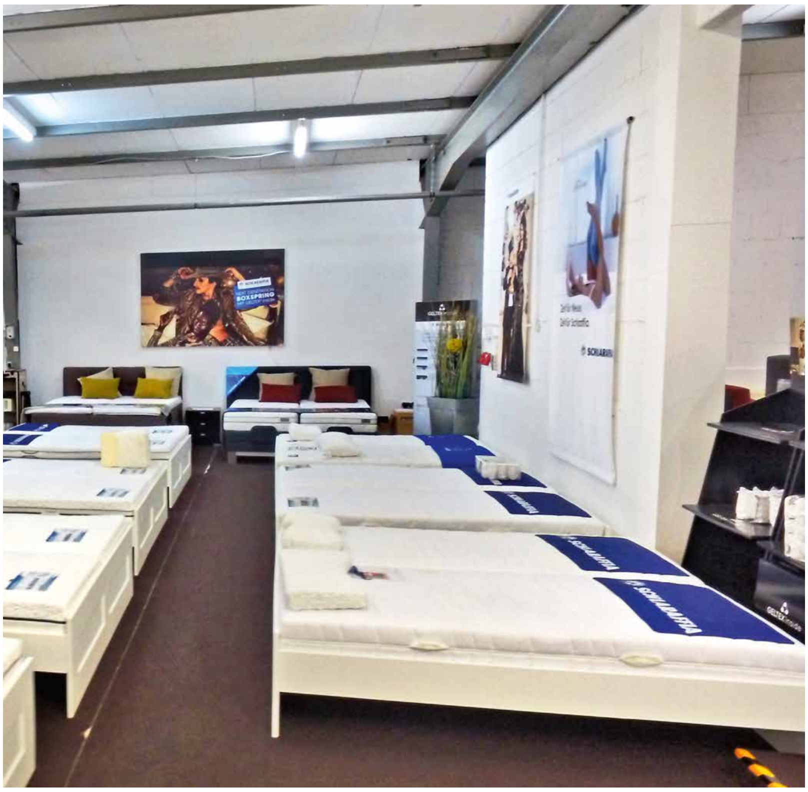
The online traders in the Matratzen Union Group are supported by Denkvertrieb GmbH. It acts as a service unit, focusing on multi-channel sales, IT and online marketing.

The online shops

Matratzen Union GmbH and Markenschlaf GmbH sell their products through the online

Warehouse in Wolfhagen

Factory outlet in Wolfhagen



Fwwactory outlet in Wolfhagen

shops named after them, as well as via www.schlafhandel.de and www.schlafnett.de.

Their own-brand mattresses are also available via www.wolkenwunder.de and www.schlafschatz.de.

Ecom Union GmbH runs its own shop at www.onletto.de.

Ease of use, transparency and security are features shared by all online shops in the Matratzen Union Group. In addition, with the "mattress finder", customers can find the right bed system for restful sleep quickly and conveniently. A unique, cross-brand box-spring bed configurator also helps with the complex task of choosing the right box-spring bed.

This enables all customers to find the mattress for them, in line with their highly individual preferences, ideas and requirements.

Customers who need further assistance can contact a highly qualified service team by telephone, chat or e-mail.

Factory outlet

Items in stock are ready to dispatch immediately – that is why the Matratzen Union Group constantly has more than 2,000 mattresses, a large quantity of sprung bed slats and box-spring beds in stock at its location in Wolfhagen, near Kassel.

There is also a factory outlet on the premises. Here, before they decide what to buy, customers can take a look at products and find out about the different types of mattress. Qualified orthopaedic practitioners and a specially developed measuring system also help to identify individual sleeping requirements.

MARTIN JUNGERMANN
Managing Director
Matratzen Union, Ecom
Union, Markenschlaf

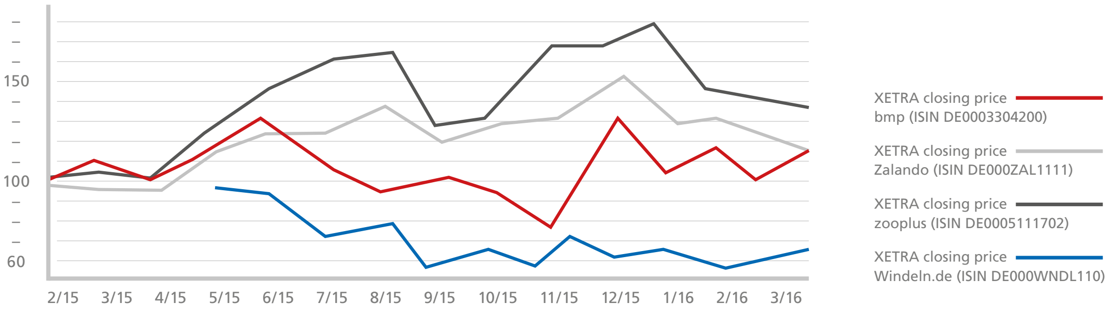
The head of the Matratzen Union Group

is Martin Jungermann. He has worked his way up the ladder in the bedding business. After completing his training as an industrial management assistant at Klute Schlafsysteme GmbH in 1994, the business management graduate went on to hold responsible posts at various furniture companies, including Möbel Schaumann and the Gebers Group. In April 2011, Martin Jungermann founded the first company in the Matratzen Union Group.

MATRATZEN UNION GROUP AT A GLANCE

Business model	Online trader focusing on mattresses and box-spring beds
USP	– 2,500 products in stock – Online configurator for box-spring beds – Factory outlet
Founded	2011
In the bmp Group	December 2015
Headquarters	Wolfhagen in Hesse
Employees*	20 * as at 31.12.2015
Revenue in 2015	€ 6.4 million
Stake**	60 % ** as at 31.12.2015

The bmp share



bmp share price performance from 4 February 2015 to 31 March 2016 compared to the peer group (Index 100 = values as at 4 February 2015/Windeln.de as of initial listing closing price on 5 May 2015)

bmp Holding AG shares posted a slightly positive performance in financial year 2015. They started the year at a price of € 0.66 and closed at € 0.84 on 30 December 2015, representing an increase of 27.3%. They reached a high of € 0.90 at the end of May following the successful acquisition of sleepz GmbH and a low of € 0.56 at the beginning of November shortly before the successful acquisition of a majority interest in the Matratzen Union-Group.

There were no capital measures in 2015. In the 2015 financial year, Supervisory Board members Michael Stammler and Bernd Brunke reported share purchases totalling 75,000 shares; there were no directors' dealings on the part of Executive Board members. In December 2015, the Executive Board and the Supervisory Board resolved on a share option scheme and issued a total of 615,000 share options to the Executive Board, managing directors of the subsidiaries and selected employees of bmp Holding AG and the subsidiaries.

On 4 February 2015, bmp Holding AG announced its intention to change its business model into that of an operating holding company. As of that point in time, we allocated our shares to a new peer group of companies that also operate in the e-commerce sector. Between that time and up to and including 31 March 2016, our share price increased by 26%, thus achieving the best performance in the new peer group after zooplus.

Shareholder structure

At the reporting date, the total of 20,701,174 shares were distributed as follows:

Oliver Borrmann	15.30 %
Roland Berger Strategy Consultants Holding GmbH	7.46 % *
Carin Pepper	10.04 % *
Michael Stammler	3.24 % *
Peter R. Ackermann	3.00 % *
Free float	60.96 %

all information relates to current share capital/rounded figures
** according to most recent voting rights notification*

Members of the Executive Board directly or indirectly held 15.3% of the shares at the balance sheet date. Members of the Supervisory Board directly or indirectly held 3.36% of the shares.

SHARE INFORMATION	
ISIN	DE0003304200
German securities ID code (WKN)	330420
Code	BTBA
Market segment	Frankfurt Regulated Market (Prime Standard), Warsaw Regulated Market

Corporate governance declaration in accordance with Section 289a of the German Commercial Code (HGB)

ALSO CORPORATE GOVERNANCE REPORT IN ACCORDANCE WITH SECTION 3.10 OF THE GERMAN CORPORATE GOVERNANCE CODE IN THE VERSION DATED 5 MAY 2015)

Once per year the Executive Board and the Supervisory Board issue a corporate governance declaration in accordance with Section 289a HGB. They must present the relevant disclosures on corporate governance practices, describe the working method of the Executive Board and the Supervisory Board, explain further aspects of corporate governance and reproduce the declaration of conformity pursuant to Section 161 of the German Stock Corporation Act (AktG), which also has to be issued once per year.

I. RELEVANT DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES

Corporate governance at listed company bmp Holding AG ("bmp", "the Company") is determined primarily by the German Stock Corporation Act. Our Articles of Association also set out various regulations on corporate governance practices.

Our Articles of Association thus form the basis for the organisation of our corporate governance practices and a fundamental framework for our actions.

Listed companies must also observe further statutory and other regulations when organising their corporate governance practices and develop and establish additional, company-specific standards of conduct where appropriate. In this context, the German Corporate Governance Code provides a framework for good corporate governance. It presents key statutory provisions pertaining to the management and monitoring of German listed companies and contains internationally and nationally recognised standards for good and responsible corporate governance in the form of recommendations and suggestions. As our Company's shares are also listed on the regulated market of the Warsaw Stock Exchange, we are additionally subject to the best practices applicable there, which similarly form a guide for designing good corporate governance practices. Although neither set of regulations is legally binding for the companies concerned, once per year the Executive Board and the Supervisory Board must issue a declaration in this regard stating the extent to which they have followed the recommendations and, where relevant, explain why they have not.

bmp deviates from some recommendations of the German Corporate Governance Code and the Polish best practices. This is due primarily to the size of the Company. In addition, deviations from the Polish best practices relate to those regulations that are not compatible with German stock corporation law and/or the German Corporate Governance Code.

Based on a resolution of the Annual General Meeting, the Company obtained a new business purpose in the past business year and also restructured to form a Group. Given these circumstances and in view of the size of our Company – at the reporting date the bmp Group had 52 employees, with one employee at the parent company – we consider good corporate governance to be an ongoing process. This has the advantage that the Executive Board is able to respond quickly and flexibly to changes internally within the Company and/or across the Group. Our objective is to establish a management and control system aimed at responsible and long-term added value.

As a listed company, it is of particular interest to us that our employees handle Company information that is not publicly known in a trustworthy manner and do not forward any knowledge to third parties and/or use it for their own benefit. We have therefore developed and laid down in binding form compliance guidelines that are intended to raise awareness of the topic but equally must be observed at the same time. The guidelines apply to the Executive Board and employees of bmp Holding AG as well as to those managing directors and employees of subsidiaries who are allocated share options as part of the employee participation scheme 2015/I.

You can find the relevant rules influencing our corporate governance practices here:
German Corporate Governance Code
http://www.dcgk.de/de/kodex/aktuelle-fassung/praeambel.html

Best Practice of GPW Listed Companies
http://www.gpw.pl/regulations_best_practices

bmp reports and declarations on compliance with corporate governance under Polish law:
http://www.bmp-holding.de/de/investor-relations/corporate-governance/corporate-governance-nach-polnischem-recht.html

Compliance guidelines
http://www.bmp-holding.de/de/investor-relations/corporate-governance/compliance/compliance-richtlinien.html

II. COMPOSITION AND WORKING METHOD OF THE SUPERVISORY BOARD AND THE EXECUTIVE BOARD

bmp is subject to German stock corporation law and thus has a dual management system. The Executive Board is the managing body and the Supervisory Board the monitoring body.

Under stock corporation law, the Supervisory Board is granted the option of appointing committees from among its own members in order to prepare for its negotiations and resolutions or to monitor the implementation of its resolutions. However, the Supervisory Board at bmp does not use make use of this option.

Supervisory Board

The Supervisory Board of bmp consists of three members and was last elected by the Annual General Meeting in June 2013 for a term that runs until the end of the Annual General Meeting that decides on the discharge of the acts of the Supervisory Board for the business year ending 31 December 2017, that is until the 2018 Annual General Meeting.

The Supervisory Board must be composed in such a way that its members collectively possess the knowledge, abilities and experience required to perform their tasks properly. In accordance with the German Stock Corporation Act, the board must also have at least one independent member with expertise in the areas of accounting or auditing. bmp is not subject to any further statutory requirements, e.g. under the German Co-determination Act (MitbestG).

However, both the German Corporate Governance Code and the best practices of the Warsaw

Stock Exchange stipulate that with regard to its composition the Supervisory Board must take into account further criteria reflecting the company's specific situation and/or formulate appropriate targets in this regard. However, the Supervisory Board does not comply with this recommendation due to its size. Therefore, no criteria going beyond "expertise" and "competence" are used in the selection of Supervisory Board candidates.

The Supervisory Board elects a Chairman and a Vice-Chairman from among its own members. In this connection, the German Corporate Governance Code stipulates that proposed Chairman of the Supervisory Board candidates be announced to the Annual General Meeting during Supervisory Board elections.

bmp regards this as an encroachment on the right of the Supervisory Board to select its Chairman freely and thus does not follow this recommendation.

The tasks of the Chairman are primarily of an organisational and formal nature. They are covered by the German Stock Corporation Act as well as by the Articles of Association and rules of procedure for the Supervisory Board, which also regulate further aspects of the board's collaboration.

In order to be in a position to fulfil its task as a monitoring body, it is necessary for the Supervisory Board to exchange information on a continuous basis. In accordance with statutory regulations, the Supervisory Board holds at least two – or if necessary more – meetings per calendar year, the content of which, including any resolutions passed, is documented in minutes. The Executive Board also regularly attends these meetings. However, the Supervisory Board also meets in the absence of the Executive Board if it considers this necessary.

In addition, the Supervisory Board discusses financial reports prior to their publication; this is also recorded in minutes. It also obtains regular written reports from the Executive Board regarding the current situation, the financial status, IR and PR measures and other significant events.

Irrespective of this, the entire Supervisory Board, but primarily its Chairman, is in regular and close contact with the Executive Board at all times.

The Supervisory Board is quorate when all three members participate in passing the resolution. Unless expressly stipulated otherwise by statute or the Articles of Association, resolutions are adopted by a simple majority of votes cast. In the event of a tied vote, the vote of the Chairman is the casting vote.

Resolutions may also be passed by telephone, in writing or by e-mail if ordered by the Chairman and no member objects to this method within a reasonable time period set by the Chairman. Resolutions passed in this manner are subsequently approved by the Chairman in writing and forwarded to all members.

Please refer to the report of the Supervisory Board published in the 2015 Annual Report for information on the meeting cycle and the topics discussed by the Supervisory Board during the 2015 business year.

Executive Board

The Executive Board comprised two members until the end of 7 September 2015. In view of the size of the board and of the Company, they were not allocated responsibilities for departments; the Supervisory Board also refrained from appointing one member as Executive Board Chairman. The aim of this was to implement a structure that promoted regular exchanges between the members of the Executive Board.

The members of the Executive Board were essentially granted sole power of representation to ensure that external representation was possible at all times. However, in accordance with the rules of procedure for the Executive Board set by the Supervisory Board, all measures and transactions of major significance for the Company or associated with extraordinary economic risk required prior resolution by the Executive Board. For example, besides those transactions for which statute or the Articles of Association already require a decision by the entire Executive Board or which are subject to the approval of the Supervisory Board, such transactions included determining and modifying medium and long-term strategic corporate planning or the annual budget/income statement and human resources planning.

As indicated, the rules of procedure for the Executive Board comprise a catalogue of measures that require the approval of the Supervisory Board. These include, for example, investments exceeding a certain amount, the assumption of sureties or guarantees that are not customary in the usual course of business and the taking up of loans exceeding a defined limit.

The Executive Board exchanged information on mostly an informal basis before coming to a joint decision. Resolutions were passed in meetings or by way of a circulation procedure and were documented in writing accordingly.

Executive Board member Jens Spyrka left the Executive Board of the Company with effect from the end of 7 September 2015. As of this point in time, Oliver Borrmann has been the sole Executive Board member and thus decides alone on all matters regarding the Company's management and strategic alignment. Given these circumstances, he maintains particularly comprehensive and regular contact – significantly exceeding the minimum stipulated by statute, the Articles of Association and the rules of procedure – with individual members of the Supervisory Board and the Supervisory Board as a whole. Significant decisions made by the Executive Board are documented in writing.

III. DISCLOSURES ON THE STIPULATIONS UNDER SECTIONS 76 (4) AND 111 (5) AKTG

bmp is required to establish targets for the proportion of women in the two management levels below the Executive Board, in the Supervisory Board and in the Executive Board and to set deadlines for achieving such targets. If the proportion of women is under 30% when the target is set, the target may not be any lower than the respective proportion reached.

bmp does not have any management levels below Executive Board level.

At its meeting on 7 September 2015, the Supervisory Board determined that the proportion of women in the Executive Board and the Supervisory Board on that date was 0% in each case and resolved that the targets to be reached by 30 June 2017 would be 0% in each case.

IV. FURTHER INFORMATION ON CORPORATE GOVERNANCE

Diversity/composition of the Executive Board and the Supervisory Board

The German Corporate Governance Code goes beyond the regulations under stock corporation law in recommending that diversity be ensured when filling managerial, Executive Board and Supervisory Board positions. The Supervisory Board is furthermore required to establish specific targets with regard to its composition, taking into account the international activities of the Company, potential conflicts of interest, the number of independent Supervisory Board members, an age limit for Supervisory Board members (to be defined) and a control limit for length of service on the Supervisory Board (to be defined), as well as diversity, in light of the Company's specific situation.

As mentioned, the current Executive Board consists of one person and the Supervisory Board comprises three members. Apart from this the Company employs just one member of staff. Given these circumstances, we do not consider the use of characteristics beyond the criteria of "expertise" and "competence" to be expedient.

For the reasons supporting this, please also refer to the declaration pursuant to Section 161 AktG published below.

Remuneration

For their activities the members of the Supervisory Board receive remuneration, which was most recently adjusted in 2013 by the Annual General Meeting. The Executive Board member does not receive any remuneration, although he is reimbursed for expenses incurred in connection with performing his mandate.

The Company also maintains pecuniary damage liability insurance (D&O insurance) for the members of the Executive Board and the Supervisory Board, which does not include a deductible for members of the Supervisory Board. We consider this to be appropriate in view of the low level of Supervisory Board remuneration.

With regard to Supervisory Board remuneration, we also refer to the Remuneration Report, which is published as part of the Management Report in the 2015 Annual Report.

Share option scheme

The Annual General Meeting of 17 June 2015 authorised the Executive Board and, to the extent that members of the Executive Board are affected, the Supervisory Board to launch a share option scheme and to issue subscription rights for up to 2,070,117 Company shares to Executive Board members, members of the management of subsidiaries and select employees of the Company and of subsidiaries by 16 June 2020. The subscription rights granted can be exercised for the first time after expiry of a retention period of 4 years from the respective allocation date. The condition is that the volume-weighted average closing price of the shares in Xetra trading on the last five trading days before exercising is 40% higher than the price so determined before the date on which the subscription rights were allocated. The exercise price per share corresponds to the volume-weighted average closing price of the Company's shares in Xetra trading on the last five trading days before the date on which the Executive Board and the Supervisory Board decided to issue subscription rights, but is at least € 1.00/share.

On 22 December 2015, the Executive Board and the Supervisory Board resolved on such a share option scheme and on the same date issued a total of 615,000 options as follows:

200,000 options to members of the Executive Board
370,000 options to members of the management of subsidiaries
25,000 options to employees of the Company
20,000 options to employees of subsidiaries

The exercise price was set at € 1.00/share.

Conflicts of interest

Members of the Executive Board and the Supervisory Board are equally obligated to serve the interests of the Company. The Executive Board may therefore take on sideline activities, especially Supervisory Board mandates outside the enterprise, only with the approval of the Supervisory Board.

For their part, members of the Supervisory Board should ensure that they have sufficient time available to perform their mandate. The law already provides for a limit on their number of mandates.

In the event of a conflict of interest, the Executive Board member or Supervisory Board member concerned must disclose this to the Supervisory Board. If a conflict of interest of a Supervisory Board member is significant and not merely of a temporary nature, this must lead to the termination of the mandate.

The Company has concluded an investment consultancy agreement with bmp Beteiligungsmanagement AG. The Executive Board is also the Executive Board of bmp Beteiligungsmanagement AG, which in principle could lead to conflicts of interest. This issue is taken into account insofar as transactions between the companies are subject to the approval of the Supervisory Board.

No conflicts of interest were advised in the 2015 business year.

Please refer to the disclosures in the notes to the Annual Report for information on the mandates held in the 2015 business year.

Annual General Meeting and external communications

Our shareholders exercise their rights within the scope defined by statute and the Articles of Association before or during the Annual General Meeting and in the process exercise their right to vote. We support our shareholders in exercising their rights and voting by proxy by appointing a representative to exercise voting rights in accordance with instructions. However, for cost reasons we do not provide for postal voting or for electronic participation or voting.

We give our shareholders the opportunity to view all documents that are relevant to their preparation for the Annual General Meeting on the internet.

We also attach importance to open and trustful communication with our shareholders outside of the Annual General Meeting. We regularly inform them and all other stakeholders and interested members of the public regarding the development of the business and position of the Company. The main source of information in this connection is our homepage www.bmp-holding.de, on which all relevant information is published in German and English.

Shareholdings of the Executive Board and the Supervisory Board

As at 31 December 2015, 3,167,956 shares, corresponding to 15.30% of shares issued by bmp Holding AG, were held directly or indirectly by the Executive Board. The members of the Supervisory Board held 695,000 shares as of the reporting date, which corresponds to 3.36%.

Reportable securities trading activities (directors' dealings)

In accordance with Section 15a of the German Securities Trading Act (WpHG), the members of the Executive Board and the Supervisory Board and other holders of managerial positions are required to notify the German Federal Financial Supervisory Authority (BaFin) and the Company of their own transactions in shares of bmp Holding AG or financial instruments relating to them if such transactions exceed a total volume of € 5,000.00 per year; this also applies to individuals related to the above persons.

The Company is required to immediately publish the transactions it is notified of.

The following transactions were notified to bmp Holding AG in business year 2015:

Date	Name	Function	Location and type of transaction	Shares	Price per share	Total volume
09.11.2015	Bernd Brunke	Administrative or supervisory body	Purchase of shares, XETRA	8,000	€ 0.64	€ 5,120.00
17.11.2015	Michael Stammler	Administrative or supervisory body	Purchase of shares, off-market	50,000	€ 0.659	€ 32,950.00
17.11.2015	Bernd Brunke	Administrative or supervisory body	Purchase of shares, XETRA	8,000	€ 0.65	€ 5,200.00
30.11.2015	Bernd Brunke	Administrative or supervisory body	Purchase of shares, XETRA	9,000	€ 0.89	€ 8,010.00

Accounting and auditing

In the past business year, bmp Holding AG prepared and published single-entity financial statements for the 2014 business year in accordance with national financial reporting standards (HGB, German Commercial Code). These were audited by the independent accountancy firm elected by the 2014 Annual General Meeting as auditor. Furthermore, as a voluntary information medium for shareholders, the Company prepared financial statements in accordance with the principles of the International Financial Reporting Standards (IFRS), the application of which is mandatory in the EU.

Our interim reports for the 2015 business year were prepared pursuant to IFRS and discussed by the Executive Board and Supervisory Board prior to publication.

The sleepz GmbH subsidiary was fully consolidated upon acquisition of control on 1 May 2015. As of the Half Year Report 2015, therefore, our reports are consolidated financial statements in accordance with IFRS.

As at 31 December 2015, the Company prepared consolidated financial statements in accordance with IFRS and single-entity financial statements in accordance with HGB; both were audited by the independent accountancy firm elected by the 2015 Annual General Meeting as auditor and Group auditor.

The Half Year Report is prepared pursuant to IFRS and discussed by the Executive Board and Supervisory Board prior to publication.

Since the German Act Implementing the European Directive amending the Transparency Directive (Gesetz zur Umsetzung der Transparenzrichtlinie-Änderungsrichtlinie) came into force in November 2015, the duty to prepare interim announcements in accordance with Section 37x WpHG (old version) no longer applies. However, the Regulations of the Frankfurt Stock Exchange continue to require that companies listed in the Prime Standard of the regulated market prepare "quarterly announcements" if they do not decide to continue preparing a report.

The quarterly announcement is essentially a purely descriptive report on, for example, significant events and transactions in the announcement period and their impact on a company's financial position. In the meantime the Executive Board has decided to prepare quarterly announcements as of 2016.

In consideration of costs and benefits, the consolidated and single-entity financial statements will be prepared and published within four months of the end of the business year, while the half-yearly financial report and quarterly announcements will be published within two months of the end of the respective reporting period.

Risk management and risk controlling

bmp Holding AG has put in place a risk management system that is oriented towards the business activities, size and structure of the Company. We have documented potential risks, process flows and control mechanisms in the form of a risk management manual.

We examine all of our process flows on an ongoing basis and adjust them within a short time frame where the need arises.

For further information on risk management and controlling, refer to the Management Report and the notes to the 2015 Annual Report.

V. ANNUAL DECLARATION OF COMPLIANCE IN ACCORDANCE WITH SECTION 161 OF THE AKTG

The Executive Board and the Supervisory Board last submitted on 16 December 2015 the following declaration in accordance with Section 161 of the AktG:

"The Executive Board and the Supervisory Board of bmp Holding AG are obligated to submit an annual declaration regarding the extent to which the Company followed the recommendations of the current version of the German Corporate Governance Code (the "Code") in the reporting period and will follow them in future (declaration of compliance).

With reference to their declaration last submitted on 3 December 2014 as well as to previous declarations, the Executive Board and the Supervisory Board of bmp Holding AG declare, in accordance with Section 161 AktG, that the recommendations of the Government Commission of the German Corporate Governance Code (version dated 5 May 2015; published by the Federal Ministry of Justice in the official section of the Federal Gazette [Bundesanzeiger] on 12 June 2015) have been and will be complied with, with the following restrictions:

- D&O insurance deductibles (Section 3.8)
  The Code recommends, with regard to D&O insurance for Supervisory Board members, a deductible equal to the legally prescribed deductible for members of the Executive Board in accordance with Section 93 (2), sentence 3 AktG. bmp Holding AG considers the measure neither suitable for increasing the motivation and sense of responsibility of the members of the Supervisory Board nor appropriate in view of the level of Supervisory Board remuneration which bmp Holding AGs Supervisory Board Members receive.

- Diversity in filling managerial positions (Section 4.1.5)
  The Code recommends that diversity be ensured when filling managerial positions in the company, particularly with regard to appropriate consideration of women. bmp Holding AG employs a female employee whose position is classified as a staff position with no managerial responsibility, Against this backgroundthe recommendation was not and will not be followed.

- Composition of the Executive Board (Section 4.2.1)/Diversity in the filling of Executive Board positions (Section 5.1.2)
  The Code recommends that the Executive Board be composed of several persons and have a Chairman or Spokesman. In addition, rules of procedure are to govern the allocation of duties. Furthermore, the Supervisory

Board will ensure diversity in the composition of the Executive Board and, in doing so, strive for appropriate consideration of women in particular.

Until 7 September 2015 the Executive Board of bmp Holding AG comprised two members, which had the same areas of responsibility. At the time of delivering this declaration the Executive Board consists of one person. Therefore, the nomination of the Executive Board member as Chairman, as well as the formulation of an allocation of duties, ceases to apply. This also applies to the use of characteristics in the search for suitable Executive Board candidates that go beyond the criteria of expertise and competence.

- Composition of the Supervisory Board (Section 5.4.1 – 5.4.2)
  The Code recommends that the Supervisory Board establish specific targets with regard to its composition, taking into account the international activities of the company, potential conflicts of interest, the number of independent Supervisory Board members as per Section 5.4.2, an age limit for Supervisory Board members (to be defined), a definable limit for length of membership in the Supervisory Board, and diversity, particularly with regard to the appropriate consideration of women, in light of the company's specific situation. These targets should also be taken into consideration by the Supervisory Board when making candidate recommendations to its selection committees; together with the Executive Board, the Supervisory Board is to publish information on target implementation status as part of the Corporate Governance Report. Furthermore, when making recommendations at the General Stockholders' Meeting, the Supervisory Board is to disclose each candidate's personal and professional relations to the company, to bodies of the company, and to any major stockholder.

Due to the size of the company, the Supervisory Board of bmp Holding AG consists of only three members. Given these circumstances, the Supervisory Board considers the use of criteria for the selection of Supervisory Board candidates beyond expertise and competence to be unsuitable. Accordingly, it has not set itself any targets in this regard. This also applies to the number of independent Supervisory Board members as per Section 5.4.2 of the Code. Therefore, there is no corresponding consideration for recommendations to the selection committees and no reporting on the matter.

Furthermore, in bmp Holding AG's view, the Code's wording regarding personal and business relationships of the Supervisory Board to be disclosed is vague and its delimitation unclear. In the interest of the legal certainty of future Supervisory Board elections, the Executive Board and the Supervisory Board of bmp Holding AG have decided to declare an exception to this recommendation.

- Proposed candidates for the Supervisory Board chair during Supervisory Board elections (Section. 5.4.3)
  The Code recommends that Chairman of the Supervisory Board candidates be announced to stockholders during Supervisory Board elections. However, such an announcement requires that the proposed candidate previously be elected as a member of the Supervisory Board by the General Stockholders' Meeting. Only afterwards shall a decision be made on the election of the Chairman of the Supervisory Board. This is to take place in accordance with Section 11 (1) of the Articles of Association of bmp Holding AG in connection with Section 107 (1) AktG in the first meeting of the Supervisory Board after its election and in the form that the then new Supervisory Board elects the Chairman and the Vice-Chairman from among its own members. This predefinition of proposed

candidates for the position of Chairman of the Supervisory Board constitutes a restriction of the right of the Supervisory Board to decide freely on the matter. Therefore, the recommendation was not and will not be followed.

- Publication of financial reports (Section 7.1.2)
  The Code recommands to publish to publish the annual financial statements within 90 days after the end of the business year and the interim reports within 45 days after the end of the respective reporting period. The company publishes its financial reports – in conjunction with the commitments stemming from the Exchange Rules for the Frankfurt Stock Exchange – within the legally prescribed deadlines, since the costs of faster preparation and publication are disproportionate to the level of information gained by the shareholders.

The Executive Board of bmp Holding AG does not receive remuneration. In addition, due to its size, the Supervisory Board of bmp Holding AG foregoes the formation of committees. The recommendations under Section 4.2.2 – 4.2.5 (Executive Board remuneration) or under Section 5.2. (2), Section 5.3. (Formation of committees) of the Code therefore do not apply.

Berlin, 16 December 2015"

Report of the Supervisory Board of bmp Holding AG

DEAR SHAREHOLDERS,

Together with you, we are looking back at a challenging year. In February 2015, the Executive Board and the Supervisory Board resolved to discontinue the previous venture capital business, to change the company into an operational industrial holding company and to propose the approval of a corresponding change of business purpose to the Annual General Meeting. You also gave the company a new name – "bmp Holding AG" – as part of the Annual General Meeting in June 2015. bmp Holding AG is now developing dynamically as an e-commerce group in the Sleep segment. We are confident that we have taken the right decision together with you and paved the way for a successful future for our company.

Our task as the Supervisory Board was to continuously monitor and advise the Executive Board in this process – and with regard to all other measures – and in its management of the company. To ensure that we are in a position to fulfil this task, it is paramount that we receive regular and fully comprehensive reports from the Executive Board. Trustful dialogue between the Executive Board and the Supervisory Board is also very important.

The Executive Board reports to us on a regular basis as part of the Supervisory Board meetings, which we also use to discuss issues relating to the strategic alignment and significant individual measures.

In months in which no Supervisory Board meeting or discussion of a financial report takes place, we receive a written report from the Executive Board regarding significant events in the past month, financial data, risks and opportunities, and significant individual topics. We also maintain regular contact with the Executive Board, whether in person, by e-mail and/or by telephone.

All legal transactions subject to approval were submitted to us for a decision. The information and draft resolutions required in each case for our decision-making were provided to us by the Executive Board sufficiently well in advance and were appropriate in terms of quantity and quality.

We had a fully comprehensive picture of the company's position, the status of individual projects and the financial and risk situation at all times. We satisfied ourselves of the legality, expediency and proper order of the company's management. In the 2015 financial year, we responsibly, carefully and comprehensively fulfilled the duties incumbent upon us in accordance with the law, the Articles of Association and the rules of procedure.

KEY ACTIVITIES OF THE SUPERVISORY BOARD

In accordance with the statutory provisions, we met in person for four meetings in the 2015 financial year; these meetings were also attended by the Executive Board. We also held four teleconferences during which resolutions were passed or the interim financial reports were discussed. In addition, we discussed significant upcoming topics with the Executive Board on several occasions in person and/or by telephone.

Position, development and strategic alignment of the company

The Executive Board reports to us on a regular basis regarding the current business position and its assessment of the company's development, significant transactions, the status of the remaining minority interests of the discontinued operation, and key financial figures.

At the meeting on 16 December 2015, we approved the annual plan for 2016. We also approved the use of an overdraft facility and borrowing of loans for the purpose of financing acquisitions in 2015.

Since we have not formed any committees, the full Supervisory Board also deals with matters relating to the risk situation and risk management, compliance and accounting as well as HR matters concerning the Executive Board.

As mentioned at the beginning of this report, however, the main challenge of the past year related to restructuring our company as an e-commerce group in the Sleep segment. We accordingly dealt with this topic in depth in the 2015 financial year after having already discussed initial strategic alternatives for the company with the Executive Board at the end of 2014.

In February 2015, the time had come to make the corresponding fundamental strategic decision and actively implement the realignment of our company. In order to meet not only the economic challenges, but also the legal challenges involved, we had ensured that we were supported by a well-known law firm throughout the entire process.

At the end of April 2015, bmp acquired a majority interest in sleepz GmbH, an online trader in the Sleep segment operating via several webshops, which had been held as a minority shareholding that time. Prior to this we had dealt in depth with the opportunities and risks both of the company and of the market. This also included the question of whether other options for the acquisition of a majority interest could have offered better opportunities for the future. We shared and still share the Executive Board's opinion that the e-commerce Sleep segment is a promising market that offers significant potential for the further development of the company. Accordingly, we also actively accompanied and supported the subsequent activities of the Executive Board in the form of the establishment of Grafenfels Manufaktur GmbH at the end of June, the increase in the equity interest in sleepz in October and, in particular, the acquisition of majority interests in the four companies of the Matratzen Union group in November. We granted the necessary approval in each case.

Personnel issues

In the context of the company's restructuring Executive Board member Jens Spyrka resigned his mandate with effect from the end of 7 September 2015. We deeply regret this and would like to thank him for his valuable work over many years. We also appreciate that Mr. Spyrka will continue to actively support the minority interests for which he is responsible.

Since Mr Spyrka's departure, Oliver Borrmann has thus been the sole member of the Executive Board.

In view of Mr Spyrka's departure and the change in the company's business purpose, we amended the rules of procedure for the Executive Board and those of the Supervisory Board at the end of September.

Executive Board remuneration

The company did not conclude any employment contracts with members of the Executive Board in 2015. The Executive Board member was consequently reimbursed only for those expenses incurred in connection with performing his mandate for bmp Holding AG in the past financial year. In addition, the company has taken out D&O insurance for the Executive Board.

Employee participation scheme

The Annual General Meeting of 17 June 2015 authorised the Executive Board – and us, to the extent that members of the Executive Board are affected – to launch a share option scheme and to issue subscription rights for up to 2,070,117 Company shares to Executive Board members, members of the management of subsidiaries and select employees of the Company and of subsidiaries by 16 June 2020.

On 22 December 2015, we resolved together with the Executive Board to launch a corresponding share option scheme and to issue a total of 615,000 options for the first time. On the same day, we also resolved to allocate 200,000 of these options to the Executive Board member Oliver Borrmann.

We see issuing options as an optimal way of motivating the beneficiaries to show exceptional commitment, as will undoubtedly be required of them as they continue to build and expand our group.

CORPORATE GOVERNANCE

Compliance with good corporate governance is very important to us. We regularly deal with the corporate governance standards prescribed by Government Commission of the German Corporate Governance Code and their implementation at bmp.

Due to the parallel listing of the bmp share on the regulated market of the Warsaw Stock Exchange, we must also observe the principles of good corporate governance that are applicable there.

2015 statement of compliance/corporate governance report

The German Corporate Governance Code provides recommendations for good corporate governance. However, as a relatively small and above all lean company it is not possible to follow all of these recommendations. We therefore resolved together with the Executive Board to explain a number of deviations again in the 2015 statement of compliance. We discussed these deviations in detail at the Supervisory Board meeting on 16 December 2015 and disclosed them as part of our statement of compliance. The current statement of compliance and those from previous years are published on the company's website.

Together with the Executive Board, we also issue a detailed report on corporate governance at bmp. This report is also published on our website as part of the corporate governance declaration in accordance with Section 289a HGB.

The Executive Board also issues annual declarations and releases an extensive report with regard the principles of good corporate governance in line with the Polish regulations. This information can likewise be found on our website.

Diversity/target for the proportion of women on the Executive Board and the Supervisory Board

The German Corporate Governance Code stipulates that – while taking account of company-specific circumstances and interests – diversity should be ensured when staffing the Executive Board and the Supervisory Board, particularly with regard to the proportion of women. In addition, as at 30 September 2015 we set targets for the first time with regard to the proportion of women on the Supervisory Board and the Executive Board and also set deadlines for the achievement of these targets.

At our meeting on 7 September 2015, we dealt with this topic in depth. With effect from the end of this day, the Executive Board consisted of one person. With three members, the Supervisory Board also only consists of the legally stipulated minimum number of members. The proportion of women on both boards was 0%.

The Executive Board may be expanded in the medium term, depending on growth in the size of the company. However, as at the date of our decision it had not yet been established when this might happen or which position might need to be staffed. At the meeting, we therefore decided that the target to be achieved by 30 June 2017 with regard to the proportion of women on the Executive Board would be 0%.

We also decided to set a target of 0% for the proportion of women on the Supervisory Board by 30 June 2017. In addition to the size of the board, this decision was also based on the fact that we must primarily focus on the criteria of expertise and competence when selecting candidates for the Supervisory Board. Defining additional targets would restrict us in this respect. As such, it would not be in the interests of the company and also would not be expedient in view of the further growth of the group.

We also do not consider it worthwhile to adopt the alternative of expanding the Supervisory Board solely in order to achieve targets for its composition.

Efficiency review of the Supervisory Board's work

The German Corporate Governance Code stipulates that the Supervisory Board should regularly review the efficiency of its work. We dealt with this topic in depth at our meeting on 7 September 2015. To prepare for this, we initially dealt with a questionnaire consisting of standardised statements on the Supervisory Board's work. Each of us individually assessed the extent to which these statements apply to our work. We then discussed the questions and our individual assessments during the meeting. We did not identify any need for changes in our internal organisation and collaboration.

Potential conflicts of interest

No conflicts of interest arose in the 2015 business year. However, we wish to draw attention to the following circumstances:

The Executive Board is also the Executive Board of bmp Beteiligungsmanagement AG, with which our company has concluded an investment consultancy agreement. Its members, as well as the supervisory board member Mr. Michael Stammler, also hold shares in bmp Beteiligungsmanagement AG. This could lead to conflicts of interest. We took this issue into account insofar as transactions between the companies are subject to our approval.

The German Corporate Governance Code also stipulates that members of the Executive Board must obtain the approval of the Supervisory Board before taking on external supervisory board mandates. In the 2015 financial year, our Executive Board members held supervisory board mandates at companies that were minority shareholdings of the discontinued operation.

Following the sale of our shares in Heliocentris Energy Solutions AG, Oliver Borrmann currently still acts as chairman of this company's supervisory board.

ANNUAL AND CONSOLIDATED FINANCIAL STATEMENTS FOR 2015

The annual financial statements of bmp Holding AG and the consolidated financial statements as at 31 December 2015, as well as the management reports of bmp Holding AG and of the bmp Group, were audited by "RSM Verhülsdonk Wirtschaftsprüfungsgesellschaft – Steuerberatungsgesellschaft, Düsseldorf, Berlin office".

In its audit, the auditor particularly focused on the valuation of the portfolio companies, testing goodwill, consolidation and reviewing inventories. The auditor gave the annual and consolidated financial statements for 2015 an unqualified audit certificate.

The annual financial statements prepared by the Executive Board, the consolidated financial statements prepared in accordance with IFRS, the management reports and RSM Verhülsdonk's reports on the audit of the annual financial statements, the consolidated financial statements and the management reports were explained by the auditor and discussed in depth at our accounts meeting on 21 April 2016. The Executive Board had delivered the financial statement documents to us sufficiently in advance of the meeting. We were thus able to obtain an independent picture and examined the documents particularly with regard to their legality, expediency and proper order.

We do not have any objections to the financial statements or the review by the auditor. We therefore gave our approval to the findings of the audit and approved the annual financial statements of bmp Holding AG and the consolidated financial statements on 21 April 2016. The annual financial statements were thereby approved.

The Supervisory Board would like to thank the Executive Board and all employees of the bmp Group for their great commitment and excellent achievements in the financial year.

Berlin, 21 April 2016

Gerd Schmitz-Morkramer
Chairman of the Supervisory Board

Annual Financial Statement 2015

Balance Sheet as at 31 December 2015

Assets	Notes	2015	2014
		€	T€
Long-term assets			
Intangible assets	24,25	4,898,777.79	7
Tangible assets	26	297,250.59	0
Equity investments	13	0.00	17,672
Loans	15	0.00	766
Fixed asset securities		8,666.00	0
		5,204,694.38	
Current assets			
Inventories	27	1,495,339.98	0
Assets marked for sale of discontinued operation	23	16,334,340.53	0
Receivables and other assets	28	274,262.84	59
Trade accounts receivable		749,425.54	4
Financial instruments held for trading		0.00	2,538
Cash on banks and cash on hand	30	1,942,550.21	19
		20,795,919.10	
Total assets		**26,000,613.48**	**21,065**

Liabilities	Notes	2015	2014
		€	T€
Shareholders´ equity			
Subscribed capital	31	20,701,174.00	20,701
Capital reserves	33	992,711.66	993
Other revenue reserves		782,735.45	972
Accumulated net loss		-5,616,566.93	-2,810
Minorities		6,380.95	0
		16,866,435.13	
Non-current liabilities			
Liabilities towards banks	45.3	29,326.61	0
Long-term provisions		0.00	837
Loans	36,45.3	1,012,118.01	0
		1,041,444.62	
Current liabilities			
Trade accounts payable	45.3	1,550,230.04	36
Liabilities towards banks	45.3	1,440,485.20	199
Prepayments received		249,108.08	0
Other liabilities	38,45.3	4,311,780.01	136
Provisions		37,060.00	**0**
Liabilities of discontinued operation	23	504,070.40	**0**
		8,092,733.73	
Total liabilities		**26,000,613.48**	**21,065**

Statement of Comprehensive Income for the Period 1.1. to 31.12.2015

	Notes	2015 €	2014 T€
Sales revenue			
Sales revenue		4,754,026.90	0
Other operating income			
Other operating income	39	181,415.71	19
Income from consulting and commissions		734,096.42	718
Cost of materials			
Cost of sales and services purchased	40	-3,172,922.18	0
Staff costs			
Wages and salaries	41	-647,504.36	-52
Social security contributions and costs for pensions and support		-132,237.46	-11
Depreciations			
Depreciation on intangible fixed assets		-102,458.09	-3
Other operating expenses	42	-3,473,446.40	-1,127
Operating income		**-1,859,029.46**	**-456**
Income from investments		0.00	1
Interest and similiar income		1,848.17	5
Interest and similiar expenses		-128,621.57	-3
Income taxes	43	-9,005.26	0
Result from ordinary business activities		**-1,994,808.12**	**-454**
Result from discontinued operations	23	-1,447,006.97	165
Consolidated net result		**-3,441,815.09**	**-289**
Share of result of non-controlling interests		635,612.23	0
result attributable to shareholders of the company		-2,806,202.86	-289
Earnings per share from ordinary business activities (diluted and non-diluted)	50	-0.07	-0.02
Earnings per share from discontinued operation (diluted and non-diluted)	50	-0.07	0.01
Earnings per share (diluted and non-diluted)	50	-0.14	-0.01
Consolidated net result		**-3,441,815.09**	**-289**
Other comprehensive income		0.00	0
Comprehensive income		**-3,441,815.09**	**-289**

Cash-Flow Statement for the Period 1.1. to 31.12.2015

	Notes	2015 T€	2014 T€
Cash flow from operations			
Consolidated net result		-3,442	-289
Result of discontinued operation	23	1,447	-165
Depreciation of intangible and tangible assets		103	3
Share of result of non-controlling interests		636	0
Decrease/(-) increase in assets and increase/(-) decrease in liabilities			
Receivables and other assets		-900	74
Inventories		-1,495	0
Other liabilities	45.3	2,939	73
Provisions		37	-35
Cash-flow from ordinary business activities		**-675**	**-339**
Cash flow from investments			
Additions to fixed asset securities		-9	0
Additions to intangible and tangible assets		-612	-4
Acquisition costs of consolidated companies		-5,591	0
Increase of the share of subsidiaries		-189	0
Total cash-flow from investments		**-6,401**	**-4**
Cash flow from financing			
Liabilities towards banks	45.3	1,271	199
Capital increase		0	1,816
Minorities		6	0
Loans	45.3	4,012	0
Total cash-flow from financing		**5,289**	**2,015**
Change in liquid funds		**-1,787**	**1,672**
Acquired liquid funds		1,596	0
Cash-flow from discontinued operation	23	2,115	-2,472
Total change in liquid funds		**1,924**	**-800**
Liquid funds at the beginning of the business year		19	819
Liquid funds at the end of the business year		1,943	19

Statement of Changes in Equity

Figures in T€	Notes	Subscribed capital	Capital reserve	Other profit reserves	Minorities	Accumu-lated net result	Total
Equity as at 01.01.2015	31,33	**20,701**	**994**	**972**	**0**	**-2,811**	**19,856**
Net result					-636	-2,806	-3,442
Transactions with non-controlling interests				-190			-190
Shares of non-controlling inte-rests					642		642
Equity as at 31.12.2015	31,33	**20,701**	**994**	**782**	**6**	**-5,617**	**16,866**
Equity as at 01.01.2014	31,33	**18,819**	**1,059**	**972**	**0**	**-2,521**	**18,329**
Net result						-290	-290
Capital increase		1,882	-65				1,817
Equity as at 31.12.2014	31,33	**20,701**	**994**	**972**	**0**	**-2,811**	**19,856**

Notes to the Annual Financial Statement of bmp Holding AG for Business Year 2015

I. General information

1. Business activities of the company

bmp Holding AG has changed its business purpose based on the resolution of the Annual General Meeting on 17 June 2015.

The purpose of the company is now to develop and produce economic assets and to trade such assets, particularly in the consumer goods sector, including via subsidiaries, associates and equity investments, as well as to perform consulting services for companies, particularly services in the area of management consulting, to the extent that such services do not require a legal permit.

bmp Holding AG has its headquarters at Schlüterstrasse 38, D-10629 Berlin, Germany. bmp Holding AG is entered in the Commercial Register of the District Court of Berlin-Charlottenburg, Federal Republic of Germany, under the number HR-B 64 077.

2. General Information

The annual financial statements show the assets and financial earnings situation, along with capital flows in accordance with actual conditions. The statement of comprehensive income is structured according to total cost accounting. The annual financial statements are shown in euro. Unless otherwise noted, all amounts are rounded off according to normal business procedures in thousands of euro (€ thousand or EUR thousand). With the exception of certain financial instruments which are recognised at fair value, the information in the annual financial statements is given based on amortised cost.

The annual financial statements were prepared by the company on 18 April 2015. Post-balance sheet effects are taken into account up to that date.

3. Scope of consolidation

Name	Principal activities	Headquarters	Share of capital and voting rights in 2015	Share of capital and voting rights in 2014
sleepz GmbH	Operating and further developing online shops as well as multichannel sales, in particular of bedding and furniture of all kinds	Ludwigsfelde, Germany	60.08%	16.06%
Matratzen Union GmbH	Purchasing and selling mattresses, bedding and sleep systems	Volkmarsen, Germany	60.00%	0%
Markenschlaf GmbH	Trading in goods of all kinds, particularly products relating to sleep, furnishings and living, as well as comparable consumer goods	Volkmarsen, Germany	60.00%	0%
Ecom Union GmbH	Trading in goods of all kinds, particularly products relating to sleep, furnishings and living, as well as comparable consumer goods	Volkmarsen, Germany	60.00%	0%
Denkvertrieb GmbH	Developing marketing strategies, graphic design and implementation, textual design, selling and trading via internet platforms, developing sales strategies and designing and optimising websites	Volkmarsen, Germany	60.00%	0%
Grafenfels Manufaktur GmbH	Designing, manufacturing and selling mattresses, bedding, bed linen and all other products relating to the theme "sleep"	Berlin, Germany	100%	0%
ReFer GmbH	Acquisition and holding of investments	Berlin, Germany	100 %	0%

4. Estimates and judgements used in relation to acquisitions

Acquisitions are accounted for using the acquisition method, which measures the fair value of the assets acquired and liabilities assumed at the acquisition date.

Application of the acquisition method requires certain estimates and assessments, particularly in relation to determining the fair value of the intangible assets and property, plant and equipment acquired and liabilities assumed at the acquisition date, as well as the useful lives of the intangible assets and property, plant and equipment acquired. Land, buildings and equipment are generally valued by independent valuers, while marketable securities are recognised at their market price. If intangible assets are identified, depending on the type of intangible asset and the complexity of determining the fair value, either an independent valuation can be used or the fair value can be determined internally using an appropriate valuation technique which is usually based on a projection of the total cash flows expected in the future. The measurements are based on assumptions made by the management in relation to the future performance of the respective assets as well as presumed changes in the applicable discounting interest rate.

The estimates made in the context of purchase price allocation may significantly affect future consolidated profit or loss.

5. Accounting for business combinations

Business combinations in 2015 were accounted for according to the acquisition method using the Purchase-Goodwill-Method under IFRS 3. The cost of a business combination is measured based on the fair values of the assets given up and the liabilities incurred or assumed at the acquisition date. Incidental costs of acquisition are recognised as an expense at the time they are incurred. The identifiable assets acquired and liabilities (including contingent liabilities) assumed in a business combination are recognised at their fair values at the acquisition date, irrespective of the extent of any non-controlling interests. Adjustments to contingent purchase price components reported under liabilities at the acquisition date are recognised in the income statement. Non-controlling interests are measured based on the pro rata fair value of the assets acquired and liabilities assumed. Following initial recognition, gains and losses are allocated without limit in proportion to the investments held, which may result in a negative balance for a non-controlling interest. In the case of acquisitions in stages, it is necessary to remeasure the fair value of interests held on the date on which control is obtained. A majority-preserving increase of shares in a fully consolidated subsidiary is treated as a capital transaction between the shareholders in accordance with IFRS 10.23.
The companies acquired in 2015 prepared no complete interim financial statements at the date of consolidation, so that bmp Holding AG has partially referred to estimations related to the consolidation.

5.1 Acquisition of sleepz GmbH

With effect from 1 May 2015, bmp Holding AG took over the majority of the voting rights in sleepz GmbH, Ludwigsfelde. The purpose of the company is to develop innovative software tools for e-commerce applications and to establish, operate and further develop online shops as well as multichannel sales, in particular of bedding and furniture of all kinds. As at 31 December 2015, bmp Holding AG held 60.08% of the voting rights and equity shares in sleepz GmbH.

bmp already held a 16.06% interest in sleepz at the start of 2015 and in the course of the transaction on 01 May 2015 acquired 2.11% of the shares by way of a share purchase and further increased its shareholding to 52.73% by way of a capital increase. In a further purchase transaction in the fourth quarter of 2015, it increased its interest to 60.08% as at the reporting date. The fair value of the 16.06% amounted to € 943 thousand. The acquisition of a majority interest was achieved through the purchase of shares and by way of a voting trust agreement with the former shareholders. The voting trust agreement was cancelled upon registration of the capital increase and associated acquisition of the majority of equity shares and voting rights. In total, in addition to the fair value of the existing shares amounting to € 943 thousand disclosed above, a consideration of € 2,158 thousand was paid in cash on the acquisition date. This cash component was paid partly in instalments and was partly dependent upon the meeting of certain targets. As at 31 December 2015, € 1,733 thousand had been paid and an amount of € 425 thousand relating to the target-based consideration had yet to be paid. At the time of the acquisition, this was recognised as € 0 thousand as it was unlikely that the targets would be met. The target-based consideration was to be paid if agreed revenue and income targets were met. The range was from nil to € 425 thousand. The targets were not met, thus releasing bmp Holding AG from its obligation to pay as per 31 December 2015.

Contractual trade accounts receivable amounting to € 900 thousand, other receivables amounting to € 79 thousand and tax receivables amounting to € 21 thousand were acquired. The fair value of the trade accounts receivable was € 731 thousand; none of the receivables are classified as irrecoverable.

The purchase price can be allocated as follows to the assets acquired and liabilities assumed at the acquisition date and resulted in the following net outflow, taking into account the cash and cash equivalents assumed:

In €	
Assets acquired and liabilities assumed	**Book value as at first-time consolidation**
Other intangible assets	215,683.36
Tangible assets	97,789.83
Inventories	453,862.33
Other current assets	831,472.98
Cash and cash equivalents	74,003.25
Other provisions	-115,499.98
Financial liabilities	-1,203,333.35
Other liabilities	-1,370,004.78
Net assets	-1,016,026.36
Non-controlling interests	-480,275.66
Fair value of consideration	2,676,527.18
Cash and cash equivalents acquired	-74,003.25
Net outflow from acquisitions	**2,602,523.93**

The adjustment (fair value adjustment) reflects the differences between the residual carrying amounts and fair values at the purchaser on the acquisition date.

The purchase price allocation reflects all adjusting events after the acquisition date, but is currently still incomplete. Therefore, there may yet be further changes to the allocation of the purchase price to individual assets.

The purchase price allocation reflects all adjusting events after the acquisition date, but is currently

still incomplete. Therefore, there may yet be further changes to the allocation of the purchase price to individual assets.
The acquisition of the majority shares in sleepz GmbH was the first step in implementing the strategy to position itself as an operating holding company in the field of "sleep". The goodwill remaining after allocation of the purchase price is attributable to various factors. Apart from general synergies in administrative processes and infrastructure, these include significant cost savings in the areas of finance, marketing and organisation. The goodwill was also paid on account of the expectation of future earnings power based on market position and growth momentum.

In the year under review, sleepz GmbH contributed € 4,136 thousand to the revenue of the bmp Holding Group, while EBIT in the reporting year contains a contribution of € -1,383 thousand from sleepz GmbH. The earnings after taxes generated by the acquired business since the date of first-time consolidation amounted to € -1,436 thousand.

If bmp Holding had acquired sleepz GmbH on 1 January 2015, the revenue of the combined company would have amounted to € 7,058 thousand and its loss to € 3,697 thousand in consideration of the discontinued operations. An acquisition of sleepz GmbH at the beginning of 2015 would have had no substantial effect on earnings per share.

5.2 Acquisition of Matratzen Union GmbH

On 5 November 2015, bmp Holding AG concluded its acquisition of a 60% interest in Matratzen Union GmbH. The majority of the voting rights were obtained after the expiry of a voting trust agreement on 1 December 2015. Matratzen Union GmbH sells mattresses, bedding and sleep systems. The acquisition complements the business areas and sales channels of sleepz GmbH.

In the year under review, Matratzen Union GmbH contributed € 366 thousand to the revenue of the bmp Holding Group, while EBIT in the reporting year contains a contribution of € -28 thousand from Matratzen Union GmbH. The earnings after taxes generated by the acquired business since the date of first-time consolidation amounted to € -28 thousand.

If Matratzen Union GmbH had already been acquired by 1 January 2015, the bmp Holding Group would be reporting revenue of € 8,268 thousand in the year under review and earnings after taxes would amount to € -3,373 thousand. An acquisition of Matratzen Union GmbH at the beginning of 2015 would have had no substantial effect on earnings per share.

The fair value of the consideration (purchase price) comprises cash paid amounting to € 1.7 million. The purchase price for the 60% interest in Matratzen Union GmbH can be allocated as follows to the assets acquired and liabilities assumed at the acquisition date and resulted in the following net outflow, taking into account the cash and cash equivalents assumed:

in €	
Assets acquired and liabilities assumed	Book value as at first-time consolidation
Tangible assets	20,153.20 €
Financial assets	3,333.00 €
Inventories	535,000.00 €
Other current assets	1,285,021.50 €
Cash and cash equivalents	598,178.55 €
Other provisions	-54,822.83
Financial liabilities	-379,616.44 €
Other liabilities	-1,642,166.56 €
Net assets	365,080.42 €
Non-controlling interests	146,032.17 €
Fair value of consideration	1,700,000.00 €
Cash and cash equivalents acquired	-598,178.55 €
Net outflow from acquisitions	**1,101,821.45 €**

The adjustment (fair value adjustment) reflects the differences between the residual carrying amounts and fair values at the purchaser on the acquisition date.

The purchase price allocation reflects all adjusting events after the acquisition date, but is currently still incomplete. Therefore, there may yet be further changes to the allocation of the purchase price to individual assets.

The goodwill remaining after allocation of the purchase price is attributable to various factors. Apart from general synergies in administrative processes and infrastructure, these include significant cost savings in the areas of finance, marketing and organisation. The acquisition also led to a strengthening of the bmp Holding Group’s market position in the Sleep segment. The goodwill is not deductible for tax purposes.

Other current and non-current assets include receivables acquired in the amount of € 959 thousand. Gross contractual accounts receivable total € 959 thousand, of which € 0 thousand is expected to be irrecoverable.

5.3 Acquisition of Markenschlaf GmbH

On 5 November 2015, bmp Holding AG concluded its acquisition of a 60% interest in Markenschlaf GmbH. The majority of the voting rights were obtained after the expiry of a voting trust agreement on 1 December 2015. Markenschlaf GmbH sells mattresses, bedding and sleep systems. The acquisition complements the business areas and sales channels of sleepz GmbH.

In the year under review, Markenschlaf GmbH contributed € 176 thousand to the revenue of the bmp Holding Group, while EBIT in the reporting year contains a contribution of € 12 thousand from Markenschlaf GmbH. The earnings after taxes generated by the acquired business since the date of first-time consolidation amounted to € 11 thousand.

If Markenschlaf GmbH had already been acquired by 1 January 2015, the bmp Holding Group would be reporting revenue of € 6,239 thousand in the year under review and earnings after taxes would amount to € -3,399 thousand. An acquisition of Markenschlaf GmbH at the beginning of 2015 would have had no substantial effect on earnings per share.

The fair value of the consideration (purchase price) comprises cash paid amounting to € 700 thousand. The purchase price for the 60% interest in Markenschlaf GmbH can be allocated as follows to the assets acquired and liabilities assumed at the acquisition date and resulted in the following net outflow, taking into account the cash and cash equivalents assumed:

in €	
Assets acquired and liabilities assumed	**Book value as at first-time consolidation**
Tangible assets	33,594.10
Financial assets	2,000.00
Other current assets	261,888.87
Cash and cash equivalents	632,952.14
Other provisions	-4,958.33
Other liabilities	-861,730.30
Net assets	63,746.48
Non-controlling interests	25,498.59
Fair value of consideration	700,000.00
Cash and cash equivalents acquired	-632,952.14
Net outflow from acquisitions	**-67,047.86**

The adjustment (fair value adjustment) reflects the differences between the residual carrying amounts and fair values at the purchaser on the acquisition date.

The purchase price allocation reflects all adjusting events after the acquisition date, but is currently still incomplete. Therefore, there may yet be further changes to the allocation of the purchase price to individual assets.

The goodwill remaining after allocation of the purchase price is attributable to various factors. Apart from general synergies in administrative processes and infrastructure, these include significant cost savings in the areas of finance, marketing and organisation. The acquisition also led to a strengthening of the bmp Holding Group’s market position in the Sleep segment. The goodwill is not deductible for tax purposes.

Other current and non-current assets include receivables acquired in the amount of € 173 thousand. Gross contractual accounts receivable total € 174 thousand, of which € 1 thousand is expected to be irrecoverable.

5.4 Acquisition of Ecom Union GmbH

On 5 November 2015, bmp Holding AG concluded its acquisition of a 60% interest in Ecom Union

GmbH. The majority of the voting rights were obtained after the expiry of a voting trust agreement on 1 December 2015. Ecom Union GmbH is trading goods of all kinds, particularly products relating to sleep, furnishings and living, as well as comparable consumer goods. The acquisition complements the business areas and sales channels of sleepz GmbH.

In the year under review, Ecom Union GmbH contributed € 143 thousand to the revenue of the bmp Holding Group, while EBIT in the reporting year contains a contribution of € 32 thousand from Ecom Union GmbH. The earnings after taxes generated by the acquired business since the date of first-time consolidation amounted to € 23 thousand.

If Ecom Union GmbH had already been acquired by 1 January 2015, the bmp Holding Group would be reporting revenue of € 5,948 thousand in the year under review and earnings after taxes would amount to € -3,355 thousand. An acquisition of Ecom Union GmbH at the beginning of 2015 would have had no substantial effect on earnings per share.

The fair value of the consideration (purchase price) comprises cash paid amounting to € 355 thousand. The purchase price for the 60% interest in Ecom Union GmbH can be allocated as follows to the assets acquired and liabilities assumed at the acquisition date and resulted in the following net outflow, taking into account the cash and cash equivalents assumed:

in €	
Assets acquired and liabilities assumed	**Book value as at first-time consolidation**
Tangible assets	768.75 €
Financial assets	3,333.00 €
Inventories	49,500.94 €
Other current assets	145,476.90 €
Cash and cash equivalents	258,260.94 €
Other provisions	-5,133.33 €
Other liabilities	-332,483.71 €
Net assets	119,723.49 €
Non-controlling interests	47,889.40 €
Fair value of consideration	355,000.00 €
Cash and cash equivalents acquired	-258,260.94 €
Net outflow from acquisitions	**96,739.06 €**

The adjustment (fair value adjustment) reflects the differences between the residual carrying amounts and fair values at the purchaser on the acquisition date.

The purchase price allocation reflects all adjusting events after the acquisition date, but is currently still incomplete. Therefore, there may yet be further changes to the allocation of the purchase price to individual assets.

The goodwill remaining after allocation of the purchase price is attributable to various factors.

Apart from general synergies in administrative processes and infrastructure, these include significant cost savings in the areas of finance, marketing and organisation. The acquisition also led to a strengthening of the bmp Holding Group's market position in the Sleep segment. The goodwill is not deductible for tax purposes.

Other current and non-current assets include receivables acquired in the amount of € 127 thousand. Gross contractual accounts receivable total € 127 thousand, of which € 0 thousand is expected to be irrecoverable.

5.5 Acquisition of Denkvertrieb GmbH

On 5 November 2015, bmp Holding AG concluded its acquisition of a 60% interest in Denkvertrieb GmbH. The majority of the voting rights were obtained after the expiry of a voting trust agreement on 1 December 2015. Denkvertrieb GmbH is the development of marketing strategies, graphic design and implementation, textual design, selling and trading via internet platforms. The acquisition complements the business areas of Matratzen Union GmbH, Markenschlaf GmbH und Denkvertrieb GmbH.

In the year under review, Denkvertrieb GmbH contributed € 0 thousand to the revenue of the bmp Holding Group, while EBIT in the reporting year contains a contribution of € 2 thousand from Denkvertrieb GmbH. The earnings after taxes generated by the acquired business since the date of first-time consolidation amounted to € 2 thousand.

If Denkvertrieb GmbH had already been acquired by 1 January 2015, the bmp Holding Group would be reporting revenue of € 4,762 thousand in the year under review and earnings after taxes would amount to € -3,464 thousand. Herein profits arising from the remeasurement of acquired assets and financing costs for the full year are included. An acquisition of Denkvertrieb GmbH at the beginning of 2015 would have had no substantial effect on earnings per share.

The fair value of the consideration (purchase price) comprises cash paid amounting to € 45 thousand. The purchase price for the 60% interest in Denkvertrieb GmbH can be allocated as follows to the assets acquired and liabilities assumed at the acquisition date and resulted in the following net outflow, taking into account the cash and cash equivalents assumed:

in €	
Assets acquired and liabilities assumed	**Book value as at first-time consolidation**
Tangible assets	168.17
Financial assets	0.00
Inventories	0.00
Other current assets	14,432.26
Cash and cash equivalents	33,067.15
Other provisions	0.00
Financial liabilities	0.00
Other liabilities	-49,465.34
Net assets	-1,797.76
Non-controlling interests	-719.10
Fair value of consideration	45,000.00
Cash and cash equivalents acquired	-33,067.15
Net outflow from acquisitions	**11,932.85**

The adjustment (fair value adjustment) reflects the differences between the residual carrying amounts and fair values at the purchaser on the acquisition date.

The purchase price allocation reflects all adjusting events after the acquisition date, but is currently still incomplete. Therefore, there may yet be further changes to the allocation of the purchase price to individual assets.

The goodwill remaining after allocation of the purchase price is attributable to various factors. Apart from general synergies in administrative processes and infrastructure, these include significant cost savings in the areas of finance, marketing and organisation. The goodwill is not deductible for tax purposes.

Other current and non-current assets include receivables acquired in the amount of € 12 thousand. Gross contractual accounts receivable total € 12 thousand, of which € 0 thousand is expected to be irrecoverable.

6. Basics of the annual financial statements

As a capital market-oriented company, bmp Holding AG prepares its consolidated financial statements in compliance with § 315a HGB (Handelsgesetzbuch) according to International Financial Reporting Standards (IFRS), as required by the European Union. The consolidated financial statements presented is in accordance with IFRS and tales into account all standards and interpretations which are compulsory for all business years beginning on 1 January 2015 or later. The consolidated financial statements are supplemented by a group management report according to § 315 HGB as well as additional clarifications according to § 315a HGB.

Where relevant, bmp has applied the following accounting standards for the first time in preparing its accounts for 2015:

- IFRIC 21 “Levies” was revised in May 2013. The interpretation provides guidance on when to recognise a liability for a levy imposed by a government. It is mandatory to apply the interpretation for business years beginning on or after 1 January 2014. The EU endorsed the amendments in June 2014. Under the EU endorsement, mandatory application was postponed to business years beginning on or after 17 June 2014. The interpretation is not relevant to bmp Holding AG.
- In December 2013, the IASB approved the Annual Improvements Projects 2011- 2013. The omnibus standard concerns the following standards: IFRS 3 – Scope exceptions for joint ventures; IFRS 13 – Scope of paragraph 52 - portfolio exception und IAS 40 – Clarifying the interrelationship of IFRS 3 and IAS 40 when classifying property as investment property or owner-occupied property. All amendments are mandatory with effect from 1 July 2014 and are to be applied only prospectively. Use for earlier periods is permitted. The EU endorsed the amendments in December 2014. Under the EU endorsement, mandatory application was postponed to business years beginning on or after 1 January 2015. The amendments have no significant effect on the annual financial statements of bmp holding AG

7. Not applied or amended IFRS

- In December 2013, the IASB approved the Annual Improvements Projects 2010- 2012. The omnibus standards concerns the following standards: IFRS 2 – Definition of ‚vesting condition‘; IFRS 3 – Accounting for contingent consideration in a business combination; IFRS 8 – Aggregation of operating segments; IFRS 8 – Reconciliation of the total of the reportable segments’ assets to the entity’s assets; IFRS 13 – Short-term receivables and payables; IAS 16/IAS 38 – Revaluation method—proportionate restatement of accumulated depreciation and IAS 24 – Key management personnel. All amendments are mandatory with effect from 1 July 2014 and are to be applied prospectively only. Use for earlier periods is permitted. Within the framework of the EU endorsement the compulsory application has been postponed to business years beginning 1 February 2015 or later. bmp Holding AG is currently examining the possible future effects on the consolidated financial statements.
- The IASB issued amendments to IAS 19 in November 2013. With this amendment, the IASB simplifies corporate recognition of employee or third-party contributions to a pension plan. It is mandatory to apply these amendments for business years beginning on or after 1 July 2014. Use for earlier periods is permitted. The EU endorsement was in December 2014. Within the framework of the EU endorsement the compulsory application has been postponed to business years beginning 1 February 2015 or later. bmp Holding AG is currently examining the possible future effects on the consolidated financial statements.
- In January 2014, the IASB issued amendments to IFRS 14 “Regulatory Deferral Accounts” The new standard introduces optional relief for first-time adopters in accordance with IFRS 1. Under restrictive conditions, it allows these entities to continue accounting for regulatory deferred account balances from a rate regulation in line with their previous accounting regulations. It is mandatory to apply the new standard prospectively for business years beginning on or after 1 January 2016. The standard can be applied earlier. The EU decided not to recognize this interim-standard and to wait for the final standard instead of. For bmp Holding AG, this standard, this new standard is currently not relevant.

- In May 2014, the IASB issued additions to IFRS 11 "Joint Arrangements". This clarifies that both the initial acquisition or the additional acquisition of interests in a joint operation, which constitutes a business, are to be accounted for using the regulations on recognising business combinations in IFRS 3, unless they conflict with the regulations of IFRS 11. In addition, the disclosure requirements in IFRS 3 are to be fulfilled. It is mandatory to apply the amendments for business years beginning on or after 1 January 2016; use for earlier periods is permitted. The EU was in November 2015. bmp Holding AG is currently examining the possible future effects on the consolidated financial statements.
- In May 2014, the IASB issued amendments to IAS 16 and IAS 38. With these amendments, the IASB provides further clarification on acceptable methods of depreciation and amortisation. Accordingly, revenue-based depreciation and amortisation methods are not appropriate for property, plant and equipment and are appropriate for intangible assets only in certain exceptional circumstances. It is mandatory to apply the amendments for business years beginning on or after 1 January 2016; use for earlier periods is permitted. The EU endorsement was in December 2015. bmp Holding AG is currently examining the possible future effects on the annual financial statements.
- In May 2014, the IASB issued amendments to IFRS 15 "Revenue from Contracts with Customers". According to the new standard, the recognition of revenue should reflect the transfer of the relevant goods or services to the customer at the amount corresponding to the consideration that the company expects to be entitled to in exchange for these goods or services. Revenues are realised when the company obtains control over the goods or services. IFRS 15 also contains regulations on the recognition of service surpluses or obligations at contract level. These are assets and liabilities from customer contracts which result from the relationship of the performance provided by the company and the customer payment. In addition, the new standard requires the disclosure of qualitative and quantitative information to allow users of consolidated financial statements to understand nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. IFRS 15 replaces IAS 11, Construction Contracts, and IAS 18, Revenues, and the relevant interpretations. It is mandatory to apply the standard for business years beginning on or after 1 January 2017. The standard can be applied earlier. As of the reporting date, the EU endorsement is still pending. bmp Holding AG is currently examining the possible future effects on the consolidated financial statements.
- In June 2014, the IASB issued amendments to IAS 16 and IAS 41. This results in amendments to the reporting of bearer fruits. It is mandatory to apply the amendments for business years beginning on or after 1 January 2016; use for earlier periods is permitted. The EU endorsement was in November 2015. The new standard is not currently relevant for the bmp Holding AG.
- In July 2014, the IASB concluded its project to replace IAS 39, Financial Instruments: Recognition and Measurements, with the publication of the final version of IFRS 9, Financial Instruments. IFRS 9 introduces a consistent approach to the classification and measurement of financial assets. As a basis the standards uses cash flow characteristics and the business model according to which they are managed. In addition, it providers for a new impairment model based on expected credit losses. IFRS 9 also contains new regulations on hedge accounting in order to provide better disclosures on risk management activities, especially in reference to managing non-financial risks. It is mandatory to apply the new standard prospectively for business years beginning on or after 1 January 2018. The standard can be applied earlier. As of the reporting

date, the EU endorsement is still pending. bmp Holding AG is currently examining the possible future effects on the consolidated financial statements.

» In August 2014, the IASB issued amendments to IAS 27. This results in changes for separate financial statements. It is mandatory to apply the amendments for business years beginning on or after 1 January 2016; use for earlier periods is permitted. The EU endorsement was in December 2015. The new standard is not relevant for the consolidated financial statements of bmp Holding AG.
» In September 2014, the IASB issued amendments to IFRS 10 and IAS 28. The amendments eliminated a conflict between IFRS 10 and IAS 28 (2011). There was a clarification on the recognition of gains not realised from transactions between an investor and an associate or joint venture. If a transaction related to a business (as defined in IFRS 3), the loss or gain is to be recognised in full at the investor. If the transaction relates only to the sale of assets which do not constitute a business, then the partial loss or gain is to be recognised. It is mandatory to apply the amendments for business years beginning on or after 1 January 2016; use for earlier periods is permitted. As of the reporting date, the EU endorsement is still pending, because the EU waits for further developments of the IASB. bmp Holding AG is currently examining the possible future effects on the consolidated financial statements.
» In September 2014, the IASB approved the Annual Improvements Projects 2012- 2014. The omnibus standard concerns the following standards: IFRS 5 – Held for Sale and Discontinued Operations – Changes in Methods of Disposals; IFRS 7 – Transfer Disclosures for Servicing Contracts; IFRS 7 – Applicability of amendments to condensed interim financial statements; IAS 19 – Discount rate: regional market issue; IAS 34 – Disclosure of information elsewhere in the interim report. All amendments are mandatory with effect from 1 January 2016. Use for earlier periods is permitted. The EU endorsement was in December 2015. bmp Holding AG is currently examining the possible future effects on the consolidated financial statements.
» In December 2014, the IASB issued amendments to IAS 1. The amendments relate primarily to clarifications relating to the assessment of the materiality of information in the financial statements, the presentation of additional items in the statement of financial position and other comprehensive income, the presentation of other comprehensive income items of associates and joint ventures using the equity method, the structure of the notes and the presentation of the material accounting policies. It is mandatory to apply the amendments for business years beginning on or after 1 January 2016; use for earlier periods is permitted. The EU endorsement was in December 2015. bmp Holding AG is currently examining the possible future effects on the consolidated financial statements.
» In December 2014, the IASB issued amendments to IFRS 10, IFRS 12 and IAS 1. The amendments are intended to clarify three issues in relation to the exemption from consolidation for investment entities which recognise their subsidiaries at fair value. It is mandatory to apply the amendments for business years beginning on or after 1 January 2016; use for earlier periods is permitted. As of the reporting date, the EU endorsement is still pending. The new standard is not relevant for the consolidated financial statements of bmp Holding AG.

8. Recognition of income

Income from the disposal of merchandise and finished goods is recorded at the time of ownership and risk transfer to the customer, provided that a price has been agreed on or can be determined and its payment is probable. Income from services is recorded after the services have been performed and a price has been agreed on or is determinable and its payment is probable. In the case of master agreements for services, the services performed are settled regularly, generally on a quarterly basis. Revenue is reported less any trade discounts, rebates or other price reductions.

Income from the disposal of investments and securities is recorded under the discontinued operation at the time of ownership transfer to the purchaser, provided that a price has been agreed on or can be determined and its payment is probable.

Dividend income from investments is recorded at the time the legal claim to payment arises.

9. Valuation allowances

On each balance sheet date the Group reviews the carrying amounts of other intangible assets and property, plant and equipment to check for any indications of impairment. In such case, the recoverable amount of the asset concerned is determined in order to establish if it is necessary to recognise a valuation allowance. To test intangible assets with an indefinite useful life (including goodwill) and intangible assets that are not yet available for use for impairment, the recoverable amount is determined annually, irrespective of whether or not there is any indication of impairment. The recoverable amount corresponds to the fair value less costs to sell or value in use; the higher of the two values is used. Value in use corresponds to the present value of projected cash flows. A pre-tax rate in line with market conditions is used for the discounting interest rate. If it is not possible to determine the recoverable amount for an individual asset, it is necessary to determine the recoverable amount for the smallest identifiable group of assets (cash-generating units) to which the asset concerned can be allocated.

Goodwill resulting from acquisitions is allocated to the cash-generating units that are expected to benefit from the synergies of the acquisition. Such cash-generating units are at the lowest reporting level in the Group for which management monitors goodwill for internal purposes. The recoverable amount of a cash-generating unit containing goodwill is regularly tested annually for impairment on the balance sheet date as well as at other times if there are any indications of impairment.

If the recoverable amount of an asset is less than its carrying amount, a valuation allowance will be recognised in the income statement immediately. If the valuation allowance is determined based on cash-generating units containing goodwill, the goodwill will be impaired initially. If the valuation allowance required exceeds the carrying amount of the goodwill, the remainder will be divided proportionately between the remaining non-current assets of the cash-generating unit.

If, following an impairment write-down, there is a subsequent increase in the recoverable amount of the asset or cash-generating unit, the impairment loss will be reversed. The reversal is limited to the amortised cost that would have arisen in the past without the valuation allowances. It is not possible to reverse goodwill impairment losses.

All impairment losses are recognised in the income statement under depreciation; reversals of impairment are reported in other operating income.

10. Income taxes

Deferred and current taxes are calculated in accordance with IAS 12. Deferred taxes are calculated based on temporary differences between the carrying amounts of assets and liabilities in the IFRS balance sheet and the tax base as well as on realisable loss carryforwards. The calculation is based on the tax rates expected at the time of realisation that apply or have been adopted as at the balance sheet date. Deferred tax assets are only recognised if it is probable that the associated tax receivables will be used. Loss carryforwards are included in tax deferral if they are expected to be realisable.

Changes to deferred taxes in the balance sheet result in deferred tax expenses/income. If items causing a change in deferred taxes are recognised directly in equity, the change in deferred taxes is also recognised directly in equity.

11. Goodwill

is carried at cost and tested annually for impairment as well as at other times if there are any indications that it may be impaired.

12. Related parties

The company maintained service relationships with the Executive Board and the Supervisory Board. The remuneration of the Executive Board and Supervisory Board is set down in note 55. There was no other exchange of consideration over and above this.

The member of the Executive Board, Oliver Borrmann, is minority shareholders in bmp Beteiligungsmanagement AG with whom an investment consultancy agreement is in place. The terms of this investment consultancy agreement provide for remuneration of 2.5% p.a. plus VAT on the average equity of bmp Holding AG in accordance with IFRS and, if applicable, a 15% profit share.

13. Equity Investments

The equity investments were reclassified by the management decision to abandon the venture capital business in the position „discontinued operation”. Equity investments in portfolio companies are assigned to the measurement category of “Financial assets at fair value through profit and loss”.
In accordance with the provisions of IAS 39, the initial and subsequent measurement of financial instruments of this category is carried out at fair value. Changes in value between the initial and subsequent measurement and between the times thereafter are listed separately under income from remeasurement or under expenditure from remeasurement.
An accounting guideline was drawn up for implementation of the fair value accounting of investment interests. Accordingly, shares in listed companies for which an active market exists are measured at their stock market price in each case at the stock exchange with greatest liquidity at measurement date. If the shares are subject to a lock-up restriction, reductions of up to 20% of the price on that day are applied for the reporting date depending on the time period of the trade restriction. For all other shares in non-listed companies and for which there is no active market, the fair value is determined by means of generally recognised valuation methods, provided that the fluctuation range of results returned by different methods for the same investment lie within reasonable limits. The valuation method includes, where possible, using recent arm’s length trans-

actions between knowledgeable, willing parties. These so-called third-party transactions must meet the criteria of certain internal guidelines of the company which are oriented primarily to the volume and the chronological moment of the respective transaction.

Other valuation methods include, in particular, peer group comparison and the discounted cash flow method. In a peer group comparison, company values are calculated on the basis of multiples of a group of comparable companies. The major condition for application of this method is the identification of at least three comparable companies. If this is not possible, suitable industry multiples can be used provided that reliable data are available for this and the respective industry classification is for the most part certain. When comparing the valuation of an unlisted firm with a group of comparable listed firms, value reductions due to illiquidity are to be applied to the values determined. In addition, company-specific factors can either reduce or increase this reduction. The overall reduction usually amounts to between 30% and 50%.
The discounted cash flow method means that future cash flows are discounted, and that the present value of a perpetual annuity is calculated for the period thereafter.
The valuation methods correspond to the recommendations of IPEV (International Private Equity and Venture Capital Valuation Guidelines) and the NACVA (National Association of Certified Valuation Analysts).

14. Financial instruments

A financial instrument is an agreement which results in a financial asset in one company while at the same time resulting in a financial liability or an equity instrument in another company. This always requires originated financial instruments on the one hand and derivative financial instruments on the other. The company held no derivative financial instruments - either with or without a balance sheet hedging relationship - in 2015 and 2014.

15. Loans

The item "Loans" covers non-current loans of a fixed term, which are reported in the balance sheet at amortised cost. Discernible risks are taken into account through appropriate provisions.

The loans to holdings are disclosed in the discontinued operation.

16. Property, plant and equipment and intangible assets

We have reported property, plant and equipment and intangible assets on the balance sheet at cost less accumulated depreciation and amortisation. The depreciations are carried out as planned using the straight-line method.

17. Other financial obligations

In addition to liabilities, provisions and contingencies, there are other financial obligations, in particular rental and lease obligations for cars and photocopiers.

The contracts have terms of 1 to 5 years and in some cases include extension options and price adjustment clauses. No subleases have been agreed.

The nominal total of future minimum lease payments under non-cancellable rental agreements and operating leases is composed as follows according to maturity:

In T€	31 Dec. 2015	31 Dec. 2014
Due within one year	302	0
Due in between one to five years	904	0
Due after more than five years	0	0
Total	**1,206**	**0**

18. Provisions
Provisions may only be entered on the liabilities side if an obligation exists and utilisation is probable. Non-current provisions are discounted where the effect of the time value of money is material.

19. Liabilities
Liabilities are reported as current, if the debt is payable within 12 months of the balance sheet date. Therefore, the balance sheet makes a distinction between current and non-current liabilities.

20. Deferred income and expenses
Prepaid expenses includes payments made before the reporting date that represent expenses for a particular time after this date. Deferred income takes place for deposits before the reporting date that represent the income for a particular time after this date.

21. Estimates
Preparing the annual financial statements requires that assumptions be made and estimates be used which affect the level and disclosure of assets and liabilities reported on the balance sheet, as well as on income and expenditure and contingent liabilities. The estimates are based on experience and other assumptions which can be regarded under the given circumstances as accurate. The actual values may deviate from the estimates. The estimates and assumptions are continuously subjected to review and corrected as needed.

The following list of significant estimates and related assumptions, along with the uncertainties that go hand in hand with the accounting policy selected, are of decisive importance for an understanding of the basic risks inherent in a financial report and the impact which these estimates, assumptions and uncertainties could have on the annual financial statements:

Useful lives of property, plant and equipment and other intangible assets
At the end of each business year, the company reviews the estimated useful lives of property, plant and equipment and other intangible assets. Changes in the estimates were not required in 2015 or 2014.

Equity investments
The item “Equity investments” in the discontinued operation includes shares in venture capital holdings. The carrying value of these equity investments is very largely dependent on estimates in a large number of different areas. As a whole, the whole area of measurement is based on assumptions

and estimates which extend over the range of forecasts of general economic data, developments of markets and market segments, economic forecasts based on investment interest as such as well as capitalisation interest, inflation rates and exchange rates which have an impact on the value of the item "Equity investments". The carrying amount of assets whose value is affected by estimates is € 3,688 thousand.

Recoverability of property, plant and equipment and other intangible assets

On each balance sheet date the company is required to estimate whether there is any evidence that the carrying amount of an item in property, plant and equipment or other intangible assets could be impaired. In such case, the recoverable amount of the asset concerned is estimated. The recoverable amount corresponds to the higher of the fair value less costs to sell and the value in use. The discounted future cash flows of the asset concerned are determined in order to establish the value in use. The estimate of discounted future cash flows includes key assumptions, including in particular those relating to future sale prices and sales volumes, costs and discounting interest rates. Although the management assumes that its estimates of the relevant expected useful lives, its assumptions regarding the economic conditions and performance of the industries in which the Group operates and its estimates regarding discounted future cash flows are reasonable, a change in the assumptions or circumstances could necessitate a change in the analysis. This could result in additional impairment losses or reversals in the future should the trends identified by the management reverse or the assumptions and estimates prove to be incorrect.

Taxes on income

On each balance sheet date, the Group assesses whether future tax benefits are sufficiently likely to be realisable for deferred tax assets to be recognised. Among other things, this requires that the management assess the tax benefits resulting from the available tax strategies and future taxable income, taking into account further positive and negative factors. The deferred tax assets reported may decrease if the estimates of planned tax income and the tax benefits realisable based on available tax strategies are lowered or if changes in current tax legislation limit the time frame or extent of realisability of future tax benefits.

Goodwill

The Group tests goodwill for impairment annually as well as at other times if there are indications that it may be impaired. This involves estimating the recoverable amount of the cash-generating unit. This corresponds to the higher of the fair value less costs to sell and the value in use. Determining the value in use involves making adjustments and estimates with respect to the projections and discounting of future cash flows. Although the management assumes that the assumptions used to calculate the recoverable amount are reasonable, any unforeseeable changes in these assumptions could lead to a write-down for impairment that could negatively affect the company's financial position and performance. At the balance sheet date, goodwill was carried at € 4,685 thousand.

Legal risks

As at 31 December 2015, bmp Holding AG was involved in litigations for which it was necessary to recognise provisions or liabilities of € 20 thousand (previous year: € 0 thousand).

22. Calculation methods

Both inventories as well as shareholdings and securities are measured by way of the average method. In the case of partial sales, they are prorated according to the decrease in the carrying amount of the shareholdings and securities.

23. Notes on the discontinued operations

In accordance with the resolution of the Executive Board and the Supervisory Board of 4 February 2015, the equity investments that do not fit with this future direction are to be sold. This discontinued operation is reported in the balance sheet and statement of comprehensive income in accordance with IFRS 5. The discontinued operation comprises the former investment business of bmp Holding AG.

Results of the discontinued operation:

In T€	2015	2014
Revenue	4,635	219
Expenses	4,488	937
Result from revaluation	-1,594	883
Earnings before taxes	-1,447	165
Earnings after taxes	-1,447	165

Cash.flows of the discontinued operation:

In T€	2015	2014
Cash flow from operations	-476	-521
Cash flow from investments	2,591	-1,951
Cash flow from financing	0	0

Assets of the discontinued operation are divided up as follows:

2015	
Equity investments	15,282
Loans to investments	1,004
Marketable securities	2
Receivables from investments	46
Total	**16,334**

Liabilities of the discontinued operation include only provisions of € 504 thousand for performance-related compensation

II. Notes on the balance sheet

24. Intangible assets

This position contains intangible assets and goodwills, for the structure and development we refer to the following tables.

Acquired and internally generated intangible assets are capitalised in accordance with IAS 38 if their use is expected to bring about a future economic benefit and the costs of the asset can be reliably determined.

Intangible assets acquired against payment are recognised at cost and amortised on a straight-line basis over three to six years based on their useful life. All intangible assets acquired against payment have a limited useful life.

Identifiable internally generated product innovations are recognised as assets, provided that all the recognition requirements under IAS 38.57 are met. As of this point in time, the costs directly attributable to individual product innovations (mainly labour costs), including development-related overheads, are capitalised. Internally generated product innovations that have been recognised as assets are amortised over their economic life as of the time they are available for use. All internally generated intangible assets that have been recognised as assets have a limited useful life. They are amortised on a straight-line basis over an expected product life cycle of up to eight years. Intangible assets are regularly tested for impairment, if necessary on the basis of cash-generating units. If necessary, valuation allowances are recognised in accordance with IAS 36. Intangible assets still in development are tested annually for impairment as well as at other times if there are any indications that they may be impaired.

In T€	01.01.2015	Disposal	Acquisitions at book value	Addition	31.12.2015
Acquisition costs	20	0	216	46	282
Depreciations	13	0	-	56	69
Book value	**7**	-	-	-	**213**

In T€	01.01.2014	Disposal	Addition	31.12.2014
Acquisition costs	16	0	4	20
Depreciations	10	0	3	13
Book value	**6**	-	-	**7**

25. Goodwills

In T€	01.01.2015	Disposal	Addition	31.12.2015
Acquisition costs	0	0	4,685	4,685
Depreciations	0	0	0	0
Book value	**0**	-	-	**4,685**

In T€	01.01.2014	Disposal	Addition	31.12.2014
Acquisition costs	0	0	0	0
Depreciations	0	0	0	0
Book value	**0**	-	-	**0**

Goodwill is allocated to five cash-generating units (CGUs); the CGUs are formed based on the bmp Holding Group's product lines. The impairment test of the goodwill is determined on the one hand by establishing their value in use using the discounted cash flow method and on the other hand by comparison of the parameters at the acquisition date to those at the reporting date (calibration). These methods use the planned post-tax cash flows from the three-year plans for the CGUs prepared using a bottom-up approach and approved by the management of bmp Holding AG. The cash flows beyond the three-year period are based on the terminal value. The assumed growth rate for extrapolation of the cash-flows amounts to 3.00% p.a. The total cost of capital used for discounting purposes is based on a risk-free interest rate of 2.00% p.a as well as on risk premiums for equity and financial liabilities of 5.50% p.a. or 4.50% percentage points p.a. Furthermore, a beta factor derived from the respective peer group, a tax rate and the capital structure are taken into account for each individual CGU. A post-tax discounting interest rate of 10.25% p.a to 10.28% p.a. was used for discounting the cash flows for the five CGUs:

In T€	Goodwill	%
sleepz GmbH	2,204	47.0%
Markenschlaf GmbH	664	14.2%
Matratzen Union GmbH	1,487	31.7%
Ecom Uniom GmbH	284	6.1%
Denkvertrieb GmbH	46	1.0%
Total	**4,685**	**100.0%**

The amounts achievable of the CGU's were calculated as a value in use. The value in use for the CGU's will be calculated generally on the basis of revenue growth. For its determination past data as well as anticipated market performance is gathered. The values allocated to the significant assumptions principally match external sources of information (in particular market studies). An impairment of goodwill was not determined.

26. Property, plant and equipment

All property, plant and equipment is used in operations and is measured at cost less straight-line depreciation, if depreciable. Across the Group as a whole, depreciation is based on the following useful lives:

In years	Useful life
Technical equipment and machinery	5 to 20
Other equipment, operating and office equipment	3 to 13

Expenses for maintenance and repairs are recognised in the income statement unless they must be capitalised. Costs for replacing components or for a general overhaul of property, plant and equipment are capitalised, provided that the future economic benefit is expected to flow to the Group and the costs can be measured reliably. If depreciable property, plant and equipment is composed of significant identifiable components with individually varying useful lives, these components are presented separately and depreciated over their respective useful lives.

Property, plant and equipment is regularly tested for impairment, if necessary on the basis of cash-generating units. If necessary, valuation allowances are recognised in accordance with IAS 36.

In T€	01.01.2015	Disposal	Acquisitions at book value	Addition	31.12.2015
Acquisition costs	0	0	152	191	343
Depreciations	0	0	-	46	46
Book value	0	-	-	-	297

In T€	01.01.2014	Disposal	Addition	31.12.2014
Acquisition costs	0	0	0	0
Depreciations	0	0	0	0
Book value	0	-	-	0

27. Inventories

Inventories are measured at cost or at a lower net realisable value. In accordance with IAS 2, production costs are determined as full costs (consisting of direct costs and reasonable overheads, including production-related administrative expenses) using the standard cost method. Acquisition costs are generally determined using the average method. The net realisable value corresponds to the selling price in the ordinary course of business less the estimated costs of completion and costs necessary to make the sale.

28. Receivables and other assets

Receivables and other assets are measured individually at amortised cost taking into account the probability of payment.

In T€	2015	2014
Accrued income	30	7
Receivables from shareholdings	0	40
Receivables from the tax authorities	153	12
Other receivables and assets	91	0
Total Receivables	**274**	**59**

29. Financial instruments

Financial instruments are assigned to the measurement category "Financial assets at fair value through profit and loss".

Assets measured at fair value through profit or loss comprise the investments in the capital of the portfolio companies. These are reported either as "Equity investments" under non-current assets or as "securities" under current assets.

To the extent that there is no active market for these equity investments, their fair value is calculated using financial models. If the fair values of the individual equity investments cannot be reliably determined at reasonable expense, they are recognised at their respective cost. Lower fair values are used if indicated.

Valuation is carried out using uniform methods and parameters. Fair value valuation of financial instruments, particularly at level 2 and 3, is performed based on bmp's internal "best practices of valuation" in controlling.
The following tables show an overview of items of the statement of financial position measured at fair value:

in T€	Fair value as at 31 December 2015	Fair value as at 31 December 2014
Level I	0	860
Level II	3,576	10,902
Level III	11,706	5,910
Total equity investments	**15,282**	**17,672**

in T€	Fair value as at 31 December 2015	Fair value as at 31 December 2014
Level I	2	2,939
Total securities held for trading	**2**	**2,939**

The allocation of fair values to the three levels of the fair value hierarchy is based on the availability of observable market prices on an active market. Level 1 shows the fair values von financial instruments for which a market price can be directly determined. These are exclusively negotiable securities.

Level 2 fair values are calculated on the basis of market data such as prices for identical assets on a non-active market. This usually refers to a transaction prices in an equity instrument around the same time. Level 3 fair values are calculated using methods that use factors that cannot be directly observed on an active market.

Development of items of the statement of financial position measured at fair value based on level 3.

	2015	2014
Fair value as at 1 January 2015	**5,910**	**6,454**
Income from remeasurement	69	888
Expenses on remeasurement	-962	-895
Addition	1,908	0
Disposal	-1,355	0
Reclassifications to level III	6,829	2,110
Reclassifications from level III	-692	-2,647
Fair value as at 31 December 2015	**11,707**	**5,910**

Level III gains and losses in profit or loss	2015	2014
Realised gains	22	0
Realised losses	13	0

The reclassifications between different levels of the fair value hierarchy are taken into account as at the end of the respective reporting periods. The reclassification from level 2 to level 3 contains three equity investments for which a timely transaction price was no longer available as a measurement method. There were still indications of a lower fair value, hence a specific valuation allowance was recognised.

The following table shows the measurement methods and parameters used in level 3.

Fair value as at 31.12.2015 in T€	Valuation model/method	Unobservable parameters	Range (arithmetic mean)*
3,566	Multiplier method	Earnings multiplier*	7.91-16.04 (10.96)
		Revenue multiplier*	0.60-2.38 (1.43)
		Discount for lack of marketa-bility	30%-60% (44%)
8,018	Transaction price not timely	N/A	N/A
122	Discounted cash flow	WACC	11.25%-11.25% (11.25%)
		Long-term revenue growth rate	3.00%-3.00% (3.00%)
		Long-term EBITDA margin	15.00%-15.00% (15.00%)

* after discount for lack of marketability
Enterprise value is the key risk variable for the fair value of investments. At level 3, the effect of changes in unobservable enterprise value measurement parameters on earnings and equity is shown by way of sensitivity analysis. If the assumed enterprise values were 10% higher, earnings and equity would have been € 304 thousand higher. If the assumed enterprise values were 10% lower, earnings and equity would have been € 246 thousand lower.

30. Balances held with banks, cash in hand

In T€	2015	2014
Balances held with banks, cash in hand	1,943	19

Please refer to the cash flow statement for information on the use of liquid assets.

31. Equity and shares
All bmp shares are no-par value shares with a notional value of € 1.00. Each share has one vote. All shares are fully paid in. The total number of shares amounted to 20.7 million in 2014 and 20.7 million in 2015 as well.

32. Admission to the exchange
The shares are traded in Germany on the Regulated Market of the Frankfurt Stock Exchange and, at the same time, in the Prime Standard Index. In addition, the shares are traded in the OTC market of the stock exchanges of Berlin, Dusseldorf, Hamburg and Stuttgart. The shares are also traded on the Warsaw Stock Exchange.

33. Capital reserve
The capital reserve contains amounts generated above the par value when issuing shares. In 2015, it amounted to € 993 thousand (previous year € 993 thousand).

34. Change in equity
Please refer to the statement of changes in equity for information on changes in equity.

35. Authorised capital
Authorised capital amounted to € 10,350,587 as at 31 December 2015. The term of the authorised capital ends on 26 June 2019.

36. Long-term loans
The loans have been granted by third-party shareholders to sleepz GmbH.

37. Liabilities to banks
As of the reporting date, the company has credit facilities of € 2 million, € 1,090 thousand of which were utilised (previous year: € 199 thousand). The company does not secure the credit facilities. Additional advance financing of € 350 thousand was utilised and is secured through the assignment of bonus entitlements.

Non-current liabilities to banks amounting to € 29 thousand are secured through the assignment of the Matratzen Union GmbH warehouse as security.

38. Other liabilities

In T€	2015	2014
Liabilities to the tax authorities	65	5
Liabilities to minorities	940	0
Loans	3,000	0
Outstanding invoices	5	54
Liabilities – accounts and audit	116	74
Other liabilities	186	3
Total	**4,312**	**136**

The loan of € 3,000 thousand, which was granted by a shareholder, is secured through a pledge of the shares held in Brand eins AG.

III. Notes to the statement of comprehensive income

39. Other operating income

In T€	2015	2014
Other operating income	11	1
Income from release of provisions	8	17
Income from foreign exchange rates	3	0
Appreciation sleepz before consolidating	149	0
Compensation from insurance	10	0
Total other operating income	**181**	**18**

40. Cost of materials

The cost of materials contains the reduction of book value of inventories corresponding to the revenue from commercial trading activities.

41. Staff costs

	2015	2014
Manufacturing/Warehouse	4	0
Sale	2.6	0
Administration/customer service	17.6	1
Total	**24.2**	**1**

An average of 24 employees (previous year: one) was employed during 2015. Expenses of € 1 thousand resulting from the stock option program issued 22 December 2015 were calculated according to Black-Scholes, but were not considered because of minor importance.

42. Other operating expenses

In T€	2015	2014
Losses on receivables and additions to specific provisions on receivables	139	0
External work	383	17
Costs of General Stockholders' Meeting	56	56
Insurance, contributions and charges	44	31
Advertising, travel and stock exchange costs	390	133
Fund management expenses	700	700
Expenses due to foreign currency exchange losses	12	4
Year-end closing and audit costs	110	64
Supervisory Board costs	41	51
Transaction costs	45	0
Legal costs and fees and commissions paid to consultants	57	25
Costs of shipment and packaging	432	0
Sales commisions and fees	693	0
Rents and accommodation expenses	155	0
Vehicle expenses	32	0
Hard- and software maintenance	66	0
Various operating costs	118	46
Total	**3,473**	**1,127**

43. Income taxes

in T€	2015	2014
current tax expenses	9	0
of which current income tax expenses for the period	9	0
Total	**9**	**0**

In Germany, uniform corporation tax of 15% (previous year: 15%) and an additional solidarity rate of 5.5% (previous year: 5.5%) are applied to distributed and retained profits in order to determine current taxes. In addition to corporation tax, trade tax is due on profits generated in Germany. As trade tax is not deductible as an operating expense, this results in an average tax rate of 15% (previous year: 15%) for trade tax, resulting in an overall domestic tax rate of 30.2% (previous year: 30.2%).

Deferred tax assets and liabilities are calculated based on the tax rates that apply at the time the assets are realised or the liabilities settled.

Deferred tax assets are only recognised if these tax benefits are expected to be realised. All currently known positive and negative factors having an affect on future tax outcomes are taken into account when determining the relevant valuation allowances. The estimate to be made in this regard may change based on future developments.

At 31 December 2015, for corporate income tax losses carryforward in the amount of € 80.7 thousand and trade tax losses carryforward in the amount of € 85.8 thousand no deferred taxes were recognized.

The tax loss carryforwards in the acquisitions are either eliminated during the change in ownership or are presently classified by management as not yet realizable.

Deferred tax assets and liabilities are offset, provided that they are to be allocated to future charges or reductions in respect of the same taxpayer and the same taxation authority.

The difference between the expected income tax expense (applying the tax rate applicable to bmp Holding AG) and the reported income tax expense is due to the following causes:

in €	2015	2014
Earnings before taxes	-3.432	-288
Expected tax expenses (-)/-refunds (+)	1.036	87
thereof non-taxable earnings from the sale of investments	454	0
Tax expense relating to Group companies with no right to reimbursement	-1.490	-87
Tax expenses of subsidiaries without losses carried forward	9	0
Reported tax expense	9	0

IV. Notes on the cash flow statement

44. Notes on the cash flow statement

In accordance with IAS 7, payment flows are reported in the cash flow statement in order to provide information on the company's cash and cash equivalents. The payment flows are differentiated on the basis of operating, investing and financing activities. The indirect method of presentation is applied.

44.1. Cash and cash equivalents

The cash and cash equivalents at the beginning and at the end of the periods existed in the form of bank balances.

44.2. Cash flow from interest

The following interest was either received or paid:

In T€	2015	2014
Interest paid	129	3
Interest received	2	0
Interest received from banks and other institutions	0	4

V. Other information

45. Risks and risk management

45.1. Risks in the "Sleep" business area

Market

The online market in the Sleep segment is undergoing change. Many furniture companies and larger bricks-and-mortar traders are discovering the online market, and greater competition is to be expected. At the same time, the market is exhibiting a strong growth dynamic.

Competition

The German market does have some larger players, such as Schlafwelt.de (Otto group), but no competitor exercises significant control over the market. Given the fact the market is not controlled by a single competitor or a small number of competitors, a very large number of companies are attempting to tap this market. Several new online companies require a higher level of service than is standard and are creating greater competition with regard to price. This could pose the risk of a decline in margins.

Technology

E-commerce is becoming ever more complex and increasingly technical. In order to keep up, it is important always to use the latest technologies, such as mobile shopping, for example. The mobile internet and other technical advances require good external service providers or a strong in-house technical department. Dependency on external service providers poses a not insignificant risk. At the same time, developers are currently in strong demand, which makes recruiting staff for the in-house technical department increasingly difficult and leads to a high risk of losing good employees.

Staff

Particularly at the Berlin location, recruiting good employees in all areas is proving difficult due to the high number of e-commerce companies. Companies have to offer more in order to be attractive, especially at management level. This higher demand may potentially lead to an increase in staff costs.

Legal risks

Cease-and-desist letters and court cases have been inherent in online trading for many years. Counteracting this requires higher legal expenses with regard to prevention. This applies to all processes and areas on the domains. Costs for legal advice and provisions for legal disputes are rising.

Supplier risk

Despite the large opportunity brought about by many suppliers discovering trading on the internet and online traders therefore being offered ever more products, many manufacturers also protect themselves against misuse and strategic changes contractually. It is always possible for business relationships to end abruptly. This can change the product range and revenue can shift or in the worst case even fail to materialise.

Warranties/product liability

The issue of warranties hardly poses problems as the risk is primarily borne by the manufacturer. However, the importer bears the product liability risk for imported products. As a result, very high quality standards must be set for product testing. In spite of such quality standards, supplying imported products can bring with it the risk of product liability and the resulting costs.

Economy

The economic success of bmp AG Holding and mainly its subsidiaries depends to some extent on the consumer climate. Thus, the economic success of bmp Holding AG depends on the general economic development and the development of the industry, in which the subsidiaries of bmp Holding AG operate.

Image

The internet is becoming ever more transparent and the opinions of consumers, associations and opinion leaders (e.g. Stiftung Warentest, the German consumer testing foundation) are becoming increasingly important. This represents a great opportunity to stand out from the competition, but also the major risk of rapidly suffering damage to one’s reputation.

Products

In the Sleep segment, mattresses, sprung bed slats and beds have a very long life, which means the product range can be well coordinated for many years. This is not the case in the fashionable segment, as with bedding, for example. In this area it is important to sell quickly as value adjustments must otherwise be made for slow sellers.

Credit risk

There is a very low credit risk when selling directly to consumers due to the payment terms. There is a risk associated with selling via platforms that simultaneously perform a collection function. This risk is continuously monitored by the company's management.

45.2. Risks of discontinued operation

Venture capital is speculative or risk capital, granted with the aim of achieving high returns. Compared to other forms of financing, it clearly has a higher risk potential. As, in some cases, the companies do not generate profits or the success of their business model cannot be taken for granted at the time the investment is made, this presents a high risk for the company. In principle, this risk increases significantly with greater proximity to the founding of the company.

Time of disposal and attainable disposal proceeds

Today, bmp Holding generates income primarily from the sale of investments to an institutional or industrial investor (trade sale) or by means of floatation (IPO). Furthermore, some investments are sold to the founders or co-shareholders as a management buy back. These sales methods are also called exit channels. The company cannot guarantee that an investment can be sold at a profit or sold at all. The sale of investments becomes particularly difficult in weak capital markets, and this can lead to negative results for the company.

Uncertainty of the economic development of individual companies in the portfolio

Write-offs of investments or even the total loss of investments due to insolvency cannot be avoided despite many years of business experience and intensive investment controlling, nor are they unusual especially with early stage financing. The company counteracts the financial effects of a drop in value of investments through early support and counter-measures, through the continuous improvement of due diligence and investment controlling, as well as appropriate provisions for risk (recognising valuation allowances) in its balance sheet measurement.

Risks from foreign companies

bmp's foreign investments are subject to the laws of each respective country. Furthermore, certain contracts concluded by bmp are subject to country-specific laws. The company is thus exposed to the usual dangers and risks of a foreign legal system. The application of foreign law as well as country-specific conditions can thus lead to unexpected risks.

Company dependence on economic cycles and financial markets

The economic success of bmp Holding AG in the area of venture capital is primarily dependent on the price at which it can acquire its investments, the positive development of the portfolio companies and the disposal proceeds. A negative commercial development for all, several or individual companies in the portfolio can be caused by various external or internal factors that the company may not be able to influence. The economic success of bmp Holding is highly dependent on the general economic development, the development of the industries in which bmp Holding has invested, and the development of the financial markets.

Liability associated with the disposal of investments

In terms of the disposal of investments, bmp Holding AG as the seller or – under some circumstances – as a partner with the participation of other investors may have to grant extensive guarantees particularly in regard to tax liabilities in favour of the purchaser or purchasers. In addition, bmp may also be compelled to grant exemption from certain company-specific risks. The company strives to limit the liability arising from such guarantees and exemptions to a certain percentage of the purchase price. bmp Holding AG cannot rule out the possibility that such liabilities will occur in some individual cases.

45.3. Inter-divisional risks

Risks of changes in interest rates

bmp arranges fixed interest rates on all credits and loans granted and for their entire terms. Consequently there are no associated risks with changes in interest rates. However, variable interest rates are assessed on all current money investments. Variable interest rates are assessed on short-term liabilities to banks.

Liquidity risk

The company manages liquidity risks by creating appropriate reserves, monitoring and adhering to the loan covenants as well as planning and coordinating cash inflows and outflows.

The following table shows the contractual maturity of the financial liabilities and assets as well as the weighted average effective interest rate taking into account the discontinued operation:

2015	Interest rate	Maturity			
T€	in %	Up to 1 year	1 to 5 years	More than 5 years	Total
Trade accounts payable	No interest	1,550	0	0	1,550
Liabilities to banks	2.83%	1,440	29	0	1,469
Loans	8.80%	0	1,012	0	1,012
Other liabilities	7.45%	3,750	0	0	3,750
Other liabilities	No interest	811	0	0	811
Provisions	No interest	37	0	0	37
Total		**7,588**	**1,041**	**0**	**8,629**

2014 T€	Interest rate in %	Maturity Up to 1 year	 1 to 5 years	 More than 5 years	 Total
Trade accounts payable	No interest	36	0	0	36
Liabilities to banks	6.43%	199	0	0	199
Other liabilities & provisions	No interest	136	837	0	973
Total		371	837	0	1,208

The Management expects that the company will be able to fulfil its other financial liabilities from operating cash flows, from the inflow of investment sales and from cash inflow from the financial assets falling due.

Currency risks

In the past, the company has used various methods to pay in foreign currency for the acquisition of an investment or to receive payment for the disposal of an investment. Depending on the time of the initial investment and its disposal, there may also be a capital gain or loss due to currency fluctuation in addition to the gain or loss from the disposal. Another risk is that the company must accept exchange losses from foreign currency balances if no hedging transactions exist. In the business segment of "Sleep" all transactions are wind up in Euro.

Currency risks result essentially from equity investments, securities and foreign currency balances held in the zloty currency area. No currency hedging activities were carried out. Had the zloty been 10% higher against the euro at the balance sheet date, equity and net profit for the year would have been € 66 thousand higher (previous year: € 129 thousand). Had the zloty been 10% lower against the euro, equity and net profit for the year would have been € 56 thousand lower (previous year: € 105 thousand).

Interest rate risk

Interest risks result from changes in market interest rates of variable-interest assets and changes in the risk-free interest rate applied as the capitalisation interest rate in discounted cash flow calculations. Interest rate hedging activities were not carried out. Had the market interest rate been 100 basis points higher, equity and net profit for the year would have been € 61 thousand (previous year: € 2 thousand) higher. Had the market interest rate been 100 basis points lower, equity and net profit for the year would have been € 61 thousand (previous year: € 2 thousand) lower.

Price risk

Price risks result from changes in the stock index price; this has a direct influence on the valuation of listed investments and an indirect influence on the valuation of a peer group of listed companies which are valued using the multiplier method. Hedges to secure the price level were not carried out. Sensitivity analysis was carried out on the basis of the volatility of investment interests and/or a listed peer group in relation to the relevant index. Had the relevant stock index been 10% higher, equity and net profit for the year would have been € 305 thousand (previous year: € 1,175 thousand) higher. Had the relevant stock index been 10% lower, the equity and profit for the year would have been € 247 thousand (previous year: € 1,175 thousand) lower.

Overall evaluation and risk management

bmp has taken extensive precautions for all recognisable individual risks in the Annual Financial Report for 2015. Activities in the area of risk management were further expanded in 2015. A quality handbook has been created. bmp has developed an integrated system of investment controlling which makes it possible to assess the quantity and quality of risks arising. In addition to comparing target and actual data at the subsidiary level, the investment level of the discontinued operation and the corporate level, the system enables seamless reporting while fulfilling the purpose of a management information system.

Economic developments in the subsidiaries and holdings are monitored via intensive contact with the companies. The performance of its subsidiaries is continuously monitored. The Executive Board communicates with all managers in close contact and has ongoing access to the sales data of the subsidiaries. The carrying amounts and the value development of investment companies of the discontinued operation are reviewed quarterly with suitable financial mathematical models. Various valuation models are used depending on the type and degree of development of the investment companies. The continuous recording of fair values and investment controlling makes it possible to take appropriate measures to counteract undesired developments of the investment interests.

46. Information on financial instruments

In accordance with IFRS 7, additional information is required in order to ensure a clear presentation of the importance of financial instruments for the financial situation and the earnings strength of bmp Holding AG and the nature and extent of risks arising from financial instruments to which the company is exposed during the reporting period and at the time of presentation of the report and which arise from financial instruments.

bmp is exposed to the various risks mentioned above in the course of its general business activities. It is the company's policy to measure these risks by selecting suitable means, to monitor them and, if necessary, to limit their effect. bmp has developed an integrated system of investment controlling which makes it possible to assess the quantity and quality of risks arising in its investment business. In addition to comparing target and actual data at the investment level and the corporate level, the system enables seamless reporting. Changes in the carrying value of the investments in portfolio companies are given due consideration via the evaluation of performance.

Sensitivity analyses were used to determine and show risks arising from financial instruments in accordance with IFRS 7. One part of this analysis was to determine the effect on equity and earnings via variations in risk variables contained within the respective market price risks. All effects on the statement of comprehensive income described in the following section have an equal impact on equity, since the financial instruments were valued either at fair value through profit and loss or at amortised cost.

Financial instruments are broken down into the following classes:

» Financial instruments at fair value,
» Financial instruments at amortised cost,
» Financial instruments to which IFRS 7 does not apply.

The net losses or gains on the financial instruments reported in the statement of comprehensive income are presented in the following table according to the IAS 39 measurement categories:

In T€	2015	2014
Result from financial instruments at fair value through profit and loss	-1,550	874
Result from loans and receivables	2	116
Result from financial liabilities at amortised cost	-129	-3

Net gains/losses from financial instruments consist of interest, the remeasurement gains/losses, valuation allowances and gains on disposal.

47. Reconciliation of balance sheet items to the classes of the financial instruments

The reconciliation of the financial instruments, broken down into carrying amounts and fair values, is shown in the following table:

2015	At fair value	At amortised cost	Balance sheet item as at 31.12.15
T€	Book value	Book value	
Non-current assets			
Fixed asset securities		8	8
Current assets			
Trade accounts receivable		749	749
Receivables and other assets		274	274
Cash in hand and bank balances		1,943	1,943
Assets of discontinued operation	16,288	46	16,334
Total	**16,288**	**3,020**	**19,308**

Current liabilities			
Loans		1,012	1,012
Liabilities towards banks		29	29
Current liabilities			
Trade accounts payable		1,550	1,550
Liabilities towards banks		1,440	1,440
Other liabilities		4,561	4,561
Total	**0**	**8,592**	**8,592**

2014 T€	At fair value Book value	At amortised cost Book value	Balance sheet item as at 31.12.14
Non-current assets			
Equity investments	17,672		17,672
Loans		766	766
Current assets			
Trade accounts receivable		4	4
Receivables and other assets		59	59
Securities held for trading purposes	2,538		2,538
Cash in hand and bank balances		19	19
Total	**20,210**	**848**	**21,058**
Current liabilities			
Trade accounts payable		36	36
Liabilities towards banks		199	199
Other liabilities		136	136
Total	**0**	**371**	**371**

For trade accounts receivable, other current assets and cash, the short durations mean that the carrying amount corresponds to the fair value.

48. Contingencies

It is customary that, when selling shares in holding companies, financial investors extend guarantees and warranties to the purchasers. As is normal in the industry, bmp Holding AG has assumed extensive guarantees and warranties during the sale of shares. No claims from guarantees are known at present.

49. Stock option program

On 22 December 2015, the Executive Board and the Supervisory Board resolved on such a share option scheme and on the same date issued a total of 615,000 options as follows:

200,000 options to members of the Executive Board
370,000 options to members of the management of subsidiaries
25,000 options to employees of the Company
20,000 options to employees of subsidiaries

The exercise price was set at € 1.00/share.

50. Earnings per share

In accordance with IAS 33, basic earnings per share are calculated by dividing the share of profit or loss for the period attributable to the shareholders of bmp Holding AG by the weighted average number of outstanding shares. Shares that are newly issued or repurchased during a period are taken into account pro rata temporis for the period in which they are outstanding.

The potential shares relating to the share option scheme II launched in 2015 were not taken into account, as the exercise price of the options exceeded the average market price of the ordinary shares and thus including them would not have been dilutive.

51. Capital management

bmp Holding AG manages its capital with the aim of using financial flexibility to achieve growth while also optimising financing costs. This overall strategy has changed since the previous year. While loan-based financing of venture capital holdings are no longer wanted by the Executive Board and trade accounts payable were only of subordinate importance, there was a material change in the Group's equity structure which resulted from consolidating the operating business. Financing is very important, particularly in respect to working capital. But acquisition financing also plays an important role, both as of the reporting date and in respect to future acquisitions.

The management examines the capital structure at least every six months. In the process, it reviews the capital costs, existing collateral and open and potential borrowing facilities. The target gearing moved up from 3-5% to 37% as at 31 December 2016.

The capital structure changed as follows in 2015 and 2014:

	31.12.2015	31.12.2014	Change in %
Equity in T€	16,866	19,856	-15%
as % of total capital	64.9%	94.3%	-31%
Liabilities in T€	9,135	1,209	1,121%
as % of total capital	35.1%	5.7%	512%
Current liabilities in T€	8,093	372	2,076%
as % of total capital	31.1%	1.8%	1,663%
Non-current liabilities in T€	1,041	837	24%
as % of total capital	4.0%	4.0%	1%
Gearing	**54.2%**	**3.8%**	**1,338%**

The goal in the management of the equity on the balance sheet of €16.9 million (previous year: €19.9 million) is to ensure that the company can achieve its targets and strategies in the interest of the shareholders and its other stakeholders. The Executive Board focuses primarily on the achievement of an appropriate return on capital employed.

In the system of objectives for financing, bmp is directed towards the continuous and lasting increase in value of the subsidiaries and the enterprise value. In order to measure the success of the individual companies and investments, we have used industry standard measuring procedures and indices for many years.

52. Payment obligations

No payment obligations exist with respect to investment holdings (previous year: € 0 thousand).

53. Declaration of conformity pursuant to section 161 German Stock Corporation Act (AktG)

The Executive Board and the Supervisory Board of bmp Holding AG have issued the declaration mandated by section 161 AktG and have made this permanently available to shareholders on the web pages of bmp Holding AG.

54. Auditors' fees

The following auditors' fees were recorded as expenses in business year 2015:

In T€	2015	2014
Fee for accounts and audit	72	50
Tax consultancy fee	10	12
Other fees	3	0
Total	**85**	**62**

55. Information on the company's executive bodies

55.1. Ececutive Board

The following were members of the Executive Board of bmp Holding AG in business year 2015:

- Oliver Borrmann, businessman
- Jens Spyrka, businessman, until 07 September 2015

55.2. Remuneration of the Executive Board

The members of the Executive Board of bmp Holding AG received no remuneration in the business year under review. The members of the Executive Board were remunerated by bmp Beteiligungs-management AG, which has a consulting agreement with bmp Holding AG. Mr. Borrmann received 200,000 options out of the stock option program issued 22 December 2015, the fair value of the options amounted to approx. € 0.3 thousand. Furthermore, a D&O insurance existed.

55.3. Other offices held by Executive Board members

Mr. Borrmann is a member of the Supervisory Board of the following companies:

brand eins Medien AG (Chairman)	year-round
Heliocentris Energy Solutions AG (Chairman)	year-round

As at 31 December 2015, Mr. Borrmann is also the Managing Director of König & Cie. Private Equity Management GmbH, König & Cie. II. Private Equity Beteiligungs- und Treuhand GmbH and Cavy Capital GmbH, and a member of the Executive Board of bmp Beteiligungsmanagement AG.

55.4. Supervisory Board

The Supervisory Board of bmp Holding AG in the business year consisted of:

Gerd Schmitz-Morkramer, Munich, Chairman of the Supervisory Board	Lawyer
Bernd Brunke, Berlin, Vice Chairman of the Supervisory Board	Businessman
Michael Stammler, Lutzenberg (CH) Member of the Supervisory Board	Businessman

In total, payments to each member of the Supervisory Board of bmp Holding AG in business year 2014 amounted to € 40 thousand (previous year: € 46 thousand).
The individual members of the Supervisory Board were entitled to the following compensation:

	2015	2014
Gerd Schmitz-Morkramer	20	24
Bernd Brunke	11	11
Michael Stammler	9	11
Total	**40**	**46**

Mr. Stammler is a member of the Supervisory Board of the following companies:

eCAPITAL entrepreneurial Partners AG, Münster	Member of the Supervisory Board (Vice Chairman)	year-round
WM Treuhand und Steuerberatungsgesellschaft AG, Limburg	Member of the Supervisory Board	year-round
Heliocentris Energy Solutions AG, Berlin	Member of the Supervisory Board (Vice Chairman)	year-round
Taunus Trust Group AG, Wolfhalden, Switzerland	Chairman of the Board of Administrators	year-round

Mr. Schmitz-Morkramer and Mr. Brunke had no further memberships of supervisory boards or other controlling bodies.

55.5. Shareholdings of the Executive Board and the Supervisory Board as at 31 December 2015

Members of the Executive Board held 3,167,956 shares. Members of the Supervisory Board held 695,000 shares.

56. Risk management and events subsequent to the balance sheet date

For information on risk management targets and methods and events subsequent to the balance sheet date, please see the information in the management report.

57. Disclosures in accordance with section 26 (1) of the German Securities Trading Act (WpHG)

In business year 2015, there were the following disclosures in accordance with section 26 (1) WpHG:
"Mr. Peter R. Ackermann, Germany, informed us on 23 January 2015 in accordance with section 21 (1) WpHG that his share in the voting rights of bmp media investors AG, Berlin, Germany on 13 January 2015 reached the threshold of 3% of the voting rights (this responds to 621036 voting rights)."

"Correction to the publication dated 23 January 2015, 16:30 CET
Mr. Peter R. Ackermann, Germany, informed us on 26 January 2015 in accordance with section 21 (1) WpHG that his share in the voting rights of bmp media investors AG, Berlin, Germany on 14 January 2015 exceeded the threshold of 3% of the voting rights and on this day amounted to 3.0000037% (this responds to 621036 voting rights)."

"Mrs. Carin Pepper, Germany, informed us on 6 August 2015 in accordance with section 21 (1) WpHG that its share in the voting rights of bmp Holding AG, Berlin, Germany on 31 July 2015 exceeded the threshold of 10% of the voting rights and on this day amounted to 10.04% (this corresponds to 2078070 voting rights)."

"Mr. Michael Stammler, Switzerland, informed us on 18 November 2015 in accordance with section 21 (1) WpHG that its share in the voting rights of bmp Holding AG, Berlin, Germany on 17 November 2015 exceeded the threshold of 3% of the voting rights and on this day amounted to 3.24% (this corresponds to 670000 voting rights)."

58. Responsibility statement

To the best of my knowledge, and in accordance with the applicable reporting principles for financial reporting, the annual financial statements give a true and fair value of the assets, liabilities, financial position and profit or loss of the company, and the management report includes a fair review of the development and performance of the business and the position of the company, together with a description of the principal opportunities and risks associated with the expected development of the company.

59. List of shareholdings

Enterprises in which the Company has either direct or indirect holdings according to § 313 Subsection 2 Point 4 HGB

Subsidiaries:

Company	Share	Equity as of 31 December 2015 in T€	Annual result 2015 in T€
ReFer GmbH, Berlin	100.00%	2,393	-1
Grafenfels Manufaktur GmbH, Berlin	100.00%	-174	-199
sleepz GmbH, Ludwigsfelde	60.08%	-540	-1,773
Matratzen Union GmbH, Volkmarsen	60.00%	337	69
Markenschlaf GmbH, Volkmarsen	60.00%	75	43
Ecom Union GmbH, Volkmarsen	60.00%	143	87
Denkvertrieb GmbH, Volkmarsen	60.00%	0	-22

Shareholdings:

Company	Share	Equity as of 31 December 2014 in T€	Annual result 2014 in T€
Xamine GmbH, München	46.34%	172	228
dailyme TV GmbH, Berlin	45.03%	58	-926
department one GmbH, Berlin	45.00%	377	39
Retresco GmbH, Berlin	40.56%	282	131
brand eins Medien AG, Hamburg	35.36%	1,400	264
Ubertweek GmbH, Berlin	34.85%	-187	-238
ferret go GmbH. Bernau	24.82%	-1,355	-499
betegy sp. z o.o., Warschau/Polen	24.71%	-622 TPLN	-1,236 TPLN
castaclip GmbH, Potsdam	23.91%	3,394	-436
iversity GmbH, Bernau	23.87%	432	-1,744

Berlin, 18 April 2015

Oliver Borrmann
Executive Board

Management report of bmp Holding AG for business year 2015

Business purpose
The Executive Board and the Supervisory Board proposed to the shareholders a change of business purpose at the Annual General Meeting on 17 June 2015, which was approved by a majority of 99.99%.

bmp Holding AG establishes its own subsidiaries and, as an operating holding company, acquires majority interests in companies with the aim of developing a leading e-commerce group in the Sleep segment in Germany.

The equity investments that do not fit with this future direction are to be sold in the medium term.

"Venture capital direct investments" discontinued operation
As at 31 December 2015, the venture capital investment portfolio had an investment volume of € 16.5 million and consisted of 13 investment companies. 12 of these investment companies come from Germany and one comes from Poland.

Since June 2014, no new investments have been undertaken; only smaller follow-up investments to protect assets in existing holdings have been made.

Structure of the annual financial statements:

The assets side of the balance sheet has changed substantially due to the acquisitions of sleepz GmbH and Matratzen Union Group. While over 99% of total assets were still tied up in investments and loans at the end of 2014, this figure in the discontinued operations was only almost 63% as of the reporting date, whereby a further drop is to be expected, as the remaining venture capital portfolio is to be sold completely. Current assets, which did not play a decisive role during past years, are characterized by operating subsidiaries with inventories and receivables.

Shareholdings & loans (incl. listed securities)	62.82%
Inventories	5.75%
Receivables	3.94%
Bank balances	7.47%
Other	20.02%
Total	**100.00%**

By contrast, the equity and liabilities side, which predominantly consisted of equity in the previous year, has been expanded by the acquisitions and loans taken out. Equity decreased in absolute terms and as a percentage.

Equity	64.9%
Liabilities	35.1%
Total	**100.00%**

The result of the discontinued operations are reported in the income statement in one position.

Revenue amounted to € 4,754 thousand in 2015 (previous year: € 0 thousand), with cost of materials totalling € 3,173 thousand (previous year: € 0 thousand), resulting in gross profits of € 1,581 thousand (previous year: € 0 thousand). In the previous year, the position of revenues included the proceeds from the sale of shareholdings and securities, which were classified as discontinued operations in 2015.

bmp media investors AG generated a net result according to IFRS of € -3,442 thousand in business year 2015 (previous year: -290 thousand). Shareholders' equity went down from € 19.9 million to € 16.9 million. The equity ratio moved down from 94.3% to 64.9%.
As of 31 December 2015 current bank loans of € 1.5 million as well as acquisition loans of € 3.0

million were utilised. Bank balances amounted to € 1.9 Million.

Market development and market position:

Overall, associations and industry studies report barely any changes in the volume of the German furniture retail market in recent years; for example, the EHI Retail Institute (EHI) in cooperation with Zentralverband gewerblicher Verbundgruppen (ZGV) determined more or less static annual gross revenue of around € 30 billion in furniture retail over a period from 2002 to 2014. The market is nonetheless in upheaval, especially in the area of bedroom furniture including mattresses/sprung bed slats.

This is due partly to the generally changing significance of the bedroom for consumers.
In a survey carried out back in 2010 by www.moebel.de and cited in the 2014 Titze bedroom study, 54% of the consumers surveyed indicated that they define their bed as a "wellness oasis", and more than 15% of consumers were prepared to optimize their bedrooms regularly. Greater health awareness and increasing life expectancies also mean that more is being demanded from the quality of certain products in the bedroom furniture segment, especially beds and mattresses. Even while the overall market volume remains the same, it can therefore be assumed that the bedroom furniture segment's share in the market will grow. Estimates by Statista/GfK anticipate a market volume for the Sleep segment of over € 50 billion throughout Europe in 2020, of which around € 10 billion is likely for the German market.

However, online penetration of the total furniture market in Germany is currently still very low at around 5%. This is due both to the special technical and logistical challenges that online retail entails and to persisting barriers to purchase for customers, for example high shipping costs, limited return options or long delivery times. Nonetheless, over 60% of consumers welcome online furniture retail (see 2015 Otto living space study), and according to a survey by IFH Köln, which is cited in a short study by Deloitte & Touche from 2016, the same percentage already "completely" or "mostly" agrees that purchasing furniture online will be as common as is the case for shoes or clothes now.

Against this backdrop, we consider the statement of Germany's digital association BITKOM (cited in a 2015 study by the consultancy eTribes) that a quarter of internet users have already bought furniture online and the current growth rates reported by BITKOM of over 52% in this area to be absolutely realistic.
But even given a conservative estimate of online growth rates of 40-50% p.a. and assuming a total market volume in the Sleep segment of approximately € 10 billion in Germany, this means that the online market volume will exceed € 1 billion as early as in 2018.

Of particular interest will be which market participants will benefit by what degree from this development.
So far, no clear market leader has yet emerged in online retail for the bedroom furniture, mattresses and sprung bed slats market segment; instead, the market is highly fragmented. There are the major furniture retail chains like IKEA, which are not really interested in siphoning off existing customers in their bricks-and-mortar stores to their online shop, as well as large generalists like Amazon, who lack product expertise.
The smaller specialists are clearly at an advantage here, but they are often limited in their product range or even sell just one product. The problems that could arise are illustrated by the EHI's statement that 20% of furniture retailers generate 50% or more of their revenue with their sideline products.

Here again, existing specialist online retailers partly have the competitive edge. Regardless of their specific focus, however, they are often seen to be incapable of keeping up with the constantly increasing technical requirements of online and mobile commerce.
Therefore, the main beneficiaries of growing e-commerce will be specialist companies that can compensate for the disadvantages in consulting service compared to bricks-and-mortar retailers with intelligent concepts and product displays.

Business development:

Sleep

After the decision taken in February 2015 to discontinue the venture capital business and to reposition itself as an operating holding company, bmp decided in the spring to establish an e-commerce group in the Sleep segment. For this purpose, a majority interest in the former venture capital investment sleepz GmbH, in which bmp held 16.06%, was acquired on 1 May 2015 by way of a capital increase and a share acquisition. sleepz performed somewhat more poorly than planned in 2015, which was due on the one hand to the fact that the connection to marketplaces (Amazon, eBay, etc.) could not be technically implemented as expected, resulting in lost revenue. On the other hand, sleepz increasingly held back in the price competition and focused on products with higher gross profit margins. This also resulted in slight declines in revenue compared to planning, while the gross profit margin improved.

This was followed in summer by the founding of the wholly owned subsidiary Grafenfels Manufaktur GmbH, which set itself the goal of establishing a new mattress brand in Germany. The market launch was originally due in the fourth quarter of 2015, but the new managing director Stefan Müller, who joined in September 2015, decided to optimize the entire assortment of five different mattress types once again, so the market entry was postponed to the first quarter of 2016. However, we are convinced that we have now developed an outstanding product range, which will have an even higher chance of a resounding success on the market in the medium term.

In November 2015, the majority interest was then acquired in the Matratzen Union Group, which was consolidated for the first time in December 2015. Because of its short affiliation with the Group, no deviations from planning were ascertained here.

Overall, the subsidiaries of bmp Holding AG generated revenue of € 4.8 million in business year 2015.

Venture capital investments

As of the end of 2015, the portfolio comprised 13 venture capital investments. After the realignment decision, the first five investments were sold in 2015: Freshmilk NetTV, Instream Media, vertical techmedia, K2 Internet and Heliocentris Energy Solutions. sleepz was transferred to the new operation via the majority acquisition. At European Telecommunication Holding, the investment was sold to the company's Executive Board in a management buy back, but the Executive Board withdrew from its purchase agreement, so the investment was transferred back to bmp Holding AG.

The investments are to be sold incrementally. The objective is to have sold the entire remaining portfolio of 13 companies by the end of 2017.

Organisation and employees:

As at the reporting date, 49 employees worked at bmp Holding AG in addition to the Executive Board. The subsidiaries are managed by their executive directors, no personal identity exists between the Management of the Holding and the subsidiaries.

Financial situation:

Profit situation

The company reported an annual result of € 3,442 thousand in business year 2015. Earnings thus decreased compared with the previous year, in which there was a net result of € -290 thousand. Comparisons between both periods are limited due to the change of the business purpose and the acquisitions made.

Revenue amounted to € 4,754 thousand in 2015 (previous year: € 0 thousand), with cost of materials totalling € 3,173 thousand (previous year: € 0 thousand), resulting in gross profits of € 1,581 thousand (previous year: € 0 thousand). In the previous year, the position of revenues included the proceeds from the sale of shareholdings and securities, which were classified as discontinued operations in 2015.

The return on equity, measured by net income for the business year and in relation to average shareholders' equity, was -18.7%.

Assets and capital structure

Long-term assets include mainly goodwill from acquisitions of a total of € 4,786 thousand Fixed assets include primarily business equipment and installations in non-company buildings. Short-term assets increased substantially from € 2,620 thousand to € 20,796 thousand, due to the reclassification of the discontinued operations, which were reported for the most part under long-term assets in the previous year.

Cash in hand and bank balances were € 1,943 thousand at the end of 2015 following € 19 thousand in the previous year. The balance sheet total decreased from € 21.1 million to € 26.0 million. Equity decreased from € 19.9 million to € 16.9 million. The equity ratio moved down from 94.3% to 64.9%.

Opportunities and risks of future development, risk management

Risks in the "Sleep" business area

Market

The online market in the Sleep segment is undergoing change. Many furniture companies and larger bricks-and-mortar traders are discovering the online market, and greater competition is to be expected. At the same time, the market is exhibiting a strong growth dynamic.

Competition

The German market does have some larger players, such as Schlafwelt.de (Otto group), but no competitor exercises significant control over the market. Given the fact the market is not controlled by a single competitor or a small number of competitors, a very large number of companies are attempting to tap this market. Several new online companies require a higher level of service than is standard and are creating greater competition with regard to price. This could pose the risk of a decline in margins.

Technology

E-commerce is becoming ever more complex and increasingly technical. In order to keep up, it is important always to use the latest technologies, such as mobile shopping, for example. The mobile internet and other technical advances require good external service providers or a strong in-house technical department. Dependency on external service providers poses a not insignificant risk. At the same time, developers are currently in strong demand, which makes recruiting staff for the in-house technical department increasingly difficult and leads to a high risk of losing good employees.

Staff

Particularly at the Berlin location, recruiting good employees in all areas is proving difficult due to the high number of e-commerce companies. Companies have to offer more in order to be attractive, especially at management level. This higher demand may potentially lead to an increase in staff costs.

Legal risks

Cease-and-desist letters and court cases have been inherent in online trading for many years. Counteracting this requires higher legal expenses with regard to prevention. This applies to all processes and areas on the domains. Costs for legal advice and provisions for legal disputes are rising.

Supplier risk

Despite the large opportunity brought about by many suppliers discovering trading on the internet and online traders therefore being offered ever more products, many manufacturers also protect themselves against misuse and strategic changes contractually. It is always possible for business relationships to end abruptly. This can change the product range and revenue can shift or in the worst case even fail to materialise.

Warranties/product liability

The issue of warranties hardly poses problems as the risk is primarily borne by the manufacturer. However, the importer bears the product liability risk for imported products. As a result, very high quality standards must be set for product testing. In spite of such quality standards, supplying imported products can bring with it the risk of product liability and the resulting costs.

Image

The internet is becoming ever more transparent and the opinions of consumers, associations and opinion leaders (e.g. Stiftung Warentest, the German consumer testing foundation) are becoming increasingly important. This represents a great opportunity to stand out from the competition, but also the major risk of rapidly suffering damage to one’s reputation.

Products

In the Sleep segment, mattresses, sprung bed slats and beds have a very long life, which means the product range can be well coordinated for many years. This is not the case in the fashionable segment, as with bedding, for example. In this area it is important to sell quickly as value adjustments must otherwise be made for slow sellers.

Financing risk

For the the subsidiaries in general there is the risk that they cannot cover their financing needs completely by banks. Due to the earnings situation and the company age, especially the subsidiaries sleepz GmbH and Grafenfels Manufaktur GmbH are dependent on the support of their shareholders. The current liquidity requirements have to be covered by the bmp Holding AG and optionally by the existing shareholders. Furthermore bmp Holding AG can be called on by banks for credit protection.

Credit risk

There is a very low credit risk when selling directly to consumers due to the payment terms. There is a risk associated with selling via platforms that simultaneously perform a collection function. This risk is continuously monitored by the company’s management.

Risks of discontinued operations (direct investments):

Risks of the venture capital business model
Venture capital is speculative or risk capital, granted with the aim of achieving high returns.

Compared with other forms of financing, venture capital clearly has a higher risk potential and requires a high degree of support.

Time of disposal and attainable disposal proceeds

bmp Holding AG generates income primarily from the sale of investments to an institutional or industrial investor (trade sale), the sale to the management or by means of flotation (IPO). The change of business purpose and associated sale of minority interests causes earnings potential to be limited as it is no longer possible to target the optimum time of sale.

Uncertainty of the economic development of individual companies in the portfolio

Write-offs of investments or even the total loss due to insolvency cannot be avoided despite many years of business experience and intensive investment controlling, nor are they unusual especially with early stage financing. bmp Holding AG counteracts the financial impact of a drop in the value of investments with early support and countermeasures, the investment controlling as well as appropriate provisions for risk (recognising valuation allowances) in accounting measurement.
At a total of nine investments with a cumulative carrying amount of € 12.4 million further financing measures are highly likely to be required before 31 December 2016. As bmp is no longer available as an investor due to the changed business purpose, there is a risk that these investments will meet their liquidity requirements via financing with other shareholders and thus dilute bmp's share, or that they will not find financing on the market and will suffer heavy value losses or even default.

The entry of additional investors is currently being negotiated at one investment with a carrying amount of approx. € 2 million. If these investors do not resolve upon financing, it cannot be ruled out that this investment will default in the first half of 2016. On the basis of the high appeal of the investment, the Executive Board currently assumes that the financing will occur.

Cluster risks

The three largest holdings together represent around 56% of the balanced carrying amount of the discontinued operations. The carrying amounts of dailyme TV GmbH, brand eins Medien AG and castaclip GmbH range between € 2.2 million and € 3.5 million.

Risks from foreign companies

bmp's foreign investment is subject to the laws of the respective country. In addition, individual agreements are subject to the laws of the respective country. The company is thus exposed to the usual dangers and risks of a foreign legal system.

Liability associated with the disposal of investments

In terms of the disposal of investments, bmp Holding AG as the seller may have to grant guarantees particularly in regard to tax liabilities in favour of the purchaser or the purchasers. bmp Holding AG strives to limit the liability arising from such guarantees and indemnities to a certain percentage of the purchase price, insofar as guarantees are accepted at all. bmp Holding AG cannot rule out the possibility that such liabilities will occur in some individual cases.

Inter-divisional risks:

Currency risks

In the past, the company has used various methods to pay in foreign currency for the acquisition of an investment or to receive payment for the disposal of an investment. Following disposal of the investment there may also be a capital gain or loss due to currency fluctuation in addition to the gain or loss from the disposal.

Another risk is that the company must accept exchange losses from foreign currency balances if no hedging transactions exist.
On the supply side the risk exists that the goods purchased will become more expensive.

Company dependence on economic cycles and financial markets

The economic success of bmp Holding AG is heavily dependent on the general economic development, the development of the industries in which bmp Holding AG has invested and the development of the financial markets.

Risks of changes in interest rates

The liabilities do not present any risks of changes in interest rates. Variable interest rates are assessed on all current money investments.

Risk from contractual relationships

With bmp Beteiligungsmanagement AG there is an investment consultancy agreement which runs to 31 December 2021. As the contractual performance is not required or not required in full as a result of the changed business model, there is the risk that an early termination of the contract would result in having to pay a compensation payment. Please refer to "Events after the balance sheet date" for more information.

Overall evaluation and risk management

bmp Holding AG has recognised extensive provisions for all discernible individual risks in the annual financial statements as of 31 December 2015.

At the holding level, the Executive Board personally monitors and supports the development of the subsidiaries. It maintains close contact with the senior management of affiliated companies and is involved in decision-making relating to transactions outside of day-to-day business.

The Executive Board has transferred the management of the venture capital investments to bmp Beteiligungsmanagement AG. At regular intervals it checks the work of this service provider by way of spot checks at the level of both the equity investments and the company. A quality handbook has been created.

The service provider in the investment consultancy agreement, bmp Beteiligungsmanagement AG, has developed an integrated system of investment controlling that allows it to assess the quantity and quality of risks arising in its investment business. In addition to comparing forecast and actual data at both an investment level and company level, the system enables full reporting while satisfying the purpose of a management information system.

Economic developments in our venture capital holdings are monitored by bmp Beteiligungsmanagement AG. The carrying amounts and the value development of investment companies are reviewed quarterly with suitable financial mathematical models. Depending on the type and degree of development of the investment companies, various measurement models are used to check whether their fair value exceeds amortised cost.

bmp Holding's current liquidity is adequate for its existing business and will enable it to meet all its obligations. From a current standpoint, if the risks described were to occur individually or together they would still not pose a danger to the continuation of bmp Holding AG as a going concern. In the view of the Executive Board, bmp Holding AG has a lasting capability to remain in existence over the long term.

Integrated internal control and risk management system for the accounting process:

The accounting-related internal control and risk management system that is crucial to

the financial statements of bmp Holding AG includes measures that are intended to provide comprehensive, correct and up-to-date communication of information that is required to prepare the annual financial statements and the management report of bmp Holding AG. These measures are intended to minimise the risk of material misstatements in accounting and external reporting.
Accounting is organised centrally. All services pertaining to accounting and controlling of the subsidiaries and the shareholdings are performed at the company's headquarters by bmp Beteiligungsmanagement AG.
The acquired subsidiaries are keeping their accounts according to HGB autonomously.

Corporate governance declaration

The corporate governance declaration has been published on our homepage www.bmp-holding.de under "Investor Relations/Corporate Governance/Corporate Governance Declaration".

Remuneration system

Since 1 July 2011, no remuneration has been paid to the Executive Board by the company. Mr Borrmann is remunerated by bmp Beteiligungsmanagement AG with which an investment consultancy agreement is in place.

In accordance with our Articles of Association, the members of the Supervisory Board have a claim to reimbursement of their expenses and to remuneration.
The remuneration of the Supervisory Board, as most recently approved by the Annual General Meeting in 2013, consists of an annual basic remuneration of € 10 thousand for the Chairman of the Supervisory Board and € 5 thousand for the other members and remuneration per meeting day of € 2.5 thousand for the Chairman of the Supervisory Board, € 1.5 thousand for the Deputy Chairman of the Supervisory Board and € 1 thousand for the ordinary member of the Supervisory Board.

Finally, the company has taken out D&O insurance for the members of the Executive Board and the Supervisory Board.

Appointment and dismissal of members of the Executive Board, amendments to the Articles of Association

The appointment and the dismissal of members of the Executive Board of bmp Holding AG are covered in sections 84 and 85 of the Stock Corporation Act in conjunction with Article 7 of the Articles of Association.
In accordance with section 84 Stock Corporation Act, the Executive Board is appointed by the Supervisory Board of the company for a term of up to five years. In exceptional cases only, a member of the Executive Board can also be court appointed in accordance with section 85 Stock Corporation Act.
The Executive Board of bmp Holding AG consists of one or more members. The Supervisory Board can revoke this appointment and the general appointment to the Executive Board with due cause.

In accordance with section 179 (1) Stock Corporation Act, all amendments to the Articles of Association require a resolution by the Annual General Meeting. The Annual General Meeting can transfer its authority to amend the Articles of Association to the Supervisory Board only in cases where changes affect the wording only. There is a general authorisation in Article 17 of the Articles of Association.

In accordance with section 179 (2) Stock Corporation Act, a resolution to amend the Articles of Association requires a minimum three-quarters majority of the capital represented at the adoption of the resolution. Otherwise, resolutions by the Annual General Meeting in accordance with section 133 Stock Corporation Act are adopted by a simple majority of votes cast in accordance with Article 22 of the Articles of Association of bmp Holding AG, unless a larger majority is required by mandatory legal provisions.

Shares and capital

Subscribed capital

The fully paid-in capital amounted to € 20,701,174 as at the balance sheet date. It is divided into 20.7 million no-par value bearer shares.

Authorised capital

In the Annual General Meeting on 27 June 2014 the removal of the existing authorised capital and the establishment of new authorised capital were resolved upon.

The Executive Board is authorised, with the approval of the Supervisory Board, to increase the share capital of the company on one or several occasions up to a total of € 10,350,587.00 by issuing new bearer shares against cash and/or non-cash contributions until 26 June 2019 (Authorised Capital 2014/I).

The pre-emption rights of shareholders can be disapplied:

a) for the acquisition of companies, parts of companies or investments in companies in exchange for shares in the company,
b) if a capital increase against cash contributions does not exceed 10% of the share capital of the company and the issue price of the shares is not substantially less than the market price,
c) for emission to strategic partners,
d) to eliminate fractional amounts.

Contingent capital

The company's Annual General Meeting of 27 June 2014 authorised the Executive Board, with the approval of the Supervisory Board, to issue on one or several occasions up to 26 June 2019 warrant and/or convertible bonds with a total nominal amount of up to € 30 million with or without a limited maturity date and to grant bearers of warrant bonds options and bearers of convertible bonds conversion rights to up to 10,350,587 non-par value bearer shares (shares) of the company in line with the warrant and convertible bond conditions (bond conditions). For this purpose, the Annual General Meeting of 27 June 2014 created contingent capital for granting shares to holders of warrant or convertible bonds issued by the company according to the authorisation from the Annual General Meeting of 27 June 2014. The contingent capital amounted to 50% of the share capital, i.e. up to € 10,350,587.00 (Contingent Capital 2014/I). The Annual General Meeting's resolution and the corresponding revision of the Articles of Association were entered into the commercial register on 2 July 2014. The authorisation from the Annual General Meeting of 27 June 2014 has not yet been utilised.

The Contingent Capital 2014/I was reduced in light of the new Contingent Capital 2015/I, which is earmarked for granting shares to holders of share options.

The resolution of the Annual General Meeting of 27 June 2014 was amended at the Annual General Meeting of 17 June 2015 to authorise the Executive Board, with the approval of the Supervisory Board, to issue on one or several occasions up to 26 June 2019 warrant and/or convertible bonds with a total nominal amount of up to € 30 million with or without a limited maturity date and to grant bearers of warrant bonds options and bearers of convertible bonds conversion rights to up to 8,280,470 non-par value bearer shares (shares) of the company in line with the warrant and convertible bond conditions (bond conditions).
€ 2,070,117.00 of the Contingent Capital

2014/I was rescinded, so it was reduced by € 2,070,117.00 from € 10,350,587.00 to € 8,280,470.00.

In accordance with section 192 (2) no. 3 of the Stock Corporation Act, the share capital of the company is contingently increased by up to € 2,070,117.00 through the issue of 2,070,117 non-par value bearer shares (shares) with a pro rata share in the share capital of € 1.00 per share (Contingent Capital 2015/I). The contingent capital increase serves to grant pre-emption rights to members of the company's Executive Board, members of the managements of affiliated companies, employees of the company and employees of affiliated companies.

On 22 December 2015, the Executive Board and the Supervisory Board resolved on such a share option scheme and on the same date issued a total of 615,000 options as follows:

200,000 options to members of the Executive Board
370,000 options to members of the management of subsidiaries
25,000 options to employees of the Company
20,000 options to employees of subsidiaries

The exercise price was set at € 1.00/share.

In respect of section 289 (4) no. 3 German Commercial Code, please refer to the notes. Further disclosures in line with section 289 (4) German Commercial Code are not required.

Forecast report:

Market environment

bmp Holding AG is currently focusing on the "Sleep" market segment and mainly on online trading (e-commerce) within this area. The Sleep segment ranges from beds, mattresses, bedding and bedroom furniture to accessories, among other things. Online trading is developing positively in this segment and continues to gain market share. Due to its positive development, an increasing number of competitors are entering the market. This is not problematic at this time, however, due to the size of the market. No consolidation trend has been identified as yet, but is expected to occur.

Investment activity

At the end of June 2015, bmp Holding AG founded Grafenfels Manufaktur GmbH, a wholly owned subsidiary, which will introduce a product line in the mattress segment to the market under the "Grafenfels" brand. The market launch was scheduled for December 2015, but it was then postponed to the first quarter of 2016. After the acquisition of the Matratzen Union Group in November, bmp anticipates one to two further acquisitions from the Sleep segment in 2016, which directly depend on further sales of investments from the discontinued operation.

Forecast result of operations

bmp does not currently expect to close the 2016 business year with a profit. For 2016, executive board plans with consolidate revenues of more than € 20 million and a result from ordinary business activities between € minus 1-2 million without further potential acquisitions. The result can be influenced by income or expenses from the discontinued operation.

Significant events after the reporting period:

In January, the existing investment consultancy agreement was amended; the amount of remuneration was adjusted to the changed business model. It is no longer measured on the basis of IFRS consolidated equity, but according to the IFRS carrying amount of the discontinued operation in the IFRS consolidated statement of financial position. Furthermore, a new service agreement was concluded that governs the remuneration for the operational support of the holding activities. The Executive Board is currently negotiating another adjustment of the investment consultancy agreement to better reflect the planned sale of all venture capital investments by 31 December 2017.

Opportunity report

The target for business year 2016 will be to sell further investments from the discontinued operation in order to free up funds that can be invested in the development of the new business model. This should allow revenue of considerably more than € 20 million to be generated in the Group. At the level of the operating subsidiaries, earnings will be targeted that are only slightly negative.

Berlin, 18 April 2016

Oliver Borrmann

Auditors' Report

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

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

Our audit has not led to any reservations.

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

Without restricting this assessment, we refer to the information given in the Group management report. It is stated that the existence of the subsidiaries sleepz GmbH and Grafenfels Manufaktur GmbH depends on the injection of additional capital and additional equity on the part of the shareholders.

Berlin, 18 April 2016
RSM Verhülsdonk GmbH
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Konrad Pochhammer	Dr. Thomas Beckmann
German Public Auditor	German Public Auditor

Financial Calendar
Directions

FINANCIAL CALENDAR 2016

10 MAY 2016 _ DVFA Spring Conference
31 MAY 2016 _ Publication Quarterly Statement (call-date Q1)
15 JUNE 2016 _ 8. Dr. Kalliwoda Capital Markets Conference, Warsaw
06 JULY 2016 _ Annual General Meeting 2016
31 AUGUST 2016 _ Publication Half-Yearly Financial Report
30 NOVEMBER 2016 _ Publication Quarterly Statement (call-date Q3)

DIRECTIONS

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and also with the following buses: M19, M29, 109, 110

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