



# *Second Interim Report of H&R GmbH & Co. KGaA*

*(formerly H&R AG)*

*as of June 30, 2016*



## Our first half 2016

- Strong year-on-year increase of operating income (EBITDA) to €54.4 million
- Postive EBITDA development of all three segments
- Overall expectations for 2016 updated

### THE H&R GROUP IN FIGURES

€ MILLION	1/1 to 30/6/2016	1/1 to 30/6/2015	Change in absolute terms
Sales revenues	465.1	524.7	-59.6
Operating income (EBITDA)	54.4	41.2	13.2
EBIT	39.0	26.0	13.0
EBT	33.7	20.7	13.0
Income after taxes	26.9	18.0	8.9
Income after taxes of which attributable to shareholders	26.3	18.2	8.1
Consolidated earnings per share (undiluted, in €)	0.73	0.51	0.22
Cash flow from operating activities	44.2	19.9	24.3
Cash flow from investing activities	-17.2	-9.8	-7.4
Free cash flow	27.0	10.1	16.9
Cash flow from financing activities	-30.2	-16.4	-13.8
	<b>30/6/2016</b>	<b>31/12/2015</b>	
Balance sheet total	647.9	628.8	19.1
Net working capital	146.1	139.5	6.6
Equity	303.6	287.1	16.5
Equity ratio (in %)	46.9	45.7	1.2
Employees (absolute)	1,566	1,568	-2

### THE SEGMENTS IN FIGURES

€ MILLION	1/1 to 30/6/2016	1/1 to 30/6/2015	Change in absolute terms
<b>Chemical-Pharmaceutical Raw Materials Refining</b>			
Sales revenues	283.7	335.6	-51.9
EBITDA	39.0	28.4	10.6
<b>Chemical-Pharmaceutical Raw Materials Sales</b>			
Sales revenues	157.9	165.3	-7.4
EBITDA	16.8	14.6	2.2
<b>Plastics</b>			
Sales revenues	28.4	31.8	-3.4
EBITDA	0.9	0.3	0.6
<b>Reconciliation</b>			
Sales revenues	-4.9	-8.0	3.1
EBITDA	-2.3	-2.2	-0.1

## Letter from the Executive Board

*Dear Shareholders,  
Dear Business Partners,*

Your H&R once again presents its mid-year business performance in the customary reporting format required by the capital markets. At the same time, we have embraced the positive feedback on our quarterly press release and again have drawn up a shorter, more concise semi-annual report.

Following a successful start to the year, our company succeeded in continuing the positive business performance and earnings trend in the second quarter. In the first six months of this year, the H&R Group generated a year-on-year increase in operating income (EBITDA) of more than 30% to €54.4 million and net income of €26.3 million, which was equivalent to earnings per share of €0.73.

The higher profitability was due, among other things, to currently very low commodity prices. However, high demand for our specialty products and the resulting positive sales volumes boosted our business while simultaneously providing stable margins for our core and by-products.

Based on our ongoing good business performance – it was reflected in the 2015 financial statement figures, continued in the first quarter of 2016 and was again confirmed at mid-year by positive preliminary figures for the first half – we are revising upward our expectations for the full year.

In line with the positive figures, our company's share also experienced a clear upturn over the past several months, trading at more than €16, a level that we last saw five years ago. As a result, our first half was very successful, and not just from an operating standpoint.

By adopting a resolution at the end of May to convert our company into a master limited partnership [Kommanditgesellschaft auf Aktien/KGaA], the Annual Shareholders' Meeting took a major step toward implementing structural changes. In our view, this legal form – which has also been adopted by other successful entrepreneur-managed companies – is the right way to further underpin our long-term growth strategy.

At the same time, our company will maintain access to the capital markets and in the interest of investors and shareholders will preserve their ability to hold shares.

We would like to take this opportunity to expressly thank you for your support of this change of legal form and the confidence that you have demonstrated by approving it with a big majority.

Along with you, we now look forward to the second half, even though we expect business performance in this period to be somewhat less dynamic overall. Providing the prices and margins for our products continue to be stable, we believe there is an additional earnings potential of around 10%.

Hamburg, August 2016

Sincerely yours,



**Niels H. Hansen**  
*Chairman of the Executive Board*



**Detlev Wösten**  
*Member of the Executive Board*

# Interim Management Report



4

Group Structure

5

Subscribed Capital and Shareholder Structure

6

Economic Environment

7

The Share and Share-Price Trend

8

Results of Operations, Net Assets and Financial Position

12

Report on Opportunities and Risks

12

Research and Development

13

Key Events Following the Balance-Sheet Date

13

Outlook

## Group Structure

### Sectors and Organizational Structure

The H&R Group organizes its operating activities into two business divisions: the Chemical-Pharmaceutical Raw Materials Division and the Plastics Division. The latter is significantly smaller in terms of earnings.

In parallel, we operate three business segments: ChemPharm Refining, ChemPharm Sales and Plastics. Our biggest segment, ChemPharm Refining, includes the refineries in Hamburg-Neuhof and Salzbergen. The two production sites differ from conventional lubricant refineries in that they have a higher output of crude-oil-based specialty products such as plasticizers, paraffins and white oils, while base oils account for a lower percentage of production. During the course of our production processes, we create over 800 different products that are used in more than 100 client industries.

Our ChemPharm Sales segment is comprised of numerous production sites, as well as our distribution sites worldwide. This segment's main products include label-free plasticizers for the tire industry and paraffins for many different applications.

In the Plastics segment, we produce high-precision plastic parts and the molding tools needed to manufacture them. In addition to the headquarters in Coburg, Germany, we also operate production sites in Eastern Europe and Asia. The Plastics segment's customers include the automotive industry, the medical technology industry and other industries.

For a detailed description of our company's position and organizational structure, please refer to the section of our 2015 Annual Report entitled "Group Fundamentals", which begins on page 48.

### Group's Legal Structure

The Group's holding company is in charge of the strategic management of our business operations. It is responsible for communicating with the public and the capital markets, and for the Group's financing. In addition, it provides various management functions and services for our subsidiaries.

The holding company's legal form has changed since the 2015 Annual Report was published. Following the resolution adopted by the Annual Shareholders' Meeting on 18 May 2016 to implement a change in legal form and the corresponding entry in the Commercial Register, the parent company's name was changed from H&R AG to H&R GmbH & Co. KGaA (short: H&R KGaA) effective 1 August 2016. The joint-stock company [Aktiengesellschaft] has been converted into a partnership limited by shares [Kommanditgesellschaft auf Aktien/KGaA].

As of 30 June 2016, there were still 34 consolidated subsidiaries.

### Employees

As of 30 June 2016, the number of people employed by the H&R Group had decreased by two to 1,566 compared to year-end 2015 (31 December 2015: 1,568 employees).

In the ChemPharm division, the number of employees rose by twelve during this period to 987 employees (31 December 2015: 975). While the number of employees in Germany has increased by 13 to 643 since the beginning of the year, in the Sales segment it decreased by one to 344 employees.

In the Plastics segment, headcount decreased by eleven to 551 employees. As of 30 June 2016, the number of employees working on Other Activities decreased by two to 28 employees.

## Subscribed Capital and Shareholder Structure

As of 30 June 2016, H&R KGaA's subscribed capital (share capital) was unchanged at €91,572,769.63. It is divided into 35,820,154 no-par bearer shares. This corresponds to a notional value of €2.56 per share. There are no distinct classes of shares; they are all ordinary shares. Each of these shares entitles the holder to one vote.

According to a voluntary Group notification from Mr Nils Hansen dated 7 July 2016, his share of voting rights, held by H&R Beteiligung GmbH and attributable to Mr Nils Hansen via H&R Holding GmbH, was 59.33% on 30 June 2016 and therefore was above the 50% threshold on that date.

According to this voluntary Group notification, Mr Nils Hansen personally held an additional 1.30% of the outstanding H&R shares as of the end of the first half of 2016.

Overall, 60.63% of the voting rights in H&R KGaA were attributable to Mr Nils Hansen at the end of the first half.

According to a notification on 2 April 2003 pursuant to the German Securities Trading Act (WpHG), on 28 March 2003, Mr Wilhelm Scholten held 6.65% of the voting rights via the company Wilhelm Scholten Beteiligungen GmbH, which is attributable to him. Following the dilution of

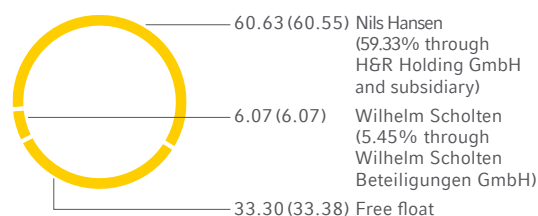
voting rights caused by the conversion of preferred shares into ordinary shares in 2008, this corresponded to a notional stake of 6.08%. The increase in capital resulting from the use of approved capital diluted Mr Wilhelm Scholten's share of voting rights on 25 September 2014 to 5.10%.

According to an informal notification, as of 31 December 2015, this share had changed to a total of 6.07%, 5.45% of which is held via Wilhelm Scholten Beteiligungen GmbH and the remaining 0.62% of which is held via Ölfabrik Wilhelm Scholten GmbH and subsidiary.

The remaining 33.30% of H&R shares were in free float as of 30 June 2016.

### SHAREHOLDER STRUCTURE AS OF 30/6/2016

IN % (VALUES AT THE END OF THE PREVIOUS YEAR)



## Economic Environment

### Macroeconomic Conditions

The International Monetary Fund (IMF) has lowered its growth forecasts for the global economy on account of the Brexit vote in which Great Britain voted to leave the EU. Global growth of only 3.1% is expected for this year. In its last global growth forecast in April, the IMF was still expecting growth of 3.2%. The forecast for 2017 was also cut by 0.1 percentage points to 3.4%.

In the second quarter of 2016, the Economic Barometer published by the German Institute for Economic Research (DIW Berlin) indicated that growth of the German economy was still stable. However, experts are less optimistic about the second half, mainly because exports to Great Britain could decrease markedly, causing the economy to lose momentum.

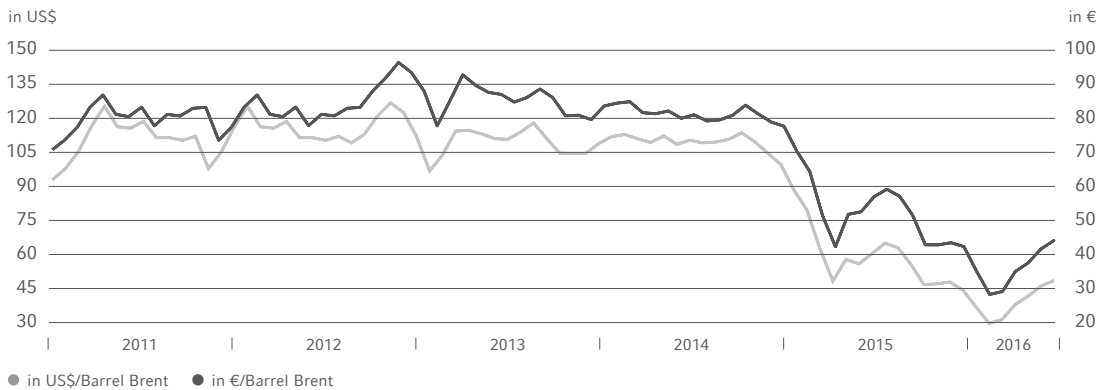
### Industry-Specific Climate

The beginning of 2016 was mixed for the Chemical-Pharmaceutical industry. According to the German Chemical Industry Association (VCI), although production in Germany's third-biggest industry increased significantly, producer prices nevertheless declined sharply, in part because of the low price of oil. This caused industry sales revenues to decrease, despite the fact that industrial customers in Germany and abroad expanded production and therefore required more chemicals.

The VCI continues to project a 1% increase in chemical production for 2016 as a whole. However, because producer prices will likely decrease by 2%, industry sales revenues will decrease by 1% to €187 billion.

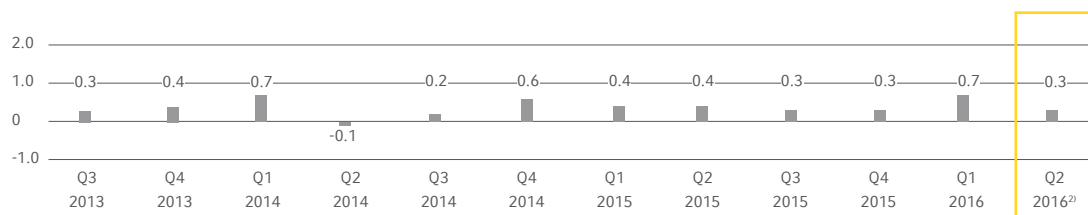
#### OIL PRICES 2011–2016

(AVERAGE MONTHLY PRICES)



#### ECONOMIC GROWTH IN GERMANY<sup>1)</sup>

IN %, SOURCE: DESTATIS, GERMAN FEDERAL BUREAU OF STATISTICS



<sup>1)</sup> Gross domestic product (price-, season- and calendar adjusted)

<sup>2)</sup> Estimate



## The Share and Share-Price Trend

To date, 2016 has been tough for the German equity market. Following a steep drop at the beginning of the year, the share price recovered without any noticeable momentum developing on the stock markets. Accordingly, until June, the DAX hovered above or below the 10,000 mark. The unexpected Brexit vote once again brought share prices on the German equity market under pressure at the end of the first half.

H&R's share price had a modest start to trading in 2016. During the first weeks of the year, the share price dropped considerably from above €9.20 to €7.31. This was followed by a positive recovery: the share price has increased substantially to over €12.00 since the end of January, buoyed by the tailwind of good figures for the first quarter.

Publication of the preliminary results for the first half of 2016 further stimulated trading: as of the

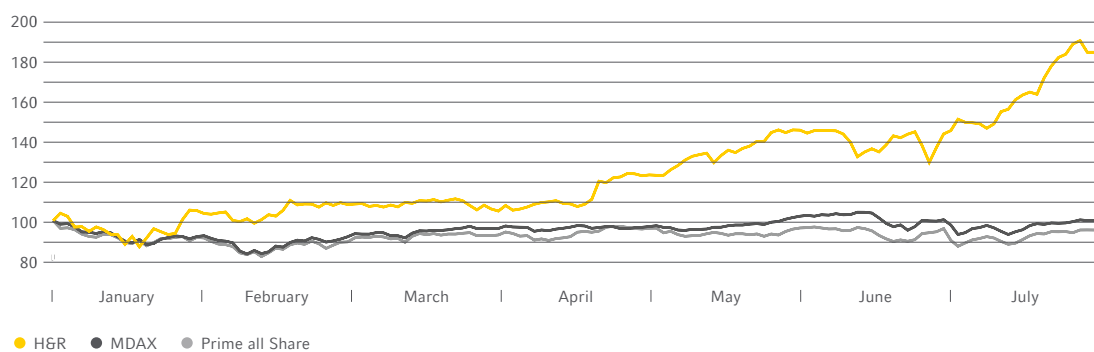
editorial deadline, H&R's share price stood at around €16.25.

As a result of the good figures for the first half of 2016, analysts' assessments of H&R's share also continued to be positive. In the meantime, three analysts have rated H&R shares with double-digit target prices of between €16.00 and €18.00.

Management held roadshows in Zurich, Paris and London to promote H&R's shares to interested investors. At the same time, investors, analysts and private investors again increasingly took advantage of the opportunity to learn more about H&R KGaA from Investor Relations by telephone and email.

### PERFORMANCE OF THE H&R SHARE

(INDEX 4/1/2016=100)



### KEY INDICATORS OF H&R SHARE

	1/1 to 30/6/2016	1/1 to 30/6/2015	Change in absolute terms
Number of shares as at the reporting date	35,820,154	35,820,154	–
Earnings per share, in €	0.73	0.51	0.22
Maximum price during the period under review, in € <sup>1)</sup>	12.23	8.20	4.03
Lowest price during the period under review, in € <sup>1)</sup>	7.31	5.86	1.45
Price as at the reporting date, in € <sup>1)</sup>	12.20	8.20	4.00
<b>Market capitalisation as at the reporting date, in € million<sup>1)</sup></b>	<b>437.0</b>	<b>293.7</b>	<b>179.3</b>

<sup>1)</sup> Corresponding XETRA closing price

## Results of Operations, Net Assets and Financial Position

### Results of Operations

#### *Significant Increase in Earnings Despite Lower Sales Revenues*

During the first half of financial year 2016, our consolidated sales revenues totaled €465.1 million, 11.4% below the prior-year figure (first half of 2015: €524.7 million). The decline was mainly attributable to lower raw-material costs due to the lower price of crude oil.

By far the biggest contribution to sales revenues (93.9%) again came from our Chemical-Pharmaceutical business, which is composed of the ChemPharm Refining and ChemPharm Sales segments. Together, the two segments contributed €436.7 million of sales revenues. The Plastics division contributed €28.4 million of sales revenues, or 6.1% of the total.

The regional focus of our business activities continues to be Germany, where 56.5% of sales revenues were generated. This percentage includes transactions with our sales partner – the Hansen & Rosenthal Group – which in turn generates a large proportion of its sales abroad. The actual percentage of products purchased by foreign end customers is therefore higher than reported. Of the remaining sales revenues, other European countries accounted for 12.9%, while the rest of the world contributed 30.6%.

In the first six months of financial year 2016, the H&R Group's operating income (EBITDA) stood at €54.4 million (first half of 2015: €41.2 million), 32.0% higher than the prior-year figure. This was primarily due to a significant improvement in the price situation: H&R KGaA managed to strengthen its competitive position across its entire product portfolio.

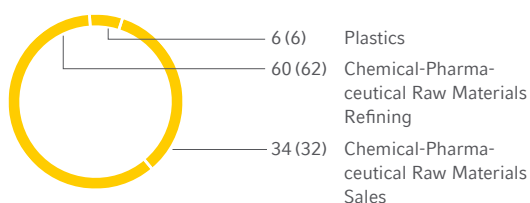
Consolidated earnings before interest and taxes and after depreciation and amortization (EBIT) improved significantly to €39.0 million (first half of 2015: €26.0 million). Earnings before taxes (EBT) climbed from €20.7 million to €33.7 million.

Net profit to shareholders increased from €18.2 million to €26.3 million.

Earnings per share increased from €0.51 in the first six months of 2015 to €0.73.

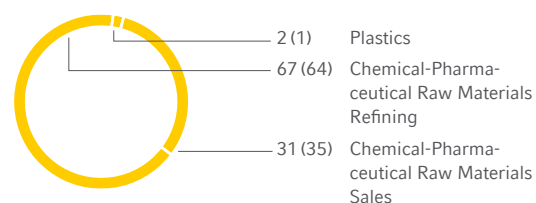
#### REVENUE BY SEGMENT IN THE FIRST HALF OF 2016

IN % (IN THE FIRST HALF OF 2015)



#### OPERATING RESULT BY SEGMENTS IN THE FIRST HALF OF 2016

IN % (IN THE FIRST HALF OF 2015)



**SALES AND EARNINGS DEVELOPMENT**

IN € MILLION	1/1 to 30/6/2016	1/1 to 30/6/2015	Change in absolute terms
Sales revenues	465.1	524.7	-59.6
Operating income (EBITDA)	54.4	41.2	13.2
EBIT	39.0	26.0	13.0
Earnings before taxes	33.7	20.7	13.0
Income after taxes of which attributable to shareholders	26.3	18.2	8.1
Consolidated earnings per share (undiluted, in €)	0.73	0.51	0.22

*Segment Results*

**ChemPharm Refining.** Sales by the Group's biggest segment dropped by 15.5% to €283.7 million in the first six months of 2016 (first half of 2015: €335.6 million). This decline was mainly attributable to lower prices for the raw materials we use.

Throughout the entire first half of the year, the price of crude oil fluctuated repeatedly between US\$28.52 and US\$52.38. At the beginning of the first half, this resulted in "windfall losses" at the Hamburg refinery. Beginning in April, the company began to realize "windfall profits".

Nevertheless, thanks to acceptable margins, stable product prices and good sales volumes, the segment's operating income (EBITDA) improved to €39.0 million (first half of 2015: €28.4 million).

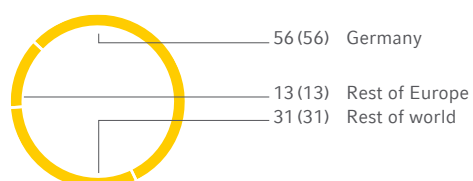
**ChemPharm Sales.** In the Sales segment, which operates internationally, sales revenues dropped 4.5% to €157.9 million (first half of 2015: €165.3 million). Overall, the Sales segment reported a 15% improvement in operating income (EBITDA), from €14.6 million during the prior-year period to €16.8 million.

Although the trend in sales and earnings contributions by our subsidiaries was uneven, overall the segment remained within the expected range for the first half.

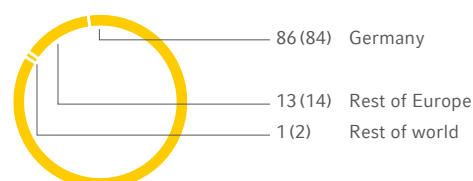
**Plastics.** The Plastics segment's contribution to sales revenues (€28.4 million) was 10.7% lower than in the previous year (first half of 2015: €31.8 million). On the earnings side, by contrast, there were positive signs. The segment's operating income (EBITDA) rose from €0.3 million to €0.9 million, boosted primarily by contributions from the businesses in Germany.

**REVENUE BY REGION IN THE FIRST HALF OF 2016**

IN % (IN THE FIRST HALF OF 2015)

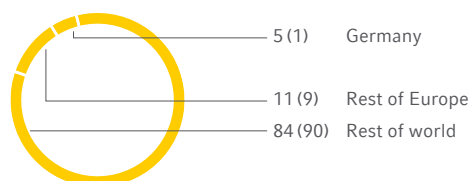
**REVENUE BY REGION IN THE CHEMPHARM REFINING SEGMENT IN THE FIRST HALF OF 2016**

IN % (IN THE FIRST HALF OF 2015)



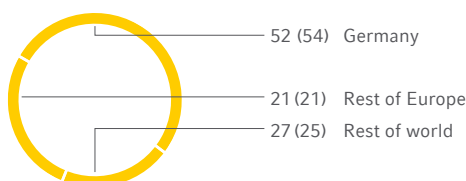
#### REVENUE BY REGION IN THE CHEMPHARM SALES SEGMENT IN THE FIRST HALF OF 2016

IN % (IN THE FIRST HALF OF 2015)



#### REVENUE BY REGION IN THE PLASTICS SEGMENT IN THE FIRST HALF OF 2016

IN % (IN THE FIRST HALF OF 2015)



### *Trend in Orders Continues to be Satisfactory*

The Chemical-Pharmaceutical Raw Materials division reported a robust level of incoming orders in the first half of 2016. During the period under review, the level of orders in the Plastics division's Plastic Parts and Toolmaking segments was almost unchanged. By the end of the reporting period, the order book stood at €34.2 million, almost identical to the prior-year figure (30 June 2015: €34.1 million).

### *Trends in the Main Items on the Income Statement*

As a result of the decline in sales revenues caused by the lower price of raw materials, our cost of materials dropped by 14.4% to €323.2 million during the first six months (first half of 2015: €377.5 million). Accordingly, the material expense ratio declined slightly, from 75.8% in the prior-year period to 69.7%. Personnel expenses rose 9.4% from €40.3 million in the first half of 2015 to €44.0 million in the first half of 2016 due to higher distributions for profit-sharing.

Depreciation and amortization remained nearly unchanged from the prior-year level, increasing slightly from €15.2 million to €15.4 million.

With the cost of financing (€6.4 million) slightly lower than in the first half of 2015, the company posted earnings before taxes (EBT) of €33.7 million, up from €20.7 million in the first half of 2015.

All in all, H&R KGaA generated €26.3 million of net profit attributable to shareholders in the first half. That corresponds to a significant improvement of just under €8.1 million, or just under 45%, compared to the previous year (first half of 2015: €18.2 million).

## Net Assets and Financial Position

### *Analysis of the Cash Flow Statement*

During the first six months of 2016, the Group generated €44.2 million of cash flow from operating activities (first half of 2015: €19.9 million). Depreciation and amortization charges were

#### FINANCIAL POSITION

IN € MILLION	1/1 to 30/6/2016	1/1 to 30/6/2015	Change in absolute terms
Cash flow from operating activities	44.2	19.9	24.3
Cash flow from investing activities	-17.2	-9.8	-7.4
Free cash flow	27.0	10.1	16.9
Cash flow from financing activities	-30.2	-16.4	-13.8
Financial resources as of 30/6	75.5	99.6	-24.1

virtually unchanged at €15.4 million (previous year: €15.2 million). By contrast, changes in net working capital again dropped considerably, from €-19.3 million at 30 June 2015 to €-8.3 million at the end of the first half of 2016. The changes resulted from active management of raw-materials financing.

As during the first six months of 2015, during the period under review, we again invested mainly in maintenance and modernization efforts. As a result, in 2016, for the first time in several years, our capital expenditures were again considerably higher than in previous years. Overall, cash used in investment activities totaled €17.2 million, compared to €9.8 million in the first half of 2015.

Free cash flow (the sum of cash flow from investment activities and operating activities) benefited substantially from the improvement in business and stood at €27.0 million, compared to €10.1 million in the first six months of 2015.

Net cash used in financing activities was significantly higher, at €-55.6 million (first half of 2015: €-26.7 million). Financial debt repayments were higher, at €-28.9 million, and were partially offset by cash inflows received from a higher acquisition of new financial liabilities totaling €14.8 million.

At €79.3 million, cash and cash equivalents were lower at the beginning of the period (2015: €101.6 million) and decreased further to €75.5 million at the end of June 2016 (30 June 2015: €99.6 mil-

lion). The H&R Group's long-term liquidity continues to be guaranteed by the available cash and cash equivalents and the credit lines granted to us.

### Balance Sheet Analysis

The H&R Group's total assets increased by 3.0% to €647.9 million at the end of the first half (31 December 2015: €628.8 million).

On the assets side, cash and cash equivalents decreased 4.8% to €75.5 million, compared to €79.3 million at the end of 2015.

Trade receivables increased by 20.7%, to €119.3 million at the end of the reporting period; the figure at the end of the year primarily reflected the lower level of business during the "short" December (31 December 2015: €98.8 million).

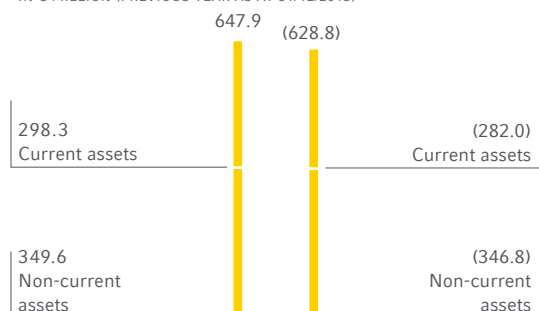
By contrast, inventories stood at €93.5 million, almost the same level as at the end of the year (31 December 2015: €94.0 million).

Overall, current assets rose by 5.8% to €298.3 million (31 December 2015: €282.0 million); as a proportion of total assets, they increased from 44.8% to 46.0%.

Non-current assets changed only slightly from the year-end 2015 figure of €346.8 million to €349.6 million. As a percentage of total assets, they decreased from 55.2% at 31 December 2015 to 54.0% at the end of the reporting period.

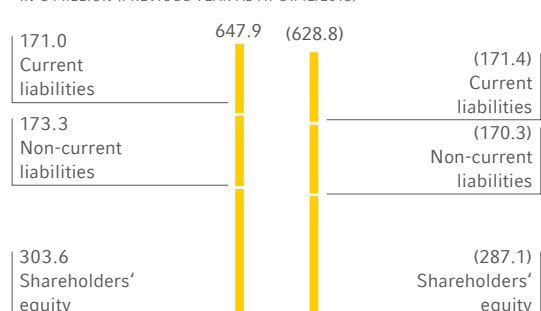
#### ASSETS AS AT 30/6/2016

IN € MILLION (PREVIOUS YEAR AS AT 31/12/2015)



#### SHAREHOLDERS' EQUITY AND LIABILITIES AS AT 30/6/2016

IN € MILLION (PREVIOUS YEAR AS AT 31/12/2015)



On the shareholders' equity and liabilities side, net current liabilities hardly changed, moving from €171.4 million on 31 December 2015 to €171.0 million on 30 June 2016. Liabilities to banks decreased by €27.4 million from €82.8 million at 31 December 2015 to €55.4 million; this figure was offset mainly by higher trade payables totaling €66.8 million and higher other liabilities totaling €16.1 million (year-end 2015: €53.3 million and €8.1 million, respectively).

As a percentage of total shareholders' equity and liabilities, current liabilities decreased from 27.3% at the end of 2015 to 26.4% at the end of the first half of 2016.

Non-current liabilities stood at €173.3 million and were higher than at the end of 2015 (€170.3 million) due to higher pension provisions. This represented a slight decrease from 27.1% of total

shareholders' equity and liabilities on 31 December 2015 to 26.7% on 30 June 2016.

Due to improved business performance, retained earnings, including consolidated net income, increased by 19.2% to €126.1 million (31 December 2015: €105.8 million). As of 30 June 2016, shareholders' equity totaled €303.6 million and was 5.7%, or €16.5 million, higher than the year-end figure. Despite the higher total shareholders' equity and liabilities figure, this again represents an improvement in the equity ratio to 46.9% (31 December 2015: 45.7%).

There have been no material changes in off-balance-sheet assets since year-end 2015, nor have any new off-balance-sheet financing instruments been used. There were no acquisitions or disposals of companies in the reporting period.

## Report on Opportunities and Risks

Please refer to page 95 of our 2015 Annual Report for a discussion of the potential opportunities of the H&R Group. A description of the opportunity-management system can also be found on page 95 of the Annual Report. For a description of existing risks and the risk-management system,

please consult pages 85 to 94 of the 2015 Annual Report.

In the Executive Board's view, there continue to be no risks of a magnitude that could jeopardize the existence of the company as a going concern.

## Research and Development

During the reporting period, our research and development (R&D) expenditures totaled €1.128 thousand (first half of 2015: €1.008 thousand). Due to lower sales revenues, the R&D ratio (the ratio of R&D expenditures to sales revenues) stood at 0.24% (first half of 2015: 0.19%).

Employees in our R&D department focused their work in the Chemical-Pharmaceutical Division on further developments of paraffin, plasticizer and

white-oil products and other crude-oil-based specialty products. In addition, we continued our intensive research into processes that can increase added value in our production processes.

In the Plastics Division, we concentrated primarily on the development of innovative plastic parts for the automotive, medical-technology and other industries.

## Key Events Following the Balance-Sheet Date

Between 30 June 2016 and the editorial deadline for this Report, there were no events with a material impact on the results of operations, net assets or financial position.

## Outlook

### *Global Economy. Additional Low-Level Growth Expected*

Following the slowdown that emerged during the first half of 2015–16, the global economic climate bounced back during the spring. Nevertheless, the momentum continues to be weak in the view of experts at the Institute for the World Economy in Kiel (IfW). For the rest of 2016 and 2017, economists expect expansion rates to be somewhat higher, but there is still no sign of a strong upturn in the economy. Global production is expected to increase by 3.1% in 2016 – the same weak level as in 2015. 3.5% growth is forecast for 2017.

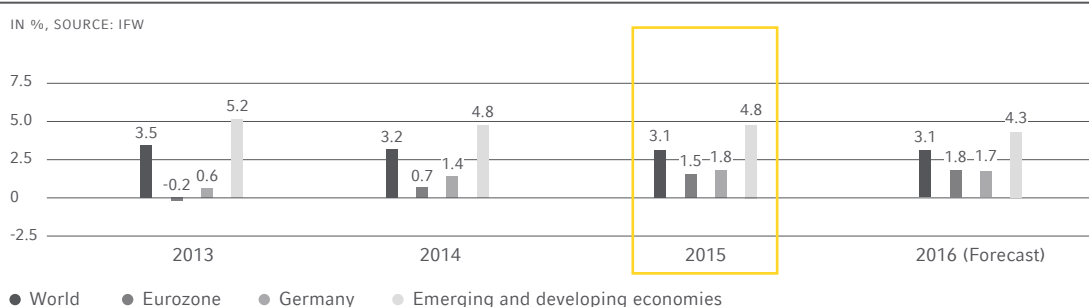
According to the experts, the upturn will continue to be moderate in the advanced economies, because it is increasingly clear that the obstacles to a stronger expansion are structural and cannot be overcome either through a more expansionary monetary policy or through fiscal stimuli.

On the other hand, the economy appears to have bottomed out in the emerging and developing economies. For example, there are increasing signs that China has left the weak economic indicators and turbulence on its financial markets behind and that economic growth has resumed, in part thanks to powerful monetary and fiscal policy stimuli.

### **Germany: Upturn Gains a Foothold; Brexit Decision Dampens Growth**

Supported by a sound domestic economy, the German economy is consolidating its upward trend and should grow by 1.7% this year. That is the forecast by the German Institute for Economic Research (DIW Berlin), which is revising its forecast for this year upward by one-tenth of a percentage point over the forecast it issued in the spring. This is based on the surprisingly robust start to the year, which saw an unexpectedly high increase in industrial production. In addition, consumer spending rose sharply. Meanwhile, the fact that considerably fewer refugees are ar-

GLOBAL ECONOMIC GROWTH FORECAST



living in Germany than had been assumed in the forecasts means that the associated positive economic impact will be lower over the next year, in particular. This would mean that GDP growth will then slow to 1.4%.

One risk facing the German economy is the vote by the British people for the United Kingdom to leave the European Union. Because the United Kingdom is Germany's third-biggest trading partner, the impact will be felt here at home as well. The direct effect of a Brexit decision could be to put downward pressure on German exports – by one percentage point, or just under €15 billion, over the next year according to calculations by the DIW. In and of itself, this would lower GDP growth by 0.5 percentage points next year and by 0.1 percentage points this year. It should be noted that this refers only to the direct effects, which will be reflected in German exports to Great Britain. Indirect effects such as upheavals in the financial markets, decreases in direct investment and price effects are hard to estimate with any degree of certainty.

During the first half of 2016, crude-oil prices fluctuated from a low of US\$28.52 to a high of

US\$52.38. The average price of US\$41.34 represented a reduction of around 30% compared to the average price during the first half of 2015 (US\$59.23).

From an industry perspective, the Chemical Industry Association (VCI) anticipates a 0.5% increase in chemicals production in 2016. Because chemical prices will drop, the association expects industry sales revenues to decline by approximately 1.5%.

**Business Trend in the Second Half: Executive Board Foresees Additional Earnings Potential of 10%**

Based on currently available information, the Executive Board expects overall business performance to be somewhat less dynamic during the second half of 2016. Although market quotations and product prices continue to be highly sensitive, the Executive Board nevertheless considers it appropriate to update its previous 2016 EBITDA forecast of € 86.0 million: providing the prices and margins for its products continue to be stable overall, the company now believes there is an additional earnings potential of around 10%.



## Interim Consolidated Financial Statements

16

Consolidated Balance Sheet

18

Consolidated Income Statement

19

Consolidated Statement of Comprehensive Income

20

Consolidated Statement of Changes in Shareholders' Equity

21

Consolidated Cash Flow Statement

22

Selected Explanatory Notes

## Consolidated Balance Sheet of H&R KGaA

as of 30 June 2016

### ASSETS

€ THOUSAND	30/6/2016	31/12/2015
<b>Current assets</b>		
Cash and cash equivalents	75,491	79,274
Trade accounts receivable	119,348	98,838
Income tax claims	316	198
Inventories	93,532	93,996
Other financial assets	1,356	1,783
Other assets	8,265	7,876
<b>Current assets</b>	<b>298,308</b>	<b>281,965</b>
<b>Non-current assets</b>		
Property, plant and equipment	256,326	257,167
Goodwill	35,417	35,635
Other intangible assets	29,490	32,071
Shares in at-equity valued holdings	4,049	975
Other financial assets	6,875	5,471
Other assets	1,405	1,519
Deferred tax assets	16,002	13,956
<b>Non-current assets</b>	<b>349,564</b>	<b>346,794</b>
<b>Total assets</b>	<b>647,872</b>	<b>628,759</b>

**EQUITY AND LIABILITIES**

€ THOUSAND	30/6/2016	31/12/2015
<b>Current liabilities</b>		
Liabilities to banks	55,388	82,752
Trade accounts payable	66,806	53,343
Income tax liabilities	8,636	6,207
Other provisions	13,325	11,174
Other financial liabilities	10,750	9,820
Other liabilities	16,083	8,084
<b>Current liabilities</b>	<b>170,988</b>	<b>171,380</b>
<b>Non-current liabilities</b>		
Liabilities to banks	72,210	78,248
Pension provisions	84,496	75,487
Other provisions	4,163	4,159
Other financial liabilities	2,630	2,387
Other liabilities	1,912	1,506
Deferred tax liabilities	7,868	8,464
<b>Non-current liabilities</b>	<b>173,279</b>	<b>170,251</b>
<b>Equity</b>		
Subscribed capital	91,573	91,573
Capital reserves	42,753	42,753
Retained earnings	126,062	105,820
Other reserves	2,078	4,714
<b>Equity of H&amp;R KGaA shareholders</b>	<b>262,466</b>	<b>244,860</b>
Non-controlling interests	41,139	42,268
<b>Total equity</b>	<b>303,605</b>	<b>287,128</b>
<b>Total equity and liabilities</b>	<b>647,872</b>	<b>628,759</b>

## Consolidated Income Statement of H&R KGaA

1 January 2016 to 30 June 2016

€ THOUSAND	1/1 to 30/6/2016	1/1 to 30/6/2015	1/4 to 30/6/2016	1/4 to 30/6/2015
Sales	465,091	524,740	237,061	261,787
Changes in inventories of finished goods and work in progress	-1,636	-26,941	3,296	-4,850
Other operating income	10,160	12,662	5,040	5,034
Cost of material	-323,203	-377,463	-170,010	-191,247
Personnel expenses	-44,044	-40,267	-21,561	-20,619
Depreciation, impairments and amortisation	-15,370	-15,185	-7,671	-7,741
Other operating expenses	-52,124	-51,728	-26,718	-24,543
<b>Income from operations</b>	<b>38,874</b>	<b>25,818</b>	<b>19,437</b>	<b>17,821</b>
Result of at-equity reported shareholdings	168	160	77	99
Financial income	1,122	1,647	670	1,172
Financial expenses	-6,421	-6,965	-3,126	-3,481
<b>Earnings before taxes (EBT)</b>	<b>33,743</b>	<b>20,660</b>	<b>17,058</b>	<b>15,611</b>
Income taxes	-6,832	-2,647	-3,845	-2,099
<b>Income after taxes</b>	<b>26,911</b>	<b>18,013</b>	<b>13,213</b>	<b>13,512</b>
of which attributable to non-controlling interests	645	-162	459	87
<b>of which attributable to H&amp;R KGaA shareholders</b>	<b>26,266</b>	<b>18,175</b>	<b>12,754</b>	<b>13,425</b>
Earnings per share (undiluted), €	0.73	0.51	0.35	0.38
Earnings per share (diluted), €	0.73	0.51	0.35	0.38

## Consolidated Statement of Comprehensive Income of H&R KGaA

1 January 2016 to 30 June 2016

€ THOUSAND	1/1 to 30/6/2016	1/1 to 30/6/2015	1/4 to 30/6/2016	1/4 to 30/6/2015
<b>Income after taxes</b>	<b>26,911</b>	<b>18,013</b>	<b>13,213</b>	<b>13,512</b>
of which attributable to non-controlling interests	645	-162	459	87
of which attributable to shareholders of H&R KGaA	26,266	18,175	12,754	13,425
<b>Positions that will not be reclassified into profit or loss</b>				
Remeasurement of defined benefit pension plans	-8,335	3,621	-4,855	10,075
Deferred income taxes	2,401	-	1,399	-
<b>Change in the amount included in equity (remeasurement of defined benefit pension plans)</b>	<b>-5,934</b>	<b>3,621</b>	<b>-3,456</b>	<b>10,075</b>
<b>Positions that will subsequently possibly be reclassified into profit or loss</b>				
Amount reclassified into profit and loss	-	475	-	238
<b>Changes recognized outside profit and loss (cash flow hedges)</b>	<b>-</b>	<b>475</b>	<b>-</b>	<b>238</b>
Changes in the fair value of financial assets available for sale	20	-19	15	-52
Deferred income taxes	-6	-	-4	-
<b>Changes recognized outside profit and loss (financial assets available for sale)</b>	<b>14</b>	<b>-19</b>	<b>11</b>	<b>-52</b>
<b>Changes of the balancing item due to currency translation</b>	<b>-4,514</b>	<b>11,772</b>	<b>484</b>	<b>-8,783</b>
<b>Total other comprehensive income</b>	<b>-10,434</b>	<b>15,849</b>	<b>-2,961</b>	<b>1,478</b>
of which attributable to non-controlling interests	-1,864	3,397	-217	-1,699
of which attributable to shareholders of H&R KGaA	-8,570	12,452	-2,744	3,177
<b>Total comprehensive income</b>	<b>16,477</b>	<b>33,862</b>	<b>10,252</b>	<b>14,990</b>
of which attributable to non-controlling interests	-1,219	3,235	242	-1,612
of which attributable to shareholders of H&R KGaA	17,696	30,627	10,010	16,602

## Consolidated Statement of Changes in Shareholders' Equity of H&R KGaA

as of 30 June 2016

2016

€ THOUSAND	Comprehensive income								Total	
	Subscribed capital	Capital reserves	Retained earnings	Revaluation surplus		Cash flow hedges	Foreign currency translation adjustments	Equity share attributable to H&R KGaA shareholders		Non-controlling shares
				Market valuation of financial assets						
<b>1/1/2016</b>	<b>91,573</b>	<b>42,753</b>	<b>105,820</b>	<b>195</b>			<b>4,519</b>	<b>244,860</b>	<b>42,268</b>	<b>287,128</b>
Capital increase	–	–	–	–	–	–	–	–	–	–
Disposal non-controlling interest	–	–	-90	–	–	–	–	-90	90	–
Dividends	–	–	–	–	–	–	–	–	–	–
Income after tax	–	–	26,266	–	–	–	–	26,266	645	26,911
Other comprehensive income	–	–	-5,934	14	–	-2,650	-8,570	-1,864		-10,434
<b>Comprehensive income</b>	<b>–</b>	<b>–</b>	<b>20,332</b>	<b>14</b>	<b>–</b>	<b>-2,650</b>	<b>17,696</b>	<b>-1,219</b>	<b>-1,219</b>	<b>16,477</b>
<b>30/6/2016</b>	<b>91,573</b>	<b>42,753</b>	<b>126,062</b>	<b>209</b>	<b>–</b>	<b>1,869</b>	<b>262,466</b>	<b>41,139</b>	<b>41,139</b>	<b>303,605</b>

2015

€ THOUSAND	Comprehensive income								Total	
	Subscribed capital	Capital reserves	Retained earnings	Revaluation surplus		Cash flow hedges	Foreign currency translation adjustments	Equity share attributable to H&R KGaA shareholders		Non-controlling shares
				Market valuation of financial assets						
<b>1/1/2015</b>	<b>91,573</b>	<b>43,329</b>	<b>73,773</b>	<b>265</b>			<b>2,958</b>	<b>209,101</b>	<b>39,802</b>	<b>248,903</b>
Capital increase	–	-821	–	–	–	–	–	-821	–	-821
Dividends	–	–	–	–	–	–	–	–	–	–
Income after tax	–	–	18,175	–	–	–	–	18,175	-162	18,013
Other comprehensive income	–	–	3,621	-19	475	8,375	12,452	3,397		15,849
<b>Comprehensive income</b>	<b>–</b>	<b>–</b>	<b>21,796</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>30,627</b>	<b>3,235</b>	<b>3,235</b>	<b>33,862</b>
<b>30/6/2015</b>	<b>91,573</b>	<b>42,508</b>	<b>95,569</b>	<b>246</b>	<b>-2,322</b>	<b>11,333</b>	<b>238,907</b>	<b>43,037</b>	<b>43,037</b>	<b>281,944</b>

## Consolidated Cash Flow Statement of H&R KGaA

1 January to 30 June 2016

€ THOUSAND		1/1 to 30/6/2016	1/1 to 30/6/2015	1/4 to 30/6/2016	1/4 to 30/6/2015
1.	Income after taxes	26,911	18,013	13,211	13,512
2.	Income taxes	6,832	2,647	3,847	2,099
3.	Net interest result	6,244	6,469	3,007	3,081
4.	+/- Depreciation, impairment and amortization	15,370	15,185	7,671	7,741
5.	+/- Changes in non-current provisions	-243	-1,232	-85	-1,115
6.	+ Interest received	177	496	119	400
7.	- Interest paid	-4,686	-4,616	-2,249	-3,745
8.	+/- Income taxes paid/received	-4,421	-401	-3,488	-677
9.	+/- Other non-cash expenses and income	-378	-1,076	-93	1,182
10.	+/- Increase/decrease in current provisions	2,151	1,313	-486	237
11.	-/+ Result from the disposal of fixed assets	-7	-412	14	-205
12.	-/+ Changes in net working capital	-8,330	-19,347	-2,164	-2,928
13.	+/- Changes in remaining net assets/other non-cash items	4,557	2,856	491	3,268
14.	= <b>Cash flow from operating activities (sum of lines 1. to 13.)</b>	<b>44,177</b>	<b>19,895</b>	<b>19,795</b>	<b>22,850</b>
15.	+ Proceeds from disposal of tangible fixed assets	364	1,007	35	699
16.	- Payments for investments in tangible fixed assets	-15,776	-10,504	-8,308	-4,421
17.	- Payments for investments in intangible assets	-237	-258	-148	-182
18.	+ Payments for investments in financial assets	-1,575	-	-	-
19.	= <b>Cash flow from investing activities (sum of lines 15. to 18.)</b>	<b>-17,224</b>	<b>-9,755</b>	<b>-8,421</b>	<b>-3,904</b>
20.	<b>Free cash flow (sum of lines 14. and 19.)</b>	<b>26,953</b>	<b>10,140</b>	<b>11,374</b>	<b>18,946</b>
21.	+ Dividends received from joint ventures	336	123	336	123
22.	- Payments resulting from the settlement of financial debt	-55,625	-26,690	-18,208	-7,965
23.	+ Receipts from the taking up of financial debt	25,041	10,199	4,028	2,375
24.	= <b>Cash flow from financing activities (sum of 21. to 23.)</b>	<b>-30,248</b>	<b>-16,368</b>	<b>-13,844</b>	<b>-5,467</b>
25.	+/- Cash and cash equivalent changes in the financial resources fund (sum of lines 14., 19., 24.)	-3,295	-6,228	-2,470	13,479
26.	+ Cash and cash equivalents at the start of the period	79,274	101,558	77,106	89,483
27.	+/- Change in cash and cash equivalents due to changes of exchange rates	-488	4,230	855	-3,402
28.	= <b>Cash and cash equivalents at the end of the period</b>	<b>75,491</b>	<b>99,560</b>	<b>75,491</b>	<b>99,560</b>

## Selected Explanatory Notes

as of 30 June 2016

### Change in Group's Legal Structure

The holding company's legal form has changed since the 2015 Annual Report was published. Following the resolution adopted by the Annual Shareholders' Meeting on 18 May 2016 to implement a change in legal form and the corresponding entry in the Commercial Register, the parent company's name was changed from H&R AG to H&R GmbH & Co. KGaA (short: H&R KGaA) effective 1 August 2016. The joint-stock company [Aktiengesellschaft] has been converted into a partnership limited by shares [Kommanditgesellschaft auf Aktien/KGaA].

### Principles and Methods

The interim consolidated financial statements of H&R KGaA as of 30 June 2016 have been published in accordance with the International Financial Reporting Standards (IFRS) applicable and mandatory on the reporting date, as were the annual consolidated financial statements for 31 December 2015; in particular the regulations of IAS 34 on interim reporting were applied. The quarterly report submitted here and the associated interim consolidated management report have not been reviewed or checked in accordance with Article 317 of the German Commercial Code (Handelsgesetzbuch).

All interim financial statements of the companies included in the interim consolidated financial statements were drawn up on the basis of uniform balancing and valuation principles, which were also used as the basis for the annual consolidated financial statements of 31 December 2015.

Taking into consideration the meaning and purpose of the interim reporting as an informative instrument based on the consolidated financial statements, we refer to the appendix to the annual consolidated financial statements. The balancing, valuation and consolidation methods used, and the exercise of the voting rights contained in the IFRS, are comprehensively explained.

### Standards and Interpretations to be Applied in the Current Financial Year

The accounting and consolidations methods described in the 2015 Annual Report were extended to include the accounting standards endorsed by the EU and required to be applied for reporting periods beginning on or after 1 January 2016. None of these changes had a material impact on the results of operations, financial position and net assets of H&R KGaA as described in this report.

### Changes in Core Parameters

Changes in the underlying core parameters primarily involve exchange rates and the interest rate used to calculate pension commitments.

The table below shows the exchange rates used for translating selected foreign currencies into euros:

#### EXCHANGE RATES FOR THE MAIN CURRENCIES

1€ /	Exchange rate on the balance-sheet date 30/6/2016	Exchange rate on the balance-sheet date 30/6/2015	Exchange rate on the balance-sheet date 31/12/2015	Average rate 1/1 to 30/6/2016	Average rate 1/1 to 30/6/2015
U. S. dollar	1.1102	1.1189	1.0887	1.1155	1.1159
British pound	0.8265	0.71140	0.73395	0.77923	0.73235
Australian dollar	1.4929	1.4550	1.4897	1.5221	1.4260
South African rand	16.4461	13.6416	16.953	17.2037	13.2991
Thai baht	39.007	37.796	39.248	39.552	36.779
Chinese yuan	7.3755	6.9366	7.0608	7.2937	6.9411

The discount rate for determining the present value of pension commitments changed from

2.3% on 31 December 2015 to 1.6% on 30 June 2016.



## Seasonal and Business Cycle Influences

Seasonal and business cycle influences are described in detail in the sections of the interim management report entitled “Economic Environment” and “Results of Operations, Net Assets and Financial Position”.

## Scope of Consolidation

The group of consolidated companies as of 30 June 2016, including H&R KGaA, covered 34 companies, of which 17 domestic and 17 foreign companies are comprised in the interim financial statements within the context of the total consolidation. In addition, four joint ventures were accounted for in the consolidated financial statements using the equity method (December 31, 2015: three joint ventures).

## Earnings per Share

Pursuant to IAS 33, the earnings per share figure is determined by dividing net income by the weighted-average number of shares outstanding during the reporting period. H&R KGaA's share capital is divided into 35,820,154 no-par-value shares, all of which are ordinary shares. The earnings per share figures are shown at the bottom of the income statement. The diluted earnings per share ratio is equal to the basic earnings per share ratio, because H&R KGaA has not issued any potentially dilutive ordinary shares.

## Consolidated Income Statement, Consolidated Balance Sheet and Statement of Consolidated Cash Flow Statement

Detailed explanatory notes on the income statement, balance sheet and statement of cash flows can be found in the sections of the interim management report entitled “Earnings position” and “Results of Operations, net Assets and Financial Position”.

## Events after the Reporting Date

Between 30 June 2016 and the close of publication for this report there were no events having a material impact on H&R's results of operations, net assets and financial position.

## Employees

As of 30 June 2016, the group's total workforce consisted of 1,566 (30 June 2015: 1,573) employees, of whom 570 (30 June 2015: 569) work for Group companies outside Germany.

## Details on H&R KGaA

H&R KGaA has no operating business of its own. As a holding company, it is responsible for strategic management of the Group companies that are organized into the various business segments and it decides how to efficiently allocate funds within the Group. The holding company also provides centralized administrative services and makes management resources available to the Group companies.

## Segment Reporting

(for the period 1 January to 30 June 2016)

€ THOUSAND	Chemical-Pharmaceutical Raw Materials			
	Chemical-Pharmaceutical Raw Materials Refining		Chemical-Pharmaceutical Raw Materials Sales	
	2016	2015	2016	2015
External sales	278,785	327,579	157,934	165,314
Intersegment sales	4,867	8,010	–	–
Sales by segment	283,652	335,589	157,934	165,314
EBIT	28,588	18,645	12,634	10,411
EBITDA	39,038	28,448	16,782	14,636
Investments in property, plant and equipment	12,488	4,592	2,668	1,567

### RECONCILIATION OF THE OPERATING RESULT TO THE CONSOLIDATED INCOME AFTER TAXES

€ THOUSAND	2016	2015
Operating result of segments (EBITDA)	56,735	43,394
Reconciliation/Consolidation	-2,323	-2,231
Operating result of H&R KGaA (EBITDA)	54,412	41,163
Depreciation	-15,370	-15,185
Financial result	-5,299	-5,318
Income taxes	-6,832	-2,647
<b>Income after taxes</b>	<b>26,911</b>	<b>18,013</b>

### Disclosures of Relationships with Related Parties acc. to IAS 24

Transactions with related parties were carried out on arm's-length terms.

The following goods and services have been rendered for related companies and persons who might exercise a significant degree of influence, or utilised by them:

### TRANSACTIONS WITH HANSEN & ROSENTHAL

€ THOUSAND	Provided to Hansen & Rosenthal		Received from Hansen & Rosenthal	
	1/1 to 30/6/2016	1/1 to 30/6/2015	1/1 to 30/6/2016	1/1 to 30/6/2015
Supplies of chemical-pharmaceutical products	129,531	155,303	41,453	47,417
Incidental expenses from the supply relationship (freight costs, toll charges etc.)	–	–	1,856	2,466
Commission fees	64	82	534	700
Other services and third party costs (IT services, personnel costs etc.)	38,891	37,013	1,329	1,102

Plastics		Reconciliation					
Plastics		Other activities		Consolidation/Reconciliation		Total	
2016	2015	2016	2015	2016	2015	2016	2015
28,372	31,847	–	–	–	–	465,091	524,740
–	–	–	–	-4,867	-8,010	–	–
28,372	31,847	–	–	-4,867	-8,010	465,091	524,740
242	-655	-2,560	-2,523	138	100	39,042	25,978
915	310	-2,461	-2,331	138	100	54,412	41,163
690	531	6	9	–	–	15,852	6,699

All companies of the majority shareholder Nils Hansen are pooled under Hansen & Rosenthal (H&R).

On 30 June 2016, the following receivables and liabilities were outstanding:

The supply relationships and commission business are based on contractual agreements that define delivery terms as well as settlement procedures.

#### RECEIVABLES AND LIABILITIES DUE TO HANSEN & ROSENTHAL

€ THOUSAND	Receivables from Hansen & Rosenthal		Liabilities to Hansen & Rosenthal	
	30/6/2016	31/12/2015	30/6/2016	31/12/2015
Goods and services	23,768	22,049	7,208	12,947
Other services	24,863	23,419	3,490	8,507
<b>Total</b>	<b>48,631</b>	<b>45,468</b>	<b>10,698</b>	<b>21,454</b>

Other services concern receivables from the commission business, where Hansen & Rosenthal, as commission agent, receives payments from customers and forwards them to H&R KGaA.

The following goods and services were provided for and/or received from joint ventures:

**TRANSACTIONS WITH JOINT VENTURES**

€ THOUSAND	Provided to joint ventures		Received from joint ventures	
	1/1 to 30/6/2016	1/1 to 30/6/2015	1/1 to 30/6/2016	1/1 to 30/6/2015
Purchase of hydrogen and steam	–	–	850	676
Interest income	6	9	–	–
Rental income	20	20	–	–
Services	570	501	2,166	2,266
<b>Total</b>	<b>596</b>	<b>530</b>	<b>3,016</b>	<b>2,942</b>

On 30 June 2016, the following receivables and liabilities were outstanding:

**RECEIVABLES AND LIABILITIES DUE TO JOINT VENTURES**

€ THOUSAND	Receivables from joint ventures		Liabilities to joint ventures	
	30/6/2016	31/12/2015	30/6/2016	31/12/2015
Goods and services	566	473	139	207
Other services	–	587	–	–
<b>Total</b>	<b>566</b>	<b>1,060</b>	<b>139</b>	<b>207</b>

Within the framework of consultancy contracts an amount of €125 thousand (previous year: €120 thousand) was paid to members of organs of H&R KGaA. Liabilities to members of organs of H&R KGaA amount to €258 thousand (31 December 2015: €388 thousand) at reporting date and are mainly due to the action of the supervisory board.

## Contingent Liabilities

On the balance-sheet date, H&R KGaA had joint liability for pension commitments totaling €52 thousand (31 December 2015: €52 thousand).

## Other Financial Obligations

Financial obligations resulting from non-current rental and lease contracts, and other obligations over multiple years are presented in the following table:

€ THOUSAND	30/6/2016	31/12/2015
Due within one year	8,505	8,977
Due > 1 year and < 5 years	10,533	12,353
Due > 5 years	20,548	21,350
<b>Total</b>	<b>39,586</b>	<b>42,680</b>

## Order Commitments

As of 30 June 2016, investment expenses for which contractual obligations exist on the reporting date but which have not yet been incurred amount to €8,535 thousand (31 December 2015: €6,099 thousand).

## Attestation by the Legal Representatives

We affirm that, based on the applicable accounting principles for interim financial statements and to the best of our knowledge, these consolidated financial statements convey a fair and accurate view of the Group's assets, financial position and earnings; that the business performance data, including the company's earnings and the financial position of the Group, are presented in the Group interim management report in a manner that presents a fair and accurate picture of the factual situation; and that the significant opportunities and risks pertaining to the prospective development of the Group in the remainder of the financial year have been set forth.

Salzbergen, August 2016

The Executive Board

## Financial Calendar

---

20 September 2016

Baader Investment Conference in Munich

---

15 November 2016

Publication of Q3 2016

---

## Forward-Looking Statements

This document contains forward-looking statements that reflect management's current views with respect to future events. Such statements are subject to risks and uncertainties that are beyond H&R KGaA's ability to control or estimate precisely, such as future market and economic conditions, the behavior of other market participants, the ability to successfully integrate acquired businesses and achieve anticipated synergies and

the actions of government regulators. If any of these or other risks and uncertainties occur, or if the assumptions underlying any of these statements prove incorrect, then actual results may be materially different from those expressed or implied by such statements. H&R KGaA does not intend or assume any obligation to update any forward-looking statements to reflect events or circumstances after the date of these materials.

## Contact

If you have questions or would like further information, please contact:

### *H&R GmbH & Co. KGaA*

Investor Relations  
Am Sandtorkai 50  
20457 Hamburg  
[www.hur.com](http://www.hur.com)

### *Ties Kaiser*

Phone: +49 (0) 40-43218-321  
Fax: +49 (0) 40-43218-390  
Email: [ties.kaiser@hur.com](mailto:ties.kaiser@hur.com)

### *Tanja Passlack*

Phone: +49 (0) 40-43218-301  
Fax: +49 (0) 40-43218-390  
Email: [tanja.passlack@hur.com](mailto:tanja.passlack@hur.com)

*H&R GmbH & Co. KGaA*

Neuenkirchener Straße 8  
48499 Salzbergen  
Germany

Phone: +49 (0)59 76-9 45-0  
Fax: +49 (0)59 76-9 45-308

Email: [info@hur.com](mailto:info@hur.com)  
Website: [www.hur.com](http://www.hur.com)