

*HanseGroup*

Six Month's Report 2015/2016



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## **INTERIM GROUP MANAGEMENT REPORT FROM 1 JULY 2015 TO 31 DECEMBER 2015**

### **1. ECONOMIC CLIMATE AND MARKET SITUATION**

The HanseYachts AG Group (HanseGroup for short) produces and markets sailing yachts and motor yachts worldwide. From a global perspective, the market situation for HanseYachts AG remains stable. For the entire boat market, we expect neither negative nor significantly positive impulses over the near-term to medium-term, despite the hostilities in Syria, the Ukraine crisis and the continuing sanctions aimed at Russia. Motors driving growth for us could nevertheless be the North American and Asian regions well as the increasing share of turnover from motorboats and in particular from the motorboats of the "Sealine" brand.

The HanseGroup presents its advanced and regularly updated palette of products via its worldwide network of franchised dealers, its modern Internet sites and at numerous boat shows. Continual innovations in our products are based on fulfilling the wishes of our customers for individuality and variety in their options and have long accounted for the success enjoyed by the yachts offered by the HanseGroup. Yachts manufactured by the HanseGroup are subdivided into two groups: sailing yachts of the "Hanse", "Moody", "Dehler" and "Varianta" brands as well as motor yachts from the "Fjord" and "Sealine" brands.

In particular the superb autumn boat-show season and new products, such as the Sealine boat family with new models that include the S330, C330, F530 as well as the Hanse 315, the Fjord 48 and the "Hanse 675", the largest boat in the HanseGroup's portfolio, have made a major contribution to the HanseGroup's success in the first six months of this fiscal year. Furthermore, the new Hanse 315 has exceeded all expectations and has won the title of "Europe's Yacht of the Year" as well as the awards for "Boat of the Year USA" and "Croatian Boat of the Year for 2016". Moreover, it has been nominated as Sailing Yacht of the Year for 2016 by HISWA (the Netherlands), whereas the final awarding of this prize will not take place until 16 March. In addition to quality, it is the clear product design, the design language and attractive pricing that represent essential sales criteria for existing models. In the motor yacht segment the Sealine C330 and/or the S330 impressed the jury as the best sport cruiser up to 45 feet and thus became the winner of the "Motor Boat Awards for 2016".

The respectable volume of incoming orders can also be attributed to the successful and consistent implementation of our multiple-brand strategy as well as development of models that appeal to our markets. In addition to quality, the clear design of our products coupled with our approach to styling and attractive pricing represent essential criteria for our sales.

Thanks to its multiple-brand strategy, the new yachts recently introduced and with the aid of its boat models already successfully established on the market, the HanseGroup has achieved an excellent volume of incoming orders during the first half of the year under review as well as a very good backlog of orders as at 31 December 2015, both of which are significantly above last year's levels.

## 2. NOTES TO DEVELOPMENTS IN TURNOVER AND EARNINGS

The fiscal year of the HanseGroup begins on 1 July and ends on 30 June of the following year. The interim half-year financial statements to be reported here thus cover the period from 1 July 2015 to 31 December 2015.

The business activities of the HanseGroup are characterised by a marked seasonality. On the one hand, high expenses regularly accrue for boat shows and product upgrades during the months reported here and in particular in the months starting with August, which are not offset by corresponding revenues during this time frame. On the other hand, the lion's share of turnover revenues is first realised in February to July (and then largely in the second half of the fiscal year). As a result, significant inventories of unfinished and finished yachts are built up by December / January, which in turn lead to a corresponding commitment of resources. These inventories are then reduced by selling off the boats until July.

In the period under review, it has been possible to increase turnover to EUR 44.4 million (EUR 38.1 million last year), thanks to respectable demand for our newly developed yachts and successful sales of our existing models that are subject to steady upgrading as well as a large number of higher priced boats with better margins. Total operating revenues rose once again, this time by 11% to EUR 49.3 million compared to last year in light of increased inventories of boats ordered but not yet delivered and own work capitalised.

Cost of materials amounted to EUR 30.4 million (EUR 28.8 million last year). Relative to increased total operating revenues, the cost of materials ratio (the ratio of cost of materials to total revenues and the increase in inventories of finished products), however, has dropped by 3.3% to 61.7%.

Compared to last year, the HanseGroup has succeeded in increasing gross earnings (total operating revenues less cost of materials) to EUR 18.9 million (EUR 15.5 million last year) by significantly raising turnover. Relative to total operating revenues, this results in improved gross earnings of 38.3% (35.0% last year).

To manage the greater volume of business, our work force had to be increased so that personnel expenses rose to EUR 13.1 million (EUR 12.3 million last year). In relation to total operating revenues, however, our personnel expenses sank from 27.6% to 26.5%.

Other operating expenses remained nearly unchanged at EUR 8.0 million compared to the same period last year (EUR 7.8 million).

Depreciation rose by EUR 0.2 million to EUR 2.6 million due to expansion of our palette of models and essentially includes depreciation on the production forms for newer yacht models.

Financial results amounted to EUR - 0.9 million, the same as last year. They contain scheduled debt service for financial debt, including interest for bearer bonds 2014/2019 issued in June 2014.

At EUR -4.9 million, the results for the first half year 2015/2016 were EUR 2.0 million better than last year's interim results thanks to margins increased by higher total operating revenues, higher sales prices, and better ratios of personnel and materials costs to total operating revenues.

The losses generated in the first half of the current fiscal year 2015/2016 are, as already explained above, basically typical for the seasonal cycles of our business activities: the time frame between July and December is characterised by high expenditures for boat shows and development of new products with relatively low turnover and earnings. In the second half of a fiscal year, this will be followed by increased production and delivery of yachts, coupled with realisation of essential contribution margins.

### **3. INVESTMENTS AND FINANCING**

Unlike last year, the first half year of the current fiscal year 2015/2016 showed positive cash flow from operating activities of EUR 1.2 million (last year it showed an outflow of liquidity from operating business activities of EUR 3.6 million). In addition to the improved EBITDA thus obtained, a lower build-up of inventories and higher advance payments for yachts on order, which have risen against the background of an increased volume of incoming orders compared to last year, have contributed to this positive development.

We sold a property in France for EUR 0.6 million, which was not used anymore. Thanks to our extensive investments in past years, no additional essential investments were necessary for our production facilities in the period under review. The assembly lines involved in manufacturing yachts using the continuous-flow method as well as cellular manufacturing are regularly subject to service and maintenance. Investments of EUR 2.6 million thus mainly went for development of new types of boats as well as for manufacturing and procuring production forms.

The positive cash flow from financing activities of EUR +2.4 million (EUR –2.3 million last year) resulted in particular from the capital increase implemented in September 2015 that achieved an inflow of liquidity of EUR 3.0 million and thus overcompensated for the scheduled retirement of financial debt amounting to EUR 0.6 million.

As at the balance sheet date there were positive balances held at lending institutions of EUR 5.7 million, which in comparison to last year's balances had increased by EUR 1.7 million. Cash and cash equivalents amounting to EUR 0.9 million serve as collateral for the sales finance programme for dealers and thus are subject to constraints on disposition. Overdraft facilities of EUR 3.2 million were actually utilised (EUR 2.0 million last year).

### **4. PROSPECTS AS WELL AS OPPORTUNITIES AND RISKS FOR CORPORATE DEVELOPMENT FOR THE REMAINDER OF THE PERIOD UNDER REVIEW**

Our newly developed boats as well as our existing models have succeeded in achieving quite respectable sales results at recent boat shows despite the demanding market climate marked by intensive competition. With our clearly established multiple-brand strategy as well as a broad and trend-setting palette of models, we are very well-positioned with respect to our competitors.

Nevertheless, there is a general market risk in relation to sales of luxury items like our sailing and motor yachts. The ongoing sovereign debt crisis in large parts of Southern Europe, the hostilities in the Middle East and the slightly weakening economy in China could have a significant impact on our future sales.

In light of the higher backlog of orders as at 31.12.2015 compared to last year, we expect growth for the entire fiscal year to be comparable to the same period last year. In particular against the background that the second half year traditionally includes the strongest months with respect to turnover and thus to margins owing to our seasonal business, we are expecting positive earnings before interest, taxes, depreciation and amortisation (EBITDA) for the entire fiscal year 2015/2016.

Additional information on the chances and risk situation of the HanseGroup is contained in the Annual Report for 2014/2015.

## **5. EVENTS AFTER THE END OF THE PERIOD REVIEWED IN THIS INTERIM REPORT**

No additional significant events occurred after 31 December 2015 that would have had any impact on the net assets, financial position and results of operations of the HanseGroup.

Greifswald, 29 February 2016

The Management Board

Dr. Jens Gerhardt

Sven Göbel

**HANSEYACHTS AG****GREIFSWALD****CONSOLIDATED BALANCE SHEET (IFRS)**

EUR	<u>31. December 2015</u>	<u>30. June 2015</u>
<b>ASSETS</b>	<b>66.238.939,57</b>	<b>58.839.398,47</b>
<b>Non-current assets</b>	<b>32.656.654,63</b>	<b>32.716.088,11</b>
Intangible assets	6.471.858,09	6.301.022,35
Property, plant and equipment	25.670.098,50	25.955.899,41
Deferred tax assets	514.698,04	459.166,35
<b>Current assets</b>	<b>33.582.284,94</b>	<b>26.123.310,36</b>
Inventories	21.887.059,04	18.666.606,65
Trade receivables	4.003.685,80	2.191.464,27
Receivables to related parties	0,00	333.291,81
Other assets	2.026.949,62	1.792.395,82
Cash and cash equivalents	5.664.590,48	2.499.980,76
Non-current assets held for sale	0,00	639.571,05
<b>EQUITY &amp; LIABILITIES</b>	<b>66.238.939,57</b>	<b>58.839.398,47</b>
<b>Equity</b>	<b>9.612.977,83</b>	<b>11.547.645,65</b>
Subscribed capital	11.091.430,00	9.592.590,00
Capital reserves	3.663.726,37	2.164.886,37
Reserve for currency translation differences	176.343,46	191.018,56
Net earnings	(5.318.522,00)	(400.849,28)
<b>Non-current liabilities</b>	<b>14.409.268,24</b>	<b>14.518.297,87</b>
Bonds	12.716.761,57	12.674.854,85
Other financial liabilities	64.027,98	209.923,24
Finance lease liabilities	28.478,69	33.519,78
Liabilities to related parties	1.600.000,00	1.600.000,00
<b>Current liabilities</b>	<b>42.216.693,50</b>	<b>32.773.454,95</b>
Other provisions	2.869.072,66	2.697.797,55
Other financial liabilities	3.803.226,25	2.765.811,73
Current finance lease liabilities	8.794,90	8.727,35
Payments on account received	15.809.089,37	9.130.953,30
Trade payables	13.231.529,99	11.188.136,92
Income tax liabilities	74.843,47	131.330,01
Liabilities to related parties	3.286.412,88	3.365.334,72
Other liabilities	3.133.723,98	3.485.363,37

**HANSEYACHTS AG****GREIFSWALD****STATEMENT OF COMPREHENSIVE INCOME**

## AND OTHER RESULTS (IFRS)

EUR	1. July 2015 to 31. December 2015	1. July 2014 to 31. December 2014
<b>Revenues</b>	<b>44.416.200,96</b>	<b>38.148.129,00</b>
Increase in work in progress and finished goods	3.976.219,79	5.420.665,54
Own work capitalised	938.605,00	792.800,88
Other operating income	785.264,36	650.823,00
Cost of materials	(30.448.853,07)	(28.827.709,94)
Personnel expenses	(13.059.965,22)	(12.262.204,42)
Other operating expenses	(8.013.891,04)	(7.772.072,61)
<b>EBITDA</b>	<b>(1.406.419,22)</b>	<b>(3.849.568,55)</b>
Amortisation, depreciation and write-down	(2.628.006,60)	(2.377.902,40)
<b>EBIT</b>	<b>(4.034.425,82)</b>	<b>(6.227.470,95)</b>
Net financial costs	(894.842,23)	(902.423,41)
<b>Earnings before income taxes</b>	<b>(4.929.268,05)</b>	<b>(7.129.894,36)</b>
income taxes	11.595,33	171.133,40
<b>Consolidated loss</b>	<b>(4.917.672,72)</b>	<b>(6.958.760,96)</b>
<b>Earnings per share</b> (undiluted / diluted)	<b>(0,70)</b>	<b>(0,99)</b>
<b>Consolidated loss</b>	<b>(4.917.672,72)</b>	<b>(6.958.760,96)</b>
<b>Other income</b>		
Currency translation difference	(14.675,10)	(2.854,98)
<b>Total result for the period</b>	<b>(4.932.347,82)</b>	<b>(6.961.615,94)</b>

**HANSEYACHTS AG**  
**GREIFSWALD**

**CONSOLIDATED CASH FLOW STATEMENT (IFRS)**

EUR	<u>1. July 2014 to 31. December 2015</u>	<u>1. July 2014 to 31. December 2014</u>
<b>Earnings before interest and taxes (EBIT)</b>	<b>(4.034.425,82)</b>	<b>(6.227.470,95)</b>
Amortisation, depreciation and write-downs	2.628.006,60	2.377.902,40
Interest paid (net)	(197.130,18)	(910.268,49)
Income taxes paid (net)	7.045,32	(13.881,15)
Gains from disposals of assets as well as profits from disposals of non-current assets	(8.429,41)	(7.583,67)
Changes in inventories, receivables and other assets not related to investing or financing activities	(5.631.987,78)	(7.083.031,40)
Changes in liabilities not related to investing or financing activities	8.469.288,34	8.307.903,58
<b>Cash flow from operating activities</b>	<b>1.232.367,07</b>	<b>(3.556.429,68)</b>
Proceeds from disposals of assets from property, plant and equipment as well as proceeds from non-current assets held for sale	640.000,00	0,00
Investments in		
- intangible assets	(534.228,16)	(490.820,35)
- property, plant and equipment	(2.053.571,27)	(3.726.160,92)
<b>Cash flow from investing activities</b>	<b>(1.947.799,43)</b>	<b>(4.216.981,27)</b>
Repayments of liabilities from finances leases	(4.973,54)	(356.737,76)
Cash in from financial liabilities	0,00	2.530.790,58
Cash in from capital increase	2.997.680,00	0,00
Repayments of bank loans	(576.692,34)	(4.483.752,82)
<b>Cash flow from financing activities</b>	<b>2.416.014,12</b>	<b>(2.309.700,00)</b>
Change in cash and cash equivalents	1.700.581,76	(10.083.110,95)
Exchange rate-related changed in financial funds	(4.198,00)	(17.512,54)
Cash funds at beginning of period	752.996,75	12.061.626,00
<b>Cash and cash equivalents at end of period</b>	<b>2.449.380,51</b>	<b>1.961.002,51</b>
<b>Composition of cash and cash equivalents</b>		
Bank balances	5.660.511,07	3.974.581,39
Cash in hand	4.079,41	5.163,32
Bank overdrafts	(3.215.209,97)	(2.018.742,20)
	<b>2.449.380,51</b>	<b>1.961.002,51</b>

**HANSEYACHTS AG****GREIFSWALD****CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (IFRS)**

	Number of no-par value shares	Subscribed capital	Capital reserves	Net retained earnings / loss	Reserve for currency translation differences	Consolidated equity *)
		<u>EUR</u>	<u>EUR</u>	<u>EUR</u>	<u>EUR</u>	<u>EUR</u>
<b>1. July 2014</b>	<b>9.592.590</b>	<b>9.592.590,00</b>	<b>2.164.886,37</b>	<b>6.032.921,82</b>	<b>189.772,23</b>	<b>17.980.170,42</b>
1) Consolidated net earnings		0,00	0,00	(6.958.760,96)	0,00	(6.958.760,96)
2) Currency translation differences		<u>0,00</u>	<u>0,00</u>	<u>0,00</u>	<u>(2.854,98)</u>	<u>(2.854,98)</u>
3) Total result for the period		0,00	0,00	(6.958.760,96)	(2.854,98)	(6.961.615,94)
4) Others	0	0,00	0,00	0,00	0,00	0,00
<b>31. December 2014</b>	<b>9.592.590</b>	<b>9.592.590,00</b>	<b>2.164.886,37</b>	<b>(925.839,14)</b>	<b>186.917,25</b>	<b>11.018.554,48</b>
<b>1. July 2015</b>	<b>9.592.590</b>	<b>9.592.590,00</b>	<b>2.164.886,37</b>	<b>(400.849,28)</b>	<b>191.018,56</b>	<b>11.547.645,65</b>
1) Consolidated net earnings		0,00	0,00	(4.917.672,72)	0,00	(4.917.672,72)
2) Currency translation differences		<u>0,00</u>	<u>0,00</u>	<u>0,00</u>	<u>(14.675,10)</u>	<u>(14.675,10)</u>
3) Total result for the period		0,00	0,00	(4.917.672,72)	(14.675,10)	(4.932.347,82)
4) Capital increase for cash	1.498.840	1.498.840,00	1.498.840,00			2.997.680,00
5) Others		0,00	0,00	0,00	0,00	0,00
<b>31. December 2015</b>	<b>11.091.430</b>	<b>11.091.430,00</b>	<b>3.663.726,37</b>	<b>(5.318.522,00)</b>	<b>176.343,46</b>	<b>9.612.977,83</b>

\*) Minority interests do not exist. Total equity is allocated to HanseYachts AG's shareholders

## **HanseYachts AG Greifswald**

### **Notes on the Condensed Consolidated Interim Financial Statements - 31 DECEMBER 2015**

#### **1. GENERAL DISCLOSURES**

HanseYachts AG, whose registered office is in Greifswald/Germany, is a publicly listed company (Aktiengesellschaft) and parent company of the HanseGroup. Since 9 March 2007 HanseYachts AG has been publicly listed on the regulated market (General Standard) of the Frankfurt Stock Exchange.

The principal business activities of the companies in the HanseYachts Group are essentially the development, production and sale of sailing yachts under the Hanse, Moody and Dehler together with the Varianta brands as well as motorboats under the Fjord and Sealine brands. The HanseGroup conducts its business activities in Greifswald and in Poland as well as through its own operative distributorship companies in Greifswald and the US. In addition its products are marketed in more than 40 countries worldwide via a network of approx. 150 dealerships.

The condensed interim financial statements of HanseYachts AG have been prepared in euros. Unless otherwise indicated, all amounts will be rounded off to the nearest thousand euros and quoted in millions/thousands of euros (EUR x million/EUR xK). Differences of up to one unit (EUR xK, %) represent technical and justified differences caused by rounding off.

The HanseGroup has a fiscal year, which deviates from a calendar year, from 1 July to 30 June of the respective following year. Seasonal business cycles can thus be taken into account. A fiscal year begins with a vacation shut-down in the summer. Thereafter we begin with implementation of new and upgraded models as well as production of boats for trade fairs and shows.

HanseYachts AG is entered in the commercial register of the Stralsund Magistrates' Court (Amtsgericht) under reference No. HRB 7035. The company's address is Ladebower Chaussee 11, 17493 Greifswald.

#### **2. BASIS OF PREPARATION**

These condensed interim financial statements have been prepared in accordance with IAS 34 on "Interim Financial Reporting". These consolidated interim financial statements do not contain all of the information required for such statements and should thus be read in conjunction with the Group financial statements as at 30 June 2015—which have been prepared in compliance with IFRS, as used in the EU.

In the opinion of the management board, these interim financial statements include all adjustments considered necessary for an accurate presentation of the financial situation for the period reported here.

Within the framework of preparing these consolidated interim financial statements in accordance with IAS 34, the management board is required to undertake judgements and estimates as well as to make assumptions that affect application of accounting principles within the Group and disclosure of assets and liabilities as well as revenues and expenditures. Actual amounts may deviate from these estimates.

The accounting methods used in preparing these interim financial statements correspond to those utilised for the consolidated financial statements as at 30 June 2015.

### 3. SCOPE OF CONSOLIDATION

The parent company of the Group is HanseYachts AG. In addition to HanseYachts AG, eight (eight last year) companies located in Germany and four (four last year) companies located abroad have been included in the consolidated financial statements.

<b>Name of Company</b>	<b>Location</b>	<b>Shareholding</b>	
			Last year
<b>Direct holdings:</b>			
1. Dehler Yachts GmbH	Greifswald	100%	(LY 100 %)
2. Hanse (Deutschland) Vertriebs GmbH & Co. KG	Greifswald	100%	(LY 100 %)
3. Verwaltung Hanse (Deutschland) Vertriebs GmbH	Greifswald	100%	(LY 100 %)
4. Yachtzentrum Greifswald Beteiligungs-GmbH	Greifswald	100%	(LY 100 %)
5. Hanse Yachts US, LLC	Savannah, USA	100%	(LY 100 %)
6. Technologie Tworzyw Sztucznych Sp. Z o.o.	Goleniów, Poland	100%	(LY 100 %)
7. HanseYachts TVH GmbH	Greifswald	100%	(LY 100 %)
8. Sealine GmbH	Greifswald	100%	(LY 100 %)
9. Moody Yachts GmbH	Greifswald	100%	(LY 100 %)
<b>Indirect holdings:</b>			
10. <i>über Nr. 4.</i> Mediterranean Yacht Service Center SARL	Canet en Roussillon France	100%	(LY 100 %)
11. <i>über Nr. 7.</i> HanseYachts Technologie und Vermögens- verwaltungs GmbH	Greifswald	100%	(LY 100 %)
12. <i>über Nr. 8.</i> Powerboat 2013 Ltd.	London, England	100%	(LY 100 %)

#### 4. SEGMENT REPORTING

IFRS 8 requires public stock enterprises whose stock is publicly traded to prepare a segment report in order to increase the transparency of the profitability, future prospects, opportunities and risks of the varied business activities of a corporate group. In so doing, segmentation should be based on an internal management reporting system, i.e. evaluation of the performance of segments and allocation of resources to the respective segments should coincide with the information used internally by management as a basis for making decisions. The HanseGroup undertakes an internal breakdown of turnover revenues by product line. Altogether, production and sales of sailing yachts account for about 66% of turnover revenues (about 79% last year) and 32% thereof comes from the sale of motorboats (about 19% last year).

	01.07. - 31.12.2015 <u>TEUR</u>	01.07. - 31.12.2014 <u>TEUR</u>
<b>Revenues</b>		
Sailing Boats	29.328	30.161
Motorboats	14.168	7.093
Other	998	905
Revenue reductions	<u>(78)</u>	<u>(11)</u>
	<u>44.416</u>	<u>38.148</u>

Data for the remaining disclosures required in accordance with IFRS 8 for the segments thus defined has not been provided for want of direct allocation and reliable key indicators. As a consequence, the results, assets, liabilities, write-downs and amortisation as well as capital expenditures of the HanseGroup cannot be reliably allocated to Sailing Yachts, Motor Yachts and Other Segments because sailing yachts and motorboats are manufactured on one and the same production line. Allocation on the basis of revenues or the number of boats produced would be arbitrary and would not provide any information of use for decision-making purposes. Direct allocation is also not possible. A breakdown using Sailing Yachts, Motor Yachts and Other Segments is also not internally communicated to, or utilised by, management as a control parameter.

#### 5. NON-CURRENT ASSETS

In the first two quarters of fiscal year 2015/16, the HanseGroup invested EUR 1.8 million in production forms for new and current models.

Depreciation on non-current assets amounted to EUR 2.4 million.

Non-current assets held for sale are classified as such and are recognised separately in the balance sheet if the associated carrying amounts are to be realised primarily through a sales transaction within twelve months and not through continued use. These assets are measured with their carrying amounts or with the lower fair value less selling costs and are no longer written-down according to schedule. Impairment losses are recognised if the fair value less selling costs is lower than the carrying amount.

## **6. LIQUIDITY AND FINANCIAL DEBT**

The basic principle of the management board is to maintain a stable capital base. In light of the equity and liquidity situation, a capital increase for cash considerations took place during the period reported here by issuing 1 498 840.00 new, no-par bearer shares at an issuing price of Euro 2.00 per share. The issuance of the new bearer shares was made possible by utilising authorised capital, by means of which share capital was raised from then EUR 9 592 590.00 to EUR 11 091 430.00. On the closing date, the equity ratio amounted to approx. 15% of total assets (31.12.2014 approx. 16%). Should a long-term stockholder loan of EUR 1.6 million be included, the percentage would be approx. 17%.

To finance investments in new yacht models, to build-up working capital and to expand globalisation of the individual brands as well as to integrate production of Sealine motor yachts and to develop new Sealine models, a five-year bond was issued in June 2014 with a volume of EUR 13 million. The bonds were admitted for sale on the open market of the Deutsche Börse AG (over-the-counter market at the Frankfurt Stock Exchange in the Entry Standard segment for bonds).

In order to manage and control liquidity, the HanseGroup has its own short-term to medium-term financial planning. With the aid of this financial instrument, it has been possible to guarantee liquidity on short notice at all times on the basis of cash flow from operating activities and overdraft facilities made available by banks as well as cash and cash equivalents.

Cash and cash equivalents amounting to EUR 5.665 million consist of demand deposits available whenever needed. Amounting to EUR 1.097 million (EUR 1.904 million last year), cash and cash equivalents are subject to constraints on disposition imposed by lending institutions. Bank balances are maintained at banks with sound credit ratings.

As at the balance sheet date, financial liabilities have been recognised as obligations, for which interest is charged. These liabilities are mainly owed to bearers of the 2014/2019 bonds as well as to banks for loans charged fixed and variable rates of interest.

## **7. BUSINESS TRANSACTIONS WITH RELATED INDIVIDUALS AND COMPANIES**

Related parties are persons or companies that could be influenced by the reporting entity and/or which could exercise influence over said entity.

In principle members of the management board and of the supervisory board come into consideration as related individuals of the HanseGroup. Moreover, the members of the management board at Aurelius SE & Co. KGaA (formerly Aurelius AG) and of the supervisory board at Aurelius SE & Co. KGaA in Grünwald also come into consideration as related persons, in whose consolidated financial statements HanseYachts AG has been included since acquisition of the majority of stock on 4 November 2011. Consequently, related companies have in particular included those of the consolidated Group of Aurelius SE & Co. KGaA since that point in time.

The prices charged for intra-Group revenues as well as goods and services are determined on the basis of market prices. HanseYachts AG received commensurate consideration in light of the circumstances known at that point in time, at which the legal transactions were undertaken.

The following relevant business relations with related companies and persons in terms of IAS 24 have obtained:

In the period reported here, expenses were incurred by HanseYachts AG in conjunction with consulting services and licensing fees of EUR 191K owed to companies of the Aurelius Group. From these supply and service relations, payables have accrued of EUR 13K as at 31 December 2015.

Moreover, payables of EUR 2.013 million owed to the HY Beteiligungs GmbH were still open as at 31 December 2015 and EUR 656K owed to Aurelius Beteiligungsberatungs AG as well as EUR 2.204 million owed to Aurelius SE & Co. KGaA. In addition Aurelius SE & Co. KGaA subscribed to a tranche of HanseYachts AG's bond issue amounting to EUR 700K in June 2014. In the period under review HanseYachts AG incurred interest charges of EUR 212K owed to the Aurelius Group.

In the period under review, HanseYachts AG sold one boat under terms customary for this market to a dealer who in turn sold the boat to a company; the management board as well as the chairman of the supervisory board are shareholders in this company. The dealer will subsequently use the boat for chartering purposes for a fee.

In the period reported here, a member of the supervisory board fully exercised his subscription rights and acquired 1671 shares of stock in HanseYachts AG in the course of the capital increase. The holdings of the members of the management board in HanseYachts AG's stock currently stand at 70 791 shares each after exercising their subscription rights in conjunction with the capital increase as at the balance sheet date.

## **8. CONTINGENT LIABILITIES, OTHER FINANCIAL OBLIGATIONS AND LITIGATION**

### **8.1 Contingent Liabilities**

A financing programme has been established with an independent sales finance firm, with the aid of which dealers can finance acquisition of their boats from HanseYachts AG. This financing programme was utilised in the amount of EUR 1.022 million (EUR 1.231 million last year) as at the balance sheet date. Under certain circumstances, there exists a buyback obligation on the part of HanseYachts AG for boats financed with funds from this financing programme, to the extent that participating dealers do not honour their commitments to the sales finance firm. To secure possible buyback obligations, payment guaranties have been made available by house banks amounting to EUR 950K (EUR 840K last year), which have been collateralized by pledging cash and cash equivalents amounting to EUR 470K (EUR 360K last year). As the contracts with this sales finance firm have initially provided for a resale period for the boats to be assigned by dealers to the sales finance firm as collateral, the risk of a possible compulsory buyback is considered to be low.

Owing to additional guaranties, HanseYachts AG is liable for up to EUR 21K (EUR 21K last year).

The HanseGroup does not owe any contingent liabilities to third parties.

### **8.2 Other Financial Obligations**

Other financial obligations primarily include those for leasing and rental agreements. Attention is drawn to the information provided in the Annual Report for 2014/2015.

As at the balance sheet date there were no relevant obligations from investment projects already undertaken.

### **8.3 Litigation**

Neither HanseYachts AG nor any of its Group companies are parties to current or foreseeable legal or arbitration proceedings, from which any impact on results could be expected over and above accrued amounts. Additional information on this point can be found in the Annual Report for 2014/2015.

## **9. EVENTS AFTER THE BALANCE SHEET DATE**

There were no further significant events arising after the balance sheet date that would have seriously affected the net assets, financial position and results of operations of the HanseGroup.

Greifswald, 29 February 2016

The Management Board

Dr. Jens Gerhardt

Sven Göbel

### **Affirmation of legal representatives**

To the best of our knowledge, we affirm that a true and fair view of the status, financial situation and earnings of the HanseYachts Group has been presented in accordance with the accounting principle to be applied for interim reporting of the interim Group financial statements. In the interim Group financial review the business activities including the results of said activities and the status of the Group are presented in such a way that a true and fair view is represented as well as the essential opportunities and risks of the likely developments of the Group for the remainder of the fiscal year are described.

Greifswald, 29 February 2016

The Management Board

Dr. Jens Gerhardt

Sven Göbel