

SECOND
INTERIM REPORT
AS OF
JUNE 30, 2017

The First Half-Year of 2017 for H&R

- Operating income (EBITDA*) on a high level with €52.9 million
- Positive earnings contributions by all segments
- Minimum expectation raised for the full year

H&R GMBH & CO. KGAA IN FIGURES

| € MILLION | 1/1-30/6/2017 | 1/1-30/6/2016 | Change (absolute) |
|--|------------------|-------------------|-------------------|
| Sales revenue | 527.7 | 465.1 | 62.6 |
| Operating income (EBITDA) | 52.9 | 54.4 | -1.5 |
| EBIT | 35.2 | 39.0 | -3.8 |
| EBT | 30.3 | 33.7 | -3.4 |
| Income after taxes | 22.0 | 26.9 | -4.9 |
| Income after taxes of which attributable to shareholders | 21.4 | 26.3 | -4.9 |
| Consolidated earnings per share (undiluted) in € | 0.60 | 0.73 | -0.13 |
| | | | |
| Cash flow from operating activities | 5.0 | 44.2 | -39.2 |
| Cash flow from investing activities | -22.4 | -17.2 | -5.2 |
| Free cash flow | -17.4 | 27.0 | -44.4 |
| Cash flow from financing activities | 7.2 | -30.2 | 37.4 |
| | | | |
| | 30/6/2017 | 31/12/2016 | |
| Balance sheet total | 638.4 | 648.2 | -9.8 |
| Net working capital | 176.4 | 153.4 | 23.0 |
| Equity | 334.2 | 317.4 | 16.8 |
| Equity ratio (in %) | 52.3 | 49.0 | 3.3 |
| Employees (absolute) | 1.645 | 1.628 | 17 |

THE SEGMENTS IN FIGURES

| € MILLION | 1/1-30/6/2017 | 1/1-30/6/2016 | Change (absolute) |
|---|---------------|---------------|-------------------|
| Chemical-Pharmaceutical Raw Materials Refining | | | |
| Sales | 318.6 | 283.7 | 34.9 |
| EBITDA | 33.1 | 39.0 | -5.9 |
| Chemical-Pharmaceutical Raw Materials Sales | | | |
| Sales | 183.5 | 157.9 | 25.6 |
| EBITDA | 19.0 | 16.8 | 2.2 |
| Plastics | | | |
| Sales | 30.6 | 28.4 | 2.2 |
| EBITDA | 2.7 | 0.9 | 1.8 |
| Reconciliation | | | |
| Sales | -5.0 | -4.9 | -0.1 |
| EBITDA | -1.8 | -2.3 | 0.5 |

* EBITDA – earnings before income taxes, other financial income and expenses and depreciation, amortization, impairments and reversals of impairments of fixed assets and intangible assets.

Letter from the Management Board

Dear Shareholders, Dear Corporate Partners,

Here before you is your detailed H&R interim report, as required by the capital markets.

As a company, the first half of the year is always particularly significant for us. On the one hand, it may already become clear at the beginning of the year whether initial good figures will support the projected business and earnings trend, thereby confirming the course towards the results expected for the entire year.

On the other hand, extensive administrative responsibilities, for example for the Annual Report and the Annual Shareholders' Meeting, demand special attention during the first half of the year. We would like to sincerely thank our shareholders again for approving the resolutions of the Annual Shareholders' Meeting in May.

However, the decisive factor is to see that H&R is indeed „on track“ after a successful start to the year. We find the positive business trend since January confirmed by the good result of the first half of the year. Despite stronger momentum in the first quarter, the company ended the period between January and June 2017 with an operating income (EBITDA) at the high level of €52.9 million. Consolidated net income totaled €21.4 million or €0.60 per share.

All three segments made positive contributions to this result. In both Chemical-Pharmaceutical segments, production and sales volumes were high, as was demand. Although results in the Refining segment increased in the second quarter, they nevertheless still remained lower than in the half year period of the previous year. This was at least partially offset by strong earnings in the Sales segment. At the same time we saw an increase in sales revenues for both segments, which can be attributed to a higher oil price than last year.

The Plastics segment turned in an impressive performance once again, generating higher positive EBITDA while sales revenues were almost unchanged.

When publishing our preliminary report a few weeks ago, we adjusted our target EBITDA and, as a result, the earnings range. Based on our continuing good business performance we have now upgraded our forecasts for the entire year.

However, the second half of the year will still present us with some challenges. Many geopolitical issues currently remain unresolved. The effects of politico-economic issues such as Brexit and increasingly isolationist policies are hard to assess and may become significantly more acute as time goes on. Moreover, based on lower registration numbers, prospects in the U.S. and Asian automotive and tire industries have diminished since the beginning of the year.

Nevertheless, we are entering the second half of the year with confidence and expect operating income to be between €92.0 million and €101.0 million.

Hamburg, August 2017

Sincerely yours



Niels H. Hansen
Chairman of the Executive Board



Detlev Wösten
Member of the Executive Board

Interim Management Report

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Group Structure

Sectors and Organizational Structure

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

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

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

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

For a detailed description of our company's position and organizational structure, please refer to the section of our 2016 Annual Report entitled „Group Fundamentals“, starting on page 34.

Group's Legal Structure

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

On 1 August 2016, our company's name was changed to H&R GmbH & Co. KGaA (short: H&R KGaA). There have been no other legal changes to the Group's structure since the 2016 Annual Report was published.

As of 30 June 2017, there were 36 consolidated subsidiaries.

Employees

As of 30 June 2017, the number of people employed by H&R Group had increased by 17 to 1,645 compared to the balance sheet date (31 December 2016: 1,628 employees).

In the ChemPharm division, the number of employees decreased by three during this period to 1,034 employees (31 December 2016: 1,036). While the number of employees in Germany has decreased by one to 658 since the beginning of the year, in the Sales segment it decreased by the same amount to 376 employees.

In the Plastics segment, H&R KGaA had added 19 more employees as of the balance sheet date, bringing the total number of employees in this segment to 583.

The number of employees working in the segment of Other Activities was an unchanged 28 on 30 June 2017.

Subscribed Capital and Shareholder Structure

The increase in capital from company funds approved by the Annual Shareholders' Meeting on 18 May 2017, which was recorded in the Commercial Register on 28 June, raised H&R KGaA's subscribed capital (share capital) to €93,404,214.59 as of 30 June 2017. It is divided into 36,536,553 no-par bearer shares. This corresponds to a notional value of €2.56 per share. There are no distinct classes of shares; they are all ordinary shares. Each of these shares entitles the holder to one vote.

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

According to this voluntary Group notification, Mr Nils Hansen moreover held a further 1.30% of privately owned outstanding H&R shares until he retired from the Supervisory Board effective 31 July. With his retirement, his reporting obligation expired.

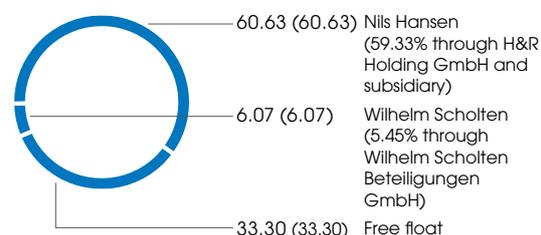
According to a notification on 2 April 2003 pursuant to the German Securities Trading Act (WpHG), on 28 March 2003, Mr Wilhelm Scholten held 6.65% of the voting rights via the company Wilhelm Scholten Beteiligungen GmbH, which is attributable to him.

Following the dilution of voting rights caused by the conversion of preferred shares into ordinary shares in 2008, this corresponded to a notional stake of 6.08%. The increase in capital resulting from the use of approved capital diluted Mr Wilhelm Scholten's share of voting rights to 5.10% on 25 September 2014. According to an informal notification, this share had increased to a total of 6.07% as of 31 December 2015. 5.45% of this share is held by Wilhelm Scholten Beteiligungen GmbH and the remaining 0.62% of which is held by Ölfabrik Wilhelm Scholten GmbH and subsidiary.

The remaining 33.30% of H&R shares were in free float as of 30 June 2017.

SHAREHOLDER STRUCTURE AS OF 30/6/2017

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



Economic Environment

Macroeconomic Conditions

According to German IfW, the Institute for the World Economy in Kiel, global economy is enjoying an upswing in mid-2017. While economic sentiment is especially positive in the advanced economies, the economic situation has also noticeably improved in emerging economies.

Since its spring forecast, the IfW has once again adjusted its forecast slightly upward as of 30 June 2017: it now expects global output to increase from 3.1% in 2016 to 3.6% in 2017 and 3.7% in 2018. It is particularly striking that economic activity appears to be largely unimpaired by existing uncertainties – whether Brexit or the future direction of transatlantic trade.

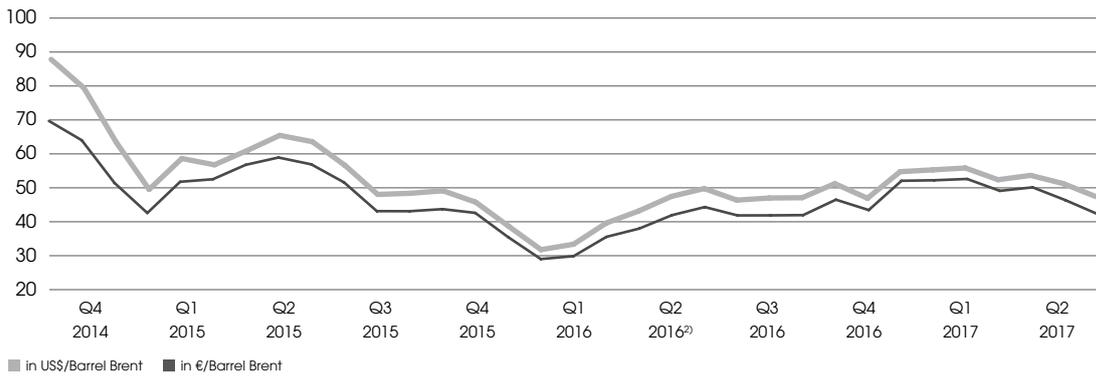
China's big exporting companies started 2017 under the cloud of the U.S. election and the threat of trade restrictions by the U.S. By contrast, six months later, the International Monetary Fund (IMF) reports that Chinese prospects are more optimistic; it now expects Chinese economic growth rates of 6.7% (2017) and 6.4% (2018).

However, the IMF is also forecasting positive figures for emerging economies and developing countries in Asia. India leads with growth rates of 7.2% in 2017 and 7.7% in 2018, followed by the ASEAN-5 countries, with 5.2% growth in 2017 and 5.1% in 2018.

According to the IfW experts, the economic recovery in the Eurozone is also on the right track, with a 1.9% growth rate this year and 2.0% next year.

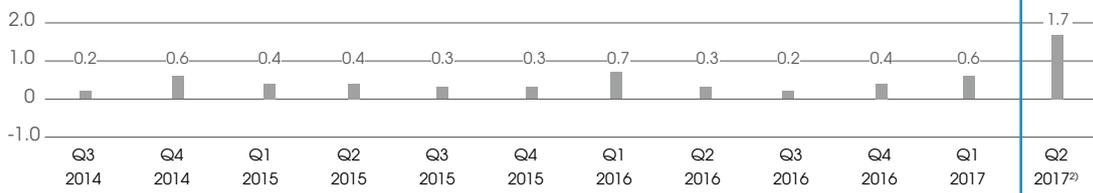
OIL PRICES Q4 2014 TO Q2 2017

(AVERAGE MONTHLY PRICES)



ECONOMIC GROWTH IN GERMANY¹⁾

ECONOMIC GROWTH OF PREVIOUS QUARTER IN %; SOURCE: DESTATIS - FEDERAL STATISTICAL OFFICE, GERMANY



¹⁾ Gross Domestic Product (adjusted for season, price and calendar)

²⁾ estimate

The Kiel Institute assumes that the German economy will see GDP growth of 1.7% in 2017 and 2.0% in 2018. After an upturn phase that has now lasted more than six years, macroeconomic capacity overutilization and record surpluses in the public budgets, the IfW believes the German economy may even be approaching an economic boom.

Industry-Specific Climate

According to the Verband der Chemischen Industrie (VCI), the German Chemical Industry Association, chemical and pharmaceutical companies have a more optimistic view of the business situation now, at mid-year, than they did at the beginning of the year. Given the upward trend in the industry, VCI is raising its forecast for 2017 as a whole from previously 1% to a 1.5% increase in production. Sales revenues are expected to increase by 5% to €194 billion.

The Share and Share-Price Trend

To date, 2017 has been a good year overall for the German equity market. The DAX continued previous year's upward trend, starting the year at around 11,500 points. In mid-June, the index climbed even further, reaching the current high of just under 12,900 points. However, the DAX was

unable to withstand the additional pressure in late June, falling back to 12,325 points at the end of the first half of the year.

H&R's share price started 2017 trading at a robust €14.64 and added more than €1.00 during the

PERFORMANCE OF THE H&R SHARE

(INDEX 4/1/2017=100)



KEY INDICATORS OF H&R SHARE

| | 1/1 to 30/6/2017 | 1/1 to 30/6/2016 | Change (absolute) |
|--|---------------------|---------------------|----------------------|
| Number of shares as at the reporting date ¹⁾ | 36,536,553 | 35,820,154 | 734,399 |
| Earnings per share, in € | 0.60 | 0.73 | -0.13 |
| Maximum price during the period under review, in € ²⁾ | 15.91 | 12.23 | 3.68 |
| Lowest price during the period under review, in € ²⁾ | 11.92 | 7.31 | 4.61 |
| Price as at the reporting date, in € ²⁾ | 12.09 | 12.20 | -0.11 |
| Market capitalisation as at the reporting date, in € million²⁾ | 433.4 | 437.0 | -3.60 |

¹⁾ Capital increase from company funds registered on 28 June 2017

²⁾ Corresponding XETRA closing price

first three weeks of trading. The current maximum price for the year was €15.91, reached at the end of January.

However, the share subsequently came under pressure, which even the positive results for the financial year 2016 and the announced issuance of bonus shares were only partially able to offset. Instead, the following months were characterized by profit-taking; at the same time, the number of shares traded – around 3.9 million, with a volume of €54.7 million – nevertheless remained gratifyingly high and demonstrated buoyant demand between January and the end of June. When the bonus shares were issued just before the end of

the first half, the share price once again experienced a technical correction, ultimately ending trading at around €11.96.

Independently of the share performance, analysts continue to rate the company's prospects as positive and place the target share price at over €20.00. There has also been a significant increase in interest from institutional investors, the majority of whom we informed about our business model and outlook – mainly by conference calls, one-on-one interviews at home and abroad and in on-site visits – during the first half of the year.

Results of Operations, Net Assets and Financial Position

Results of Operations

Higher Sales Revenues and Stable Earnings

During the first half of the financial year 2017, our consolidated sales revenues totaled €527.7 million, 13.5% above the prior-year figure (first half of 2016: €465.1 million). This increase was primarily attributable to higher costs of raw materials.

By far the biggest contribution to sales revenues (94.2%) again came from our Chemical-Pharmaceutical business, which is composed of the ChemPharm Refining (59.4%) and ChemPharm Sales (34.8%) segments. Together, the two segments contributed €497.1 million of sales revenues. The Plastics division contributed €30.6 million of sales revenues, or 5.8% of the total.

The regional focus of our business activities continues to be Germany, where 56.2% of sales revenues were generated. This percentage includes transactions with our sales partner, the Hansen & Rosenthal Group, which in turn gener-

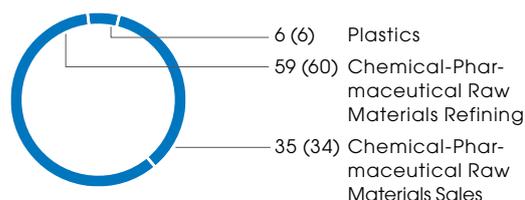
ates a large proportion of its sales abroad. The actual percentage of products purchased by foreign end customers is therefore higher than reported. Of the remaining sales revenues, other European countries accounted for 10.9%, while the rest of the world contributed 32.9%.

In the first six months of the financial year 2017, H&R Group's operating income (EBITDA) of €52.9 million was almost the same as the very good figure posted in the previous year (first half of 2016: €54.4 million). Sales volumes and demand continued to be high; at the same time, margins declined only slightly despite the change in the competitive situation (in the previous year, H&R benefited significantly more from competitors' downtime).

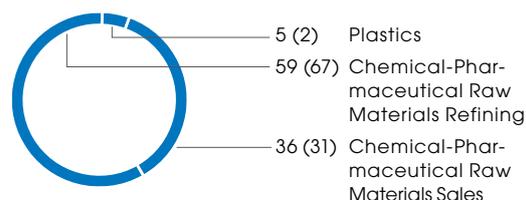
Consolidated earnings before interest and taxes and after depreciation and amortization (EBIT) totaled €35.2 million (first half of 2016: €39.0 million), earnings before taxes (EBT) decreased from €33.7 million to €30.3 million. The company's overall positive earnings performance resulted in higher income tax expense, causing consolidated earnings attributable to shareholders to decrease from €26.3 million to €21.4 million.

**REVENUE BY SEGMENT
IN THE FIRST HALF OF 2017**

IN % (IN THE FIRST HALF OF 2016)

**OPERATING RESULT BY SEGMENTS
IN THE FIRST HALF OF 2017**

IN % (IN THE FIRST HALF OF 2016)



Earnings per share amounted to €0.60 on 30 June 2017, compared to €0.73 at the end of the first half of 2016.

SALES AND EARNINGS DEVELOPMENT

| IN € MILLION | 1/1-30/6/2017 | 1/1-30/6/2016 | Change in absolute terms |
|--|---------------|---------------|--------------------------|
| Sales revenues | 527.7 | 465.1 | 62.6 |
| Operating income (EBITDA) | 52.9 | 54.4 | -1.5 |
| EBIT | 35.2 | 39.0 | -3.8 |
| Earnings before taxes | 30.3 | 33.7 | -3.4 |
| Consolidated earnings attributable to shareholders | 21.4 | 26.3 | -4.9 |
| Consolidated earnings per share (undiluted) in € | 0.60 | 0.73 | -0.13 |

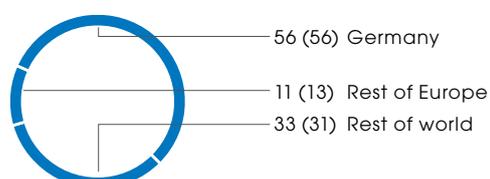
Segment Results

ChemPharm Refining. Sales by the Group's biggest segment increased by 12.3% to €318.6 million in the first six months of 2017 (first half of 2016: €283.7 million). This increase was mainly attributable to a year-on-year increase in prices for the raw materials we use.

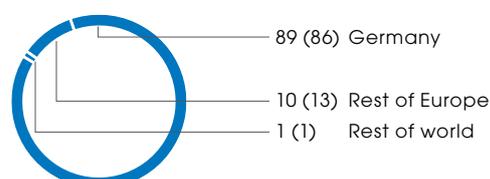
The price of Brent crude oil remained above the US\$50.00 mark for some time after trading significantly higher at the beginning of the year, with an average price of US\$55.45 in January (January 2016: US\$31.92), but declined slightly to an average price of US\$47.55 at the end of the second quarter of 2017. While there were some effects from fluctuations, such as windfall losses

**REVENUE BY REGION
IN THE FIRST HALF OF 2017**

IN % (IN THE FIRST HALF OF 2016)

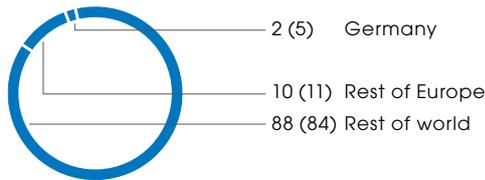
**REVENUE BY REGION
IN THE CHEMPHARM REFINING SEGMENT
IN THE FIRST HALF OF 2017**

IN % (IN THE FIRST HALF OF 2016)

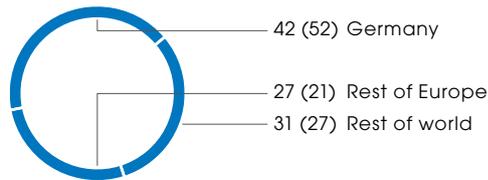


**REVENUE BY REGION
IN THE CHEMPHARM SALES SEGMENT
IN THE FIRST HALF OF 2017**

IN % (IN THE FIRST HALF OF 2016)


**REVENUE BY REGION
IN THE PLASTICS SEGMENT
IN THE FIRST HALF OF 2017**

IN % (IN THE FIRST HALF OF 2016)



or profits, during the first half of the year, these had only a minor impact, if any, on H&R KGaA's overall results.

Despite continuing high demand and strong sales volumes, the segment's €33.1 million of operating income (EBITDA) was lower than in the previous year (first half of 2016: €39.0 million) because of the fact that the prior-year period benefited from external factors and H&R's somewhat more favorable competitive situation in the first half of 2016.

ChemPharm Sales. In the internationally operating Sales segment, sales revenues rose by 16.2% to €183.5 million (first half of 2016: €157.9 million). Overall, the Sales segment reported a 13.1% improvement in operating income (EBITDA), from €16.8 million during the prior-year period to €19.0 million.

Despite our subsidiaries' heterogeneous trends in sales and earnings contributions, the segment's overall result remained within the expected range for the first half of the year.

Plastics. The Plastics segment reported a robust increase in sales revenues, from €28.4 million in the first half of 2016 to €30.6 million in the first half of 2017. By contrast, the positive momentum on the earnings side caused operating income (EBITDA) to increase from €0.9 million to €2.7 million. This recovery was mainly due to business activities in Germany.

Strong Trend in Orders Continues

The Chemical-Pharmaceutical Raw Materials division once again enjoyed strong demand in the first half of 2017. We also recorded robust order figures for the Plastics division during the reporting period, primarily in the Plastic Parts and Tool-making segments.

Trends in the Main Items of the Income Statement

As a result of the increase in sales revenues caused by the higher price of raw materials, our cost of materials rose by 22.4% to €395.5 million during the first six months (first half of 2016: €323.2 million). Accordingly, the material expense ratio changed from 69.5% in the prior-year period to 74.9%. Personnel expenses decreased by -2.2% from €44.0 million in the first half of 2016 to €43.1 million in the first half of 2017 despite higher distributions for profit-sharing.

Because of the year-on-year increase in capital expenditures, the depreciation and amortization figure increased from €15.4 million to €17.8 million.

With the cost of financing (€5.7 million) slightly lower than in the prior-year period, the company posted earnings before taxes (EBT) of €30.3 million, compared with €33.7 million in the first half of 2016.

The continuing improvement in the business situation, which began in 2015, resulted in higher income tax expenses in the first half of 2017, reducing consolidated earnings attributable to

shareholders to €21.4 million on the 30 June 2017 balance sheet date (first half of 2016: €26.3 million).

Net Assets and Financial Position

Analysis of the Cash Flow Statement

During the first six months of 2017, the Group generated €5.0 million of cash flow from operating activities (first half of 2016: €44.2 million). Depreciation and amortization charges increased from €15.4 million to €17.8 million due to higher capital expenditures in the first half of 2017.

Changes in net working capital totaled €-24.3 million at the end of the first half of 2017 (first half of 2016: €-8.3 million), reflecting changes in prices of raw materials.

In contrast to the first six months of 2016, in the period under review, we did not invest exclusively in maintenance and modernization measures for existing facilities, but also launched innovative projects to ensure the future viability of our locations. As a result, in 2017, our capital expenditures were again considerably higher than in previous years. Overall, cash flow used in investment activities totaled €22.4 million, compared to €17.2 million in the first half of 2016.

The increase in capital expenditures also caused free cash flow (the sum of cash flow from investment activities and operating activities) to decrease from €27.0 million to €-17.4 million in the first six months of 2017.

Net cash flow from financing activities increased to €7.2 million (first half of 2016: €-30.2 million). Redemption of financial liabilities was lower, at €-24.8 million and offset by cash inflows from new financial liabilities totaling €31.8 million.

At €58.0 million, cash and cash equivalents were lower at the beginning of the period (2016: €79.3 million), declining further to €45.8 million at the end of June 2017 (30 June 2016: €75.5 million). The H&R Group's long-term liquidity continues to be guaranteed by the available cash and cash equivalents and the credit lines granted to us.

Balance Sheet Analysis

H&R Group's total assets decreased by 1.5% to €638.4 million at the end of the first half of the year (31 December 2016: €648.2 million).

On the assets side, there was a significant decrease in cash and cash equivalents from €58.0 million at the end of 2016 to €45.8 million.

Trade receivables increased by 12.1% to €122.4 million at the end of the reporting period; the figure at the end of the year primarily reflected the lower business volume during the „short“ December (31 December 2016: €109.2 million).

By contrast, inventories decreased by approximately 11.0% to €108.1 million compared to the year-end figure (31 December 2016: €121.4 million).

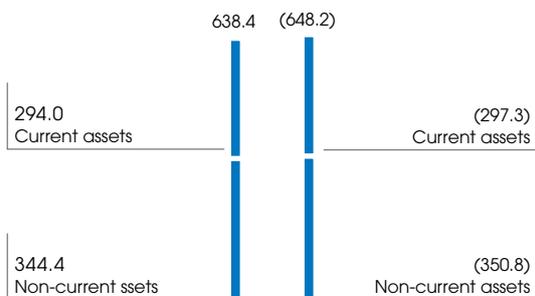
Overall, current assets declined slightly (by 1.1%) to €294.0 million (31 December 2016: €297.3 million); as a proportion of total assets, they increased from 45.9% to 46.1%.

FINANCIAL POSITION

| € MILLION | 1/1 to 30/6/2017 | 1/1 to 30/6/2016 | Change (absolute) |
|--------------------------------------|---------------------|---------------------|----------------------|
| Cash flow from operating activities | 5.0 | 44.2 | -39.2 |
| Cash flow from investing activities | -22.4 | -17.2 | 5.2 |
| Free cash flow | -17.4 | 27.0 | -44.4 |
| Cash flow from financing activities | 7.2 | -30.2 | 37.4 |
| Cash and cash equivalents as of 30/6 | 45.8 | 75.5 | -29.7 |

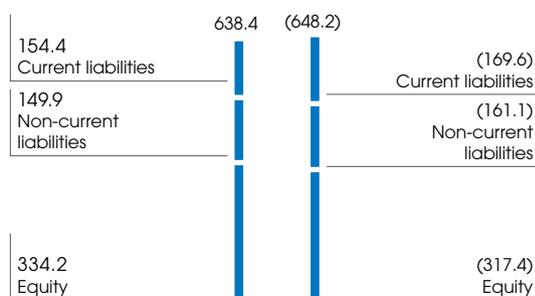
ASSETS AS OF 30/6/2017

IN € MILLION (PREVIOUS YEAR'S FIGURES AS OF 31/12/2016)



EQUITY AND LIABILITIES AS OF 30/6/2017

IN € MILLION (PREVIOUS YEAR'S FIGURES AS OF 31/12/2016)



Non-current assets decreased by a moderate 1.8% from the year-end 2016 figure of €350.8 million to €344.4 million. As a percentage of total assets, they barely decreased from 54.1% at 31 December 2016 to 53.9% at the end of the reporting period.

On the shareholders' equity and liabilities side, net current liabilities decreased by around 9.0% from €169.6 million on 31 December 2016 to €154.4 million on 30 June 2017. Liabilities to banks increased by €11.8 million from €38.2 million at 31 December 2016 to €50.0 million; this figure was offset mainly by lower trade payables totalling €54.1 million (31 December 2016: €77.2 million), lower provisions totalling €15.6 million (31 December 2016: €19.6 million) and other financial liabilities totalling €8.0 million (31 December 2016: €11.7 million).

As a percentage of total shareholders' equity and liabilities, current liabilities decreased from 26.2% at the end of 2016 to 24.2% at the end of the first half of 2017.

Non-current liabilities stood at €149.9 million and were lower than at the end of 2016 (€161.1 million) due to lower pension provisions. As a percentage of total shareholders' equity and liabilities, this represented a slight decrease from 24.9% on 31 December 2016 to 23.5% on 30 June 2017.

Due to improved business performance, retained earnings, including consolidated net income, increased by 17.5% to €160.2 million (31 December 2016: €136.3 million). As of 30 June 2017, shareholders' equity totaled €334.2 million and was 5.3%, or €16.8 million, higher than on closing date. Taking into account the lower total shareholders' equity and liabilities figure, this again represents an improvement in the equity ratio to 52.3% (31 December 2016: 49.0%).

There have been no material changes in off-balance-sheet assets since year-end 2016, nor have any new off-balance-sheet financing instruments been used. There were no acquisitions or disposals of companies in the reporting period.

Report on Opportunities and Risks

Please refer to page 85 of our 2016 Annual Report for a discussion of the potential opportunities of the H&R Group. On the same page you will also find a description of our opportunity-management system. For a description of existing risks and the risk-management system, please consult pages 75 to 84 of the 2016 Annual Report.

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

Research and Development

During the reporting period, our research and development (R&D) expenditures totaled €1,095 thousand (first half of 2016: €1,128 thousand). Because of this year's higher sales revenues, the R&D ratio (the ratio of R&D expenditures to sales revenues) stood at 0.21% (first half of 2016: 0.24%).

Employees in our R&D department focused their work in the Chemical-Pharmaceutical division on the further development of products from paraf-

ins, plasticizers and white oils as well as other crude-oil based speciality products. In addition, we continued to intensively research processes for increasing our production processes' added value.

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

Key Events Following the Balance Sheet Date

Between 30 June 2017 and the editorial deadline for this Report, there were no events with a material impact on net assets, financial position or results of operations.

Outlook

Upswing in Global Economy Continues Despite Numerous Uncertainties

Advanced economies, in particular, rate their current situation as good; at the same time, there has been a noticeable improvement in the economic situation in emerging economies. According to economic experts, global output is expected to increase from 3.1% in 2016 to 3.6% in 2017 and 3.7% in 2018. Although there is continuing uncertainty about future trends due to global uncertainties, this evidently has not dampened economic activity near as much as had been feared.

While economic output is expected to increase in most emerging economies, a gradual slowdown in economic expansion is expected in China.

Germany: the Upward Trend Continues

Gross domestic product is projected to grow by 1.7% in 2017 and by 2.0% in 2018. At the same time, experts at the Kiel Institute for the World Economy (IfW) stress that after a six-year upturn, there are signs of a possible slowdown comparable to the one that began in 2007. In addition, there are other factors such as the additional burden of social benefits caused by continuing demographic change.

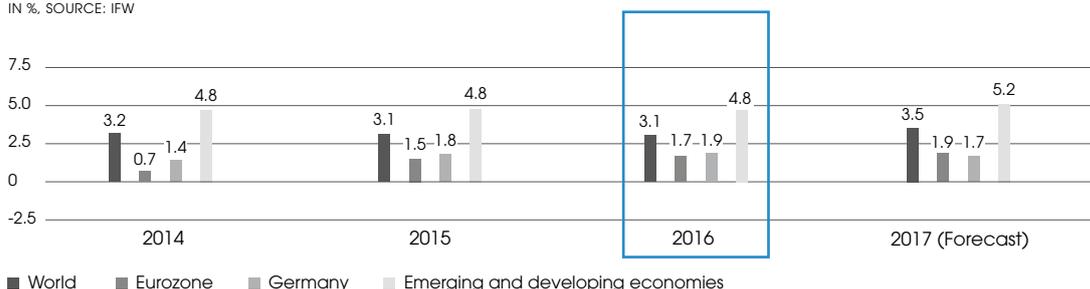
During the first half of 2017, crude-oil prices fluctuated from a low of US\$44.47 to a high of US\$56.91. The average price of US\$52.73 represented an increase of around 28% compared to the average price during the first half of 2016 (US\$41.34). We expect the price of crude oil for the rest of the year to be approximately the same as this year's average mid-year price.

Business Trend in the Second Half: Minimum Expected Operating Income Projected to be Significantly Higher

The Executive Board expects overall business performance to be somewhat less dynamic during the second half of 2017, primarily based on signs from the U.S. and Asian automotive and tire industries which indicate that business will be lower than projected at the beginning of the year. Nevertheless, H&R is raising the lower end of its expected range to €92.0 million (previously: €86.0 million) and – based on currently available information – also believes it possible that EBITDA will reach the higher end of the range of up to €101.0 million.

GLOBAL ECONOMIC GROWTH FORECAST

IN %, SOURCE: IFW



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Consolidated Balance Sheet of H&R GmbH & Co. KGaA

as of 30 June 2017

ASSETS

| € THOUSAND | 30/6/2017 | 31/12/2016 |
|-------------------------------------|----------------|----------------|
| Current assets | | |
| Cash and cash equivalents | 45,822 | 57,999 |
| Trade accounts receivable | 122,352 | 109,154 |
| Income tax claims | 140 | 200 |
| Inventories | 108,100 | 121,431 |
| Other financial assets | 1,204 | 1,366 |
| Other assets | 16,382 | 7,168 |
| Current assets | 294,000 | 297,318 |
| Non-current assets | | |
| Property, plant and equipment | 271,018 | 270,334 |
| Goodwill | 24,883 | 25,035 |
| Other intangible assets | 26,049 | 28,741 |
| Shares in at-equity valued holdings | 4,488 | 4,302 |
| Other financial assets | 6,751 | 6,762 |
| Other assets | 1,405 | 1,436 |
| Deferred tax assets | 9,844 | 14,224 |
| Non-current assets | 344,438 | 350,834 |
| Total assets | 638,438 | 648,152 |

EQUITY AND LIABILITIES

| € THOUSAND | 30/6/2017 | 31/12/2016 |
|---|----------------|----------------|
| Current liabilities | | |
| Liabilities to banks | 50,012 | 38,187 |
| Trade accounts payable | 54,089 | 77,234 |
| Income tax liabilities | 11,043 | 11,959 |
| Other provisions | 15,582 | 19,561 |
| Other financial liabilities | 7,962 | 11,652 |
| Other liabilities | 15,713 | 11,042 |
| Current liabilities | 154,401 | 169,635 |
| Non-current liabilities | | |
| Liabilities to banks | 55,960 | 62,041 |
| Pension provisions | 79,411 | 83,558 |
| Other provisions | 4,405 | 4,288 |
| Other financial liabilities | 1,292 | 1,940 |
| Other liabilities | 1,909 | 1,983 |
| Deferred tax liabilities | 6,907 | 7,310 |
| Non-current liabilities | 149,884 | 161,210 |
| Shareholders' equity | | |
| Subscribed capital | 93,404 | 91,573 |
| Capital reserve | 40,922 | 42,753 |
| Retained earnings | 160,214 | 136,271 |
| Other reserves | -425 | 5,202 |
| Equity of H&R GmbH & Co. KGaA shareholders | 294,115 | 275,799 |
| Non-controlling interests | 40,038 | 41,598 |
| Shareholders' equity | 334,153 | 317,397 |
| Total shareholders' equity and liabilities | 638,438 | 648,152 |

Consolidated Income Statement of H&R GmbH & Co. KGaA

1 January to 30 June 2017

| € THOUSAND | 1/1-30/6/2017 | 1/1-30/6/2016 | 1/4-30/6/2017 | 1/4-30/6/2016 |
|---|---------------|---------------|---------------|---------------|
| Sales revenues | 527,693 | 465,091 | 260,249 | 237,061 |
| Changes in inventories of finished goods and work in progress | 6,723 | -1,636 | 6,867 | 3,296 |
| Other operating income | 10,715 | 10,160 | 5,141 | 5,040 |
| Cost of materials | -395,548 | -323,203 | -197,517 | -170,010 |
| Personnel expenses | -43,083 | -44,044 | -22,219 | -21,561 |
| Depreciation, impairments and amortization | -17,775 | -15,370 | -8,820 | -7,671 |
| Other operating expenses | -53,922 | -52,124 | -27,086 | -26,718 |
| Income from operations | 34,803 | 38,874 | 16,615 | 19,437 |
| Income from at-equity valued holdings | 347 | 168 | 127 | 77 |
| Financial income | 844 | 1,122 | 408 | 670 |
| Financing costs | -5,673 | -6,421 | -2,328 | -3,126 |
| Earnings before taxes (EBT) | 30,321 | 33,743 | 14,822 | 17,058 |
| Income taxes | -8,308 | -6,832 | -3,980 | -3,845 |
| Income after taxes | 22,013 | 26,911 | 10,842 | 13,213 |
| of which attributable to non-controlling interests | 648 | 645 | -46 | 459 |
| of which attributable to shareholders of H&R GmbH & Co. KGaA | 21,365 | 26,266 | 10,888 | 12,754 |
| Earnings per share (undiluted), € | 0.60 | 0.73 | 0.30 | 0.35 |
| Earnings per share (diluted), € | 0.60 | 0.73 | 0.30 | 0.35 |

Consolidated Statement of Comprehensive Income of H&R GmbH & Co. KGaA

1 January to 30 June 2017

| € THOUSAND | 1/1-30/6/2017 | 1/1-30/6/2016 | 1/4-30/6/2017 | 1/4-30/6/2016 |
|---|---------------|----------------|---------------|---------------|
| Income after taxes | 22,013 | 26,911 | 10,842 | 13,213 |
| of which attributable to non-controlling interests | 648 | 645 | -46 | 459 |
| of which attributable to total comprehensive income of shareholders of H&R GmbH & Co. KGaA | 21,365 | 26,266 | 10,888 | 12,754 |
| Positions that will not be reclassified into profit or loss | | | | |
| Remeasurement of defined-benefit pension plans | 3,631 | -8,335 | 1,695 | -4,855 |
| Deferred income taxes | -1,053 | 2,401 | -413 | 1,399 |
| Change in the amount included in equity (remeasurement of defined benefit pension plans) | 2,578 | -5,934 | 1,282 | -3,456 |
| Positions that may subsequently be reclassified into profit or loss | | | | |
| Changes in the fair value of financial assets available for sale | -35 | 20 | 4 | 15 |
| Deferred income taxes | 10 | -6 | -1 | -4 |
| Changes recognized outside profit and loss (financial assets available for sale) | -25 | 14 | 3 | 11 |
| Changes in the currency translation adjustment recognized in equity | -7,810 | -4,514 | -9,492 | 484 |
| Other comprehensive income | -5,257 | -10,434 | -8,207 | -2,961 |
| of which attributable to non-controlling interests | -2,208 | -1,864 | -1,978 | -217 |
| of which attributable to shareholders of H&R GmbH & Co. KGaA | -3,049 | -8,570 | -6,229 | -2,744 |
| Total comprehensive income | 16,756 | 16,477 | 2,635 | 10,252 |
| of which attributable to non-controlling interests | -1,560 | -1,219 | -2,024 | 242 |
| of which attributable to shareholders of H&R GmbH & Co. KGaA | 18,316 | 17,696 | 4,659 | 10,010 |

Consolidated Statement of Changes in Shareholders' Equity of H&R GmbH & Co. KGaA

as of 30 June 2017

2017

| € THOUSAND | Subscribed capital | Capital reserves | Retained earnings | Other reserves/ cumulative other comprehensive income | | Equity share attributable to H&R GmbH & Co. KGaA shareholders | Non-controlling shares | Total |
|-----------------------------------|--------------------|------------------|-------------------|--|--|---|------------------------|----------------|
| | | | | Market valuation of financial assets | Foreign currency translation differences | | | |
| 1/1/2017 | 91,573 | 42,753 | 136,271 | 196 | 5,006 | 275,799 | 41,598 | 317,397 |
| Issuance of bonus shares | 1,831 | -1,831 | - | - | - | - | - | - |
| Dividends | - | - | - | - | - | - | - | - |
| Income after taxes | - | - | 21,365 | - | - | 21,365 | 648 | 22,013 |
| Other comprehensive income | - | - | 2,578 | -25 | -5,602 | -3,049 | -2,208 | -5,257 |
| Total comprehensive income | - | - | 23,943 | -25 | -5,602 | 18,316 | -1,560 | 16,756 |
| 30/6/2017 | 93,404 | 40,922 | 160,214 | 171 | -596 | 294,115 | 40,038 | 334,153 |

2016

| € THOUSAND | Subscribed capital | Capital reserves | Retained earnings | Other reserves/ cumulative other comprehensive income | | Equity share attributable to H&R GmbH & Co. KGaA shareholders | Non-controlling shares | Total |
|--|--------------------|------------------|-------------------|--|--|---|------------------------|----------------|
| | | | | Market valuation of financial assets | Foreign currency translation differences | | | |
| 1/1/2016 | 91,573 | 42,753 | 105,820 | 195 | 4,519 | 244,860 | 42,268 | 287,128 |
| Acquisition of non-controlling interests | - | - | -90 | - | - | -90 | 90 | - |
| Dividends | - | - | - | - | - | - | - | - |
| Income after taxes | - | - | 26,266 | - | - | 26,266 | 645 | 26,911 |
| Other comprehensive income | - | - | -5,934 | 14 | -2,650 | -8,570 | -1,864 | -10,434 |
| Total comprehensive income | - | - | 20,332 | 14 | -2,650 | 17,696 | -1,219 | 16,477 |
| 30/6/2016 | 91,573 | 42,753 | 126,062 | 209 | 1,869 | 262,466 | 41,139 | 303,605 |

Consolidated Cash Flow Statement of H&R GmbH & Co. KGaA

1 January to 30 June 2017

| € THOUSAND | | 1/1 to 30/6/2017 | 1/1 to 30/6/2016 | 1/4 to 30/6/2017 | 1/4 to 30/6/2016 |
|------------|--|---------------------|---------------------|---------------------|---------------------|
| 1. | Income after taxes | 22,013 | 26,911 | 10,842 | 13,211 |
| 2. | Income taxes | 8,308 | 6,832 | 3,980 | 3,847 |
| 3. | Net interest result | 5,496 | 6,244 | 2,245 | 3,007 |
| 4. | +/- Fixed asset depreciation, impairments, amortization/reversals of writedowns | 17,775 | 15,370 | 8,821 | 7,671 |
| 5. | +/- Increase/decrease in non-current provisions | -1,114 | -243 | -565 | -85 |
| 6. | + Interest received | 177 | 177 | 83 | 119 |
| 7. | - Interest paid | -4,806 | -4,686 | -1,863 | -2,249 |
| 8. | +/- Income tax received/paid or owed | -9,273 | -4,421 | -8,211 | -3,488 |
| 9. | +/- Other non-cash expenses/income | -747 | -378 | -1,447 | -93 |
| 10. | +/- Increase/decrease in current provisions | -3,803 | 2,151 | -4,520 | -486 |
| 11. | -/+ Gain/loss from the disposal of fixed assets | -136 | -7 | 11 | 14 |
| 12. | -/+ Changes in net working capital | -24,296 | -8,330 | 1,360 | -2,164 |
| 13. | +/- Changes in remaining net assets/other non-cash items | -4,568 | 4,557 | -5,432 | 491 |
| 14. | = Cash flow from operating activities (sum of items 1 to 13) | 5,026 | 44,177 | 5,304 | 19,795 |
| 15. | + Proceeds from disposals of tangible fixed assets | 179 | 364 | 18 | 35 |
| 16. | - Payments for investments in tangible fixed assets | -20,661 | -15,776 | -10,025 | -8,308 |
| 17. | - Payments for investments in intangible assets | -382 | -237 | -283 | -148 |
| 18. | - Payments for investments in financial assets | -1,575 | -1,575 | - | - |
| 19. | = Cash flow from investment activities (sum of items 15 to 18) | -22,439 | -17,224 | -10,290 | -8,421 |
| 20. | Free cash flow (sum of items 14 and 19) | -17,413 | 26,953 | -4,986 | 11,374 |
| 21. | + Dividends received from joint ventures | 162 | 336 | - | 336 |
| 22. | - Payments resulting from the settlement of financial debt | -24,845 | -55,625 | -5,181 | -18,208 |
| 23. | + Receipts from the taking up of financial debt | 31,840 | 25,041 | 10,560 | 4,028 |
| 24. | = Cash flow from financing activities (sum of items 21 to 23) | 7,157 | -30,248 | 5,379 | -13,844 |
| 25. | +/- Changes in cash and cash equivalents (sum of items 14, 19 and 24) | -10,256 | -3,295 | 393 | -2,470 |
| 26. | + Cash and cash equivalents at the beginning of the period | 57,999 | 79,274 | 47,958 | 77,106 |
| 27. | +/- Change in cash and cash equivalents due to changes in exchange rates | -1,921 | -488 | -2,529 | 855 |
| 28. | = Cash and cash equivalents at the end of the period | 45,822 | 75,491 | 45,822 | 75,491 |

Selected Explanatory Notes

as of 30 June 2017

Principles and Methods

The interim consolidated financial statements of H&R GmbH & Co. KGaA (shortened form: H&R KGaA) as of 30 June 2017 have been published in accordance with the International Financial Reporting Standards (IFRS) applicable and mandatory as of the reporting date, as were the annual consolidated financial statements for 31 December 2016; in particular, the regulations of IAS 34 on interim reporting were applied. The quarterly report submitted here and the associated interim consolidated management report have not been reviewed or checked in accordance with Article 317 of the German Commercial Code (Handelsgesetzbuch).

All interim financial statements of the companies included in the interim consolidated financial statements were drawn up on the basis of uniform accounting and valuation principles which were also used as the basis for the annual consolidated financial statements for 31 December 2016.

Please refer to the notes to the annual consolidated financial statements for more information on the accounting, valuation and consolidation methods used, as well as a detailed explanation of the exercise of the voting rights under IFRS, keeping in mind that interim reporting is an informative tool that builds on the consolidated financial statements.

Standards and Interpretations to be Applied in the Current Financial Year

Compared to the consolidated financial statements for 31 December 2016, the accounting, valuation and consolidation methods used were maintained and expanded to include the accounting standards adopted by the EU for mandatory application to reporting periods beginning on or after 1 January 2017. None of these changes had a material impact on the results of operations, net assets and financial position of H&R KGaA described in this report.

Changes in Core Parameters

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

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

EXCHANGE RATES FOR THE MAIN CURRENCIES

| 1€ / | Exchange rate on the balance sheet date 30/6/2017 | Exchange rate on the balance sheet date 30/6/2016 | Exchange rate on the balance sheet date 31/12/2016 | Average rate 1/1-30/6/2017 | Average rate 1/1-30/6/2016 |
|--------------------|---|---|--|----------------------------|----------------------------|
| US Dollar | 1.1412 | 1.1102 | 14.457 | 1.0825 | 1.1155 |
| British Pound | 0.87930 | 0.8265 | 0.8562 | 0.86004 | 0.77923 |
| Australian Dollar | 1.4851 | 1.4929 | 1.4596 | 1.4356 | 1.5221 |
| South African Rand | 14.920 | 16.4461 | 14.457 | 14.310 | 17.2037 |
| Thai Baht | 38.744 | 39.007 | 37.726 | 37.569 | 39.552 |
| Chinese Yuan | 7.7385 | 7.3755 | 7.3202 | 7.4418 | 7.2937 |

The discount rate for determining the present value of pension commitments changed from 1.7% on 31 December 2016 to 2.0% on 30 June 2017.

Seasonal and Business Cycle Factors

Business cycle and seasonal factors are described in detail in the interim consolidated management report sections entitled “Economic Environment” and “Results of Operations, Net Assets and Financial Position”.

Scope of Consolidation

Including H&R KGaA, the consolidated group as of 30 June 2017 covered 36 companies (31 December 2016: 34 companies), of which 19 domestic and 17 foreign companies (31 December 2016: 17 domestic and 17 foreign companies)

have been fully consolidated into the interim financial statements. The additions reflect newly established companies in the Refining segment at the Hamburg location. In addition, four joint ventures were included in the consolidated financial statements under the equity method, as was also the case on 31 December 2016.

Earnings per Share

Pursuant to IAS 33, the earnings per share figure is determined by dividing consolidated net income by the average number of shares during the reporting period. The increase in H&R GmbH & Co. KGaA's share capital which took effect on 28 June 2017 caused the following changes in the average number of ordinary shares in circulation:

| | 1/1-30/6/2017 | 1/1-30/6/2016 | 1/4-30/6/2017 | 1/4-30/6/2016 |
|--|---------------|---------------|---------------|---------------|
| Number of shares issued at the beginning of the period | 35,820,154 | 35,820,154 | 35,820,154 | 35,820,154 |
| Redemption of shares of H&R GmbH & Co. KGaA | -4 | - | -4 | - |
| Issuance of bonus shares effective 28 June 2017 | 716,403 | - | 716,403 | - |
| Number of shares issued at the end of the period | 36,536,553 | 35,820,154 | 36,536,553 | 35,820,154 |
| Average number of shares in circulation | 35,828,070 | 35,820,154 | 35,835,899 | 35,820,154 |

| | 1/1-30/6/2017 | 1/1-30/6/2016 | 1/4-30/6/2017 | 1/4-30/6/2016 |
|--|---------------|---------------|---------------|---------------|
| Consolidated earnings attributable to shareholders in € thousand | 21,365 | 26,266 | 10,888 | 12,754 |
| Average number of shares in circulation | 35,828,070 | 35,820,154 | 35,835,899 | 35,820,154 |
| Earnings per share (undiluted) in € | 0.60 | 0.73 | 0.30 | 0.35 |
| Earnings per share (diluted) in € | 0.60 | 0.73 | 0.30 | 0.35 |

The diluted earnings per share ratio is equal to the basic earnings per share ratio, because H&R KGaA has not issued any potentially dilutive ordinary shares.

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

Detailed explanatory notes on the income statement, balance sheet and cash flow statement can be found in the sections of the interim consolidated management report entitled “Results of

Operations” and “Net Assets and Financial Position”.

Events after the Reporting Date

Between 30 June 2017 and the editorial deadline for this Report, there were no events with a material impact on the results of operations, net assets and financial position of H&R KGaA.

Employees

As of 30 June 2017, 1,645 people were employed Group-wide (30 June 2016: 1,566), 630 of whom were working for foreign Group companies (30 June 2016: 570).

Details on H&R KGaA

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

Segment Reporting

1 January to 30 June 2017

| € THOUSAND | Chemical-Pharmaceutical Raw Materials | | | |
|--|--|---------|---|---------|
| | Chemical-Pharmaceutical Raw Materials Refining | | Chemical-Pharmaceutical Raw Materials Sales | |
| | 2017 | 2016 | 2017 | 2016 |
| External sales | 313,578 | 278,785 | 183,547 | 157,934 |
| Intersegment sales | 5,003 | 4,867 | - | - |
| Sales by segment | 318,581 | 283,652 | 183,547 | 157,934 |
| EBIT | 20,362 | 28,588 | 14,640 | 12,634 |
| EBITDA | 33,111 | 39,038 | 18,985 | 16,782 |
| Investments in property, plant and equipment | 18,389 | 12,488 | 1,519 | 2,668 |

RECONCILIATION OF THE OPERATING RESULT TO CONSOLIDATED INCOME AFTER TAXES

| € THOUSAND | 2017 | 2016 |
|---|---------------|---------------|
| Operating result of segments (EBITDA) | 54,750 | 56,735 |
| Reconciliation | -1,825 | -2,323 |
| Operating result (EBITDA) of H&R GmbH & Co. KGaA | 52,925 | 54,412 |
| Depreciation and amortization | -17,775 | -15,370 |
| Financial result | -4,829 | -5,299 |
| Income taxes | -8,308 | -6,832 |
| Income after taxes | 22,013 | 26,911 |

Disclosures of Relationships with Related Parties under IAS 24

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

| Plastics | | Reconciliation | | | | | |
|----------|--------|------------------|--------|------------------------------|--------|---------|---------|
| Plastics | | Other activities | | Consolidation/Reconciliation | | Total | |
| 2017 | 2016 | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| 30,568 | 28,372 | - | - | - | - | 527,693 | 465,091 |
| - | - | - | - | -5,003 | -4,867 | - | - |
| 30,568 | 28,372 | - | - | -5,003 | -4,867 | 527,693 | 465,091 |
| 2,062 | 242 | -1,863 | -2,560 | -51 | 138 | 35,150 | 39,042 |
| 2,654 | 915 | -1,774 | -2,461 | -51 | 138 | 52,925 | 54,412 |
| 371 | 690 | 6 | 6 | - | - | 20,285 | 15,852 |

The following goods and services have been rendered for related companies and persons, who

might exercise a significant degree of influence, or have been utilized by them:

TRANSACTIONS WITH HANSEN & ROSENTHAL

| € THOUSAND | Provided to Hansen & Rosenthal | | Received from Hansen & Rosenthal | |
|--|-----------------------------------|---------------|-------------------------------------|---------------|
| | 1/1-30/6/2017 | 1/1-30/6/2016 | 1/1-30/6/2017 | 1/1-30/6/2016 |
| Supplies of chemical/pharmaceutical products | 201,203 | 129,531 | 46,607 | 41,453 |
| Incidental expenses from supply relationships (freight costs, toll charges, etc.) | - | - | 1,627 | 1,856 |
| Commission fees | 79 | 64 | 589 | 534 |
| Other services and third-party costs (e.g. IT services, personnel costs, etc.) | 41,212 | 38,891 | 1,856 | 1,329 |

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

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

The following receivables and liabilities existed as of 30 June 2017:

RECEIVABLES DUE FROM AND LIABILITIES OWED TO HANSEN & ROSENTHAL

| € THOUSAND | Receivables due from Hansen & Rosenthal | | Liabilities owed to Hansen & Rosenthal | |
|--------------------|--|---------------|---|---------------|
| | 30/6/2017 | 31/12/2016 | 30/6/2017 | 31/12/2016 |
| Goods and services | 45,244 | 38,570 | 11,584 | 8,045 |
| Other services | 9,179 | 9,026 | 6,491 | 6,981 |
| Total | 54,423 | 47,596 | 18,075 | 15,026 |

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

The following goods and services were provided to or utilized by joint ventures:

TRANSACTIONS WITH JOINT VENTURES

| € THOUSAND | Provided to joint ventures | | Received from joint ventures | |
|--------------------------------|----------------------------|---------------|------------------------------|---------------|
| | 1/1-30/6/2017 | 1/1-30/6/2016 | 1/1-30/6/2017 | 1/1-30/6/2016 |
| Purchase of hydrogen and steam | - | - | 892 | 850 |
| Interest income | 6 | 6 | - | - |
| Rental income | 26 | 20 | - | - |
| Services | 406 | 570 | 2,445 | 2,166 |
| Total | 438 | 596 | 3,337 | 3,016 |

The following receivables and liabilities existed as of 30 June 2017:

RECEIVABLES DUE FROM AND LIABILITIES OWED TO JOINT VENTURES

| € THOUSAND | Receivables due from joint ventures | | Liabilities owed to joint ventures | |
|--------------------|-------------------------------------|------------|------------------------------------|------------|
| | 30/6/2017 | 31/12/2016 | 30/6/2017 | 31/12/2016 |
| Goods and services | 224 | 185 | 163 | 169 |
| Other services | 602 | 551 | - | - |
| Total | 826 | 736 | 163 | 169 |

Fees totaling €123 thousand (previous year: €125 thousand) were paid under consultancy contracts to members of the management bodies of H&R KGaA. Liabilities to members of management bod-

ies totaled €382 thousand on the balance sheet date (31 December 2016: €550 thousand) and mainly were attributable to work by members of the Supervisory Board.

Contingent Liabilities

On the balance sheet date, H&R KGaA had joint liability for pension commitments totaling €50 thousand (31 December 2016: €50 thousand).

Other Financial Obligations

Financial obligations under long-term rental and lease agreements and other obligations stretching over several years are shown in the following table:

| € THOUSAND | 30/6/2017 | 31/12/2016 |
|----------------------------|---------------|---------------|
| Due within one year | 9,069 | 10,223 |
| Due > 1 year and < 5 years | 16,630 | 16,368 |
| Due > 5 years | 22,675 | 23,862 |
| Total | 48,374 | 50,453 |

Order Commitments

Capital expenditures for which contractual obligations existed on the reporting date but which have not yet been incurred totaled €16,323 thousand as of 30 June 2017 (31 December 2016: €13,567 thousand).

Attestation by the Legal Representatives

To the best of our knowledge, and in accordance with the applicable reporting principles for interim reporting, the consolidated financial statements give a true and fair view of the results of operations, net assets and financial position of the Group. Furthermore, the interim management report of the Group provides a true and fair view of the Group's business development and performance, including the business results and situation of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group for the rest of the financial year.

Salzbergen, August 2017

The Management Team

Financial Calendar

15 November 2017

Publication of Q3 2017

Forward-Looking Statements

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

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

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