

Q1-2|2016



Investment in Sleep

HALF-YEAR REPORT 2016

Key Figures

		HY1/2016	HY1/2015
Sales revenue	<i>in million €</i>	7.7	1.0
Material costs	<i>in million €</i>	-5.4	-0.7
Cost-of-materials ratio	<i>in %</i>	69.5	68.3
Gross profit ¹	<i>in million €</i>	2.3	0.3
EBITDA ²	<i>in million €</i>	-0.7	-0.4
Result from ordinary business activities	<i>in million €</i>	-2.2	-0.4
Net result	<i>in million €</i>	-2.2	0.5
Earnings per share	<i>in €</i>	-0.10	0.03
		30.06.2016	31.12.2015
Balance sheet total	<i>in million €</i>	26.0	26.0
Inventories	<i>in million €</i>	1.7	1.5
Cash on banks and cash on hand	<i>in million €</i>	1.1	1.9
Shareholders' equity	<i>in million €</i>	14.7	16.9
Equity ratio	<i>in %</i>	56.6	64.9

¹ Sales revenue minus material costs

² Result of ordinary activities without interest, taxes, depreciations on tangible and intangible fixed assets as well as income and expenses from revaluation



Dear Shareholders and Business Partners,

bmp Holding AG's revenue developed in line with planning in the first half of the year. After revenue of € 4.2 million in the seasonally strong first quarter, the forecast revenue of € 3.5 million was generated in the second quarter. This marks growth of 712% compared to the revenue for the first half of 2015 of € 0.95 million, though the subsidiary sleepz GmbH was only included in consolidation pro rata from may onwards in the first half of the previous year.

The company ended with first six months of the 2016 financial year with consolidated earnings of minus € 2,236 thousand. Adjusted for the expenses and income from the revaluation of the remaining venture capital portfolio of minus € 1,259 thousand, the Group's adjusted result amounts to minus € 977 thousand. This is in line with expectations for 2016 as a whole with a negative result of between minus € 1 and € 2 million after adjusting for changes in the valuation of the remaining venture capital portfolio.

Of the negative adjusted result for the first half of the year of € 977 thousand, minus € 447 thousand relates to the wholly owned subsidiary Grafenfels GmbH, which contributed only marginally to revenue in the first half of the year. This loss at Grafenfels is in line with expectations, whereas revenue fell significantly short of original planning; it had been assumed that the Grafenfels mattress would have been launched earlier. As in the previous year, the companies of the Matratzen Union Group continued to work

profitably. By contrast, sleepz GmbH continued to report losses, though we are anticipating a sustainable improvement in earnings over the course of the year.

sleepz also fell short of expectations in terms of revenue. This was due to ongoing technical problems with the webshop. These were solved for the main shop www.perfekt-schlafen.de in the third quarter by relaunching the shop. However, the difficulties typically involved in such a transition continued to cost revenue in the third quarter but were resolved step by step. All in all the shop now is on the right track with more organic traffic and an increased conversion rate. Next in line to be refitted is www.matratzendiscount.de scheduled for the fourth quarter.

Through cost discipline, an improvement in logistics and an increased gross profit margin, sleepz will improve its result significantly in the second half of the year. This shall be aided by the shop www.perfekt-schlafen.de that after the full revamp led to a shift in the sales mix towards higher margin products such as bedding.

Furthermore, sleepz continued to develop its own brand of mattresses, "Matratzenheld", in the first half of the year and will be marketing it not only via www.matratzendiscount.de. New partners and therefore additional sales channels have been found in Vente-Privée, Limango and Westwing.

sleepz has by now established itself as a full-range provider in the sleep products segment, and currently has a comprehensive product offering of around 36,000 articles. We intend to raise awareness of the main shop www.perfekt-schlafen.de in particular with targeted image advertising. The goal is to further increase organic traffic in this way, which we feel is essential for our future market positioning as this is the only way to reduce the dependency on expensive traffic providers such as Google Adwords.

The performance of the Matratzen Union Group continues to bring pleasure. The company is growing well and already achieved Earnings before taxes of more than 5% of revenue in the first half of 2016. The area of large furniture (box spring beds especially via the shop www.onletto.de) is developing positively, and good margins are still possible here.

By contrast, some areas of traditional mattress business have now entered price wars in which Matratzen Union – as an excellently positioned company in terms of value for money – will no longer keep up with as otherwise it will lose margins. We assume, however, that this price competition will not go on for long, and will actually lead to a positive market streamlining. As one of the major dealers for brand-name mattresses, the Matratzen Union Group is well established here, and a trusted partner to manufacturers, which will pay off in the long term.

Matratzen Union is also very well positioned in terms of warehouse and logistics processes, which it is optimising continuously. We intend to leverage this expertise for the entire bmp Group to raise all our companies to an efficient and even faster level of performance and delivery as quickly as possible. We are convinced that within three years at the latest, customers will no longer tolerate the delivery times of four to 12 weeks today typical for the furniture

industry. Anyone looking to be successful on the market in the long term can no longer achieve this through range and price alone. Rather, companies have to be able to get their goods to customers anywhere in Germany in between 12 to a maximum of 48 hours. This does not just mean investment in IT, logistics and warehousing, but also above all a new way of thinking about the business itself. We want to lead the way here.

As already reported above, Grafenfels is so far generating only marginal revenue, and on top of that it is also incurring very high losses. Purely from a numbers perspective, the company is therefore not a value driver for the bmp Group. Nonetheless, we are confident that in our Grafenfels mattress range we have developed the right product at the right time. This has been confirmed to us by a number of manufacturers, delighted bricks-and-mortar stores, and of course the customers already sleeping on a Grafenfels. Regrettably, the latter group still numbers too few, and there is a slew of reasons for this:

Firstly, Grafenfels was supposed to launch on the market much earlier, but we postponed this in favour of product optimisation. Secondly, in addition to bricks-and-mortar stores, we also wanted to focus on online sales through the www.grafenfels.de webshop. But then we made the very deliberate choice to focus sales on bricks-and-mortar stores after all, because we became convinced that a product like Grafenfels mattresses, which require some explanation and are so far unknown, can be better sold through specialist retailers. This decision delays the generation of revenue as first retailers have to be found, equipped with the POS systems and trained before the first revenue can be generated.

sleepz and Matratzen Union naturally also have

Grafenfels products in their range, the sleepz showroom is therefore serving as a test case for the bricks-and-mortar concept. Furthermore Grafenfels has opened its own showroom in Berlin in August.

In our opinion, the market for bedroom furniture and bedding ("sleep products") will develop positively in the medium term. Given the greater awareness of and desire for health, the long neglected bedroom is taking on an increasingly important role as a place of rest, a wellness oasis and a combined room for sleep, relaxation and work. For this reason, we assume that demand for high quality products for the bedroom will grow in the coming years.

Quite a bit is happening in terms of competition. The big, bricks-and-mortar chains such as Dänisches Bettenlager or Matratzen-Concord, who have so far generated only marginal revenues online, want to invest massively in expanding their online channels. Purely bricks-and-mortar stores are at a disadvantage here if they do not have a particular profile (products, brands, location, customer loyalty, etc.). Not only are they being confronted with growing online competition, they also face price competition on standard products.

Also, more and more young companies are entering the mattress market with the US Casper concept of a "one fits all" mattress, which accounts for around 10% of the sleep products market in total. These mattresses are sold online to customers via their own webshops, and these customers are won over by "better prices by avoiding bricks-and-mortar stores", the supposedly "perfect" mattress and a 100-night trial sleeping concept. As we see it, these companies are helping to draw press and consumer attention to the sleep products segment as a whole, and of course there is also reason enough for

them to exist in a certain area of the mattress market. However, since as a full-range provider our positioning is considerably broader, we see these companies as only limited competition to our overall approach.

In the remaining venture capital portfolio there were only minor changes. The equity investment in Motor Entertainment GmbH was sold to the co-owners in the second quarter; the proceeds from the sale were insignificant. The equity investment iversity GmbH was unable to secure the necessary follow-up financing outside its existing shareholder group and had to file for bankruptcy in the second quarter. However, we had already written down this equity investment in full as at 31 March 2016. Retresco GmbH carried out a successful financing round at the end of the second quarter, resulting in a higher valuation for this equity investment. Overall, the net result on revaluation, that is the residual of income and expenses from revaluation, was negative in the first half of 2016 at € 1.26 million, mainly on account of the loss of iversity.

Owing to its quite weak revenue performance in the usually good third quarter, the bmp Group is behind on its original revenue planning. We have therefore lowered our revenue forecast for the year as a whole from € 20 million to between € 16 and € 18 million. On the other hand, the development in margins and costs is good in the third quarter, with the result that we are not currently expecting any earnings effects on the year as a whole.

In all probability, we will not achieve our stated goal for 2016 of one to two acquisitions. We are still conducting talks with possible targets, but these will not realistically be concluded before the end of the year.

The equity investments in komoot GmbH and department one GmbH were sold at slightly

more than book value in the third quarter. By the end of the year we anticipate one or two further exits from the remaining portfolio, which currently consists of nine equity investments.

In spite of the adjusted revenue forecast the bmp-group is continuing to grow dynamically and makes good progress with regard to earnings. From today's perspective we can expect that sleepz and Matratzen Union as online merchants will already in the fourth quarter make a positive contribution to earnings.

A handwritten signature in black ink, consisting of several overlapping loops and a long horizontal stroke extending to the right.

Executive Board

Group Balance Sheet as at 30 June 2016

Assets	30.06.2016	31.12.2015
	€	T€
Long-term assets		
Intangible assets	4,912,671.19	4,899
Tangible assets	374,770.31	297
Equity investments	35,750.00	0
Loans	1,056,182.62	0
Fixed asset securities	12,665.00	9
	6,392,039.12	
Current assets		
Inventories	1,709,420.10	1,495
Assets marked for sale of discontinued operation	0.00	16,334
Receivables and other assets	1,053,493.02	274
Trade accounts receivable	1,558,688.06	749
Financial instruments held for trading	14,140,616.49	0
Cash on banks and cash on hand	1,121,004.46	1,943
	19,583,222.13	
Total assets	25,975,261.25	26,001

Liabilities	30.06.2016	31.12.2015
	€	T€
Shareholders' equity		
Subscribed capital	20,701,174.00	20,701
Capital reserves	992,711.66	993
Other revenue reserves	665,801.80	783
Accumulated net loss	-7,719,789.58	-5,617
Minorities	49,549.88	6
	14,689,447.76	
Non-current liabilities		
Liabilities towards banks	25,252.09	29
Loans	908,198.01	1,012
	933,450.10	
Current liabilities		
Trade accounts payable	2,741,757.03	1,550
Liabilities towards banks	2,653,877.51	1,440
Prepayments received	521,433.16	249
Other liabilities	4,398,235.69	4,312
Provisions	37,060.00	37
Liabilities of discontinued operation	0.00	504
	10,352,363.39	
Total liabilities	25,975,261.25	26,001

Group Statement of Comprehensive Income for the Period 01.01.2016 to 30.06.2016

	1.1.-30.06. 2016	1.1.-30.06. 2015
	€	T€
Sales revenue		
Sales revenue	7,722,368.02	951
Other operating income		
Income from revaluation	2,057,533.27	0
Other operating income	540,617.55	193
Income from consulting and commissions	267,634.35	366
Cost of materials		
Cost of sales and services purchased	-5,363,827.01	-651
Staff costs		
Wages and salaries	-961,758.65	-155
Social security contributions and costs for pensions and support	-149,569.40	-29
Depreciations		
on tangible and intangible fixed assets	-73,695.81	-14
Other operating expenses		
Expenses from revaluation	-3,316,067.49	0
Other operating expenses	-2,834,811.81	-1,037
Operating income	-2,111,576.98	-376
Income from investments	46,872.75	0
Interest and similiar income	54,909.54	1
Interest and similiar expenses	-210,312.13	-24
Income taxes	-15,515.05	0
Result from ordinary business activities	-2,235,621.87	-399
Result from formerly discontinued operations	0.00	948
Net result	-2,235,621.87	549
Share of result of non-controlling interests	132,399.22	157
result attributable to shareholders of the company	-2,103,222.65	706
Earnings per share in €	-0.10	0.03
Consolidated net result	-2,235,621.87	549
Other comprehensive income	0.00	0
Comprehensive income	-2,235,621.87	549

Group Cash-Flow Statement for the Period from 01.01.2016 to 30.06.2016

	2016 €	2015 €
Cash flow from operations		
Consolidated net result	-2,235,621.87	705,481.46
Result of discontinued operation	0.00	-948,156.93
Depreciation of intangible and tangible assets	73,695.81	14,361.73
Revaluation of financial assets	1,258,534.22	0.00
Share of result of non-controlling interests	132,399.22	-156,560.99
Other non-cash items	-27,568.15	0.00
Decrease/(-) increase in assets and increase/(-) decrease in liabilities		
Receivables and other assets	-1,542,615.89	-721,530.40
Inventories	-214,080.12	-516,560.13
Other liabilities	1,050,307.75	1,497,726.76
Provisions	-504,070.40	36,401.55
Cash-flow from ordinary business activities	-2,009,019.43	-88,836.95
Cash flow from investments		
Additions to holdings and loans	-260,160.87	0.00
Disposal of holdings and loans	57,541.26	0.00
Additions to fixed asset securities	-3,999.00	0.00
Additions to intangible and tangible assets	-165,108.93	-385,853.12
Acquisition costs of consolidated companies	0.00	-1,690,740.11
Increase of the share of subsidiaries	-89,365.50	0.00
Total cash-flow from investments	-461,093.04	-2,076,593.23
Cash flow from financing		
Liabilities towards banks	1,209,317.79	153,116.48
Minorities	43,168.93	329,270.36
Loans	396,080.00	1,002,170.11
Total cash-flow from financing	1,648,566.72	1,484,556.95
Change in liquid funds	-821,545.75	-680,873.23
Acquired liquid funds	0.00	74,003.25
Cash-flow from discontinued operation	0.00	701,586.26
Total change in liquid funds	-821,545.75	94,716.28
Liquid funds at the beginning of the business year	1,942,550.21	19,003.35
Liquid funds at the end of the reporting period	1,121,004.46	113,719.63

Statement of Changes in Equity

Figures in T€	Subscribed capital	Capital reserve	Other profit reserves	Minorities	Accumulated net result	Total
Equity as at 01.01.2016	20,701	994	783	6	-5,617	16,867
Net result				-132	-2,104	-2,236
Transactions with non-controlling interests			-117			-117
Shares of non-controlling interests				175		175
Equity as at 30.06.2016	20,701	994	666	49	-7,721	14,689
Equity as at 01.01.2015	20,701	994	972	0	-2,811	19,856
Net result				-636	-2,806	-3,442
Transactions with non-controlling interests			-189			-189
Shares of non-controlling interests				642		642
Equity as at 31.12.2015	20,701	994	783	6	-5,617	16,867

Notes

Accounting in accordance with International Financial Reporting Standards (IFRS)

In accordance with Regulation 1606/2002 of the European Parliament and of the Council, bmp Holding AG has prepared its annual financial statements for 2015 in accordance with the International Financial Reporting Standards (IFRS) adopted by the European Union. Accordingly, these interim financial statements as at 30 June 2016, which were not reviewed by a person qualified to audit financial statements, were also prepared in compliance with IAS 34 and contain condensed reporting compared to the annual financial statements. All amounts in themselves have been rounded in line with commercial practice; this can result in minor deviations in the addition of figures.

Accounting policies

bmp Holding AG has implemented all accounting standards endorsed by the EU and effective for financial periods from 1 January 2016.

The accounting standards applicable for the first time in the 2016 business year have no significant effect on the presentation of the net assets, financial position and results of operations. A detailed compilation of these accounting standards can be seen in the notes to the 2015 annual report.

Otherwise, the same accounting policies were applied in the preparation of the interim financial statements and the calculation of the comparative figures for the previous year as in the 2015 annual financial statements. A detailed description of these methods was also published in the notes to the annual financial statements for the 2015 annual report.

NOTES ON THE INTERIM FINANCIAL STATEMENT

1. Business purpose

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

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

2. Non current assets held for sale

The venture capital business was reported in the annual financial statements of 2015 as a discontinued operation and is in the meantime finally abandoned. The remaining venture capital remaining portfolio is to be sold successively. These investments are treated as non-current assets held for sale in accordance with IFRS 5 and reported accordingly in the balance sheet.

3. Information on subsidiaries

The interim financial statements include bmp Holding AG and the subsidiaries over which it exercises control. bmp Holding AG controls a company if it has power of disposal over that company. This means that bmp Holding AG has existing rights that grant it the present ability to control material activities. These are activities that materially influence the company's return. bmp Holding AG is also exposed to fluctuating returns from its involvement in the company or has entitlement to them and has the ability to influence such returns by means of its power of disposal over the company.

Full consolidation of subsidiaries begins at the point in time from which the possibility of control exists and ends when such possibility of control ceases to exist. Generally, consolidation of capital is accounted for using the acquisition method under IFRS 3. This generally requires the acquired assets and liabilities to be recognised at their fair values. If the difference between the acquisition costs and the proportionate share of the remeasured equity of the subsidiary is positive, it is reported as goodwill and is regularly tested for impairment. Any remaining negative difference is recognised in profit or loss in the income statement following a reassessment.

Expenses, income, receivables and liabilities between the fully consolidated companies as well as intergroup profits from supply and service relationships within the group are eliminated. Where applicable, deferred taxes are recognised for consolidation transactions included in the income statement.

4. Scope of consolidation

Name	Principal activities	Headquarters	Share of capital and voting rights 30.06.2016	Share of capital and voting rights 31.12.2015
sleepz GmbH	Operating and further developing online shops as well as multichannel sales, in particular of bedding and furniture of all kinds	Ludwigsfelde, Germany	66.20%	60.08%
Matratzen Union GmbH	Purchasing and selling mattresses, bedding and sleep systems	Wolfhagen, Germany	60.00%	60.00%
Markenschlaf GmbH	Trading in goods of all kinds, particularly products relating to sleep, furnishings and living, as well as comparable consumer goods	Wolfhagen, Germany	60.00%	60.00%
Ecom Union GmbH	Trading in goods of all kinds, particularly products relating to sleep, furnishings and living, as well as comparable consumer goods	Wolfhagen, Germany	60.00%	60.00%
Denkvertrieb GmbH	Developing marketing strategies, graphic design and implementation, textual design, selling and trading via internet platforms, developing sales strategies and designing and optimising websites	Wolfhagen, Germany	60.00%	60.00%
Grafenfels Manufaktur GmbH	Designing, manufacturing and selling mattresses, bedding, bed linen and all other products relating to the theme "sleep"	Berlin, Germany	100%	100%
ReFer GmbH	Acquisition and holding of investments	Berlin, Germany	100%	100%

5. Information on company acquisitions

bmp held a share of 60.08% in sleepz at the beginning of 2016. In March 2016, shares of other shareholders were acquired for an amount of € 88 thousand and the holding in sleepz was increased further by participation in a capital increase against cash contribution of € 204 thousand and conversion of loans of € 300 thousand to 66.2%.

6. Disclosures on related party companies and persons

The Company has maintained service relationships with the Executive Board and the Supervisory Board. The compensation system and the amount remained unchanged. The Executive Board, Oliver Borrmann, is a minority shareholder in bmp Beteiligungsmanagement AG, with which a service agreement exists.

7. Fair value disclosures

The principles and methods of fair value measurement are unchanged compared to the previous year despite the difference in reporting now. Information on the measurement principles and methods can be found in the 2015 annual report.

Assets measured at fair value through profit or loss comprise the venture capital holdings held for sale.

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

Measurement is carried out using uniform methods and parameters. Fair value measurement of financial instruments, particularly at level 2 and 3, is performed based on bmp's internal best practices in controlling.

The following tables show an overview of items measured at fair value:

in T€	Fair value as at 30.06.2016	Fair value as at 31.12.2015
Level I	0	0
Level II	0	3,576
Level III	36	11,706
Total equity investments	36	15,282

in T€	Fair value as at 30.06.2016	Fair value as at 31.12.2015
Level I	0	2
Level II	3,726	0
Level III	10,415	0
Total long-term investments for sale	14,141	2

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

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

Development of balance sheet items measured at fair value based on level 3

In T€	2016	2015
Fair value as at 01.01.	11,707	5,910
Income from remeasurement	5	69
Expenses on remeasurement	-3,108	-962
Addition	0	1,908
Disposal	-55	-1,355
Reclassifications to level III	3,421	6,829
Reclassifications from level III	-1,520	-692
Fair value as at 30.06. (prev. year 31.12.)	10,450	11,707
Level III gains and losses in profit or loss		
Realised gains	26	22
Realised losses	0	13

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

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

Fair value as at 30.06.2016 in T€	Valuation model/method	Unobservable parameters	Range (arithmetic mean)
1,970	Multiplier method	Earnings multiplier	10.07-10.07 (10.07)
		Revenue multiplier	0.69-2.37 (1.40)
		Discount for lack of marketability	30%-45% (39%)
8,481	Transaction price not timely	N/A	N/A
0	Discounted cash flow/write off	WACC	12.35%-12.35% (12.35%)
		Long-term revenue growth rate	3.00%-3.00% (3.00%)
		Long-term EBITDA margin	10.00%-10.00% (10.00%)

Enterprise value is the key risk variable for the fair value of equity investments.

At level 3, the effect of changes in unobservable enterprise value measurement parameters on earnings and equity is shown by way of sensitivity analysis. If the assumed enterprise values were 10%

higher, earnings and equity would have been € 214 thousand higher. If the assumed enterprise values were 10% lower, earnings and equity would have been € 214 thousand lower.

8. Reconciliation of balance sheet items to classes of financial instruments

The table below shows the reconciliation of financial instruments, broken down by carrying amount and fair value, to the balance sheet:

2016	At fair value	At amortised cost	Balance sheet item as at 30.06.2016
T€	Book value	Book value	
Non-current assets			
Loans		1,056	1,056
Equity investments	36		36
Fixed asset securities		13	13
Current assets			
Trade accounts receivable		1,559	1,559
Receivables and other assets		1,053	1,053
Long-term investments for sale	14,141		14,141
Cash in hand and bank balances		1,121	1,121
Total	14,177	4,803	18,980
Non-current liabilities			
Loans		908	908
Liabilities towards banks		25	25
Current liabilities			
Trade accounts payable		2,742	2,742
Liabilities towards banks		2,654	2,654
Other liabilities		4,398	4,398
Prepayments received		521	521
Total	0	11,248	11,248

2015	At fair value	At amortised cost	Balance sheet item as at 31.12.15
T€	Book value	Book value	
Non-current assets			
Fixed asset securities		8	8
Current assets			
Trade accounts receivable		749	749
Receivables and other assets		274	274
Cash in hand and bank balances		1,943	1,943
Assets of discontinued operation	16,288	46	16,334
Total	16,288	3,020	19,308
Non-current liabilities			
Loans		1,012	1,012
Liabilities towards banks		29	29
Current liabilities			
Trade accounts payable		1,550	1,550
Liabilities towards banks		1,440	1,440
Other liabilities		4,561	4,561
Total	0	8,592	8,592

9. Expenses on the remeasurement of equity investments and securities

Remeasurement expenses amounted to 3,316 thousand in the first six months of the 2016 business year. Thereof about 2 million where due to the insolvency of iversity GmbH.

10. Unusual circumstances

There were no unusual circumstances affecting the company's assets, liabilities, equity, profit or loss for the period or cash flows in the period under review.

11. Estimates

There were no changes in estimated amounts in the period under review.

12. Changes in shares

In the reporting period there was no change with regard to shares outstanding.

13. Dividends

No dividends were paid in the period under review.

14. Segment information

bmp Holding AG generated its revenue primarily from the sale of products in the area of “sleeping” in Germany. The company’s revenues and earnings were not broken down into segments.

15. Contingent liabilities and contingent assets

There were no changes in contingent liabilities or contingent assets in the period under review.

16. Responsibility statement

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

The Executive Board

Management Report of bmp Holding AG as at 30.06.2016

Business purpose

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

Business development in the first half of 2016

bmp Holding AG's revenue developed in line with planning in the first half of the year. After revenue of € 4.2 million in the seasonally strong first quarter, the forecast revenue of € 3.5 million was generated in the second quarter. This marks growth of 712% compared to the revenue for the first half of 2015 of € 0.95 million, though the subsidiary sleepz GmbH was only included in consolidation pro rata from May onwards in the first half of the previous year.

The company ended with first six months of the 2016 financial year with consolidated earnings of minus € 2,236 thousand. Adjusted for the expenses and income from the revaluation of the remaining venture capital portfolio of minus € 1,259 thousand, the Group's adjusted result amounts to minus € 977 thousand. This is in line with expectations for 2016 as a whole with a result of between minus € 1 and € 2 million after adjusting for changes in the valuation of the remaining venture capital portfolio.

Of the negative adjusted result for the first half of the year of € 977 thousand, minus € 447 thousand relates to the wholly owned subsidiary Grafenfels GmbH, which contributed only marginally to revenue in the first half of the year. This loss at Grafenfels is in line with expectations, whereas revenue fell significantly short of original planning; it had been assumed that the Grafenfels mattress would have been launched earlier. As in the previous year, the companies of the Matratzen Union Group continued to work profitably. By contrast, sleepz GmbH continued

to report losses, though we are anticipating a sustainable improvement in earnings over the course of the year.

Venture capital remaining portfolio

The equity investment in Motor Entertainment GmbH was sold to the co-owners in the second quarter; the proceeds from the sale were insignificant. The equity investment in Iversity GmbH was unable to secure the necessary follow-up financing outside its existing shareholder group and had to file for bankruptcy in the second quarter. However, we had already written down this equity investment in full as at 31 March 2016. Retresco GmbH carried out a successful financing round at the end of the second quarter, resulting in a higher valuation for this equity investment. Overall, the net result on revaluation, that is the residual of income and expenses from revaluation, was negative in the first half of 2016 at € 1.26 million, mainly on account of the loss of Iversity.

Market and competition

In our opinion, the market for bedroom furniture and bedding, etc. ("sleep products") will develop positively in the medium term. Given the greater awareness of and desire for health both in society and among individuals, the long neglected bedroom is taking on an increasingly important role as a place of rest, a wellness oasis and a room for sleep, relaxation and work. For this reason, we assume that demand for high quality products for the bedroom will grow in the coming years.

Quite a bit is happening in terms of competition. The big, bricks-and-mortar chains such as Dänisches Bettenlager or Matratzen-Concord, who have so far generated only marginal revenues online, want to invest massively in expanding their online channels. Purely bricks-and-mortar stores are at a disadvantage here if they

do not have a particular profile (products, own brands, location, customer loyalty, etc.). Not only are they being confronted with growing online competition, they also face price competition on standard products.

Also, more and more young companies are entering the mattress market with the US Casper concept of a "one fits all" mattress, which accounts for around 10% of the sleep products market in total. These mattresses are sold online to customers via their own webshops, and these customers are won over by "better prices by avoiding bricks-and-mortar stores", the supposedly "perfect" mattress and a 100-night trial sleeping concept. As we see it, these companies are helping to draw press and consumer attention to the sleep products segment as a whole, and of course there is also reason enough for them to exist in a certain area of the mattress market. However, since as a full-range provider our positioning is considerably broader, we see these companies as only limited competition to our overall approach.

Organisation and employees

As at the reporting date, 64 employees worked at bmp Holding AG in addition to the Executive Board. The subsidiaries are managed by their executive directors, no personal identity exists between the Management of the Holding and the subsidiaries.

Opportunities and risks of future development, risk management

Market

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

Competition

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

Technology

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

Staff

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

Legal risks

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

for legal advice and provisions for legal disputes are rising.

Supplier risk

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

Warranties/product liability

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

Image

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

Products

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

Financing risk

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

bmp Holding AG is currently in talks with the financing bank over the prolongation of the credit line that ends on 31.10.2016.

Risk of receivables default

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

Cluster risks

The three largest holdings together represent around 72% of the balanced carrying amount of the long-term assets held for sale.

Currency risks

In the past, the company has used various methods to pay in foreign currency for the acquisition of an investment or to receive payment for the disposal of an investment. Following disposal of the investment there may also be a capital gain or loss due to currency fluctuation in addition to the gain or loss from the disposal. Another risk is that the company must accept exchange losses from foreign currency balances if no hedging transactions exist.

On the supply side the risk exists that the goods purchased will become more expensive.

Company dependence on economic cycles and financial markets

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

Risks of changes in interest rates

The liabilities do not present any risks of changes in interest rates. Variable interest rates are applied on all current money investments and credits. Thus the amount of future interest expenses are influenced by the development of overall interest rates.

Overall evaluation and risk management

bmp Holding AG has recognised extensive provisions for all discernible individual risks in the annual financial statements as of 30 June 2016.

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

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

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

full reporting while satisfying the purpose of a management information system.

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

bmp Holding's current liquidity is adequate for its existing business and will enable it to meet all its obligations, if the financing banks extends the credit line further than 31.10.2016. From a current standpoint, if the risks described were to occur individually or together they would still not pose a danger to the continuation of bmp Holding AG as a going concern. In the view of the Executive Board, bmp Holding AG has a lasting capability to remain in existence over the long term.

Opportunity report

The aim of the remaining business year 2016 it will be to sell more investments from the VC residual portfolio in order to free up funds that can be invested in the expansion of the new business model. With possible acquisitions chances open to extend the portfolio and increase market penetration. With continuous improvement of key figures as e.g. visits on the website, conversion rate, size of the shopping cart at the subsidiaries there is an opportunity to improve profitability.

Forecast report for the period 01.07. to 31.12.2016

Market environment

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

Investment activity

For 2016, the Management Board expects no further acquisitions in the segment of "sleeping", nevertheless currently several opportunities are examined.

Forecast result of operations

For 2016, the Management Board is planning consolidated sales of € 16-18 million and a profit from ordinary activities between minus € 1-2 million, which can be influenced by special effects from changes in the value of the Venture Capital residual portfolio.

Significant events after the reporting period

In the third quarter, the investments in komoot GmbH and department one GmbH were sold each slightly above book value.

On 01 August 2016 insolvency procedures with iversity GmbH were opened.

The contract with the bmp Beteiligungsmanagement was renegotiated, the remuneration for management of the residual venture

capital portfolio has been adapted to the new circumstances, the right of profit sharing was abolished. For operational support, especially in business development, finance and controlling a monthly fee is paid.

Outlook

Owing to its quite weak revenue performance in the usually good third quarter, the bmp Group is behind on its original revenue planning. We have therefore lowered our revenue forecast for the year as a whole from € 20 million to between € 16 and € 18 million. On the other hand, the development in margins and costs is good in the third quarter, so that from today's perspective we can maintain our earnings forecast for the year as a whole.

In all probability, we will not achieve our stated goal for 2016 of one to two acquisitions. We are still conducting talks with possible targets, but these will not realistically be concluded before the end of the year.

Until the end of the year we are expecting one or two more exits from our remaining portfolio, which currently consists of nine investments.

In spite of the adjusted revenue forecast the bmp-group is continuing to grow dynamically and makes good progress with regard to earnings. From today's perspective we can expect that sleepz and Matratzen Union as online merchants will already in the fourth quarter make a positive contribution to earnings.

Berlin, 29 September 2016

Oliver Borrmann

About bmp Holding AG

bmp Holding AG (www.bmp-holding.de) is a corporate group focussing on the segment of sleep products (bedroom furniture, mattresses, bedding goods) .

Its subsidiaries sleepz GmbH, Matratzen Union GmbH, Ecom Union GmbH and Markenschlaf GmbH operate online shops specialized in the segment of sleep products, among others www.perfekt-schlafen.de, www.markenschlaf.de, www.schlafnett.de, www.matratzenunion.de, www.schlafhandel.de, www.onletto.de, www.schoene-traeume.de or www.matratzendiscount.de. Furthermore sleepz maintains a showroom in Berlin and Matratzen Union a factory outlet in Wolfhagen.

The bmp Group is one of the rapidly growing online retailers in the segment of sleep products in Germany. Via Grafenfels Manufaktur GmbH (www.grafenfels.de) bmp has also developed a high-quality mattress-private label. Grafenfels maintains a showroom in Berlin.

The group currently employs 64 people at its locations in Berlin, Ludwigsfelde, Wolfhagen and Kassel.

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