SIX-MONTH REPORT 2018

KAP

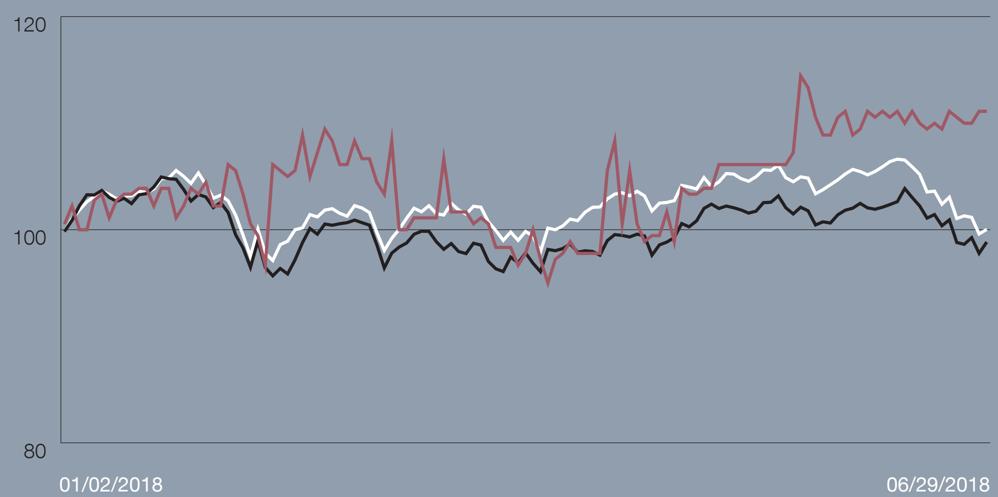
KAP at a glance

GROUP KEY FIGURES

in € millions	01/01-06/30/ 2018	01/01-06/30/ 2017	2017
External revenue	228.6	215.9	407.5
Personnel expenses	52.1	46.3	97.7
Investments	14.4	8.9	24.6
Depreciation	11.7	10.5	26.0
Cash flow[1]	4.4	8.1	25.3
EBITDA	25.6	24.1	54.3
EBIT (operating result)	13.9	15.8	28.3
Consolidated result	9.1	22.1	31.0
Fixed assets	182.8	144.7	181.9
Equity	177.8	156.0	155.2
Equity ratio (in %)	47.8	49.7	44.5
Balance sheet total	372.0	313.8	349.1
Earnings per share (after non-controlling interests) in €	1.24	3.26	4.68
Dividend per share in €	-	-	2.00
Average number of employees	2,971	2,607	2,724

[1] Cash flow from operating activities.

KAP SHARE PERFORMANCE
in %



KAP stock in €
Closing price 06/29/2018:
39,80 EUR

MDAX
Closing price 06/29/2018:
25,854.38 points

SDAX
Closing price 06/29/2018:
11,949.64 points

CONTENT

LETTER TO OUR SHAREHOLDERS

KAP AG remains on a growth path

- Significant growth in revenue and earnings also in first half of 2018
- Management Board confirms forecast for the full year
- Goals achieved in all operating segments

Dear Shareholders,

The very good start to the first quarter was confirmed in the first half of 2018. KAP AG remains on a growth path in terms of both its revenue and its profitability. The revenue target in excess of €406 million along with EBITDA of over €41 million and thus the achievement of the target EBITDA margin for 2018 as a whole of more than 10% is something we still consider realistic, even though initial increases in the price of raw materials slightly depressed the EBITDA margin in the second quarter.

Consolidated revenue of €228.6 million (previous year: €215.9 million) are up 5.9% year-on-year. Consolidated EBITDA grew 6.2% from €24.1 million to €25.6 million, equivalent to an EBITDA margin of 11% that remains significantly above the target of 10%. This means that all operating segments reached both the revenue and EBITDA targets.

Performance of the segments

With revenue of €89.0 million (previous year: €87.9 million) the **engineered products** segment is above budget while its EBITDA of €7.4 million is fully in line with budget. Only the EBITDA margin, which currently stands at 8.3%, is below the desired target of 9.4%. While OLBO MEHLER TEX has already reached the target EBITDA margin of more than 10%, MEHLER ENGINEERED PRODUCTS remains below it. We have already taken significant measures to increase earnings.

Revenue in the **flexible films** segment are also above budget at €48.9 million. Adjusted for the sale of Kirson, this corresponds to a year-on-year increase of 7.2%. With an EBITDA margin of 13.5% it remains at the level seen in the first quarter of 2018 and thus significantly above the target figure of 10%.

At **it/services** we remain above budget with revenue of €12.3 million and EBITDA of €1.7 million, while the margin of 13.8% is well in excess of the target margin.

The good results in the first quarter of 2018 were also confirmed for **precision components** in the first half of 2018. With revenue of €67.1 million the segment generated a year-on-year increase of 8.8%, which means that this segment is significantly above budget. The excellent EBITDA margin of 13.7% was also realized in the first half of the year, with EBITDA of €9.2 million.

The performance of the new **surface technologies** segment was as expected, with an EBITDA margin of 18.3%. Its revenue of €13.1 million and EBITDA totaling €2.4 million are fully in line with budget.

Thanks to the implementation of the segment strategy we realized significant successes when optimizing the portfolio in the first half of 2018. The sale of Geiger Fertigungstechnologie was completed and generated substantial liquidity; part of this sum was used for the acquisition of the Heiche Group, which has now also been completed. In addition to reducing the dependency on combustion engines, this also increased profitability at Group level. In addition, we have the flexibility required to develop our attractive segments as planned and to lay the foundations for future growth.

The new strategic realignment with five well defined segments of profitable companies is a clearly defined profile of our industrial group – something you, our shareholders, unambiguously expressed at this year's Annual General Meeting by voting to rename the company KAP AG. With our new structure we consider ourselves to be well-equipped to implement our growth plans as scheduled.

Yours faithfully

Guido Decker
Chief Executive Officer

Dr. Alexander Riedel
Chief Financial Officer

INTERIM MANAGEMENT REPORT

Earning position, financial position and financial performance

In the first half of 2018 revenue rose in the changed consolidation group by €12.7 million or 5.9% year-on-year to €228.6 million (previous year: €215.9 million). Of this amount, €200.3 million (previous year: €191.4 million) was accounted for by continued operations and €28.2 million (previous year: €24.5 million) by discontinued operations. Due to the intention to sell, expenses and income items as well as assets and liabilities attributable to Geiger Fertigungstechnologie GmbH have been reported under discontinued operations as at June 30, 2018.

Consolidated earnings before interest, income taxes, depreciation and amortization (EBITDA) rose by 6.2% to €25.6 million (previous year: €24.1 million), with continued operations contributing €21.7 million (previous year: €20.9 million) and discontinued operations €3.9 million (previous year: €3.2 million). The previous year's figure was adjusted for the deconsolidation profit of STÖHR & Co. AG. The EBITDA margin of the KAP Group of 11.2% (previous year: 11.1%) as a percentage of total performance substantially exceeds the target figure of 10%.

The Group's total performance increased by 6.3% to €231.6 million (previous year: €217.8 million). The materials ratio improved to 56.2% (previous year: 58.5%). The personnel ratio is 22.5% (previous year: 21.3%). At 6.1%, the operating return is at the previous year's level (6.2%). The financial result of €-1.9 million (previous year: €9.3 million) was primarily influenced by the interest result of €-1.9 million (previous year: €-1.4 million). Last year's financial result included income from the sale of the securities portfolio amounting to €10.9 million. The result before income taxes is €12.0 million (previous year: €25.1 million). At €2.8 million (previous year: €2.9 million), the income tax charge is at the prior-year level. This results in a profit for the period of €9.1 million (previous year: €22.1 million). Of this amount, KAP shareholders account for €8.6 million (previous year: €21.6 million). This corresponds to earnings per share of €0.92 (previous year: €3.03) of continued operations.

Revenue in the **engineered products** segment are in line with expectations at €89.0 million (previous year: €87.9 million). At €7.4 million (previous year: €7.8 million), EBITDA is slightly down on the previous year. While OLBO & MEHLER TEX has already reached the target EBITDA margin of over 10%, significant measures were taken at MEHLER ENGINEERED PRODUCTS to increase earnings.

The **flexible films** segment generated revenue of €48.9 million (previous year: €60.2 million) and thus slightly exceeded the forecast for the first half of 2018. At €6.6 million (previous year: €6.7 million), EBITDA is slightly above budget. The previous year's figures still included our Kirson subsidiary. Adjusted for this effect, revenue rose by 7.2% and EBITDA by 40.4% if we take into account the companies NOW Contec and Convert, which were included for a full six months for the first time.

The **it/services** segment substantially exceeded expectations in the first half of the 2018 financial year. Revenue rose by more than 50% to €12.3 million (previous year: €8.0 million). At €1.7 million (previous year: €0.9 million), EBITDA increased by almost 90%.

The **precision components** segment also performed substantially better than expected with an increase in revenue of 8.8% to €67.1 million (previous year: €61.7 million) and a 19.5% rise in EBITDA to €9.2 million (previous year: €7.7 million).

The **surface technologies** segment contributed €13.1 million to revenue within the Group. EBITDA came to €2.4 million or 18.3% of revenue and thus made a disproportionately high contribution to the Group margin. The segment is thus fully in line with budget.

In the **all other segments** segment, we signed a notarized sale and purchase agreement for the last remaining property in the Augsburg development project Schäfflerbachstraße which we expect to be completed in the second half of the year.

The consolidated balance sheet total as at June 30, 2018 was €372.0 million (previous year: €313.8 million), up €22.9 million compared with the preceding balance sheet date of December 31, 2017. Taking into account the assets reported as discontinued operations, non-current assets came to €188.8 million (previous year: €151.1 million) and were barely changed over the figure of €188.0 million recorded as at the balance sheet date of December 31, 2017. In current assets, inventories rose by €7.6 million, from €74.0 million to €81.6 million (previous year: €78.5 million). The €20.6 million increase in trade receivables from €64.3 million at the end of the year 2017 to €84.9 million (previous year: €73.0 million) was more pronounced. Overall, current assets rose from €161.0 million as at December 31, 2017 to €183.2 million (previous year: €162.6 million).

The equity ratio amounts to 47.8% (previous year: 49.7%) and is thus more than three percentage points below that recorded at the balance sheet date of December 31, 2017.

Non-current liabilities rose from €70.8 million as at the balance sheet date of December 31, 2017 to €79.1 million (previous year: €45.1 million). This rise is attributable to the increase in non-current liabilities to banks from €45.0 million to €54.5 million (previous year: €22.3 million).

Current liabilities were reduced from €123.1 million as at the end of December 2017 to €115.1 million (previous year: €112.7 million). Other provisions amounted to €30.9 million (previous year: €27.2 million) and were barely changed on the €31.2 million recorded as at December 31, 2017. The reduction in current financial liabilities from €36.9 million at the end of December 2017 to €32.0 million (previous year: €45.0 million) was more than offset by the rise in liabilities form €27.9 million to €36.0 million (previous year: €29.6 million). The decline in other liabilities from €25.2 million at the end of 2017 to €12.4 million (previous year: €6.4 million) results from a capital increase of €13.2 million that has since been entered in the commercial register.

Cash flow from operating activities declined to €4.4 million (previous year: €8.1 million). The change in net current assets was virtually unchanged at €16.1 million (previous year: €16.4 million). The decrease was essentially due to higher income tax payments of €2.4 million (previous year: €0.9 million) and the reduction of provisions (previous year: build-up of provisions). This resulted in a cash outflow (previous year: cash inflow) of €0.5 million (previous year: €1.9 million) in the reporting period.

At €-13.5 million (previous year: €11.0 million), cash flow from investing activities is negative (previous year: positive) due to capital expenditure of €14.0 million (previous year: €8.3 million). Proceeds from the sale of the securities portfolio resulted in the cash inflow in the prior-year period.

Cash flow from financing activities is positive (previous year: negative) at €5.4 million (previous year: €-18.5 million). On balance, debt of €4.8 million was raised. In the previous year period repayments of €19.3 million led to the cash outflow. Cash and cash equivalents as at June 30 total €6.2 million (previous year: €3.1 million).

Investments

Investments in property, plant and equipment totalled €14.0 million in the first half of 2018 (previous year: €8.3 million). At €5.5 million the focus of investments was on the **precision components** segment and relates mostly to our production facility in Pretzfeld.

In addition, our holding company the Surface Group acquired a property for €3.3 million, which is used for the operations of our facility in Döbeln.

Employees

As at June 30, 2018 we employed 2,983 people (previous year: 2,607).

Share

The share price performance was again gratifying. In addition to the successful performance of our business, this also reflects the high expectations regarding our new portfolio strategy. The share price started off on January 2, 2018 with a closing price of €36.00. Subsequently, it demonstrated a sideways trend in a range between €34.00 and €39.20 into May. Thereafter the share price rose further and peaked at €41.00 in late May, resulting from the ad hoc announcements regarding the successful sale of Geiger and the acquisition of the Heiche Group. Following a slight dip to €39.00 the share price remained consistently above this level and stood at €39.80 at the end of the first six months.

For the 2017 financial year the Annual General Meeting once again followed the Management Board's dividend proposal of €2 per share. We are thus maintaining our very attractive distribution policy of recent years, despite the not inconsiderable increase in the number of shares. In the third year of the DSW dividend study we remain among the top performers, and with a return of 10.3% we now rank in second place on average over the past ten years.

The subscribed capital of KAP AG as at June 30, 2018 has risen to €18,319 thousand as a result of various capital increases for contributions in kind and remains divided into 7,045,891 shares with an arithmetic share in the share capital of €2.60 per share. The share is listed on the Frankfurt stock exchange. All shares carry a voting right. Market capitalization rose to around €280 million on the reporting date of June 29, 2018 thanks to the good share price performance and higher number of shares.

Earnings per share of continued operations came to €0.92 (previous year: €3.03) and those of discontinued operations to €0.32 (previous year: €0.23). In the previous year earnings per share were heavily influenced by the income from the disposal of the securities portfolio.

Opportunities and risks

A description of the specific risks and of the risk management of the KAP Group is set out in the Group management report 2017 from page 67 of the Annual Report 2017 onwards.

Taking into account all known facts, we can currently identify no risks that would jeopardize the existence of the KAP Group.

Events after reporting period

Effective July 26, 2018, the Heiche Group in Schwaigern was acquired, and effective July 31, 2018, the shares in Geiger Fertigungstechnologie GmbH were sold.

Outlook and forecast report

At a Group level we are well on the way to achieving our full-year targets with revenue of €406 million, EBITDA of €41 million and an EBITDA margin of more than 10%. At the same time, the increases in the price of raw materials in the second quarter of 2018 slightly reduced the EBITDA margin in the first quarter and remain a risk.

In our **engineered products** segment we are above the budget in terms of our growth targets and will, we think, exceed the revenue target of €160 million. We are fully in line with the budget in terms of EBITDA but below the target of 9.4% for the EBITDA margin, which is due to MEHLER ENGINEERED PRODUCTS. We have already taken significant measures to increase the margin.

We continue to believe that we will reach the revenue target of €90 million and EBITDA margin of more than 10% in **flexible films** by the end of the year.

We are also very confident of reaching the targeted EBITDA margin of more than 11% and revenue of more than €20 million in **it/services**.

The divestment of Geiger Fertigungstechnologie will change the consolidated group in the second half of the year, as will the acquisition of the Heiche Group. This means that the absolute targets in our **precision components** segment have become obsolete, but they will be more than offset by the Heiche Group. We continue to believe that we will be able to achieve the relative target of an EBITDA margin totaling around 11%.

With the acquisition of the Heiche Group **surface technologies** is advancing to become a market leader in surface technology. We continue to believe that we will be able to achieve our targets with an attractive EBITDA margin of around 16%.

To develop our segments further we are planning to launch an innovation fund in 2019, which will purposefully promote product innovations, process improvements and digitalization. The companies of the KAP Group will be supported in offering our clients forward-looking solutions with added value, to optimize their product portfolio and to supplement it with new products. These measures are designed to improve our competitiveness and to ensure attractive margins over the long term. In addition, part of the fund assets will be used to put Industrie 4.0 into operation in order to take advantage of the opportunities provided by digitalization as a trailblazer of small and medium-sized entities (SMEs).

Furthermore, we are continuing to optimize our portfolio and to improve our operating margins, which could generate further positive news in the second half of the financial year.

Fulda, August 2018

KAP AG

Guido Decker
Chief Executive Officer

Dr. Alexander Riedel
Chief Financial Officer

CONSOLIDATED FINANCIAL STATEMENTS IFRS

Consolidated Statement of Income

from January 1 to June 30, 2018

in € thousands	2018	2017
Revenue	200,324	191,427
Change in inventories and other own work capitalized	1,450	1,154
Total performance	**201,773**	**192,581**
Other operating income	5,398	5,851
Cost of materials	-115,119	-113,614
Personnel expenses	-43,555	-39,746
Depreciation and amortization of intangible assets, property, plant and equipment (including investment property)	-10,207	-8,910
Other operating expenses	-26,792	-24,198
Result from the disposal of assets and liabilities	-	2,141
Operating result	**11,499**	**14,105**
Earnings from financial assets accounted for using the equity method	-	429
Interest result	-1,879	-1,443
Other financial result	-63	10,343
Financial result	**-1,942**	**9,329**
Result from continued operations before income taxes	**9,557**	**23,434**
Income taxes	-2,799	-2,906
Result from continued operations	**6,758**	**20,528**
Result from discontinued operations after taxes	2,332	1,565
Earnings after taxes	**9,089**	**22,093**
Result share of non-controlling interests	-486	-500
Result of KAP AG shareholders	**8,603**	**21,593**
Basic earnings per share		
Result from continued operations	0.92	3.03
Result from discontinued operations	0.32	0.23
	1.24	**3.26**
Diluted earnings per share		
Result from continued operations	0.92	3.03
Result from discontinued operations	0.32	0.23
	1.24	**3.26**

As the figures are presented in € thousands the numbers may not add up due to rounding.

For explanations of result from discontinued operations see note 10.

Consolidated Statement of Comprehensive Income/Loss

from January 1 to June 30, 2018

in € thousands	2018	2017
Earnings after taxes	**9,089**	**22,093**
Unrealized result from currency translation	-742	-450
Unrealized result from financial assets available for sale	-	-10,749
Items which may be reclassified in the income statement in the future	**-742**	**-11,199**
Other result after taxes	**-742**	**-11,199**
Thereof result after taxes attributable to non-controlling interests	26	0
Thereof result after taxes attributable to shareholders of KAP AG	-768	-11,199
Total result	**8,347**	**10,894**
Thereof total result attributable to non-controlling interests attributable to total comprehensive income	512	499
Thereof total comprehensive income attributable to shareholders of KAP AG	7,835	10,395

As the figures are presented in € thousands the numbers may not add up due to rounding.

Consolidated Statement of Financial Position

as at June 30, 2018

ASSETS

in € thousands	Note	06/30/2018	12/31/2017	06/30/2017
ASSETS				
Non-current assets				
Intangible assets		21,673	23,015	1,559
Property, plant and equipment		133,591	152,789	134,400
Investment property		4,726	4,881	5,037
Financial assets accounted for using the equity method		-	-	2,439
Other financial assets		1,211	1,260	1,232
Deferred tax assets		5,589	6,097	6,416
		166,791	**188,042**	**151,084**
Current assets				
Inventories		73,074	74,041	78,496
Trade receivables		77,288	64,300	72,971
Income tax assets		3,381	2,329	1,876
Other receivables and assets		6,809	10,294	6,233
Securities		-	-	-
Cash and cash equivalents		6,093	10,079	3,064
		166,645	**161,044**	**162,640**
Non-current assets held for sale and discontinued operations	**(7)**	**38,516**	**-**	**100**
		371,951	**349,085**	**313,823**

As the figures are presented in € thousands the numbers may not add up due to rounding.

LIABILITIES

in € thousands	Note	06/30/2018	12/31/2017	06/30/2017
EQUITY AND LIABILITIES				
Equity and reserves				
Subscribed capital		18,319	17,224	17,224
Capital reserve		61,969	48,811	48,966
Reserves		-15,663	-15,088	-15,778
Retained earnings		107,612	98,874	102,850
KAP AG shareholders' equity		**172,238**	**149,822**	**153,261**
Non-controlling interests		5,538	5,365	2,739
		177,775	**155,187**	**156,000**
Non-current liabilities				
Provisions for pensions and similar obligations		18,173	18,480	20,648
Non-current financial liabilities		55,283	45,733	23,247
Deferred tax liabilities		5,628	6,603	649
Other non-current liabilities		-	-	603
		79,085	**70,815**	**45,147**
Current liabilities				
Other provisions		29,449	31,150	27,178
Current financial liabilities		31,971	36,939	44,977
Trade payables		31,344	27,850	29,570
Income tax liabilities		3,863	1,984	4,540
Other liabilities		11,902	25,159	6,411
		108,529	**123,083**	**112,677**
Liabilities in connection with discontinued operations	**(9)**	**6,562**	**-**	**-**
		371,951	**349,085**	**313,823**

Consolidated Statement of Cash Flows

as at June 30, 2018

in € thousands	2018	2017
Earnings before interest and income taxes	**13,783**	**26,461**
Depreciation and amortization of asset values of fixed assets (offset against write-ups)	11,729	10,485
Change in provisions	-474	1,938
Other non-cash expenses and income	-532	-11,603
Result from the disposal of non-current assets	-279	-532
Cash flow from operating activities before changes in assets and liabilities	**24,226**	**26,750**
Changes in inventories, receivables and other assets not attributable to investing and financing activities	-25,293	-22,528
Changes in payables and other liabilities which are not attributable to investing and financing activities	9,220	6,094
Cash flow from operating activities before interest and income taxes	**8,154**	**10,316**
Interest paid and received	-1,408	-1,267
Income taxes paid and received	-2,376	-937
Cash flow from operating activities	**4,370**	**8,113**
Proceeds from disposals of property, plant and equipment (including investment property)	782	751
Investments in property, plant and equipment (including investment property)	-13,957	-8,363
Investments in intangible assets	-421	-152
Cash inflow from the sale of securities	-	18,810
Proceeds from the disposal of financial assets	48	-
Cash flow from investing activities	**-13,548**	**11,046**

in € thousands	2018	2017
Proceeds from capital increase	600	-
Cash inflow from financial liabilities	15,471	414
Cash inflow from repayments of financial receivables	2	371
Disbursements for the repayment of financial liabilities	-10,706	-19,295
Cash flow from financing activities	**5,367**	**-18,510**
Net change in cash and cash equivalents	-3,810	649
Effect of changes in foreign exchange rates, consolidation group and valuation-related changes in cash and cash equivalents	-79	-1,722
Cash and cash equivalents at the beginning of the period	10,079	4,138
Cash and cash equivalents at the end of the period	**6,190**	**3,064**

As the figures are presented in € thousands the numbers may not add up due to rounding.

For explanations of the Consolidated Statement of Cash Flows, see note 12.

Consolidated Statement of Changes in Equity

as at June 30, 2018

in € thousands	Subscribed capital	Capital reserve	Currency differences	Cash flow hedges	Financial assets available for sale
01/01/2017	**17,224**	**48,966**	**-19,903**	**-**	**10,749**
Consolidated result	-	-	-	-	-
Other result before taxes	-	-	-450	-	-10,749
Deferred taxes on other result	-	-		-	-
Total result	**-**	**-**	**-450**	**-**	**-10,749**
Capital increase	-	-	-	-	-
Capital decrease	-	-	-	-	-
Dividends	-	-	-	-	-
Change in consolidation group	-	-	-254	-	-
Other changes	-	-	-	-	-
06/30/2017	**17,224**	**48,966**	**-20,607**	**-**	**-**
01/01/2018	**17,224**	**48,811**	**-20,521**	**-**	**-**
Consolidated result	-	-	-	-	-
Other result before taxes	-	-	-768	-	-
Deferred taxes on other result	-	-	-	-	-
Total result	**-**	**-**	**-768**	**-**	**-**
Capital increase	1,096	13,198	-	-	-
Capital decrease	-	-	-	-	-
Dividends	-	-	-	-	-
Change in consolidation group	-	-	-	-	-
Other changes	-	-40	-	-	-
06/30/2018	**18,320**	**61,969**	**-21,290**	**-**	**-**

As the figures are presented in € thousands the numbers may not add up due to rounding.

For explanations of Group equity see note 8 of the Notes to the Consolidated Financial Statements.

Reserves						
Actuarial profit/losses	Other	Total	Group result	KAP Shareholders' equity	Non-controlling interests	Total equity
-6,436	**13,418**	**-2,174**	**81,269**	**145,285**	**2,008**	**147,293**
-	-	-	21,593	21,593	499	22,093
-	-	-11,198	-	-11,198	-	-11,198
-	-	-	-	-	-	-
-	**-**	**-11,198**	**21,593**	**10,395**	**499**	**10,894**
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-31	-2,122	-2,406	-	-2,406	231	-2,175
-	-	-	-13	-13	-	-13
-6,467	**11,296**	**-15,778**	**102,850**	**153,261**	**2,738**	**156,000**
-4,998	**10,432**	**-15,086**	**98,874**	**149,822**	**5,365**	**155,187**
-	-	-	8,603	8,603	486	9,089
-	-	-768	-	-768	26	-742
-	-	-	-	-	-	-
-	**-**	**-768**	**8,603**	**7,835**	**512**	**8,347**
-	-	-	-	14,294	-	14,294
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	193	193	135	287	-340	-53
-4,998	**10,625**	**-15,663**	**107,612**	**172,238**	**5,538**	**177,775**

Notes to the Consolidated Financial Statements

1 · GENERAL REMARKS

The interim financial statements of KAP AG as at June 30, 2018 were prepared in accordance with the International Financial Reporting standards (IFRS) applicable in the EU Member States. The interim report complies with the requirements of IAS 34 Interim Financial Reporting. It is presented in a condensed format.

The interim financial statements contain information and explanatory notes about the items in the consolidated statement of financial position, consolidated statement of income, consolidated statement of cash flows, consolidated statement of changes in equity and the segment reporting, inasmuch as they are of significance.

The Consolidated Statement of Income has been prepared using the total cost method.

The reporting currency of the Group is the euro. All figures are given in thousands of euros (in € thousands) unless otherwise stated. As the figures are presented in € thousands the numbers may not add up due to rounding.

KAP AG is a listed industrial holding company with headquarters in Fulda, Germany, that holds stakes in small and medium-sized companies.

2 · CONSOLIDATED GROUP

The interim financial statements of KAP AG as at June 30, 2018 include all material domestic and foreign subsidiaries that are under the legal or factual control of KAP AG.

In addition to KAP AG, the consolidated group includes 28 domestic and 16 foreign companies.

The impact resulting from changes in the consolidated group on the earning position, financial position and financial performance were explained where they were of significance. The deconsolidation result of subsidiaries was reported in the result from the disposal of non-current assets and liabilities. Discontinued operations are reported separately as result of discontinued operations.

3 · CONSOLIDATION PRINCIPLES

The purchase method is applied to all corporate mergers after January 1, 2004. The acquired assets and liabilities of fully consolidated companies are recognized at their fair value.

Any difference remaining after the purchase price allocation is accounted for as goodwill. After allocation to a cash-generating unit, goodwill is reviewed regularly for impairment.

Goodwill offset against reserves before January 1, 2004 is offset against revenue reserves. If the business unit is sold in full or in part, or the value of the cash-generating unit is impaired, the associated goodwill is recognized directly in equity.

Any remaining difference in liabilities is recognized immediately in the income statement. In accordance with the provisions of International Financial Reporting Standards, differences in liabilities from the capital consolidation reported under German commercial law prior to January 1, 2004 are included in the reserves.

Shares in the capital and result of fully consolidated subsidiaries not attributable to the parent company are recognized as non-controlling interests within equity.

Changes in the parent company's stake in subsidiaries which do not lead to loss or acquisition of control are recognized as equity transactions.

Investments in joint ventures and associated companies are accounted for using the equity method. Any resulting differences in assets are recorded as goodwill in an auxiliary calculation and regularly subjected to an impairment test. Differences in liabilities are immediately recognized as income in the income statement and increase the carrying amount of the investment.

Intragroup sales, expenses and income, as well as receivables, liabilities and provisions between Group companies, are also eliminated as results from intragroup transactions, insofar as they are relevant to the earning position, financial position and financial performance.

4 · CURRENCY TRANSLATION

Foreign currency receivables and liabilities reported in the separate financial statements are recognized at the time of addition at the acquisition rate. Exchange rate gains and losses resulting from changes in currency exchange rates arising on the balance sheet date are recorded in the period result through profit or loss.

The financial statements of the consolidated companies prepared in foreign currencies are translated using the modified current rate method based on the concept of the functional currency. As the subsidiaries basically operate independently from a financial, economic and organizational point of view, the functional currency is the national currency of the registered office of the company.

All assets and liabilities are translated at the average exchange rate on the balance sheet date, expenses and income at the average rate for the period.

Translation differences resulting from varying currency exchange rates in the balance sheet and the income statement are recognized directly in equity.

In the case of consolidated companies of which KAP AG owns less than 100%, the translation differences resulting from the currency translation, insofar as they are attributable to non-controlling interests, are reported separately under non-controlling interests.

Currency translation differences from the debt consolidation are generally recognized through profit and loss.

The following currency exchange rates were used:

	Average rate for the period		Mean exchange rate on balance sheet date		
€1 =	2018	2017	06/30/2018	12/31/2017	06/30/2017
Belarus Ruble	2.4094	2.0557	2.3152	2.3726	2.2133
Chinese Renminbi	7.7111	7.4417	7.7019	7.8327	7.7247
Indian Rupee	79.4785	71.1760	79.7544	76.5603	73.6830
Swedish Krona	10.1509	9.5983	10.4440	9.8300	9.6425
South African Rand	14.8933	14.3087	16.0708	14.7499	14.8974
Czech Koruna	25.4971	26.7792	25.9950	25.5850	26.2360
Turkish Lira	4.9566	3.9378	5.3385	4.5343	4.0098
Hungarian Forint	314.0536	309.3659	329.4500	309.9600	309.3000
U.S. Dollar	1.2107	1.0833	1.1641	1.1988	1.1403

5 · ACCOUNTING AND VALUATION PRINCIPLES

For the consolidated financial statements of KAP AG the separate financial statements of all domestic and foreign subsidiaries have been prepared in accordance with uniform accounting and valuation principles.

Fair value

The fair value measurement as per IFRS 13, including the information required, is largely uniformly regulated in International Financial Reporting Standards. The fair value is the value that would be achieved by the sale of an asset, or the price that would have to be paid to transfer a debt. The three-level fair value hierarchy according to IFRS 13 is applied. Financial assets and liabilities are allocated to hierarchy level 1, provided that an exchange price for assets and liabilities is on an active market. The assignment to hierarchy level 2 is made if a valuation model is applied or the price is derived from comparable transactions. Financial assets and liabilities are reported in hierarchy level 3 if the fair value is determined from unobservable parameters. The risk of default is also taken into account when valuing assets and liabilities.

Intangible assets

Intangible assets are only recognized if it is probable that the expected future economic benefits and the acquisition or manufacturing costs of the assets can be reliably measured.

Acquired intangible assets are recognized at acquisition cost. These include, in addition to the purchase price, all directly attributable costs incurred to bring the asset into operating condition.

Internally created intangible assets are recognized at production cost. The cost of production includes all costs directly attributable to the manufacturing process as well as appropriate parts of the production-related overhead costs.

Research and development costs are generally treated as current expenses. Development costs are capitalized and depreciated on a straight-line basis when a newly developed product or process can be clearly defined, is technically feasible, and either its own use or marketing is envisaged. Furthermore, capitalization requires that the costs are covered by future cash inflows with sufficient reliability.

Intangible assets are carried forward in accordance with the acquisition cost model after initial recognition at the cost of acquisition or manufacturing, taking scheduled depreciation and impairment losses into account.

Scheduled amortization takes place on a straight-line basis over a period of three to eight years.

Goodwill

Goodwill acquired through a business combination is initially recognized at acquisition cost and in subsequent periods measured at acquisition cost less any cumulative impairment losses.

Property, plant and equipment

Property, plant and equipment are recognized as an asset at their acquisition or production cost, if it is probable that there will be a future economic benefit associated with the property, plant and equipment, and the cost of acquisition or production can be reliably measured.

The cost of acquisition includes all directly attributable costs incurred to place the asset into operating condition. In addition to the direct costs, the production costs also include appropriate parts of the production-related overhead costs.

In subsequent periods, property, plant and equipment are recognized at acquisition and production cost less scheduled depreciation and accumulated impairment losses in accordance with the acquisition cost model. Depreciation takes place on a straight-line basis for assets acquired after January 1, 2004. If a significant percentage of the acquisition cost of an asset can be allocated to components, this is depreciated separately. For assets used in multi-shift operations, depreciation increases accordingly.

The assets relating to property, plant and equipment are based on the following operating lives:

	Years
Land and buildings	7 to 50
Technical equipment and machinery	4 to 25
Other equipment, factory and office equipment	3 to 15

Depreciation is recorded as long as the residual value of the asset is not higher than the carrying amount.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the acquisition or manufacturing costs. Qualifying assets are defined as construction projects or other assets which necessarily require at least 12 months to place them into the condition for their intended use or sale.

Leasing

Leasing agreements, in which all the principal opportunities and risks are borne by the KAP Group as lessee, are classified as finance leases. At the beginning of the leasing contract, the leased item is recognized at the fair value or the lower present value of the minimum lease payments. Scheduled depreciation takes place on a straight-line basis over the shorter of the contract term or the useful life. The payment obligations resulting from future lease payments are reported under financial liabilities.

If the requirements for finance leasing are not met, the lease agreement then becomes an operating lease. Lease payments are recognized immediately as expenses in the income statement of the lessee at maturity.

Government grants

Government grants are only recognized if it is sufficiently certain that the applicant company fulfills the conditions and the grants are actually awarded. Grants are allocated systematically as income over the period in which the corresponding expenses are to be compensated.

Grants for assets are deducted from the carrying amount of the asset concerned.

Investment property

Land and buildings not required for operations are classified as investment property and recognized at cost of acquisition or production. Recognition only takes place if it is probable that there will be a future economic benefit associated with the property, plant and equipment, and the acquisition or production costs can be measured reliably.

Investment property is carried forward at the corresponding acquisition cost or production cost, less scheduled amortization and accumulated impairment losses. Depreciation is recognized on a straight-line basis over a period of seven to 50 years.

Impairment of assets

For intangible assets with a specific useful life, plant, property and equipment, and investment property, an assessment is made at each balance sheet date as to whether there are any indications that assets could be impaired. If such indications exist, the recoverable amounts of these assets are estimated.

For goodwill, the impairment test is carried out annually at each balance sheet date and whenever there are indications of an impairment, by comparing the carrying amount with the recoverable amount. Goodwill acquired through a business combination is allocated to the cash-generating unit that derives from the acquisition. The economically independent groups within the segments are defined as cash-generating units. The allocation is made no later than the period following the acquisition date. If the carrying amount of the unit is higher than its recoverable amount, the impairment loss recorded in the amount of the difference first reduces the carrying amount of the goodwill and then the carrying amount of other assets.

Any impairment loss is recognized immediately in the period result. For assets with a certain operating life, the depreciation amounts of future periods are adjusted accordingly.

If there is an indication that an impairment loss recognized for an asset other than goodwill may no longer exist or may have decreased, the recoverable amount of the assets has to be re-estimated. The difference resulting from the change of estimation is recognized as a reversal of impairment loss directly in the period result. A reversal of impairment loss of the new recoverable amount to be determined is limited to the carrying amount that would have arisen if the acquisition costs were continued. The depreciation amounts of future periods are adjusted accordingly.

Financial assets accounted for using the equity method

In the case of investments in associated companies and joint ventures accounted for using the equity method, the first-time recognition is made at acquisition cost plus any gain of a bargain purchase. In the subsequent periods, the carrying amount of the shares changes by the proportionate period result. Dividends received are deducted from the carrying amount.

Other financial assets

Interests in non-consolidated companies, investments not accounted for using the equity method, and securities held as fixed assets are subsequently recognized at acquisition cost and due to their minor influence on the earning position, financial position and financial performance situation at amortized cost. Transaction costs incurred during the acquisition are recognized directly through profit and loss.

Loans are recognized at amortized cost in accordance with their classification as loans and receivables following initial recognition. Impairment losses recognized on the balance sheet date are taken into account with appropriate valuation allowances.

Deferred taxes

Deferred taxes are recognized for temporary valuation differences. The calculation is based on the concept of the balance sheet liability-based method. It encompasses all accounting differences or valuation differences recognized through profit and loss and directly in equity, insofar as these lead to a tax burden or relief in the future.

Deferred taxes on tax loss carry forwards are capitalized, if it is sufficiently probable that adequate taxable income will be available in future in order to be able to use these loss carry forwards.

Deferred taxes are calculated based on the tax rates that apply or are expected in the individual countries at the time of realization. Temporary valuation differences resulting from previous reporting periods are adjusted accordingly in the event of changes in tax rates.

Deferred tax assets and tax liabilities are offset if an actionable right applies to offset actual tax assets against actual tax liabilities and they relate to income taxes levied by the same tax authority for the same tax subject.

Inventories

Inventories are measured at the lower value of acquisition or production costs and net realizable value.

The acquisition cost of raw materials and supplies and merchandise includes all directly attributable costs.

In addition to the direct costs, the production costs of the unfinished and the finished products are also included in the production-related overhead costs based on normal capacity utilization.

Inventory risks with respect to storage time and usability, which result in a net realizable value less than the cost of acquisition or production, are taken into account with appropriate valuation allowances. If the reasons for an impairment loss that has already occurred in previous periods no longer apply, a reversal of an impairment loss is made up to the adjusted net realizable value.

Other financial receivables and assets

Other receivables and assets are classified as loans and receivables, unless they are derivative financial instruments. For the first-time recognition on the settlement date, they are recorded at acquisition cost, taking into account directly attributable transaction costs. On the balance sheet date, the valuation is carried out at amortized cost.

In the case of doubtful and uncollectible receivables, appropriate valuation allowances are made. Non-interest-bearing and low-interest receivables with a maturity of more than one year are recognized at their present value.

If an impairment loss that has already been incurred in previous reporting periods has reduced in the past financial year, the original valuation allowance is adjusted through profit and loss, however at most until the carrying amount corresponds to the amortized cost which would have resulted without an impairment.

Income tax assets and liabilities

Actual income taxes for current and earlier periods are recorded as liabilities with the amount still payable. If the advance payments exceed the amount owed, the difference is recognized as tax asset.

Derivative financial instruments

Derivative financial instruments are used for hedging currency and interest-rate risks arising from the operating business and the associated financing activities.

The derivatives are booked for the first time on the settlement date. The fair value is determined as at the balance sheet date. Derivatives with positive fair values are reported under other receivables and assets. Derivatives with negative fair values, depending on their life, are reported under other non-current liabilities or other liabilities.

The effects from changes in fair values are generally recognized through profit and loss. If the requirements for hedge accounting are met, for fair value hedges a compensatory effect results in the income statement due to the opposing underlying transaction. Value fluctuations in cash flow hedges that are used to hedge future cash flows from already recorded underlying transactions, pending transactions or planned transactions are reported directly as equity under reserves taking into account deferred taxes, until the hedged underlying transaction is recognized through profit or loss. The non-effective portion is recognized through profit and loss in the financial result.

Securities

Listed shares were classified as available-for-sale financial assets. The valuation was carried out at acquisition cost at the time of acquisition and at the balance sheet date at the current market price (fair value or market value). The fluctuations in value between the cost of acquisition and the market value on the reporting date were recognized directly in equity until the sale of the shares. On disposal, the cumulative gains and/or losses were recognized through profit or loss in the income statement.

If there were objective indications of a permanent impairment, the cumulative loss in equity was recognized through profit or loss. Due to the liquidity on the stock exchange, the shares were reported under current assets.

Non-current assets held for sale and discontinued operations

Non-current assets and/or disposal groups as well as liabilities associated with disposal groups are classified as held for sale if the carrying amounts will be recovered principally through a sale transaction rather than through continuing use.

These non-current assets and/or disposal groups are stated at the lower of their carrying amount and fair value less costs to sell at the balance sheet date. They are reported separate from other assets in the balance sheet. Liabilities from disposal groups are reported separately from other liabilities.

Provisions for pensions and similar obligations

Provisions for pensions are based on actuarial assessments at the end of each financial year. The obligations are calculated using the projected unit credit method. In addition to the pension entitlements already earned in previous periods, certain trend assumptions are taken into account in the calculation.

Actuarial gains and losses are always recognized in full as other comprehensive income in equity under revenue reserves. Service costs are recognized in personnel expenses.

Qualifying insurance policies are treated as plan assets and measured at fair value on the balance sheet date. The value of plan assets reduces the present value of the defined benefit obligations. In the balance sheet the plan assets are offset by at most the present value of the obligations.

The expenses from the compounding of interest on pension provisions and the income from the plan assets reported net in the financial result.

Other provisions

Other provisions include all present obligations to third parties based on past events which are likely to be claimed and the expected amount of which can be estimated reliably.

They are measured at the settlement amount with the highest probability of occurrence.

Provisions are only made for restructuring measures if there is a factual obligation to restructure. This requires a formal restructuring plan, indicating the business area concerned, the most important locations, the number of employees concerned, the costs and the date of implementation, as well as having created a justified expectation in those affected by beginning the implementation or announcing to those concerned that the measure will be implemented.

Share-based remuneration

Share-based remuneration applies to a virtual share option program with cash settlement. On the respective balance sheet date at the end of the year, a provision proportionate to the level of the fair value of the payment obligation is set aside, with any changes in the fair value recognized through profit and loss. The fair value of the virtual share options is determined using the Black-Scholes-Merton model.

Financial liabilities

The initial recognition is at acquisition cost. Directly attributable transaction costs are recognized immediately as expenses in the period result. On the balance sheet date, the measurement is carried out at amortized cost using the effective interest method.

Liabilities from finance leases are recognized at the present value of the minimum lease payments. The resulting financing costs are recognized in the financial result as interest expense.

Revenue recognition

The recognition of revenue takes place as soon as the main opportunities and risks have been transferred to the buyer by the delivery or service to the customer, the amount of the revenue and the costs still arising in connection with the sale can be reliably determined, and it is sufficiently probable that the economic benefit resulting from the sale will accrue.

In the case of long-term contract manufacturing, revenue is not recognized according to the performance progress since the effects on the earnings position are of minor importance.

The figure reported is reduced by sales deductions.

Earnings per share

Earnings per share are calculated by dividing the profit for the period attributable to the ordinary shareholders of the parent company (consolidated result of KAP AG shareholders) by the weighted average number of ordinary shares outstanding in the reporting period.

Estimates

In the preparation of the consolidated financial statements, estimates must be made for various items that can affect the recognition and measurement of assets and liabilities, expenses and income as well as contingent liabilities. The actual valuations may deviate from the estimated amounts. Adjustments are made in the period in which the original estimate is changed. The resulting expenses and income are recognized through profit and loss in the respective reporting period. Assumptions and estimates must be made in particular when establishing useful lives for non-current assets, in impairment tests and purchase price allocations, and when making provisions for retirement benefits, taxes and risks from operating business.

6 · NEW ACCOUNTING STANDARDS

KAP has applied the simplified approach of IFRS 9 for the first time for the financial year beginning January 1, 2018. According to this approach, a provision for credit losses amounting to the expected loss must be recorded for all instruments for their entire remaining life, regardless of their credit quality. IFRS 15 has also been applied for the first time for the financial year beginning January 1, 2018.

The application of the new standards has no material impact on the interim financial statements.

Notes to the Consolidated Financial Statements

7 · NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

This item includes assets that are to be sold.

The assets of Geiger Fertigungstechnologie GmbH were reclassified as at June 30, 2018:

in € thousands	06/30/2018
Intangible assets	139
Property, plant and equipment	21,440
Deferred tax assets	397
Inventories	8,512
Trade receivables	7,641
Other receivables and assets	290
Cash and cash equivalents	97
	38,516

As at the reporting date of June 30, 2017 the balance sheet disclosure of €100 thousand related to the property in Kalefeld.

8 · EQUITY

The subscribed capital amounts to €18,319,316.60 (previous year: €17,223,559.60) and is divided into 7,045,891 (previous year: 6,624,446) bearer shares.

9 · LIABILITIES IN CONNECTION WITH DISCONTINUED OPERATIONS

This item reports liabilities that are directly attributable to discontinued operations.

The following liabilities of Geiger Fertigungstechnologie GmbH were reclassified as at June 30, 2018:

in € thousands	06/30/2018
Other provisions	1,411
Trade payables	4,683
Other liabilities	468
	6,562

10 · RESULT OF DISCONTINUED OPERATIONS

The expenses and income accounted for by Geiger Fertigungstechnologie GmbH are as follows:

in € thousands	2018	2017
Revenue	28,235	24,475
Changes in inventories and own work capitalized	1,616	732
Total performance	**29,851**	**25,207**
Other operating income	185	115
Cost of materials	-15,069	-13,836
Personnel expenses	-8,495	-6,557
Depreciation and amortization of intangible assets, property, plant and equipment, and investment properties	-1,522	-1,576
Other operating expenses	-2,543	-1,707
Operating result	**2,407**	**1,645**
Earnings before income taxes	**2,407**	**1,645**
Income taxes	-16	-19
Earnings after taxes	**2,392**	**1,626**
Profit share of non-controlling interests	-162	-98
Result of KAP AG shareholders	**2,229**	**1,528**

In addition, the result of discontinued operations totaling €-60 thousand (previous year: €-61 thousand) relates to the decline in liability. We agreed with the purchaser of the MVS Group, which was sold in the 2014 financial year, to assume the share of any risks arising from warranties and price tests for sales up to the date of the disposal. The amount is attributable to the shareholders of KAP AG.

11 · EVENTS AFTER THE BALANCE SHEET DATE

Effective July 26, 2018, the Heiche Group in Schwaigern was acquired, and effective July 31, 2018, the shares in Geiger Fertigungstechnologie GmbH in Pretzfeld were sold.

12 · CONSOLIDATED STATEMENT OF CASH FLOWS

The statement of cash flows shows cash flows from operating activities, from investing and financing activities separately. Changes in cash and cash equivalents due to exchange rates, the consolidated group and valuations are eliminated and reported separately.

Cash and cash equivalents comprise the liquid assets reported on the balance sheet date. The cash flow from operating activities is determined using the indirect method. The direct method is used for the presentation of cash flows from investing and financing activities.

In the first half of the 2018 financial year Geiger Fertigungstechnologie GmbH accounted for €2,351 thousand (previous year: €2,415 thousand) of the cash flow from operating activities, €-2,915 thousand (previous year: €-435 thousand) of the cash flow from investing activities, and €0 thousand (previous year: €0 thousand) of the cash flow from financing activities.

13 · SEGMENT REPORTING

Due to the established internal financial reporting by the KAP Group, the primary reporting format is broken down by business segment.

In the interests of transparency, since the start of the 2018 financial year the KAP Group has distinguished between the following segments: **engineered products, flexible films (previous year: engineered products), it/services (previous year: engineered products), precision components (previous year: automotive components), surface technologies** and **all other segments**.

The accounting and valuation methods used correspond to those of the consolidated financial statements. Intragroup sales are settled at standard market prices and are generally equivalent to prices used in third party sales ("at arm's length" principle).

The segment result is defined as the operating result of the segment in question. At group level this corresponds to the operating result.

The reclassification as Non-current assets held for sale and discontinued operations concern the **precision components** segment as at June 30, 2018 and the **all other segments** segment as at June 30, 2017.

SEGMENT REPORTING BY BUSINESS AREA

in € thousands	engineered products	flexible films	it/services	precision components	surface technologies	all other segments	Consolidation	Group
01/01-06/30/2018								
Revenue	**89,027**	**48,867**	**12,329**	**67,098**	**13,116**	**0**	**-1,879**	**228,558**
Segment result[1]	3,867	4,904	1,229	5,547	728	-3,981	1,612	13,906
Scheduled depreciation and amortization[2]	3,540	1,658	425	3,697	1,715	566	129	11,729
Segment EBITDA	7,406	6,561	1,654	9,244	2,443	-3,415	1,741	25,635
Investments[2]	2,834	805	476	5,575	412	6,376	-2,100	14,378
Employees as at 06/30	1,064	317	127	1,121	316	38	-	2,983
01/01-06/30/2017								
Revenue	**87,933**	**60,218**	**7,966**	**61,728**	**-**	**1**	**-1,943**	**215,902**
Segment result[1]	3,882	4,701	630	3,987	-	-1,071	1,481	13,610
Scheduled depreciation and amortization[2]	3,867	2,022	257	3,752	-	458	128	10,485
Segment EBITDA	7,750	6,723	888	7,739	-	-612	1,609	24,095
Investments[2]	3,987	1,240	292	3,441	-	237	-727	8,470
Employees as at 06/30	1,058	382	114	1,018	-	35	-	2,607

As the figures are presented in € thousands the numbers may not add up due to rounding.

[1]The segment result is defined as the operating result.
[2]Concerns intangible assets and property, plant and equipment.

14 · AUDIT REVIEW

The condensed interim financial statements and the interim management report did not undergo an audit review nor were they audited in accordance with § 317 HGB.

Fulda, August 2018

KAP AG
Management Board

Guido Decker
Chief Executive Officer

Dr. Alexander Riedel
Chief Financial Officer

Responsibility Statement

“To the best of our knowledge, and in accordance with the applicable accounting standards for consolidated financial statements, we confirm that the consolidated financial statements provide a true and fair view of the assets, financial and earnings position of the Group, and that the Group management report presents the business performance including the operating result and the position of the Group so that a true and fair view is presented, together with a description of the major opportunities and risks associated with the expected development of the Group for the remainder of the financial year.”

Fulda, August 2018

KAP AG

Guido Decker
Chief Executive Officer

Dr. Alexander Riedel
Chief Financial Officer

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THIS ANNUAL REPORT IS ALSO AVAILABLE IN GERMAN.
ONLY THE GERMAN VERSION OF THE ANNUAL REPORT IS LEGALLY BINDING.

Future-oriented statements
This report contains forward-looking statements based on the current assessment of future developments by the management. Such statements are subject to risks and uncertainties outside the scope of KAP AG and its subsidiaries' control or precise assessment, such as the future market environment and economic conditions, the behavior of other market participants, the successful integration of new acquisitions and the realization of the expected synergy effects, as well as measures taken by government agencies. Should any of these or other uncertainties and imponderables materialize, or should the assumptions on which such statements are based prove to be inaccurate, actual results could differ significantly from those expressed or implied by such statements. KAP AG neither intends nor assumes a separate obligation to update forward-looking statements in order to adapt them to events or developments after the date of this report.

Rounding and rates of change
Rounding differences may occur in percentages and numbers in this report. The signs representing rates of change are based on economic considerations: Improvements are denoted by plus (+), deteriorations with minus (-).

Deviations for technical reasons
This financial report is to be submitted electronically by the company to the Federal Gazette in accordance with legal disclosure requirements. For technical reasons, there may be discrepancies in the documents published in the Federal Gazette by the Bundesanzeiger Verlag (Federal Gazette Publisher).

FINANCIAL CALENDAR

2018	
Week 35	Publication of the interim report (half-year financial report 2018*)
Week 50	Supervisory board meeting with adoption of planning for 2019

*This information is not intended as an announcement in the sense of the German Securities Trading Act (Wertpapierhandelsgesetz). All information is provided without guarantee.

As changes to the above dates cannot be ruled out, it is advisable to check on our website a short time in advance.
kap.de/en/investor-relations/calendar.html

www.kap.de