HanseGroup

Six Month´s Report 2017/2018

KEY FACTS

- Systematic development of new and existing product range pays off: Revenue up 14% in first half of 2017/2018 at EUR 51.2 million
- Highest order backlog in company's history: up 18% at EUR 87 million
- Share of motor yachts in total revenue rising sharply, market for motor yachts significantly larger than for sailing yachts
- Earnings still down year-on-year after six months due to growth. Strong incoming orders and new models lead to higher materials and marketing costs
- Positive outlook for 2017/2018 as a whole: Forecast for highest revenue in company's history and EBITDA higher than adjusted previous year
- Excellent coverage of key market segments: Broad product range is sold through a global network of dealers and at around 100 international trade fairs
- Quality, extensive customisation options and a clear puristic design are our success criteria and set us apart from the competition

1. MARKET AND MARKET ENVIRONMENT

HanseYachts AG had its highest order backlog in the company's history as at 31 December 2017: Order books are well filled with an imposing order volume of EUR 87 million (31 December 2016: EUR 74 million). This is way ahead our previous best year in 2007/08 and well above our own expectations.

HanseYachts AG (also referred to as "HanseYachts", "the Group" or "HanseGroup") is the world's second largest manufacturer of sailing yachts with hull lengths of around 30 to 70 ft (= 10 to 21 m). In the segment of motor boats with a hull length of around 30 to 55 ft (= 10 to 16 m), the company is one for the top ten in the world and delivers yachts to more than 300 service and sales agencies. Most of the boats go to customers in Europe and the US. The export ratio is 85%.

Worldwide, the maritime market environment for HanseYachts is growing. Its key growth markets are Europe and the Americas. The economic recovery of the European Mediterranean States, in particular Spain, Italy and Greece, is particularly gratifying. Sales in Asia and Australia are stable.

HanseGroup presents its product range through its global network of dealers and at around 100 international trade fairs. Continuous innovation reflects customers' desire for customisation and ensures long-term sales success. The boats manufactured by HanseGroup are divided into the brands **Hanse**, **Moody** and **Dehler**, and its motor yachts into **Fjord** and **Sealine**. In addition, since June 2017, **Privilege** brand sail and power catamarans have also been sold throughout the global HanseGroup dealer network. With 33 different models, the Group is represented in many key market segments.

Our core **Hanse** brand again made a significant contribution to the success of the first half of the year. At **Hanse**, the big yachts such as the new Hanse 548 and the Hanse 588 stood out especially. We are also seeing very good demand for the smaller yachts in the new 8 series, the 348, 388 and 418. Dehler sailing yachts are particularly sought after among sporty and ambitious sailors, while Moody's blue-water yachts are popular for long-distance voyages. In the motor yacht segment, the shipyard benefits from the success of the Fjord series and the expansion of the Sealine product range. HanseGroup has presented motor yachts boasting generous and light-flooded space with its new Sealine C430 and Sealine F430 models. A large number of nominations and awards for our products confirm our drive to build innovative, high-quality and reliable yachts. The anticipated market demand for exclusive luxury yachts made as series has again proved accurate.

2. REVENUE AND RESULTS OF OPERATIONS

HanseGroup's financial year begins on 1 July and ends on 30 June of the following year. The half-year interim financial statements being reported on here therefore cover the period from 1 July to 31 December 2017 (H1 2017/2018).

The business activities of HanseGroup are highly seasonal. The first orders start to come in from July (the beginning of Hanse's financial year). High expenses are usually incurred in the months of July to December in order to build up stock, and also for boat trade fairs and model maintenance. However, most of the company's revenue is generated only in the months of February to June when the boats are delivered, i.e. in the second half of HanseGroup's reporting year. Accordingly, growth is leading to more ships being started in the first six months of the reporting year but not being completed. Staff and materials costs are rising. In addition, new models temporarily lead to higher marketing expenses for image and film materials in addition to brochures. Thus, the significance of costs is typically limited in the first half of the year.

Revenue at HanseYachts increased by 14% to EUR 51.2 million in the first half of 2017/2018 (H1 2016/2017: EUR 44.7 million). Taking into account the significant increase in inventories of yachts ordered but not yet delivered (EUR 6.1 million; H1 2016/2017: EUR 5.2 million) and own work capitalised, operating performance is again 14% higher year-on-year at EUR 58.5 million.

Other operating income of EUR 1.2 million (H1 2016/2017: EUR 2.8 million) includes costs passed on to dealers and income from cooperation agreements with the catamaran manufacturer Privilege Marine SAS, which is affiliated with the Aurelius Group. The previous year included the positive non-recurring effect of the reversal of a write-down of EUR 2.2 million on the FJORD brand.

The cost of materials is EUR 34.2 million (H1 2016/2017: EUR 28.6 million). Relative to the higher total operating performance, the cost of materials ratio rose by 2.2% to 58.5% (H1 2016/2017: 56.3%). The main reasons for this effect are the mix of the yachts produced with a higher share of motor yachts, which tend to have a higher cost of materials on account of their motorisation. Another reason is the high share of sales of the new Hanse and Sealine yachts due to growth. New products usually have higher material usage at first.

Gross profit (total operating performance less cost of materials plus other operating income) increased to EUR 25.5 million year-on-year as a result of higher revenue (H1 2016/2017: EUR 25.0 million). Relative to total operating performance, the gross margin amounts to 43.6%, a slight drop of 1.3% as against the previous year, after adjustment for the previous year's non-recurring effect of the reversal of a write-down on the FJORD brand).

Despite wage increases, staff costs of EUR 17.5 million are virtually unchanged relative to total operating performance at 29.8% (H1 2016/2017: 30.0%).

Other operating expenses increased by EUR 1.3 million year-on-year to EUR 9.1 million (H1 2016/2017: EUR 7.8 million). This growth is essentially as a result of higher marketing expenses resulting from the new fair presentation at the world's two most important trade fairs in Cannes, France, and Düsseldorf and for the Privilege brand. The large number of new models also requires non-recurring expenses for brochures and photo shoots.

Depreciation and amortisation again amount to EUR 2.9 million and essentially include depreciation on the production moulds for the newer yacht models.

Net finance costs amount to EUR -0.9 million (H1 2016/2017: EUR -0.8 million). This figure comprises the planned interest payments for the financial liabilities, including interest on the 2014/2019 bearer bonds issued in June 2014.

At EUR -4.8 million, earnings for the first half of the year were down on the figure for the same period of the previous year (EUR -1.7 million). Adjusted for the extraordinary effect of the reversal of a write-down on the FJORD brand in the first half of 2016/2017 of EUR 2.2 million, earnings are down by EUR -0.9 million. The primary reasons for this are the temporary effects in materials usage and marketing due to growth described above.

The loss generated in the first half of 2017/2018 is typical given the seasonal nature of our business: The period from July to December is characterised by high expenses for trade fairs and the development of new products, coupled with relatively low revenue and income. The increased level of yacht production and delivery will lead to substantial contribution margins in the second half of 2017/2018.

3. CAPITAL EXPENDITURE AND FINANCING

As a result of the order backlog, which was up by 18%, a negative cash flow from operating activities was reported for the first half of 2017/2018 (EUR -6.1 million as against EUR 1.7 million in H1 2016/2017). In particular, this is due to the higher level of inventories and receivables in connection with the strong growth, which is not offset by any positive cash flows in the first half of the year.

Thanks to extensive investment in the past, no significant investment in production facilities was required in the reporting period. The flow production lines for yachts undergo regular maintenance. The investment of EUR 3.7 million therefore essentially relates to the development of new ship models and the production and acquisition of production moulds.

The positive cash flow from financing activities of EUR 1.8 million (H1 2016/2017: EUR -0.5 million) results in particular from taking up a bank loan and the higher utilisation of a sales financing facility by our distribution companies.

Bank balances amounted to EUR 2.5 million as at the end of the reporting period (30 June 2017: EUR 7.6 million). Cash and cash equivalents of EUR 0.2 million serve as collateral for the dealer sales financing programme, hence this amount is reported as restricted. Utilisation of current account facilities amounted to EUR 6.1 million (30 June 2017: EUR 3.3 million).

4. RISKS AND OPPORTUNITIES OF CORPORATE DEVELOPMENT IN THE REMAINDER OF THE REPORTING PERIOD

Our newly developed and established models generated good sales in a market environment characterised by intensive competition. With a clearly positioned multi-brand strategy and a broad range of models, we have an excellent competitive standing.

Nevertheless, there is a general market risk in terms of the sale of luxury goods such as our sailing and motor yachts. US protectionism, the ongoing debt crisis in parts of southern Europe and the conflicts in the Middle East could have a significant impact on our future sales.

Further information on the risks and opportunities of HanseGroup can be found in the 2016/2017 Annual Report.

5. OULOOK

Given our order backlog, which was 18% higher than the already strong previous year, and the year-on-year growth in revenue achieved in the first half of 2017/2018, we anticipate another strong surge in revenue compared to the previous year in the 2017/2018 financial year. We expect that this financial year will end with the highest revenue in the history of the company. In view of the fact that the months with high revenue – and therefore high margins as well – traditionally occur in the second half of the year on account of the seasonal nature of our business, we are again forecasting positive consolidated net income for the 2017/2018 financial year as a whole. Adjusted for one-time effects, we assume that EBITDA expand again as against the previous year for the full financial year, in spite of certain temporary growth costs.

6. SIGNIFICANT EVENTS AFTER THE END OF THE INTERIM REPORTING PERIOD

There were no events with a significant effect on the net assets, financial position and results of operations of the Group after 31 December 2017.

Greifswald, 28 February 2018

The Management Board

Dr Jens Gerhardt Sven Göbel

HANSEYACHTS AG
GREIFSWALD

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (IFRS)

EUR	31 December 2017	30 June 2017
ASSETS	**79.376.540,76**	**69.785.560,46**
Non-current assets	**38.691.202,81**	**37.714.966,37**
Intangible assets	12.506.176,01	12.466.667,82
Property, plant and equipment	26.038.120,07	25.233.300,28
Deferred tax assets	146.906,73	14.998,27
Current assets	**40.685.337,95**	**32.070.594,09**
Inventories	28.773.378,81	20.099.237,24
Trade receivables	6.847.374,76	2.179.644,86
Income tax assets	0,00	195.763,00
Other assets	2.595.788,41	1.975.714,26
Cash funds	2.468.795,97	7.620.234,73
EQUITY AND LIABILITIES	**79.376.540,76**	**69.785.560,46**
Equity	**11.206.581,80**	**15.957.387,99**
Issued capital	11.091.430,00	11.091.430,00
Capital reserves	3.663.726,37	3.663.726,37
Foreign currency translation reserve	193.558,15	188.655,24
Net accumulated losses	(3.742.132,72)	1.013.576,38
Non-current liabilities	**17.862.765,15**	**17.110.465,17**
Bond	12.883.249,68	12.841.342,96
Long-term borrowings	694.636,27	0,00
Finance lease liabilities	284.879,20	269.122,21
Liabilities to related parties	4.000.000,00	4.000.000,00
Current liabilities	**50.307.193,81**	**36.717.707,30**
Other provisions	1.972.671,69	2.035.986,53
Other borrowings	7.488.463,16	3.585.828,20
Finance lease liabilities	90.355,84	100.606,65
Advance payments received on orders	19.514.572,62	9.347.779,20
Trade payables	16.253.385,56	15.144.478,75
Income tax liabilities	199.433,74	202.963,42
Liabilities to related parties	1.038.570,82	1.734.591,44
Other liabilities	3.749.740,38	4.565.473,11

HANSEYACHTS AG

GREIFSWALD

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (IFRS)

EUR	1 July 2017 to 31 December 2017	1 July 2016 to 31 December 2016
Revenue	**51.197.162,14**	**44.737.991,39**
Increase in inventories of finished goods and work in progress	6.137.504,78	5.237.427,80
Other own work capitalised	1.195.011,40	847.523,29
Other operating income	1.198.068,57	2.781.900,15
Cost of materials	(34.210.668,50)	(28.619.278,09)
Staff costs	(17.468.255,40)	(15.236.587,55)
Other operating expenses	(9.089.832,57)	(7.821.646,40)
EBITDA	**(1.041.009,58)**	**1.927.330,59**
Depreciation and amortisation	(2.899.870,72)	(2.910.864,85)
EBIT	**(3.940.880,30)**	**(983.534,26)**
Net finance costs	(935.834,42)	(801.413,53)
Earnings before income taxes	**(4.876.714,72)**	**(1.784.947,79)**
Income taxes	121.005,62	67.512,22
Consolidated net income	**(4.755.709,10)**	**(1.717.435,57)**
Earnings per share (basic/diluted)	**(0,43)**	**(0,15)**
Consolidated net income	**(4.755.709,10)**	**(1.717.435,57)**
Other comprehensive income		
Foreign currency translation difference	4.902,91	(18.013,77)
Total comprehensive income	**(4.750.806,19)**	**(1.735.449,34)**

HANSEYACHTS AG
GREIFSWALD

CONSOLIDATED STATEMENT OF CASH FLOWS (IFRS)

EUR	1 July 2017 to 31 December 2017	1 July 2016 to 31 December 2016
Operating earnings before interest and taxes	**(3.940.880,30)**	**(983.534,26)**
Depreciation / Amortisation	2.899.870,72	668.283,58
Interest payments (net)	(301.077,77)	(129.181,61)
Income taxes paid (net)	181.330,51	(34.096,69)
Gains (-)/losses (+) from the disposal of assets	(36.938,25)	(746,00)
Change in inventories, receivables and other assets not attributable to investing or financing activities	(13.967.806,74)	(7.348.272,96)
Change in liabilities not attributable to investing or financing activities	9.101.857,96	9.532.051,27
Cash flow from operating activities	**(6.063.643,87)**	**1.704.503,33**
Payments for investments in		
- intangible assets	(552.129,05)	(444.847,80)
- property, plant and equipment	(3.152.041,90)	(2.188.798,14)
Cash flow from investing activities	**(3.704.170,95)**	**(2.633.645,94)**
Change in finance lease liabilities	5.506,18	(18.487,73)
Proceedings from borrowings	1.844.464,07	352.833,91
Payments for the repayment of borrowings	(74.850,38)	(856.722,83)
Cash flow from financing activities	**1.775.119,87**	**(522.376,65)**
Change in cash and cash equivalents	(7.992.694,95)	(1.451.519,26)
Change in cash due to exchange rate movements	6.129,00	(10.302,50)
Cash and cash equivalents at beginning of period	4.311.132,89	1.817.918,35
Cash and cash equivalents at end of period	**(3.675.433,06)**	**356.096,59**
Composition of cash and cash equivalents		
Bank balances	2.464.324,68	4.330.247,67
Cash in hand	4.471,29	3.975,00
Current account liabilities	(6.144.229,03)	(3.978.126,08)
	(3.675.433,06)	**356.096,59**

HANSEYACHTS AG

GREIFSWALD

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (IFRS)
FOR THE REPORTING PERIOD FROM 1 JULY 2017 TO 31 DECEMBER 2017

	Number of shares	Issued capital	Capital reserves	Net retained earnings / loss	Foreign currency translation reserve	Consolidated equity *)
		EUR	EUR	EUR	EUR	EUR
1 July 2016	**11.091.430**	**11.091.430,00**	**3.663.726,37**	**(2.148.769,54)**	**189.552,33**	**12.795.939,16**
1) Net profit/loss for the period				(1.717.435,57)		(1.717.435,57)
2) Foreign currency translation gains/losses					(18.013,77)	(18.013,77)
3) Total comprehensive income		0,00	0,00	(1.717.435,57)	(18.013,77)	(1.735.449,34)
4) Other						
31 December 2016	**11.091.430**	**11.091.430,00**	**3.663.726,37**	**(3.866.205,11)**	**171.538,56**	**11.060.489,82**
1 July 2017	**11.091.430**	**11.091.430,00**	**3.663.726,37**	**1.013.576,38**	**188.655,24**	**15.957.387,99**
1) Net profit/loss for the period				(4.755.709,10)		(4.755.709,10)
2) Foreign currency translation gains/losses					4.902,91	4.902,91
3) Total comprehensive income		0,00	0,00	(4.755.709,10)	4.902,91	(4.750.806,19)
4) Other						
31 December 2017	**11.091.430**	**11.091.430,00**	**3.663.726,37**	**(3.742.132,72)**	**193.558,15**	**11.206.581,80**

*) There are no non-controlling interests. The full equity is attributable to the shareholders of HanseYachts AG.

HANSEYACHTS AG
GREIFSWALD

Notes to the condensed interim financial statements as at 31 December 2017

1. GENERAL INFORMATION

HanseYachts AG, domiciled in Greifswald, Germany, is a listed stock corporation and the ultimate parent company of the HanseYachts Group. It was first listed on the Regulated Market (General Standard) of the Frankfurt Stock Exchange on 9 March 2007.

The business activities of the companies of the HanseYachts Group comprise the development, production and distribution of sailing yachts under the brand names HANSE, MOODY and DEHLER, in addition to motor boats under the FJORD and SEALINE brand names. In addition to the existing brands, PRIVILEGE sail and power catamarans have also been sold by HanseGroup's global dealer network since June 2017. The Group conducts its operating activities in Greifswald and Poland, and through its own distribution companies in Greifswald and the US. Furthermore, its products are sold through a network of dealers in more than 50 countries worldwide.

The condensed interim consolidated financial statements of HanseYachts AG were prepared in euro. Unless stated otherwise, all amounts are rounded to thousands of euro (EUR thousand). Deviations of up to one unit (EUR thousand, %) are rounding differences.

The Group has a different financial year to the calendar year: from 1 July to 30 June of the respective following year. This reflects the seasonal nature of its business.

HanseYachts AG is entered in the commercial register of the Stralsund Local Court under HRB 7035. Its address is Ladebower Chaussee 11, 17493 Greifswald.

2. ACCOUNTING POLICIES

The condensed interim consolidated financial statements were prepared in accordance with IAS 34 "Interim Financial Reporting". The interim consolidated financial statements do not contain all the information required for full consolidated financial statements, and should therefore be read in conjunction with the consolidated financial statements as at 30 June 2017, which were prepared in accordance with IFRS as adopted by the EU.

In the opinion of the Management Board, the interim financial statements include all the necessary adjustments required to present a true and fair view of the results of operations in the reporting period.

In preparing interim consolidated financial statements in accordance with IAS 34, the Management Board must make judgements, estimates and assumptions that affect the application of accounting policies within the Group and the reporting of assets and liabilities, income and expenses. The actual amounts can differ from these estimates.

The accounting policies applied in the interim financial statements are the same as those used in the latest consolidated financial statements as at 30 June 2017.

3. CONSOLIDATED GROUP

The ultimate group company is HanseYachts AG. In addition to HanseYachts AG, the consolidated financial statements include eight (previous year: eight) companies domiciled in Germany and three (previous year: three) companies domiciled abroad.

Name	Registered office	Share	
Direct:			
1. Dehler Yachts GmbH	Greifswald	100%	(previous year: 100%)
2. Hanse (Deutschland) Vertriebs GmbH & Co. KG	Greifswald	100%	(previous year: 100%)
3. Verwaltung Hanse (Deutschland) Vertriebs GmbH	Greifswald	100%	(previous year: 100%)
4. Yachtzentrum Greifswald Beteiligungs-GmbH	Greifswald	100%	(previous year: 100%)
5. Hanse Yachts US, LLC	Savannah, USA	100%	(previous year: 100%)
6. Technologie Tworzyw Sztucznych Sp. Z o.o.	Goleniów, Poland	100%	(previous year: 100%)
7. HanseYachts TVH GmbH	Greifswald	100%	(previous year: 100%)
8. Moody Yachts GmbH	Greifswald	100%	(previous year: 100%)
9. Sealine Yachts GmbH	Greifswald	100%	(previous year: 100%)
Indirect:			
10. *through no. 4.* Mediterranean Yacht Service Center SARL	Canet en Roussillon France	100%	(previous year: 100%)
11. *through no. 7.* HanseYachts Technologie und Vermögensverwaltungs GmbH	Greifswald	100%	(previous year: 100%)

4. SEGMENT REPORTING

IFRS 8 stipulates that listed companies must prepare segment reporting in order to transparently present the performance, prospects, risks and opportunities of the various business areas within a group. The segment structure should be consistent with the internal reporting structure, i.e. the assessment of the performance of segments and the allocation of resources to the segments should be consistent with the information used internally by management as a basis for its decisions. The HanseYachts Group breaks down its revenue internally by product line. In total, around 64% (previous year: around 75%) of revenue relates to the production and sale of sailing yachts and 34% (previous year: around 23%) to motor boats.

	1 Jul. - 31 Dec. 2017 EUR thousand	1 Jul. - 31 Dec. 2016 EUR thousand
Revenue		
Sailing yachts	32.861	33.457
Motor boats	17.170	10.512
Other	1.209	800
Revenue reductions	(43)	(31)
	51.197	44.738

The other disclosures required by IFRS 8 for the defined segments have not provided as they cannot be allocated directly or reliably broken down. Thus, it is not possible to reliably allocate the HanseYachts Group's figures for earnings, assets, liabilities, depreciation/amortisation and investment to the product lines of sailing yachts, motor yachts and others, as sailing yachts and motor boats are produced on one line. Any classification on the basis of revenue or the number of boats produced would be arbitrary and would not provide information useful for decision-making purposes. Direct allocation is also not possible. A breakdown by sailing yachts, motor yachts and others is also not communicated to management or used internally.

5. NON-CURRENT ASSETS

In the first half of 2017/2018, the Group invested EUR 1.2 million in production moulds for new and existing models and purchased and contractually licensed back catamaran production moulds from Privilege Marine SAS for EUR 1.2 million.

Depreciation and amortisation on non-current assets amounted to EUR 2.8 million.

Non-current assets held for sale are classified as such and reported separately in the statement of financial position if their carrying amount will be recovered principally through a sale transaction within the next twelve months rather than through continuing use. These assets are no longer written down, and are instead measured at the lower of fair value less costs to sell and carrying amount. Impairment is recognised in profit or loss if the fair value less costs to sell is less than the carrying amount.

6. LIQUIDITY AND FINANCIAL LIABILITIES

The principle of management is to maintain a stable capital base. The fully paid share capital of HanseYachts AG amounts to EUR 11,091,430 as at 31 December 2017. The equity ratio was around 14% of total assets as at the end of the reporting period (31 December 2016: around 15%). Including a long-term shareholder loan of EUR 1.6 million, the equity ratio is around 16%.

A five-year bond with a volume of EUR 13 million was issued in June 2014 to finance investment in new yacht models, to increase working capital and to expand the globalisation of individual brands, as well as to develop and integrate Sealine motor yacht production. The bonds are admitted to trading on the Open Market of Deutsche Börse AG (open market of the Frankfurt Stock Exchange in the Entry Standard segment or, from 1 March 2017, the Basic Board segment for bonds).

The HanseYachts Group has short to medium-term financial planning to manage and control its liquidity. Using this instrument, short-term liquidity can be guaranteed at any time on the basis of the operating cash flow, the current account facilities provided by banks and cash and cash equivalents.

The cash funds of EUR 2,469 thousand consist of sight deposits repayable on demand. Cash funds of EUR 233 thousand (previous year: EUR 105 thousand) are restricted due to banks. Bank balances are held with banks of good credit standing.

Financial liabilities include all interest-bearing obligations as at the end of the reporting period. They essentially relate to the bearers of the 2014/2019 bonds and to banks for fixed and floating rate loans.

7. SIGNIFICANT TRANSACTIONS WITH RELATED PARTIES

Related parties are persons or companies that can be influenced by the reporting entity or that can influence the entity.

Those considered related parties of the HanseYachts Group are the members of its Management Board and Supervisory Board. Others considered related parties are the members of the Management Board and the Supervisory Board of AURELIUS Equity Opportunities SE & Co. KGaA, Grünwald, (formerly: Aurelius AG), in whose consolidated financial statements HanseYachts AG has been included since the acquisition of a majority of shares on 4 November 2011. Since that date, related parties have included the group companies of AURELIUS Equity Opportunities SE & Co. KGaA in particular, which also include the catamaran manufacturer Privilege Marine SAS.

Transfer prices for internal Group sales are determined using a market-driven approach. HanseYachts AG received appropriate consideration under the circumstances known at the time of transactions.

There are the following significant relationships with related parties as defined by IAS 24:

In the reporting period, HanseYachts AG generated income from consulting and services of EUR 520 thousand with the companies of the Aurelius Group and incurred expenses of EUR 191 thousand for consulting services and royalties. As at 31 December 2017, there are trade receivables of EUR 517 thousand and trade payables of EUR 445 thousand.

Furthermore, as at 31 December 2017, there were receivables from Privilege Marine SAS of EUR 913 thousand for loans and interest, plus liabilities of EUR 2,013 thousand to HY Beteiligungs GmbH and of EUR 2,491 thousand to AURELIUS Equity Opportunities SE & Co. KGaA. In addition, AURELIUS Equity Opportunities SE & Co. KGaA subscribed to a tranche of EUR 700 thousand of HanseYachts AG's bond in June 2014. In the reporting period, HanseYachts AG generated interest income of EUR 14 thousand from the Aurelius Group and incurred interest expenses to it of EUR 160 thousand.

As at 31 December 2017, HanseYachts AG has one ship in its order backlog (at standard market conditions) for a member of the Management Board, and two ships in its order backlog (at standard market conditions) for an external dealer, which in turn is selling the yachts to a company in which the member of the Management Board and the Chairman of the Supervisory Board are shareholders. The dealer will subsequently charter the ship in return for a fee.

The members of the Management Board each hold 70,791 shares in HanseYachts AG as at the end of the reporting period.

8. CONTINGENT LIABILITIES, OTHER FINANCIAL OBLIGATIONS AND LITIGATION

8.1. Contingent liabilities

There are financing programmes with two independent sales financing companies through which the dealers can finance the acquisition of their ships from HanseYachts AG. EUR 4,324 thousand was utilised under these financing programmes as at the end of the reporting period (previous year: EUR 1,164 thousand). Under certain circumstances, there is a repurchase obligation through HanseYachts AG for the ships financed by the financing programmes if the participating dealers do not fulfil their obligations to the sales financing companies. In order to secure any repurchase obligations, the company's banks provided payment guarantees of EUR 100 thousand (previous year: EUR 105 thousand), which are backed by pledges of cash and cash equivalents of EUR 100 thousand (previous year: EUR 105 thousand). As the agreements with the sales financing companies initially provide for a use phase for the ships transferred by the dealers to the sales financing companies as collateral, it is assumed that the risk of the utilisation of repurchase obligations is low.

HanseYachts AG is liable under other guarantees for EUR 21 thousand (previous year: EUR 21 thousand).

There are no further contingent liabilities to third parties.

8.2. Other financial obligations

There are financial obligations, primarily under lease and rental agreements. Please refer to the information in the 2016/2017 Annual Report.

There are no significant obligations under investment projects already initiated as at the end of the reporting period.

8.3. Litigation

Neither HanseYachts AG nor any of its Group companies is involved in ongoing or foreseeable court or arbitration proceedings expected to have an effect on earnings beyond the amounts recognised as provisions. Further information can be found in the 2016/2017 Annual Report.

9. EVENTS AFTER THE END OF THE REPORTING PERIOD

There were no events with a significant effect on the net assets, financial position and results of operations after the end of the reporting period.

Greifswald, 28 February 2018

The Management Board

Dr Jens Gerhardt Sven Göbel

Responsibility statement

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the interim 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 for the remaining months of the financial year.

Greifswald, 28 February 2018

The Management Board

Dr Jens Gerhardt Sven Göbel

Credits

Credits

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