GROUP INTERIM REPORT FOR THE FIRST HALF OF 2016

SIMONA AG

GLOBAL THERMOPLASTIC SOLUTIONS

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1. BUSINESS REVIEW

1.1 Macroeconomic and sector-specific environment
The global economy grew by 0.6 per cent quarter on quarter in the first three months of the year, which was slightly weaker than in the fourth quarter of 2015. Its overall performance was dominated by a sluggish first quarter in the United States. The Chinese economy also lost some of its forward momentum and fell short of expectations. The German economy, by contrast, made a solid start to the current year. In the first quarter of 2016, Germany's gross domestic product (GDP) rose by 0.7 per cent compared to the previous quarter. Compared to the same period a year ago, the country's economic output increased by 1.3 per cent. Capital expenditure on machinery and equipment, an aspect that is of particular importance to SIMONA's business activities, rose by 1.9 per cent. The euro area as a whole also saw an economic upturn. Its GDP rose by 0.6 per cent quarter on quarter in the first three months of the year and by 1.7 per cent compared to the previous year.

The plastics industry made a positive start to the 2016 financial year. In the period from January to April 2016 revenue generated by the plastics processing industry as a whole was up 3.1 per cent year on year at €19.9 billion, according to data published by the industry association GKV. Revenue from foreign sales expanded at a faster rate than that from domestic business. The production of sheets, foils and profiles accounted for €6.7 billion, up 2.7 per cent.

The key customer markets served by SIMONA were somewhat subdued in the first months of 2016. Production output in the German chemical industry was up by 2.2 per cent compared to the previous quarter. At the same time, however, prices for chemical products declined by 1.3 per cent. Industry revenue as a whole was down by 0.9 per cent. Germany's machine and plant engineering sector saw production expand by 0.9 per cent in real terms during the first four months of 2016. The country's principal construction sector put in a positive performance. In this area, revenue generated by the industry as a whole was up 6.8 per cent year on year in the first four months of 2016.

1.2 Course of business
Revenues remained stable in the first half of 2016. In total, the Group generated sales revenue of €187.7 million in the first six months of 2016. This represents an increase of 1.3 per cent compared to the first six months of 2015 (€185.3 million). In the second quarter of 2016, sales revenue amounted to €98.7 million, up 1.1 per cent on the figure posted in the second quarter of 2015 (€97.6 million).

Europe
The region comprising "Europe" saw sales revenue decrease slightly by 0.9 per cent to €133.6 million in total (prev. year: €134.9 million). This region accounts for 71.2 per cent (prev. year: 72.8 per cent) of Group revenue. Sales revenue in Germany fell by 0.6 per cent to €51.4 million (prev. year: €51.7 million).

Americas
Revenue generated from sales in the "Americas" grew by 9.9 per cent in the first half of 2016. Total revenue for this region amounted to €45.7 million (prev. year: €41.6 million). As a sales region, the Americas accounted for 24.3 per cent of total revenue, up from 22.4 per cent a year ago.

Asia and Pacific
The region covering "Asia and Pacific" recorded sales revenue of €8.4 million (prev. year: €8.8 million). This represents a year-on-year decline of 4.5 per cent. The region accounted for 4.5 per cent of total revenue (prev. year: 4.8 per cent).

In total, finished and semi-finished parts generated sales revenue of €148.6 million (prev. year: €144.6 million). This represents a year-on-year increase of 2.8 per cent.

The product category of pipes and fittings accounted for revenues of €39.1 million, down 3.9 per cent on the prior-year figure (€40.7 million).

1.3 Financial performance

Earnings

Group earnings before interest and taxes (EBIT) stood at €16.4 million in the first half of 2016 (prev. year: €16.9 million)*; the EBIT margin was 8.7 per cent (prev. year: 9.1 per cent). EBITDA fell slightly from €23.6 million a year ago to €23.2 million at the end of the reporting period. The EBITDA margin stood at 12.4 per cent, compared to 12.8 per cent for the same period a year ago.

ROCE at Group level was 6.9 per cent, which was comparable to last year's figure of 6.8 per cent.

Earnings performance in the first half of 2016 was driven mainly by a further upturn in earnings in the United States; it was also influenced by a foreign exchange loss of €–1.9 million in the segment covering Europe (prev. year: foreign exchange gain of €1.9 million).

Commodity prices as a whole trended higher in the first half of 2016. Prices for polyethylene, polypropylene and PVC rose in April. Energy costs in Germany were lower year-on-year at €5.4 million for SIMONA AG (prev. year: €6.3 million).

Staff costs totalled €36.3 million (prev. year: €35.5 million)* and were thus 2.4 per cent higher than in the previous year.

Depreciation/write-downs of property, plant and equipment and amortisation/write-downs of intangible assets amounted to €6.8 million (prev. year: €6.7 million).

Other expenses rose by €0.9 million to €31.4 million. While operating costs were lower, selling and administrative expenses were up in the period under review.

The sales entities in Europe recorded positive operating results in the period under review, with the exception of the company in the United Kingdom.

Profitability at the production company in the Czech Republic remained good. The Group's US-based companies saw a further expansion in their earnings during the first half. Overall, the enterprises in Asia recorded a negative result.

1.4 Financial position

Compared to 31 December 2015, total assets were up by €15.1 million to €333.5 million as at 30 June 2016.

Changes to assets

Intangible assets totalled €32.8 million (31 Dec. 2015: €33.9 million), mainly consisting of goodwill from the US acquisitions.

Property, plant and equipment amounted to €113.4 million (31 Dec. 2015: €113.9 million). Investments in property, plant and equipment totalled €6.5 million within the Group. Depreciation and write-downs of property, plant and equipment totalled €6.1 million.

Inventories of raw materials and consumables (€27.1 million) as well as finished goods, work in progress and merchandise (€47.5 million) were higher at the end of the reporting period, primarily as a result of an expansion of stock levels compared to the year-end 2015. Compared to the figure recorded as at 30 June 2015, inventories of raw materials and consumables (€29.6 million) were lower in the period under review, while finished goods, work in progress and merchandise (€43.4 million) were higher.

Compared to 31 December 2015, trade receivables rose by €11.1 million to €62.2 million due to factors relating to the end of the reporting period.

Other assets and income tax receivables fell from €5.6 million at the end of 2015 to €2.9 million in the period under review.

Cash and cash equivalents stood at €33.6 million at the end of the reporting period (31 Dec. 2015: €31.9 million).

Assets held for sale amounted to €4.6 million and relate to property, plant and equipment in the segments "Americas" and "Europe".

Changes to equity and liabilities

The Group saw an increase in current and non-current liabilities together with a slight reduction in equity.

At the end of the reporting period, Group equity was down at €179.0 million (31 Dec. 2015: €182.6 million). The main

* Note [2] in notes to the condensed consolidated interim financial statements for the first half of 2016.

contributing factors were profit of €10.9 million for the period, negative effects from currency translation of €2.2 million as well as a dividend payment of €6.0 million for the 2015 financial year. Group equity was impacted by the revaluation of pension provisions by €6.2 million in total. The equity ratio for the Group was 54 per cent at the end of the reporting period (31 Dec. 2015: 57 per cent).

At €15.2 million, trade payables rose by €3.5 million compared to the end of 2015 as a result of business operations.

Current and non-current provisions for pensions amounted to €101.4 million (31 Dec. 2015: €91.4 million). This increase was attributable primarily to the revaluation of provisions due to the reduction of the IFRS discount rate to 2.0 per cent as at 30 June 2016 (31 Dec. 2015: 2.3 per cent).

At €4.7 million, current and non-current provisions were comparable to the figure recorded at the end of the 2015 financial year.

Compared to the end of 2015, current and non-current liabilities rose by €18.7 million to €154.5 million in total.

Capital expenditure

Group capital expenditure on property, plant and equipment amounted to €6.5 million in the period under review (prev. year: €8.1 million). This relates mainly to investments in the new Technology Centre at the company's headquarters in Kirn as well as technical equipment at sites in Germany. In total, net investments in property, plant and equipment amounted to €0.4 million at Group level (prev. year: €2.0 million).

1.5 Financial management and cash flows

At the end of the reporting period the Group had undrawn borrowing facilities of €14.9 million from German and foreign banks, in addition to approved funds of €26.5 million from publicly financed programmes.

Cash flows

In the first half of the financial year, the inflow of cash from operating activities (gross cash flow) was €11.4 million (prev. year: €11.3 million). The cash outflow from investing activities was €–4.6 million (prev. year: €–10.1 million). The cash outflow attributable to financing activities was €–4.9 million (prev. year: €–5.0 million) and mainly included the dividend payout in respect of the 2015 financial year.

Cash and cash equivalents

Compared to 31 December 2015, cash and cash equivalents rose by €1.7 million and mainly consist of short-term bank deposits totalling €33.6 million (31 Dec. 2015: €31.9 million). These changes are presented in the statement of cash flows in the notes.

Net finance cost

Based on finance income (including investment income) of €0.2 million and finance cost of €0.5 million, net finance cost (including investment income) amounted to €–0.3 million in the first half of 2016 (prev. year: €–0.6 million).

1.6 Non-financial indicators

Employees

Since the beginning of the year, the SIMONA Group's total headcount has fallen by 5 to 1,273 (31 Dec. 2015: 1,278). The number of people employed at SIMONA AG has fallen by 13 to 775 (31 Dec. 2015: 788).

2. EVENTS AFTER THE REPORTING PERIOD

There were no events of material significance to the state of affairs of the SIMONA Group in the period between the end of the first half of 2016 and the preparation of this Group interim management report.

3. REPORT ON OPPORTUNITIES AND RISKS

3.1 Report on opportunities

According to a study published by Grand View Research, global demand for plastics will expand by 5.3 per cent on average in the coming years, reaching approx. 350 million tons by the year 2020. Despite the current dip in economic performance among some of the APAC countries, the Asia-Pacific region is likely to remain the principal growth driver. North America is expected to generate average annual growth of 4.3 per cent up to 2020. Market research institute Ceresana predicts that the European plastics market will see an expansion in revenue by an average of 2.9 per cent annually up to the year 2022.

The strategy applied by SIMONA is in keeping with these global trends. In Europe, the emphasis is on further strengthening SIMONA's capabilities as an innovator, among other things in the field of high-performance solutions and bioplastics. At the same time, new market segments are to be opened up in the area of construction, mobility and agriculture. It is precisely here that SIMONA sees good opportunities to expand revenue with the help of new products and applications, also in view of the more extensive manufacturing possibilities offered by the new Technology Centre. In the Asia and Pacific region, meanwhile, SIMONA will be looking to tap into growing environmental awareness seen within the premium segment of tank and equipment engineering, the aim being to generate more pronounced growth in this region. In the Americas, the prospects for growth within the Industrial Products divisions are considered good.

3.2 Risk report

On the basis of a risk map, the risk management system of SIMONA controls the following material risks associated with the Group. The management of opportunities and risks is centred around the aspects of effect and probability of occurrence. Significant individual risks are considered to be those displaying a medium risk profile with an expected value in excess of €5.0 million when viewed over the medium term. The expected value is computed as the product of the effect/impact and the probability of occurrence; it is used solely for prioritising and focusing risk reporting on issues of material importance. A probability of occurrence of over 50 per cent is considered high, while one of less than 50 per cent is deemed low. Risks relating to the general business environment and sector, business strategy risks, financial risks, risks attributable to procurement and purchasing as well as IT-specific risks are considered to be significant individual risks.

Business environment and sector-specific risks

The risks associated with the general business environment and the sector in which the company operates relate mainly to the economic performance of customer segments served by SIMONA. They also include exchange rate and commodity price volatility, political conflicts and the availability of raw materials. Among the primary sector-specific risks are the substitution of plastics with other materials, new developments within the competitive environment, the loss of key customers and changes to customer requirements. A diversified product portfolio, thorough monitoring of markets and structured procurement management provide the basis for risk mitigation. Expansion of production in the United States through corporate acquisitions and the plants located in China and the Czech Republic help to raise flexibility levels for the purpose of meeting customer requirements in close proximity to their sites of operation and in a market-driven manner.

The geopolitical risks remain virulent and have become more pronounced. Within the segment covering Europe, business environment and industry-specific risks are being fuelled by the refugee situation, the as yet unresolved financial crisis in Europe and uncertainty relating to Brexit. There is more noticeable risk exposure in these areas. The business environment in the segment covering the Americas has been influenced in particular by the low price of oil and the direction taken by the dollar exchange rate. There is a risk of lower industry investment spending due to the above-mentioned factors, which could have an adverse effect on our business. As regards the Asia-Pacific segment, the economic performance of China within the industrial sector will have a significant bearing on risk patterns. Due to the economic slowdown in some of Asia's emerging markets, business environment and industry-specific risks have increased slightly.

As regards the aspect of changes to sales markets, the expected value for a decline in revenue has been determined as being approx. €5.0 million with a probability of occurrence of over 50 per cent at present. Overall, however, the probability of damages occurring from exposure to sector-specific risks is at present considered low.

Business strategy risks

These encompass the risk of misjudgements with regard to the future direction taken by the market. In order to mitigate this risk, SIMONA monitors the market and competition closely and regularly conducts strategy meetings within its sales team as well as with key accounts. The probability of damages occurring from exposure to business strategy risks is at present not considered to be material.

Financial risks
Financial risks encompass, above all, currency risks, default risks, product liability risks, risks of a change in interest rates and risks associated with the company pension scheme.

Dependence on the euro within the Group was scaled back significantly through recent acquisitions and the expansion of manufacturing operations within the US market. The most pronounced risk to economic development continues to stem from the sluggish performance of the emerging markets, which has also had a negative impact on the export activities of German companies.

The risk of bad debt losses remains high in particular within the Eastern European market. Within this context, thorough assessments of credit ratings and continuous monitoring within this area help to mitigate risk as a whole as well as risk associated with individually identifiable items. As regards transactions in Russia, a separate directive for the conclusion of business agreements relating to this country is in place for the purpose of limiting associated risks. Default-related risk associated with specific customers is limited by credit insurance and the cut-off of deliveries in the case of outstanding payments.

The carrying amounts of inventories are assessed on a regular basis, and adjustments in the form of allowances are made for specific unsaleable products.

The risks associated with occupational pension schemes are considered to be significant and the probability of their occurrence is deemed to be high. These relate primarily to risks that are difficult to gauge in the long term, such as future levels of pay and pensions as well as in particular risks relating to longevity. They also include risks or encumbrances that are difficult to predict with regard to liquidity, risks associated with investments and volatility of plan assets as well as fluctuating costs in respect of contributions to the German Pensionssicherungsverein.

Risks attributable to procurement and purchasing
These risks relate in particular to the direction taken by commodity prices as well as supply-side disruptions. As regards the general availability of raw materials used by our company, we saw the situation relax in the first six months compared to the same period a year ago. We expect to see a further structural upturn in commodity prices over the medium to long term. At present, SIMONA is not aware of any circumstances that might point to an insufficient supply of raw materials.

Information technology risks
Information technology risks relate mainly to the disruption of IT systems, loss of data and attacks on IT systems together with industrial espionage. SIMONA controls these risks by maintaining its own IT department, whose task is to manage, maintain, refine and protect the IT systems on a continual basis. Additionally, the company regularly invests in hardware and software, as well as using virus scanning applications, firewall systems and access control. The probability of occurrence of external attacks on IT systems is considered high.

At the end of the first half of 2016, we are of the opinion that the overall risk situation for the Group remains largely unchanged from that applicable at the end of 2015. At the time of preparing this report, there were no identifiable risks that might jeopardise the existence of the SIMONA Group and SIMONA AG as a going concern.

4. REPORT ON EXPECTED DEVELOPMENTS

Economic conditions
In its Economic Outlook published in April the International Monetary Fund (IMF) anticipates real growth of around three per cent for the global economy, slightly less than it had forecast as part of its January outlook. This would translate into a lateral movement for the world economy. Industrial production is likely to lag behind economic output in 2016 in terms of growth. The financial risks within the global economy remain very high. The impact of Brexit is still difficult to gauge and will continue to cause instability. Structural change within the Chinese economy is likely to be hampered by the policy of more extensive lending.

Sector-specific conditions

Germany's plastics processing companies are optimistic when it comes to business in the current year. In total, 57 per cent of the plastics companies surveyed by GKV at the beginning of the year expect to see growth in revenue over the course of 2016. Only nine per cent predict a downturn in revenue. The same level of optimism applies to earnings expectations. From a technological perspective, the world's biggest plastics trade fair K 2016, which takes place in Düsseldorf in October 2016, is expected to produce fresh impetus.

Future performance

Business performance remained positive in the first half of the year, despite the somewhat subdued state of the global economy. Guidance for the financial year as a whole was revised up slightly prior to the Annual General Meeting on 10 June. The new forecast issued by SIMONA points to Group revenue of €360 – 370 million and EBIT of €20 – 25 million. This outlook is reaffirmed as part of this Group interim report.

Forward-looking statements and forecasts

This Group interim management report contains forward-looking statements that are based on the current expectations, presumptions and forecasts of the Management Board of SIMONA AG as well as on information currently available to the Management Board. These forward-looking statements shall not be interpreted as a guarantee that the future events and results to which they refer will actually materialise. Rather, future circumstances and results depend on a multitude of factors. These include various risks and imponderables, as well as being based on assumptions that may conceivably prove to be incorrect. SIMONA AG shall not be obliged to adjust or update the forward-looking statements made in this report.

Responsibility Statement

We hereby declare that, to the best of our knowledge, the Group interim management report includes a fair review of the development and performance of the business and the position of the SIMONA Group, together with a description of the principal opportunities and risks associated with the expected development of the Group in the remainder of the financial year.

Kirn, July 2016
SIMONA Aktiengesellschaft
The Management Board

Wolfgang Moyses Dirk Möller Fredy Hiltmann

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GROUP INTERIM FINANCIAL STATEMENTS

GROUP INCOME STATEMENT
OF SIMONA AG FOR THE FIRST HALF OF 2016

in € '000	Notes	01/01/ – 30/06/2016	01/01/ – 30/06/2015 (adjusted)*
Revenue		187,720	185,320
Other income		2,225	5,581
Changes in inventories of finished goods and work in progress		7,128	4,084
Cost of materials		106,204	105,416
Staff costs		36,323	35,475
Depreciation/write-downs of property, plant and equipment and amortisation/write-downs of intangible assets		6,759	6,723
Other expenses		31,362	30,462
Earnings before interest and taxes (EBIT)		**16,425**	**16,909**
Income from investments accounted for using the equity method		91	62
Finance income		80	53
Finance cost		497	718
Earnings before taxes (EBT)		**16,099**	**16,306**
Income tax expense	[5]	5,204	4,916
Profit for the period		**10,895**	**11,390**
of which attributable to:			
Owners of the parent company		10,871	11,361
Non-controlling interests		24	29

EARNINGS PER SHARE

in €			
– basic, calculated on the basis of profit for the period attributable to ordinary shareholders of the parent company		18.12	18.94
– diluted, calculated on the basis of profit for the period attributable to ordinary shareholders of the parent company		18.12	18.94

* Prior-year figures adjusted in accordance with IAS 8 and IFRS 3, cf. Note [2] in Notes to the condensed consolidated interim financial statements for the first half of 2016.

GROUP STATEMENT OF COMPREHENSIVE INCOME
OF SIMONA AG FOR THE FIRST HALF OF 2016

in € '000	01/01/–30/06/2016	01/01/–30/06/2015 (adjusted)*
Profit for the period	**10,895**	**11,390**
Items that will not be reclassified subsequently to profit or loss:		
Remeasurement of defined benefit obligations	–8,750	–2,593
Deferred taxes from remeasurement of defined benefit obligations	2,536	914
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translating foreign operations	–2,401	7,386
Deferred taxes from currency translation	181	393
Other comprehensive income recognised directly in equity	**–8,434**	**6,100**
Total comprehensive income	**2,461**	**17,490**
Total comprehensive income attributable to:		
Owners of the parent company	2,447	17,457
Non-controlling interests	14	33

* Prior-year figures adjusted in accordance with IAS 8 and IFRS 3, cf. Note [2] in Notes to the condensed consolidated interim financial statements for the first half of 2016.

GROUP STATEMENT OF FINANCIAL POSITION
OF SIMONA AG FOR THE FIRST HALF OF 2016

ASSETS

in € '000	Notes	30/06/2016	31/12/2015
Intangible assets		32,771	33,930
Property, plant and equipment	[8]	113,355	113,833
Financial assets		259	340
Investments accounted for using the equity method		205	205
Non-current tax assets		670	670
Deferred tax assets		6,395	4,391
Non-current assets		**153,655**	**153,369**
Inventories	[9]	76,365	66,877
Trade receivables		62,230	51,140
Other assets		2,235	4,610
Income tax assets		623	1,020
Other financial assets		240	4,831
Cash and cash equivalents	[7]	33,567	31,892
Current assets held for sale		4,617	4,696
Current assets		**179,877**	**165,066**
Total assets		**333,532**	**318,435**

EQUITY AND LIABILITIES

in € '000	Notes	30/06/2016	31/12/2015
Equity attributable to owners of the parent company			
Issued capital		15,500	15,500
Capital reserves		15,274	15,274
Revenue reserves		139,047	140,390
Other reserves		8,957	11,167
		178,778	**182,331**
Non-controlling interests		256	270
Total equity		**179,034**	**182,601**
Financial liabilities		3,585	3,851
Provisions for pensions		99,774	89,729
Other provisions		2,821	2,734
Other financial liabilities		68	2,187
Deferred tax liabilities		2,097	199
Non-current liabilities		**108,345**	**98,700**
Financial liabilities		4,433	2,936
Provisions for pensions		1,664	1,664
Other provisions		1,919	1,950
Trade payables		15,192	11,722
Income tax liabilities		817	1,911
Other financial liabilities		2,603	3,364
Other liabilities		19,525	13,587
Current liabilities		**46,153**	**37,134**
Total equity and liabilities		**333,532**	**318,435**

GROUP STATEMENT OF CASH FLOWS
OF SIMONA AG FOR THE FIRST HALF OF 2016

in € '000	Notes	01/01/ – 30/06/2016	01/01/ – 30/06/2015 (adjusted)*
Earnings before taxes (EBT)		16,099	16,306
Income taxes paid		–2,172	–1,983
Finance income and finance cost (excl. interest expense relating to pensions)		8	66
Depreciation/write-downs of property, plant and equipment, and amortisation/write-downs of intangible assets		6,759	6,723
Other non-cash expenses and income		–3,026	–3,331
Change in pensions		3,832	2,183
Result from disposal of non-current assets	[8]	65	–60
Change in inventories		–9,978	–8,144
Change in trade receivables		–11,476	–12,532
Change in other assets		3,363	–318
Change in liabilities and other provisions		7,889	12,374
Net cash from operating activities		**11,363**	**11,284**
Investments in intangible assets and property, plant and equipment		–6,708	–8,100
Payments relating to acquisition of subsidiaries and other business units (from prior years)		–2,070	–2,091
Proceeds from the disposal of assets		190	69
Payments relating to the short-term financial management of cash investments		4,000	0
Interest received		52	45
Net cash used in investing activities		**–4,536**	**–10,077**
Proceeds from financial liabilities		1,364	0
Repayment of financial liabilities		–133	–102
Payment of prior-year dividend	[6]	–6,000	–4,800
Payment of prior-year dividend Non-controlling interests		–28	–18
Interest paid and similar expenses		–60	–119
Net cash used in financing activities		**–4,857**	**–5,039**
Effect of foreign exchange rate changes on liquidity		**–295**	**1,870**
Change in cash and cash equivalents		**1,675**	**–1,962**
Cash and cash equivalents at 1 January	[7]	31,892	21,313
Cash and cash equivalents at 30 June	[7]	33,567	19,351
Change in cash and cash equivalents		**1,675**	**–1,962**

* Prior-year figures adjusted in accordance with IAS 8 and IFRS 3, cf. Note [2] in Notes to the condensed consolidated interim financial statements for the first half of 2016.

GROUP STATEMENT OF CHANGES IN EQUITY
OF SIMONA AG FOR THE FIRST HALF OF 2016

		EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY						
		Issued capital	Capital reserves	Revenue reserves	Other reserves	Total	NON-CONTROLLING INTERESTS	TOTAL EQUITY
in € '000					Currency translation differences			
Balance at 01/01/2015 (adjusted)*		**15,500**	**15,274**	**123,633**	**4,843**	**159,250**	**251**	**159,501**
Amount recognised directly in equity as part of the Statement of Comprehensive Income (adjusted)*		0	0	–1,679	7,775	6,096	4	6,100
Profit for the period		0	0	11,361	0	11,361	29	11,390
Total comprehensive income for the period		**0**	**0**	**9,682**	**7,775**	**17,457**	**33**	**17,490**
Dividend payment	[6]	0	0	–4,800	0	–4,800	–18	–4,818
Balance at 30/06/2015 (adjusted)**		**15,500**	**15,274**	**128,515**	**12,618**	**171,907**	**266**	**172,173**
Balance at 01/01/2016		**15,500**	**15,274**	**140,390**	**11,167**	**182,331**	**270**	**182,601**
Amount recognised directly in equity as part of the Statement of Comprehensive Income		0	0	–6,214	–2,210	–8,424	–10	–8,434
Profit for the period		0	0	10,871	0	10,871	24	10,895
Total comprehensive income for the period		**0**	**0**	**4,657**	**–2,210**	**2,447**	**14**	**2,461**
Dividend payment	[6]	0	0	–6,000	0	–6,000	–28	–6,028
Balance at 30/06/2016		**15,500**	**15,274**	**139,047**	**8,957**	**178,778**	**256**	**179,034**

* Prior-year figures adjusted in accordance with IAS 8 and IFRS 3, cf. Note [2] in Notes to Group financial statements 2015.
** Prior-year figures adjusted in accordance with IAS 8 and IFRS 3, cf. Note [2] in Notes to the condensed consolidated interim financial statements for the first half of 2016.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
OF SIMONA AG FOR THE FIRST HALF OF 2016

[1] COMPANY INFORMATION

SIMONA AG is a stock corporation (Aktiengesellschaft) founded in Germany – registered office at Teichweg 16, 55606 Kirn, Germany. Its shares are traded within the General Standard of the Frankfurt and Berlin Stock Exchanges.

These condensed consolidated interim financial statements (consolidated interim financial statements) for the first half of 2016 were released for publication on 19 July 2016, following a resolution passed by the Management Board.

[2] STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The consolidated interim financial statements for the first half of 2016 have been prepared in accordance with the provisions of IAS 34 "Interim Financial Reporting" and, under Section 315a (1) HGB, pursuant to International Financial Reporting Standards (IFRS), to which they comply.

The consolidated interim financial statements have been prepared in euro. The reporting period covers the period from 1 January 2016 to 30 June 2016. The consolidated annual financial statements as at 31 December 2015 provide the basis for the consolidated interim financial statements, and reference shall be made to the aforementioned consolidated annual financial statements for further information.

Summary of significant accounting policies

The accounting policies applied to the consolidated interim financial statements are consistent with those applied to the consolidated financial statements for the annual period ended 31 December 2015.

Scope of consolidated financial statements

Compared with 31 December 2015, the consolidated group was extended by one subsidiary. The newly established entity SIMONA Pvt. India Ltd, Mumbai, India, has been fully consolidated as at 30 June 2016. Alongside the parent company the consolidated interim financial statements comprised 20 domestic and foreign entities as at 30 June 2016.

Adjustment to prior-year disclosures

The following items relating to the Group income statement for 1 January to 30 June 2015, the Group statement of comprehensive income for 1 January to 30 June 2015, the Group statement of financial position as at 30 June 2015 and the Group statement of cash flows for 1 January to 30 June 2015 were adjusted retrospectively in accordance with IAS 8.42 and IFRS 3.49. The adjustments are attributable to the definitive purchase price allocation for Boltaron Inc., USA, an entity acquired in 2014; additional adjustments are presented below. For further details, please refer to the consolidated financial statements as at 31 December 2015. Prior-year figures have been adjusted accordingly.

GROUP INCOME STATEMENT 01/01/–30/06/2015

in € '000	before adjustment	adjustment	after adjustment
Staff costs[1]	36,475	–1,000	35,475
Depreciation/write-downs of property, plant and equipment and amortisation/write-downs of intangible assets[2]	6,499	224	6,723
Earnings before interest and taxes (EBIT)	**16,133**	**776**	**16,909**
Income from equity investments[1]	1,062	–1,000	62
Finance cost[3]	1,199	–481	718
Earnings before taxes (EBT)	**16,048**	**258**	**16,306**
Income tax expense[2]	4,813	103	4,916
Profit for the period	**11,235**	**155**	**11,390**
of which attributable to:			
Owners of the parent company	11,206	155	11,361
Earnings per share	**18.68**	**0.26**	**18.94**

GROUP STATEMENT OF COMPREHENSIVE INCOME 01/01/–30/06/2015

Profit for the period	**11,235**	**155**	**11,390**
Remeasurement of defined benefit obligations	–3,099	506	–2,593
Exchange differences on translating foreign operations[4]	5,062	2,324	7,386
Deferred taxes from currency translation	0	393	393
Other comprehensive income recognised directly in equity	**2,877**	**3,223**	**6,100**
Total comprehensive income	**14,112**	**3,378**	**17,490**
of which attributable to:			
Owners of the parent company	14,097	3,360	17,457
Non-Controlling Interests	15	18	33

GROUP STATEMENT OF FINANCIAL POSITION 30/06/2015

Total non-current assets	**152,463**	**6,064**	**158,527**
of which intangible assets[2, 4]	28,300	5,774	34,074
of which deferred tax assets[2, 3]	9,260	290	9,550
Total equity	**165,628**	**6,545**	**172,173**
of which revenue reserves[2, 3]	127,879	636	128,515
of which other reserves[4]	6,709	5,909	12,618
Total non-current liabilities	**108,063**	**–481**	**107,582**
Provisions for pensions[3]	96,240	–481	95,759
Total assets	**325,374**	**6,064**	**331,438**

GROUP STATEMENT OF CASH FLOWS — **01/01/–30/06/2015**

in € '000	before adjustment	adjustment	after adjustment
Earnings before taxes (EBT)	**16,048**	**258**	**16,306**
Depreciation/write-downs of property, plant and equipment and amortisation/write-downs of intangible assets[2]	6,499	224	6,723
Other non-cash expenses and income[5]	–3,637	306	–3,331
Change in pensions[5]	5,282	–3,099	2,183
Change in inventories[5]	–9,681	1,537	–8,144
Change in trade receivables[5]	–13,697	1,165	–12,532
Change in assets held for sale[5]	–316	316	0
Change in liabilities and other provisions[5]	11,606	768	12,374
Net cash from operating activities	**9,809**	**1,475**	**11,284**
Payments relating to the acquisition of subsidiaries and other business units (from prior years)[5]	0	–2,091	–2,091
Net cash used in investing activities	**–7,986**	**–2,091**	**–10,077**
Payment of prior-year dividend Non-controlling interests	0	–18	–18
Net cash used in financing activities	**–5,021**	**–18**	**–5,039**
Effect of foreign exchange rate changes on liquidity[5]	1,236	634	1,870
Change in cash and cash equivalents	**–1,962**	**0**	**–1,962**

[1] The distribution of €1,000 thousand for use in respect of plan assets, previously recognised as investment income and higher staff costs, is presented as a transaction within plan assets without affecting profit or loss.

[2] This change relates to the write-down of €224 thousand from the higher valued customer base subsequent to the final purchase price allocation of Boltaron Inc. in 2015. The thus resulting change to deferred tax liabilities (or their offset with deferred tax assets) is €103 thousand.

[3] The change relates to income from plan assets to be recognised in each case as at 1 January on the basis of the IFRS interest rate of the prior year.

[4] This change relates to the effect from the presentation of foreign currency translation of goodwill at the exchange rate applicable at the date of purchase compared to the exchange rate applicable at the end of the reporting period; of which SIMONA AMERICA Inc./Laminations Inc. (€181 thousand) and Boltaron Inc. (€2,125 thousand). In the past, contrary to IAS 21.47 goodwill from US acquisitions was not carried in foreign currency and contrary to IAS 21.39(a) was not translated at the closing rate.

[5] These changes relate to the systematic presentation of the statement of cash flows in accordance with IAS 7. In the past, changes to financial position items attributable to acquisitions or foreign currencies were not eliminated when determining cash flow from operating activities. Similarly, in the case of changes to pensions the component attributable to other comprehensive income was not eliminated in the change of this financial position item. Correspondingly, the presentation of other non-cash expenses and income has changed.

[3] SEASONAL EFFECTS ON BUSINESS ACTIVITIES

Owing to seasonal factors, all business segments are generally expected to generate lower revenue and lower operating results in the second half of the year than in the first six months. Lower revenue is mainly attributable to declining demand in the principal holiday months of July and August, as well as reduced customer inventory levels towards the end of the calendar year (December).

[4] SEGMENT REPORTING

For company management purposes, the Group is organised according to geographic regions and has the three following reportable operating segments:

- Europe
- Americas
- Asia and Pacific

All three segments generate their revenues mainly through the sale of semi-finished plastics and pipes, as well as fittings and finished parts.

Management assesses earnings before interest and taxes (EBIT) of these segments for the purpose of making decisions as to the distribution of resources and determining the profitability of the business units. Segment profitability is determined on the basis of operating results from operating activities before the effects of financing activities and excluding income tax effects.

As a matter of course, segment information is based on the same principles of presentation and the same accounting policies as those applied to the consolidated interim financial statements. Receivables, liabilities, revenues and expenses as well as profit/loss between the individual segments are eliminated as part of reconciliation. Internal transfer pricing between the business segments is determined on the basis of competitive market prices charged to unaffiliated third parties (regular way transaction). External sales revenue relates to the registered office of the revenue-generating business unit. Capital expenditure relates to additions to intangible assets as well as property, plant and equipment. Segment assets comprise assets that contribute to the achievement of operating profit. Depreciation/amortisation and write-downs relate to both intangible assets and property, plant and equipment.

The following table includes information relating to segment revenues, income and expenses as well as segment results. The differences in respect of the consolidated interim financial statements are presented in the reconciliation.

SIMONA GROUP SEGMENT INFORMATION FOR THE FIRST HALF OF 2016

	Europe		Americas		Asia and Pacific		Total		Reconciliation		Group	
in € '000	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015 (adjusted)
Revenues from external customers	133,614	134,879	45,662	41,631	8,444	8,810	187,720	185,320			187,720	185,320
Revenues from other segments	2,113	2,699	9	0	0	0	2,122	2,699	–2,122	–2,699	0	0
Segment revenues	**135,727**	**137,578**	**45,671**	**41,631**	**8,444**	**8,810**	**189,842**	**188,019**	**–2,122**	**–2,699**	**187,720**	**185,320**
Other income	2,133	5,151	271	43	58	648	2,462	5,842	–237	–261	2,225	5,581
Cost of materials	81,453	80,868	21,096	21,481	5,777	5,766	108,326	108,115	–2,122	–2,699	106,204	105,416
Staff costs	27,814	27,213	7,354	7,055	1,155	1,207	36,323	35,475			36,323	35,475
Depreciation/amortisation and write-downs	4,457	4,551	1,583	1,417	719	755	6,759	6,723			6,759	6,723
Other expenses	22,087	20,416	7,805	7,492	1,869	2,554	31,761	30,462	–399		31,362	30,462
Earnings before interest and taxes (EBIT)	8,624	13,733	8,510	3,968	–865	–792	16,269	16,909	156		16,425	16,909
Earnings before taxes (EBT)	8,575	13,122	8,319	3,982	–953	–798	15,941	16,306	158		16,099	16,306
Segment capital expenditure	4,189	4,944	1,688	2,526	831	692	6,708	8,162			6,708	8,162
Non-current assets	79,647	74,349	56,215	62,292	10,935	11,825	146,797	148,466			146,797	148,466

NOTES TO GROUP INCOME STATEMENT

[5] INCOME TAXES

The principal components of income tax expense reported in the consolidated income statement are as follows:

GROUP INCOME STATEMENT

in € '000	01/01/–30/06/2016	01/01/–30/06/2015 (adjusted)
Current tax		
Current tax expense	2,716	2,829
Adjustments of current tax attributable to previous periods	0	–57
Deferred tax		
Origination and reversal of temporary differences	50	943
Change in loss carry forwards and tax credits recognised	2,438	1,201
Income tax expense reported in Group income statement	**5,204**	**4,916**

[6] DIVIDEND PAID

During the first half-year the Annual General Meeting of Shareholders passed a resolution on 10 June 2016 for a dividend of €10.00 per share (prev. year: €8.00 per share) for all ordinary shares attributable to the parent company. The amount was paid out on 13 June 2016. The total dividend distribution amounted to €6,000 thousand (prev. year: €4,800 thousand).

NOTES TO THE GROUP STATEMENT OF FINANCIAL POSITION

[7] CASH AND CASH EQUIVALENTS

For the purpose of preparing a cash flow statement, cash and cash equivalents shall be comprised of the following items:

in € '000	30/06/2016	31/12/2015
Cash and cash equivalents	33,567	31,892
	33,567	**31,892**

[8] PROPERTY, PLANT AND EQUIPMENT

In the period from 1 January to 30 June 2016, the Group purchased property, plant and equipment at a cost amounting to €6,454 thousand (prev. year: €8,060 thousand), of which, as in the previous year, €0 was attributable to first-time consolidation.

Other income includes gains of €83 thousand (prev. year: €79 thousand) from the disposal of property, plant and equipment; other expenses includes losses of €160 thousand (prev. year: €22 thousand) from the disposal of property, plant and equipment.

[9] INVENTORIES

Compared to 31 December 2015, the amount attributable to inventory impairments fell by €301 thousand to €3,792 thousand in the first half of 2016.

OTHER INFORMATION

[10] CONTINGENT LIABILITIES

Contingent liabilities from investment projects already initiated (obligation to purchase property/plant/equipment) amounting to €4,380 thousand (31/12/2015: €10,741 thousand).

[11] RELATED-PARTY DISCLOSURES

Compared to the financial year ended 31 December 2015, there were no material changes within the Management Board and Supervisory Board to the entities and persons with whom the SIMONA Group had a related-party relationship.

As part of its operating activities, SIMONA AG provides various services for the subsidiaries included in the consolidated interim financial statements. Conversely, the respective Group companies render services within the SIMONA Group in the context of their business purpose. These business transactions relating to the supply of goods and the rendering of services are made at market prices.

[12] EVENTS AFTER THE REPORTING PERIOD

No events occurred after the reporting period that would necessitate a change to measurements or recognised amounts.

[13] DISCLOSURE IN ACCORDANCE WITH SECTION 37W (5) WPHG

The consolidated interim financial statements and the Group interim management report have been neither reviewed nor audited in accordance with Section 317 HGB.

[14] RESPONSIBILITY STATEMENT

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

Kirn, July 2016
SIMONA Aktiengesellschaft
The Management Board

Wolfgang Moyses Dirk Möller Fredy Hiltmann

This is a translation from German to English. Only the German document shall be considered authoritative.

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