INTERIM REPORT BY THE EXECUTIVE BOARD

FIRST QUARTER 14/15

BENE
Q1 2014/15

FOREWORD BY THE MANAGING BOARD

Dear shareholders,

The Bene Group has consistently implemented restructuring measures and realised impressive results in the international markets during the first quarter of the current financial year, and all this in a market environment that continues to be characterised by intense competition and, in some regions, political crises. During the first three months of the year, Bene has managed to noticeably improve all of its earning figures and increase its gross profit margin in comparison to the same period last year.

We must point out, however, that the beginning of the financial year finds the office furniture industry still in stagnation, and there are few signs of short-term recovery on the horizon. The downwards trend has continued in 2014 in Germany, Europe's largest office furniture market, and our home market of Austria. Bene's response to these developments over the past several months has been to restructure the management of our sales activities, position ourselves more advantageously for improved market penetration and shift our regional focus to growth markets in the Middle East and the UK.

At the same time, in line with restructuring plans, the Bene Group has implemented measures aimed at reducing costs and increasing profit. A clear and sustainable reduction of material and personnel costs was achieved as part of the operational restructuring. With an eye on margins, the Bene Group took essential steps towards ensuring a sustainable turnaround. The reorganisation of sales begun last year with a consistent focus on margins has been reflected, for example, in the growth of the gross sales margin from 56.9 % to 58.6 %.

By implementing a more selective market cultivation and a sales strategy that focuses more on quality for price instead of sales volumes, Bene reduced its sales in the first quarter 2014/15 in response to the restructuring measures and a generally challenging economy. The earnings figures published in this interim report clearly reflect the restructuring measures that have been undertaken. In the first quarter of 2014/15, Bene has managed to post a positive EBITDA before restructuring in the amount of EUR 0.2 million in spite of considerable encumbrances related to the restructuring measures currently being implemented. Even though restructuring-related costs have prevented the company from completely breaking even, the Bene Group has markedly improved all of its earnings figures and clearly demonstrated its potential for growth and recovery. Altogether the EBITDA improved by 1.9 million euros and the EBIT by 2.2 million euros.

As a premium brand, Bene is very well positioned nationally and internationally. The company is without equal in being able to provide a competitive and comprehensive portfolio of products that meets the needs of all aspects of modern working environments and office projects of any and all sizes. For several decades now, Bene has been known for superior quality and continuous innovation. We have consequently been able to win profitable projects during the first quarter in Austria, the UK and the Middle East.

With its reorganisation of sales and its strategic refocusing, the Bene Group has already taken fundamental steps towards a comprehensive restoration of the company. The Management Board is therefore thoroughly convinced that it can restructure the Bene Group as planned.

We would like to thank all of our customers, employees and the shareholders of the Bene Group for their support during these challenging times.

Best regards,

Michael Feldt,
Management Board
Sales & Marketing

Rudolf Payer,
Management Board
Operations & Finance

INTERIM ANNOUNCEMENT ON THE THIRD QUARTER 2014/15

ECONOMIC ENVIRONMENT

Although the recovery of the economy continued in the euro area in the first quarter of 2014, growth of the gross domestic product has remained quite restrained. In total, economic output in the **euro area** fell by 0.2 % compared with the previous quarter and by 0.9 % compared with the previous year's period. Positive signals came from Spain and Belgium and above all from Germany. Economic growth in the other member countries remained more or less below expectations. Not only was there weak growth in Italy and stagnation in France; in some member countries such as the Netherlands and Estonia the economy even contracted.

The **Austrian** economy was only recovering very slowly at the beginning of 2014; growth in the first quarter of 2014 compared to the previous period was 0.3 %. The most important stimulus for this growth came solely from exports. However, even these were restrained. Although exports did increase in real terms compared to the previous period by 1.5 % and were thus slightly stronger than in the fourth quarter of 2013 (+1.3 %), at the same time imports increased by 1.1 %, following 0.7 % in the previous quarter.

The gross domestic product also rose in **Germany** in the first quarter of 2014 (+0.8 %). This was solely due to positive signals from within the country and was carried by increased consumer spending on the part of private households and the government as well as increased investments in equipment and constructions.

The GDP in the **United Kingdom** was up in the first quarter of 2014 by 0.8 %, which meant – for the first time since 2007/2008 – growth was recorded for five consecutive quarters. There was also an increase in economic growth compared with the same quarter in the previous year. GDP, for instance, grew by 3.1 % compared with the previous year's period.

In the first quarter of 2014 the gross domestic product in **Russia** rose by only 0.8 %. This was mainly due to a base effect the Russian Statistical Office was able to achieve in recalculating the GDP growth rate in the first quarter of 2013. Compared with the fourth quarter of 2013, there was even a decline of the gross domestic product by 0.5 %. For the second and third quarter of 2014, the Russian Ministry of Finance is assuming zero growth or even a decline in the gross domestic product.

The economies of the countries in **Central and Eastern Europe** were hit strongly by the crisis in Ukraine. In the meantime, the growth forecasts created earlier this year for 2014 have been revised noticeably downwards. Whereas EBRD economists in January were still assuming that the economies of Eastern Europe would grow by 2.7 % this year, they are now only expecting growth of 1.7 %.

The crisis in Ukraine is hitting the economies hard in many of the countries in Eastern Europe. With respect to Ukraine, forecasts are assuming that the turmoil in the eastern part of the country and the standstill of numerous factories will push the country into a recession in 2014 and the Ukrainian economy will shrink by 7 % in 2014.

Sources: WIFO (Austrian Institute of Economic Research), the Federal Statistical Office (Germany), Eurostat, Fondscheck, the Office for National Statistics (UK), RIA Novosti, Der Standard, Frankfurter Allgemeine Zeitung, Züricher Zeitung

BUSINESS DEVELOPMENT AND RESULTS OF OPERATIONS

KEY FIGURES PERTAINING TO THE FINANCIAL SITUATION

in EUR '000	Q1 2014/15	Q1 2013/14	Change	Change in %
Sales	35,109	43,846	-8,737	-19.9
Operating performance	36,254	38,863	-2,609	-6.7
Gross profit	21,248	22,124	-876	-4.0
in % of operating performance	58.6	56.9	1.7	
EBITDA before restructuring	206	-2,229	2,435	109.2
in % of operating performance	0.6	-5.7	6.3	
EBITDA	-633	-2,562	1,929	75.3
in % of operating performance	-1.7	-6.6	4.8	
EBIT	-2,510	-4,737	2,227	47.0
in % of operating performance	-6.9	-12.2	5.3	
Earnings before taxes (EBT)	-3,312	-5,931	2,619	44.2
in % of operating performance	-9.1	-15.3	6.1	

In a market environment that remains difficult and which, in some sales regions such as Eastern Europe, was also influenced by the political environment, the Bene Group was able to clearly improve its key earning figures in the first quarter of the 2014/15 financial year compared with the same period of the previous year. Despite a decrease in sales of about 20 %, thanks to the restructuring measures Bene was able to achieve a **slightly positive adjusted EBITDA.** Even taking the one-time costs of restructuring into account, which were essentially consulting costs for projects that are still being implemented in the course of the group's realignment, the Bene group was able to clearly increase all key earning figures, even though, considering these costs, the break even point has not yet been reached.

Compared to the same quarter in the previous year, sales were down in the first quarter by about 20 %. This reduction was mainly due to the fact that in the first quarter of the previous year a substantial amount of the sales came from the final billing of orders that had already been placed in the period before. This can be seen clearly in the **operating performance,** which only sank year on year by 6.7 %.

The details on the **sales** in the essential markets are as follows:

in EUR '000	Q1 2014/15	Q1 2013/14	Change	Change in %
Austria	8,323	12,568	-4,245	-33.8
Germany	7,502	13,131	-5,629	-42.9
UK	3,703	3,504	199	5.7
Other Western Europe	5,470	5,398	72	1.3
CEE/RUS/CIS	3,831	6,919	-3,088	-44.6
Middle East/Africa	5,251	1,622	3,629	223.7
Other markets	1,029	704	325	46.2
BENE Group	**35,109**	**43,846**	**-8,737**	**-19.9**

BENE
Q1 2014/15

With the goal of achieving a more selective, margin-based market approach, Bene accepted a reduction of sales in Austria and Germany. Driven by an extremely restrained and competitive market environment, in these two markets price is increasingly becoming the sole factor in the placement of orders. Bene is counteracting this trend with targeted, proactive order generation, which inevitably results in reductions in the volume segment that has weak margins. The rise in sales in regions that traditionally have strong margins, such as UK and the Middle East, shows that this is the right strategy. Business in Eastern Europe has suffered in particular, and the crisis in Ukraine has clearly left traces, not only in the furniture industry. Some projects in this region that were already ready for delivery were postponed or stopped.

In the first three months Bene was able to implement additional crucial steps towards a sustained turnaround in the area of costs and margins. The reorientation in sales towards a consistent focus on margins is reflected, for example, in the **increase in the gross profit margin** by 56.9 % to 58.6 %.

Personnel expenses could be reduced compared to the previous period by around EUR 1.6 million. This can be seen in the headcount reduction in the group from 1,343 on 30 April 2013 to 1,064 on the reporting date (31 Jan. 2014: 1,079).

Other operating expenses could be reduced, despite other burdens of the restructuring, by EUR 1.5 million or 17.7 % compared to the first quarter of 2013/14.

In total these effects led to a clearly improved disposal under **EBITDA** from EUR 0.6 million, as compared to the previous year. The loss before interest, taxes, depreciation and amortisation could thus be reduced by EUR 1.9 million.

Due to the depreciation and amortisation which is also falling, the improvement of the **EBIT** even amounted to EUR 2.2 million.

KEY FIGURES ON THE FINANCIAL SITUATION

in EUR '000	30 April 2014	31 Jan. 2014	Change	Change in %
Total assets	96,089	95,438	651	0.7
Equity	-25,355	-21,883	-3,472	-15.9
in % of total assets	-26.4	-22.9	-3.5	
Net working capital*	9,266	10,239	-973	-9.5
Net financial liabilities	65,564	64,627	937	1.4

*Inventories + loans and advances – vendor liabilities – other liabilities – current provisions

in EUR '000	Q1 2014/15	Q1 2013/14	Change	Change in %
Cash flow from the result	-756	-3,111	2,355	75.7
Cash flow from operations	184	-3,613	3,797	105.1
Investments	426	711	-285	-40.1
Free cash flow	-175	-4,254	4,079	95.9

While **total assets** remained almost unchanged compared to the previous reporting date, **equity capital** dropped again due to the quarterly loss.

The development of **net working capital** was pleasing, and could be reduced in the first quarter by about EUR 1.0 million. Thus it was possible to achieve a positive **cash flow from operating activities** during the period.

Due to the restrained market environment, **investment expenses** in the first quarter were essentially for replacement investments and were financed almost completely from the operating cash flow. The group's **free cash flow** was, at EUR -0.2 million, almost balanced (Q1 2013/14: EUR -4.3 million).

Reflecting this development, the group's **net financial liabilities** also remained basically unchanged from the previous reporting date and came to EUR 65.6 million on 30 April 2014. The debt, and with it the group's free liquidity, was therefor noticeably better than had been budgeted in the financial planning for the current fiscal year.

Based on the trends in the first quarter, management is holding on to its goal of achieving a **balanced operational result** in the current financial year. This applies despite the fact that it does not look like the targeted sales growth of 10% for the entire year will be fully achieved. Due to the market situation in Eastern Europe and possible delays in completing major projects, we can only assume sales will be on the same level as the previous year. However, we must still wait to see how the economy develops in Bene's relevant markets.

Note

This report also contains statements about possible developments in the future that have been made based on the information that is currently available. These statements, which reflect the Management Board's current assessment of future events, cannot be considered guarantees of future performance and pertain to risks and uncertainties that are difficult to predict. There is a wide variety of reasons why actual results or circumstances could differ considerably from those assumptions on which the statements were based.

BENE SHARES

BENE
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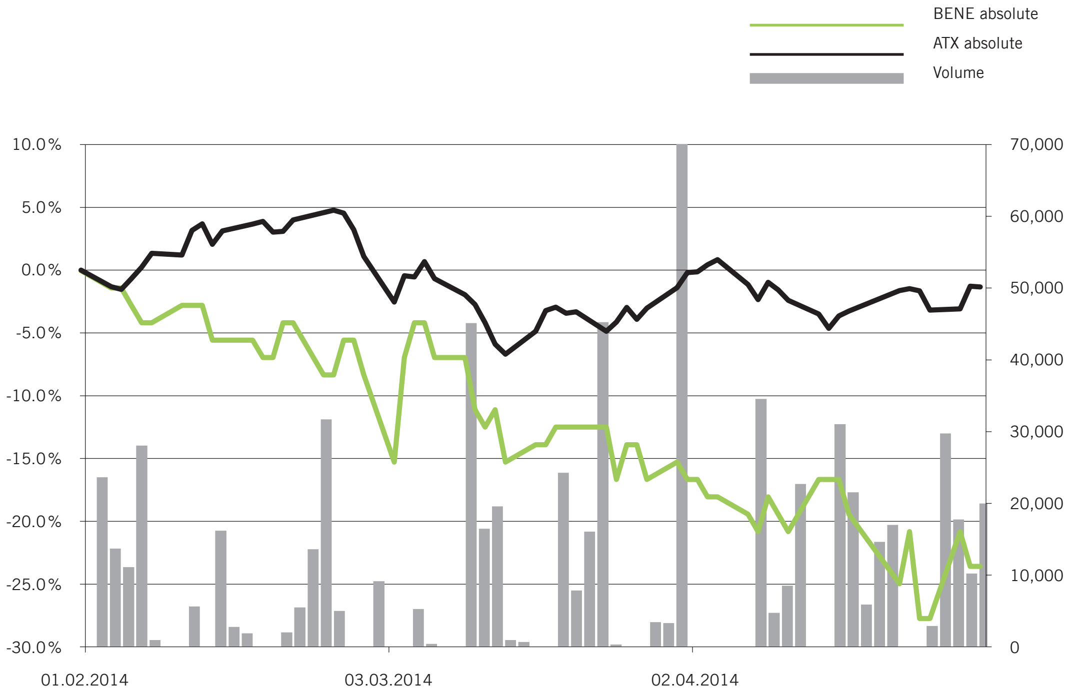
Bene has been listed on the Vienna Stock Exchange since 3 November 2006 and from 20 November 2006 it was included in the ATX Prime Market and Vienna Stock Exchange Index; on 24 September 2012 it switched to the Mid Market Continuous segment. This makes BENE AG the only office furniture company on the Vienna Stock Exchange and it is one of a handpicked group of listed office furniture companies in Europe.



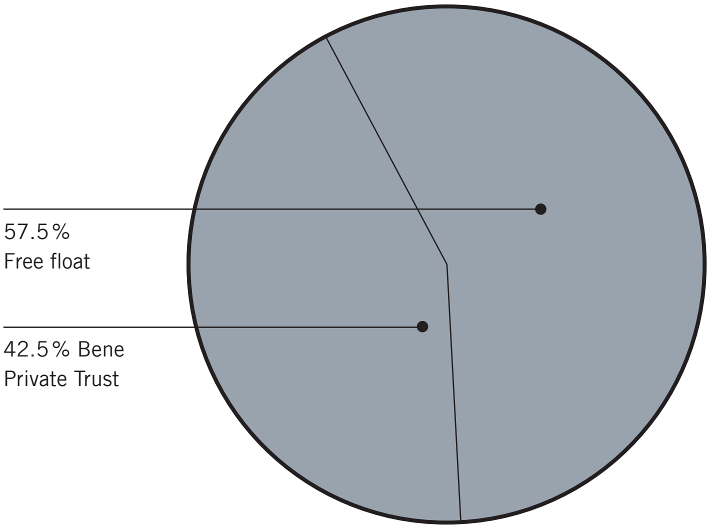
SHARE PERFORMANCE AND TRADING VOLUME

Bene's shares fell overall by 23.61% in the first quarter of 2014/15 (ATX: -1.35%).

The highest closing price in the reporting period was EUR 0.71 (4 February 2014) and the lowest was EUR 0.52 (24 April 2014).

Over the course of the first quarter of the 2014/15 financial year, average trading volume stood at 11,819 shares. The highest daily turnover was 61,800 shares on 19 March 2014 and the lowest was 200 shares on 14 March 2014.

SHAREHOLDER STRUCTURE



ISIN code:	AT00000BENE6
Stock Exchange:	Vienna Stock Exchange, Mid Market Continuous
Type of shares:	Ordinary no-par bearer shares
Total number of shares:	24,347,352
Authorised capital:	EUR 9.0 million
Other stock exchanges:	None
Indices:	Mid Market Continuous, WBI, VÖNIX
Ticker symbol:	BENE
Research coverage:	Raiffeisen Centrobank
Free float:	57.5 %

INVESTOR RELATIONS

The Bene Group is committed to meeting the requirements of the capital markets for transparency. To this end it supports active and transparent communications to give its stakeholders a true and fair picture of the company's situation. That is why Bene undertakes to comply with the Corporate Governance Code in the version issued in July 2012.

CONTACT

Investor Relations
Martina Vomela

A-3340 Waidhofen/Ybbs Schwarzwiesenstraße 3
Phone +43-7442-500-3100
Fax +43-7442-500-993100
E-Mail ir@bene.com www.bene.com