HanseGroup

Annual Report 2013/2014

HanseGroup

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Annual Report 2013/2014

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Dear Friends of the HanseGroup

The overall economic situation in Europe, the area of our main sales volume, still remains at last year's level, despite recent uncertainties within the framework of the Ukraine crisis. The intensive marketing activities of the HanseGroup as well as its presentation of existing and in particular its new models have contributed to a comparatively more positive development relative to the weak overall market so that the HanseGroup has been able to expand its market share once again in fiscal year 2013/14 despite the weak market climate.

The past fiscal year has been marked in particular by the acquisition of the sixth brand in the HanseGroup: the Sealine motorboat brand with its current models, the S380, S450 and F450. Sales literature has been prepared for these models, additional boat show booths and a new network of dealers have been set up, initial sales have been concluded, working materials as well as tools have been purchased or made and production has been initiated. Under the Sealine brand, high-quality motorboats have been marketed for over 40 years that have featured modern design, ample room and stowage space as well as natural light inside the boat

The level of incoming orders is encouraging and can primarily be attributed to successful implementation of our multiple-brand strategy as well as development of trend-setting models tailored to the needs and wishes of our markets. A comprehensive presentation of our palette of models, including the newly developed ones, at the international boat shows has made a major contribution. Introduction of the new Moody 54 DS. Sealine F380, Hanse 505 as well as the facelift for the Hanse 445 have shown that we are pursuing the proper course with our latest developments. It is primarily these models that were booked up for several months in advance in the last fiscal year. In addition, the Dehler 38 has been honored with the coveted European Boat of the Year Award.

Consistent implementation and the effects of now completed restructuring measures for the whole year have led to positive impulses, thereby making it possible to further improve EBITDA, although introduction of the Sealine brand has led to foreseeable initial and introductory costs.

For fiscal year 2014/2015, we are expecting the stable market for water sports to continue. However, we also see positive market opportunities in the countries along the Eastern Mediterranean coast, in Asia, the US as well as in South America. In Northern Europe we are expecting demand to remain unchanged at the current stable level. Thanks to sales revenues from the Sealine brand, the accompanying boost in our capacity utilization and degression in our fixed costs, we are expecting higher sales revenues, improvement in results and positive earnings before interest, taxes, depreciation and amortization (EBITDA) for the coming fiscal year 2014/15.

Our employees have performed with extraordinary commitment, tremendous motorboat and sailing savvy and enormous diligence for our enterprise at all of the HanseGroup's venues worldwide. For this reason, we would like to offer each and every one of you our heartfelt thanks for your efforts and contributions.

Best regards from Greifswald

Dear Shareholders,

In the period under review from 1 July 2013 to 30 June 2014, the supervisory board was regularly and intensively occupied with the HanseYachts AG's status and development and fully performed the duties and competencies incumbent upon it by law and pursuant to the Company's Articles of Incorporation with regard to advising and supervising the management board. For this purpose, regular exchanges of information with the management board have been necessary as well as supervision of the Company's management. Cooperation between the management board and the supervisory board has been characterized by a very intensive exchange of information and opinions. The supervisory board has been involved in all essential decisions made by the management board.

The management board regularly informed the supervisory board in oral and written reports—even outside of board meetings—in particular about the Company's developments in turnover and earnings, its financial status, its risk situation and its risk management as well as the strategic direction of the HanseGroup, its policies on brands and models as well as about personnel questions. These aspects have been discussed and reviewed with the management board during meetings of the supervisory board.

In fiscal year 2013/14, 8 meetings of the entire supervisory board were held, either requiring attendance in person or as conference calls; in addition 5 resolutions were adopted using the circulation procedure. The supervisory board has also been informed of any events of particular significance occurring between these meetings. The supervisory board has been informed about current developments in business on a monthly basis.

A joint declaration of the supervisory and management boards in accordance with Article 161 of the German Stock Corporation Act (AktG) was adopted on 28 October 2013 and made accessible to the public on HanseYachts' website.

The focus of the deliberations at each meeting of the management and supervisory boards was on current developments in the business of HanseYachts AG and its subsidiaries, on presiding over financing strategies of the HanseGroup, in particular within the framework of strengthening equity by means of a capital increase against cash contributions from authorized capital, a private placement of a bearer bond with a total nominal value of EUR 5 million and issuance of a corporate bond of EUR 13 million as well as shaping policies regarding models and corporate planning, including personnel planning.

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Report of the Supervisory Board

On 24 July 2014 the supervisory board approved the use of authorized capital by the management board to increase share capital by up to EUR 2 592 590.00 by issuing up to 2 592 590 new bearer shares.

On 19 August 2013 the supervisory board adopted a resolution to approve the budget for fiscal year 2013/14.

At its meeting on 11 September 2013, the supervisory board deliberated over developments in business, in particular over their impact on the liquidity situation as well.

The object of the meeting on 30 September 2013 was to deliberate over and adopt a resolution on the examination and confirmation of the annual financial statements and the consolidated financial statements for the past fiscal year (2012/13).

With two circulated resolutions in October and one such resolution in December 2013, the Corporate Governance Report and the Report of the Supervisory Board for the annual general meeting as well as the agenda for said general meeting were prepared and adopted.

On 11 December 2013 the supervisory board gave its approval for issuance of a bearer bond with a total nominal value of EUR 5 million at a fixed rate of interest.

In January and February 2014 approval was given in two circulated resolutions for management-board requests concerning the HanseGroup's policies on brands and models.

The meeting held on 02 April 2014 had as its object a report submitted by the management board on business developments and deliberation over it.

At the meetings held on 09 and 30 May 2014, the supervisory board considered the bearer bonds to be issued by HanseYachts AG and gave the necessary approval.

The focus at the meeting of the audit committee of the supervisory board on 02 October 2014 was to deliberate on the annual and consolidated financial statements of HanseYachts AG for fiscal year 2013/14 as well as on the report of the management board and relations with affiliated companies (dependent companies report).

The object of the supervisory board meeting on 02 October 2014 was the deliberations on the annual and consolidated financial statements of HanseYachts AG for fiscal year 2013/14 as well as on the report of the management board and relations with affiliated companies (dependent companies report).

In the past fiscal year the supervisory board of HanseYachts AG consisted of three members, namely Gert Purkert, Dr Luzi Rageth and Dr Frank Forster. Mr Purkert is the chairman and Dr Forster is the vice-chairman of the supervisory board.

Dr Rageth is the chairman of the audit committee, to which Mr Purkert and Dr Forster belong as additional members. The audit committee is obliged to perform a preliminary audit of the annual financial statements and to prepare a resolution for the supervisory board on finalizing said statements. The supervisory board has no additional committees. In fiscal year 2013/14 the audit committee met once and had the key results of the audit explained to them by the auditors at a meeting held on 30 September 2013 and conducted their own auditing activities. Acceptance of the key points in the audit and a preliminary discussion of the results of the audit of the financial statements have been conducted in place of the audit committee by the chairman of said committee and the auditor.

All members took part in the meetings and conferences in person. With two resolutions adopted on 25 February 2014 regarding approval for (1) acquisition of Sealine GmbH by HanseYachts AG from Aurelius AG as well as for (2) conclusion of a licensing agreement between Sealine GmbH and Aurelius Active Management GmbH, board members Gert

Purkert and Dr Frank Forster disclosed that they had a conflict of interest in accordance with Item 5.5.3 of the German Corporate Governance Code (DCGK). Mr Purkert advised the board in advance of the deliberations that he is a member of the management board at Aurelius AG. Dr Frank Forster advised the board in advance of the deliberations that he is the managing director of the shareholder in Aurelius Active Management GmbH. Consequently, both of the above-mentioned members of the supervisory board abstained from voting when it came to a vote for (2) and Mr Purkert did the same for (1).

In the period reported here, the management board consisted of Dr Jens Gerhard (Sales) and Sven Göbel (Finance, Technology).

Ebner Stolz Mönning Bachem GmbH & Co. KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft was appointed as auditor at the general shareholders' meeting on 14 January 2014 and was then commissioned by the supervisory board.

The annual financial statements of HanseYachts AG for the period from 1 July 2013 to 30 June 2014 have been prepared in accordance with the rules of the German Commercial Code (HGB) and the consolidated financial statements for the period from 1 July 2013 to 30 June 2014 have been prepared in accordance with International Financial Reporting Standards (IFRS) as well as the respective management reports appertaining thereto have been audited by Ebner Stolz Mönning Bachem GmbH & Co. KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft and have all been issued an unqualified auditors' opinion.

At the meeting on 02 October 2014, the supervisory board and the audit committee had the key results of the audit explained to them by the auditors.

The supervisory board has examined the annual financial statements and consolidated financial statements prepared by the management board as at 30 June 2014, while taking into account the auditors' reports submitted by Ebner Stolz Mönning Bachem GmbH & Co. KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft and the respective management reports pertaining thereto, and approved them at its meeting on 02 October 2014. The annual financial statements have thus been finalized.

The report of the management board on relations with affiliated enterprises in fiscal year 2013/2014 has also been examined by external auditors and issued an unqualified auditors' opinion that the factual information in said report is correct and the contribution of the enterprise was not unduly high in light of the legal transactions indicated in the report. The supervisory board has examined the report of the management board in particular with regard to correctness and completeness. In accordance with the finalizing results of its own examination, the supervisory board has accepted the results of the audit conducted by the auditors. No objections have arisen to the concluding statement contained in the report of the management board on relations with affiliated enterprises.

The members of the supervisory board would like to thank the management board for its constructive cooperation and would also like to thank the shareholders for their confidence in HanseYachts AG. The supervisory board would like to thank everyone involved for their enormous commitment and dedication.

Greifswald, 20 October 2014

Gert Purkert

Chairman of the Supervisory Board

CORPORATE GOVERNANCE REPORT OF HANSEYACHTS AG

DECLARATION OF THE MANAGEMENT BOARD OF HANSEYACHTS AG IN ACCORDANCE WITH ARTICLE 289a OF THE GERMAN COMMERCIAL CODE (HGB):

This declaration of the management board contains a declaration of compliance, details on practises of corporate management and a description of the workings of the management and supervisory boards. In so doing, HanseYachts AG is aiming to ensure that the presentation of management remains lucid and meaningful.

The management and supervisory boards of HanseYachts AG are committed to the German Corporate Governance Code (DCGK) and identify with the goals of this Code to promote proper and responsible corporate management, oriented to that which benefits shareholders, employees and customers.

This fact is evident from a policy of responsible management and supervision of HanseYachts AG based on maximizing profitability. This also entails transparently presenting its corporate principles and developments in its business, with the aim of ensuring and reinforcing the confidence of customers, business partners and investors in HanseYachts. Parameters of proper corporate management continue to be close and efficient cooperation between the management board and the supervisory board, regard for shareholders' interests, proper corporate communication, correct accounting and auditing as well as responsible risk management.

HanseYachts AG regards corporate governance as an ongoing process and will continue to follow future developments attentively and make use of them accordingly.

DECLARATION ON THE GERMAN CORPORATE GOVERNANCE CODE (DCGK) IN ACCORDANCE WITH ARTICLE 161 OF THE GERMAN STOCK CORPORATION ACT (AKTG)

Since its last declaration of compliance on 28 October 2013, HanseYachts AG has complied with the recommendations of the Government Commission on the German CGC in the version of 24 June 2014 throughout the period reported here, with the exception of the following deviations and will continue to do so in future with the exception of the following non-conformance:

- Contrary to Item 3.8 DCGK (Own risk participation in the D&O Insurance also for the supervisory board), the D&O insurance taken out by HanseYachts AG for its supervisory board does not provide for a deductible.

  The management and supervisory boards are fundamentally not of the opinion that the dedication and responsibility, with which the members of the supervisory board discharge their duties, could be improved upon by means of such a deductible. Consequently, HanseYachts AG is not planning any changes in its current D&O insurance contracts.

- The recommendation under Item 4.2.1 of the German CGK (Election and/or Appointment of a Chairman or Spokesperson (CEO) of the Management Board) has been pursued insofar as both members of the management board have also been appointed as spokespersons, as said management board and the supervisory board are of the opinion that all members of this management board should be fundamentally equal.

- Contrary to Item 4.2.2, Para. 2, Sentence 3 of the Code version of 24 June 2014, determination of the remuneration for the management board also does not take the relation to the remuneration of senior management and the work force as a whole into account in developments over time.

With the changes to the German Corporate Governance Code in the version of 13 May 2013, a recommendation was introduced for the first time, by which the supervisory board was also advised to take the relation of the remuneration for the management board to the remuneration of senior management and the work force as a whole into account in the development over time. When concluding the current management board contracts in accordance with the dictates of the German Stock Corporation Act prior to implementation of this recommendation, the supervisory board took care to ensure that the total remuneration allotted to the members of the management board remained within a commensurate relation to the general wage and salary structures within the company, thereby maintaining so-called "vertical commensurateness" with the management board's remuneration. As far as these were already substantiated beforehand by an evaluation to determine vertical commensurateness of management-board remuneration as demanded by the German Stock Corporation Act via the German Corporate Governance Code according to the version of 24 June 2014 and the reference groups relevant for a comparison as well as the time frame of the comparison have been more closely defined, a deviation will be explained to a certain extent as a precaution. While concluding the currently valid management-board contracts within the framework of an examination for commensurateness, the supervisory board did not distinguish between the reference groups in accordance with Item 4.2.2, Para. 2, Sentence 3 using the Code version of 24 June 2014 and also did not conduct any surveys on developments over time regarding wage and salary structures.

- Contrary to Item 4.2.3, Para. 2, Sentence 3 of the Code version of 24 June 2014, the variable remuneration components stipulated in a management-board member's contract do not contain a multi-year basis for assessment — a notable exception. The supervisory board does not consider such a basis for assessment to be mandatory. In the opinion of the supervisory board, remuneration of the management-board members is ensured as a whole, even without such a basis for assessment in light of the circumstances of this individual case and the structuring of the variable remuneration components, in that remuneration of the members of the management board is duly oriented to sustained developments of their enterprise.

- Contrary to Item 4.2.3, Para. 2, Sentence 3 of the Code version of 24 June 2014, the remuneration stipulated in the management board's contracts does not show a maximum limit with regard to the amounts.

  With the changes to the German Corporate Governance Code in the version of 13 May 2013, a recommendation was introduced for the first time, by which remuneration for the management board in toto and with respect to its variable components should contain a maximum limit with regard to the amounts. The current management-board contracts with the members of the management board were all concluded before this recommendation went into effect. The management-board contracts do indeed contain maximum limits for the amounts to be paid for both fixed and variable remuneration. However, a fixed upper limit for total remuneration for the management board is not contained in the management-board contracts.

- Contrary to Item 4.2.5, Para. 3 of the Code version of 24 June 2014, for fiscal years beginning after 31 December 2013, reporting of the remuneration for members of the management board will neither be individualised or nor broken down according to its constituent parts —in particular according to benefits granted or according to benefits received and the cost of benefits — using a model salary schedule enclosed as a supplement with the Code in the remuneration report.

Corporate Governance Report of HanseYachts AG

At the general meeting on 31 January 2012, the shareholders adopted a resolution to refrain from disclosing management-board remuneration. Against this background, the remuneration can also not be broken down in the remuneration report on the basis of a model salary schedule enclosed with the DCGK, as this would lead to an individualised disclosure of management-board remuneration and would thus go directly against the resolution adopted at the general shareholders' meeting of 31 January 2012. Moreover, the management and supervisory boards of HanseYachts AG are of the opinion that the disclosures on management-board remuneration resulting from the applicable accounting principles utilised by HanseYachts AG are sufficient. Disclosure of the remuneration for management-board members according to its components — in particular according to benefits granted or according to benefits received and the cost of benefits — using the model salary schedule included as a supplement to the Code in the remuneration report — which in light of the above mentioned resolution adopted at the general shareholders' meeting on 31 January 2012 may not be individually made public — would not provide any additional relevant information for the capital market.

- The recommendations in accordance with Item 5.1.2., Paragraph 2, Sentence 3, and Item 5.4.1., Sentence 2 of the German CGC have not been observed and will not be observed in future in so far as an age limit for members of the management and supervisory boards should be fixed. A generalised age limit does not represent a suitable criterion for quality in the opinion of HanseYachts AG and would unnecessarily restrict the search for particularly qualified and experienced candidates. Moreover, the present age structure of the directors and officers (D&O) would not make fixing such an age limit imperative.

- There has been no compliance with the recommendations under No. 5.3.3 of the German CGC (Formation of a Nominating Committee) — nor will there be any in future. The supervisory board considers it preferable to present the nominations at the general shareholders' meeting for election to the supervisory board in the overall supervisory board in order to permit the diversity already present in said supervisory board to flow into such nominations. Moreover, HanseYachts AG's supervisory board in the meantime only consists of three members so that forming committees would usually not be very advantageous.

- In the past the recommendations in accordance with No. 5.4.1, Sentences 2 to 4 of the German CGC (Defining Concrete Goals for the Composition of the Supervisory Board) have not yet been pursued, as a resolution on the goals to be defined has not yet been adopted and will also not be pursued in future. Nevertheless the supervisory board intends to formulate corresponding goals in future and then to include them in subsequent Corporate Governance reports. However, there is no timetable for this as yet.

- The recommendation contained in No. 7.1.2 of the German CGK to make the consolidated financial statements publicly accessible within 90 days after the end of a given fiscal year, has not been observed thus far. HanseYachts AG will nevertheless accept this recommendation in future.

DISCLOSURES ON CORPORATE MANAGEMENT PRACTISES

HanseYachts makes use of any and all legally stipulated corporate management practises. There are no additional guidelines, such as ethical standards or labour and social standards that are valid company-wide.

PROCEDURES OF THE MANAGEMENT AND SUPERVISORY BOARDS

The supervisory and management boards of HanseYachts AG cooperate closely and trustfully with each other. All relevant questions relating to the business situation and developments, financing as well as strategy and planning are discussed between the two management entities.

The supervisory board advises and monitors the management board in running the HanseGroup and reviews all major business transactions by examining the relevant documents on the basis of the German Stock Corporation Act and the Articles of Incorporation. The supervisory board is elected at the general shareholders' meeting. The management board is appointed by the supervisory board. The supervisory board decides on the number of members on the management board and determines the chairman (CEO). In the internal bylaws for the management board, the supervisory board stipulates a catalogue of transactions requiring board approval as well as a schedule of responsibilities. The supervisory board acts on the basis of its own rules of procedure.

The supervisory board finalizes the annual financial statements and approves the consolidated financial statements. Each year the chairman of the supervisory board explains the activities of said board in his report to the shareholders and at the general shareholders' meeting. The supervisory board of HanseYachts AG consists of three members. There is also an audit committee that includes one member of the supervisory board. In addition to advising on examining the annual financial statements, its duties include discussing corporate planning.

The management board currently consists of two members. The management board runs the company on its own responsibility. Individual areas of responsibility are stipulated in the schedule of responsibilities. The heads of the various business units report to the management board about their respective departments/divisions and bear responsibility for the results of their respective units. The management board reports to the supervisory board comprehensively about planning and developments in business as well as the status of the HanseGroup, including risk management, at regular intervals and in timely fashion, both in writing and at regularly scheduled meetings. The management board takes part in all of the meetings of the supervisory board, reports orally and in writing on the individual items on the agenda as well as on drafts of resolutions and responds to questions of individual members of the supervisory board.

Drafts of resolutions are conveyed to the members of the supervisory board in writing prior to the respective meetings. The possibility of drafting resolutions by circulation procedure is especially used in cases that are particularly urgent.

REMUNERATION OF THE MANAGEMENT BOARD (REMUNERATION REPORT) PURSUANT TO ITEM 4.2.5 OF THE GERMAN CGC

Total remuneration for the management board has been fixed at a commensurate level by the supervisory board. Criteria for determining this commensurate level are, in particular, the responsibility of the respective member of the management board, personal performance, the situation of the economy, the Company's success and future prospects as well as the usualness of such remuneration in light of that, which is paid in comparable companies and the salary structure otherwise applicable within HanseYachts.

Remuneration for the members of the management board is determined by the supervisory board, which regularly assesses the commensurateness of said remuneration. This remuneration comprises a fixed and a variable component. The variable components are dependent on targets that are determined on a yearly basis. There is a ceiling on the variable components. The variable remuneration component is paid once annually, depending on the results of the past fiscal year relative to achievement of the respective targets agreed upon. Furthermore, in cases of extraordinary accomplishments, the supervisory board can grant the management board a special bonus that would also have a ceiling. For the fiscal year reported here, the management board will receive a variable remuneration component. No arrangements have been made for pensions.

In the fiscal year that ended on 30 June 2014, total remuneration for the entire management board, including use of company vehicles and insurance premiums, amounted to EUR 920K (EUR 939K last year). EUR 534K (619K last year) thereof covered fixed salary components and EUR 386 (EUR 80K last year) thereof for variable salary components. EUR 26K of the variable salary component applied to last year.

At two-year intervals, the supervisory board reviews total remuneration paid to the management board, considering in particular the earnings situation of HanseYachts AG and the performance of individual members, and adjusts said total remuneration accordingly.

Furthermore, HanseYachts has taken out liability insurance for pecuniary damages for directors and officers (D&O insurance) with a commensurate deductible to be borne by the management-board members themselves.

In the event of revocation of an appointment of a member to the management board, the employment contract, and hence payment of remuneration and other benefits provided by HanseYachts AG, shall end on the date, on which said revocation shall have been received. Should the office as a member of the management board expire or be eliminated due to, or as a result of, a change in corporate form or a restructuring measure, HanseYachts or a legal successor thereof shall have, inter alia, the option of terminating the employment contract of the members of the management board with 6 months notice. If a member of the management board resigns in such a case, any severance payments shall be limited to his or her income for six months. In case of a change of control, within 2 months after it becomes legally binding, the management board shall be entitled to resign by giving 1 month's notice and to step down on the date said notice shall expire as well as to demand payment of 12 months salary as compensation for the loss of employment, restricted to a maximum severance payment of their (fixed) remuneration until the regular termination of their contract.

At the general meeting, the chairman of the supervisory board will also inform the shareholders of HanseYachts AG about the basic principles of the remuneration system and any amendments to it.

REMUNERATION OF THE SUPERVISORY BOARD PURSUANT TO SECTION 5.4.6 OF THE GERMAN CGC

Remuneration for members of the supervisory board is determined by the shareholders at the general meeting and has been regulated in Article 14 of the Articles of Incorporation of HanseYachts AG. In addition to reimbursement for expenses, first of all each member of the supervisory board receives fixed annual remuneration of EUR 6000, payable at the end of each fiscal year. In addition each member of the supervisory board receives variable remuneration of EUR 50 for each cent, by which consolidated earnings after taxes per share exceed EUR 1.30. The chairman of the supervisory board receives three times the normal fixed and variable remuneration; the vice-chairman and heads of commissions receive two times the above-mentioned amounts. For the fiscal year reported here, as in previous years, the supervisory board did not receive any variable remuneration components.

SHAREHOLDINGS OF THE MANAGEMENT BOARD AND SUPERVISORY BOARD PURSUANT TO SECTION 6.3 OF THE GERMAN CGC

The members of the management and supervisory boards of HanseYachts AG do not have any shareholdings above 1% of stock issued by their company that would require disclosure within the scope of Item 6.3 of the German CGC; supervisory board chairman Gert Purkert holds 4.91% of the shares in Aurelius AG, which in turn directly holds 15 % of the stock in HanseYachts AG. In addition, Aurelius AG holds 100% of the shares in the HY Beteiligungs GmbH, which in turn holds 59.13% in HanseYachts AG. The total holding of the two management-board members in the stock issued by HanseYachts AG amounts to 1.28%, whereby board member Sven Göbel and board member Dr Jens Gerhard each holds the same number of shares at 0.64%.

HanseYachts AG publishes extensive information about the shareholdings and stock transactions of the management and supervisory boards. Stock transactions falling under Article 15a of the Securities Trading Act on mandatory disclosure of Directors‘ Dealings have always been appropriately published on the website of HanseYachts AG.

ADDITIONAL INFORMATION ON CORPORATE GOVERNANCE

Transparency and the requirement to inform shareholders and the public quickly and comprehensively have a high priority at HanseYachts AG. Consequently, current developments and vital company information are made available in real time on HanseYachts AG's website (http://www.hansegroup.com). In addition to information on corporate governance, the website also publishes details about the management board, the supervisory board and the general shareholders' meeting, legally required company reports (annual financial statements, six-month financial reports and interim reports from management), a financial calendar including all key dates as well as ad hoc press releases and mandatory disclosure of notifiable securities transactions (Directors' Dealings).

Greifswald, 20 October 2014

HanseYachts AG

The Supervisory Board
The Management Board

CONSOLIDATED MANAGEMENT REPORT

1. FOUNDATIONS OF THE HANSEGROUP

1.1 Corporate Profile

The HanseGroup numbers among the world's largest manufacturers of seagoing sailing yachts with hull lengths of approx. 30 to 63 ft (= 10 to 20 m). The HanseGroup's products have been established on the market and have a long history. In the sailing yachts sector, the "Hanse" brand has been on the market for 20 years, the "Dehler" brand for more than 50 years and the "Moody" brand in fact for nearly 80 years. The motor yachts of the "Fjord" and "Sealine" brands have been on the market for 50 and 40 years, respectively. The yachts are sold via franchised dealers and in part via the HanseGroup's own distributorships. Our yachts are mostly produced according to the personal orders of our end-customers, which are passed on to HanseYachts AG by our franchised dealers.

Research and Development and central coordination of marketing including media and boat show planning are all performed at our favourably located production facility in Greifswald, which has access to the sea. Procurement for the HanseGroup is also provided there as well as for overall distribution management and administrative management. Additional production facilities are also located in Goleniow, Poland, approx. 170 km away. We also have our own distributorships in Germany and the US.

1.2 Organisation and Subsidiaries

HanseYachts AG is the parent company of the HanseGroup. It exercises centralised authority as a holding company and manages the majority of the HanseGroup's business operations. HanseYachts AG holds 100-% participations in all of its subsidiaries, either directly or indirectly. The subsidiaries include Hanse (Deutschland) Vertriebs GmbH & Co. KG and its fully liable partner, Verwaltung Hanse (Deutschland) Vertriebs GmbH, Sealine GmbH with its subsidiary, Powerboat 2013 Ltd., HanseYachts US, LLC in the US, Technologie Tworzyw Sztucznych sp.z o.o. in Poland, HanseYachts Technologie und Vermögensverwaltungs GmbH, the no longer actually operative Dehler Yachts GmbH as well as Yachtzentrum Greifswald Beteiligungs-GmbH with its no longer actually operative Mediterranean Yacht Service Centre SARL in France. In the fiscal year under review, the inactive Fjord Boats AS in Norway has been removed from the official Commercial Register and has been deconsolidated in the HanseGroup's consolidated financial statements.

HanseYachts AG and its subsidiaries have been included in the financial statements of Aurelius AG in Grünwald.

HanseYachts AG is publicly listed on the General Standard of the Frankfurt Stock Exchange.

1.3 Developments in Our Sector and Market Position

Yachts are considered luxury goods due to their high purchase prices and the fact that they are used as leisure-time products in the market for water sports. In principle the market for luxury goods is materially dependent on general trends in the economy. Consequently, the decline in economic power worldwide due to the financial crisis in 2008 and 2009 has led to a drastic slump in demand for yachts. In 2010 and 2011 this was followed by stabilisation of the market at a low level, only to slump again in 2012 on account of the sovereign debt crisis among the Euro States. Demand in the boat sector did not recover in 2013 and a significant improvement is also not expected for the coming year. We only expect substantial growth rates again when the economic crisis has been resolved in the Mediterranean coastal countries and the rest of the world economy has achieved more stable growth. In so doing, the market for motorboats should have greater growth than the market for sailing yachts. Except for individual cases, the Ukraine crisis will not have an impact on our sales volume.

The worldwide market for motor and sailing yachts is characterised by intensive competition. A number of manufacturers of motor and sailing yachts exist throughout the world that produce yachts in single-digit figures on a yearly basis. There is also a not insignificant number of competitors that offer yachts every year in high double-digit figures and only a small number of competitors worldwide that – like the HanseGroup – produce more than 500 yachts each year and against which we face tough competition. Moreover, the market for motor and sailing yachts is characterised by low entry barriers for manufacturers with small-scale production. It is thus possible for new manufacturers to enter the market on short notice and to gain market share primarily on a regional level.

Owing to the sustained low level of demand, consolidation has been pervading the market for motor and sailing yachts, which has also been marked by bankruptcies and takeovers. Some competitors have thus been forced from the market in recent years. In periods of consolidation, market players that are experiencing difficulties tend to offer their yachts at significant reductions in price so that pressure from competition has considerably increased.

The HanseGroup responds to this demanding market with an advanced and regularly upgraded palette of products as well as innovations, which are tailored to the needs and wishes of customers for individuality and diversity in the respective yacht variants. Only with close to assembly-line production and modular design, which can match such a diversity of variants, and with a clearly defined constellation of brands will a manufacturer be able to position itself sustainably and successfully on the market in the long run. In the past 12 months, our growth in turnover of around 10 % has underscored the success of our strategy and our products.

The HanseGroup manufactures sailing yachts under the HANSE, MOODY, DEHLER and VARIANTA brands and produces motorboats under the FJORD and SEALINE brands. Our multiple brand strategy permits us to make clear distinctions within the individual groups of products. Our products have thus been clearly positioned and have a strong identity with the respective brand. Thanks to our multiple-brand strategy, we can achieve better capacity utilisation and greater potential for adaptability to changing market conditions and customer demands. With our brands we cover both the broad customer base as well as the key niches. By using variably combinable modules for the interiors, colour schemes, fabrics, various types of wood and a wide variety of optional equipment, end-customers are given the possibility of adapting their yachts to their individual needs and wishes.

In the sailboat sector, we offer comfortable family yachts under our HANSE brand, under the MOODY brand luxurious deck-saloon and classic yachts and with our DEHLER brand high-quality performance cruisers. The VARIANTA brand stands for a sailing experience in its most pristine form.

In the motorboat sector we have consciously been focussing on a particular market niche with the cool and minimalist design of the FJORD brand. These seaworthy motor yachts have been conceived for cruising near the coast and can be used for voyages of several days. Since the second half of fiscal year 2013/14, the HanseGroup has been producing and marketing motor yachts of the SEALINE brand, which fits perfectly into the HanseGroup's portfolio of products thanks to its elegant and light design and which focuses on practical use, without neglecting sportiness and design.

2. ECONOMIC REPORT

2.1 Overall Economic Situation

The HanseGroup produces and markets sailing and motor yachts worldwide that range in size from 29 to 63 ft, while the European market – and especially the one here in Germany – constitutes its most important market. Here Germany with its excellent economic robustness remains unchanged in sticking out among the Euro States, whereas the poor economic situation in Greece, Italy, Portugal and Spain shows no sign of improvement.[1] For the entire world economy, the past calendar year showed only moderate growth of 2.8 %.[2] However, the current geopolitical crises, such as in Ukraine and in the Gaza Strip, will cloud both German as well as worldwide growth.[3]

2.2 Business Developments

In such a demanding market climate, we were nevertheless able to achieve turnover of EUR 91.4 million in fiscal year 2013/14, which was around 13 % higher than for the same period last year. Thanks to intensive marketing activities with over 150 dealers, we were able to export our yachts to more than 35 countries. A high degree of acceptance by the market, both for new as well as for well-established boats, and financial incentives, such as discounts and improved furnishings and equipment, have led to this growth in turnover. Parallel to growth in turnover, productivity has been increased and in turn so has our EBITDA, thanks to improvements in the various working stages in assembly-line production as well as in modular construction and by increasing measures to utilise the same parts with different types of boats. Furthermore, hidden reserves were obtained to a significant extent by selling off assets not essential to operations.

The structure of financing has been reorganised and thus the basis has been created for additional investments in our palette of products and in turn for further growth in future thanks to a capital increase and placement of publicly traded bonds with inflows of liquidity of EUR 5.0 million and/or EUR 16.6 million (before deduction of the allocable transaction costs).

We have again invested substantially in developing new models during the entire fiscal year. The new design line of the Hanse 575 and the Hanse 345 has also been used with new models. The new models offer even more generous spaciousness together with HanseYachts‘ customarily excellent sailing features and modern designs in its typical loft style. Diverse awards and nominations have underscored our success: In 2013 the Hanse 345 was named Yacht of the Year in Sweden and the Hanse 415 for Europe as a family yacht. The Dehler 38, newly presented in 2013, has been selected as Yacht of the Year in several countries. With the build-up of the production and marketing of motorboats from the SEALINE brand, the HanseGroup has entered a new product segment secured by a long-term license agreement, which will trigger substantial impulses for growth, in the opinion of the management board.

Additional new developments and/or facelifts are in preparation for the coming fiscal year and have already been in preparation and even now have been reaping positive feedback for the Hanse 455, Hanse 675, Dehler 46, Fjord 48, Sealine S 320, Sealine F 380 and the facelift for the Varianta 44. There are already prospective buyers for some of these

1 ifo Institute Press Release 07 May 2014
2 OECD Report, 06 May 2014
3 Die Welt, 11 September 2014

models although they have in part only been presented in drawings and have not yet even been exhibited at boat shows. Traditionally this will take place for the first time at major autumn and spring boat shows as well as in the press at the same time. Among the HanseGroup's market activities, there is primarily regular participation at national and international boat shows, such as for example in Düsseldorf, Hamburg and Friedrichshafen as well as those in Cannes (France), Paris (France), Annapolis (US) and Sydney (Australia). Every year, the HanseGroup is represented at over 100 boat shows in 40 countries either on its own or via its dealers.

Implementations of the above-mentioned measures, the economic developments in the fiscal year as well as the ongoing further development of the HanseGroup's palette of products in and around the market segments not yet tapped in the motorboat business reflect the promising market and correct strategic direction of the HanseGroup, according to the management board. Altogether the management board is very satisfied with the HanseGroup's developments in fiscal year 2013/14.

2.3 Control System – Financial and Non-financial Performance Indicators

The essential financial performance indicators primarily include turnover revenues and earnings before interest, taxes, depreciation and amortisation (EBITDA), which can be reported to the management board on short notice within the framework of an aggregated income statement for the Group (IFRS) on a monthly basis for the respective month just completed as well as cumulated for the current fiscal year ("YTD"). In so doing, deviations are systematically analysed both in relation to the original planning as well as to the previous year. The format for reporting an income statement on short notice basically corresponds to production-related contribution-margin accounting, which also contains additional indicators such as e.g. the ratio of cost of materials to total operating revenues, the ratio of manufacturing costs to sales as well as a contribution margin figure. This correlates certain types of expenses in accordance with economic principles, while deviating from HGB- and/or IFRS-classifications (for example, correlating the expenses for temporary workers manufacturing cost instead of cost of materials/cost of purchased services). Moreover, reporting directed towards the management board comprises a consolidated balance sheet (IFRS) and a consolidated cash-flow statement (IFRS), on the basis of which additional essential indicators for capital and liquidity management (e.g. equity ratio, working capital, cash and cash equivalents) are regularly monitored. In addition within the framework of ongoing liquidity management, payments and receipts are monitored on a daily basis and weekly liquidity forecasts are prepared and compared with the available structure of cash and cash equivalents (level of cash and cash equivalents plus the free financing facilities).

The regular monthly reporting to the management board does not include a further breakdown of revenues and expenses, of the results of business operations, of assets and debt as well as of cash flow in individual operating divisions (segments) or separate reporting about individual legal entities of the HanseGroup.

In addition to financial performance indicators, the management board also controls and monitors developments in business activities by means of a number of non-financial performance indicators that are aggregated within the framework of monthly reporting at the Group level and are analysed with respect to their development in comparison to planning and/or to the previous year. This includes the volume of incoming orders for the respective brands (No. of items, EURK, EURK/No. of items), the number of boats invoiced and/or produced, the number of boats contained in inventory as well as personnel figures.

Attention is drawn to the developments in essential performance indicators as provided in the following explanations.

2.4 Earnings

The HanseGroup has a fiscal year, which deviates from a calendar year, from 1 July to 30 June of the respective following year. The following comparison with the previous year shows positive developments in results:

Total operating revenues rose in fact by 21 % to EUR 94.5 million as a result of increased inventories of boats ordered but not yet delivered (EUR 1.3 million) and capitalised own work (EUR 1.9 million).

	Comparison with last Year			
In EUR 1000	01/07/2013 - 30/06/2014	01/07/2012 - 30/06/2013	Deviation absolute	in %
Turnover	**91.382**	**80.933**	**10.449**	**13%**
Increase / Decrease in inventories in finished and unfinished products	1.250	-3.856	5.106	132%
Other own work capitalized	1.906	1.115	791	71%
Total operating revenues	**94.538**	**78.192**	**16.346**	**21%**
Other operating income	3.433	2.160	1.273	59%
Cost of materials	-58.711	-46.068	-12.643	-27%
Personnel costs	-21.225	-18.260	-2.965	-16%
Other operating expenses	-16.025	-15.782	-243	-2%
EBITDA	**2.010**	**242**	**1.768**	**731%**
Depreciations	-4.532	-4.587	55	1%
EBIT	**-2.522**	**-4.345**	**1.823**	**42%**
Net earnings	-1.160	-902	-258	-29%
Net earnings before taxes	**-3.682**	**-5.247**	**1.565**	**30%**
Income taxes	-303	-61	-242	-397%
Consolidated net earnings after taxes	**-3.985**	**-5.308**	**1.323**	**25%**

Thanks to the success of newly developed yachts, a larger proportion of boats of greater value and a higher percentage of boats with better equipment and furnishings, turnover increased by around 13 % to EUR 91.4 million. The increase in turnover was thus twice as high as originally planned. At around EUR 90.9 million the Group-wide volume of incoming orders for fiscal year 2013/14 was approx. 7 % above plan and in fact ca. 20 % above the figure for last year. With a total of 531 boats sold (519 last year), it was possible to increase the average proceeds per boat from EUR 156K to EUR 172K. As in the previous year, our sailboat business accounted for the lion's share of turnover at around 92 %, while ca. 72 % thereof (74% last year) came from boats of the HANSE brand as the main source of revenues. Our successful, newly developed Hanse 575 alone accounted for nearly 25% of total turnover.

A total of 528 boats were produced during the period reported here (517 last year). With materials costs of EUR 58.7 million (EUR 46.1 million last year), our ratio of cost of materials (62 %) to total operating revenues was 3 percentage points above the figure for the same period last year. The reasons for this were, inter alia, the additional temporary workers reported as purchased services under Cost of materials – that were made necessary by the increased volume of production – as well as the discounts granted to buyers. Furthermore, in the comparable period last year, there was actually a reduction in inventories so that it was possible to realise contribution margins to a relatively greater extent. We earned total gross profits (total operating revenues minus cost of materials) of EUR 35.8 million, which was EUR 3.7 million above last year's level (EUR 32.1 million) primarily due to additional contribution margins resulting from the increase in total operating revenues.

Other operating income of EUR 3.4 million was significantly above last year's level at EUR 1.3 million, as they contained the profit of EUR 1.4 million from the sale of the non-operationally necessary marina/harbour real estate (EUR 0.5 million profit last year from the sale of assets). Conversely, however, the HanseGroup no longer received the turnover from renting mooring space for yachts at its marina property (EUR 0.4 million last year). Revenues from reversal of provisions and valuation adjustments at approx. EUR 0.8 million largely remained unchanged with respect to last year (EUR 1.0 million).

Personnel costs of EUR 21.2 million have absolutely increased compared to last year (EUR 18.3 million), which is mainly due to hiring new employees to cover the increases in the volume of orders. On average for the year, we employed a total of 817 people (687 last year). In relation to total operating revenues, however, personnel costs have slightly decreased at 22 %.

Other operating expenses rose by EUR 0.2 million to EUR 16.0 million. Nevertheless their share of the total operating revenues decreased (17 %; 20 % last year). In the Other operating expenses, increased costs for marketing, advertising and freight in conjunction with the rise in turnover were offset by savings in legal and consulting fees. Other operating expenses were also charged for premature termination of a long-term consulting contract amounting to nearly EUR 0.5 million. Moreover, around EUR 0.4 million were charged to Other operating expenses for placement of bonds in the year under review (primarily for consulting costs).

Based on improved gross profits, the essential indicator EBITDA also increased significantly from EUR 0.2 million to EUR 2.0 million in fiscal year 2013/14. In addition to the above-mentioned contingencies in comparison to last year, Operating income was primarily charged for entering the market with motorboats from the SEALINE brand with directly allocable expenses amounting to around EUR 2.4 million. Personnel, marketing and distribution as well as the above-mentioned cost of taking out the loans mainly accounted for the expenses allocated to the SEALINE business. Compared to last year, EBITDA has in toto improved thanks primarily to additional earnings contributions arising from higher total revenues and from the profit from the sale of the marina property, which were thus able to offset these expenses. Adjusted for the charges against earnings due to the entry of SEALINE to the market, EBITDA remained within the framework of expectations of the previous year thanks to higher turnover.

At EUR 4.5 million, write-downs remained nearly unchanged compared to last year.

Our net financial results amounted to EUR -1.2 million. These primarily include scheduled interest payments for servicing financial debt. For the first time, this contains the pro rata temporis interest expense for the bonds issued during the fiscal year under review.

While taking income taxes into account, the consolidated net results improved by EUR 1.3 million to EUR -4.0 million (EUR -5,3 million last year).

2.5 Financial Position

Cash flow from operating activities was EUR -2.6 million and was thus below last year's level (EUR +0.6 million). In particular the substantial increase in inventories led to a greater commitment of funds in the operating divisions compared to last year.

Cash flow from investment activities at EUR -2.3 million was mainly marked by expenditures for investments in intangible assets and property, plant and equipment (fixed assets: EUR 4.6 million) as well as the proceeds from the sale of the non-operationally necessary marina property (EUR 2.4 million) and other long-term assets (EUR 0.1 million). Investments in intangible assets and fixed assets mainly pertained to new yacht developments as well as new production forms for yachts.

Cash flow from financing activities comprises the proceeds from the increase in capital from authorised capital. A total of 2 592 590 no-par value shares were issued at an issuing price of EUR 1.92, which has led to greater liquidity of EUR 5.0 million. Moreover, a bond issue has led to net proceeds of EUR 16.1 million after deducting the directly allocable transaction costs. While taking into account payment of principal on long-term debt owed to banks, liabilities from finance leasing and other loans (totalling EUR 4 million), cash flow from financing activities amounted to a total of EUR +17.1 million (EUR +0,2 million last year).

As at the balance sheet date there were positive balances held at lending institutions of EUR 13.1 million, which were well above last year's balance (EUR 2.0 million) thanks to financing measures. Of our liquid funds a total of EUR 2.1 million is subject to constraints on disposition (EUR 0.6 million last year). In addition, there are overdraft facilities amounting to EUR 3.7 million (EUR 4.9 million last year), which are partially secured by a state guaranty. As at the balance sheet date, these facilities had been utilised in the form of surety loans (EUR 0.5 million) and cash advances in euros amounting to EUR 1.0 million (Utilisation of surety loans last year: EUR 2.7 million). Cash and cash equivalents consisting of liquid assets (EUR 13.1 million) minus cash advances utilised in euros (EUR 1.0 million) increased to EUR 12.1 million (EUR -0.1 million last year) as at the balance sheet date.

Liabilities over and above the above-mentioned debt owed to lending institutions relate to medium- to long-term investment loans and have been reduced from EUR 5.2 million to EUR 2.5 million by means of scheduled and unscheduled repayment of principal of EUR 2.7 million. No additional loans were taken out from lending institutions to finance investments during the period reported here.

In December 2014 bonds fall due amounting to EUR 3.6 million and in June 2019 amounting to EUR 13.0 million. The loans draw 9.0 % (bonds from 2013/14) and 8.0 % (bonds from 2014/19), respectively. The majority shareholder, Aurelius AG, has in toto subscribed to bonds with a nominal value of EUR 2.7 million.

By means of a capital increase and issuance of bonds, the HanseGroup‘s structure of financing was reorganised in fiscal year 2013/14 so that the liquidity-related risks involved in conjunction with the high commitment of funds in working capital were significantly reduced in the winter months. In addition to cash and cash equivalents and free financing facilities in the form of unused lines of credit, there are, moreover, other financial instruments available for investments in additional future growth based on the possibility of topping up the 2014/19 bonds by up to EUR 7.0 million to a volume then of EUR 20.0 million, so long as potential loan investors can be gained to a commensurate extent.

To support our franchised dealers, we have concluded a master agreement with an independent institutional sales finance company in addition to the above-mentioned financing instruments. This lending institution permits dealers with sufficient creditworthiness to finance boats ordered by customers as well as boats to be used as demonstrators and at trade fairs.

2.6 Net Assets

As at the balance sheet date, the HanseGroup's total assets amounted to EUR 67.2 million (EUR 54.1 million last year). They increased in value primarily through placement of the 2014/19 loan at the beginning of June 2014.

At EUR 31.1 million, non-current assets have increased by EUR 1.5 million compared to last year (EUR 29.6 million). The proportion of total assets attributable to non-current capital employed was thus 46.2 % as at the balance sheet date (54.8 % last year).

With intangible and fixed assets, only EUR 4.6 million in new investments could not offset EUR 4.5 million in write-downs and EUR 0.3 million in disposals of residual carrying amounts. Furthermore, the intangible assets increased by virtue of gaining access to the right to use the SEALINE brand in conjunction with initial consolidation of Sealine GmbH and the fixed assets by means of reclassification of the non-current assets accruing to the French subsidiary, which were separately recognised as “held for sale“.

The marina property that was also recognised separately as non-current assets held for sale last year was sold at the beginning of this fiscal year. In this regard, attention is drawn to the information provided on Earnings in Chapter 2.4. and/or on Financial Position in Chapter 2.5.

At EUR 17.7 million, inventory assets have increased by EUR 1.8 million compared to last year. Thanks to the excellent volume of incoming orders, our inventory of unfinished boats rose by EUR 1.7 million to EUR 6.1 million. At the same time, raw materials and supplies grew in fact by EUR 2.2 million to EUR 7.2 million primarily due to stocking up for the SEALINE business. Conversely, the inventory of used boats was reduced by EUR 1.6 million to EUR 1.4 million through sales. The value adjustments formed in past years have proven to be adequate so that the residual carrying amounts of the used boats sold could also be largely realised.

As at the balance sheet date, trade receivables only amounted to EUR 2.7 million (EUR 3.4 million last year). In comparison to last year, the number of boats delivered in the month of June declined so that trade receivables also decreased accordingly.

Equity increased by EUR 1.0 million to EUR 18.0 million in the last fiscal year. Due to a similar increase in total assets, however, the equity ratio dropped to 26.7 % (EUR 31.4 % last year). The capital increase from authorised capital raised subscribed capital by EUR 2.6 million in the amount of the 2 592 590 shares of stock at EUR 1.00 each. Capital reserves rose commensurately by the agio per share (EUR 0.92) by a total of EUR 2.4 million. As to offset the end-of-year deficit incurred by HanseYachts AG, EUR 6.2 million was withdrawn from capital reserves, thereby reducing capital reserves in total.

Raising a bond issue of EUR 16.2 million led by and large to a significant increase in liabilities. Conversely, Other financial liabilities (in particular loan and current account liabilities owed to banks) were reduced by EUR 4.5 million to EUR 3.7 million by means of scheduled and unscheduled payments on principal.

Provisions and trade payables decreased altogether by 6 % (around EUR 1.0 million) compared to last year.

Corresponding to the above-mentioned increase in inventories with unfinished products, the volume of advance payments for boats on order rose by EUR 1.3 million to EUR 6.9 million.

2.7 Investments and Depreciation

Thanks to our extensive investments in past years, no additional major investments were necessary for our production facilities in the year under review. The assembly lines involved in manufacturing sailing yachts using the continuous flow method as well as cellular manufacturing are regularly subject to service and maintenance.

For this reason, the focus of our investments was essentially placed on developing new types of boats as well as manufacturing and acquiring production forms. The cost of developing new yachts has been capitalised in the amount of EUR 0.7 million (EUR 0.3 million last year). For machinery and technical equipment and/or facilities under construction, additions accounted for a total of EUR 3.2 million (EUR 1.5 million last year). The SEALINE family of boats, the Dehler 46, the Fjord 48 as well as the Moody 54 Deck Saloon accounted for a major proportion of these investments.

Unlike last year (EUR 0.1 million), there were no unscheduled write-downs on forms that will be taken out of production prior to the end of their estimated service life. The business property of the French subsidiary accounted for nearly EUR 0.2 million in unscheduled write-downs in the year under review.

2.8 Research and Development

Our development efforts are primarily focussed on developing new and innovative yachts utilising the most advanced materials and manufacturing technology. Know-how gained within the framework of ongoing process optimisation has been flowing into our development efforts and has been augmented by joint projects with universities. The extensive experience of HanseYachts' own staff has been enhanced by co-operation with internationally recognised draughtsman's offices and yacht designers.

The use of computer-aided design (CAD) software called Catia V5 permits us to use a database to illustrate entire development and production processes, from the initial design to controlling production machinery. In addition to hardware and software costs, substantial expenses have been incurred for advanced training courses for our staff and for utilising external specialists.

In the year under review, the focus of our development activities was to generate new models for our HANSE, DEHLER, FJORD and SEALINE brands. In so doing, it has been important not only to continue developing exterior and interior layouts for existing models, but also in particular to come up with new designs and concepts and to firm up construction and manufacturing standards.

Expenditures for our research and development activities amounted to EUR 3.0 million in the year reported here (EUR 2.5 million last year). These mainly comprised personnel expenditures and purchased services. Insofar as the recognition criteria for intangible assets (development costs) and/or for machinery and technical equipment / facilities under construction (production forms) were satisfied, a corresponding capitalisation was rendered via own work capitalised (EUR 1.6 million; EUR 0.9 million last year). Altogether expenditures of EUR 1.4 million have thus been recognised for research and development (EUR 1.6 million last year) as an expense charged to the accounting period.

3. PERSONNEL

Securing the jobs of our employees represents an essential constituent of our corporate policy. In so doing, it is not only important for us to retain their professional expertise for our boatyard, but also to be mindful of our social responsibility as one of the largest commercial employers in Greifswald as an economic entity.

We foster objectivity and fairness in dealing with the works council. This cooperation includes mutual information exchanges on a timely basis as well as open dialogs between everyone involved.

As at the balance sheet date, we employed a total of 920 people (715 last year), 21 thereof were trainees (14 last year).

4. QUALITY ASSURANCE AND SERVICE

In the fiscal year under review, we continued to strengthen our commitment significantly with respect to internal quality assurance and service for our dealers and their customers. Quality assurance has been further emphasised all along the chain of manufacturing processes. The salary system for employees engaged in quality assurance and in production areas contains a component based on quality.

The high production figures of recent years have led to a corresponding flotilla of boats on the market that require support. The costs thus incurred have been borne in part by the respective dealers and in part by the HanseGroup in accordance with contractual arrangements made between the HanseGroup and its dealers.

5. DISCLOSURES RELEVANT TO TAKEOVERS

HanseYachts' subscribed capital at EUR 9 592 590.00 is comprised of 9 592 590 no-par value ordinary bearer shares. Without exception, only equally valid ordinary shares have been issued and each share grants one voting right.

The following participations are each over 10 % of HanseYachts' share capital, including any notifications received prior to completion of this management review: the HY Beteiligungs GmbH holds 59.13 % and Aurelius AG 15.00 % of the shares in the HanseGroup.

The appointment or dismissal of members of the management board has been regulated in Articles 84 and 85 of the German Stock Corporation Act (AktG) as well as in Article 7 of the Articles of Incorporation (AoI) in the version of 7 April 2014. According to Art. 7 of the AoI, the management board consists of at least one person; otherwise, the supervisory board determines the number of members on the management board. Amendments to the AoI are made as per Articles 179 & 133 of the AktG and Article 23 of the AoI (version: 7 April 2014); as per the latter regulation, the supervisory board is authorised to amend the AoI so long as it only affects wording.

At the general meeting of the HanseYachts AG on 2 February 2011, the shareholders resolved to authorise the management board, subject to the consent of the supervisory board, to increase the Company's share capital against cash or in-kind contributions by up to EUR 3 200 000.00 by issuing new no-par value shares on a one-off or multiple basis (Authorised Capital 2011). During fiscal year 2011/12, 600 000 shares were issued and in fiscal year 2013/14 the issuance was 2 592 590 – all from authorised capital – with a nominal value of EUR 1.00 per share. At the general shareholders' meeting on 14 January 2014, the remaining authorisation was terminated for issuance of 7410 shares of stock. At the general meeting of the HanseYachts AG on 14 January 2014, the management board was authorised, subject to the consent of the supervisory board, to increase HanseYachts AG's share capital against cash or in-kind contributions by up to a nominal value of EUR 4 796 295.00 by issuing new shares on a one-off or multiple basis by 13 January 2019 (Authorised Capital 2014).

On 24 July 2014 the share capital was contingently increased by up to EUR 3 500 000.00 by issuing up to 3 500 000 new no-par value shares made out to the bearer (Contingent Capital 2012). The contingent capital increase will only be implemented insofar as the owners of convertible bonds and options, which have been issued based on authorisation resolved by the shareholders at HanseYachts AG's general meeting on 10 December 2012 until 10 December 2017, make use of their convertible bonds and/or options. This authorised capital was entered in the Commercial Register on 5 May 2014.

At the general shareholders' meeting on 2 February 2010, HanseYachts AG was authorised to purchase its own shares up to 10 % of current share capital as at 2 February 2010 (EUR 6 400 00.00) in accordance with Art. 71, Para. 1, No. 8 AktG. This authorisation will remain valid until 1 February 2015.

The banks providing the financing are entitled to partial rights of termination for long-term loans in case of a change in control.

Owners of bonds are entitled to rights of termination in case of a change in control of more than 50 % of the voting rights of HanseYachts AG. The respective bondholder only has a right to early redemption of a bond if the bondholders make use of their right to terminate said bonds at a nominal value of at least 25 % of the bond issue.

The management board has been granted an extraordinary right to give notice to cancel their employment contracts in case a shareholder should take over control of a majority of the voting rights. Should this right be exercised, the board members are entitled to compensation amounting to the fixed salary, to which they would have been entitled until expiration of the regular term of their contracts, but limited to the fixed remuneration for one year.

6. RISKS AND OPPORTUNITIES

6.1 Opportunities Report

6.1.1 Growth Impetus Generated by SEALINE

In its "Motor Yachts" sector, HanseYachts only covered a very small niche market with the motorboats produced under the FJORD brand. In our opinion there is significant potential for growth in this market, as worldwide turnover for boatyards in this market is considerably higher that that for the sailboat market. Furthermore, the motorboat market has recovered faster than the sailboat sector after the financial crisis of 2008. For the future, we are also assuming that worldwide turnover in this market segment will continue to grow.

For this reason, we have augmented our palette of products with the SEALINE brand, which focuses on practical use with its elegant and light design, without neglecting sportiness. In this connection we acquired the Sealine GmbH in March 2014 and have concluded a long-term licensing agreement with the holder of the rights to use the trademark until the end of 2019 to produce and market yachts under the SEALINE brand.

We are planning to make use of synergies in producing and marketing the SEALINE brand via our network of dealers to bring it once again up to that level that the brand once originally had for over 40 years since being established on the market. We are thus expecting substantial impulses for growth for the HanseGroup from business with motorboats of the SEALINE brand in the coming years.

6.1.2 Strong Product Portfolio

We have strong and well-known brands on the market for sailing yachts and motorboats. The six different yachts produced and marketed by the HanseGroup under the HANSE, DEHLER, MOODY, VARIANTA, FJORD and SEALINE brands have in part been around for a very long time. Yachts bearing the MOODY brand have thus been produced and marketed since the 19th century. VARIANTA presents itself as young and innovative. Moreover, the yachts of each brand have their own particular features, a clear design to distinguish them from one another and thus appeal to the varying interests of different customer groups.

Moreover, our yachts are highlighted by continual innovations that enhance the value of our products for customers. In this case we benefit from having our own Research & Development Department, in that in addition to the sailing and technical features of our yachts our focus is especially placed on design and interior decoration. It is just in these areas that we have been setting new trends again and again as well as continually revising and expanding our palette of products. In so doing, we can adapt to rapidly changing developments in our markets and respond quickly and flexibly to shifts in the needs and wishes of our customers.

In the opinion of the management board, the HanseGroup is well positioned in comparison to its competitors thanks to its differentiated multiple-brand strategy and thus has a firm base, from which to grow more than the overall market in future.

6.2 Risk Management

As a rule, the HanseGroup's management board pursues a policy of avoiding risks as much as possible or wherever possible to hedge them accordingly. General risks, such as destruction of production facilities, e.g., through fire, have been covered by corresponding insurance with limits of indemnity commensurate with the risks involved.

Our internal early-warning system is focussed on risks that could restrict development or jeopardise either the assets or the existence of the HanseYachts Group. Essential risks are assessed with respect to the probability of their occurring and their significance for our concern. Systematic presentation and descriptions of the risk groups, damage scenarios and potential countermeasures, relevant control mechanisms and the channels to be used by risk officers when communicating with risk management have been regulated in a risk handbook. It also contains the HanseGroup's principles of risk policy as well as the structure of risk management and risk communication. Relevant risk positions have been communicated from the respective business divisions directly to the management board.

In addition to regular internal reports on the course of business operations, a uniform, Group-wide planning and budgeting process is also an integral part of risk management. Targets for the stock corporation and the HanseGroup have been bundled in short-term and medium-term planning. Aside from model-based forecasts for sales volume, these are essentially the critical indicators used as decisive factors for determining success, such as the ratio of cost of materials to total operating revenues, the ratio of personnel costs to turnover as well as the budgets for marketing and distribution. Investments and liquidity also form part of the planning. By means of regular reporting, HanseYachts ensures compliance with its forecast targets. Deviations from planning and/or the previous year are systematically analysed on a monthly basis so that when they occur, countermeasures can be determined and implemented.

6.3 Internal Controlling System

The management board has set up an internal controlling system for the various organisational, technical and commercial processes within the HanseGroup. An essential component is the principle of separate functions, which should guarantee that executive activities (e.g. processing purchases), bookkeeping (e.g. financial accounting) and administrative procedures (e.g. managing inventories) that are undertaken within the framework of a corporate process are not combined in one single source. This has been supported by ERP software called Pro Alpha, while taking an authorisation concept into consideration. Staffs only have access to such processes and data as are necessary for their work. The Four-eye Principle ensures that essential procedures are not performed without proper supervision. For various processes within the HanseGroup, there are target concepts and instructions, by which an assessment can be made if staff are working in compliance with said target concept. Staff in the Accounting Department have mostly been employed at the HanseGroup for many years and consequently are very experienced and sure-handed when dealing with routine business operations and transactions, which are brought on by the HanseGroup's day-to-day commercial activities.

Our risk-management system ensures that critical information and data are passed directly to senior management. To ensure financially proper compilation and appraisal of entrepreneurial facts, close and regular collaboration takes place between the management board and commercial direction. With respect to new legal regulations and novel or unusual business transactions, we also maintain close contact with our auditors during the course of the year. Problematic cases are first analysed, discussed and are then subjected to critical evaluation together with our auditors. The Group financial statements are centrally prepared with the aid of certified consolidation software called Lucent by HanseGroup's own staff, which is equipped with extensive experience and special expertise in questions of consolidation and IFRS accounting principles. For reports from our major foreign subsidiary TTS to the parent company, we use standardised reporting packages that contain all of the data for complete consolidated financial statements in accordance with IFRS.

Moreover, the HanseGroup is also subject to the internal audits of Aurelius AG in Grünwald, in whose consolidated financial statements it and its subsidiaries have been included. In the year under review, selected departments and processes were examined by the internal auditors of Aurelius AG. The suggestions for improvement contained in the audit report have been implemented.

6.4 Areas of Risk

6.4.1 Overall Market and Sector

The HanseGroup operates in an international market environment and is thus subject to intensive competition. Our products are luxury items, demand for which is heavily dependent on the overall economic situation and the accompanying propensity to consume on the part of potential customers in various markets. Changes in the overall economic framework in essential sales markets can only be partially cushioned in spite of the broad regional distribution of our international franchised dealer networks.

It has only been partially possible to compensate for the weak demand in the market in Southern Europe that remains unchanged and has been occasioned by the sovereign debt crisis by opening new markets and by greater market penetration in other marketing regions.

The hostilities in Eastern Europe and in the Gaza Strip have only affected our sales volume in a few exceptional cases. Nevertheless these hostilities could have a greater negative impact on the economy in Europe, which in turn would adversely affect our sales markets.

There is a general sales risk due to comparable competing products that are aggressively priced and marketed by competitors. The HanseGroup has minimised this risk with short development cycles, innovative products, but also in part with discounts or improved furnishings and equipment. In addition, our palette of products will become broader by means of enlarging formerly smaller business divisions, such as the recent expansion of our motor-yacht division by undertaking production of yachts from the SEALINE brand, thereby increasing the circle of potential customers, also on a regional basis.

6.4.2 Operative Business Risks

Yachts are technically demanding luxury goods that call for a high degree of expertise on the part of the seller. For this reason, successful marketing of yachts places high demands on the respective sellers. The HanseGroup’s marketing strategy and growth prospects rely heavily on a network of independent franchised dealerships and are dependent on their number, performance potential and quality. The failure of certain franchised dealers or a worsening of their financial soundness would result in erratic marketing of our products in the respective markets.

The design of our yachts represents an essential aspect of our success. Changes in customer tastes or the development of new models that are not in line with customer tastes could have a significant, materially adverse impact on sales of our yachts. Moreover, despite the chances of reaching new markets, there is a general risk that newly developed models would not be accepted by the market and that the development costs could thus not be amortised.

Yachts produced by the HanseGroup must satisfy the highest demands for quality and safety. Deficiencies in quality cannot be completely prevented despite the care taken and current systems for quality assurance. Product liability cases and accidents involving yachts produced by us as well as recall actions due to product risks could cause a substantial financial burden and be injurious to our reputation.

Handling yachts is demanding and requires a high degree of experience. In particular in critical situations, danger might arise for life and limb for the crew should mistakes in navigation or in operation occur. Even if the HanseGroup cannot be held legally responsible for such accidents or damage, there is a risk that the HanseGroup‘s reputation could suffer.

When producing our boats, there is a risk that planned external and internal logistical operations for production could not be maintained. Hence unexpected delivery bottlenecks, logistical problems or deviations in quality at suppliers of raw materials, parts and components could arise that could not be remedied on short notice. However, something could also occur internally, such as machinery breakdowns, accidents or other incidents, such as natural catastrophes (floods), fire, etc., which could lead to an interruption in production as well as to injury to persons or damage to third-party property or to the environment.

Insurance taken out by the HanseGroup can only compensate for such possible financial mishaps to a limited extent.

6.4.3 Procurement and Purchasing Risks

The HanseGroup obtains the raw materials, intermediate products as well as parts and components needed to produce its yachts from a number of suppliers. In general, market-price risks are essentially hedged by concluding master agreements with suppliers wherever possible that in particular stipulate the purchase prices of goods and services for the respective production year. Components that are critical for success are preferably procured from major, international suppliers.
Purchasing risks, e.g., loss of individual suppliers or delays in delivery, can be mitigated by ensuring that wherever possible alternative suppliers are available for purchasing parts at any time.

Fluctuations in the prices of raw materials can lead to varying prices in essential supplier categories. This risk can only be partially cushioned by longer-term price agreements.

6.4.4 Financial Risks

The fact that the yachts are almost exclusively produced on end-customer orders, while an advance payment must be paid by the respective customer before the start of final assembly, largely obviates the risk of customer or end-user defaults. The payments received on account for orders are sufficient to cover any marketing risks. Moreover, yachts are only handed over to customers or their freight forwarders when they have been paid in full or binding confirmation of financing for the sale has been received. Exceptions to this rule require the approval of the management board. As a consequence, our risk is low with respect to loss through default in conjunction with trade receivables for yacht sales.

There is a marketing obligation and in extreme cases a buyback obligation for the respective boat involved on the part of HanseGroup, arising from a master agreement concluded with an institutional sales finance company in case a franchised dealer should fail. For these boats HanseYachts AG has collected advance payments and has been making regular payments on principal to the finance company, thereby minimizing the recovery risk.

Currency risks are hedged by billing in euros to the greatest extent possible. Otherwise, sales denominated in foreign currencies are hedged with forward currency sales whenever necessary if major impact on earnings is expected as a result of fluctuations in exchange rates.

HanseYachts has been granted public subsidies under certain conditions. Should it violate these conditions, it could be required to return the funds thus disbursed. In addition, repayment of funds could be demanded in the event of violations of European financial aid regulations.

For risks involving fluctuations in interest rates for current Euribor loans, agreements on interest-rate swaps have been concluded that nevertheless no longer fulfil the criteria for a valuation unit after the conditions for interest were newly set last year and due to unscheduled payments on principal.

Contracts for long-term loans with our banks call for compliance with defined key fiscal indicators, such as dynamic and static debt gearing. Any violation of these fiscal indicators would trigger an extraordinary right of cancellation on the part of lenders that in such cases would be justified in demanding immediate repayment of the respective loan. This could possibly result in making such financing more expensive or in causing a gap in financing to arise that could jeopardise the going concern. In the year under review — as in previous years — compliance was not possible with any of these covenants, for which a credit term exists. The lending institutions were informed early on about the expected failure to comply with the financial indicators with the aid of planning and budgeting forecasts. All commercial banks have declared that no additional consequences will result from non-compliance with said covenants, whereas one bank first issued this declaration after the expiration date.

The HanseGroup issued the bonds 2013/2014 on 13 December 2013, whose term is one year so that they will fall due on 13 December 2014. To recover this cost, the five-year bond 2014/2019 was issued on 3 June 2014 for a total of EUR 13.0 million, while some holders of bond 2013/2014 made use of their right to swap. The holders of bond 2014/2019 have the right to demand redemption of said bonds in case of a change in control as well as in other cases, such as with default in payment, cessation of payment or cross default. Furthermore, compliance with a Group equity ratio was guaranteed in the course of the year.

Commensurate with the seasonality of our business activities, commitment of resources fluctuates with respect to working capital throughout the entire fiscal year. For this reason, there is a greater need for liquidity during the winter months than in the summer months. To cover this need, in addition to cash and cash equivalents available to us as well as purposeful working capital management (for example, utilising due dates and supplier loans), we also have partially State-backed overdraft facilities from our supporting lending institutions available to us. In addition, there are other financial instruments based on the possibility of topping up the 2014/19 bonds by up to EUR 7.0 million to a volume then of EUR 20.0 million, so long as potential loan investors can be gained to a commensurate extent.

6.4.5 Environmental Risks

Production of glass-reinforced plastics (GRP) has led, inter alia, to emissions of acetone and styrene, for which environmentally sustainable standards must be observed. We strictly comply with those standards. Restrictions on the use of styrene and acetone in our production could cause manufacturing shortfall.

6.4.6 Personnel Risks

As with other small to medium-sized enterprises, HanseYachts' success is materially dependent on a few of its senior executives. Whether we will be in a position to implement our plans for growth successfully will also depend on whether and to what extent will be able to hold key personnel currently on our staff as well as to attract highly qualified employees and executives with experience in our sector and to bind them to our enterprise on a long-term basis.

At the HanseGroup, we employ people of various nationalities, who occasionally perform tasks for various subsidiaries within our concern. Moreover, a number of independent entrepreneurs also work for HanseYachts. Unlimited freedom of movement still does not exist within Europe even today. Any violations of social security provisions or of regulations involving German legislation on re-assigning personnel abroad could lead to a classification that deviates from the current status and to correspondingly higher charges for social security contributions.

6.4.7 Insurance Risks

The HanseGroup decides on the type and extent of insurance coverage on the basis of a commercial cost-benefit analysis in order to cover essential risks according to their viewpoint. However, we cannot ensure that losses will not occur or that claims will not be lodged against us that would exceed the coverage of our current insurance or that the type and/or extent of our current insurance would cover all claims for damages. To check the coverage and the respective amounts of our insurance, it is subject to regular reviews and in mutual discussions with the insurance agents involved.

7. REMUNERATION REPORT

At HanseYachts' general meeting on 31 January 2012, it was resolved that remuneration for members of the management board would not be disclosed on an individual basis for the next five years.

Remuneration for the members of the management board is determined by the supervisory board, which regularly assesses the commensurateness of said remuneration. This remuneration comprises a fixed and a variable component. The variable components are dependent on targets that are determined on a yearly basis and that are oriented to certain indicators (for example, turnover, EBITDA, targets related to marketing, purchasing and manufacturing as well as quality). There is a ceiling on the variable components. The variable remuneration component is paid once annually, depending on the results of the past fiscal year relative to achieving the respective targets agreed upon. Furthermore, in cases of extraordinary accomplishments, the supervisory board can grant the management board a special bonus that would also have a ceiling. No arrangements have been made for pensions. For the fiscal year reported here, the management board will receive a variable remuneration component.

Remuneration for members of the supervisory board is determined by the shareholders at the general meeting and has been regulated in Article 14 of the Articles of Incorporation of HanseYachts AG. In addition to reimbursement for expenses, first of all each member of the supervisory board receives fixed annual remuneration of EUR 6000, payable at the end of each fiscal year. In addition each member of the supervisory board receives variable remuneration of EUR 50 for each cent, by which consolidated earnings after taxes per share exceed EUR 1.30. The chairman of the supervisory board receives three times the normal fixed and variable remuneration; the vice-chairman and heads of commissions receive two times the above-mentioned amounts. For the fiscal year reported here, as in previous years, the supervisory board did not receive any variable remuneration components.

8. REPORT ON POST-BALANCE SHEET DATE EVENTS

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

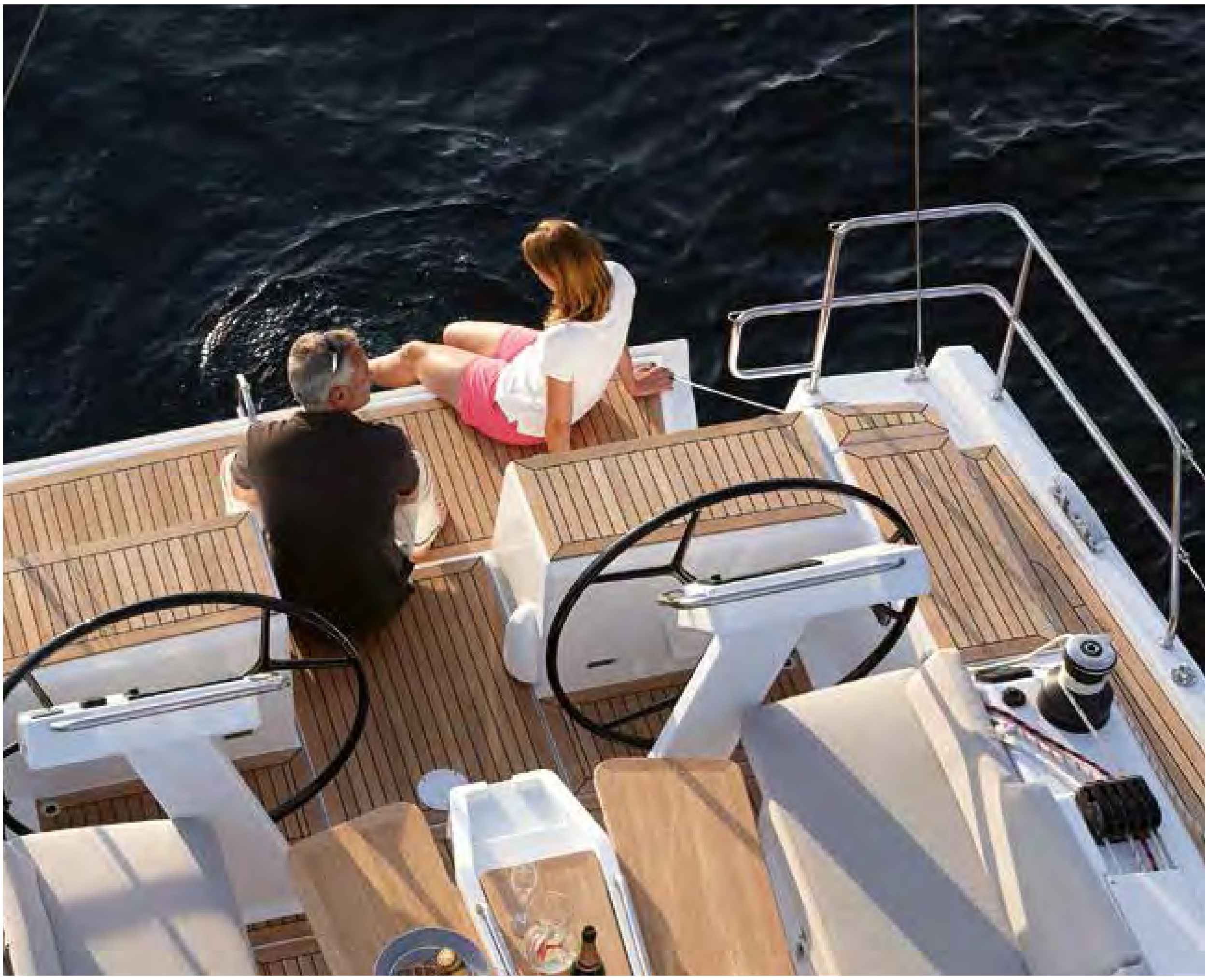
9. FORECAST REPORT

Current market studies have not caused us to expect any noteworthy revival in the water-sports market for the coming year. However, we do see positive market opportunities in foreign trade outside the Eurozone, such as in the US, Turkey, Australia as well as in Japan.

For the coming year in the Eurozone, we also do not expect an appreciable recovery in demand, as purchasing power in the Southern European countries remains unchanged at a low level due to the relatively weak economies down there.

With our product innovations and our intensified commitment to the motorboat market, we consider ourselves well positioned in our markets. Presentation of our representative brands and our broad range of models at all major boat shows as well as additional newly-developed models will form the basis for successful marketing in the coming season.

After achieving a rise in turnover of around 13 % in fiscal year 2013/14, we expect growth to continue and are planning a significant increase in turnover that will exceed the level reached in the fiscal year under review — in our estimation. On this basis, we are expecting further, noticeable impro-



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vement in our results and very positive earnings before interest, taxes, depreciation and amortization (EBITDA). According to our expectations, growth in turnover will indeed be driven in particular by our renewed commitment in the motorboat market with SEALINE. However, sailing yachts will still account for nearly 80 % of turnover revenues, a major portion thereof from the HANSE brand. Our corporate planning assumes a sales volume of ca. 540 boats, while changes in the product mix will result from the SEALINE business on the one hand and from the life cycle phase of individual models of boats on the other hand. As we are expecting a renewed but lower consolidated deficit for this fiscal year after taking financial results and write-downs into account, our consolidated equity ratio for fiscal year 2014/15 will decrease somewhat more. Corresponding to the planned increase in turnover, we are expecting the usual build-up in inventories, while the commitment of funds in working capital will rise in the winter months, commensurate with the seasonality of our business activities.

The planned growth will require additional investments in our palette of models to a certain extent, but also in expanding production capacities at our manufacturing facilities in Poland. Taking our Polish subsidiary into account, the estimated volume of investments will be above the level of the year under review. In so doing, our renewed commitment in the motorboat market and especially with motor yachts of the SEALINE brand will account for a major proportion of our investment needs in addition to investments in new models of sailing yachts. In order to be able to realise our planned growth, we also plan to augment our work force (including temporary workers), but disproportionately below the planned expansion of business.

To finance this growth, the HanseGroup has been assessing additional financing possibilities wherever appropriate, which also include, inter alia, raising the ceiling on the bonds issued for 2014/19.

Our expectations are based on assumptions and estimates that are essentially dependent on developments in the economic climate, on our competitors' policies on products and price as well as on developments in the international job market and in exchange rates. Inherent uncertainties in our planning are mainly present in regard to sales volume, the sales mix and turnover revenues, as a large proportion of orders are regularly submitted at the autumn boat shows in late autumn/winter and thus after the consolidated financial statements have been prepared and/or after corporate planning has been completed. At this time, we still cannot assess to what extent the sovereign debt crisis in the vital sales regions in Southern Europe will continue to have an adverse impact on the water-sports market. Nevertheless, the management board does not expect any additional market slumps in this region, as those markets are already at such a low level. The actual trend of business can deviate from our expectations due to unforeseen circumstances.

Greifswald, 30 September 2014

The Management Board

Dr. Jens Gerhardt　　Sven Göbel

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET (IFRS)

	Notes	30/06/2014	30/06/2013
		EUR	EUR
ASSETS		**67.235.941,20**	**54.108.141,12**
Non-current assets		**31.092.318,63**	**29.639.690,33**
Intangible assets	6.1.	5.735.019,99	4.585.487,68
Property, plant and equipment	6.2.	25.137.111,64	24.668.670,64
Deferred tax assets	6.3.	220.187,00	385.532,01
Current assets		**36.143.622,57**	**24.468.450,79**
Inventories	6.4.	17.711.147,92	15.938.120,08
Trade receivables	6.5.	2.749.744,79	3.449.174,82
Forderungen gegen nahe stehende Unternehmen und Personen	11.	404.193,29	0,00
Other assets	6.6.	2.196.822,13	1.160.935,68
Cash and cash equivalents	6.7.	13.081.714,44	2.046.052,38
Non-current assets held for sale	6.2., 6.8.	0,00	1.874.167,83
EQUITY & LIABILITIES		**67.235.941,20**	**54.108.141,12**
Equity	**6.9**	**17.980.170,42**	**16.985.811,07**
Subscribed capital		9.592.590,00	7.000.000,00
Capital reserves		2.164.886,37	6.000.371,41
Reserve for currency translation differences		189.772,23	188.352,84
Net earnings		6.032.921,82	3.797.086,82
Non-current liabilities		**14.950.842,86**	**1.128.544,23**
Deferred tax liabilities	6.3.	2.722,00	48.577,51
Bonds	6.11., 11.	12.591.724,67	0,00
Other financial liabilities	6.11.	756.396,19	490.607,40
Current finance lease liabilities	6.11.	0,00	589.359,32
Liabilities to related parties	11.	1.600.000,00	0,00
Current liabilities		**34.304.927,92**	**35.993.785,82**
Other provisions	6.10.	2.305.053,45	2.160.429,97
Bonds	6.11., 11.	3.594.035,95	0,00
Other financial liabilities	6.11.	2.932.215,19	7.738.010,96
Current finance lease liabilities	6.11.	537.606,46	684.603,43
Payments on account received	6.11.	6.927.889,96	5.661.168,89
Trade payables	6.3.	13.088.274,51	14.220.154,18
Income tax liabilities		118.368,72	437.329,70
Liabilities to related parties	11.	1.214.251,49	2.635.063,37
Other liabilities	6.11.	3.587.232,19	2.457.025,32

STATEMENT OF COMPREHENSIVE INCOME
and other results (IFRS)

in EUR	Notes	01/07/2013 to 30/06/2014	01/07/2012 to 30/06/2013
Revenues	**5.1.**	**91.382.315,26**	**80.932.542,77**
Decrease/ Increase in work in progress and finished goods	5.1.	1.250.236,52	(3.856.027,39)
Own work capitalised	5.1.	1.906.362,34	1.115.330,03
Other operating income	5.2.	3.432.536,31	2.160.110,40
Cost of materials	5.3.	(58.711.366,55)	(46.068.067,07)
Personnel expenses	5.4.	(21.224.968,64)	(18.260.000,43)
Other operating expenses	5.5.	(16.025.075,55)	(15.782.152,16)
EBITDA		**2.010.039,69**	**241.736,15**
Amortisation, depreciation and write-downs	5.6.	(4.531.794,77)	(4.587.051,06)
EBIT		**(2.521.755,08)**	**(4.345.314,91)**
Net financial costs	5.7.	(1.160.215,93)	(902.059,18)
Earnings before income taxes		**(3.681.971,01)**	**(5.247.374,09)**
Income taxes	5.8.	(302.861,83)	(60.553,92)
Consolidated loss / net earnings		**(3.984.832,84)**	**(5.307.928,01)**
Earnings per share	**5.9.**	**(0,44)**	**(0,76)**
(undiluted / diluted)			
Consolidated loss / net earnings		**(3.984.832,84)**	**(5.307.928,01)**
Other income			
Currency translation difference		1.419,39	5.683,93
Total result for the period		**(3.983.413,45)**	**(5.302.244,08)**

CONSOLIDATED CASH FLOW STATEMENT (IFRS)

in EUR	Notes	01/07/2013 to 30/06/2014	01/07/2012 to 30/06/2013
Earnings before interest and taxes (EBIT)		**(2.521.755,08)**	**(4.345.314,91)**
Amortisation, depreciation and write-downs		4.531.794,77	4.587.051,06
Interest paid (net)	7.	(1.015.454,17)	(908.045,75)
Income taxes paid	7.	(436.542,79)	0,00
Gains from on disposals of assets as well as profits from disposals of non-current assets	5.2, 7.	(1.337.147,19)	(360.377,92)
Changes in inventories, receivables and other assets not related to investing or financing activities		(2.250.311,63)	1.968.676,78
Changes in liabilities not related to investing or financing activities		401.246,18	(319.988,70)
Cash flow from operating activities		**(2.628.169,91)**	**622.000,56**
Proceeds from disposals of assets from property, plant and equipment as well as proceeds from non-current assets held for sale	5.2, 7.	2.493.000,00	1.282.168,99
Investments in			
intangible assets		(855.102,75)	(425.053,68)
property, plant and equipment		(3.762.556,94)	(1.758.868,70)
Cash outflow from extension of holding group	7.	(125.889,08)	0,00
Cash flow from investing activities		**(2.250.548,77)**	**(901.753,39)**
Repayments of liabilities from finances leases		(736.356,29)	(546.473,58)
Incoming payments from sale and leaseback transactions		0,00	1.638.299,97
Cash in from bond issue	6.11, 7.	16.119.865,75	0,00
Proceeds from loans raised		0,00	1.294.341,61
Repayments of bank loans		(3.280.905,90)	(2.161.063,45)
Cash in from capital increase	6.9, 7.	4.977.772,82	0,00
Cash flow from financing activities		**17.080.376,38**	**225.104,55**
Change in cash and cash equivalents		**12.201.657,70**	**(54.648,28)**
Exchange rate-related changes in financial funds		329,21	(6.925,03)
Cash funds at beginning of period		(140.360,91)	(78.787,60)
Cash and cash equivalents at end of period		12.061.626,00	**(140.360,91)**
Composition of cash and cash equivalents			
Bank balances		**13.077.255,22**	**2.036.507,76**
Cash in hand		**4.459,22**	**9.544,62**
Bank overdrafts		**(1.020.088,44)**	**(2.186.413,29)**
		12.061.626,00	**(140.360,91)**

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 *)
		EUR	EUR	EUR	EUR	EUR
30/06/2012 / 01/07/2012	**7.000.000**	**7.000.000,00**	**15.188.925,09**	**(83.538,85)**	**182.668,91**	**22.288.055,15**
Consolidated net earnings		0,00	0,00	(5.307.928,01)	0,00	(5.307.928,01)
Currency translation differences		0,00	0,00	0,00	5.683,93	5.683,93
1) Total result for the period		0,00	0,00	(5.307.928,01)	5.683,93	(5.302.244,08)
2) Usage of Capital reserves		0,00	(9.188.553,68)	9.188.553,68	0,00	0,00
30/06/2013 / 01/07/2013	**7.000.000**	**7.000.000,00**	**6.000.371,41**	**3.797.086,82**	**188.352,84**	**16.985.811,07**
Consolidated net earnings		0,00	0,00	(3.984.832,84)	0,00	(3.984.832,84)
Currency translation differences		0,00	0,00	0,00	1.419,39	1.419,39
1) Total result for the period		0,00	0,00	(3.984.832,84)	1.419,39	(3.983.413,45)
2) Capital increase for cash	2.592.590	2.592.590,00	2.385.182,80	0,00	0,00	4.977.772,80
3) Usage of Capital reserves		0,00	(6.220.667,84)	6.220.667,84	0,00	0,00
30/06/2014	**9.592.590**	**9.592.590,00**	**2.164.886,37**	**6.032.921,82**	**189.772,23**	**17.980.170,42**

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

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (IFRS)

1. GENERAL DISCLOSURES

HanseYachts AG, whose registered office is in Greifswald, Germany, is a publicly listed company (Aktiengesellschaft) and parent company of the HanseGroup. HanseYachts AG is publicly listed on the General Standard of the Frankfurt Stock Exchange.

The principal business activities of the companies in the HanseGroup 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 conducted its business activities from production facilities in Greifswald and in Poland as well as at two operative distributorship companies in Greifswald and the US.

The consolidated 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.

HanseYachts AG is entered in the commercial register of the Stralsund Magistrates‘ Court (Amtsgericht) under reference No. HRB 7035. The company’s address is Salinenstrasse 22, 17489 Greifswald.

2. BASIS OF PREPARATION

The 2013/14 consolidated financial statements comply with the standards and interpretations issued by the IASB in

London, as adopted by the EU, and with the supplementary requirements of Art. 315a of the German Commercial Code (HGB). In so doing, all standards and interpretations issued and whose adoption was mandatory as at 30 June 2014 have been applied.

The following amended standards, which have been mandatorily applied for the first time in fiscal year 2013/14, have not had any influence or any material influence on the representation of the assets, earnings and financial position of the HanseGroup.

- IFRS 1* First-time Adoption of IFRS: Pronounced Hyperinflation (as at 1 January 2013)
- IFRS 1* Government Loans (as at 1 January 2013)
- IAS 12* Deferred Taxes: Realising the Carrying Value of a Specific Asset (as at 1 January 2013)
- IAS 19* Employee Benefits (as at 1 January 2013)
- IFRS 13 Measuring Fair Value (as at 1 January 2013)
- IFRS 7* Financial Instruments: Disclosures: Offsetting Financial Assets and Financial Liabilities (as at 1 January 2013)
- IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine (as at 1 January 2013)
- Improvements to IFRS 2009 to 2011 (as at 1 January 2013)

*) Amendments (Amendments to existing standards/interpretations)

Moreover, the following standards have been passed by the IASB and interpretations adopted by the IFRIC; nevertheless they have not been applied in these consolidated financial statements as at 30 June 2014 as their application will only become mandatory in subsequent fiscal years and/or an endorsement by the European Commission has not yet been issued:

- IFRS 9 Financial Instruments: Classification and Measurement (open)
- IFRS 10 Consolidated Financial Statements (as at 1 January 2014)
- IFRS 11 Mutual Agreements (as at 1 January 2014)
- IFRS 12 Disclosures on Participations in Other Companies (as at 1 January 2014)
- IAS 27* Consolidated and Separate Financial Statements (as at 1 January 2014)
- IAS 28* Investments in Associates (as at 1 January 2014)
- IAS 32* Financial Instruments: Disclosures: Offsetting Financial Assets and Financial Liabilities (as at 1 January 2014)
- IFRS 7* und IFRS 9* Disclosures: Time-related Scope of Application and Transitional Provisions (open)
- IFRS 10*, IFRS 12* und IAS 27* Investment Companies (as at 1 January 2014)
- IAS 36* Disclosures on the Recoverable Amount for Non-financial Assets (as at 1 January 2014)
- IAS 39* Novation of OTC Derivatives and Continuation of the Existing Hedging Relationship (as at 1 January 2014)
- IAS 19* Defined Benefit Plans: Employee Contributions (open)
- IFRIC 21 Disclosures (as at 1 January 2014)
- Improvements to IFRS 2010 to 2012 (as at 1 July 2014)
- Improvements to IFRS 2011 to 2013 (as at 1 July 2014)

*) Amendments (Amendments to existing standards/interpretations)

These standards and interpretations will first be applied to HanseYachts AG when their application becomes mandatory and an endorsement by the European Commission has been issued. According to an estimate made at this time, any future application will not have any material impact on the representation of the assets, earnings and financial position of the HanseGroup. Standards already adopted by the IASB with an initial application date of 1 January 2016 or later, which have not yet been endorsed by the EU, will not be included in the above list.

Because these consolidated financial statements have been prepared in accordance with IFRS, HanseYachts AG is exempt from the requirement to produce consolidated financial statements in accordance with HGB, since the conditions of Art. 315a HGB have been met. The consolidated financial statements have been submitted to the Bundesanzeiger Verlagsgesellschaft mbH in Cologne, the operator of the Federal Gazette (Bundesanzeiger), and will be published electronically by that company in the Federal Gazette.

3. CONSOLIDATION PRINCIPLES

3.1. Scope of Consolidation

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

Changes in the Scope of Consolidation

Fjord Boats AS in Vettre/Norway, which has been inactive since 2012, was removed from the official Commercial Register in the 4th quarter of fiscal year 2013/14 so that the participation in this company has been terminated. The deconsolidation of this company in the consolidated financial statements led to revenues of EUR 209K, which was recognised under Other operating income. As total assets of this company had previously been set at EUR 0, the deconsolidation success resulted from disposal of deferred liabilities, which is no longer expected to be utilised. Elimination of the participation in Fjord Boats AS has not led to any gains or losses in liquidity.

The Moody Yachts GmbH was founded at the beginning of 2014. In the period under review, the company did not initiate any appreciable business activities.

Name of Company			Shareholding
Direct holdings:	Abbreviated		
1. Dehler Yachts GmbH	DY	Greifswald	100 % (2013 100 %)
2. Hanse (Deutschland) Vertriebs GmbH & Co. KG	HVG	Greifswald	100 % (2013 100 %)
3. Verwaltung Hanse (Deutschland) Vertriebs GmbH	VHV	Greifswald	100 % (2013 100 %)
4. Yachtzentrum Greifswald Beteiligungs-GmbH	YZGB	Greifswald	100 % (2013 100 %)
5. HanseYachts US, LLC	HUS	Savannah / USA	100 % (2013 100 %)
6. Technologie Tworzyw Sztucznych Sp. z o.o.	TTS	Goleniów / Polen	100 % (2013 100 %)
7. HanseYachts TVH GmbH	HYTVH	Greifswald	100 % (2013 100 %)
8. Sealine GmbH	Sealine	Greifswald	100 % (2013 0,0 %)
9. Moody Yachts GmbH	MY	Greifswald	100 % (2013 0,0 %)
Indirect holdings:			
Over No. 4 Mediterranean Yacht Service Center SARL	MYSC	Canet en Roussillon / Frankreich	100 % (2013 100 %)
Over No. 7 HanseYachts Technologie und Vermögensverwaltungs GmbH	HYTV	Greifswald	100 % (2013 100 %)
Over No. 8 Powerboat 2013 Ltd.	PB	London, England	100 % (2013 0,0 %)
Deconsolidated:			
Fjord Boats AS	FBAS	Vettre / Norwegen	0,0 % (2013 100 %)

Effective 1 March 2014 HanseYachts AG acquired the Sealine GmbH from its majority shareholder, Aurelius AG, for EUR 300K (cf. Section 11 Relationships to Related Individuals and Companies). For its part, the Sealine GmbH owns all of the shares in Powerboat 2013, Ltd.

Taking the liabilities assumed with the acquisition into account, the purchase costs amounted to EUR 901K from the standpoint of the HanseYachts AG concern. As total production for Sealine's boats had to be built up anew in Greifswald and the rights to the SEALINE trademark still remain with the subsidiaries of the Aurelius Group, HanseYachts AG assumes that the acquisition of the Sealine GmbH does not fulfil the criteria for a corporate acquisition in accordance with IFRS 3 (Business Combinations). For this reason the acquisition costs will be allocated to the acquired assets and/or liabilities in accordance with their fair value. The right to use the brand name SEALINE is considered to be an essential asset, which has been granted to the Sealine GmbH within the framework of a separate licensing agreement, which can only be terminated for the first time as at 31 December 2019. Altogether, the acquisition costs have been allocated to the right to use the brand name. The right to use the brand name will be depreciated over the term of the licensing agreement.

Exemption Regulations for Group Enterprises
By inclusion in HanseYachts AG's consolidated Group financial statements, the Hanse (Deutschland) Vertriebs GmbH & Co. KG intends to utilise the easing of disclosure regulations under the additional stipulations of Art. 264b of the German Commercial Code (HGB).

The Dehler Yachts GmbH, Verwaltung Hanse (Deutschland) and Vertriebs GmbH and HanseYachts Technologie und Vermögensverwaltungs GmbH, the Yachtzentrum Greifswald Beteiligungs-GmbH, the Sealine GmbH and the Moody Yachts GmbH intend in future to take advantage of the easing of disclosure regulations under the additional stipulations of Art. 264, Para. 3 of the German Commercial Code (HGB).

Inclusion in Overriding Consolidated Financial Statements
HanseYachts AG and its direct and indirect subsidiaries are to be included in the financial statements of Aurelius AG in Grünwald, which will be forwarded to the operator of the Bundesanzeiger and will be published via the web site of the business register.

3.2. Consolidation Methods

All of the companies included in the consolidated financial statements prepare their own annual financial statements or interim financial statements at the reporting date of the single-entity financial statements for HanseYachts AG, which serves as the reporting date for the consolidated financial statements. The consolidated financial statements have been prepared on the basis of consistent recognition and measurement policies in accordance with IFRS. Wherever necessary, the financial statements of the subsidiary companies have been adapted so that the accounting policies adopted correspond to those used by the Group.

Subsidiaries are consolidated for the first time in accordance with IFRS 3 using the purchase method by offsetting the cost of the shares acquired against the proportionate share of the assets, liabilities and contingent liabilities of the subsidiaries, re-measured at the date of the acquisition. A positive difference arising after a purchase price allocation is recognised as goodwill under Intangible assets in accordance with IFRS 3. Negative differences must be recognised in the income statement.

Intercompany profits and losses, revenues, expenditures and earnings as well as receivables and payables and or provisions between consolidated companies have been eliminated.

Intercompany profits included in inventories as a result of intra-Group supplies have been eliminated.

Sureties and guaranties assumed by HanseYachts AG for the benefit of consolidated subsidiaries have been eliminated since the underlying liabilities are recognised in the consolidated financial statements.

3.3. Currency Translation

The annual financial statements prepared in foreign currencies of companies included in the consolidated financial statements are translated using the functional currency approach (IAS 21: „The Effects of Changes in Foreign Exchange Rates“).

The financial statements of Hanse US and Powerboat 2013 Ltd in England, which are subsidiaries considered to be autonomous economic entities, are translated into euros in accordance with the modified method with the exchange rate in effect on the reporting date in accordance with IAS 21. The companies‘ functional currencies are the US dollar and the British pound, respectively. Assets and liabilities were translated at the mean rate on the balance sheet date; items in the income statement were translated at the respective average rate on a monthly basis. Differences arising from the use of varying exchange rates for the balance sheet and the income statement are recognised directly in equity and reported separately in the provision for currency translation.

For TTS, the functional currency is the euro since business with HanseYachts AG is mainly transacted in euros. Currency differences are recognised accordingly as profit or loss in the consolidated financial statements. As with TTS the essential investments and redemption have been completed, the non-monetary items of TTS‘s financial statements have now been measured at the historical exchange rates in line with the concept of functional currency.

Attention is drawn to the information provided under 4.22 relating to the rates of conversion used.

4. ACCOUNTING PRINCIPLES

4.1. General Principles

The consolidated financial statements have been prepared on the basis of the historical cost principle, with the exception of certain derivative financial instruments at fair value through profit or loss. Non-current assets held for sale are measured in accordance with IFRS 5 (Non-current Assets Held for Sale and Discontinued Operations) with their carrying amounts or with lower fair values less selling costs, so long as this is lower.

The income statement has been structured in accordance with the nature of expense method.

4.2. Revenue Recognition

Revenues stem mainly from the sale of sailing yachts and motorboats. Revenues from the sale of products are recognised when the risks and rewards of ownership have been transferred to the customer, a price has been agreed or can be determined and it is probable that said price will be paid. Revenues are reported net of discounts, price reductions, customer bonuses and rebates.

4.3. Product-related Expenditures

The costs of advertising and sales promotion as well as other sales-related costs are expensed as incurred. Provisions are formed for possible warranty claims relating to products already sold on the basis of past experience, while taking statutory and contractual periods into account. Moreover, additional provisions have been created for known individual cases.

4.4. Expenditures for Research and Development

Development costs are capitalised in the balance sheet if all of the criteria have been fulfiled for recognition of internally generated intangible assets.

The manufacturing costs of internally generated intangible assets comprise all directly attributable costs for development projects approved and budgeted by management (for sailing or motor yacht types). The assets are depreciated over their average useful lives on a straight-line basis in proportion to the length of time involved.

So long as these development costs lead to assets, which must be capitalised as items of property, plant and equipment, these must be recognised under Property, plant and equipment and depreciated on a straight-line basis over the anticipated useful life of these assets. In so doing, production moulds for sailing yachts and motorboats, especially those manufactured internally by the HanseYachts Group, have been recognised as assets and as in the previous year have been depreciated using a straight-line basis over an estimated service life of between three to five years.

Research costs are recognised in the income statement when incurred.

4.5. Hedging

The HanseYachts Group basically makes use of derivative financial instruments for hedging purposes in order to reduce currency and interest rate risks arising from business operations and/or from the financing requirements resulting from them. In accordance with IAS 39, all derivative financial instruments, such as interest rate swaps, are recognised at fair value. Derivatives that serve interest-rate or currency-hedging purposes within the HanseGroup in accordance with business management criteria do not meet the strict criteria for hedge accounting in accordance with IAS 39. They are classified as financial assets and liabilities at fair value through profit or loss and handled accordingly.

4.6. Financial Results

Financial results include interest income from cash deposits and the interest expense on loans as well as the income and expense from any interest rate hedges (ongoing compensation payments and changes in fair value). These are recorded on the date, on which they occur. Moreover, financing-related foreign currency profits and losses, which are incurred in conjunction with investments implemented by TTS as well as their redemption, have been included in the financial results.

4.7. Income Taxes

On the one hand, income taxes include financial obligations arising from HanseYachts AG‘s taxable earnings. On the other hand they also include recognition of deferred tax assets and liabilities for all temporary differences between the carrying amounts of assets and liabilities in the consolidated balance sheet and their tax bases in accordance with IAS 12 (Income Taxes). See also 4.19. and 4.20.

4.8. Cost of Raising Equity Capital

In accordance with IAS 32.37, costs directly associated with issuing equity capital in the previous year are not recognised as an expense but are deducted directly from the amount of the capital raised minus the tax benefit resulting from their deductibility for tax purposes. The HanseGroup has accounted for the legal and consulting costs directly connected with the IPO and the issuing fees of the sponsoring bank in accordance with IAS 32.37.

4.9. Intangible Assets

Individually purchased intangible assets are measured at cost on initial recognition. The cost of intangible assets acquired as part of a corporate merger is equal to their estimated fair value on the date of the acquisition. After initial recognition, intangible assets are recognised at cost less cumulated amortisation and all impairment write-downs. Internally generated intangible assets are recognised as far as the conditions for such recognition have been fulfiled. The remainder of the costs are recognised in profit or loss in the period, in which they are incurred.

For intangible assets, it is initially necessary to determine whether their useful lives are finite or indefinite. Intangible assets with finitely useful lives are amortised pro rata on a straight-line basis over their useful economic lives and tested for possible impairment whenever there are indications that said intangible assets may be impaired. The amortisation period and method for intangible assets with finitely useful lives are reviewed at least at the end of each fiscal year.

If the expected useful life or the expected rate of amortisation of the asset has changed, a different amortisation period or amortisation method will be selected. Changes of this nature are handled as changes in an estimate.

The useful lives of intangible assets with finitely useful lives are between three and eight years.

For intangible assets with indefinitely useful lives, an impairment test is carried out at least once a year for the individual asset or for the smallest cash-generating unit, to which it belongs. These intangible assets are not systematically amortised. The useful life of an intangible asset with an indefinitely useful life is reviewed once annually to determine whether the estimate that the useful life is indefinite is still justified. Should this prove not to be the case, the estimate would be changed from an indefinitely useful life to a finitely useful life on a prospective basis.

Intangible assets with an indefinite useful life remain unchanged relative to last year and contain their recognised good will (residual carrying amount: EUR 2.0 million) and trademark rights (residual carrying amount: EUR 1.6 million).

4.10. Goodwill

Goodwill is the positive difference between the cost of the investment and the fair value of the assets and liabilities acquired in the context of a company acquisition. Goodwill is not amortised but is instead tested at least once a year for impairment to determine the possible need for an unscheduled impairment write-down.

4.11. Impairment of Assets

The HanseYachts Group conducts an impairment review of intangible assets and items of property, plant and equipment as soon as there are indications of possible impairment. Impairment is assessed by comparing the carrying amount with the recoverable amount.

The recoverable amount is the higher of the fair value less sales costs and the present value of the attributable future cash flows from continued use of the asset. If the carrying amount is higher than the recoverable amount, an unscheduled impairment write-down is recognised in respect of the asset in the amount of the resulting difference. Reversals of impairment write-downs are recognised to the extent that the reasons for impairment write-downs recognised in previous years no longer exist.

The annual impairment test for the goodwill arising from initial consolidation and trademark rights is carried out at the level of the cash-generating unit relevant for the test. Impairment is determined by comparing the carrying amount of the cash-generating unit including the attributable goodwill and the recoverable amount of the cash-generating unit. The recoverable amount for the purposes of this test is the value in use determined on the basis of discounted cash flows before taxes. If the carrying amount of the business unit exceeds its recoverable amount, an impairment write-down is recognised as profit or loss in the amount of the difference.

Unscheduled impairment write-downs of goodwill are not subsequently reversed.

The expected cash flow of the cash-generating unit is derived from the medium-term business plan of the Hanse-Group. With respect to the HanseYachts Group's business units, we draw your attention to the information provided under 4.23 (Segment Reporting). Consequently, the cash-generating units correspond to legal entities or combinations of legal entities within the Group, as on this basis entrepreneurial arrangements are made. Planning is based on a time horizon of two years (two years last year). For subsequent periods, cash flow has been extrapolated on the basis of the expected rates of growth in each case. As in the previous year, the average rate of growth applied for perpetual pension benefits amounted to 1 %. The business plan is based in particular on assumptions with respect to the development of revenues, the cost of materials to total operating revenues ratio and budgeted investments. The rate of interest used to discount cash flows in fiscal year 2013/2014 amounted to between 10.6 % and 12.4 % (11 % to 12 % last year). The beta factors used were 1.2 and 1.5 (1.1 and 1.5 last year). Goodwill of EUR 2.0 million (EUR 2.0 million last year) was subject to the impairment tests and not the scheduled depreciation of the underlying brands of EUR 1.6 million (EUR 1.6 million last year). As the amounts for the cash-generating units under review have appreciably exceeded their respective carrying amounts, we have dispensed with further sensitivity analyses.

4.12. Property, Plant and Equipment

In accordance with IAS 16, property, plant and equipment is measured at cost less scheduled and, where appropriate, unscheduled impairment write-downs. The cost of repairs and maintenance are recognised as an expense on the date, on which they are incurred. Significant renewals and improvements are capitalised. Financing costs are not recognised as a component of acquisition or manufacturing costs, but are reported as an expense so long as the assets involved had been acquired prior to fiscal year 2009/10. Since fiscal year 2009/2010 financing costs have been capitalised, so long as the requirements for IAS 23 obtain.

The useful lives of property, plant and equipment have been adjusted to reflect the usability of the assets. Investment subsidies and allowances received are deducted from the cost of the relevant assets. Depreciation is recognised on a straight-line basis in proportion to the length of time involved using the following estimated useful economic lives:

	Years
Land and buildings	5 - 40
Technical equipment and machinery	2 - 21
Operating and office equipment	1 - 20

An impairment test is performed as soon as there are indications that the carrying amount of an asset is higher than its recoverable amount.

4.13. Finance Leasing

In conformity with IAS 17 (Leasing Arrangements), the lessee is considered to have economic ownership of leased assets if said lessee bears all substantial risks and rewards incidental to ownership (finance leasing). All leased assets whose amount is material and which are subject to leases qualifying as finance leases are recognised at their fair value or at the lower present value of the lease payments. The assets are depreciated over their useful lives or over the term of the leasing agreement.

Liabilities from finance leases are reported separately under liabilities and are recognised at the fair value of the leased object or at the present value of the future lease payments, so long as this figure is lower. Leasing payments comprise components for the financing charges and retirement of principal so that the remaining balance is charged a constant rate of interest. Liabilities are classified as current or non-current according to the term of the leasing agreement.

4.14. Inventories

Raw materials, consumables and supplies are generally measured at their average cost or the lower fair value.

Work in progress and finished goods are measured at cost but at no more than their expected sales proceeds less costs not yet incurred. Measurement is based on the contract-related direct costs recorded in the production accounts. These direct costs include production wages and the cost of materials. In addition to materials and production overheads, commensurate shares of general administrative expenses have been included in the cost of production. Borrowing costs are not capitalised, as inventories do not represent qualifying assets due to the short time involved in producing them.

Partial recognition of profit in respect of work in progress and finished goods in accordance with the percentage of completion method was not undertaken because assembly-line production of sailing yachts does not meet the required conditions.

Goods for resale are measured at the lower of cost and net realisable value.

4.15. Financial Assets and Financial Liabilities

Original Financial Instruments

In the HanseGroup, original financial instruments include trade receivables and other receivables, cash and cash equivalents as well as financial liabilities, trade payables and parts of other liabilities.

Original financial instruments are measured at fair value on initial recognition; directly attributable transactions are added to financial assets and deducted from financial liabilities.

Receivables are measured at amortised cost within the framework of a follow-up assessment. Potential default risks are taken into account with valuation adjustments. Individual adjustments are made if there are indications of impairment such as late payments or information on significant financial difficulties on the part of the contractor and the cash value of anticipated future payments plus any proceeds from realisation of securities or other agreements that reduce the risk of default is below the carrying amount. Bad debts are written off.

Within the framework of a follow-up assessment, financial liabilities are evaluated at amortised cost under the effective interest method, where the interest expense corresponding to the effective interest rate is determined. The amortised costs thus determined correspond to the acquisition costs, while taking repayments and the amortisation of discounts and/or transaction costs in conjunction with bond issues into account.

That portion of long-term loans whose remaining term does not exceed one year is also regularly included in short-term financial liabilities. Corporate debt is only recognised as long-term debt when the concern has the unrestricted right to postpone settlement of the obligation by at least twelve months after the balance sheet date.

At the HanseYachts Group, no original financial instruments have been classified as instruments measured at fair value through profit and loss.

Derivative Financial Instruments

Derivative financial instruments such as forward currency transactions and interest-rate swaps are also used to hedge exposure to risks from currency and interest-rate fluctuations. These hedges cover financial risks arising from booked transactions and currency risks as well as risks from pending transactions for goods and services.

In accordance with IAS 39 (Financial Instruments: Recognition and Measurement), all derivative financial instruments are recognised at fair value in their initial determination. Fair value is also relevant for measurement subsequent to initial recognition.

The fair value of traded derivative financial instruments is in line with market value. This value can be positive or negative. If there is no market value, fair value can be calculated using recognised financial modeling. The fair value of derivatives is the present value of estimated future cash flow. To determine the fair value of forward exchange contracts, the forward exchange rate on the balance sheet date is used. Because the conditions for designation as a hedging instrument within the framework of hedge accounting have not been met, the derivative financial instruments of the HanseGroup are classified in the category „at fair value through profit and loss“ so that fluctuations in value of derivative financial instruments can be put directly in the income statement.

4.16. Grants from Government Bodies

Grants, to which the Company is legally entitled, are recognised as assets if it is established at the balance sheet date that the conditions for awarding them will be met with reasonable certainty, or have already been met, and if the application for the grants has been made to the awarding institution by the date of preparation of the financial statements, or if it is certain that the application will be made. Grants, to which the Company has no legal entitlement, i.e. whose award depends on assessments made by an official body, are recognised as receivables if the awarding body has made the decision to award the grant and if it is established with reasonable certainty at the balance sheet date that the conditions for the grant will be met.

The grants are recorded as a reduction in acquisition and production costs, provided that the subsidised assets had already been operationally utilised at the balance sheet date. As in the previous year, no grants were deducted from the acquisition and production costs of purchased assets in the year under review.

Public grants that become receivables to offset expenses or losses already incurred or to provide immediate financial support without any related costs in future shall be recognised in the income statement for the period, in which they become receivables. In 2013/14 grants amounting to EUR 92K (EUR 0 last year) were recognised immediately.

Grants received, which are subject to fulfiling certain conditions, are recognised as provisions and/or liabilities if non-fulfilment of the conditions for eligibility is likely to occur by the balance sheet date.

4.17. Other Liabilities

Other liabilities are recognised at their recovery amounts and/or present value.

4.18. Provisions

Provisions are recognised when there is a present legal or de facto obligation to third parties occasioned by a past event; moreover it is probable (i.e. more likely than not) that an outflow of resources would be required to settle the obligation, and the amount of the outflow could be reliably estimated.

Provisions are measured for recognisable risks and uncertain liabilities in the amount of the probable performance amount and are not set against any claims for recourse. The performance amount also includes increases in cost to be taken into account on the balance sheet date. Provisions with a term to maturity of more than twelve months are discounted at a current interest rate that is commensurate with the risks involved.

Provisions to cover guarantee obligations are formed by taking into account a previous and/or estimated future volume of damage claims. Provisions for guarantees are formed to cover the estimated costs at the time of the sale of the respective product and/or whenever knowledge is acquired about a concrete damage claim.

Provisions for restructuring measures are formed whenever a detailed, formal restructuring plan has been prepared, and this has been communicated to the parties involved.

Where an outflow of resources is possible but not overwhelmingly probable (contingent liabilities), the amount is not recognised in the financial statements as a provision but is described in the Notes to the Consolidated Financial Statements.

4.19. Deferred Taxes

Deferred tax assets and liabilities are recognised in accordance with IAS 12 using the liability (or balance sheet) method for temporary differences between the tax bases of assets and liabilities and their carrying amounts in the IFRS financial statements that are considered probable at the time of their reversal.

Deferred tax assets also include claims for reductions in taxes due to the expected utilisation of available loss carryforwards and tax credits in subsequent years. Deferred taxes are determined on the basis of the tax rates that will apply or are expected with sufficient probability to apply to the period when the asset or liability has been realised, in accordance with the current legal position in the individual countries.

Deferred tax assets are recognised with respect to temporary differences and tax loss carryforwards only if it is sufficiently probable that the resulting reductions in taxes will actually occur in future. The carrying amount of the deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available, against which the deferred tax asset can be utilised, at least in part. Deferred tax claims that have not been recognised are reviewed at each balance sheet date and recognised to the extent that it has become probable that future taxable profits will permit the deferred tax claim to be realised.

4.20. Current Tax Refunds and Tax Liabilities

Actual tax refunds and liabilities for the current and earlier periods are measured at the amount, for which repayments from the tax authorities or payments to the tax authorities are expected. Calculation of the amounts is based on the tax rates and tax laws in force at the balance sheet date.

4.21. Assumptions and Estimates

In preparing the consolidated financial statements, assumptions have been made and estimates used, which have affected the method of reporting and the amounts of the assets, liabilities, income and expenses included in the financial statements.

Estimates and assumptions are used in particular for impairment tests of intangible assets and items of property, plant and equipment as well as for deferred taxes, the establishment of consistent useful economic service lives across the entire HanseGroup, estimates of recovery risks inventories (in particular of used boats) as well as for assessments of the collectability of receivables and the measurement of provisions. On the date the consolidated financial statements were prepared, the subjective judgments and estimates underlying the assets and liabilities were not subject to any significant risks so that material adjustments are not expected to occur in the next fiscal year with respect to the assets and liabilities reported in the consolidated balance sheet.

Although these estimates are made according to the best of management‘s knowledge based on current events and measures being taken, actual results may differ from these estimates.

4.22. Currency Translation

The procedures adopted for currency translation in respect to foreign subsidiaries in preparing the consolidated financial statements are explained under the Consolidation Principles (3.3.).

In the subsidiaries‘ own single-entity financial statements, assets and liabilities in foreign currencies are measured using the rate of exchange in effect on the balance sheet date. Gains and losses arising from currency translation are reported in the income statement under Other operating income and Other operating expenses.

The significant foreign currencies for HanseYachts are the US dollar, the British pound and the Polish zloty. For the purposes of currency translation, HanseYachts AG uses the euro reference rates published by the European Central Bank. Developments in exchange rates were as follows:

	EUR Reference Rate of the ECB		Average Exchange Rates for	
1,00 Euro	30/06/ 2014	30/06/ 2013	Fiscal Year 2013/14	Fiscal Year 2012/13
USD	1,37	1,31	1,36	1,29
PLN	4,16	4,34	4,20	4,15
GBP	0,80	0,86	0,83	0,83

4.23. Consolidated Cash Flow Statement

The cash flow statement has been prepared in accordance with the regulations of IAS 7. It shows the sources and applications of monetary funds. The flow of payments presented in the cash flow statement is divided into cash flow from operating activities, from investing activities and from financing activities. In so doing, the consequences of a change in the scope of consolidation are eliminated in the individual items.

Cash funds consist of the bank balances reported in the balance sheet, cash on hand as well as bank overdrafts.

In Cash flow from operating activities, non-cash operating income and expenses as well as gains and losses from the sale of non-current assets are eliminated. This section includes interest received, interest paid and income taxes paid. Cash flow from operating activities is determined using the indirect method.

Cash flow from investing activities comprises payments for investments in intangible assets as well as in property, plant and equipment. Payments for investments in non-current assets are not identical to the amounts for additions and disposals shown in the statement of changes in non-current assets since grants are recorded as a reduction in the acquisition and production costs of purchased assets in so far as the subsidised assets have already been in use for operational purposes at the point in time, at which the claim to the subsidies had originated.

Cash flow from financing activities comprises new borrowings and repayments of financial liabilities and liabilities from finance leases as well as from incoming payments from capital increases.

4.24. Segment Reporting

In accordance with IFRS 8, identification of mandatorily reportable operating segments is based on the „Management Approach“. According to this approach, external segment reporting is performed on the basis of internal financial reporting to the top decision-making organ (management board). In the HanseGroup, the management board of HanseYachts AG is responsible for evaluating

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and managing the concern's business success and is the highest management body in accordance with IFRS 8.

The HanseGroup only undertakes a breakdown of turnover revenues by product line. Altogether, production and sale of sailing yachts accounted for about 92 % of revenues as in last year. Attention is drawn to the information provided under Section 5.1.

Any further internal reporting will be exclusively done on a consolidated basis. The remaining disclosures required in accordance with IFRS 8 for segment reporting by business segments have not been made because the relevant items are not directly attributable to the respective segments and reliable criteria for allocation are not available. 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 turnover 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.

In terms of segmenting by geographical segments, we refer readers to Point 8. The disclosures apply to Germany (domestic market), EU countries and third-countries as the HanseGroup's relevant, geographical markets. Allocation of external sales abroad is oriented to the location of the respective customers. Allocation of non-current assets to the respective regions is based on the location of the respective assets. The measurement principles for segment reporting are based on the IFRS standards utulised in the consolidated financial statements.

4.25. Non-current Assets Held for Sale

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. Any impairment reversals due to an increase in fair value less selling costs are limited to the amount of the impairment loss previously recognised for the respective assets.

5. NOTES TO THE CONSOLIDATED INCOME STATEMENT

The income statement has been prepared in accordance with the nature of expense method.

Gains and losses arising from currency translation are reported in the income statement under Other operating income and Other operating expenses.

In general the individual items comprise the following:

5.1. Revenues, Changes in Inventories and Own Work Capitalised

	2013/14 In EUR 1000	2012/13 In EUR 1000
Turnover Revenues		
Sailing yachts	83.852	74.243
Motorboats	4.979	4.470
Marina	33	368
Other	2.517	1.851
	91.382	**80.932**
Changes in Inventories		
Work in progress	1.203	(3.595)
Finished goods	47	(261)
	1.250	(3.856)
Other Own Work Capitalised	1.906	1.115
Total Revenues	94.538	78.191

Own work capitalised represents production moulds manufactured internally by the HanseGroup for sailing yachts and motorboats as well as internally generated intangible assets (development costs).

5.2. Other Operating Income

Other operating income consists of the following:

	2013/2014 In EUR 1000	2012/2013 In EUR 1000
Income from disposal of property, plant and equipment and from disposal of non-current assets held for sale	1.393	530
Income from the reversal of provisions and derecognition of liabilities	804	990
Income recharged mainly to dealers (warranties, freight charges, marketing, trade fair costs, etc.)	747	465
Income from deconsolidation of Fjord Boats AS	209	0
Currency translation gains	35	53
Income from forward currency transactions	12	44
Other income	233	78
	3.433	**2.160**

The sale of fixed assets as well as disposal of available non-current assets related to selling the so-called marina/harbour property in Greifswald to a local investor — by which a price of EUR 2.4 million was taken in — accounted for nearly the entire profit. The non-current assets involved in this transaction last year concerned non-current assets separately reported for purposes of disposal (EUR 839K) as well as additional assets from property, plant and equipment to a lesser extent.

Attention is drawn to the information on income from the deconsolidation of Fjord Boats AS provided in Section 3.1.

Currency translation gains and losses primarily result from converting transactions denominated in US dollars and/or Polish zloty. Income from forward currency transactions result from hedging against fluctuations in the exchange rate for the dollar. Losses from currency translation amounting to EUR 116K (EUR 111K last year) have been recognised under Other operating expenses; expenditures for forward currency transactions of EUR 1K (EUR 48K last year) and a gain of EUR 19K in currency translation under Net financial results (gain last year: EUR 40K) have been reported under Financial results. While taking income/expenditures from forward currency transactions into account, net losses from exchange rate differences thus amounted to EUR -51K (EUR -22K last year).

5.3. Cost of Materials

	2013/2014 In EUR 1000	2012/2013 In EUR 1000
Expenditures for raw materials, consumables and supplies	52.850	42.499
Expenditures for purchased services	5.861	3.569
	58.711	**46.068**

Expenditures for purchased services largely contain the expenses for temporary labourers.

Attention is drawn to the information with respect to the impairment recognised in Cost of materials provided in Section 6.4. (Inventories).

5.4. Personnel Expenses

	2013/2014 In EUR 1000	2012/2013 In EUR 1000
Wages and salaries	17.584	15.072
Social security contributions / Expenditures / Retirement benefits	3.641	3.188
	21.225	**18.260**

Contributions to pension plan providers (defined contribution plans) amounting to EUR 1.495 million are contained in the item on Social security contributions and expenditures for retirement benefits (EUR 1.117 million last year).

The Group employed an average of 817 people during the year (687 last year).

	2013/2014 In EUR 1000	2012/2013 In EUR 1000
Number of employees (average)	**817**	**687**
- Salaried staff	132	113
- Hourly-paid workers	685	574

5.5. Other Operating Expenses

	2013/2014 In EUR 1000	2012/2013 In EUR 1000
Expenditures for marketing, licensing, advertising, and traveling	6.118	4.919
Expenditures for guarantees, freight and packaging	3.542	3.376
Expenditures for legal consel, administration, EDP and insurance	2.584	3.646
Expenditures for rent, energy, maintenance and vehicles	2.446	2.442
Other Expenditures *	1.335	1.399
	16.025	**15.782**
*) Thereof:		
From exchange rate losses	116	111
From forward currency transactions	1	48
Valuation adjustments on receivables and losses in receivables	151	322

Within Other operating expenses, savings were mainly achieved in legal and consulting fees in the fiscal year reported here. Corresponding to the greater volume of turnover, sales-related expenditures increased primarily for marketing, boat shows and outgoing freight.

5.6. Amortisation, Depreciation and Write-downs

The composition of Amortisation, depreciation and write-downs is derived from developments in fixed assets and is presented in the statement of changes in the movement schedule of non-current assets (cf. 6.1 and 6.2):

	2013/2014 In EUR 1000	2012/2013 In EUR 1000
Depreciation of intangible assets and property, plant and equipment		
Scheduled depreciation		
Intangible assets	552	357
Property, plant and equipment	3.830	3.987
	4.382	4.344
Unscheduled depreciation		
Property, plant and equipment	150	113
	4.532	4.457
Depreciation of non-current assets held for sale	0	130
	4.532	4.587

Unscheduled depreciation of EUR 150K concerns the exhibition and service facility in Southern France, which has again been recognised under Property, plant and equipment. Attention is drawn to the information provided in Section 6.2.

The deduction of grants received from the cost of items of non-current assets resulted in a reduction in Amortisation, depreciation and write-downs of EUR 649K in the period under review (EUR 548K last year).

5.7. Financial Results

	2013/2014 In EUR 1000	2012/2013 In EUR 1000
Interest income	3	1
Interest expense	(1.182)	(943)
Exchange rate gains/losses from financing TTS	19	40
	(1.160)	(902)

Interest expenses mainly reflect the cost of servicing bank loans, bonds and our sales financing programme as well as changes in value and current compensation payments that are recognised directly in the income statement with their fair value.

An exchange-rate gain of EUR 19K (EUR 40K last year) resulted from exchange-rate differences to be recognised in the consolidated financial statements and caused by currency translation at TTS in fiscal year 2013/2014. These differences were assigned to the financial results as they were essentially contingent on financing and not allocable to business activities.

5.8. Income Taxes

Income taxes comprised the following:

	2013/2014 In EUR 1000	2012/2013 In EUR 1000
Current tax expense (-)	(172)	(171
Deferred tax expense(-) / Deferred tax assets (+)	(131)	110
	(303)	(61)

The current tax expense primarily pertains to the surplus generated by a subsidiary and derecognition of a claim for a refund of corporate income tax for previous years.

Deferred taxes essentially result from divergent tax-based and commercial measurement methods. In the period under review, deferred tax assets on tax-loss carryforwards were only formed in the amount of an existing surplus on the liability side of deferred taxes. This resulted in deferred tax assets of EUR 171K (EUR 139K last year).

As at 30 June 2014 there were corporate income tax-related loss carryforwards of around EUR 28.0 million (EUR 19.6 million last year) in the HanseGroup and trade tax loss carryforwards of around EUR 27.7 million (EUR 19.2 million last year). Only those losses were exclusively taken into account that were incurred after the change in shareholders in November 2011. The loss carryforwards of around EUR 26.3 million (corporate income taxes: EUR 18.4 million last year) and/or around EUR 26.0 million (trade taxes: EUR 18.0 million last year) had not been taken into account for the recognition of deferred taxes on loss carryforwards as the requirements for this had not been met.
Losses of non-domestic subsidiaries, whose business operations have been closed down, have not been taken into account in the above-mentioned disclosures, as utilisation is no longer to be expected. Moreover, temporary differences exist from internal transfer of property, plant, and equipment from one of the previous years, amounting to around EUR 0.2 million (EUR 2.8 million last year), for which deferred tax assets have also not been capitalised due to a failure to meet the necessary requirements.

Our Polish subsidiary operates in a special economic zone. There tax-related losses are not recognised. In return tax credits can be claimed that also provide relief from income taxes on taxable income. The assessment of these benefits led to expenditures of EUR 179K (Earnings: EUR 16K last year) in fiscal year 2013/14.

The advantage of future tax credits in the special economic zone totals around EUR 2.0 million (EUR 2.1 million last year), approx. EUR 1.7 million thereof has not been capitalised (EUR 1.6 million last year). The tax rebates in Poland have a time limit until 2017.

The average tax rate assumed for fiscal year 2013/14 remains unchanged at 29.7 % (29.7 % last year). Reconciliation of the expected tax expense based on the average tax rate to the actual tax expense is as follows:

	2013/2014 In EUR 1000	2012/2013 In EUR 1000
Earnings before taxes	**(3.682)**	**(5.247)**
Average overall tax rate	29,7%	29,7%
Expected income tax	(1.094)	(1.558)
Deviations in tax rates	(270)	(138)
Tax effects of differences in the basis for tax assessment	(655)	(1.122)
Reassessment of deferred tax assets on loss carryforwards and measurement of deferred tax assets	175	0
Previous years‘ income taxes	81	121
Derecognition of deferred tax assets on temporary differences and/ or generated deficits	2.452	2.944
Reductions in tax expense through utilisation of deferred tax assets and/or non-recognised deferred tax assets/tax credits	(389)	(148)
Other items	3	(38)
Total actual income taxes	**303**	**61**
Consolidated group tax rate	**-8,2%**	**-1,2%**

Deviations in tax rates reflect differences arising from the respective average tax rates applicable to the individual non-domestic subsidiaries.

Tax effects resulting from differences in the basis of assessment to tax mainly reflect amounts not deductible for tax purposes, amounts added and deducted in accordance

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with trade tax regulations, allocated Group earnings and non-taxable allowances received.

Non-recognition of deferred tax assets on temporary differences and/or for losses incurred in the year under review have led to a corresponding increase in income tax expenses and/or have not provided any income tax relief. Owing to the present deficit-plagued situation, deferred tax assets have only been formed up to the amount, up to which deficits were incurred during the period under review, and to the extent to which offsettable deferred tax liabilities exist at the respective enterprises.

5.9. Earnings per Share

Earnings per share are determined on the basis of the share in earnings of the shareholders in HanseYachts AG and the average number of shares outstanding during the year and are given as follows:

	2013/2014 In EUR 1000	2012/2013 In EUR 1000
Consolidated net loss = Consolidated share of net earnings for this period	(3.985)	(5.308)
Weighted average of ordinary shares issued	9.160.492	7.000.000
Earnings per share in EUR	(0,44)	(0,76)

There are no dilutive shares so that basic earnings per share are the same as diluted earnings per share.

5.10. Research and Development

Expenditures for our research and development activities in our cost accounting for separately recognised expenditures amounted to EUR 2.997 million in the year under review (EUR 2.481 million last year). These were mainly personnel expenditures and purchased services. Insofar as the recognition criteria for intangible assets (development costs) and/or for machinery and technical equipment / facilities under construction (production forms) were satisfied, corresponding capitalisation was rendered via Own work capitalised (EUR 1.571 million; EUR 949K last year). In total, expenditures of EUR 1.426 million have thus been recognised for Research and development (EUR 1.532 million last year) as an expense charged to the accounting period.

6. NOTES TO THE CONSOLIDATED BALANCE SHEET

6.1. Intangible Assets

Developments in intangible assets were as follows:

In EUR 1000		Internally generated intangible assets	Commercial property rights and similar rights	Good will	Total
Cost of purchase / Cost of manufacturing	01/07/2012	831	5.351	4.618	10.800
Currency differences		0	1	0	1
Additions		349	76	0	425
Reclassifications		0	52	0	52
Disposals		0	-2	0	-2
Cost of purchase / Cost of manufacturing	30/06/2013	1.180	5.478	4.618	11.276
Depreciation	01/07/2012	127	3.594	2.610	6.331
Currency differences		0	3	0	3
Additions		261	96	0	357
Disposals		0	0	0	0
Depreciation	30/06/2013	388	3.693	2.610	6.691
Net carrying amount	**01/07/2012**	**704**	**1.757**	**2.008**	**4.470**
Net carrying amount	**30/06/2013**	**792**	**1.785**	**2.008**	**4.585**

In EUR 1000		Internally generated intangible assets	Commercial property rights and similar rights	Good will	Total
Cost of purchase / Cost of manufacturing	01/07/2013	1.180	5.478	4.618	11.276
Additions		676	179	0	855
Changes in scope of consolidation		0	901	0	901
Reclassifications		0	0	0	0
Disposals		-55	-4	0	-59
Cost of purchase / Cost of manufacturing	30/06/2014	1.801	6.554	4.618	12.973
Depreciation	01/07/2013	388	3.693	2.610	6.691
Additions		376	175	0	551
Disposals		0	-4	0	-4
Depreciation	30/06/2014	764	3.864	2.610	7.238
Net carrying amount	**01/07/2013**	**792**	**1.785**	**2.008**	**4.585**
Net carrying amount	**30/06/2014**	**1.037**	**2.690**	**2.008**	**5.735**

In the item on Internally generated intangible assets, for the first time the manufacturing costs have been recognised for development projects approved and budgeted by management (for sailing or motor yacht types).

In the item on Intellectual property rights and similar rights recognition is primarily focussed on licences for computer software used in the HanseGroup for production and administration as well as brand valuations and/or utilisation rights for brand valuations.

Within the framework of initial consolidation of the Sealine GmbH, the temporally limited right to use the brand name SEALINE is considered to be an essential asset, which has been granted to the Sealine GmbH in light of a separate licensing agreement, which can only be terminated for the first time as at 31 December 2019. The right to use the brand name will be depreciated over the term of the licensing agreement. Attention is drawn to the information provided under Section 3.1.

Brand values (FJORD, MOODY and DEHLER) are not subject to any limits on use and will thus not be subject to scheduled amortisation. The brand values for FJORD, MOODY and DEHLER have been recognised unchanged compared to last year at their original and/or amortised acquisition costs of EUR 1.647 million (EUR 1.647 million last year).

Goodwill assigned to TTS remained unchanged at EUR 2.0 million at the balance sheet date.
Attention is otherwise drawn to the information provided under Sections 4.10. to 4.12.

In addition to the above-mentioned rights, the HanseGroup also owns the rights to the HANSE and VARIANTA brands. Liens were obtained on the HANSE, DEHLER and MOODY, VARIANTA and FJORD brands as collateralisation of the bonds 2014/19. The carrying amount of the brand valuations recognised and serving as collateral was EUR 1.647 million (EUR 0 last year) as mentioned above.

6.2. Property, Plant and Equipment

In EUR 1000		Land and buildings including buildings on third-party land	Technical equipment and machinery	Other equipment, facilities and office equipment	Payments on account and assets under construction	Total
Cost of purchase / Cost of manufacturing	01/07/2012	27.013	18.270	2.386	884	48.552
Currency differences		94	29	-5	1	119
Additions		25	176	199	1.359	1.759
Reclassifications		259	1.489	-40	-1.759	-51
Disposals		-326	-895	-226	-24	-1.471
Cost of purchase / Cost of manufacturing	30/06/2013	27.065	19.069	2.314	461	48.909
Depreciation	01/07/2012	6.525	12.946	1.811	-2	21.280
Currency differences		50	67	-5	5	117
Additions		1.222	2.589	289	0	4.100
Reclassifications		0	0	0	0	0
Disposals		-299	-777	-181	0	-1.257
Depreciation	30/06/2013	7.498	14.825	1.914	3	24.240
Net carrying amounts	**01/07/2012**	**20.488**	**5.324**	**575**	**886**	**27.273**
Net carrying amounts	**30/06/2013**	**19.567**	**4.244**	**400**	**458**	**24.669**

In EUR 1000		Land and buildings including buildings on third-party land	Technical equipment and machinery	Other equipment, facilities and office equipment	Payments on account and assets under construction	Total
Cost of purchase / Cost of manufacturing	01/07/2013	27.065	19.069	2.314	461	48.909
Currency differences		78	-3	-3	-10	62
Additions		56	480	551	2.675	3.762
Reclassification of previously separate assets recognised as held for sale in accordance with IFRS 5		1.332	39	29	0	1.400
Reclassifications		107	1.638	18	-1.763	0
Disposals		-947	-773	-191	0	-1.911
Cost of purchase / Cost of manufacturing	30/06/2014	27.691	20.450	2.718	1.363	52.222
Depreciation	01/07/2013	7.498	14.825	1.914	3	24.240
Currency differences		51	-11	-2	-3	35
Additions		1.317	2.312	351	0	3.980
Reclassification of previously separate assets recognised as held for sale in accordance with IFRS 5		457	16	19	0	492
Disposals		-854	-621	-187	0	-1.662
Depreciation	30/06/2014	8.469	16.521	2.095	0	27.085
Net carrying amounts	**01/07/2013**	**19.567**	**4.244**	**400**	**458**	**24.669**
Net carrying amounts	**30/06/2014**	**19.222**	**3.929**	**623**	**1.363**	**25.137**

Changes in the individual items of property, plant and equipment are shown in the following fixed-asset movement schedule.

Reclassification of assets that had previously been separately recognised in accordance with IFRS 5 (Assets Held for Sale) concerns the business property and other assets of the HanseGroup's French subsidiary, as disposal on short notice could no longer be assumed with sufficiently high probability as at the balance sheet date. For the assets involved, an unscheduled write-down of EUR 150K (EUR 130K last year) was undertaken, which was derived from purchase-price indicators during the year. After the unscheduled write-downs and disposals of assets during the year, the residual carrying amounts of this business property and the other assets amounted to EUR 750K (EUR 1.035 million) as at the balance sheet date.

Land and Buildings
The additions in fiscal year 2013/14 include maintenance costs and new investments in buildings. No grants were received by the HanseGroup so that there were also no write-downs on the acquisition costs for assets procured in the year under review. The residual carrying amounts of buildings included in the financial statements as at 30 June 2014 has been reduced by grants received in previous years amounting to EUR 3.802 million (EUR 4.261million last year).

The usual security interests exist for properties and buildings owned by the HanseGroup; these serve the HanseGroup's creditors as collateral for the loans that have been granted. The carrying amounts for assets serving as collateral amounted to EUR 17.463 million (EUR 17.789 million last year).

Technical Equipment and Machinery
While taking reclassifications into account, investments in technical equipment and machinery totalled EUR 2.118 million (EUR 1.665 million last year). They relate mainly to hull and deck moulds for new boat models.

The residual carrying amounts for Technical equipment and machinery included in the financial statements as at 30 June 2014 have been reduced by grants received amounting to EUR 333K (EUR 541K last year).

The residual carrying amounts for items of property, plant and equipment funded by finance leasing amounted to EUR 486K (EUR 1.235 million last year). They consist exclusively of production forms.

The usual security interests also exist for technical equipment and machinery for the loans that have been granted. The carrying amounts for assets serving as collateral amounted to EUR 1.334 million (EUR 2.616 million last year).

Other Assets, Operating and Office Equipment
Additions in the year under review cover the usual investments in IT and office equipment. This item includes assets costing below EUR 150.00 each, which were fully written down in the year under review and for which a disposal of assets totaling EUR 70K has been assumed for the same year (EUR 31K last year).

Assets under Construction
Assets under construction consist mainly of machinery and equipment (primarily production forms) that have not yet been accepted in a final inspection or are not yet in operating condition.

6.3. Deferred Taxes and Income Taxes

Recognised deferred taxes relate to the following balance sheet items:

	30/06/2014		30/06/2013	
	Active In EUR 1000	Passive In EUR 1000	Active In EUR 1000	Passive In EUR 1000
Intangible assets	30	299	75	229
Property, plant and equipment	83	491	76	633
Receivables	0	26	0	19
Fair value measurement of forward transactions	38	0	54	0
Inventories	112	0	73	0
Liabilities	118	121	159	0
Loss carryforwards	518	0	347	0
Tax relief	255	0	434	0
	1.154	937	1.218	881
Netting	(934)	(934)	(832)	(832)
	220	3	386	49

Deferred tax assets on intangible assets result from the differing measurements for brand rights in the accounts prepared for tax purposes relative to the accounts prepared for financial reporting purposes. Deferred tax expenses on intangible assets exclusively relate to development costs capitalised. Deferred tax expenses on tangible assets primarily cover an estimate of useful life that deviates from economic principles as well as the currency translation of fixed assets at historical exchange rates of the Polish subsidiary that is considered an "integrated unit".

Deferred tax assets on tax-relief measures affect the special economic zone in Poland. Deferred taxes for future tax credits have only been capitalised for amounts, up to those at which deferred tax liabilities have been recognised and/or their future usability appears to be sufficiently certain. The planning period used to evaluate such usability was three years (3 years last year). Deferred tax assets on losses incurred in fiscal year 2013/14 were only formed to the amount of an existing surplus in deferred tax liabilities in a company-related context.

So long as deferred tax assets and deferred tax liabilities of consolidated companies relate to income taxes levied by the same taxation authority, they will be set off against each other.

Deferred tax assets and deferred tax liabilities have the following anticipated maturities.

	30/06/2014		30/06/2013	
	Active In EUR 1000	Passive In EUR 1000	Active In EUR 1000	Passive In EUR 1000
Short-term deferred taxes	270	26	286	19
Long-term deferred taxes	884	911	932	862
Netting	(934)	(934)	(832)	(832)
	220	3	386	49

For deferred taxes incurred for current assets and liabilities (receivables, futures transactions and inventories) a reversal of the underlying temporary differences is expected within one year.

Income tax obligations recognised under Liabilities affect anticipated tax expenses for fiscal years that have not yet received a tax assessment. The anticipated maturity is less than one year. Liabilities from income taxes are subdivided as follows:

	30/06/2014 In EUR 1000	30/06/2013 In EUR 1000
Domestic companies		
Corporate income tax	1	153
Solidarity surcharge	0	8
Trade income tax	117	276
	118	437

6.4. Inventories

	30/06/2014 In EUR 1000	30/06/2013 In EUR 1000
Raw materials and supplies	7.223	5.050
Work in progress	6.053	4.850
Finished goods and goods for resale	4.415	6.008
Advance payments and inventories	20	30
	17.711	15.938

Work in progress includes boats currently in production and finished plastic parts and items of furnishings made to order. Finished products and goods consist of boats still owned by the HanseGroup. All boats are produced to order or for trade fair exhibitions and boat shows. Goods for resale comprise second-hand boats. It is assumed that inventories will be turned over in the usual orderly course of business within 12 months.

The value adjustments recognised for individual items in inventories are broken down as follows:

	Raw materials and supplies		Work in progress		Finished goods and goods for resale		Advance payments on inventories		Total	
	2013/14	2012/13	2013/14	2012/13	2013/14	2012/13	2013/14	2012/13	2013/14	2012/13
Cost of acquisition / Cost of manufac-turing	7.685	5.464	6.053	4.850	4.941	7.346	20	30	18.699	17.690
Valuation adjustments	-462	-414	0	0	-526	-1.338	0	0	-988	-1.752
Carrying amounts as at 30/06	7.223	5.050	6.053	4.850	4.415	6.008	20	30	17.711	15.938

Devaluations on net realisable values affect depreciation allowances for raw materials and supplies as well as write-downs on finished products and goods. Changes in value adjustments — as a balance of additions, reversals and utilisation — have been recognised under Cost of materials. This led to financial relief with respect to cost of materials of EUR 764K (EUR 750K last year) for the year under review.

The value adjustments formed for finished products and goods concern almost exclusively inventories of used boats. Taking possible risks into account related to reselling used boats, substantial value corrections have been formed in the past based on evaluations obtained for the entire inventory of used boats. For fiscal year 2013/14 no additional value adjustments of any significance were necessary. The decrease in value adjustments primarily resulted from the sale of used boats in the year under review and from the accompanying utilisation and/or „disposal“ of value adjustments formed last year.

There are the usual collateral agreements with house banks and a sales finance firm (e.g., storage assignments of inventories, boats pledged as collateral, etc.) with respect to raw materials and supplies as well as finished and unfinished products and used boats. The carrying amounts for inventories serving as collateral amounted to EUR 14.573 million (EUR 14.323 million last year).

6.5. Trade Receivables

	30/06/2014 In EUR 1000	30/06/2013 In EUR 1000
Trade payables minus valuation allowances	3.263	4.175
Minus valuation allowances	-513	-726
	2.750	3.449

As in the previous year, the remaining maturity of all trade receivables is less than one year; the receivables are secured by the boats themselves, which will not be delivered until full payment of the sale price has been received. The carrying amount of cash and cash equivalents is equal to their fair value.

The expense for losses and valuation allowances in respect of receivables in the period under review amounted to EUR 151K (EUR 322K last year).

Unimpaired trade receivables are set up according to time frames as follows:

	30/06/2014 In EUR 1000	30.06.2013 In EUR 1000
Neither overdue nor individually value-adjusted payables	641	827
Overdue but not single-valued receivables		
Less than 30 days	1.364	423
Between 31 and 60 days	286	357
Between 61 and 90 days	3	440
More than 90 days overdue	239	1.017
Total	2.533	3.064
Residual book values: individually value-adjusted payables	217	385
Reported values: Trade payables	2.750	3.449

The value adjustments for risks of default on trade receivables have developed as follows:

	2013/14 In EUR 1000	2012/13 In EUR 1000
Status as at 1 July	726	486
Value adjustments of the fiscal year		
- Additions	107	306
- Utilisation	-211	-17
- Reversals	-109	-49
Status as at 30 June	513	726

These adjustments were calculated on the basis of past experience with payment defaults and the age structure of the trade receivables.

Bank loans already granted have been secured by a blanket assignment of part of the trade receivables. The carrying amount for assets serving as collateral amounted to EUR 2.223million (EUR 2.635 million last year).

6.6. Other Assets

As in the previous year, other assets all have a term to maturity that is in all likelihood less than one year.

	30.06.2014 In EUR 1000	30.06.2013 In EUR 1000
Other assets		
- VAT	1.241	625
- Deferrals	678	223
- Debited accounts	159	21
- Other	119	222
	2.197	1.161

Prepaid expenses consist principally of payments in advance for participating in trade fairs, for insurance premiums and for licensing fees.

6.7. Cash and Cash Equivalents

Compared to last year, cash and cash equivalents have increased to EUR 13.682 million (EUR 2.046 last year), in particular due to the proceeds from bonds issued on 3 June 2014 (EUR 13.0 million).

The carrying amount of cash and cash equivalents is equal to their fair value. They consist of demand deposits and call loans available whenever needed. Amounting to EUR 2.103 million (EUR 575K last year), cash and cash equivalents are subject to constraints on disposition imposed by the lending institutions that provide financing. Collateral to secure the first interest payment on 3 June 2015 accounted for the sum of EUR 1.040 million thereof for bonds 2014/19.

6.8. Non-current Assets Held for Sale

At the balance sheet date last year, non-current assets assigned to the HanseGroup‘s French subsidiary were recognised in this item on the balance sheet together with property and buildings in Greifswald not deemed necessary for operations and held for sale.

With respect to reclassifying the assets assigned to the French subsidiary into fixed assets, attention is called to the information provided in Section 6.2. With respect to the sale of non-current assets not deemed necessary for operations in Greifswald, attention is drawn to the information provided in Section 5.2.

6.9. Equity

Developments in equity are presented in the Statement of changes in equity.

Subscribed Capital

The fully paid-up share capital of HanseYachts AG as at 30 June 2014 amounted to EUR 9 592 590.00 (EUR 7 000 000.00 last year), divided into 9 592 590 (7 000 000 last year) no-par value shares with a nominal value of EUR 1.00 each. All of the shares are bearer shares. By means of a capital increase from authorised capital, subscribed capital was raised by a total of EUR 2 592 590 in the amount of the 2 592 590 shares of stock at EUR 1.00 each.

At the general shareholders' meeting on 2 February 2010, HanseYachts AG was authorised to purchase its own shares up to 10 % of current share capital as at 2 February 2010 (EUR 6 400 000.00) in accordance with Art. 71, Para. 1, No. 8 AktG. This authorisation will remain in force until 1 February 2015. As at 31 July 2011, HanseYachts AG did not hold any of its own shares.

Authorised Capital

Authorised capital is composed of the following:

	General meeting of	Authorised Capital In EUR 1000
Authorised Capital (2011)	02/02/2011	0
Authorised Capital (2014)	14/01/2014	4.796

At the general meeting of the HanseYachts AG on 2 February 2011, the shareholders resolved to authorise the management board, subject to the consent of the supervisory board, to increase the Company's share capital against cash or in-kind contributions by up to EUR 3 200 000.00 by issuing new no-par value shares on a one-off or multiple basis (Authorised Capital 2011). During fiscal year 2011/12, 600 000 shares were issued and in fiscal year 2013/14 2 592 590 shares were also issued – all from authorised capital – with a nominal value of EUR 1.00 per share. At the general shareholders' meeting on 14 January 2014, the remaining authorisation was terminated for issuance of 7410 shares of stock.
At the general meeting of the HanseYachts AG on 14 January 2014, the management board was authorised, subject to the consent of the supervisory board, to increase HanseYachts AG's share capital against cash or in-kind contributions by up to a nominal value of EUR 4 796 295.00 by issuing new shares on a one-off or multiple basis by 13 January 2019 (Authorised Capital 2014).

Contingent Capital

Share capital was contingently increased by up to EUR 3 500 000.00 by issuing up to 3 500 000 new no-par value shares made out to the bearer (Contingent Capital 2012). The contingent capital increase will only be implemented insofar as the owners of converitible bonds and options, which have been issued based on authorisation resolved by the shareholders at HanseYachts AG's general meeting on 10 December 2012 until 10 December 2017, make use of their converitible bonds and/or options.

This authorised capital was entered in the Commercial Register on 5 May 2014.

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Capital Reserves

As at the balance sheet date, the HanseGroup has recognised a capital reserve that developed as follows in fiscal year 2013/14:

	2013/14 In EUR 1000	2012/13 In EUR 1000
Capital reserves at the beginning of the fiscal year	6.000	15.189
Withdrawals from capital reserves	-6.221	-9.189
Capital increase	2.386	0
Capital reserves at the end of the fiscal year	**2.165**	**6.000**

A withdrawal was made from the capital reserves to balance the net loss for the year of HanseYachts AG in accordance with Article 150, Para. 4, No. 1 of the AktG.

In fiscal year 2013/14, 2 592 590 no-par value shares were issued at an issuing price of EUR 1.92 within the framework of a capital increase. Capital reserves increased correspondingly by the premium per share (EUR 0.92) totaling EUR 2 385 182.89. The capital increase stemmed from authorised capital so that the expenditures directly allocable to said capital increase altogether were of minor importance and consequently no reduction of equity was undertaken.

Residual capital reserves are subject to the restrictions of Art. 150 of the AktG.

6.10. Other Provisions

	01/07/2013 In EUR 1000	Utilisation In EUR 1000	Reversals In EUR 1000	Additions In EUR 1000	30/06/2014 In EUR 1000
Dealer bonuses	176	0	100	0	76
Guarantees	1.729	955	11	1.346	2.109
Restructuring	255	23	112	0	120
	2.160	978	223	1.346	2.305

	01/07/2012 In EUR 1000	Utilisation In EUR 1000	Reversals In EUR 1000	Additions In EUR 1000	30/06/2013 In EUR 1000
Dealer bonuses	214	153	61	176	176
Guarantees	1.944	774	368	927	1.729
Restructuring	1.299	996	48	0	255
	3.457	1.923	477	1.103	2.160

Provisions for dealer bonuses contain the expenses expected for subsequent remuneration of dealers who have achieved or even exceeded their performance targets for past fiscal years.

Provisions for guarantees contain costs estimated for guarantee work on boats that have been sold during the guarantee period as well as for legal fees incurred in conjunction with guarantee claims.

Provisions for restructuring concern still possible repayment of grants received in previous years, for which compliance with the eligibility conditions is no longer sufficiently ensured due to the restructuring measures implemented as at 30 June 2014 (EUR 120K; EUR 255K last year).

All of these obligations are generally due to expire within one year. Cost increases and/or interest factors have not been taken into account due to the short-term character of the expiration date. Exchange-rate differences are also contained individually in the schedule of provisions in the column entitled "Utilisation" above.

6.11. Liabilities

Bonds 2013/14 and Bonds 2014/19

	30/06/2014 In EUR 1000	30/06/2013 In EUR 1000
Remaining terms up to 1 year Bonds 2013/14	3.594	0
Remaining terms 1 to 5 years Bonds 2014/19	12.592	0
	16.186	**0**

These bonds have a nominal value of EUR 13.0 million and are fixed interest bonds, with an 8.0 % interest rate and a term of five years (Bonds 2014/19). These bonds have been secured by liens on the HANSE, DEHLER, MOODY, VARIANTA and FJORD brands as collateral (cf. Section 6.1.).

Additional bonds with a nominal value of EUR 3.623 million are also bonds with a fixed 9.0 % rate of interest; they have a term of up to one year and no collateralisation (Bonds 2013/14).

Interest accrued up to the balance sheet date is contained in Other liabilities (EUR 155K) and/or in Current liabilities owed to related parties (EUR 103K).

Transaction costs directly allocable to the bond issue (EUR 504K) were written down from the nominal amounts and will be amortised in accordance with the effective interest method over the life of the bonds. The part of the transaction costs not yet amortised amounted to EUR 437K at the balance sheet date.

The bonds have been admitted for sale on the Open Market of the Deutsche Börse AG (Regulated Market of the Frankfurt Stock Exchange in the Entry Standard for Bonds Segment).

Enterprises of the AURELIUS Corporate Group have subscribed at a nominal value of EUR 2.7 million. Attention is drawn to the information provided under Section 11.

There is the possibility of topping up the 2014/19 bonds by up to EUR 7.0 million to a volume then of EUR 20.0 million, so long as potential loan investors can be gained to a commensurate extent.

With respect to outflows of liquidity, attention is drawn to Section 9.2., with respect to fair value attention is drawn to Section 9.5. and with respect to covenants agreed upon attention is drawn to the information provided in Section 9.6.

Other Financial Liabilities

Interest-bearing obligations are recognised under Other financial liabilities owed to lending institutions and other external lenders.

Financial liabilities are classified according to their maturities at the balance sheet date as follows:

	30/06/2014 In EUR 1000	30/06/2013 In EUR 1000
Liabilities to banks / other lenders		
Up to 1 year	2.932	7.738
1 to 5 years	756	491
	3.688	**8.229**

At the balance sheet date, there were liabilities owed to banks amounting to EUR 3.688 million (EUR 7.602 million last year). They have resulted from loans taken out at fixed and variable interest rates (EUR 2.540 million; EUR 5.188 million last year), from negative fair value of hedging transactions (EUR 128K; EUR 228K last year) as well as overdraft facilities already drawn down (EUR 1.020 million; EUR 2.186 million last year). A loan recognised in Other financial liabilities last year provided by an external financing partner (EUR 627K) was repaid in full during the year under review.

Financial liabilities owed to related parties have been explained in Section 11.

With respect to outflows of liquidity, attention is drawn to Section 9.2., with respect to interest rate hedging attention is drawn to Section 9.3., with respect to fair value attention is drawn to Section 9.5. and with respect to covenants agreed upon attention is drawn to the information provided in Section 9.6.

With regard to the assets serving as collateral for financial liabilities, attention is drawn to the information provided in Sections 6.2., 6.4., 6.5. and 6.7.

Liabilities from Finance Leasing

Liabilities from finance leasing are recognised at the present value of future lease instalments. Leasing items are assets under Property, plant and equipment. Minimum leasing instalments are reconciled to the present value as follows:

	30/06/2014 In EUR 1000	30/06/2013 In EUR 1000
Present value: Leasing payments		
Up to 1 year	538	685
1 to 5 years	0	589
	538	1.274
Interest portion		
Up to 1 year	30	125
1 to 5 years	0	35
	30	160
Minimum leasing payments		
Up to 1 year	568	810
1 to 5 years	0	624
	568	1.434

Repayment of finance leasing is essentially accomplished from regular instalments on principal. Moreover, finance leasing arrangements were redeemed to a limited extent.

Other Liabilities

As in the previous year, all of the liabilities shown below fall due within one year.

	30/06/2014 In EUR 1000	30/06/2013 In EUR 1000
Advance payment on orders	6.927	5.661
Trade payables	13.088	14.220
Liabilities owed to related individuals/companies	1.214	2.635
Other liabilities		
Liabilities for staff costs	2.896	2.093
Customer accounts with credit balances	190	153
VAT payables	54	71
Other	447	140
	3.587	2.457
	24.816	24.973

Payments on account received relate to payments in advance for sailing yachts and motorboats.

Liabilities for staff costs mostly comprise normal amounts due for wages and salaries amounting to EUR 792K (EUR

Fjord F40 open

578K last year) and outstanding holiday entitlements of EUR 1.252 million (EUR 1.038 million last year).

Attention is drawn to the information on Liabilities owed to related parties provided in Section 11.

7. NOTES ON THE CONSOLIDATED CASH FLOW STATEMENT

Interest payments recognised net under Cash flow from operating activities almost exclusively comprise interest payments and interest paid only to a negligible extent.

In the year under review, income tax payments of EUR 437K were incurred as the result of a tax audit for 2008 to 2010 (EUR 0 last year).

Cash flow from investment activities comprises payments for investments in intangible assets as well as in property, plant and equipment. Disposals of fixed assets have led to income amounting to EUR 2.493 million (EUR 1.282 million last year) and altogether to realisation of hidden reserves to a significant extent (EUR 1.337 million; EUR 360K). The large income and profit from disposals of property, plant and equipment largely resulted from the sale of the marina/harbour property at our facilities in Greifswald. Acquisition of the Sealine GmbH, which has been included in the HanseGroup‘s consolidated financial statements for the first time, has led to expenditures of EUR 126K, while taking cash and cash equivalents into account that were taken in with the takeover. Deconsolidation of the participation in Fjord Boats AS has not led to any gains or losses in liquidity.

Cash flow from financing activities mainly comprises the proceeds from the bond issue and the capital increase in addition to retirement of existing loans and/or finance leasing liabilities. Income from the bond issue will be recognised when reduced by the directly allocable transaction costs (EUR 504K).

8. NOTES ON SEGMENT REPORTING

In total, the sale of sailing yachts accounts for a major proportion (about 92 %) of revenues (about 92 % last year). With respect to analysing revenues by product segments, please refer to the information shown under Section 5.1. No further information on segment reporting by business division has been provided for the reasons given under Section 4.24.

In the following, analyses by geographical aspects have been undertaken. For purposes of providing segment information by region, revenues are determined according to the location of customers, while other items are determined according to the venues of the Group's companies.

2012/13	Domestic Market In EUR 1000	EU States In EUR 1000	Non-EU States In EUR 1000	Consolidation In EUR 1000	Total In EUR 1000
Turnover	46.072	30.874	35.785	-31.798	80.933
Segment assets	53.154	9.860	969	-9.875	54.108
Investments	1.842	338	4	0	2.184

2013/14	Domestic Market In EUR 1000	EU States In EUR 1000	Non-EU States In EUR 1000	Consolidation In EUR 1000	Total In EUR 1000
Turnover	49.367	36.524	41.931	-36.440	91.382
Segment assets	67.821	10.441	2.008	-13.034	67.236
Investments	4.350	261	7	0	4.618

9. MANAGEMENT OF FINANCIAL RISKS

9.1. Default and Credit Risks

Default risk refers to the risk of insolvency of a contractual partner and the credit risks associated with cash deposits and derivative financial instruments. For the most part, the HanseYachts Group is only exposed to the risk of insolvency on the part of dealers and their customers.

In order to minimise this default risk, the HanseGroup generally requires payments on account from the dealers or their customers up to the point of completion of a sailing yacht, which has been ordered; the payments are then deducted from the contractual sale price. Yachts are physically delivered only after the full amount of the sale price has been received—regardless of simultaneous or prior revenue recognition. Exceptions to this rule require the approval of the management board.

Essential other financial assets are mostly due from government bodies. Bank balances are maintained at banks with sound credit ratings.

The HanseYachts Group is exposed to credit risks with derivative financial instruments; these risks result from failure to fulfil contractual agreements on the part of the other party to the contract. Credit risks can be minimised only by concluding such business arrangements with contractual partners of first-class creditworthiness.

As in the previous year, the maximum risk of defaulting as at the balance sheet date corresponds to the carrying amounts of trade receivables, other assets as well as cash and cash equivalents recognised in the balance sheet.

9.2. Liquidity Risks

Liquidity risks refer to the risk that the HanseYachts Group would not be in a position to fulfil its financial obligations as they fall due. 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 short-term liquidity 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. By means of this short-term financial planning, the HanseGroup can ensure that sufficient funds are available on call in order to be able to cover expected business expenses including funds needed to service financial obligations.

Undiscounted gross cash flow payments (on interest and principal) for financial liabilities are structured as follows:

			Remaining terms thereof	
		In EUR 1000	Up to 1 year In EUR 1000	1 to 5 years In EUR 1000
Bonds		22.149	4.989	17.160
	(Last year)	0	0	0
Other financial liabilities		3.785	3.005	780
	(Last year)	(8.701)	(5.627)	(3.074)
Liabilities from financial leasing		568	568	0
	(Last year)	(1.434)	(810)	(624)
Trade payables		13.088	13.088	0
	(Last year)	(14.220)	(14.220)	0
Liabilities owed to related parties		3.351	1.239	2.112
	(Last year)	(2.735)	(2.735)	0
Other liabilities		190	190	0
	(Last year)	(153)	(153)	0
		43.131	23.079	20.052
	(Last year)	(27.243)	(23.545)	(3.698)

Significant interest components contain the cash outflows from the bonds and the liabilities owed to related parties. Moreover, interest components are contained to a limited extent in cash outflows from other financial liabilities and liabilities from finance leasing. Whenever interest payments have been based on variable parameters, undiscounted amounts have been determined on the basis of the yield curve at the end of the reporting period.

For overdraft facilities already drawn down (EUR 1.020 million; EUR 2.186 million last year) repayment on a short-term basis is generally assumed. The point in time expected for payments on interest and principal thus corresponds to the repayment schedule originally stipulated in accordance with economic standpoints, while foreseeable unscheduled payments on principal have been taken into account.

Attention is drawn to the information provided under Section 9.6.

9.3. Interest Rate Risk

The structure of external financing wa reorganised in fiscal year 2013/14. External financing of the HanseGroup is now essentially implemented at fixed interest rates of 8.0 % (Bonds 2014/19) and/or 9.0 % (Bonds 2013/14). An interest rate risk does not exist with regard to this type of financing.

The remaining liabilities owed to lending institutions still provide in part for variable interest rates that due to amendments to the conditions and unscheduled payments on principal were no longer congruently covered by interest-hedging agreements originally concluded to a significant extent. As the total volume of liabilities owed to banks recognised as Other financial liabilities was significantly reduced in the year under review and residual terms will successively decrease, there are thus no longer any major interest-rate risks with respect to these liabilities.

In the period under review, financial instruments in the categories of Loans and receivables, Financial liabilities measured at cost and Liabilities / Assets measured at fair value through profit or loss have led to interest expenses totaling EUR 1.283 million (EUR 975K last year). Market valuation of interest swap transactions of EUR 100K (EUR 92K last year) was not included in this amount as at the balance sheet date. Interest income was negligible as in the previous fiscal year.

Interest Rate Sensitivity Analyses
In the following segment, the results of a sensitivity analysis are shown with respect to the risk of fluctuations in interest rates for derivative and non-derivative financial instruments as at the balance sheet date. Financial instruments with fixed interest rates are measured at amortised cost and thus are not subject to interest sensitivity in accordance with IFRS 7. For variable interest-bearing liabilities, this analysis is conducted on the hypothesis that the amount of the outstanding liability on the balance sheet date has been outstanding for the entire year. Within the framework of assessing fluctuating interest rates, an increase or decrease of the interest rate by 100 basis points is assumed. This represents the management board's assessment with respect to a well-founded, possible fluctuation in the interest rate. Such an increase would lead to additional interest income of EUR 16K p.a. for the HanseGroup from its underlying transactions and contracts on interest-rate swaps (EUR 11K p.a.). A decrease of 100 basis points in the interest rate would lead to an interest expense of EUR 2K p.a. (EUR 7K p.a. last year). As revenues and expenses of all financial instruments included in the analysis are included in the income statement, there would not be any additional impact on equity.

Contracts for Interest Rate Swaps
In interest rate swap transactions already concluded, the HanseGroup trades variable interest payments against fixed interest payments that were calculated on the basis of stipulated nominal amounts. Fair value of interest rate swaps at the balance sheet date is determined by discounting future cash flow using interest structure curves at the balance sheet date and the credit risks involved in the contracts in accordance with the mark-to-market method (procedures, in which all input parameters significantly affecting fair value are either directly or indirectly observable (Step 2 for the purposes of IFRS 7.27a)).

The following table shows the nominal amounts and fair value of existing agreements for interest rate swaps at the balance sheet date:

	30.06.2014		30.06.2013	
	Marktwert	Nominal-wert	Marktwert	Nominal-wert
	TEUR	TEUR	TEUR	TEUR
Zinsswaps	-128	1.377	-228	3.023

Interest rate swaps are reconciled every six months. Fair value represents the prices, at which unrelated third parties would acquire the rights or assume the obligations arising from the financial instruments. Fair value is the current value of the derivative financial instruments, without taking into account any inverse movements in the values of the respective hedged transactions.

Derivative financial instruments are measured as financial assets or financial liabilities at fair value through profit or loss, as the stringent demands of hedge accounting in accordance with IAS 39 have not been fulfiled. For this reason, the fair value of derivative financial instruments is carried under Current financial debt in the balance sheet. An adjustment to fair value at the balance sheet date is carried in the HanseYachts Group's EBIT.

9.4. Currency Risks

Currency risks represent the risk of changes in the value of items in the financial statements as a result of fluctuations in exchange rates. For the HanseGroup, this risk arises in particular in relation to cash inflow in US dollars resulting from supplying goods and services to dealers outside of the Eurozone.

On the basis of forecasts of expected US dollar inflow, HanseYachts sells US dollars forward on a targeted basis for the dates of expected cash inflow in order to hedge against any negative exchange rate fluctuations. As at the balance sheet date, 30 June 2014, there were no outstanding forward transactions in US dollars. At last year's balance sheet date, there were also outstanding forward transactions in US dollars of negligible importance (Contract volume: $500K; Fair value: EUR -11K).

Trade receivables in foreign currency amounted to EUR 493K at the balance sheet date (EUR 507K last year). This corresponded to a 17.9-% proportion of total trade receivables (14.7 % last year). We have trade receivables in the following currencies:

	30/06/2014 In EUR 1000	30/06/2013 In EUR 1000
USD	492	472
PLN	1	9
NOK	0	26
	493	507

A 10-% fluctuation either plus or minus in the value of foreign currency relative to the euro as at the balance sheet date would have had an impact on our consolidated Group earnings after taxes and/or equity of EUR 54K (EUR 56K last year) and/or EUR -44K (EUR -46K last year), respectively.

Moreover, our Polish subsidiary is also exposed to currency risks resulting from transactions with HanseYachts AG that are settled in euros. These currency risks have been hedged using forward transactions in euros/zloty. As at the balance sheet date on 30 June 2014, there were no outstanding forward transactions in zloty.

Liabilities in foreign currency consisted of obligations in the following currencies:

	30/06/2014 In EUR 1000	30/06/2013 In EUR 1000
PLN	480	860
USD	102	0
GBP	89	0
NOK	16	211
	687	1.071

A 10-% fluctuation either plus or minus in liabilities in foreign currency relative to the euro as at the balance sheet date would have had an impact on our consolidated Group earnings after taxes and/or on equity of EUR -62K (EUR -119K last year) and/or EUR 76K (EUR 97K last year), respectively.

9.5. Fair Value

The fair value of the financial assets and liabilities reported in the consolidated balance sheet are generally determined with reference to available information on the market. The fair value of interest rate swap contracts and forward currency transactions is determined using recognised mathematical models on the basis of the market data available at the time of such calculations. For bond liabilities, information is available on the stock exchange price.

Owing to the short duration, the carrying amounts of current financial assets and debt correspond to fair value. With non-current financial assets and debt, interest rates correspond to the usual market interest levels and/or the volume is of comparatively manageable magnitude so that even here the carrying amounts also correspond to fair value. Only for bond liabilities are there deviations from the carrying amounts via the available stock exchange prices.

		30/06/2014		30/06/2013	
	in accordance with IAS 39	Fair Value	Carrying amount	Fair Value	Carrying amount
		In EUR 1000	In EUR 1000	In EUR 1000	In EUR 1000
FINANCIAL ASSETS					
Current Financial Assets		**16.395**	**16.395**	**5.601**	**5.601**
Trade receivables	lar	2.750	2.750	3.449	3.449
Receivables from related companies and individuals	lar	404	404	0	0
Other receivables Forderungen	lar	159	159	106	106
Cash and cash equivalents	lar	13.082	13.082	2.046	2.046
Total financial assets		**16.395**	**16.395**	**5.601**	**5.601**
FINANCIAL LIABILITIES					
Non-current Financial Liabilities		**14.948**	**15.291**	**1.080**	**1.080**
Bonds	flac	12.592	12.935	0	0
Bank loans and other loans	flac	756	756	491	491
Finance leasing	flac	0	0	589	589
Payables to related companies and individual	flac	1.600	1.600	0	0
CURRENT FINANCIAL LIABILITIES		**21.711**	**21.776**	**25.431**	**25.431**
Trade payables	flac	13.088	13.088	14.220	14.220
Bonds	flac	3.594	3.659	0	0
Bank loans, bank overdrafts and other loans	flac	2.804	2.804	7.499	7.499
Interest hedging agreements and exchange rate hedging with negative fair valuet	fvtpl	128	128	239	239
Finance leasing	flac	538	538	685	685
Liabilities to related parties	flac	1.214	1.214	2.635	2.635
Other current liabilities	flac	345	345	153	153
Total: Financial Liabilities		**36.659**	**37.067**	**26.511**	**26.511**

lar = loans and receivables
flac = financial liability at cost
fvtpl = fair value through profit and loss

In aggregate form, financial assets and debt can be seen in the following table:

	30/06/2014		30/06/2013	
	Fair Value	Carrying amount	Fair Value	Carrying amount
	In EUR 1000	In EUR 1000	In EUR 1000	In EUR 1000
Aggregated Recognition according to Measurement Categories				
Loans and receivables	16.395	16.395	5.601	5.601
Financial liabilities recognized at fair value through profit and loss	128	128	239	239
Financial liabilities measured at amortised cost	36.531	36.939	26.272	26.272

The net results taken into account in the statement of recognised income and expenses for financial assets and debt comprise the following:

	Measurement Categories			
30/06/2014	lar	flac	fvtpl	Total
	In EUR 1000	In EUR 1000	In EUR 1000	In EUR 1000
Currency translation differences	-81	19	11	-51
Release of individual valuation adjustments	109	0	0	109
Impairment and losses in receivables	-151	0	0	-151
Financial compensation: SWAP/forward currency transactions	0	0	-128	-128
Measurement of forward currency transactions	0	0	100	100
	-123	19	-17	-121

	Measurement Categories			
30/06/2013	lar	flac	fvtpl	Total
	In EUR 1000	In EUR 1000	In EUR 1000	In EUR 1000
Currency translation differences	-58	40	0	-18
Release of individual valuation adjustments	49	0	0	49
Impairment and losses in receivables	-322	0	0	-322
Financial compensation: SWAP/forward currency transactions	0	0	-138	-138
Measurement of forward currency transactions	0	0	87	87
	-331	40	-51	-342

9.6. Capital Management

The basic principle of the management board is to maintain a stable capital base and to ensure sufficient liquidity management at all times. In this context, the HanseGroup‘s structure of financing was reorganised by means of a capital increase and issuance of bonds with inflows of liquidity (before transaction costs) of EUR 5.0 million and/or EUR 16.6 million.

With respect to this equity position with an equity ratio of approx. 27 % of total assets (ca. 31 % last year), our efforts in the year under review were focussed on managing liquidity. The most important indicator in this context is Net working capital (Working capital minus trade payables).

To manage capital and liquidity, the HanseGroup has an internal monthly reporting system. Moreover, reporting directed towards the management board comprises a current consolidated income statement, a consolidated balance sheet and a consolidated cash-flow statement, on the basis of which additional essential indicators for capital and liquidity management (e.g. equity ratio, working capital, cash and cash equivalents) are regularly monitored. Furthermore, short-term to medium-term financial planning is derived from this integrated corporate planning. By means of this financial planning, the HanseGroup can ensure that sufficient funds will be available on call in order to be able to cover expected and/or due business expenditures. In addition within the framework of liquidity management, payments and receipts are monitored on a daily basis and weekly liquidity forecasts are prepared and compared with the available structure of cash and cash equivalents (level of cash and cash equivalents plus the free financing facilities). With respect to additional organisation of an internal control system, attention is drawn to the information provided in Section 2.3 of the consolidated management report.

The contracts for bank loans call for compliance with certain key fiscal indicators, which HanseYachts AG and its subsidiaries have had to verify on the basis of their annual financial statements. Dynamic and Static debt gearing are the key indicators at the centre of interest and as such represent the target figures for capital management and are thus regularly monitored.

Any violation of these fiscal indicators would trigger an extraordinary right of cancellation on the part of lenders that in such cases would be justified in demanding immediate repayment of the respective loan. This could possibly result in making such financing more expensive or in causing an unanticipated need for financing to arise. As in last year, compliance was not possible with any of these covenants for all of the loans, for which a credit condition exists.
The lending institutions involved in the financing were informed early on about the expected failure to comply with the criteria with the aid of planning forecasts during the course of the year. The HanseGroup had submitted a request to the lending institutions involved, asking them not to draw any conclusions or consequences from the company‘s non-compliance with the covenants and have also received a confirmation that no additional consequences will result from non-compliance, although one bank first issued this declaration after the expiration date. As at 30 June 2014, the HanseGroup has recognised the corresponding corporate liabilities as current in the balance sheet (EUR 553K; last year‘s total: EUR 3.087 million), as in accordance with IAS 1.69(d) and/or IAS 1.74 the concern had no unrestricted right at the balance sheet date to defer settling its obligations for at least twelve months after the balance sheet date.

A right of termination has also been granted to the owners of the bonds issued on 6 June 2014 should the equity ratio be less than 15 % based on IFRS accounting principles during the life of said bonds, whereas shareholder loans are subordinated to shareholders‘ equity.

9.7. Impairment of Financial Assets

Impairment write-downs of current financial assets exclusively relate to trade receivables. They consist of individual valuation adjustments in each case. Attention is drawn to the information provided in Section 6.5.

10. CONTINGENT LIABILITIES, OTHER FINANCIAL OBLIGATIONS AND LITIGATION

10.1. Contingent Liabilities

A financing programme with a total volume of EUR 3.061 million (EUR 3.651 million last year) 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 720K (EUR 1.206 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 should participating dealers not honour their commitments to the sales finance firm.

To secure possible buyback obligations on the part of HanseYachts AG, payment guaranties have been made available by its house banks amounting to EUR 840K (EUR 840K last year), which have been collateralised by pledging lcash and cash equivalents amounting to EUR 360K (EUR 575K 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 87K last year).

The HanseYachts Group is not liable for any contingent liabilities to third parties.

10.2. Other Financial Obligations

Other financial obligations primarily include those for leasing and rental agreements as well as service contracts. The respective stipulated and/or expected terms of the contractual relationships are taken into account.

Commitments from Long-term Contractual Obligations	30/06/2014 In EUR 1000	30/06/2013 In EUR 1000
Due within one year	490	413
Due after one year	735	1.034
	1.225	1.447
Order commitments from investments already begun	461	0
	1.686	1.447

The above-mentioned financial obligations resulted in EUR 661K (EUR 120K thereof due within one year) in costs from contracts with companies of the AURELIUS Corporate Group.

In addition to the above-mentioned financial obligations, there are service contracts that can be terminated on short notice with individual companies in the AURELIUS Group in Munich.

The monthly expense to be expected in conjunction with these service contracts with associated companies will amount to up to EUR 30K.

Additional clarification can be found in the section on Transactions with related individuals (Section 11).

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In the past fiscal year 2013/14, expenses incurred by operating lease contracts were EUR 105K (EUR 87K last year).

10.3. 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.

11. RELATIONSHIPS TO RELATED COMPANIES AND INDIVIDUALS

In accordance with IAS 24, persons or companies, over which the reporting entity has significant influence or which could exercise significant influence over said entity, must be disclosed, unless they are consolidated companies already included in the consolidated financial statements.

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 and of the supervisory board at Aurelius AG in Grünwald also come into consideration as related individuals, in whose consolidated financial statements HanseYachts AG has been included. Consequently, related companies have in particular included those of the consolidated Group of Aurelius AG.

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.

As in the previous year, there were no doubtful or uncollectible receivables from related individuals and/or companies in the reporting period.

The Management Board

The members of the Management Board of HanseYachts AG in fiscal year 2013/14 were:

- Dr. Jens Gerhardt, Hamburg, Director of Marketing and Quality Assurance
- Sven Göbel, Naumburg, Director of Finance and Production
- Thomas Stüpfert, Icking, Director of Restructuring until 6 September 2013

Remuneration for the management board for fiscal year 2013/14 amounted to EUR 920K (EUR 939K last year). EUR 534K (619K last year) thereof covered fixed salary components and EUR 386K (EUR 80K last year) thereof was paid for variable salary components. EUR 26K of the variable salary component applied to the previous year.

By virtue of a resolution passed at the general shareholders meeting held on 31 January 2012, HanseYachts was exempted from the obligation of disclosing the total remuneration of the management board and any benefits payable on termination of a contract of employment on an individual basis. This exemption is valid for a period of five years.

The Supervisory Board

The supervisory board comprised the following members:

- Gert Purkert, Munich, member of the management board at Aurelius AG, chairman of the supervisory board, as at 13 December 2011
  Additional appointments:
  - Aurelius Beteiligungsberatungs AG, Munich (vice-chairman),
  - Aurelius Portfolio Management AG, Munich (chairman),
  - Aurelius Transaktionsberatungs AG, Munich,
  - Lotus AG, Grünwald,
  - Berentzen Group Aktiengesellschaft, Haselünne (chairman).

- Dr Frank Forster, Munich, In-house counsel to Aurelius AG, vice-chairman,
  Additional appointments:
  - Aurelius Portfolio Management AG, Munich,
  - Berentzen Group Aktiengesellschaft, Haselünne.

- Dr. Luzi Rageth, Zurich, chairman of the examination commission,
  Additional Appointments:
  - ISOCHEM, Paris (supervisory board president)

During the reporting period, the supervisory board received remuneration of EUR 42K (EUR 42K last year).

In addition to the remuneration of the directors and officers (D & O) indicated above, there were also the following business relations with companies of the Aurelius Corporate Group:

Fiscal year 2013/14	Revenues	Expenditures	Acquisition/ Disposal	Receivables 30/06/2014	Payables 30/06/2014
	In EUR 1000	In EUR 1000	In EUR 1000	In EUR 1000	In EUR 1000
Consulting services (incl. travel costs)	0	766	0	0	54
Licensing fees	0	59	0	0	51
Cost transfers	280	0	0	333	0
Other receivables	0	0	0	70	0
Loans	0	145	0	0	2.606
Bonds 2013/2014	0	99	0	0	2.099
Bonds 2014/19	0	4	0	0	704
Acquisition of Sealine GmbH	0	0	300	0	0

Fiscal year 2012/13	Revenues	Expenditures	Acquisition/ Disposal	Receivables 30/06/2014	Payables 30/06/2014
	In EUR 1000	In EUR 1000	In EUR 1000	In EUR 1000	In EUR 1000
Consulting services (incl. travel costs)	0	1.593	0	0	90
Loans	0	116	0	0	2.546

Receivables and/or payables from cost transfers and/or invoicing consulting services and licensing fees include legal VAT and in each case are current.

Liabilities from loans and/or bonds also contain proportionally accrued interest shown in the above-mentioned display next to the nominal values.

The bonds subscribed by the AURELIUS Corporate Group have been recognised with the nominal worth corresponding to their maturities under the liability item Bonds. Interest accrued for bonds is recognised in Current liabilities owed to related individuals and companies. With respect to the conditions for these bonds, attention is drawn to the information provided under Section 6.11.

In so far as loan liabilities have not been secured with collateral and if necessary a subordination has been declared, interest on the loans is based on the conditions for comparable external financing newly taken out (range: 8.0 % to 9.5 %). In so far as loan liabilities have been secured with collateral, interest on the loans is based on the conditions for lines of credit granted by banks. Of the loan liabilities, a figure of EUR 1.6 million has been allocated to Non-current liabilities. With a figure of EUR 1.006 million, the loan liabilities have been assigned to Current liabilities together with accrued interest.

Effective 1 March 2014, HanseYachts AG acquired all of the shares in Sealine GmbH for a purchase price of EUR 300K. Within the framework of this sales contract, HanseYachts AG has committed itself to guaranty repayment of loan liabilities of the Sealine GmbH owed to the Aurelius Corporate Group totaling EUR 248K. With respect to presentation of initial consolidation in the consolidated financial statements, attention is drawn to the information provided under Section 3.1.

In addition to the disclosures given above, the management board would like to point out that the chairman of the supervisory board as well as the members of the management board are shareholders in an enterprise in Germany whose object is to charter out sailing yachts and motorboats. It is intended to purchase the boats to be chartered from an external dealer of HanseYachts AG, who at the same time will operate the chartering business for a fee. For his part the dealer will purchase the boats involved from HanseYachts AG. In fiscal year 2013/14 two boats at a cost of EUR 394K were ordered by this dealer for the above-mentioned chartering business. Delivery of the boats is expected in fiscal year 2014/15.

12. DECLARATION OF COMPLIANCE WITH THE GERMAN CORPORATE GOVERNANCE CODE

The declaration of compliance with the German Corporate Governance Code stipulated by Art. 161 of the AktG has been submitted and has been made available to shareholders at all times as part of our declaration on corporate management in accordance with Article 289a HGB via publication on our home page (at www.hansegroup.com under Corporate Governance).

13. AUDITORS' FEES (IN ACCORDANCE WITH ART. 314, PARA. 1, NO. 9 HGB)

Fees for the HanseYachts Group's auditors were calculated as follows:

	2013/14 In EUR 1000	2012/13 In EUR 1000
Expenses for statutory auditing	66	84
Other audit-related services	64	31
Tax-related services	0	0
Other services	30	20
	160	135

The fees for auditing services cover the annual and consolidated financial statements of HanseYachts AG (including expenses), respectively.

Other confirmation services relate to the audit for the interim financial statements at 31 December 2013 for the purpose of integrating the consolidated financial statements of the HanseGroup into the superordinate consolidated financial statements of the Aurelius AG, a review of the interim consolidated financial statements as at 31 March 2014 and a comfort letter in conjunction with the issuance of bonds 2014/19.

14. 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.

15. AUTHORISATION FOR PUBLICATION

On 30 September 2014, the management board of HanseYachts AG authorised the consolidated financial statements for submission to the supervisory board. The responsibility of the supervisory board is to examine the consolidated financial statements and to state whether it would approve said consolidated financial statements.

Greifswald, 30 September 2014

The Management Board

Dr. Jens Gerhardt Sven Göbel

RESPONSIBILITY STATEMENT

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

Greifswald, 30. September 2014

The Management Board

Dr. Jens Gerhardt Sven Göbel

INDEPENDENT AUDITOR‘S REPORT

We hereby issue the following auditors‘ opinion for the consolidated financial statements of 30 June 2014 as well as for the consolidated management report for fiscal year 2013/14:

We have audited the consolidated financial statements of HanseYachts AG, Greifswald, from 30 June 2014 - consisting of the balance sheet, income statement and other consolidated results, capital flow statement, changes in equity and notes to the financial statements - as well as the consolidated management report for the fiscal year from 1 July 2013 to 30 June 2014. The preparation of the consolidated financial statements and Group management report in accordance with IFRS as adopted by the European Union (EU) and the additional requirements of German commercial law pursuant to Sec. 315a (1) HGB [“Handelsgesetzbuch”: “German Commercial Code”] are the responsibility of the Managing Board of the Company. Our responsibility is to express an opinion on the consolidated financial statements and on the Group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with Sec. 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW) [Institute of Public Auditors in Germany]. Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the Group management report 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 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 the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by the Managing Board as well as evaluating the overall presentation of the consolidated financial statements and the Group management report. We are of the opinion 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 consolidated financial statements comply with IFRS as adopted by the EU and the additional requirements of German commercial law pursuant to Sec. 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 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.

Hamburg, 30. September 2014

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Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

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